

## **Submission to the Review of Australian Higher Education**

**July 2008**

IRU Australia Member Universities



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## Summary of the key issues and priorities

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Innovative Research Universities Australia (IRU Australia) is pleased to present this submission to the Review of Australian Higher Education. The main body of our submission addresses the complex and broad range of issues raised by the Expert Panel in its Discussion Paper, and responds to the questions raised. In doing so, we have principally addressed the issues as they relate to public universities rather than the higher education sector more broadly.

This summary section of the submission outlines what we see to be the most important issues and our priorities and options for addressing those issues.

### Funding arrangements

As noted in the Discussion Paper, the higher education sector now generates much of its revenue from sources other than government grants. Universities have demonstrated considerable resourcefulness in identifying and building new sources of revenue in the face of public funding shortfalls. In particular, they have: built a highly successful new export industry for Australia; enhanced the provision of contract research and consultancy services to business and industry; and, developed new educational delivery models to attract domestic fee paying students. The sustainability of these revenue streams, however, depends on the maintenance of a high quality university system. The view of IRU Australia is that we are now at a ‘tipping point’, with the lack of adequate public funding threatening to undermine the quality of the system which in turn will impact on the sector’s capacity to continue to attract non-government revenue.

Both the quantum of funds available to Australian universities and the approach adopted for their allocation are inadequate for supporting a viable public university system and fully realising the potential contribution of universities to national economic, social, cultural and environmental development.

Future funding arrangements need to create incentives for diversification, innovation and quality improvement whilst ensuring adequate government investment to enable institutions to maintain world-class standards and meet societal expectations. IRU Australia puts forward the following principles to underpin a new approach to funding. The new approach should:

1. Recognise the special role of public universities in nation building and the limitations of market-based approaches.
2. Achieve and sustain an appropriate balance between public and private contributions to the costs of higher education.
3. Provide a sustainable funding base.
4. Be directed towards building a world-class university system.
5. Support and reward diversity and performance in the context of institutions’ individual missions.

Each of the principles is discussed further below.

### ***Recognise the special role of public universities in nation building and the limitations of market-based approaches***

IRU Australia agrees with the view put by the Australian Labor Party in its July 2006 *White Paper on Higher Education, Research and Innovation* that public universities have a special role to play in nation building which sets them apart from service industries such as banking, tourism or communications.

We believe that it is in the national interest for future funding models to preserve this special role of public universities and to recognise that pure market-based approaches are not the solution to current funding shortfalls.

IRU Australia urges the government to retain the current partially deregulated model for higher education funding. It strikes an appropriate balance between the benefits of market competition and the benefits of safeguarding the special role of public universities in nation building. It ensures that all public universities are able to contribute to Australia's international reputation for world-class higher education. It places an appropriate constraint on prices for publicly funded higher education places, thereby safeguarding accessibility for the widest possible segments of the Australian community.

Some stakeholders within the higher education system argue that the solution to the current funding issues lies with more deliberately exposing the sector to market forces. There are a number of options for further deregulation including: opening up Commonwealth supported places to private providers; removing the cap on student contributions, allowing institutions to set their own fees; and, introducing student 'vouchers' or the equivalent.

IRU Australia has assessed the potential benefits and risks associated with further significant deregulation. While the proponents of further deregulation claim a number of key benefits for students, government and the institutions themselves, IRU Australia believes that it will not actually deliver many of those benefits and that there are potentially serious downsides.

### ***Achieve and sustain an appropriate balance between public and private contributions to the costs of higher education***

It is well documented that graduates enjoy a wide range of private benefits from their education, including: higher earnings; lower unemployment; and, greater flexibility for occupational mobility. At the same time, there are enormous public benefits associated with higher education<sup>1</sup>, including:

- Increased productivity and economic competitiveness;
- Adaptability of the workforce to structural change, enhanced problem solving and innovation; and
- Non-economic benefits, including personal health and social opportunities, lower rates of social dependency and crime.

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<sup>1</sup> Australian Labor Party, *Australia's Universities: Building our Future in the World: A White Paper on Higher Education, Research and Innovation*, July 2006.

In 2004, OECD countries on average sourced 76 per cent of expenditure on tertiary institutions from public sources and 24 per cent from private sources<sup>2</sup>. The comparable figures for Australia were 47 per cent and 53 per cent, indicating that funding for tertiary education in Australia is significantly biased, in relative terms, towards private funding.

It is also important to note that the student contribution for undergraduate study in Australian public universities is already reasonably high compared with tuition fees at public four-year colleges and universities in the United States. In 2007-08, the average annual tuition in the US was equivalent to A\$6,358, and 45 per cent of students paid less than the equivalent of A\$6,168.<sup>3</sup>

Future higher education policy needs to ensure that, as a country, we maintain an appropriate balance between public and private investment in education. It is in the national interest to ensure that current and future generations of Australians are not deterred from pursuing higher education and building the human capital which is vital to the country's future economic, social, cultural and environmental development.

### *Provide a sustainable funding base*

A new approach to funding needs to deliver a secure and sustainable public funding base for the university sector. The impacts of inadequate annual indexation of the Commonwealth grant have been well documented over recent years and within the Discussion Paper. IRU Australia strongly supports the proposals put forward by Universities Australia for changing the approach adopted by the government for the indexation of the Commonwealth Grants Scheme (CGS). Appropriate indexation is essential if the quality of university education in Australia is to be sustained and strengthened.

In section 7 of our submission, we also outline issues relating to the lack of full funding for research which is placing unsustainable financial pressures on universities.

### *Be directed towards building a world-class university system*

#### *Build human capital across the nation and to the scale required*

There has been considerable discussion and debate in Australia over recent years about the potential benefits of concentrating higher education funding and resources in a small number of Australian universities in order to secure their 'top 100' status internationally. It should be noted that criteria for international rankings do not necessarily align with many of the key functions of higher education described in section 1.2 of the Discussion Paper.

IRU Australia's view is that while public policy should not preclude or in any way restrain the emergence of 'world top 100' universities, it also should not seek to concentrate funding in particular institutions in order to achieve it. Public policy should be clearly directed to building the quality of the Australian university system as a whole, for reasons outlined in the body of our submission.

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<sup>2</sup> Organisation for Economic Co-operation and Development (OECD) (2007) *Education at a Glance 2007*, OECD, Paris.

<sup>3</sup> College Board 2007, *Trends in College Pricing*, Trends in Higher Education Series.

*Acknowledge the important contribution of ‘non-city centre’ and regional universities to Australia’s development*

‘Non-city centre’ and regional universities make a significant contribution to Australia’s economic, social, cultural and environmental development. In particular, they are well placed to play a critical role in the government’s priorities in raising educational attainment, addressing social disadvantage and advancing rural and regional development.

The 2006 Census records significant differences in bachelor degree attainment levels across different statistical areas of Australia. By way of example, the Bachelor degree attainment rates for people aged between 15 and 44 years of age ranges from 43 per cent in Inner Melbourne to 29 per cent in Bundoora and 18 per cent in Ovens-Murray, with the latter two areas served by La Trobe University through its Bundoora and Albury-Wodonga campuses respectively. Similar patterns occur across the country.

While Australia is one of the most urbanised countries in the world, our future economic, social and environmental development is inextricably linked to the future success of rural and regional communities.

It is clearly vital for outer metropolitan and regional areas of Australia to be well served by universities that have the capacity to offer a range of high quality and relevant educational programs and undertake research.

***Support and reward diversity and performance in the context of institutions’ individual missions***

The government is encouraging institutional diversity so that universities can play to their strengths. A new funding approach needs to support and reward institutional diversity and performance in the context of each institution’s defined mission. The current ‘one size fits all’ funding model does not achieve this.

We strongly support the government’s commitment to increasing higher education participation for disadvantaged Australians. The current funding model, however, creates disincentives rather than incentives as it does not fully recognise the costs associated with supporting disadvantaged students. In addition, the distinctive contribution made by ‘non-city centre’ and regional universities carries with it specific cost pressures. All elements of costs are greater, both fixed and variable. For example, these universities need to serve the needs of widely dispersed populations and there is often not the concentration of students required to generate efficiencies.

We need a funding model that takes into account the different cost structures associated with: different educational delivery locations and modalities; different categories of students including low SES and Indigenous; enabling programs; maintaining fields of study of national benefit with low student demand; starting up new fields of study to meet workforce skill needs; and, building specialisation in an area of potential strength. Transparency and accountability will be best served by these funds being allocated largely on the basis of loadings applied to actual (versus planned) EFTSL. The government would determine a range of variable weightings to be applied to different student cohorts and activities.

Universities and government would also agree on the performance outcomes to be achieved in the context of institutions’ distinctive missions and the differential funding provided by government.

## ***Simplify funding mechanisms to deliver greater flexibility and reduce transaction costs***

### *Enhance flexibility*

The current funding model assumes that it is possible to accurately predict student load in each of the seven funding clusters three years' ahead, where student load is based on individual units of study within a course. When institutional predictions prove to be incorrect, universities are then penalised. This mechanism discourages innovation (as the outcomes are less predictable) and restricts the capacity of universities to respond appropriately to changes in labour force needs and student demand. To avoid penalty, for example, universities are restricted to only moving student load across disciplines attracting the same funding rate – a restriction which is not conducive to responding rapidly to skill shortages or to investing in developing programs that serve the public interest.

In addition, the funding weights applied across the seven funding clusters have little if any meaning now because of: changes in cost relativities since 1990; the mixing of cost weights with the differential rates of HECS in 1997; and, the partial deregulation of HECS rates since 2003.

A new and significantly more flexible approach to university funding is needed to enable universities to respond more rapidly and effectively to changing labour force and student demands.

### *Reduce transaction costs*

IRU Australia believes there is considerable scope to reduce the bureaucratic burden on universities and DEEWR by reducing the number of separate special purpose funds in operation and rolling these funds into the CGS and other core funding mechanisms.

## **Enhancing participation in higher education through a social inclusion framework**

The IRU Australia member universities share a strong history and commitment to student access, equity and diversity in higher education. Given the apparent lack of success in Australia in achieving more equitable access to higher education for Indigenous Australians and people from low socio-economic status (SES) backgrounds, IRU Australia is strongly of the view that a new approach to higher education equity policy is required and should be informed by contemporary social inclusion policy research and analysis.

Research suggests that inequity in higher education originates 15 years earlier. A lower level of achievement in school by pupils from low SES and Indigenous backgrounds is a precursor to lower educational aspirations and thence lower school completion rates, which in turn is a major factor underlying the low participation rate in higher education. Higher education equity policy has not given due consideration to these factors.

In Appendix 2, IRU Australia outlines its concept for an early outreach program, designed within a social inclusion framework, with the aim of providing targeted support to disadvantaged young Australians to build educational aspirations and increase participation in higher education. We have suggested a title of the 'Higher Education - ASPIRE' program.



## **Adopting a new ‘Internationalisation Third Phase’ policy framework**

International education now represents Australia’s third largest export industry. International higher education delivers significant benefits to Australia, not only in economic terms, but also in terms of international trade and diplomacy, links with the global innovation system, access to skilled migrants, and our contribution to developing countries.

There is a role for government in supporting university international activities in the national interest by providing targeted programs aimed at:

- Assisting Australian students to gain experience overseas through study abroad programs, international internships or international volunteering activities.
- Assisting our international student graduates to make the transition to skilled migrants.
- Expanding Australia’s innovation capacity through the building of international research and scholarly collaborations, as well as attracting more talented international research students to the country through an expanded and simplified suite of international postgraduate research scholarships.
- Building and maintaining international alumni networks.

IRU Australia also believes that it is timely for the government to take some bold steps in promoting and supporting the third phase of international education in Australia. This phase moves beyond the first and second phases of international aid and student recruitment respectively and is based on a commitment to building sustainable and long term partnerships with other countries for mutual benefit and taking a holistic and strategic approach to internationalisation.

In a global environment of competition for knowledge and skills, as well as export dollars, IRU Australia believes that it would be extremely beneficial for the Australian government to develop and promote a Prime Ministerial Statement on international education, research and innovation.

In addition, we see value in a dedicated body being created with responsibility for overseeing the implementation of the Prime Ministerial Statement. We support the view of Universities Australia that there is a case for separating the functions of AEI from DEEWR and establishing a body with a mandate to become a ‘whole of government’ advocate within Australia for international education. Such a body could be similar in structure to Tourism Australia and modelled on the British Council.

## **Engaging employers in meeting labour market and industry needs**

### *Ensuring higher education meets national and local needs*

The Discussion Paper highlights that while employment prospects are an important consideration for students, interest in and perceived competence in the field of study and opportunities for interesting and rewarding careers are more important influences on students’ choice of course. Consequently, providing new places in areas of national priority such as nursing and teaching will not necessarily create heightened student demand, even if employment prospects are very good, when students are not convinced that it will offer them an interesting and rewarding career.

Universities cannot solve the problem of skill shortages alone. Employers need to ensure that they provide attractive working conditions and create incentives, such as the provision of scholarships, paid work experience opportunities, clear career paths and professional development opportunities, to attract students into professions in demand.

IRU Australia believes there would be value in exploring how a nationally consistent systemic framework might be structured to facilitate a more effective dialogue between universities, industries/sectors and employers about the respective roles of the higher education sector and employers in ensuring that future high-level skill needs are met. It would also provide a more structured mechanism for working collaboratively to create the right incentives to encourage both young and mature Australians to pursue higher learning opportunities aligned with skill needs.

### *Work-integrated learning*

IRU Australia universities are strongly committed to working with employers to create incentives for students to choose study options matched to national and local workforce requirements. We believe that a stronger partnership approach between universities and employers in the area of work- and socially-integrated learning will provide significant benefits in this regard.

Recent research on university student finances has established that 85% of all students work in paid jobs at some stage of each year, however, that work is often not structured or related to their area of study or intended employment. Students are likely to be attracted to courses that potentially give them an advantage in securing employment in their field of choice.

While IRU Australia member universities are strongly committed to enhancing opportunities for structured work integrated learning, they are facing a number of key challenges: a lack of single coordination or contact point in many companies and organisations; locating sufficient placements relevant to a wide range of degree programs; and, funding the resource-intensive placement search and coordination functions required.

Support is needed from government to facilitate these partnerships. In particular, funding support for the establishment of appropriate intermediary and coordination functions within employing organisations and universities would enable the expansion of opportunities. In addition, the government should examine other mechanisms, such as taxation incentives, to encourage employers to collaborate with universities in offering students work integrated learning and other similar opportunities.

IRU Australia supports the proposal recently put forward by Universities Australia for the development of a National Internship Scheme and the establishment of a National Internships Council to advise the Commonwealth government on regulatory and tax expenditure settings to encourage work integrated learning.

## **Contributing to Australia's economic, social and cultural capital**

IRU Australia favours a simple definition of knowledge exchange and community engagement, such as that adopted by the Higher Education Funding Council of England (HEFCE):

*To increase the impact of the HE knowledge base to enhance economic development and the strength and vitality of society.*

In IRU Australia’s view, the emphasis in any definition of knowledge exchange and community engagement should be on leveraging the education, scholarship and research knowledge base of universities to add value to the economy and society in ways that extend beyond traditional academic activities (such as delivering academic qualifications and producing academic journal articles). Knowledge exchange and community engagement consequently represents a significant component of the community’s return on investment in the university sector.

It involves universities working in a mutually beneficial way with non-academic partners, including industry, business, government and community organisations to make contributions based around their distinctive areas of educational and research expertise. Those contributions may be focused at the local, regional, State, national or international levels.

There is currently no permanent or comprehensive stream of funding available to universities for broad application to knowledge exchange and community engagement functions. This is further exacerbated by the research and CGS funding shortfalls discussed earlier.

While knowledge exchange and community engagement are integrated with universities’ education, scholarship and research functions and areas of expertise, they require capabilities, infrastructure and the development and maintenance of relationships with non-academic stakeholders that extend beyond core academic activities. Universities need to invest in capacity building if they are to successfully fulfil their public obligation to leverage their knowledge base to ‘enhance economic development and the strength and vitality of society’.

There are two possible approaches that could be adopted to enhancing funding for knowledge exchange and community engagement, each with its own advantages and disadvantages:

1. Integrating additional funding into existing research and learning and teaching funding schemes; or
2. Establishing a dedicated fund and/or targeted funding programs.

IRU Australia proposes that a phased approach be adopted for the introduction of knowledge exchange and community engagement funding.

The first phase, which would extend over three to five years, would focus on achieving culture change and capacity building through a dedicated Knowledge Exchange and Community Engagement Fund and a Knowledge Transfer Partnerships scheme.

The second phase would see a transition to knowledge exchange and community engagement funding being fully integrated with existing learning and teaching and research funding schemes.

## 1 Introduction

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Innovative Research Universities Australia (IRU Australia) is pleased to present this submission to the Review of Australian Higher Education.

IRU Australia is a network of six universities covering five States. IRU Australia universities collaborate and share information to improve the performance of members in research, learning and teaching, knowledge exchange and engagement, international programs and other activities.

The network members are all research-intensive, with five of the six universities in the top 500 of the 2007 Shanghai Jiao Tong ranking. In 2006, over 6,200 PhD and Masters by Research candidates were undertaking their research at IRU Australia universities.

IRU Australia members have long standing strengths and a continuing commitment to student access, equity and diversity. In 2006, the member universities enrolled approximately 1,500 Indigenous students.

### *Structure of our submission*

In order to provide the best possible advice we can to the Expert Panel and Review Secretariat, IRU Australia has given careful consideration to the full range of issues canvassed in the Review Discussion Paper. Sections 2 to 11 provide our detailed discussion and analysis of the issues raised by the Expert Panel. We have summarised our responses to the Discussion Paper questions in boxes included throughout the body of the submission.

In developing our submission, we have principally addressed the issues as they relate to public universities rather than the higher education sector more broadly.

Appendix 1 presents our examples of good practice in the areas requested by the Expert Panel. Appendix 2 presents our concept for a new national early outreach approach to tackling equity in higher education through a proposed Higher Education – ASPIRE program.

## 2 The functions of higher education in modern Australia

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The functions of higher education presented in the Discussion Paper provide an appropriate representation of the role of public universities, with some additions discussed below.

We note, however, that the functions as stated are not appropriate for the higher education sector as a whole. Our view is that the functions reflect the important and special role played by public universities in nation building (discussed further in section 10), but do not appropriately reflect the less comprehensive role played by other categories of higher education provider currently recognised through the *National Protocols for Higher Education Approval Processes*.

Our comments in relation to the proposed functions *as they might apply to universities* are as follows:

- Developing high level knowledge and skills
  - Reflecting the growing recognition of the importance of creativity, innovation and imagination to economic and social development<sup>4</sup>, we propose that a second sub-function be added as follows
    - ‘— to foster a creative and innovative society that can harness its imaginative and intellectual capacity to generate new ideas and solutions for addressing complex economic, social, cultural and environmental issues’.
  - The second sub-function is very instrumental in its focus. We suggest a more generic statement
    - ‘— to build the human capital appropriate to the needs and opportunities of the economy and its component industries, sectors and regions, including the preparation of graduates in relevant fields of professional practice’.
- Generating new knowledge and developing new applications of knowledge
  - Reflecting the important role played by universities in linking with the global knowledge base and innovation system, we propose the addition of a third sub-function
    - ‘— by building connections with the global knowledge base and innovation system’.

### **Response to Discussion Questions**

#### **1. How adequate is the statement of functions and characteristics of higher education in modern Australia?**

The functions of higher education presented in the Discussion Paper provide an appropriate representation of the role of Australian universities, with some additions to reflect the role of universities in fostering a creative and innovative society and building connections with the global knowledge base and innovation system.

Our view is that the functions reflect the important and special role played by public universities in nation building, but do not appropriately reflect the less comprehensive role played by other categories of higher education provider.

### **3 Meeting labour market and industry needs**

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#### **Impediments to innovation in courses and programs**

The internal course review cycles in universities ensure that all courses and programs of study are subject to regular review and revision to reflect desired graduate attributes, professional accreditation requirements and contemporary trends in the field of study.

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<sup>4</sup> Prime Minister’s Science Engineering and Innovation Council 2005, *Imagine Australia: The Role of Creativity in the Innovation Economy*, A paper prepared by an independent Working Group for the Prime Minister’s Science, Engineering and Innovation Council (PMSEIC).

