

Global setting, national policy and higher education in 2007

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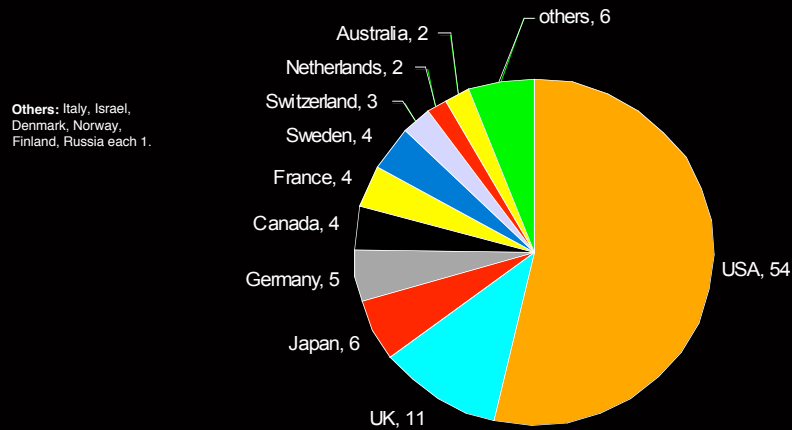
Challenges for policy

- The global standing of Australian education and research has become crucial
- Policy concepts of the knowledge economy are poorly developed
- There is poor policy coordination between macro economic policy (particularly fiscal policy), and policy on the knowledge economy
- The public policy culture in tertiary education has degenerated
- Federal/state relations in education need to be reconstructed

We have few top universities

World's top 100 universities in research performance

Australia's universities in the top 100 were ANU 54 and Melbourne 78 [SJTUIHE]



New Asia-Pacific science powers

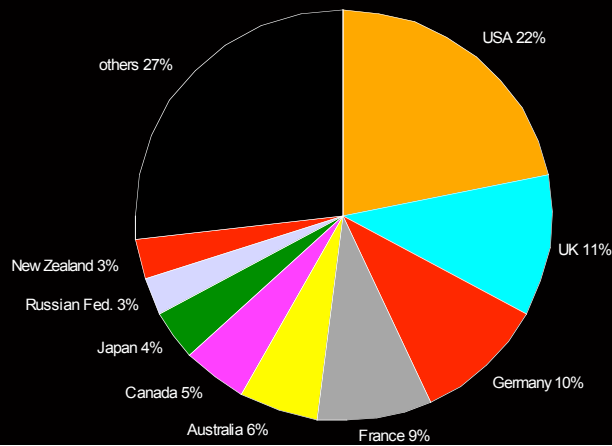
Growth in scientific papers 1988-2001 [Thomson-ISI]

	number of scientific papers in:		multiplication factor 1988-2001 (1988 = 1.0)
	1988	2001	
Korea	771	11,037	14.3
Turkey	507	4098	8.1
Singapore	410	2603	6.3
Taiwan	1414	8082	5.7
Portugal	429	2142	5.0
China	4619	20,978	4.5
Brazil	1766	7205	4.1
Australia	9896	14,788	1.5

Education exports are booming

Distribution of education exports by exporting nation [OECD]

In 2005-2006 education exports (\$9.5 billion) were fourth largest after coal, iron ore, tourism



But the tail is wagging the dog

Institutions are locked into high dependency on foreign student volume. Over 15 per cent of total higher education income in Australia is from this source. [DEST]

Institution	International students 2005	International student fee revenues 2005 \$s million	Proportion of total university revenues 2005
1 Monash U	17,168	174.3	19.0%
2 U Melbourne	8936	168.1	15.5%
3 U Sydney	9003	136.8	13.2%
4 Central Queensland U	13,837	132.1	45.7%
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Corporations power after Work Choices (HCA 2006)

'The regulation of the activities, functions, relationships and the business of a corporation described in that sub-section, the creation of rights, and privileges belonging to such a corporation, the imposition of obligations on it and, in respect of those matters, to the regulation of the conduct of those through whom it acts, its employees and shareholders and also, the regulation of those whose conduct is capable of affecting its activities, functions, relationships or business'.

