

AV-CC

Australian Vice-Chancellors' Committee
the council of Australia's university presidents

Positioning Australia's Universities for 2020

An AVCC policy statement

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Positioning Australia's Universities for 2020

"The kind of Australia in which the next generation will live, to a large extent will depend on Australia's institutions of higher learning – universities." Brendan Nelson, Higher Education at the Crossroads, 2002

Australia's university sector is essentially a public system for higher education. It comprises institutions with a diverse, and complex, range of missions meeting the equally diverse needs of students, employers, business, Government and community.

National investment in Australia's universities supports their long standing roles in educating students for professional and managerial careers, developing students' knowledge and understanding, and advancing knowledge. Universities do more than that. Australia's universities actively engage in the wide range of inquiry, teaching and research needed to underpin the emergence of modern Australia and to connect Australia to the rest of the world through international scholarship and the education of many thousands of international students.

Looking to the long-term future, the Minister for Education, Science and Training, Dr Brendan Nelson has initiated a review process for Australia's higher education sector. Such an inquiry is timely, if not overdue, following the changes that have occurred in Australia's universities over the past ten years and the clear requirement for further investment, and a more flexible university regulatory framework, for universities to achieve national social, cultural and economic development in the 21st century.

Following recent Plenary meetings, the AVCC releases this statement as its first contribution to the review process. We here provide the AVCC's vision for universities in 2020, an overview of the direction in which university funding and regulation needs to move to achieve that vision, and set out the working principles against which all proposals for change should be assessed.

This statement is not limited by Crossroads. Over the coming months, the AVCC will release further statements that will expand on the issues of concern to the AVCC, the ways in which they need to be addressed, and consider particularly significant issues and questions put by Crossroads. The AVCC will also advance those areas of importance not fully considered or sufficiently addressed by Crossroads - such as student income support, research issues and the internationalisation of Australian higher education.

The outcome of the review process should ideally be a transformed higher education system of which Australia can continue to be proud.

*Deryck Schreuder
President*

The AVCC's Vision for 2020

By 2020 Australia should aim to have an expanding university sector comparable to any in the world, with four defining features:

1. All Australians will access post school education or training with more than 60% completing higher education, at least 10% at the postgraduate level with choice across a diverse range of quality universities.

Symbol: Australia will be ranked within the top 5 nations for levels of university education

In 1999 Australia was 12th in the OECD for the proportion of young people in each country who will enter tertiary education at some point in their lives. Source: *Education at a Glance – OECD Indicators 2001*

2. Research excellence will be found in all Australian universities, with a focus on key priority areas, extending basic knowledge, and innovative research and development.

Symbol: Australia will have at least one recognised, world class, research centre in each significant academic field

The past few years have shown a continuing decline in higher education R&D investment as a proportion of GDP. While the additional funding provided through *Backing Australia's Ability* will help, further investment is needed just to restore the nation to its previous standing. Source: *ABS 8111.0 Research and Experimental Development – Higher Education Organisations Australia*

3. Australian educational exports will give Australia a pre-eminent place in the global educational revolution.

Symbol: Higher education will join “resources” and “services” in the top 3 value-adding Australian exports

Australian education services have grown since 1985 to become our 8th largest export income, with the potential to grow substantially further. Source: *ABS 5302.0 Balance of Payments and International Investment Position, Australia*

4. Effective national investment in higher education will underpin the international quality of Australia's universities.

Symbol: Australian investment in higher education will be 2% of GDP.

Current Australian investment in higher education is about 1.4% of GDP – about average for OECD countries. The most recent data shows, however, that the figure is declining. Source: *Education at a Glance- OECD Indicators 2001*

What needs to be done?

It is clear that fundamental change is required to the current funding and regulatory framework of Australia's universities to position them for growth in the coming decades, if we are to meet the AVCC's national vision for 2020.

Universities face a complex demand system that is best met through reasonable levels of flexibility to allocate funds in meeting emerging demands. There is no one best way to meet the needs of students and community. Universities need the freedom to develop their own alternatives and relevant accountabilities, with rewards for success. Resort to single policy options to solve the problems is not workable. An integrated package of change is required.