Universities do, however, experience various externally derived impediments to innovation in courses and programs of study. Some key ones include:

- ‘One size fits all’ funding models that do not recognise the variable costs involved in delivering higher education to different student cohorts and in different settings.
- Community expectations that universities, particularly those with a presence in regional areas, will provide a comprehensive range of course offerings. This limits the extent to which institutions can choose to specialise in particular areas or rationalise course offerings.
- Professional accreditation requirements. Many professional accrediting bodies act as drivers of innovation and encourage diversity within a framework of accreditation requirements. In some instances, however, accreditation requirements can serve to limit innovation and encourage the homogenisation of courses.
- The lack of availability of work and clinical placements for students, inhibiting the extent to which universities can build work and socially integrated learning experiences into courses (discussed further below). In some cases, the direct monetary costs associated with placements create impediments. One of our member universities, for example, has estimated the total payment made to teachers and nurses for supervision to be in the order of \$1.2 million per year.

The Australian Learning and Teaching Council has been instrumental in supporting universities to examine their teaching, curriculum and assessment practices, and in so doing, to identify and introduce more innovative approaches to course design and delivery.

### **Response to Discussion Questions**

#### **2. Are there impediments to the higher education sector being able to innovate in the development of courses and programs? What are these impediments and how can they be removed?**

There are a range of impediments. The key ones can be removed by the implementation of new funding models that encourage diversity and innovation and the creation of incentives to encourage employers to partner with universities in meeting higher learning needs matched to labour market and industry needs.

## **Ensuring higher education meets national and local needs**

IRU Australia strongly agrees with the assertion in the Discussion Paper that ‘Forecasting future demand for high-level skills is not an easy task’ and we would not support a system that sought to be prescriptive about the exact number, location and nature of higher education offerings required at different levels of the system. It has been repeatedly proven in the past that centralised planning approaches do not work.

It is likewise difficult to forecast future demand for areas of knowledge. IRU Australia universities, and others, have sustained and nurtured many areas of knowledge sometimes considered esoteric at the time and since proven to be critically important (e.g. Asian languages, Solomon Islands, Afghan tribalism, tsunamis, nuclear power) – and this role of universities needs to continue.

It is also important to emphasise that the role of higher education extends well beyond the provision of ‘workplace ready training’. The role of higher education is to build high level knowledge and skills (e.g. intellectual enquiry and debate; complex problem solving; high order communication skills). The business community increasingly emphasises the importance of generic higher level capabilities of this nature<sup>5</sup>.

A recent project commissioned by the Business, Industry and Higher Education Collaboration Council<sup>6</sup> (BIHECC) concluded that universities, industries and businesses are increasingly working closely together to accomplish mutual goals. The project report outlined the ways in which this is occurring.

Despite the importance of ensuring that Australia has the access it needs in the future to graduates with appropriate and relevant higher levels of learning, Australia currently lacks a strong and clear systemic framework for enabling industry, business, government and universities to work together to ensure that higher education is meeting national, regional and local needs.

While current skills shortages suggest that the vocational education and training systemic framework is not perfect, it nevertheless provides a clear mechanism for linking the needs of industry and business with the training system. At the national level, it comprises:

- Skills Australia – a new independent statutory body established to provide advice on current and future demand for skills and investment of public funds in training; and
- Industry Skills Councils, responsible for the development of National Training Packages and for working with employers to identify their skill needs and match those needs with nationally accredited training.

At the State and Territory level, Industry Training Advisory Bodies (ITABs) represent a core feature of the workforce development agenda in each jurisdiction.

In the UK, there is a strong network of Regional Development Agencies (RDAs) with the mandate to, amongst other things, further the development and regeneration of regions and enhance development and application of skills. Many government higher education funding programs have a built-in requirement for collaboration and consultation with RDAs. The Australian government’s proposed revitalisation of the Area Consultative Committee framework may offer some opportunities in this regard, though in Australia we have the added complexity of overlapping national and State frameworks.

We believe there would be value in exploring how a nationally consistent systemic framework might be structured to facilitate a more effective dialogue between universities, industries/sectors and employers about the respective roles of the higher education sector and employers in ensuring that future high-level skill needs are met. It would also provide a more structured mechanism for working collaboratively to create the right incentives to encourage both young and mature Australians to pursue higher learning opportunities aligned with skill needs.

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<sup>5</sup> Business Council of Australia 2002, *Employability Skills for the Future*, Department of Education, Science and Training, Canberra.

<sup>6</sup> Precision Consultancy 2007, *Graduate Employability Skills*, Prepared for the Business, Industry and Higher Education Collaboration Council.

## **Aligning the supply and demand of graduates**

The Discussion Paper highlights that while employment prospects are an important consideration for students, interest in and perceived competence in the field of study and opportunities for interesting and rewarding careers are more important influences on students' choice of course. Despite strong employment demand for graduate engineers, for example, several IRU Australia universities have found it difficult to recruit a sufficient number of suitably-prepared students into their engineering programs.

This point offers one explanation for the lack of success of some of the government's 'control lever' strategies. Providing new places in areas of national priority such as nursing and teaching will not necessarily create heightened student demand, even if employment prospects are very good, when students are not convinced that it will offer them an interesting and rewarding career.

The reality is that universities can not solve the problem of skill shortages alone. There are implications in this for governments, employers and professional bodies:

- Governments need to ensure that the wages and working conditions for professionals employed by the public sector are attractive – noting that skill shortages in areas such as nursing and teaching are as much about high rates of attrition from the profession as they are about the supply of new graduates;
- Employers need to ensure that they create incentives, such as the provision of scholarships, paid work experience opportunities, clear career paths and professional development opportunities, to attract students into professions in demand; and,
- Professional bodies need to promote the benefits and attractions of a career within the profession.

### ***Work- and socially-integrated learning partnerships***

IRU Australia universities are strongly committed to working with employers to create incentives for students to choose study options matched to national and local workforce requirements. We believe that a stronger partnership approach between universities and employers in the area of work- and socially-integrated learning will provide significant benefits in this regard.

Recent research on university student finances has established that 85% of all students work in paid jobs at some stage of each year<sup>7</sup>, however, that work is often not structured or related to their area of study or intended employment. Students are likely to be attracted to courses that potentially give them an advantage in securing employment in their field of choice.

*Structured* work integrated learning offered as part of degree programs is a long established feature of many disciplines, especially those where work experience is mandated by professional accreditation requirements. Creating opportunities for more students to gain value from structured programs where they have the opportunity to learn in the workplace or appropriate community settings and reflect on their experiences in the academic context is highly desirable. There are also clear benefits for industry and employers.

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<sup>7</sup> Universities Australia, *Australian University Student Finances 2006: Final report of a national survey of students in public universities*, Canberra, August 2007.



While IRU Australia member universities are strongly committed to enhancing opportunities for structured work integrated learning, they are facing a number of key challenges: a lack of single coordination or contact point in many companies and organisations; locating sufficient placements relevant to a wide range of degree programs; and, funding the resource-intensive placement search and coordination functions required.

Support is needed from government to facilitate these partnerships. In particular, funding support for the establishment of appropriate intermediary and coordination functions within employing organisations and universities would enable the expansion of opportunities. In addition, the government should examine other mechanisms, such as taxation incentives, to encourage employers to collaborate with universities in offering students work integrated learning and other similar opportunities.

*National Internship Scheme proposal*

IRU Australia supports the proposal recently put forward by Universities Australia for the development of a National Internship Scheme and the establishment of a National Internships Council to advise the Commonwealth government on regulatory and tax expenditure settings to encourage work integrated learning.

**Response to Discussion Questions**

**3. What are the appropriate mechanisms at the national and local level for ensuring higher education meets national and local needs for high level skills?**

We believe there would be value in exploring how a nationally consistent systemic framework might be structured to facilitate a more effective dialogue between universities, industries/sectors and employers about the respective roles of the higher education sector and employers in ensuring that future high-level skill needs are met. It would also provide a more structured mechanism for working collaboratively to create the right incentives to encourage both young and mature Australians to pursue higher learning opportunities aligned with skill needs.

**4. How adequate are the mechanisms for aligning supply and demand of graduates? How do pricing and labour market signals impact on student choices?**

While employment prospects are an important consideration for students, interest in and perceived competence in the field of study and opportunities for interesting and rewarding careers are more important influences on students' choice of course.

Employers have an important role to play in attracting prospective students to professions in demand by ensuring attractive wages and working conditions and creating incentives through such mechanisms as scholarships and paid work experience opportunities. Creating opportunities for more students to gain value from structured programs where they have the opportunity to learn in the workplace or appropriate community settings and reflect on their experiences in the academic context is highly desirable.

IRU Australia supports the proposal recently put forward by Universities Australia for the development of a National Internship Scheme and the establishment of a National Internships Council to advise the Commonwealth government on regulatory and tax expenditure settings to encourage work integrated learning and other employer-based mechanisms for encouraging students into high demand professions.

**5. Are there particular examples of good practice where you can demonstrate either rapid response to skill shortages or successful initiatives to improve generic skills?**

Please see examples provided in Appendix 1.

## **Responding to demographic change and providing lifelong learning**

Universities are adopting new ways of working to foster lifelong learning, including: enhanced access to e-learning options; a greater modularisation of the curriculum; increased freedom to package units from different courses and institutions to suit the interests and career needs of individual students; accreditation of employers' in-house training; increased availability of short intensive courses that can count for credit where students elect to undertake assessment; and, enhanced recognition of prior learning arrangements.

Changing demographics and the expected increased demand for professional upgrading and retraining will continue to place pressures on the higher education sector to further embrace innovation in support of lifelong learning.

There are a number of systemic barriers, however, that currently inhibit the provision of lifelong learning and innovation in its delivery:

- The inadequacy of student income support mechanisms (discussed further in section 4) act as barriers for mature students to undertake full-time study, especially given the income they will forego in the process.
- Current FEE-HELP arrangements require students to be enrolled in a course of study, with the exception of Open Universities Australia (OUA) students who only need to be enrolled in a unit or units of study. This offers OUA students considerable flexibility in that they can make study choices on a unit by unit basis, rather than a structured course basis.
- The Australian Qualifications Framework (AQF) provides for qualifications that reflect depth of learning, rather than breadth of learning. This inhibits the capacity for students to self-design a program of study that best suits their personal development, work and/or career objectives.

## **Relevance and applicability of UK proposals**

The UK's *Higher Education at Work* consultation paper highlights a range of issues which are highly relevant in the Australian context. IRU Australia believes that the new UK proposals provide some very helpful ideas for potential application in Australia. In particular, the Australian government should consider the potential benefits of:

- A new form of higher education co-funded with employers, whereby the financial risks to a university of investing up-front in structural changes to align with employer needs are shared.

- The Employer Based Training Accreditation scheme<sup>8</sup> which supports employers to raise company-based training by aligning it with university standards, thus enabling credit towards a higher education qualification.
- A mechanism for receiving advice from industry bodies such as Sector Skills Councils on future demand for high level skills in their sectors.

### Response to Discussion Questions

#### **6. How effectively are Australian higher education institutions responding to demographic change, especially in providing lifelong learning?**

Universities are adopting new ways of working to foster lifelong learning, including: enhanced access to e-learning options; a greater modularisation of the curriculum; increased freedom to package units from different courses and institutions to suit the interests and career needs of individual students; accreditation of employers' in-house training; increased availability of short intensive courses that can count for credit where students elect to undertake assessment; and, enhanced recognition of prior learning arrangements.

There are a number of systemic barriers, however, that currently inhibit the provision of lifelong learning and innovation in its delivery, including: inadequate student income support; limited flexibility in accessing FEE-HELP to undertake units versus courses of study; and, restrictions through the AQF in earning a self-tailored qualification.

#### **7. What is the relevance and applicability of the findings and approaches proposed in the UK paper, Higher Education at Work?**

The findings of the UK paper are highly relevant to the Australian context and the proposed approaches offer very helpful ideas for engaging employers in the lifelong learning agenda and facilitating the alignment of the human capital needs of employers with the program offerings of universities.

## **4 Opportunities to participate in higher education**

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The IRU Australia member universities share a strong history and commitment to student access, equity and diversity in higher education. Given the apparent lack of success in Australia in achieving more equitable access to higher education for Indigenous Australians and people from low socio-economic status (SES) backgrounds, IRU Australia is strongly of the view that a new approach to higher education equity policy is required and should be informed by contemporary social inclusion policy research and analysis. The Griffith University submission to this review outlines the case for this in considerable detail.

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<sup>8</sup> See [http://www.fdf.ac.uk/home/information\\_for\\_employers/employer\\_based\\_training\\_accreditation\\_ebta/](http://www.fdf.ac.uk/home/information_for_employers/employer_based_training_accreditation_ebta/)

## Evaluation of past higher education equity policy

Recent research covering seven countries concluded that Australia was unusual in its lack of success in changing access to higher education for disadvantaged social groups<sup>9</sup>:

*In only one of the countries on which we report, Australia, has there been no reduction in social group inequalities – in this instance over a period of almost two decades.*  
(p.151)

As noted in the Discussion Paper, recent Australian research has confirmed that participation of people from low SES backgrounds has remained virtually unchanged for 15 years despite the overall expansion of access to higher education in that period.

Research suggests that inequity in higher education originates 15 years earlier. A lower level of achievement in school by pupils from low SES and Indigenous backgrounds is a precursor to lower educational aspirations and thence lower school completion rates, which in turn is a major factor underlying the low participation rate in higher education<sup>10</sup>.

While the Dawkins White Paper of 1988 foreshadowed the crucial role to be played by schools in enhancing access to higher education for disadvantaged groups, there has been no national policy or program targeting early outreach programs. Some individual institutions, however, have independently introduced early school intervention programs.

In the US, the GEAR UP – Gaining Early Awareness and Readiness for Undergraduate Programs – program was introduced in 1999. It allocates grants of six years to states and partnerships to provide services at middle and high schools in depressed areas. Programs serve an entire cohort of students beginning no later than seventh grade and follow the cohort through high school<sup>11</sup>.

In 2001, the Blair Government introduced Excellence Challenge, which has now been amalgamated into Aimhigher, to widen participation in higher education by raising awareness, aspirations and attainment of young people from under-represented groups<sup>12</sup>.

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<sup>9</sup> Clancy, P. and Goastellec, G. 2007, Exploring access and equity in higher education: policy and performance in a comparative perspective, *Higher Education Quarterly*, volume 61, no 2, April, pp 136–154.

<sup>10</sup> James, R., Bexley, E. and Maxwell, L. 2008, *Participation and equity. A review of the participation in higher education of people from low socioeconomic backgrounds and Indigenous people*, March, Universities Australia, Canberra.

<sup>11</sup> U.S. Department of Education 2008, *Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)*, <http://www.ed.gov/programs/gearup/index.html> (accessed 24 June 2008).

<sup>12</sup> HERO Ltd (no date) What is Aimhigher? [http://www.aimhigher.ac.uk/sites/practitioner/programme\\_information/about\\_aimhigher/what\\_is\\_aimhigher\\_.cfm](http://www.aimhigher.ac.uk/sites/practitioner/programme_information/about_aimhigher/what_is_aimhigher_.cfm) (accessed 13 May 2008).

## **Adopting a social inclusion framework to raise aspirations and increase access**

Analysts of social inclusion make three observations:

1. Different strands of disadvantage interlock and are highly interdependent ‘so that progress in overcoming one limitation, say, unemployment, can be inhibited by related factors like limited funds, poor health, inadequate training or having a criminal record’<sup>13</sup>.
2. Disadvantage is remarkably concentrated geographically. Vinson found that just 1.5 per cent of localities are ranked in the top five per cent of each of 25 indicators of social, health and economic disadvantage, which was from six to seven times more than the average.
3. Social inclusion involves social relations which are essentially dynamic and hence social exclusion is not a static status and can be changed.

There are a number of implications for higher education equity policy.

### *The importance of locality*

The first implication is that universities’ work with their local communities is important and should be strengthened. Many Australian universities are located in areas of high relative disadvantage. Within the IRU Australia group, for example, each member university serves a number of local areas rated by Vinson as being the most disadvantaged in the country.

### *The relation between nation building and regional development*

It is important for Australia’s long term future that development is balanced throughout the continent, and not concentrated in the cities and regions that already enjoy natural advantages. While there is at least one higher education campus in each major city and in many regions, there are still important regions without a higher education campus. This is an important issue for social inclusion since as Birrell & Edwards’ (2007) figures show, while 41% of 18 to 20 year olds in capital cities aren’t engaged in any form of education, this figure rises to 61% outside capital cities<sup>14</sup>.

Australia will need a mechanism to identify and fill gaps in the locality-based policies and interventions of each campus, to ensure there is reasonably comprehensive provision both geographically and by underrepresented group, and to monitor performance.

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<sup>13</sup> Vinson, Tony 2007, *Dropping off the edge: the distribution of disadvantage in Australia*, speech at Parliament House, Canberra, 28 February, <http://www.australiandisadvantage.org.au/index.html> (accessed 2 February 2008).

<sup>14</sup> Birrell, Bob and Edwards, Daniel 2007, Half of Australian youth aged 18-20 are not in training, *University World News*, 11 November, [http://www.universityworldnews.com/filemgmt\\_data/files/Birrell%20%26%20Edwards%20Report%20121107.pdf](http://www.universityworldnews.com/filemgmt_data/files/Birrell%20%26%20Edwards%20Report%20121107.pdf) (accessed 1 July 2008).

### *Coordination across agencies and portfolios*

Governments are increasingly recognising the need for ‘joined-up’ services for local communities if they are to successfully address the interconnectedness of economic, social, educational and other aspects of disadvantage. In South Australia, for example, the Adelaide region within which Flinders is located is served by its own State Minister for the Southern Suburbs. Similarly, any action by a university to address disadvantage and increase participation in higher education should be coordinated with complementary action by other agencies, in particular: primary and early secondary education providers; vocational education and training providers; and, formal and informal adult and community education bodies.

### *National targets*

The Australian government should set national targets for proportionate participation of Indigenous and low SES Australians. Each university campus, however, will need to tailor a social inclusion policy and programs to suit the individual needs of their specific locality, and their social inclusion targets will be determined accordingly.

IRU Australia supports the view expressed by a number of researchers that the postcode method of identifying SES be replaced by an index based on parents’ education and/or highest level of education. The postcode method isn’t sufficiently accurate for smaller groups of students and does not help identify causal factors or processes.

### *Targeted funding*

To achieve successful outcomes in increasing participation for disadvantaged Australians in higher education, universities will need to enter into separate long-term partnerships with individual targeted communities and other local service providers to deliver early outreach programs. Initiatives of this nature will be very expensive, as they are labour intensive and require the provision of resources and support at multiple layers and within multiple contexts. They also require a guaranteed commitment of funds over significant periods of time. Extensive targeted funds will be needed to improve the static performance in higher education participation for disadvantaged Australians experienced over the last 17 years.

## **IRU Australia HE-ASPIRE early outreach program concept**

In Appendix 2, IRU Australia outlines its concept for an early outreach program, designed within a social inclusion framework, with the aim of providing targeted support to disadvantaged young Australians to build educational aspirations and increase participation in higher education. We have suggested a title of the ‘Higher Education - ASPIRE’ program.

## **Supporting disadvantaged students once enrolled**

Raising student aspirations and enhancing entry to higher education is only part of the picture for achieving success in raising educational attainment levels for disadvantaged Australians. They often also need ongoing support of various kinds once enrolled. We discuss the relevant cost and funding issues in section 10.

## Student income support

IRU Australia agrees with the views of many in the higher education sector that current student income support is inadequate, with excessively tight eligibility requirements. The recent Universities Australia report on student finances<sup>15</sup> found:

*During 2006, many Australian university students were in stressful financial situations and many found it difficult to support themselves week-to-week. A large proportion of students lacked adequate financial support and many were highly anxious about 'making ends meet' and the debts they were accumulating.*

Of particular importance to the issue of participation by disadvantaged Australians in higher education, is the finding of the Universities Australia study that financial factors are highly significant in the access and retention of Indigenous students.

IRU Australia member universities participated in a recent study involving 14 universities which examined the reasons for student attrition in their first year of study<sup>16</sup>. The study found that students from low SES backgrounds were more likely to leave university study. One of the major themes for all students who discontinued their studies was financial difficulties. In particular, 11 per cent of withdrawing students nominated "I couldn't get government income support" as having a large influence on their decision to discontinue. In addition, a further 24 per cent nominated 'I found it difficult to balance my study and work commitments' as having a large influence, suggesting that enhanced income support would reduce the need to balance these commitments.

A recent survey of leaving students at James Cook University found the largest single factor in the discontinuation of studies was student finances (29% of students) with a further 18% of students nominating difficulties in balancing study and work. Flinders University conducted a Non-Returning Students Survey in 2000 and 2006. In both years, 'financial reasons' was the third most important factor in students discontinuing their studies, behind 'personal/health/family commitments' (first) and 'employment commitments' (second).

Student income support must be available to those who need it, and once accessible, it should provide sufficient support to enable students to participate fully in their higher education courses. Students will continue to need to undertake part-time work to supplement their income support and to make ends meet. It is desirable, however, for the quantum of work they undertake to not adversely affect their learning experience. The current income thresholds imposed on student income support make it difficult for students to get the balance right between study and work.

IRU Australia supports the proposals put forward by Universities Australia for improving student income support, including the recommendation of reducing the age of independence for Youth Allowance recipients so that they are not assessed on the basis of their parents' income and assets.

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<sup>15</sup> Universities Australia 2007, *Australian University Student Finances 2006: Final report of a national survey of students in public universities*, Universities Australia, Canberra, August, <http://www.universitiesaustralia.edu.au/documents/publications/policy/survey/AUSF-Final-Report-2006.pdf>.

<sup>16</sup> Long, M., Ferrier, F. and Heagney, M. 2006, *Stay, play or give it away? Students continuing, changing or leaving university study in the first year*, Centre for the Economics of Education and Training, Monash University – ACER.

### Response to Discussion Questions

**8. Should there be a national approach to improving Indigenous and low SES participation and success in higher education?**

There should be a national policy supported by targets for Indigenous and low SES participation in higher education and a national early outreach funding program delivered on a regional basis.

**9. How should a national approach be structured, resourced, monitored and evaluated?**

In Appendix 2, IRU Australia outlines its concept for an early outreach program, designed within a social inclusion framework, with the aim of providing targeted support to disadvantaged young Australians to build educational aspirations and increase participation in higher education. We have suggested a title of the ‘Higher Education - ASPIRE’ program.

It is intended for the program to be national in its overarching design, but delivered on an area or regional basis through a ‘joined-up’ strategy developed by local schools, other education and training providers, universities and other relevant service providers.

IRU Australia universities have a long and substantial experience in developing and providing the support services needed to assist disadvantaged students to make the transition to higher education and succeed in their studies. We discuss the relevant cost and funding issues in section 10.

**10. What institutional initiatives have proved successful in increasing low SES or Indigenous participation and success?**

Please see examples provided in Appendix 1.

**11. What evidence is available from institutions about the impact on individuals or groups of either failure to gain income support or the inadequacy of income support?**

Both national studies and IRU Australia institutional surveys consistently point to financial difficulties, and/or difficulties in combining work and study, as key factors in student withdrawal from their studies. IRU Australia supports the proposals put forward by Universities Australia for improving student income support, including the recommendation of reducing the age of independence for Youth Allowance recipients so that they are not assessed on the basis of their parents’ income and assets.



## 5 The student experience of higher education

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### Monitoring the quality of the student experience

The quality of the student experience within Australian universities is measured annually via the graduate Course Experience Questionnaire (CEQ) and reported nationally. Many universities also now conduct their own internal student satisfaction surveys.

IRU Australia universities are also increasingly participating in other nationally and internationally benchmarked surveys, including:

- Australasian Survey of Student Engagement (AUSSE) (administered by the Australian Council for Educational Research); and
- International Student Barometer (administered by the International Graduate Insight Group).

Our member universities are working together to benchmark their individual and group performance against national and international standards.

There are mixed views about the adequacy of the CEQ, with some of our members far more supportive of AUSSE as a survey instrument. IRU Australia believes that while the current and emerging mechanisms for monitoring the quality of the student experience nationally are adequate, there is potential for further refinement and improvement.

Our view nevertheless is that the measurement of student satisfaction has been given disproportionate attention in Australia compared with the issue of measuring the quality of student learning outcomes. We need a balanced focus on both if we are to build both a responsive and high quality higher education sector.

### Measuring the quality of learning outcomes

Measuring the quality of learning outcomes is clearly a far more complex and challenging exercise than measuring student satisfaction. Universities, as self-accrediting institutions, rely on a range of internally referenced institutional frameworks, processes and proxy measures to ensure that students are achieving quality learning outcomes. These include:

- Statements of graduate attributes which guide course design, delivery and assessment;
- Course advisory and approval processes;
- Assessment moderation processes;
- Graduate employment outcomes;
- Success in attracting Australian and international students.

A number of external validation mechanisms are also utilised: external accreditation of courses by professional accrediting bodies; and, external thesis examination for research students. Some universities are also increasingly partnering with other institutions, both within Australia and overseas, to benchmark the quality of student learning outcomes. This latter trend is being reinforced by an increased emphasis on standards in the second round of AUQA audits.

The proposed Australian Higher Education Graduation Statement, which will be the equivalent of the Diploma Supplement currently being provided to graduates by higher education institutions in some 45 European nations, will provide additional incentive for universities to focus on and document the full student experience and associated learning outcomes.

IRU Australia shares the views of many universities that the Graduate Skills Assessment (GSA) does not provide a valid or useful mechanism for measuring the quality of graduate learning outcomes. We believe that the OECD study into the international assessment of higher education learning outcomes offers more promise.

The characteristics of learning outcomes for various levels of qualification described within the Australian Qualifications Framework are very broad and do not offer much guidance for the purposes of assessing if appropriate learning outcomes have been achieved.

With the increasing diversification of the higher education sector, it is important for there to be a national system in place which assures at least minimum standards of quality of educational qualifications. There is currently no system-wide mechanism for assessing learning outcomes in the self-accrediting university system. Also, under the *National Protocols for Higher Education Approval Processes*, accreditation requirements for non self-accrediting providers are based on input factors rather than standards of academic achievement.

The Australian and State and Territory governments, through MCEETYA, should explore the feasibility of implementing systems to assess standards of academic achievement across all higher education providers, including universities. This could include:

- Supporting the implementation of any proposals emerging from the OECD work on the assessment of higher education learning outcomes;
- Revising the AQF to provide a more in-depth description of the graduate outcomes expected for each qualification level – the new Australian Qualifications Framework Council already has a brief to reform the AQF;
- Developing and publishing exemplars of student outputs for different grades in the final year of study for various fields of study; and
- Considering an Australian adaptation of the UK Subject Benchmark Statements concept.

### Response to Discussion Questions

#### **12. How can the quality of the student experience within Australia's higher education institutions be monitored nationally? Is there evidence that increasing student:staff ratios have impacted on the quality of the student experience?**

IRU Australia believes that while the current and emerging mechanisms for monitoring the quality of the student experience nationally are adequate, there is potential for further refinement and improvement.

Our view nevertheless is that the measurement of student satisfaction has been given disproportionate attention in Australia compared with the issue of measuring the quality of student learning outcomes. We need a balanced focus on both if we are to build both a responsive and high quality higher education sector.

**13. How can the quality of learning outcomes in Australian higher education be measured more effectively?**

**14. How do institutions measure the quality of their learning outcomes and how do they know they are nationally and internationally competitive?**

With the increasing diversification of the higher education sector, it is important for there to be a national system in place which assures at least minimum standards of quality of educational qualifications.

The Australian and State and Territory governments, through MCEETYA, should explore the feasibility of implementing systems to assess standards of academic achievement across all higher education providers, including universities. This could include:

- Supporting the implementation of any proposals emerging from the OECD work on the assessment of higher education learning outcomes;
- Revising the AQF to provide a more in-depth description of the graduate outcomes expected for each qualification level – the new Australian Qualifications Framework Council already has a brief to reform the AQF;
- Developing and publishing exemplars of student outputs for different grades in the final year of study for various fields of study; and
- Considering an Australian adaptation of the UK Subject Benchmark Statements concept.

## **6 Connecting with the other education and training sectors**

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IRU Australia agrees that the higher education and vocational education and training (VET) sectors can and should work together to meet the need for a skilled and productive workforce, improve participation and success of Indigenous and low SES groups and provide opportunities for individuals to develop their unique capabilities.

A key question for the review concerns whether this can be best achieved through distinctive missions for VET and higher education or through converging missions. While there have been growing trends towards greater convergence over recent years, the two sectors continue to have significant differences in their cultures, organisational arrangements, educational models and national frameworks. In particular, universities: are comprehensive; undertake research; develop course curriculum informed by both research and scholarship; and, focus on academic excellence rather than on the attainment of pre-specified competencies.

### **Distinctive and complementary sectors offering flexible learning pathways**

Educational systems have historically conceptualised education as occurring via a linear process, with students choosing a particular pathway early in their life and being forever locked into it. With the growing importance of lifelong learning, this conceptualisation is no longer appropriate and we need an education system that fully supports non-linear learning pathways that may be accessed by members of the community at various stages in their life and for various purposes.

IRU Australia believes that the VET and university systems should be seen as important, distinctive and complementary segments of a tertiary education system geared to provide Australians with streamlined access to those flexible lifelong learning pathways. We believe that this can be most successfully achieved by retaining the distinctiveness of the two systems and focusing, in the interest of students, on clearly identifying points of integration/transition between the two and creating opportunities for students to easily access either system as appropriate to their particular needs, aspirations and stage of life and career development.

Our reasons for supporting a continuation of distinctive roles for the university and VET sectors are outlined below.

- Australia needs to cater for diverse aspirations, learning styles and skill needs. It is preferable to aim for distinctive excellence in meeting these diverse needs rather than blurring the boundaries in ways that will confuse employers, the community, the international market and risk diluting the quality of provision.
- Collaboration between the sectors is vitally important if we want to support Australians to achieve their full potential by progressing to higher levels of learning when they have the capability to do so. While the distinctive missions and cultures of VET providers and universities have historically presented challenges in relation to collaboration, there has been considerable progress achieved over recent years in finding new ways of working together. A greater convergence of the two sectors will serve to increase competition for students between the sectors rather than foster collaboration. There is already considerable market competition for students between VET providers and universities.
- Public policy in higher education is currently promoting a number of themes:
  - There are national benefits to be derived by universities pursuing their distinctive missions to better meet the needs of the communities they serve;
  - In pursuing their distinctive missions, universities need to determine their areas of strength and focus on building those ;
  - There needs to be parallel moves to achieve efficiencies on a national level through the pooling of assets, knowledge and capabilities.

In IRU Australia's view, the significant convergence of the VET and higher education sectors would run counter to these policy objectives. Considering the tertiary education sector as a whole, greater convergence would: blur distinctiveness; require VET providers to 'be good at everything' (ie. delivering both VET and higher education qualifications); and, lead to unnecessary duplication of infrastructure and demand for resources (e.g. access to clinical places for nurses).

- When both the public higher education and TAFE systems are experiencing significant resource constraints, it would appear illogical for the policy framework to seek to further fragment and duplicate educational provision across the two sectors. This is particularly the case given that demographic projections indicate little increase in student demand over the medium term, with the school leaver population expected to be in decline until 2020.
- The current distribution of responsibilities for VET and higher education between the Commonwealth and State and Territory governments is not likely to be easily changed. The capacity for the separate systems of funding, regulation and administration to be managed as a coherent whole should the two sectors become increasingly converged in their missions is seriously questioned.

IRU Australia argues that the future tertiary education policy framework should seek to guarantee access to flexible learning pathways, through the further development of distinctive but complementary VET and university sectors.

### *Limited common course delivery*

Within both the VET and university sectors, a number of potentially overlapping course delivery practices are in place to respond to student, labour force and community needs. Within the VET sector, for example, VET providers have become accredited as higher education providers to offer Bachelor degree and other higher education programs. Universities, either through their separate commercial arms with RTO status, or in their own right, are offering VET qualifications and Diplomas and Advanced Diplomas, usually as bridging programs for international students or particular categories for Australian students, such as those from disadvantaged backgrounds who require targeted additional preparation for university study.

IRU Australia has the view that a limited overlap in the educational offerings of the VET and university sectors can be useful in meeting diverse educational needs and purposes. For the reasons argued above, however, we do not think it is in the national interest for either sector to risk diluting the achievement of their distinctive missions by moving to offer substantial offerings outside their dominant areas of operation.

### *Quality assurance*

It is important for Australia to protect its international reputation for quality VET and higher education provision. Given the different missions of the two sectors, IRU Australia believes that it is appropriate and necessary for separate quality assurance systems to be retained for the two sectors. Each system needs to be attuned to the specific characteristics and desired outcomes of each sector and to reassure students and the community that educational providers are delivering quality programs.

As the number of providers approved to offer higher education programs under the *National Protocols for Higher Education Approval Processes* continues to rapidly expand, it is critically important to ensure that associated quality assurance mechanisms are robust and nationally consistent if the quality of Australian higher education is to be safeguarded.

## **Focusing on collaboration rather than competition**

As noted earlier, while collaboration between the VET and university sectors has historically been inhibited by differences across the sectors, substantial collaboration has been occurring over recent years. This collaboration has been delivering improved lifelong learning pathways for students. The successful partnerships between the IBT Education institutions and universities, for example, are evidence of this. Our examples of good practice in Appendix 1 provide further demonstration of effective collaboration between the sectors.

The government's social inclusion, skills training and educational attainment objectives will be best served by government policy which encourages collaboration, rather than competition, between the VET (particularly TAFE) and university sectors. There are opportunities for the government to create incentives to further encourage partnerships in a number of areas.

### *Partnering to provide pathways and credit transfer*

Universities and VET providers should work closely to further expand the provision of:

- Access to university courses on the basis of completion of appropriate VET Certificate programs;
- Jointly designed dual awards in which the students complete both a VET and higher education award, either on a concurrent or sequential basis; and
- Block credit transfer on entry to a degree program, on the basis of completion of a jointly designed VET Diploma or Advanced Diploma.

### *Partnering to facilitate regional educational provision*

As public institutions, both TAFE institutes and universities are expected to meet community expectations for access to education in areas where the population base does not always support viable numbers of students. There are already examples in Australia of joint TAFE/university campuses and facilities in such areas. While they experience some challenges, arising from the different funding, structural, and administrative bases of the two sectors, there is scope for this model to be further explored and facilitated by government.

This would support educational access and participation for the local population on a more financially viable basis. For example, in selected areas of study, a TAFE provider could deliver qualifications up to the Advanced Diploma level, with the university providing the third year of study required for attainment of a Bachelor degree qualification.

Both Commonwealth and State/Territory governments could facilitate these developments by providing funding support to assist institutions in the structural and course reform required. In addition, governments need to work together to address any funding and administrative barriers that may inhibit the ability of TAFE providers and universities to effectively partner in regional educational delivery.

### *Partnering to facilitate and encourage university graduates to undertake VET studies*

While it is important for the Australian tertiary education system to create opportunities for VET qualification holders to attain higher levels of learning through university study, it is equally important to recognise that university graduates also have much to gain from completing VET qualifications. As indicated in the Discussion Paper, approximately 4.8 per cent of VET students hold a degree or postgraduate diploma. The distinctive features of the VET and university systems enable members of the community to combine different types of learning experiences to attain the complementary range of knowledge and skills they need to pursue their individual aspirations. The two sectors need to work together to facilitate pathways between higher education and VET studies.

## **Balance of provision, funding and regulation**

### *Balance of provision*

IRU Australia proposes that the Commonwealth government, in collaboration with State and Territory governments, benchmark the educational attainment rates of Australians against those of other OECD and non-OECD countries, particularly those that have sought to put human capital development at the centre of their economic development and innovation

policies. The benchmarking should take into account the future educational attainment targets set by these countries.

On the basis of this benchmarking, together with an analysis of Australia’s projected industry and economic profile, governments should agree on medium and long term targets for educational attainment at the various levels of education, including for VET and undergraduate and postgraduate higher education. These targets compared with current outcomes should drive decisions in relation to the appropriate balance of public provision between the VET and higher education sectors, with some room for adjustment to take account of student demand trends.

### *Access to income-contingent loans for VET students*

There has been considerable debate for a number of years about the issue of whether or not VET students should have access to income contingent loans similar to those available to higher education students.

An important question is whether the requirement to pay fees upfront is acting as a barrier preventing some prospective students from accessing or completing VET awards. Given the increases in the costs of education in both the public and private VET sectors in recent years, there may be a risk that is the case. This would be of particular concern given that disadvantaged Australians may see TAFE as a more viable option for them than university study.

If both VET and university studies are to be perceived as equally valuable but distinctive options for students, there is also a risk that the lack of access to income contingent loans for VET students may in some way distort student decisions about which option to choose.

IRU Australia supports the view that VET students should have access to similar income-contingent loan schemes to those available to higher education students.

## **Response to Discussion Questions**

### **15. To what extent should VET and HE continue to have distinctive missions and how should these missions be defined?**

IRU Australia believes that the VET and university systems should be seen as important, distinctive and complementary segments of a tertiary education system geared to provide Australians with easy access to flexible lifelong learning pathways. We believe that this can be most successfully achieved by retaining the distinctiveness of the two systems and focusing, in the interest of students, on clearly identifying points of integration/transition between the two and creating opportunities for students to easily access either system as appropriate to their particular needs, aspirations and stage of life and career development.

IRU Australia has the view that a limited overlap in the educational offerings of the VET and university sectors can be useful in meeting diverse educational needs and purposes. For the reasons argued above, however, we do not think it is in the national interest for either sector to risk diluting the achievement of their distinctive missions by moving to offer substantial offerings outside their dominant areas of operation.

The government’s social inclusion, skills training and educational attainment objectives will be best served by government policy which encourages collaboration, rather than competition, between the VET and university sectors.

**16. Does the movement between the sectors of students with credit need to be improved? If so, in what ways?**

There are opportunities for enhanced partnerships between VET providers and universities to:

- Collaboratively design VET Diplomas and Advanced Diplomas to guarantee full credit in degree programs and offer dual and nested awards;
- Facilitate the delivery of cost-effective regional educational provision; and
- Facilitate and encourage university graduates to undertake VET studies to attain complementary skills of benefit to their careers and lives.

The government could create funding incentives to further encourage VET/university partnerships of this nature.

**17. To what extent should relative provision between the sectors be planned or demand driven?**

IRU Australia proposes that the Commonwealth government, in collaboration with State and Territory governments, benchmark the educational attainment rates of Australians against those of other OECD and non-OECD countries, particularly those that have sought to put human capital development at the centre of their economic development and innovation policies. On the basis of this benchmarking, together with an analysis of Australia's projected industry and economic profile, governments should agree on medium and long term targets for educational attainment at the various levels of education, including for VET and undergraduate and postgraduate higher education.

IRU Australia supports the view that VET students should have access to similar income-contingent loan schemes to those available to higher education students.

**18. Can institutions provide examples of good practices which have led to movement between the sectors with high levels of credit and good learning outcomes?**

Please see examples provided Appendix 1.

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## **7 Higher education's role in the national innovation system**

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IRU Australia has extensively outlined its views on the role of higher education in the national innovation system in its submissions to the Review of the National Innovation System and the Inquiry into Research Training and Research Workforce Issues in Australian Universities. We provide some key summary points below.



## **Mechanisms for supporting research activities in Australian universities**

IRU Australia supports the current broad framework of mechanisms for supporting research activities in Australian universities, including:

- Australian Competitive Grants (ACG);
- Research block grants;
- The research training scheme;
- Australian Postgraduate Awards; and
- Mechanisms supporting the internationalisation of research activity.

As outlined in our submissions to the complementary reviews, however, we believe there would be benefits in making specific changes to each of these mechanisms. In particular, we argued strongly in our submission to the Review of the National Innovation System that universities need to be funded for the full costs of research. In a supplementary submission to the Review provided to Minister Carr we outlined our proposals for how the transition to full funding for research could sensibly be managed (available at <http://www.irua.edu.au/policy.html>).

### *Australian Competitive Grants*

ACG funding only supports direct costs of research and does not cover the costs of all research personnel or general overhead costs. Success in attracting ACG funding, however, is regarded for good reasons as a major external validation of perceptions of university research capability and excellence (and secondarily, for that reason, a legitimate source of university prestige) and hence universities are compelled to seek to maximise their success in winning grants even in the knowledge that they will need to significantly cross-subsidise the cost of the research from other sources.