Within the national review process, the AVCC proposes that it is now time to introduce new and dynamic distributive frameworks for university funding and operations. These would enable individual universities to make substantial choice in determining their future, so that they are best able to meet changing social and economic needs.

The framework should position the Government to establish the broad parameters for the system - deciding how large the system should be, the levels of public funding, and whether there are particular research and other priority areas that should be supported. Within those parameters, universities would pursue their particular missions by choosing the most suitable "mix" of funding, and so ensure a diverse university system able to meet the wide range of student, employer, employee and community needs. Students would have more capacity to follow their preferences.

The development of such a dynamic framework should start from eight key elements:

1. Shift from a rigid target for student places to a range, funded at appropriate per student rates
2. Appropriate funding for quality of learning, teaching and scholarship
3. Support for enrolled students from under-represented groups
4. Further investment in research and infrastructure
5. Capacity for universities to access additional income through the option of student fees, with students to access income contingent loans from Government
6. Greater participation in the international educational market
7. Support for universities' engagement with their communities, with a wide range of funding options
8. National priorities to be developed through inclusive consultations.

In detail, the new framework would require a staged implementation to ensure that universities, students and other stakeholders were ready, and that institutional adjustments happen, in a phased manner over a number of years.

1. Shift from a rigid target for student places to a range, funded at appropriate per student rates

The present targets too rigidly constrain the student enrolment profile - between courses and between universities. They are essentially historical, with minor adjustments made over a long period. It is time to remove the target, and replace it with a range in which universities would receive public funds on the basis of achieved numbers of Australian, non-fee paying, HECS liable students. Each university would need to meet the minimum (floor) enrolment of the range or face a reduction in its range.

Funding must be at an appropriate rate (as set out in element 2) for all places, to cover teaching and scholarship.

Full funding for enrolments within the range would enable universities to be more responsive to student choice. For example:

- some universities with high demand courses, or those with a good reputation for providing services to students, could increase their numbers if they chose;
- others may choose to stay at their present size, but with a different mix of students, by enrolment or by programs, in the longer term.

The 'floor' would be adjusted periodically – up or down - according to a university's success in attracting students into non-fee paying, HECS-liable courses.

2. Appropriate funding for quality of learning, teaching and scholarship

Funding per place should be considerably higher than at present. The additional funding would support university investment in infrastructure for learning - essential information resources and technology, libraries, and up-to-date equipment and modern facilities - as well as supporting universities to attract and retain the best staff.

The funding should be fairly allocated, apply equally to all funded places, and be subject to an effective indexation mechanism, to ensure that each university is able to provide a quality learning environment for students that links teaching to relevant research and scholarship.

This funding would ensure that universities need not pursue additional places as the only major source of additional Government funding.

3. Support for enrolled students from under-represented groups

Australia's public university system has a responsibility to ensure that all citizens qualified for university admission have equal access to universities. The fullest development of the talents of our people is critical in a globalised world.

This element would replace the existing special funding allocations for equity and indigenous students, with a more substantial mechanism to address the challenge of access and success for students with characteristics that are associated with low access and/or low completions. Some universities have a high proportion of students with these characteristics. But across the sector there are a number of under represented groups, including students with disabilities, indigenous students, students from remote and isolated areas, and students from low socio-economic groups.

In particular, Indigenous Australians access to, and completion of, higher education is low, preventing their full contribution to Australia's development. Additional assistance is necessary to ensure increased numbers of Indigenous Australians engage fully in university education and contribute their own knowledge systems to Australia's future development.

Targeted funding would be based on additional funds for each student from the under-represented groups. For some (such as students with severe disabilities) there may be additional costs that the additional funding would partly offset. Overall, however, this element would provide a funding incentive for universities, based on their success in enrolling and graduating students from identified under-represented groups.

Quite separately, income support direct to students should be restructured to reduce barriers created by living-costs and the impact on study of excessive hours of paid employment.