In response to increased levels of research applications, research funding councils have struggled to achieve and maintain success rates that really reflect the considerably higher proportion of good-quality applications that they receive. Funding councils have sought to manage this issue by choosing to provide successful projects with only a proportion of the allowable direct cost funding, thus enabling the volume of research to be sustained. This has further exacerbated the problem of grant amounts not covering the full costs of conducting the research.

IRU Australia is pleased to note that the government has recognised this issue and has established a Project Steering Committee to oversee a project on the full cost of research in Australian universities.

### *Research block funding*

As noted in the Discussion Paper, the Productivity Commission concluded in its report on *Public Support for Science and Innovation* that there is a sound public policy rationale for dual streams of funding of higher education research through the ACG schemes and the Research Infrastructure Block Grant (RIBG). The UK government has also recently confirmed its commitment to dual stream funding as an effective research public policy mechanism<sup>17</sup>.

While ACG project funding grew by 200% between 2001 and 2006, research infrastructure block grant (RIBG) funding only grew by 25% over the same period<sup>18</sup>, as did the total performance based block funding (i.e. RIBG, Institutional Grants Scheme, Research Training Scheme). Moreover, the ABS Survey of Research and Experimental Development shows a significant trend of declining investment in R&D capital<sup>19</sup> relative to total R&D expenditure in higher education.

It would be highly desirable for policy parameters to be established to ensure the maintenance of an appropriate ratio between the dual streams of ACG and research block funding. In the short term, this will require a significant increase in the overall quantum of block funding to bring it into line with current ACG funding levels.

In addition, there needs to be greater flexibility in terms of how block funds can be expended. Universities need to have the capacity to autonomously make strategic decisions about how to best apply the funds to build institutional infrastructure. At the moment, the government's guidelines are overly restrictive.

### *Research Training Scheme*

IRU Australia has identified two key issues in relation to the Research Training Scheme (RTS):

1. Since 1999, the number of HECS-exempt research training places funded under the RTS has not kept pace with the increase in enrolments and completions across Australia. Universities currently 'carry' large numbers of unfunded domestic PhD students, largely through cross-subsidisation from international and other full fee-paying student fees.
2. There is growing evidence that the quantum of RTS funding does not reflect the full cost per student of completing a HDR program. A study in the UK, which examined the net cost to institutions of HDR training in 2003-04, found that annual costs ranged from £17,461 to £29,106. These costs are significantly higher, in equivalent terms, to the annual RTS funding provided per student. The Group of Eight, in its submission to the Review of the National Innovation System, also presented the results of recent studies undertaken at Monash University which suggested annual funding shortfalls of over \$20,000 for some fields of study.

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<sup>17</sup> See <http://www.hefce.ac.uk/research/funding/dual/>.

<sup>18</sup> Universities Australia Submission to the National Innovation Review, April 2008.

<sup>19</sup> The ABS defines capital expenditure as 'Expenditure on the acquisition of fixed tangible assets such as land, buildings, vehicles, plant, machinery and equipment attributable to R&D activity. It does not include capital maintenance.'

IRU Australia shares the views of other bodies, including the Council of Humanities, Arts and Social Sciences and the Council of Australian Postgraduate Associations that the current high cost/low cost categorisations by discipline which determine the quantum of funding received for each RTS place are quite arbitrary.

Some commentators have argued that the current formula for allocating RTS places is inappropriate, with too high a weighting on HDR completions. The introduction of completions to the formula has been instrumental in the adoption of more robust policies by universities for monitoring the progress of research students and supporting them through to completion, thus introducing needed discipline to candidature lengths and completion rates. There will always be countervailing internal pressures to extend candidature lengths and to allow candidatures to lapse. For this reason, IRU Australia supports the continued inclusion of completions within the RTS funding formula.

### *Australian Postgraduate Awards*

The Australian government's recent doubling of the number of Australian Postgraduate Awards (APAs) will be of great assistance in achieving a needed boost in the number of research graduates in the Australian workforce. One of the challenges facing Australian universities, however, is the softening of demand for enrolment in research degrees by high quality domestic students.

In IRU Australia's view, a key barrier to demand for research degree study is student financial circumstances. Figures recently released by the Council of Australian Postgraduate Associations (CAPA)<sup>20</sup> show that for the first time the stipend rate for APAs will slip below the poverty line by the end of 2008. The APA stipend needs to be increased to at least \$30,000 per annum, tax free, if it is to provide any real incentive for talented Australians to choose to undertake research training versus other competing career options. The stipend should also be annually indexed to ensure that it keeps pace with inflation.

The current average completion time for a PhD in Australia is between 4.5 and 5.5 years depending on the discipline<sup>21</sup>. This compares favourably with international benchmarks<sup>22</sup>. The Australian Research Training Scheme is currently based on an assumed candidacy period of four years. Somewhat anomalous to this, the duration of an APA is only three years, with a possible extension of up to six months. Coupled with an increase in the APA stipend, IRU Australia recommends that the duration of income support be extended to at least 3.5 years.

### *Mechanisms supporting the internationalisation of research activity*

There are three key areas where increased government support is desirable to stimulate the national innovation system and secure Australia's international competitiveness in a global knowledge-based economy<sup>23</sup>:

1. The development of high-level integrated strategies for partnering with other countries in appropriately targeted areas of research and innovation;

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<sup>20</sup> CAPA Media Release, *APAs to Break Poverty Line*, 30 April 2008.

<sup>21</sup> Group of Eight, *Adding to Australia's Capacity: The Role of Research Universities in Innovation*, A submission from the Group of Eight to the Review of the National Innovation System, April 2008.

<sup>22</sup> IRU Australia Submission to the House of Representatives Industry, Science and Innovation Committee's Inquiry into research training and research workforce issues in Australian universities, June 2008. (p.8)

<sup>23</sup> See the IRU Australia Submissions to the Review of the National Innovation System and the above Inquiry for further detail and examples. Available at: <http://www.irua.edu.au/policy.html>.

2. Strategies and programs for capitalising on the increased global mobility of talented people to build Australia's human capital; and
3. Substantially increased investment in the International Postgraduate Research Scholarship (IPRS) program to enhance the attractiveness of Australia to international research students.

## Issues in relation to research quality, scale and concentration

IRU Australia agrees that the allocation of research and research infrastructure funding should be based on the demonstration of high performance or the potential for high performance in research. Excellence needs to be recognised and rewarded *wherever it is located*, but at the same time, the system needs to be sufficiently flexible to make room for emerging fields of research.

We are concerned, however, by the assumption in the Discussion Paper that there is broad consensus within the sector that research funding should be primarily directed to those areas within universities that can demonstrate a research operation at a scale which matches that of various international competitors. With Australia representing roughly two to three per cent of the world's innovation system, such a principle may very well exclude a majority of research units in the country.

Moreover, we question the assumption that scale is always an important prerequisite for research excellence, impact and higher research productivity, especially in some discipline areas. We highlight the findings of a recent study based on an analysis of 386 world universities and 529 European universities<sup>24</sup>:

- *In Europe there is no tendency that national academic systems showing more concentration of research activities among its universities generate – as a whole – a higher citation impact per paper than national systems in which the article output is more evenly distributed among academic institutions.*
- *No linear correlation was found between a university's degree of disciplinary specialisation and its overall citation impact per paper. General and specialised universities show similar citation impacts per paper.*
- *The claim that universities specializing in a discipline tend to perform in their areas of specialisation better than general universities do in the same areas, was found to be valid in 4 disciplines: biological sciences primarily related to humans, clinical medicine, molecular biology and biochemistry, and in physics.*
- *In all other disciplines, no significant correlation was found between a university's degree of activity in a discipline and the average citation impact of its papers in that discipline. Perhaps these outcomes indicate that the concept of 'critical mass' in research activity is more relevant in 'big science' than it is in other domains of scholarship.*

In addition, Moodie's analysis<sup>25</sup> of the research literature on the topic of research selectivity, scale, concentration and diffusion, suggests that the 'jury is out' in terms of the benefits of scale to research efficiency, productivity and diffusion. Of particular note, it highlights that the concentration of research in research units of some pre-determined scale and quality will

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<sup>24</sup> Moed, H. 2006, *Bibliometric Rankings of World Universities*, Centre for Science and Technology Studies, Leiden University, The Netherlands.

<sup>25</sup> Moodie, G. 2004, 'Optimising tertiary education for innovating Australia' in Marsh, I. (ed) *Innovating Australia*, Melbourne: Committee for the Economic Development of Australia, pp 92-108.

reduce the community's benefits from research. The UK's Lambert review of business university collaboration concluded that:

- Not all research valuable to business is assessed by peers as world-class or of international scale and a less research intensive university can play an extraordinarily valuable role in working with local business in a way that might make no sense to one of the big research universities.
- Proximity matters when it comes to business-university collaboration and concentrating research expertise distant from the sites of potential use may inhibit the diffusion of research.

It is important when considering the question of whether research activity should be concentrated in particular universities to recognise that the existing government research support mechanisms, while not specifically designed for this purpose, already result in the significant concentration of research activity in particular universities. This is demonstrated by Figures 16 and 17 in the Discussion Paper. According to Moodie, a study by the Science and Technology Research Policy Unit<sup>26</sup> suggests that 'it is quite possible that the very existence of larger universities or departments may disproportionately attract grants'.

Nevertheless, the clear strength of the current suite of research support mechanisms is that they are founded on the peer-reviewed and highly competitive ACG schemes. These schemes, at least in principle, aim to foster excellence and innovation in research *wherever it is located* by supporting:

- Research projects which are judged by expert peers to have the clear potential to contribute to the generation of new knowledge that will advance the field of research;
- Researchers with a strong track record in conducting high quality research; and
- Emerging fields of research and inquiry and emerging researchers.

IRU Australia would strongly oppose any shifts in government policy to move away from the existing suite of research support mechanisms to deliberately concentrate support and funding in particular universities. Such a policy would be seriously flawed for the reasons outlined earlier and would also be anti-competitive in its intent. The long term impact would be to lock institutions into their historical profiles, stifle innovation in research and to deprive many Australian regions of the research support that is required to stimulate regional development.

#### *Networks of excellence rather than concentration*

For these and other reasons, IRU Australia cautioned in its submission to the innovation review against an interpretation of the proposed 'hubs and spokes' policy which would result in the deliberate concentration of research support and activity in particular universities. We are strongly committed to collaboration between institutions, in the national interest, and fully encourage policy initiatives which will support the establishment of research networks and collaborative partnerships. In our view, however, the lessons learned by governments with respect to industry networks<sup>27</sup> also apply to universities: that is, collaboration can't be artificially orchestrated by government. It needs to emerge from genuine mutual interests and from levels of trust that are built incrementally over time through experience in working together successfully, often starting with very small joint projects or initiatives.

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<sup>26</sup> Von Tunsellmann, N., Ranga, M., Ben, M., and Aldo, G., *The effects of size on research performance: a SPRU review*, Science and Technology Policy Research Unit, University of Sussex, June, 2003.

<sup>27</sup> Organisation for Economic Cooperation and Development (OECD) 2000, *Science, Technology and Industry Outlook 2000*. (p. 14)

## The concept of ‘teaching only’ universities

While there are exceptions, it remains the international norm for the term ‘university’ to apply to institutions of higher learning that provide education and undertake research. Many countries continue to maintain a clear distinction between the terms ‘university’ and ‘higher education provider’ (or equivalent), with the distinction generally defined in terms of the authority or responsibility to offer research degrees and/or undertake research.

Society has high expectations of modern universities. They are increasingly called upon to apply research and scholarship to assist communities in dealing with cultural, commercial, educational, environmental, ethical, health, social, scientific and technological issues. All universities are required to play this transformational role.

A number of reviews and projects undertaken in Australia in recent years have concluded that there is little support or justification for the concept of ‘teaching only’ universities in Australia, both within the sector and within the broader community<sup>28</sup>. The revised *National Protocols for Higher Education Approval Processes* accordingly specifies that an Australian university will meet the following criteria:

*D1. demonstrates a culture of sustained scholarship which informs teaching and learning in all fields in which courses are offered*

*D2. undertakes research that leads to the creation of new knowledge and original creative endeavour at least in those fields in which Research Masters and PhDs or equivalent Research Doctorates are offered.*

IRU Australia strongly urges the retention of these criteria, or similar ones, for the approval of Australian universities.

It is recognised that Australian universities can be placed along a continuum from some that are relatively more research-intensive to some that are relatively more teaching-intensive and that the same limited continuum can apply across and indeed sometimes within different disciplines within a single institution. This diversity represents a necessary and valuable feature of the higher education sector in Australia, as it mirrors the diversity of interests and needs across different segments and regions of the country.

Depending on the higher education regulatory framework adopted (see section 11), an institution’s university status could be periodically reviewed to assess whether it continues to meet the expectations attached to the university research function.

### Response to Discussion Questions

#### **19. By what mechanisms should research activities in Australian universities be supported?**

The key strength of the current research support framework resides in the peer-reviewed, highly competitive ACG schemes which, at least in principle, aim to foster excellence and innovation in research *wherever it is located*. The Australian Competitive Grants Scheme should remain as the core mechanism for distributing research funding, supplemented by funding through the block grant schemes.

<sup>28</sup> For example, the Guthrie Review, Building University Diversity discussion paper and associated consultation processes and the recent JCHE project to revise the National Protocols.

Existing mechanisms, however, should be improved to:

- Reflect the full costs of research and ensure a guaranteed ratio between ACG and block grant funding.
- Ensure the RTS reflects the actual number of research students enrolled and the costs of research training across disciplines.
- Increase the APA stipend to a minimum of \$30,000 per annum (tax free and indexed) and also increase the length of APA income support to at least 3.5 years.
- Significantly increase support for linking with the global innovation system, capitalising on the global mobility of talented people and attracting more international research students to Australia.

**20. On what principles and for what purposes should research activity be concentrated in particular universities or types of universities?**

IRU Australia supports the principle that research and research infrastructure funding should be directed primarily to those areas within universities that can demonstrate high performance in research or can demonstrate the potential for high quality research in emerging areas. For the reasons outlined above, we do not support the principle that research needs to be at a scale which is competitive in an international context to deserve funding support.

Our member universities would strongly oppose any shifts in government policy to move away from the existing suite of research support mechanisms to deliberately concentrate support and funding. Such a policy would be seriously flawed for the reasons outlined above and would also be anti-competitive in its intent. The long term impact would be to lock institutions into their historical profiles, stifle innovation in research and to deprive many Australian regions of the research support that is required to stimulate regional development.

**21. Do you believe there is a place for predominantly ‘teaching only’ universities in Australia?**

No. The requirement within the *National Protocols for Higher Education Approval Processes* for Australian universities to undertake research should be retained.

It is recognised that Australian universities can be placed along a continuum from some that are relatively more research-intensive to some that are relatively more teaching-intensive and that the same limited continuum can apply across and indeed sometimes within different disciplines within a single institution. This diversity represents a necessary and valuable feature of the higher education sector in Australia, as it mirrors the diversity of interests and needs across different segments and regions of the country.

## 8 Higher education in the international arena

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International education now represents Australia's third largest export industry. International education delivers significant benefits to Australia, not only in economic terms, but also in terms of international trade and diplomacy, links with the global innovation system, access to skilled migrants, and our contribution to developing countries.

### Unintended consequences of the current approach

#### *Risks to Australia's reputation of a narrow definition of internationalisation*

While the Discussion Paper acknowledges the full breadth and depth of the internationalisation objectives of Australian universities, its overall emphasis is on Australia's achievements in attracting fee-paying international students and the limited success in increasing the numbers of our students going abroad for study.

With knowledge now representing perhaps the most important and valuable global commodity, universities have a key role to play in: facilitating Australia's connectedness to the global knowledge pool through research and scholarly collaborations; and, in attracting talented individuals to study and eventually work in Australia. UNESCO, for example, has coined the phrase 'the new geopolitics' of higher education which reflects an international shift from student recruitment to bolster cash-strapped universities to higher education as a competitive 'weapon' for attracting elite talent<sup>29</sup>.

While Australia is leading the world in terms of the intake of international students as a percentage of total student load, universities are acutely aware that Australia's international reputation in academic research and education risks being tarnished by perceptions that Australia is prepared to put quantity ahead of quality.

Given these factors, IRU Australia strongly encourages the government to align its international policy framework with the current third phase of broadened internationalisation that preoccupies most Australian universities and will guide their strategies into the future. The first phase was represented by the Colombo Plan and the second phase was represented by the vigorous pursuit of international student enrolments in response to funding constraints. It is important that Australia sends a consistent message to Australian and international stakeholders that it is committed to building sustainable and long term partnerships with other countries for mutual benefit and is taking a holistic and strategic approach to internationalisation.

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<sup>29</sup> For example, see <http://www.educationalpolicy.org/pub/commentary/080208.html>.



### *Reliance on international student fees*

This is related to another unintended consequence of the internationalisation of higher education in Australia: the 'dangerous over-reliance on cross subsidisation from overseas student revenues'<sup>30</sup>. Shortfalls in domestic funding arrangements have been placing increasing pressure on universities to rely on international student fees to keep budgets in balance. Even with this additional income, student-staff ratios have risen significantly, university infrastructure is in decline and student fees are being diverted from learning and teaching budgets to compensate for the lack of full funding of research. The quality of education for both domestic and international students is being threatened, as is the future attractiveness of Australia as a study destination.

### **Appropriate role for government**

If Australia is to have universities that are 'high performing institutions with a global focus', the government's internationalisation policies will need to recognise, support and promote a diverse set of activities.

### *Supporting university international activities in the national interest*

Government policy needs to recognise the significant benefits to Australia derived from university's internationalisation activities through: the production of Australian graduates with the capability to work within a global context; greater access to skilled migrants; a stronger national innovation system; and, enhanced diplomatic and business relations. There is considerable scope for the government to provide additional support to universities in the following areas:

1. Australian students need help to acquire more sophisticated international skills, either through better opportunities to go abroad on study programs, or to acquire international experience through internships or volunteering opportunities related to their education programs and to their future employability and productivity.
2. Many nations are now adopting the approach of enhanced international student recruitment to solve their skilled workforce shortages, with the rationale that it is more cost effective to 'train and retain' rather than seek trained people for immigration. International students contribute significantly to Australia's skill base through the skilled migration program. This is sometimes undervalued, and the barriers to them entering occupations related to their skills are slow to break down. Governments need to ensure that any artificial barriers to employment are removed.
3. The internationalisation of universities supports the expansion of our capacity for innovation through the building of international research and scholarly collaborations, as well as attracting talented international research students to the country. A more sophisticated and integrated national approach to these aspects of higher education internationalisation is needed. The IRU Australia submissions to the Review of the National Innovation System and the Inquiry into Research Training and Research Workforce Issues in Australian Universities addressed this area in considerable detail.

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<sup>30</sup> The Hon Julia Gillard MP 2008, *A Higher Education Revolution: Creating a Productive, Prosperous, Modern Australia*, Speech presented in Sydney at the Australian Financial Review Higher Education Conference, 13 March.

4. The international alumni of Australian universities are a large and influential group, with the knowledge and skills acquired in Australian universities contributing to the futures of their home countries. They also provide long-term links with Australia and their networks have sustained a 'second-track' diplomacy when formal government relations have been strained. Government support in building strong international alumni networks would be in the national interest.

### *Supporting the education services export industry*

While Australia's universities have achieved outstanding success in building a strong export industry, other countries are now catching up through the adoption of progressive research, education and migration policies. In this context, the government needs to sustain and preferably increase its support for the international education industry.

Higher education is a significant export industry in its own right and consequently deserves the same types and levels of support offered to other industries. In 2003, for example, the Prime Minister released the *Tourism White Paper - a Medium to Long Term Strategy for Tourism*, a 10 year strategy for the tourism industry in Australia, which was supported by a suite of government programs and initiatives to strengthen the competitiveness of the Australian tourism sector within the global market. There is a strengthened and more prominent role for the Prime Minister, the Foreign Minister and Australia's Ambassadors to promote Australia's international education and research priorities. We also note that the important role that free trade agreements can play in supporting the international export industry and urge closer consultation with the university sector in this area.

IRU Australia commends the role of Australian Education International (AEI) and the offshore support it provides through its network of international counsellors. The network has a sound appreciation of the multiple dimensions of university internationalisation activities and successfully avoids the traps of adopting a misguided 'sales' approach which is contrary to the desired end objectives of internationalisation in higher education. Many offices within the network are appropriately focused on government-to-government and university-to-business relations. The role of AEI is particularly important given the lack of education services expertise within Austrade and the Department of Foreign Affairs and Trade.

We also strongly endorse AEI-NOOSR as having a vitally important role in providing advice on the comparability of overseas qualifications with the Australian Qualifications Framework. However, it needs further investment to ensure the currency and accuracy of its advice and information resources.

There is considerable scope for international student visa policies and practices to be more responsive and flexible. Universities Australia, for example, in its submission to the Review of Export Policies and Programs, demonstrated that at present, Australia's visa application costs are disproportionately high compared to our key competitors. Timelines for the processing of visa applications and extensions act as a significant barrier to the higher education sector's internationalisation efforts. In particular, greater flexibility is required in responding to applications to extend visas for research students.

### *Proposed 'Internationalisation Third Phase' Policy Framework*

IRU Australia believes that it is timely for the government to take some bold steps in promoting and supporting the third phase of international education in Australia.

At critical points in the development of their international education strategies and profiles, both the UK and US governments took explicit action to promote the benefits of international education through the release of Prime Ministerial Statements and associated packages of policy measures. These Statements by Blair and Clinton were extremely successful in promoting the benefits of international education to their nations. They also sent very clear signals to other countries that international students were welcomed and government policy would be targeted at making their educational, work and life experience as rewarding and easy as possible.

In a global environment of competition for knowledge and skills, as well as export dollars, IRU Australia believes that it would be extremely beneficial for the Australian government to develop and promote a Prime Ministerial Statement on international education, which also extends to the importance of global research and innovation links.

In addition, we see value in a dedicated body being created with responsibility for overseeing the implementation of the Prime Ministerial Statement. We support the view of Universities Australia<sup>31</sup> that there is a case for separating the functions of AEI from DEEWR and establishing a body with a mandate to become a 'whole of government' advocate within Australia for international education, research and innovation. Such a development would also lessen the risk of separate education and research/innovation portfolios and Departments resulting in an uncoordinated approach to the implementation of a third phase policy framework. A national body could be similar in structure to Tourism Australia and modelled on the British Council. The British Council's purpose<sup>32</sup> is outlined below:

*Our purpose is to build mutually beneficial relationships between people in the UK and other countries and to increase appreciation of the UK's creative ideas and achievements.*

The British Council is funded through a government grant and the sale of services. It has been extremely successful in promoting and achieving the UK's internationalisation objectives, including supporting the recruitment of international students.

IRU Australia believes that it would be desirable for regulatory functions related to international education (e.g. ESOS Act related functions) to be managed separately from those functions that are concerned with promoting and supporting university internationalisation activities that are in the national interest and develop the education services export industry. For this reason, we propose that the non-regulatory functions of AEI provide the starting point for the establishment of a government-funded national body charged with implementing the Prime Ministerial Statement.

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<sup>31</sup> Universities Australia 2008, *Submission to the Review of Export Policies and Programs*.

<sup>32</sup> British Council 2008, <http://www.britishcouncil.org/home-about-us-purpose-and-values.htm> (accessed 8 July 2008).

## Response to Discussion Questions

### **22. Are there any unintended consequences of the current approach to internationalisation of higher education in Australia?**

The key unintended consequences include:

- An ongoing risk to Australia’s international reputation if we are perceived by other countries to focus on the financial returns from international student recruitment rather than the mutual benefits to be gained through the building of long term international partnerships and collaborations.
- A dangerous over-reliance within universities on cross-subsidisation from international student fees.

### **23. What is the appropriate role for government in assisting the Australian higher education system to internationalise?**

The appropriate roles of government are to:

- Support university international activities in the national interest by providing targeted programs aimed at
  - Assisting Australian students to gain experience overseas.
  - Assisting our international student graduates to make the transition to skilled migrants.
  - Expanding Australia’s innovation capacity through the building of international research and scholarly collaborations, as well as attracting more talented international research students to the country.
  - Building and maintaining international alumni networks.
- Support the education services export industry through
  - Greater recognition of the value added by the education export industry and enhanced investment in that industry
  - The continued provision of value-adding offshore support services through the AEI International Network.
  - More responsive and flexible student visa policies and processing arrangements.

IRU Australia believes that it is timely for the government to take some bold steps in promoting and supporting the third phase of the internationalisation of education in Australia by:

- Developing and promoting a Prime Ministerial Statement on international education, research and innovation.
- Establishing a dedicated body with responsibility for overseeing the implementation of the Prime Ministerial Statement. We support the view of Universities Australia that there is a case for separating the functions of AEI from DEEWR and establishing a body with a mandate to become a ‘whole of government’ advocate within Australia for international education, research and innovation. Such a body could be similar in structure to Tourism Australia and modelled on the British Council.

**24. Can you provide any examples of good practice in encouraging local students to undertake study in other countries?**

Please see examples provided in Appendix 1.

## **9 Contribution to Australia’s economic, social and cultural capital**

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IRU Australia prefers the terminology of ‘knowledge exchange’ to ‘knowledge transfer’ for two reasons. The latter term:

- Has become associated with the knowledge commercialisation domain, potentially limiting the scope of activity it covers; and
- Carries the inference of a one-way flow of knowledge, versus a two-way partnership involving knowledge exchange for mutual benefit.

### **Defining knowledge exchange and community engagement**

As described in the Discussion Paper, there are various definitions of knowledge exchange and community engagement that have been proposed by policy makers and commentators both in Australia and overseas.

IRU Australia favours a simple definition, such as that adopted by the Higher Education Funding Council of England (HEFCE):

*To increase the impact of the HE knowledge base to enhance economic development and the strength and vitality of society.*<sup>33</sup>

In IRU Australia’s view, the emphasis in any definition of knowledge exchange and community engagement should be on leveraging the education, scholarship and research knowledge base of universities to add value to the economy and society in ways that extend beyond traditional academic activities (such as delivering academic qualifications and producing academic journal articles). Knowledge exchange and community engagement consequently represents a significant component of the community’s return on investment in the university sector.

It involves universities working in a mutually beneficial way with non-academic partners, including industry, business, government and community organisations to make contributions based around their distinctive areas of educational and research expertise. Those contributions may be focused at the local, regional, State, national or international levels. Many of these features of knowledge exchange and community engagement were identified in a PhillipsKPA study<sup>34</sup>, as were a number of relevant case studies.

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<sup>33</sup> Higher Education Funding Council for England 2008, *Strategic Plan 2006-11: Updated May 2008*.

<sup>34</sup> PhillipsKPA Pty Ltd 2006, *Knowledge Transfer and Australian Universities and Publicly Funded Research Agencies*, A report to the Department of Education, Science and Training, March, Commonwealth of Australia, Canberra.

Our conceptualisation of knowledge exchange and community engagement extends beyond the historical emphasis on the commercialisation of research in science and technology to a far broader conceptualisation of the value added through knowledge transfer and community engagement across the full range of disciplines.

In its current Strategic Plan, for example, the HEFCE notes in relation to its ‘third stream’ strategy:

*In the plan period, we want to focus more on our strategic support for HE to contribute to wider social agendas. This includes its contribution to civic life and developing civilising values; social, community and environmental support and regeneration; cultural, intellectual and moral enrichment; and participation as a nation and as individuals in global development, communication and problem-solving. We stress that contributing to the economy and to society are not mutually exclusive goals of the third stream, and innovation in public services and the not-for-profit sector will be equally important to the nation as business innovation. The creative sector, as an example, is very successful at generating wealth and enriching our lives.*

There are a range of activities that fit the above definition of knowledge exchange and community engagement, including:

- Developing and delivering continuing professional education and adult and community education.
- Holding events or providing resources designed for the public which bring the community into contact with the extensive knowledge base within universities (e.g. information websites, public lectures and debates to stimulate public engagement with important societal issues, performances and exhibitions).
- Partnering with industry and business to tailor curriculum to meet labour market needs and establish work-integrated learning schemes for students.
- Establishing schemes for enhancing mobility between universities, industry, business, government and community to facilitate knowledge exchange.
- Commercialising research and disseminating research findings through partnerships with industry and business.
- Delivering enterprise education programs and establishing enterprise networks (aimed at enhancing support for locally and regionally based SMEs in the areas of enterprise development and entrepreneurship).
- Partnering with government and community organisations to enhance innovation in public services and the not-for-profit sector.
- Establishing or contributing to national and international knowledge networks with largely non-academic participants.
- Establishing intermediary mechanisms to enable businesses and the community, including the SME sector, to locate sources and sites of knowledge within the university system.
- Building long term relationships and partnerships which enable the university to draw on its knowledge base to contribute to the regeneration or development of regions or communities.

## Funding knowledge exchange and community engagement

Three key points need to be considered when assessing the need for funding to support knowledge exchange and community engagement:

- While the expectations on universities in relation to knowledge exchange and community engagement are not new, as demonstrated by the legislation underpinning the establishment of Australian universities<sup>35</sup>, the emergence of the knowledge economy and increasing complexity of the economic, social, cultural and environmental challenges facing Australia has resulted in the significant expansion of the expectations placed on universities.
- While some specific knowledge exchange activities are supported through existing funding programs, there is currently no permanent or comprehensive stream of funding available to universities for broad application to knowledge exchange and community engagement functions. This is further exacerbated by the research and CGS funding shortfalls discussed further in section 10.
- While knowledge exchange and community engagement are integrated with universities' education, scholarship and research functions and areas of expertise, they require capabilities, infrastructure and the development and maintenance of relationships with non-academic stakeholders that extend beyond core academic activities. Universities need to invest in capacity building if they are to successfully fulfil their public obligation to leverage their knowledge base to 'enhance economic development and the strength and vitality of society'.

The PhillipsKPA study identified three valid reasons for government funding in the area of knowledge exchange and community engagement:

- To achieve cultural change;
- To overcome market failures and instigate demand from users (including those who cannot afford to pay); and
- To provide priming funding to support start up activities and experimentation in new activities.

There are two possible approaches that could be adopted to enhancing funding for knowledge exchange and community engagement:

1. Integrating additional funding into existing research and learning and teaching funding schemes; or
2. Establishing a dedicated fund and/or targeted funding programs.

We discuss each approach below.

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<sup>35</sup> These expectations include for example to: advance knowledge and its practical application by research, dissemination and commercial exploitation; address the specific needs of particular regions or community groups; and promote critical inquiry within the general community.

### ***Integrating additional funding into existing research and learning and teaching funding schemes***

Given that knowledge exchange and community engagement should be fully integrated with a university's areas of specialist knowledge generated through its learning and teaching, scholarship and research functions, it can be argued that associated funding support should also be fully integrated with existing learning and teaching and research funding schemes.

If this were to be the case, the significant inadequacies in the existing funding schemes would need to be corrected. The current financial constraints on universities are inhibiting their capacity to achieve their full potential in knowledge exchange and community engagement.

### ***Establishing a dedicated fund or funding programs***

The UK government has now had considerable experience in developing public policy and funding programs in support of knowledge exchange and community engagement. This experience offers some helpful insights for future options in Australia.

#### ***UK Higher Education Innovation Fund***

After commencing with short-term funding programs, with funding allocated on a competitive project basis, the UK government has now committed to a permanent and increased stream of funding (the Higher Education Innovation Fund [HEIF]). The Fund is principally targeted at knowledge transfer and community engagement capacity building across the higher education system.

The HEFCE has noted the following in relation to the impacts of the HEIF<sup>36</sup>:

*Over a decade ago the most common criticism of the HE sector by business was poor infrastructure (which includes contact points, specialist support staff, databases, systems, policies and procedures and facilities geared to working with external partners). Even where academics wanted to engage further, there were constant hurdles because HEIs' systems supported their traditional missions rather than being responsive to external demand. Much of the investment in HEIs has been to develop this infrastructure to enable HEIs to be more responsive...*

*Successful knowledge exchange relies on many levels of complex interaction between academia, businesses and those involved in public and third sector services and policy. To facilitate these relationships, particularly where specialist knowledge is required such as intellectual property (IP) law, knowledge transfer professionals have been recruited or trained by HEIs.*

HEIF funding is allocated on a formula basis with two components:

- Capacity-building and potential (based on full-time equivalent academic staff numbers); and
- Performance (based on various measures of income from business and non-commercial sources as a proxy for the value placed on institutions' activities by users of knowledge).

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<sup>36</sup> Higher Education Funding Council for England 2008, *Higher Education – Business and Community Interaction Survey 2006-07*.



The government determines a minimum allocation per institution and also sets a cap on the maximum that can be received by any single institution. A representative of the Higher Education Funding Council of England recently noted that the cap was put in place to ensure that capacity building was supported across all institutions and in recognition that wealthier institutions had the ability to access other funding sources<sup>37</sup>. IRU Australia would support these principles for application in the Australian context if the government did choose to introduce a dedicated fund.

### *UK Knowledge Transfer Partnerships*

The UK Knowledge Transfer Partnerships (KTPs) scheme, which is jointly funded by government and business, places recently qualified people across a range of qualification levels from vocational through to research degrees in firms for one to three years to introduce a new product, service or process in partnership with a suitable university, college or research organisation. Over 1,000 KTPs are running at any one time in the UK.

Industry demand for KTP associates has been high in the UK and research has quantified the benefits for all partners: increased profits for businesses and access to qualified staff; job offers for KTP associates; initiation of new collaborative research projects and research publications for universities<sup>38</sup>. The UK government has recently supported the recommendation of the Sainsbury review to double the number of KTPs made available<sup>39</sup>.

A key benefit of the KTP scheme is that it is demand-led by industry and business. The research literature on knowledge exchange consistently points to the relative success of knowledge exchange initiatives that are driven by the users of knowledge.

### *A phased approach*

There are clear advantages and disadvantages to the above two options for funding knowledge exchange and community engagement.

On the one hand, the integrated funding approach is simpler and sends a clear message that knowledge exchange and community engagement do not represent stand-alone activities but need to be fully integrated with learning and teaching, research and scholarship.

On the other hand, the availability of a dedicated knowledge exchange fund and/or funding program such as the UK Knowledge Transfer Partnerships would send a much louder signal about the importance of knowledge exchange as a core university function alongside, and integrated with, research and teaching and learning. This would facilitate culture change and trigger the reform of university policies (e.g. academic promotion policies) to ensure that they create incentives for academic participation in relevant knowledge exchange and community engagement activities. It would also create incentives for both universities and their industry and community stakeholders to collaborate in building knowledge exchange partnerships.

IRU Australia proposes that a phased approach be adopted for the introduction of knowledge exchange and community engagement funding.

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<sup>37</sup> Egan, S. 2008, *The Higher Education Innovation Fund in England*, Presentation to the International Symposium on University Costs and Compacts, 14-15 July.

<sup>38</sup> Lord Sainsbury of Turville 2007, *The Race to the Top: A Review of Government's Science and Innovation Policies*, October.

<sup>39</sup> Department of Innovation, Universities and Skills 2008, *Innovation Nation*, March.

The first phase, which would extend over three to five years, would focus on achieving culture change and capacity building through a dedicated Knowledge Exchange and Community Engagement Fund and a Knowledge Transfer Partnerships scheme. Each university should be required to present its high level strategy for knowledge exchange and community engagement for endorsement prior to the release of funds by the government. The government would also work with universities to develop appropriate methods for measuring and reporting performance in knowledge exchange and community engagement. This would support public accountability for the achievement of outcomes and could over time play a greater role in performance based funding.

With enhanced institutional capacity and infrastructure, it is proposed that the second phase could involve a transition to integrated funding, whereby funding support for knowledge exchange and community engagement is integrated with the core research and learning and teaching funding schemes. It is assumed that the existing inadequacies of the research and learning and teaching funding schemes will have been corrected before the second phase commences. Together with the funding rolled over from the Knowledge and Community Partnerships Fund, these schemes should provide universities with the sustainable funding base required to enable them to fulfil their knowledge exchange and community engagement functions.

### Response to Discussion Questions

#### **25. How would you define knowledge transfer and community engagement in an Australian context?**

IRU Australia favours a simple definition, such as that adopted by the Higher Education Funding Council of England:

*To increase the impact of the HE knowledge base to enhance economic development and the strength and vitality of society.*

In IRU Australia's view, the emphasis in any definition of knowledge exchange and community engagement should be on leveraging the education, scholarship and research knowledge base of universities to add value to the economy and society in ways that extend beyond traditional academic activities (such as delivering academic qualifications and producing academic journal articles). Knowledge exchange and community engagement consequently represents a significant component of the community's return on investment in the university sector.

It involves universities working in a mutually beneficial way with non-academic partners, including industry, business, government and community organisations to make contributions based around their distinctive areas of educational and research expertise. Those contributions may be focused at the local, regional, State, national or international levels.

#### **26. Do you believe that knowledge transfer and community engagement are legitimate and appropriate roles for contemporary higher education institutions?**

Not only are they legitimate roles, but they are essential roles if the Australian community is to achieve its full return on public investment in universities.

### **27. How do you believe these functions should be funded?**

IRU Australia proposes that a phased approach be adopted for the introduction of knowledge exchange and community engagement funding.

The first phase, which would extend over three to five years, would focus on achieving culture change and capacity building through a dedicated Knowledge Exchange and Community Engagement Fund and Knowledge Transfer Partnerships scheme.

The second phase would see a transition to knowledge exchange and community engagement funding being fully integrated with existing learning and teaching and research funding schemes.

## **10 Resourcing the higher education system**

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As noted in the Discussion Paper, the higher education sector now generates much of its revenue from sources other than government grants. Universities have demonstrated considerable resourcefulness in identifying and building new sources of revenue in the face of public funding shortfalls. In particular, they have: built a highly successful new export industry for Australia; enhanced the provision of contract research and consultancy services to business and industry; and, developed new educational delivery models to attract domestic fee paying students. The sustainability of these revenue streams, however, depends on the maintenance of a high quality university system. The view of IRU Australia is that we are now at a ‘tipping point’, with the lack of adequate public funding threatening to undermine the quality of the system which in turn will impact on the sector’s capacity to continue to attract non-government revenue.

### **The adequacy of current funding arrangements**

The quantum of funds available to Australian universities, the approach adopted for their allocation and the balance between public and private contributions are currently inadequate for supporting a viable public university system and fully realising the potential contribution of universities to national economic, social, cultural and environmental development. Section 2.6 of the Discussion Paper outlines the resource pressures and uncertainties currently facing universities.

The current funding arrangements have resulted in a range of significant unintended consequences which are clearly detrimental to the quality of Australian higher education and the achievement of nationally beneficial outcomes.

Many of these have been documented in the Discussion Paper and include:

- A significant deterioration in infrastructure;
- Greater homogenisation of the sector, as institutions pursue access to the same needed additional revenue streams (e.g. international students) and the funding model supports a ‘one size fits all’ system;

- Very constrained access to discretionary funding, limiting the extent to which universities can make strategic shifts in line with their individual missions and emerging national and local skill needs;
- Increased casualisation of the academic workforce;
- Larger class sizes and the significant reduction in tutorials; and
- Restrained capacity to invest in emerging fields of knowledge important to innovation.

## **Principles to underpin a new approach to funding**

Future funding arrangements need to create incentives for diversification, innovation and quality improvement whilst ensuring adequate government investment to enable institutions to maintain world-class standards and meet societal expectations. IRU Australia puts forward the following six principles to underpin a new approach to funding. The new approach should:

1. Recognise the special role of public universities in nation building and the limitations of market-based approaches.
2. Achieve and sustain an appropriate balance between public and private contributions to the costs of higher education.
3. Provide a sustainable funding base.
4. Be directed towards building a world-class university system.
5. Support and reward diversity and performance in the context of institutions' individual missions.

Each of the principles is discussed further below.

### ***Recognise the special role of public universities in nation building and the limitations of market-based approaches***

IRU Australia agrees with the view put by the Australian Labor Party in its July 2006 *White Paper on Higher Education, Research and Innovation* that public universities have a special role to play in nation building which sets them apart from service industries such as banking, tourism or communications:

*A university is more than a provider of education and training services.*

*Contemporary Australian universities play several roles. They provide qualifications and access to careers. They offer educational experiences and intellectual training. They are places for scholarly work and sources of expertise. In varying ways, they expand and transfer knowledge, engage with and contribute to their communities, and are internationally networked. They have a special capacity to connect expert and lay views and, through dialogue, enhance innovation and citizenship...*

*In Labor's view, universities must continue to provide programs that the society has identified as important, as well as raising those questions and issues that society does not want to address...*

We believe that it is in the national interest for future funding models to preserve this special role of public universities and to recognise that pure market-based approaches are not the solution to current funding shortfalls (see separate discussion later in this section).