4. Further investment in research and infrastructure

Through *Backing Australia's Ability (2000)*, the Government has extended investment in university research and reinvested in research infrastructure. This was essential to provide the additional research Australia needs. Separate, further investment is essential in basic research and teaching infrastructure, as well as competitive grants to maintain pace with the world around us. Research priorities assist target funding at important research issues, but there must be scope to continue research in all fields to ensure that we do not miss out on innovative, ground breaking, developments.

This element would, therefore, require further Commonwealth funds to underpin universities' research activity based on measures of university research performance and international OECD comparators.

5. Capacity for universities to access additional income through the option of student fees, with students to access income contingent loans from Government

A number of universities have canvassed the case for relaxing constraints on the charging of student fees for undergraduate students both within and without the HECS arrangements to encourage choice for students on price as well as the course.

The options include: allowing universities the option to charge students additional amounts in addition to their HECS requirements; allowing universities to choose to set HECS fees both below and above the present levels; removing the restrictions on Australian undergraduate fee paying places; and extending the postgraduate education loans scheme (PELS) to undergraduate and research fee paying students.

In all cases the student fee for Australian students should be underwritten by access to income contingent loans.

6. Greater participation in the international educational market

Australia's universities have a large and growing share of the international student market. The extent of participation varies across the sector. This element would involve effective "whole-of-Government" support for universities pursuing this market, including reductions to barriers faced by students to studying with an Australian university.

We must address:

- the rules concerning visas and work permits;
- the support for education exports by Austrade and Australia Education International; and
- the need for targeted scholarships to citizens of the countries of our region – a new Columbo Plan is required.

7. Support for universities' engagement with their communities, with a wide range of funding options

All Australian universities are committed to supporting and assisting their communities with their existing funds. Some have a particular commitment to their local regions; others focus on wider national and international communities; while others are committed to local, regional, national and international communities.

This element would allow for specific funding tied to a verifiable high level of regional engagement with productive outcomes. Such funding would likely have to come from areas other than the higher education budget, such as regional and state development programs, including those of State Governments.

University community engagement would also be supported through more effective taxation arrangements to support donations and regional investment.

8. National priorities, developed through inclusive consultations

From time to time national Governments determine priority areas they wish to see supported or developed. Examples include fields of study that need particular support and development – such as information technology and foreign languages, priorities aimed at improving particular aspects of university services such as information technology infrastructure, or the Government's recently announced research priorities for the distribution of competitive research grants. It is important that such priorities are developed through effective, inclusive consultations to ensure that the initiatives are well chosen.

This element would allow Government to continue to target such short-term priority areas, as they are identified, to ensure that they are developed.

Working Principles

The AVCC will assess all proposals to change university funding and regulatory arrangements against these working principles:

- **Achieve the vision:** the funding and regulatory arrangements should enable universities to achieve the AVCC's vision for higher education in 2020.
- **Support diversity:** the funding and regulatory arrangements should focus universities on their declared mission and provide a coherent range of funding options to facilitate their individual institutional objectives.
- **Underpin teaching and community engagement through research and scholarship:** there should be strong, ongoing, links between inquiry, scholarship and research and teaching and learning.
- **Invest substantial public funds, as the core of successful universities, and increase universities' capacity to raise private income:** the level of public investment should support widespread participation in university learning, enhanced by private income in return for additional research, advice and teaching.
- **Underpin all Australian students' fees through income contingent loans:** future personal income not current, or family income, should be the determinant of capacity to pay.
- **Enable Australia's Indigenous people to realise their potential:** Indigenous access to, and completion of, higher education is low, preventing their full contribution to Australia's development. Additional support is required.
- **Ensure global competitiveness:** the funding and regulatory arrangements should enable universities to provide globally relevant teaching, research, scholarship, and community service.
- **Internationalise educational opportunities:** Australian students should have access to international experiences in their education while Australia should provide high levels of access for students from other countries.
- **Respond to students and other stakeholders:** the funding and regulatory arrangements should encourage universities to be responsive to the needs of the users of university services, whether they are students, business, Commonwealth or State Governments, or the community.
- **Be workable for universities:** the implementation of policy change should reduce the administrative and regulatory burden on universities, and take account of the time required to meet commitments to the existing pipeline of students, research and infrastructure development.