### *Achieve and sustain an appropriate balance between public and private contributions to the costs of higher education*

A balanced public policy framework for higher education needs to acknowledge that higher education delivers both public and private benefits. It is well documented that graduates enjoy a wide range of private benefits from their education, including: higher earnings; lower unemployment; and, greater flexibility for occupational mobility.

At the same time, there are enormous public benefits associated with higher education<sup>40</sup>, including:

- Increased productivity and economic competitiveness;
- Adaptability of the workforce to structural change, enhanced problem solving and innovation; and
- Non-economic benefits, including personal health and social opportunities, lower rates of social dependency and crime.

In 2004, OECD countries on average sourced 76 per cent of expenditure on tertiary institutions from public sources and 24 per cent from private sources<sup>41</sup>. The comparable figures for Australia were 47 per cent and 53 per cent, indicating that funding for tertiary education in Australia is significantly biased, in relative terms, towards private funding. Only Japan, Korea and the US have higher percentages of private funding. In the latter case, the US government provides significant additional funding in the form of student financial assistance.

It is also important to note that the student contribution for undergraduate study in Australian public universities is already reasonably high compared with tuition fees at public four-year colleges and universities in the United States. In 2007-08, the average annual tuition in the US is equivalent to A\$6,358, and 45 per cent of students paid less than the equivalent of A\$6,168.<sup>42</sup>

Future higher education policy needs to ensure that, as a country, we maintain an appropriate balance between public and private investment in education. It is in the national interest to ensure that current and future generations of Australians are not deterred from pursuing higher education and building the human capital which is vital to the country's future economic, social, cultural and environmental development.

### *Provide a sustainable funding base*

A new approach to funding needs to deliver a secure and sustainable public funding base for the university sector. The impacts of inadequate annual indexation of the Commonwealth grant have been well documented over recent years and within the Discussion Paper. IRU Australia strongly supports the proposals put forward by Universities Australia for changing the approach adopted by the government for the indexation of the CGS. Appropriate indexation is essential if the quality of university education in Australia is to be sustained and strengthened.

In section 7, we also outlined issues relating to the lack of full funding for research which is placing unsustainable financial pressures on universities.

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<sup>40</sup> Australian Labor Party, *Australia's Universities: Building our Future in the World: A White Paper on Higher Education, Research and Innovation*, July 2006.

<sup>41</sup> Organisation for Economic Co-operation and Development (OECD) (2007) *Education at a Glance 2007*, OECD, Paris.

<sup>42</sup> College Board 2007, *Trends in College Pricing*, Trends in Higher Education Series.

## *Be directed towards building a world-class university system*

### *Build human capital across the nation and to the scale required*

There has been considerable discussion and debate in Australia over recent years about the potential benefits of concentrating higher education funding and resources in a small number of Australian universities in order to secure their ‘top 100’ status internationally. The focus has been on how Australian universities perform as measured by a number of international rankings, which are themselves subject to considerable debate and controversy. It should also be noted that criteria for international rankings do not necessarily align with many of the key functions of higher education described in section 1.2 of the Discussion Paper.

IRU Australia’s view is that while public policy should not preclude or in any way restrain the emergence of ‘world top 100’ universities, it also should not seek to concentrate funding in particular institutions in order to achieve it. Public policy should be clearly directed to building the quality of the Australian university system as a whole, for a number of reasons.

The Australian population is widely dispersed and all eligible Australians deserve access to a high quality university education, not just those who study in a small number of elite institutions most typically located in city central locations. The greatest untapped potential in Australia for building human capital through raising educational attainment rates is located in other parts of the country (see further discussion below).

We need to ensure that we not only produce high quality graduates in all parts of Australia, but that we produce them on the scale required to fuel productivity and the Australian economy. This once again demands a high quality university system versus a small number of top universities which are singled out for concentrated investment.

Concentration risks narrowing our links to global education, research and innovation networks to a limited number of institutions and disciplines. As a small country, we need to build those networks across as broad a base as possible so our global connections are diverse and multi-layered. This will ensure that we tap into the rich web of knowledge flows that underpin the new global knowledge economy and foster innovation.

Public funding should enable all universities to achieve high standards of quality in the context of their distinctive missions and should consequently be delivered via mechanisms that support and reward diversity and excellence wherever it is located, rather than mechanisms that deliberately concentrate resources to the potential detriment of the sector as a whole.

### *Acknowledge the important contribution of ‘non-city centre’ and regional universities to Australia’s development*

‘Non-city centre’ and regional universities make a significant contribution to Australia’s economic, social, cultural and environmental development. In particular, they are well placed to play a critical role in the government’s priorities in raising educational attainment, addressing social disadvantage and advancing rural and regional development.

The 2006 Census records significant differences in bachelor degree attainment levels across different statistical areas of Australia. By way of example, the Bachelor degree attainment rates for people aged between 15 and 44 years of age ranges from 43 per cent in Inner Melbourne to 29 per cent in Bundoora and 18 per cent in Ovens-Murray, with the latter two areas served by La Trobe University through its Bundoora and Albury-Wodonga campuses respectively. Similarly, in Inner Brisbane the Bachelor degree attainment rate is 39 per cent compared with 16 per cent in Logan City which is served by Griffith University’s Logan

campus. The main catchment region for the University of Newcastle, the Hunter statistical division, has an attainment rate of 19 per cent and similarly the immediate catchment region for the Townsville campus of James Cook University has an attainment rate of 22 per cent.

While Australia is one of the most urbanised countries in the world, our future economic, social and environmental development is inextricably linked to the future success of rural and regional communities. Around two thirds of Australia's export earnings come from regional industries such as agriculture, tourism, retail, services and manufacturing<sup>43</sup>. Many of the Australia's key topics of national interest or concern (e.g. climate change, health services delivery, food and agriculture, energy, mining and earth sciences), all of which require concentrated research and policy analysis, are closely associated with the regional and rural areas of the country.

'Non-city centre' and regional universities often represent the major public institution in the areas within which they are located. They are often: the largest employer; a major purchaser of services from local businesses; and, the most significant provider of infrastructure (e.g. library, sporting facilities; public spaces).

It is clearly vital for outer metropolitan and regional areas of Australia to be well served by universities that have the capacity to offer a range of high quality and relevant educational programs and undertake research.

### ***Support and reward diversity and performance in the context of institutions' individual missions***

The government is encouraging institutional diversity so that universities can play to their strengths. A new funding approach needs to support and reward institutional diversity and performance in the context of each institution's defined mission. The current 'one size fits all' funding model does not achieve this.

We strongly support the government's commitment to increasing higher education participation for disadvantaged Australians. The current funding model, however, creates disincentives rather than incentives as it does not fully recognise the costs associated with supporting disadvantaged students. Students within the catchment regions of 'non-city centre' and regional universities, for example, are more likely to experience disadvantage on a number of fronts. They frequently have: lower educational preparation; delayed entry; and/or are the first in their family to attend university. Such students regularly require: remedial academic preparation; greater support in transition to university; and general study skills support.

In addition, the distinctive contribution made by 'non-city centre' and regional universities carries with it specific cost pressures. All elements of costs are greater, both fixed and variable. For example, these universities need to serve the needs of widely dispersed populations and there is often not the concentration of students required to generate efficiencies. The challenges in meeting these additional costs are exacerbated by the fact that the location of these universities can inhibit their capacity to build other revenue streams. It can be more difficult, for example, to attract international students to these universities.

We need a funding model that takes into account the different cost structures associated with: different educational delivery locations and modalities; different categories of students including low SES and Indigenous; enabling programs; maintaining fields of study with low student demand which are of national benefit; starting up new fields of study to meet

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<sup>43</sup>Department of Infrastructure, Transport, Regional Development and Local Government website (<http://www.infrastructure.gov.au/regional/index.aspx>), accessed on 28 May 2008.

workforce skill needs; and, building specialisation in an area of potential strength. Transparency and accountability will be best served by these funds being allocated largely on the basis of loadings applied to actual (versus planned) EFTSL. The government would determine a range of variable weightings to be applied to different student cohorts and activities.

It is also envisaged that universities and government will agree on the performance outcomes to be achieved in the context of institutions' distinctive missions and the differential funding provided by government.

### ***Simplify funding mechanisms to deliver greater flexibility and reduce transaction costs***

#### ***Enhance flexibility***

The Australian Labor Party's White Paper<sup>44</sup> provided a valid description of the shortfalls of the current funding arrangements:

*In 2003, the Howard Government put a straightjacket on universities when it introduced 'funding clusters' on a one-size-fits-all basis.*

*The allocation mechanisms for university funding, the controls on its use, and the conditions imposed at the whole-of-institution level for receipt of the funds, together act to restrict the flexibility of action universities need...*

The most significant features of the current funding arrangements that contribute to 'the straightjacket of university financing' are concerned with the rigidities imposed on universities in relation to funding clusters.

The current funding model assumes that it is possible to accurately predict student load in each of the seven funding clusters three years' ahead, where student load is based on individual units of study within a course. When institutional predictions prove to be incorrect, universities are then penalised. This mechanism discourages innovation (as the outcomes are less predictable) and restricts the capacity of universities to respond appropriately to changes in labour force needs and student demand. To avoid penalty, for example, universities are restricted to only moving student load across disciplines attracting the same funding rate – a restriction which is not conducive to responding rapidly to skill shortages or to investing in developing programs that serve the public interest.

In addition, the funding weights applied across the seven funding clusters have little if any meaning now because of: changes in cost relativities since 1990; the mixing of cost weights with the differential rates of HECS in 1997; and, the partial deregulation of HECS rates since 2003.

A new and significantly more flexible approach to university funding is needed to enable universities to respond more rapidly and effectively to changing labour force and student demands.

#### ***Reduce transaction costs***

IRU Australia believes there is considerable scope to reduce the bureaucratic burden on universities and DEEWR by reducing the number of separate special purpose funds in operation and roll these funds into the CGS and other core funding mechanisms.

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<sup>44</sup> Australian Labor Party 2006, *Australia's Universities: Building our Future in the World*, A White Paper on Higher Education, Research and Innovation, July.



In particular, we would argue for the discontinuation of the:

- Collaboration and Structural Reform Fund;
- Workplace Productivity Program;
- Diversity and Structural Adjustment Fund;
- Capital Development Pool; and
- Learning and Teaching Performance Fund (LTPF).

With respect to the LTPF, IRU Australia acknowledges the importance of the principle of the allocation of some funds to universities in a manner that recognises, encourages and rewards excellence in learning and teaching. Since its introduction, however, there has been considerable disquiet about the LTPF and IRU Australia shares the concerns of many universities that there are sound reasons for doubting that the particular methodology adopted reliably achieves the objective of measuring quality.

IRU Australia consequently urges the government to distribute the LTPF funds via alternative approaches aimed at supporting the quality of learning and teaching and rewarding institutional performance or improvement in learning and teaching outcomes.

## **Total reliance on market forces is not the solution**

Some stakeholders within the higher education system argue that the solution to the current funding issues lies with more deliberately exposing the sector to market forces. It is argued that further deregulation will:

- Further stimulate competition in the marketplace, and by inference, enhance quality and efficiency;
- Increase diversity within the higher education system and hence student choice in terms of both price and product;
- Address the financial constraints currently being experienced by universities by uncapping the student contribution for Commonwealth supported places and allowing institutions to set their own fees; and,
- Address skill shortages more effectively than the current system.

There are a number of options for further deregulation including: opening up Commonwealth supported places to private providers; removing the cap on student contributions, allowing institutions to set their own fees; and, introducing student ‘vouchers’ or the equivalent.

### ***Potential benefits and risks of further deregulation***

IRU Australia has assessed the potential benefits and risks associated with further significant deregulation. While the proponents of further deregulation claim a number of key benefits for students, government and the institutions themselves, IRU Australia believes that it will not actually deliver those benefits and that there are also serious downsides. Further deregulation, for example, will drive greater homogenisation rather than diversity as institutions will all seek to maximise their offerings in those fields of study that attract high student demand, particularly if that market demand allows them to charge higher fees and/or the field of study is less expensive to deliver. Price deregulation will deliver increased revenue to universities but students will end up paying more for their education. While skill shortages are present within the current higher education financing system, there are complex reasons for these

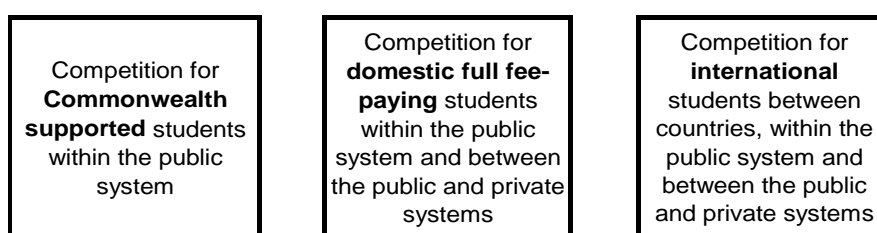
shortages (as outlined in section 3) and full deregulation of the higher education system is unlikely to change them.

Maximising or optimising competition?

There is already strong market competition in the Australian higher education sector, driven by both domestic and international student market factors. The government is strongly urging universities to work collaboratively across a wide range of functions and this begs the question: How much market competition between universities is healthy if they are to work collaboratively to meet national and community needs? The same applies to collaboration across the public university and TAFE systems.

There are three distinct categories of market competition currently driving institutional behaviours and performance, as outlined in the following diagram.

**Three categories of strong market competition**



While competition for Commonwealth supported *places* between public universities is not currently as strong as it has been in the past, due to current demographic and student demand factors, the principle still remains that the government has the power to reallocate places to reflect the capacity of different institutions to attract *students*. Future demographic changes or the push for qualifications upgrading by older Australians will once again increase competition.

The opening up of Commonwealth supported places to private providers, which are driven by the need to maximise profits for owners or shareholders, will inevitably result in those providers moving into the most profitable market niches. This could impact on the viability of some public universities, or at least reduce their capacity to cross-subsidise other areas of activity including fields of study with important national benefits that are expensive to run. This would serve to undermine the special role of public universities in nation building.

Impacts of price deregulation

The lack of regulatory restraint in terms of student fees for the bulk of Australian higher education places (ie. Commonwealth supported places) would see Australia’s balance between public and private investment in higher education become even further skewed compared with OECD averages. This raises real concerns about Australia’s capacity to keep pace with other countries which are committed to investing heavily in driving up higher education attainment levels.

The experience with the introduction of HECS and variable HECS would suggest that fees have not acted as a deterrent to higher education participation for most Australian students, provided that they can defer payment. The impacts of a total price deregulation, however, are not easy to predict, especially if it takes some prices above a threshold level considered digestible by ‘middle’ Australians. In the US, for example, rising higher education tuition fees have raised significant community concerns and many State governments have been forced to introduce new policy measures to either decrease or ‘hold the line’ on fee levels.

Of significance to the government's social inclusion agenda, there is a considerable body of research, both in Australia and overseas, which indicates that students from disadvantaged backgrounds are more price sensitive and debt averse than other categories of students<sup>45</sup>. One study identified that students from low income families do not enter expensive universities, even if the difference with cheaper institutions is completely offset with a scholarship<sup>46</sup>.

If students, in general, were found to be price sensitive in a fully deregulated market, uncapped fees would allow high demand institutions and programs to charge much higher fees while lower demand institutions and programs would have to charge lower fees. Regional and outer metropolitan universities and campuses, in particular, will face dual community pressures to keep fees low and also continue to offer the full range of programs, including those that others will not provide: a recipe for lowered quality and financial decline.

If students, in general, were found to not be price sensitive in a fully deregulated market, and many may not be as HECS-HELP essentially shields them from any up-front costs, there will be little or no price discipline in a fully deregulated environment, allowing all institutions to charge high fees and increase them at will. Past experience, with the decision to allow universities to raise HECS rates up to 25 per cent on top of the existing differential HECS charges, suggests that fees will rise for all students. For the reasons explained earlier, we do not judge this to be in the national interest.

#### *The benefits of current partial deregulation*

IRU Australia urges the government to retain the current partially deregulated model for higher education funding. It strikes an appropriate balance between the benefits of market competition and the benefits of safeguarding the special role of public universities in nation building. It ensures that all public universities are able to contribute to Australia's international reputation for world-class higher education. It places an appropriate constraint on prices for publicly funded higher education places, thereby safeguarding accessibility for the widest possible segments of the Australian community.

#### *Full fee paying undergraduate domestic students*

In examining the current partially deregulated model, however, there is one glaring anomaly that needs to be addressed. Within the middle category of market competition presented above, private providers and public TAFE providers currently enjoy an unfair advantage over universities as they are free to offer full fee-paying undergraduate places, while public

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<sup>45</sup> McInnis, C. and Hartley, R. 2002, *Managing Study and Work: The impact of full-time study and paid work on the undergraduate experience in Australian universities*, Department of Education, Science and Training.  
James, R. 2002, *Socioeconomic Background and Higher Education Participation: An analysis of school students' aspirations and expectations*, Department of Education, Science and Training.  
James, R., Wyn, J., Baldwin, G., Hepworth, G., McInnis, C. and Stephanou, A. 1999, *Rural and Isolated Students and their Higher Education Choices: A re-examination of student location, socioeconomic background, and educational advantage and disadvantage*, Higher Education Council.  
Callender, C. 2002, *Survey of School and Further Education Students Attitudes to Debt and their Impact on Participation in Higher Education*, Student Debt Project, Universities UK.  
The National Center for Public Policy and Higher Education 2002, *Losing Ground: A National Status Report on the Affordability of American Higher Education*.  
Heller, D. E. 2000, *Tuition Pricing and Higher Education Participation in Colorado*, Center for the Study of Higher and Postsecondary Education, University of Michigan.  
The Independent Committee of Inquiry into Student Finance (Andrew Cubie, chair) 1999, *Student finance: fairness for the future*, Edinburgh: Scottish Executive.

<sup>46</sup> Vossensteyn, H. *Cost Sharing and Understanding Student Choice: Developments in Western Europe and Australia*. Centre for Comparative and Global Studies in Education, State University of New York.

universities are not. Adding to this, they are able to access government support through access to FEE-HELP.

There are three possible approaches to resolving this anomaly:

- Reintroduce full fee-paying undergraduate places to the public university system;
- Cap the fees covered by a FEE-HELP loan at the equivalent of the CGS Commonwealth contribution plus the maximum student contribution, so that a FEE-HELP place is not subsidised by government to a higher level than a HECS-HELP place.
- Remove the government subsidy, through FEE-HELP, for full fee-paying undergraduate students enrolled with private providers and public TAFE providers. These students would need to access private loan facilities to finance their studies.

Any of these actions would restore some kind of level playing field.

## **Infrastructure funding**

The university sector has been raising serious concerns about the declining state of university infrastructure for some time. The government's acknowledgement of the problem has been very welcomed, as has the 2008 budget announcements of an extra \$500 million to help rebuild infrastructure and an increased ongoing investment in the new Education Investment Fund (EIF).

IRU Australia also welcomes the decision not to place a cap on yearly allocations from the EIF as there is a need for urgent action to redress the current situation. Indeed, the accrued shortfall in infrastructure funding demands that a significant percentage of the fund, if not all, be allocated and expended in the near future. As the fund represents the core source of infrastructure funds for the university sector, it will be necessary for government to continue to commit budget surpluses to secure the sustainability of the fund and university infrastructure over the longer term.

It is critical that support through the EIF be directed to meeting the educational and research needs of all Australians. This requires that universities enunciate their strategic priorities with funding directed to support areas of strategic need for individual institutions including:

- New building and infrastructure projects that support excellence in research and teaching;
- Refurbishment and extension of existing facilities especially where additional Commonwealth funded student places can not be accommodated within existing facilities and where statutory regulations, such as OH & S, require major upgrades; and
- Significant pieces of equipment that underpin research projects of national and international significance.

Decisions about the awarding of funding should take into account each institution's funding compact with the Commonwealth, together with other factors that are in the national interest. For example, some universities face the challenge of building and maintaining infrastructure across multiple campuses which are vitally important to meeting the educational needs of different segments of the Australian population.

The ability of an institution to provide matching funds, commonly through investment and/or endowment income, should not influence the awarding of grants.

The EIF represents a vital opportunity for universities to ‘catch up’ after a significant period of inadequacy in Commonwealth capital infrastructure funding. It is consequently disappointing that the applicant pool has been significantly expanded to include VET and research institutions. This move is somewhat unexpected and raises concerns as to the ability of the Fund to deliver on its original intent to adequately provide additional and necessary infrastructure resources to the university sector.

This policy decision also raises questions as to the blurring of the historical division of funding responsibility for the higher education and vocational education sectors between the State and Commonwealth governments.

In section 6, we highlight the potential for serving the educational needs of Australians more efficiently and effectively in some parts of the country through joint TAFE/university facilities. If the vocational education and training sector is to be eligible to access EIF funds, priority should be given in the first instance to proposals that involve joint activities with universities.

## Philanthropy

The Business Industry and Higher Education Collaboration Council (BIHECC) recently commissioned a report on philanthropy in higher education<sup>47</sup> and subsequently provided advice to the Minister<sup>48</sup> on how to achieve a needed culture change in relation to philanthropy in higher education. It advised that a number of complementary steps would need to be undertaken to achieve this culture change, including: building alumni networks; building institutional capability; and, creating incentives through matching funding schemes and/or tax incentives.

The Council recommended that the Australian Government provide funding to enable universities to increase their development capacity and infrastructure. It estimated that this funding would need to be in the order of \$80 million dollars. This would permit an initial one-off grant in the order of \$2 million per university, which would provide seed funding to establish or redevelop endowments and funds for the development of infrastructure and institutional capacity building.

In addition, the Council recommended that the Australian Government establish a matching funding scheme to match philanthropic donations. The funding could be time limited and capped. It is estimated that funding required would be in the order of \$250 million across three years.

IRU Australia strongly supports the conclusions reached by BIHECC and would welcome government support in building capacity and creating incentives for philanthropic contributions to universities.

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<sup>47</sup> The Allen Consulting Group 2007, *Philanthropy in Australia’s higher education system: Final report*, Report to Universities Australia on behalf of the Business, Industry and Higher Education Collaboration Council

<sup>48</sup> Letter to The Hon Julia Gillard MP from Mr David Murray, Chair, Business, Industry and Higher Education Collaboration Council, 19 March 2008.

## Response to Discussion Questions

**28. What incentives or unintended consequences are there in the current arrangements for higher education funding?**

**29. To what extent are the current funding models adequate to secure the future of Australia’s higher education sector? If there are better models, what are they?**

The quantum of funds available to Australian universities, the approach adopted for their allocation and the balance between public and private contributions are currently inadequate for supporting a viable public university system and fully realising the potential contribution of universities to national economic, social, cultural and environmental development.

### Principles to underpin a new approach to funding

Future funding arrangements need to create incentives for diversification, innovation and quality improvement whilst ensuring adequate government investment to enable institutions to maintain world-class standards and meet societal expectations. IRU Australia puts forward the following principles to underpin a new approach to funding. The new approach should:

1. Recognise the special role of public universities in nation building and the limitations of market-based approaches. This special role sets them apart from service industries such as banking and tourism and pure market-based approaches are not the solution to current funding shortfalls (elaborated further below).
2. Achieve and sustain an appropriate balance between public and private contributions to the costs of higher education.
3. Provide a sustainable funding base. Appropriate indexation of the Commonwealth grant is essential if the quality of university education in Australia is to be sustained and strengthened. In section 7, we also outlined issues in relation to the unsustainable nature of current research funding schemes.
4. Be directed towards building a world-class university system. Public policy should be clearly directed to building the quality of the Australian university system as a whole. The significant contribution of ‘non-city centre’ and regional universities to Australia’s national and regional development also needs to be supported and sustained.
5. Support and reward diversity and performance in the context of institutions’ individual missions. We need a funding model that takes into account the different cost structures associated with: different educational delivery locations and modalities; different categories of students including low SES and Indigenous; enabling programs; maintaining fields of study with low student demand which are of national benefit; starting up new fields of study to meet workforce skill needs; and, building specialisation in an area of potential strength.
6. Simplify funding mechanisms to deliver greater flexibility and reduce transaction costs. In particular, a new funding model needs to ease the ‘straightjacket’ imposed on universities in terms of funding clusters and associated rigidities. It also needs to reduce the bureaucratic burden on universities and DEEWR by reducing the number of separate special purpose funds in operation and rolling these funds into the CGS and other core funding mechanisms.

Total reliance on market forces is not the solution

Some stakeholders within the higher education system argue that the solution to the current funding issues lies with more deliberately exposing the sector to market forces. After analysing the potential benefits and risks of this proposition, IRU Australia has concluded that the risks outweigh the benefits.

IRU Australia urges the government to retain the current partially deregulated model for higher education funding. It strikes an appropriate balance between the benefits of market competition and the benefits of safeguarding the special role of public universities in nation building. It ensures that all public universities are able to contribute to Australia's international reputation for world-class higher education. It places an appropriate constraint on prices for publicly funded higher education places, thereby safeguarding accessibility for the widest possible segments of the Australian community.

Other resourcing issues

We have also briefly outlined our views in relation to infrastructure funding and philanthropy in the body of our submission.

**30. Are the current institutional arrangements for determining relative funding between higher education institutions appropriate? If not, what changes should be considered?**

As outlined above, the current funding arrangements are based on a 'one size fits all' assumption and do not foster diversity and innovation.

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## **11 Governance and regulation**

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### **Principles to guide the future development of the regulatory and quality assurance framework**

The Australian higher education landscape is undergoing substantial and rapid change. We are also part of an extremely dynamic global higher education environment which places increasing competitive pressures on countries and their higher education systems to demonstrate the quality of their educational provision. While Australia's regulatory and quality assurance arrangements have undergone considerable revision and refinement over recent years, this review of Australian higher education offers an important opportunity to take stock of where we are and where we wish to head in the future.

The issues are complex and it is challenging to design a regulatory and quality assurance framework that minimises regulatory burden, satisfies the diversity of stakeholders and also delivers on a promise of genuinely assuring quality. IRU Australia presents the following principles to guide the future development of the regulatory and quality assurance framework. The framework should:

1. Recognise the diversity of functions fulfilled by different providers.
2. Assess the quality of learning outcomes.
3. Provide a nationally consistent and streamlined set of quality assessment mechanisms.
4. Provide a rational public funding policy aligned with the regulatory framework.

Each of the principles is discussed further below.

### *Recognise the diversity of functions fulfilled by different providers*

The framework needs to acknowledge the diversity of public and private functions fulfilled by different higher education providers. As we noted in section 2, the higher education functions described in the Discussion Paper are appropriate for the role of public universities, but not for most other categories of higher education provider. In addition to the obvious differences in terms of undertaking research and research training, the functions of public universities include a range of ‘public good’ responsibilities which private education providers are not expected to fulfil.

The Australian and State and Territory government regulatory and policy frameworks are not currently underpinned by a common description of the functions of a university. The *National Protocols for Higher Education Approval Processes*, the *Higher Education Support Act 2003* and now the Discussion Paper all present different interpretations. It is highly desirable for the regulatory and quality assurance framework to be built around a nationally agreed definition of different categories of higher education provider.

There could be scope for the regulatory framework to outline a comprehensive set of higher education functions, with providers nominating which of those functions they intend to perform. To be granted approval to operate as a higher education provider with those functions, providers would need to demonstrate that they meet quality standards attached to the selected functions.

The functions for which a provider is approved could then flow through to its access to various forms of public funding.

### *Assess the quality of learning outcomes*

In section 5, we presented our views in relation the need to ensure the quality of Australia higher education through the more robust assessment of learning outcomes. Current accreditation processes under the *National Protocols for Higher Education Approval Processes* are largely inputs-based. While the AUQA audits are increasingly concerned with how universities are benchmarking their learning outcomes against externally referenced standards, the reality is that there is currently no national system in place to support this benchmarking.

With the increasing diversification of the higher education sector, it is important for there to be a national system in place which assures at least minimum standards of quality of educational qualifications.



### ***Provide a nationally consistent and streamlined set of quality assessment mechanisms***

The current suite of approval mechanisms for Australian higher education providers is very complex, overlapping and inefficient. Higher education providers need to navigate a variety of approval and accreditation requirements which include:

- State and Territory requirements for provider approval and course accreditation attached to the National Protocols. While the Protocols provide national consistency at one level, the specific requirements vary from one jurisdiction to another and providers operating across borders need to deal individually with each jurisdiction.
- Additional Australian government approval mechanisms and accountability requirements (including quality assessment) for providers wishing to enrol students who can access FEE-HELP.

In order to secure public confidence and be effective, the quality assurance system needs to be easy to understand and navigate for all providers, students and the community at large and fully consistent in its application.

The report of the recent MCEETYA project investigating the desirability of a national higher education accreditation agency has not yet been made public. IRU Australia supports the concept of a single national body developed jointly by the Australian and States and Territories with responsibility for undertaking higher education approval and quality assessments referenced to standards for various higher education functions and qualifications.

While putting this view, IRU Australia does not support the transfer of ‘ownership’ for higher education from the States and Territories to the Commonwealth government. A transfer of ownership would serve to distance State governments from their universities and would be a step backwards in achieving mission-based diversity that effectively serves national, State and regional needs.

### ***Provide a rational public funding policy aligned with the regulatory framework***

Governments have a key role in providing public funding to achieve ‘public good’ outcomes and to create incentives to stimulate the development of private sector industries. Governments need to avoid interventions that lead to government funding or subsidisation serving the private interests of shareholders rather than public interests, or introducing competitive imbalances in the marketplace.

A key example of where government action has inadvertently boosted private interests at the expense of public interests concerns the recent decision to stop public universities offering full fee paying undergraduate domestic student places, while the government continues to subsidise private providers through the FEE-HELP scheme when they offer such places. In broad terms, this form of subsidisation has encouraged private providers to offer higher education awards in those fields of study which are most profitable to deliver. Over time, this will reduce revenue to universities in those fields while leaving universities with the responsibility for teaching the less profitable fields of study that need to be preserved in the national interest. Without the public responsibilities of universities, private providers are also able to operate with far lower overhead costs.

Government decisions over a number of years have incrementally resulted in a set of public funding arrangements which lack coherence in terms of the role of government in supporting public and private higher education.

With respect to public funding support for higher education, we need a clear government policy framework which describes the rationale for public investment/subsidisation in higher education, as it applies to providers fulfilling different functions. There will be some providers who prefer to operate as fully private enterprises without access to government funding support, while others will be prepared to accept some public obligations in return for public funding.

## **Reducing regulatory burden for universities**

IRU Australia welcomes the government's commitment to reducing the regulatory burden on universities. In our view, the key opportunities for reducing regulatory burden include:

- Rationalising the multiple funding programs which currently exist and reducing associated transaction costs;
- Removing publishing requirements for course and fee information;
- Discontinuing the Student Learning Entitlement policy;
- Introducing greater flexibility to the CGS; and
- Further harmonising Commonwealth and State regulatory requirements.

## **Internal governance**

The *National Governance Protocols for Higher Education Providers* have been helpful to universities in that they focused attention on a number of aspects of university governance and provided a framework for university governing bodies to assess their own performance. The requirement for universities to demonstrate compliance to the Protocols to be eligible for funding, however, was not helpful. IRU Australia notes that even the Australian Stock Exchange's *Corporate Governance Principles* are presented as guidelines, not prescriptions and believe that it is inappropriate for the government to restrict university autonomy through the imposition of conditions on funding.

We believe that universities and their governing bodies should aim to achieve best practice in fulfilling their governance obligations. Given the increasing entrepreneurialism, size and complexity of many universities, it is critical for governing bodies to comprise members with an appropriate mix of skills and experience and ensure that risks and controlled entities are appropriately managed. We would caution, however, against any assumption that a conventional company board model is strictly applicable as universities are very different to businesses in their mission and functions.

The government's proposal for a voluntary code of practice to replace the *National Governance Protocols for Higher Education Providers* is supported by IRU Australia. This should be developed by Universities Australia in consultation with its membership and Commonwealth and State governments.

### Response to Discussion Questions

**31. Is it time to reshape tertiary education in Australia and streamline financing and regulatory arrangements? If so, what structural changes would you make and why?**  
**33. Does Australia’s Quality Assurance Framework need revision? If so, why? What changes would you make?**

The Australian higher education landscape is undergoing substantial and rapid change. We are also part of an extremely dynamic global higher education environment which places increasing competitive pressures on countries and their universities and higher education systems to demonstrate the quality of their educational provision. While Australia’s regulatory and quality assurance arrangements have undergone considerable revision and refinement over recent years, this review of Australian higher education offers an important opportunity to take stock of where we are and where we wish to head in the future.

IRU Australia has outlined above a set of principles to underpin a new approach to regulation and quality assurance. The new approach should:

1. Recognise the diversity of functions fulfilled by different providers.
2. Assess outcomes as well as inputs and processes.
3. Provide a nationally consistent and streamlined set of mechanisms.
4. Provide a rational public funding policy aligned with the regulatory framework.

**32. Is the level of regulation in the sector appropriate? If not, why not, and what should be done to reduce the level of regulation?**

There are opportunities to reduce the regulatory burden on universities, including:

- Rationalising the multiple funding programs which currently exist and reducing associated transaction costs;
- Removing publishing requirements for course and fee information;
- Discontinuing the Student Learning Entitlement policy;
- Introducing greater flexibility to the CGS; and
- Further harmonising Commonwealth and State regulatory requirements.

**34. Are changes required to the Australian Qualifications Framework?**

We await the review of the AQF currently being conducted.

**35. Is there more that could be done to improve university governance? How should this be done?**

We believe that universities and their governing bodies should aim to achieve best practice in fulfilling their governance obligations. The government’s proposal for a voluntary code of practice to replace the *National Governance Protocols for Higher Education Providers* is supported by IRU Australia. This should be developed by Universities Australia in consultation with its membership and Commonwealth and State governments.

## **Appendix 1: Examples of good practice**

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### **Rapid response to skill shortages or successful initiatives to improve generic skills**

#### *Griffith University – Aviation Cadetship Program*

Currently there is a major pilot shortage across the globe. In an effort to address this issue, Qantas and Griffith University have developed a Cadetship Program where students undertaking the Bachelor of Aviation are selected half-way through the degree as a Qantas Cadet Pilot. The University has developed a co-curricular program to assist in the preparation of the students for the Qantas Application process. Upon graduation, successful Cadets are employed as First Officers in a Qantas-affiliated regional airline, and after 2 years, successful graduates are selected for training as Second Officers with Qantas. This ensures that Qantas is attracting the highest quality pilots and that students are prepared for the process. Student numbers have risen from 25-30 per annum to approximately 140 in 2008.

#### *University of Newcastle – Supply of Physiotherapists and Podiatrists to the Hunter Region*

The University of Newcastle is committed to working with local regions to target skills development in identified areas of need. Our primary catchment areas for undergraduate students are the Hunter, Central Coast and Mid North Coast Regions of NSW. The University has developed its allied health offerings to help meet increased demand in these areas through the introduction of a program in podiatry, additional places in physiotherapy and nursing, and the development of joint medical program with the University of New England to help address the national shortage of rural health practitioners.

#### *Flinders University – Meeting skill needs in the southern suburbs of Adelaide*

During 2008, Flinders University has been enhancing its engagement with skills development in the southern suburbs of Adelaide following the closure of the nearby Mitsubishi car factory. The focus is on trying to produce a better match between, on the one hand, the skill needs of the emerging post-Mitsubishi regional economy and the developing resource/defence/environmental engines of the State economy and, on the other hand, the education/training aspirations among and opportunities for individuals in the southern suburbs. Flinders University itself is now the southern region's biggest employer. Activities include enhancing collaboration with the TAFE sector and, in relation to a re-launch of electronics engineering education at Flinders, an engineering pathways partnership with the University of South Australia.

#### *James Cook University – Meeting health workforce needs in North Queensland*

There is a well-documented shortage of health professionals in regional, rural and remote areas. Evidence suggests that graduates drawn from and educated in these areas are more likely to stay and work there. James Cook University's Faculty of Medicine, Health and Molecular Sciences has worked closely with Queensland Health and other industry partners, and introduced a number of programs to address this shortage. For example, the introduction of Medicine in 2000 has led to 100 additional graduates per year available to northern

Queensland. Dentistry will commence in 2009 in Cairns and the Faculty is developing a Physician Assistant program to complement the availability of doctors, particularly in remote areas.

These new initiatives complement the existing nursing and allied health programs that have contributed significant numbers of graduates to the health workforce in North Queensland and beyond. In the case of nursing, this has been the case for many years, via teaching sites in Townsville, Cairns, Mt Isa and Thursday Island, coupled with a robust external undergraduate program. The School currently has over 50 Indigenous students, who will make important contributions as Registered Nurses in a variety of practice contexts. A new Nurse Practitioner Masters degree will produce its first graduates at the end of 2008, and this cohort will also make an important contribution to the health workforce as they work closely with other members of the multidisciplinary team.

Importantly, a four-year, double degree in nursing and midwifery is being developed with a planned first intake in 2010. Graduates of this program will make a direct contribution to the nursing and midwifery workforce in regional, rural and remote areas. Lastly, the School of Nursing, Midwifery and Nutrition will be developing a degree program in Nutrition, the graduates of which will positively impact upon the health and well being of people in North Queensland.

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## **Institutional initiatives in increasing low SES or Indigenous participation and success**

### *University of Newcastle – Flexible admission pathways*

The University of Newcastle has introduced a range of flexible admission pathways to increase the participation of students from low SES backgrounds and Indigenous students. The University's main undergraduate catchments are predominantly areas of low SES, high unemployment and low levels of transition to higher education in comparison with State and national figures. The University has responded to this by becoming the biggest provider of domestic enabling programs in Australia, offering around one third of all Commonwealth-supported place in such programs. The University's flexible admission pathways and enabling programs include:

- Newstep – designed to assist 17 – 20 year olds who did not complete the HSC or did not gain sufficient marks for entry.
- Open Foundation – a tertiary preparation program for applicants 20 years or over, which is recognised as a University entry qualification by many Australian universities. Open Foundation is also available by distance learning.
- Bridging courses – designed to provide skills for students entering various courses of tertiary study.

The fact that low SES students comprise well over 40% of the total enrolment in these enabling programs demonstrates the appeal of this approach. Access and participation rates for students from low SES backgrounds are the highest in Australia, and are almost double the NSW and Australian averages. To support students from disadvantaged backgrounds, many of whom have limited computing skills and support networks, the University of Newcastle offers free computer literacy courses, peer support programs, and 24-hour access to computing and library resources. Given appropriate support, the University has found that low SES students achieve very similar outcomes to medium and high SES students.

The University of Newcastle is recognised as a national leader in Indigenous education. To improve Indigenous participation in higher education the University offers Australian Aboriginal and Torres Strait Islander applicants access to university study through standard entry and/or special entry procedures, and the opportunity to enrol in Yapug, an Indigenous enabling studies program that can be completed over one or two years. The University is also engaged in a range of other activities, such as the Indigenous Australian Engineering Summer School and the Indigenous High School to University Pathways Project, both of which use cross-sectoral collaboration to increase Indigenous young people's awareness of the benefits of higher education. Support initiatives specifically for Indigenous students, such as the Intensive Student Support Program, which targets students at risk of failing over 50% of their academic program, are having a demonstrable effect on measures of success for Indigenous students.

### *La Trobe University – Partnerships for Advancing Education*

La Trobe University has commenced planning a collaborative project at Shepparton, in consultation with the community sector and the schools sector. This program will target the 'middle years' of the educational cycle, which are considered crucial years to improve the educational attainment of disadvantaged students. It will be a community inclusive three year project to develop an educational intervention model, initially for Grades 5-9. The key organisations involved in this initiative will include La Trobe University, The Smith Family, the Greater Shepparton Council, and Indigenous Elders from the Shepparton district.

### *Griffith University - Cape York Institute for Policy and Leadership*

The Cape York Institute (CYI) is a public policy organisation that champions reform in Indigenous economic and social policies. The Institute was launched in July 2004 and is based in Cairns. The Institute is a partnership of the people of Cape York, the Commonwealth and Queensland Governments, and Griffith University.

Many of Cape York's Indigenous young people are not successfully participating in the Australian education system and drop-out rates are extremely high. The likelihood that a Year 7 student will complete Year 12 and continue into tertiary study is slim. Indeed, CYI research from August 2004 suggests that of all Cape York students who will complete primary school, 75 per cent will drop out before Grade 12, which is significantly below the national average. CYI offers two programs aimed at raising university participation levels for Indigenous students.

The ***Higher Expectations Program (Secondary)*** identifies and supports academically talented Indigenous students from throughout the Cape, Palm Island and Yarrabah communities so that they can complete secondary education and progress to university studies. HEP (Secondary) covers tuition and boarding fees so that the identified students can attend one of eight high performing boarding schools in Queensland.

The program also provides much of the assistance that parents or guardians need to send their children to leading boarding schools, together with a wide range of services to help students achieve their full potential once they have enrolled. The support strategy includes use of tutors, mentors, role-models, weekend home stay families and counsellors (all of whom are Indigenous if possible).

The ***Higher Expectations Program (Tertiary)*** targets talented Cape York young people aged between 17 and 30 and provides them with long-term support to undertake a successful tertiary career.

HEP (T) not only offers practical material assistance through scholarships, it also strengthens students' academic, social and emotional capacities. The program builds individual capabilities for leadership, problem-solving and collaborative networking. Participants receive a combination of holistic case management, leadership training and professional mentoring, and remain with HEP (Tertiary) for the duration of their studies.

The program places strong family support and community identity at its core and upholds each participant's return contribution to their homeland of Cape York at the heart of its operations.

### ***Murdoch University - Successful pathways into careers in Nursing for Indigenous students in the South West of Western Australia***

Indigenous Students have additional entry routes into Nursing at the Peel campus of Murdoch University. The School of Nursing provides an intensive bridging course for Indigenous students wishing to enter Nursing, but without the requisite skills and knowledge. The *Koort Moodij* program provides students with practical hands on demonstrations and supportive teaching in communication, problem solving, basic science, basic maths and introductory nursing. This builds confidence within the student helping them realise that university studies are achievable.

In addition, Murdoch University has a successful partnership with TAFE called the "Careers Combo" Program which provides additional pathways for indigenous students in the South West of Western Australia. To support this combo program Murdoch's "Lighthouse Project" aims to build aspiration for indigenous students within the schools in the South West - encouraging engagement in the Combo, and subsequent transfer to TAFE or University studies.

Together, the Careers Combo Program, the *Koort Moodij* program and Lighthouse project work in partnership to increase the number of indigenous students participating in further education. The provision of flexible, alternate pathways is increasing Indigenous participation in the Peel region and increasing the number of professionally and practically trained people in the currently under-supplied health system. These successful educational initiatives build the social, cultural and economic development of the whole Indigenous community of the region, and address two critical issues facing Indigenous people – poor education and poor health.

The Lighthouse Project scheme was funded by DEEWR in response to the policy paper by the Indigenous Higher Education Advisory Council (IHEAC) titled: *Improving Indigenous Outcomes and Enhancing Indigenous Culture and Knowledge in Australian Higher Education*. Funding was made available to only three projects nationally to develop cross-sectoral collaboration including guaranteed pathways, particularly for mature age students. Murdoch received \$200,000 to implement the lighthouse project which continues to provide national benchmarks in relation to indigenous participation and pathways.

### ***La Trobe University – Graduate Certificate for Indigenous Family and Child Workers***

La Trobe University's Bouverie Centre, Victoria's Family Institute, is a state-wide integrated clinical, academic and consultation agency specialising in family approaches in mental health service provision. The centre has established a Graduate Certificate in Family Therapy specifically for Indigenous Australians. The first of five courses for Indigenous family and child workers has attracted nine Indigenous students from Shepparton's Rumbalara Aboriginal Cooperative.

The nine new students in the Rumbalara Graduate Certificate in Family Therapy course were joined by three students completing The Bouverie Centre's Family Therapy Training program. All 12 students are employees at Rumbalara, Njernda Aboriginal Community Cooperative in Echuca, or the Goulburn Valley Community Health Service, and work in the family counselling area. A second course will shortly start in Ballarat, with three others being planned in regional Victoria over the next couple of years, the locations to be chosen in consultation with local Indigenous community groups. The training has attracted mature-aged Indigenous workers, many of them women, who wish to hone-up their family counselling skills, especially in the theory side of their work, and most importantly to have their life-work experiences and skills recognised in the workforce and the community.

### *Flinders University - Southern Program for Improved Participation in Education*

The Southern Program for Improved Participation in Education (SPIPE) extends and enhances the relationship between Flinders University and Adelaide's southern region by: encouraging and supporting participation in education; assisting students from the southern region to gain access to courses at Flinders and to complete their studies successfully; providing advice and assistance to help these students make the transition to employment when they graduate; and, increasing the two-way interaction between the university and local industry, including through research collaboration and consultancy. The Program includes a number of different elements:

- *Better access and financial support* - Flinders works closely with regional educational providers to encourage students from under-represented groups to consider university study and looks at ways to provide greater financial support to these students.
- *Student mentor program* - Student Study Centres work in collaboration with key community and education partners. A mentor program provides one-on-one support for students as they start their university course and as they graduate and search for employment.
- *Schools peer teaching and support program* - To encourage higher retention rates in schools, Flinders students mentor school students to assist them to complete their studies and make the transition to employment.
- *Increasing student involvement in the southern region* - Linking with local industry, Flinders encourages students to undertake a practicum or placement in the southern region and to consider beginning their careers in the region. As part of the program, we encourage regional employers to take on Flinders students for a course-related work position.
- *Vacation scholarship program* - This program gives the private sector, government and not-for-profit organisations the opportunity to use the skills of a student for 5 weeks during the end-of-year break. Projects could include tourism, engineering, law, the environment, community services and business.

### *James Cook University – Remote Area Teacher Education Program*

Education Queensland has instigated, planned and supported, over a significant period of time, various programs to enable Aboriginal and Torres Strait Islander entrants to become trained and qualified teachers. However, for those Aboriginal and Torres Strait Islander people living in remote areas who had to relocate to a centralised educational facility for long periods of study, the entrance rate and subsequent success rate to full teacher qualification has been, historically, very limited. In particular, the entrance and success rate for Aboriginal people from remote areas has been extremely low.



Consideration of the above spurred investigations of alternatives. This resulted in the adoption of an aim to provide teacher education at the remote locations where people live and work. Such education had to ensure that:

- There would be no variation of the graduating standards or course objectives, but a variation of the mode and location of their delivery only; and
- Culturally relevant content, structure and strategies would be included in the courseware to attain course objectives.

The objective was to provide appropriate education for suitable applicants in remote areas, who as teachers would have the most complete base for interaction with the remote area students. The provision of teacher education at remote locations was accepted as a prime objective by both Aboriginal and Torres Strait Islander Consultative Groups and the Department of Education.

The resultant Remote Area Teacher Education Program (RATEP) began as a joint initiative between Education Queensland (specifically the Peninsula Regional Office), the Tropical North Queensland Institute of Technical and Further Education (TNQITAFE), James Cook University of North Queensland (JCU), the Queensland Aboriginal and Torres Strait Islander Educational Consultative Committee (QATSIECC), the Torres Strait Islands Regional Education Committee (TSIREC), the Office of Higher Education, the Queensland Open Learning Network (QOLN) and a variety of Aboriginal and Torres Strait Islander community councils.

The program aims to deliver teacher education courses to Aboriginal and Torres Strait Islander students (based primarily in remote communities) through a variety of unique features and educational innovations, which include:

- Basing tertiary education facilities in remote Aboriginal and Torres Strait Islander communities;
- Using computer technology to present courseware on CD ROM and online as a method of course delivery;
- Using a diverse range of technology (computers, television, videos, facsimile, telephones and electronic mail) and written media (texts, workbooks, teacher coordinator guides and study guides) as integrated components of the course materials;
- Using course content which is designed to be culturally appropriate; and
- Using on site teacher coordinators (who are qualified teachers) as a means of providing academic and administrative support for students.

It is intended that graduates of the program will bring with them to the schools an in-depth knowledge of the cultural, linguistic and family backgrounds of the children they and their colleagues will be teaching.

Since the commencement of RATEP in 1990, there have been 113 graduates with teachers placed throughout Queensland. There are currently, as at May 2007, 51 students studying towards their Bachelor of Education at JCU.

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## **Movement between the sectors with high levels of credit and good learning outcomes**

### *Murdoch University – Combo Courses*

The primary purpose of the Combo Courses is to attract adult learners, initially into further education and then into Murdoch University, in a region renowned for its low participation rate at all levels of education. The underlying concept of the Combos is that many adult learners, particularly in this region, are not confident enough to seek entrance or indeed even consider entering university directly, though many are perfectly capable of study at this level, having left school relatively early and moved directly into the workforce.

Provision of a TAFE-level course with University units embedded provides the confidence-boost needed and reinforces early success by formal qualification. Called the 'Combos', the courses are a combination of TAFE studies and university units. Students initially enrol in a TAFE Certificate IV at either of our Rockingham or Peel campuses. The co-location of our regional campuses with TAFE facilitates allows for relatively easy timetabling and the physical transfer of the students. In collaboration with Challenger TAFE, Murdoch University currently offers Combos in three areas: a Certificate Level IV in Aged Care leading to MU Nursing in the Peel region; a Certificate Level IV in Teacher's Assistant leading to MU Primary Education in the Rockingham region; and a Certificate III and IV in Business in the Peel region and leading to a Commerce degree.

In this way, students obtain both a TAFE qualification and are led through a pathway directly into university study. By the end of the TAFE qualification, they know they can undertake study at university level, are familiar with the University itself and, indeed, have already completed some units towards their final degree qualification. An added benefit is that the initial TAFE-level qualification also qualifies them to seek work in their chosen area and thus they can support themselves by undertaking part-time work while undertaking further university-level study.

It should be noted that in virtually all cases, these students could have entered the University directly after undertaking the STAT, but are reluctant to take this route, presumably due to a lack of confidence in their ability to study at university level.

Since its inception, the Nursing Combo has hit its TAFE set ceiling enrolling 20, 40 and currently 68 students respectively in the first three years; though in all years the application rate has far exceeded the capacity of the course. Of these students, 14 and 28 of the first two cohorts, respectively, have continued directly to university study.

Further success is evidenced by the fact that the top student in 2005 in 'NUR 100 Introduction to Nursing Practice' (a MU unit included in the Combo) was a Combo student rather than a direct University student, thus providing ample evidence of the student's capability, though lack of confidence.

### *Griffith University & Metropolitan South Institute of TAFE*

Griffith and Metropolitan South Institute of TAFE (MSIT) have developed an exemplar pathway in nursing that enables TAFE students to be concurrently enrolled in their diploma and degree so that their studies count towards both qualifications. Transition strategies are implemented to ensure TAFE students are supported in studying at university level. Griffith degree students can undertake an accelerated eight-week MSIT course to gain early certification that allows them to work in the health field while continuing their degree.

Griffith students with an incomplete nursing degree are able to apply for credit towards a MSIT Diploma of Nursing.

### *University of Newcastle – Joint University/TAFE committee*

The University of Newcastle has long-standing articulation and credit transfer arrangements into undergraduate programs with TAFE. A joint University/TAFE committee has oversight of the development and maintenance of articulation and credit arrangements. In 2007 and 2008 the University of Newcastle has provided a guaranteed Commonwealth Supported Place (CSP) in selected undergraduate programs for TAFE graduates with a Certificate III, Certificate IV, Diploma or Advanced Diploma. In 2007 1258 (19%) of commencing domestic undergraduate students were admitted on the basis of TAFE qualifications.

### *Flinders University – Guaranteed entry provisions from 2009*

From 2009, Flinders University will offer guaranteed entry to selected courses for applicants who have completed a TAFE/VET Certificate 4 or higher level qualification, so long as course prerequisite requirements are met. Importantly, the TAFE/VET qualification does not need to be related to the selected area of study at Flinders.

### *James Cook University – Articulation to and from TAFE*

James Cook University publishes a guide to credit transfer and learning pathways for students from the VET sector who wish to apply to the University. It also specifies articulation from JCU degrees to TAFE qualification for those who wish to add specific skills following a Bachelor's program. In addition there are links at the governance level as senior members of JCU staff sit on the Councils of the Barrier Reef and Tropical North Queensland Institutes of TAFE.

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## **Encouraging local students to study overseas**

### *Flinders University - American Studies Washington Internships Program*

Selected students from American Studies can participate in the Washington Internships Program. Few programs of this kind are available in the Asia Pacific region. Students have the opportunity to undertake a six week placement in the United States Government. Most of the placements are in the office of Senators or members of the House of Representatives, or major standing committees such as the Government Reform Committee, in Washington DC. The Program enables students to have an unparalleled practical experience of working in the US political system at the highest levels. At the completion of an internship, each student is required to submit a 6,000 word essay which counts towards their topic grade. Written feedback is provided to the intern from the office where the placement was taken.

A total of 33 students have completed internships since the Program was introduced in 2000. Past interns have gone on to positions in the Department of Defence, the National Audit Office, the Department of Treasury, and the Department of Immigration. Others are now employed in areas where the skills gained from their internship will be of benefit, including major law firms, Westpac Bank, The Age newspaper and the research company Issues Deliberation Australia.

### *Flinders University and La Trobe University – INU Seminar on Global Citizenship*

In collaboration with the University of Hiroshima and the International Network of Universities, Flinders University and La Trobe University have both played a leadership role in establishing an annual student seminar on Global Citizenship.

The theme of the 2007 seminar was ‘Climate Change – A Global Issue’. It was attended by 59 students from 16 different countries (Afghanistan, Australia, Bangladesh, China, Egypt, Hungary, Indonesia, Italy, Japan, Morocco, the Philippines, Russia, South Korea, Sweden, UK and the USA). The Seminar Facilitators came from Flinders University, La Trobe University, Jonkoping University, Hiroshima University, James Madison University, Malmö University and Universitas Katolik Parahyangan.

The three day program involved lectures, workshops and a mock UN General Assembly role play on the final day.

### *Innovative Universities European Union Centre – Global Citizenship Program*

The EU-AU Global Citizenship Program offers Australian and European students with an interest in globalisation, international relations, development studies and languages an opportunity to prepare themselves as global citizens and leaders. Successful applicants receive scholarships to study at overseas universities as part of their undergraduate degree studies accredited by their own university. In short, participating students at one of the Australian participating universities have the opportunity to study at a European university for a semester, and to attend an intensive school at another European university. Participants in the Program include Flinders University, La Trobe University, Macquarie University and universities in The Netherlands, Sweden, Italy and Cyprus.

The Program is funded by: the Australian government which funds Australian students to study in Europe; the Australian participating universities, which provide internally-funded scholarships for their students to study in Europe; and, the European Union which funds EU students to study in Australia.

## **Appendix 2: Higher Education - ASPIRE Program Concept**

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IRU Australia has developed this concept for a Higher Education (HE) – ASPIRE program to stimulate discussion about possible new approaches to addressing the under-representation of disadvantaged Australians in higher education.

The IRU Australia Higher Education (HE) – ASPIRE program is based on a number of factors:

- A lower level of achievement in school by pupils from low SES and Indigenous backgrounds is a precursor to lower educational aspirations and thence lower school completion rates, which in turn is a major factor underlying the low participation rate in higher education.
- Disadvantage is remarkably concentrated geographically.
- There has been no national policy or program targeting early outreach programs for disadvantaged Australians with the potential to undertake higher education.

The HE – ASPIRE program concept features elements of the UK Aimhigher and the US Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) programs which have been in operation since 2004 and 1999 respectively.

### ***Aim***

HE – ASPIRE is funded to increase participation in higher education through early outreach to young people from disadvantaged groups under-represented in Australian higher education, including Indigenous and low SES groups.

The program is aimed at making sure that human potential is recognised and fostered where it is found by increasing the number of young people who have the abilities and aspirations to benefit from higher education.

The program will be national in its coverage but will operate most intensively in areas that are identified by the Australian government as disadvantaged based on a number of relevant measures, in particular higher education participation rates.

### ***Objectives***

The objectives of HE – ASPIRE are to:

- Raise aspirations and motivation to enter HE among young people in middle primary through to secondary levels who are from disadvantaged groups.
- Raise the attainment of potential HE students, who are from disadvantaged groups, so that they gain the academic or vocational qualifications and learning skills that will enable them to enter HE.
- Raise students' aspirations to attend HE and to apply to the institution and/or course best able to match their abilities.

### *Region/Area delivery framework*

The HE – ASPIRE program will be delivered on a regional or area basis as appropriate, with the Australian government determining the definition of regions/areas according to a range of factors including: existing methods for defining regions/areas (e.g. statistical subdivisions); measures of disadvantage; physical area; and, location of universities.

The program design and delivery for a particular region/area will be determined by a **Region/Area Partnership Committee** comprising representatives of all key stakeholders, including:

- Universities and other higher education providers;
- Schools;
- TAFE and other education and training providers;
- Adult and community education providers;
- Social services agencies or community groups.

For each partnership, the coordinating university will have specific responsibilities to ensure full accountability for funding. The coordinating university will appoint a program coordinator to: provide secretariat support to the Area Partnership Committee; draft the documentation required to access funding and meet accountability requirements; and, act as the principal coordinator of program activity.

### *Delivery approach*

Area Partnership Committees will be required, on the basis of data provided by the government, to identify target schools, institutions and communities. Through those targeted institutions and groups, a program of sequenced and appropriately paced interventions will be delivered so that each cohort of students experience a continuity of linked interventions over a number of years.

The HE-ASPIRE program could include the following types of activity:

- Programs for parents aimed at assisting them to support their children's educational attainment and inform them about higher education options;
- Programs for students (e.g. campus visits; summer schools; student ambassadors; master classes; information, advice and guidance on topics such as scholarships, loans, learning pathways);
- Programs for teachers;
- 'Joined-up' service provision as needed (e.g. funds to engage extra tutorial support, social and family support and health services).

To assist partnerships in designing programs within the UK Aimhigher program, work has been proceeding on developing a Learner Progression Framework which identifies an appropriate sequence of activity for learners.

## *Funding*

Each region/area will be classified according to its relative disadvantage as determined by a range of appropriate measures and this classification will determine the quantum of funding made available through the program. The quantum of funding will also take into account the distance of the region/area from a university and the consequential costs involved in university engagement with the area.

In recognition of the timeframes and continuity of programs required to achieve outcomes in overcoming disadvantage, funding will be allocated to a region/area for three years in the first instance, expanding to five years in later rounds once some experience with the program has been achieved.

## *National management and governance*

**National coordination** of the HE – ASPIRE program should be located in a dedicated unit within DEEWR. The role of this unit should extend to developing support material to assist Region/Area Partnerships Committees to design and implement their programs and to meet their responsibilities under the program. It will also include identification of examples of good practice for national dissemination and evaluation of the program at the national level.

A **National Advisory Committee** should be established to provide advice to the Australian government in the design and implementation of the program.

**Region/Area Partnership Committees** will be required to:

- Agree a strategic plan for the three year period covered by the funding and annual operational plans;
- Devise a parallel evaluation plan for reporting on outcomes at the end of the three years and provide an annual monitoring report;
- Reach agreement on the distribution of funding in line with the strategic and operational plans; and
- Oversee the financial management of the program.

**Coordinating universities** will fulfil the responsibilities outlined earlier and will also agree targets with the Australian government for the participation of low SES and Indigenous students.

## *Getting started...*

Given the unprecedented nature of the HE – ASPIRE program in Australia, the following process is suggested for getting the program underway:

1. The Australian government commissions research into early outreach programs, both in Australia and overseas, to assist it in developing the program structure and guidelines.
2. The Australian government, in consultation with State and Territory governments, determines the region/area structure of the program delivery framework.
3. The Australian government determines the funding to be allocated to each area/region on the basis of measures of disadvantage, in particular, higher education participation rates and the distance from a university.

4. The Australian government invites expressions of interest from universities to act as the coordinating university for each area/region.
5. Expressions of interest are evaluated and universities nominated as the coordinating institution for each area/region. Where there is no selected coordinating institution for a disadvantaged area/region, the Australian government will negotiate arrangements for the inclusion of that area/region in the program with individual universities.
6. Coordinating universities will be provided with preliminary seed funding to enable them to facilitate the establishment of Area Partnership Committees and support the development of strategic and operational plans.
7. Program funding for each area/region will be released by the government once it has endorsed the strategic plan and operational plan for the area/region.