-- Gaudron J in *Re Pacific Coal Pty Ltd; Ex parte Construction, Forestry, Mining and Energy Union* (2000) on the potential coverage of section 51 (xxx) on the federal corporations power

'This understanding of the power should be adopted'

-- para 178, Majority in *Work Choices* decision, HCA November 2006

Challenges for policy

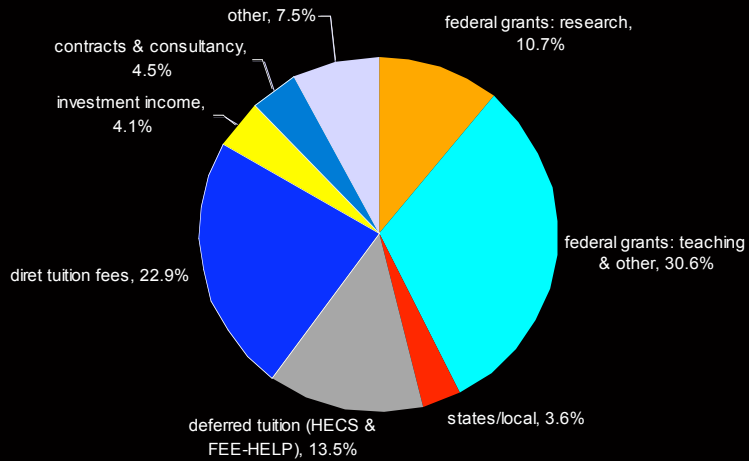
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Eight policy problems to address

1. Federal commitment to public investment
2. Long term capacity in basic research is running down
3. Fees, loans and HECS: a complete shmozzle
4. Domestic participation faltering, in quantity and quality
5. Diversity in public higher education not achieved
6. Narrow global engagement
7. Standards, especially in international education
8. The government-institution relationship

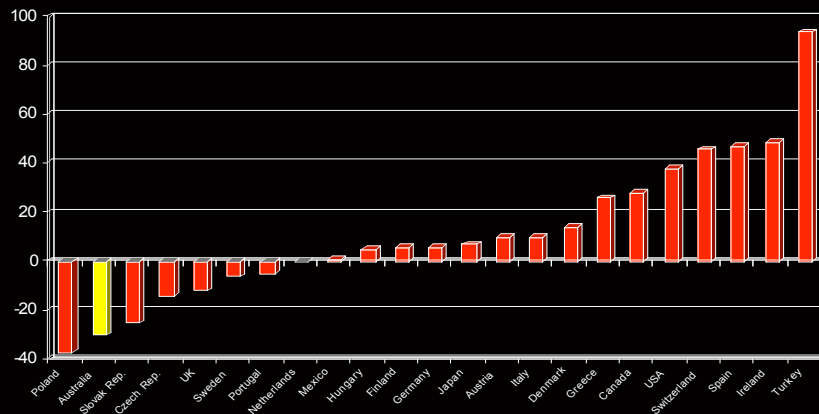
Government 41%, students 36%

Funding of higher education 2005 [DEST]



Looking out the back door

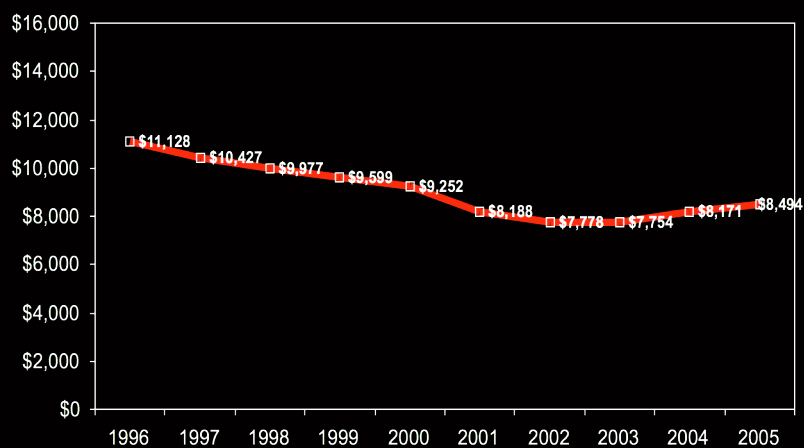
% change in public investment per tertiary student 1995-2003, OECD nations [OECD]



Investment in tertiary education

[OECD]	Public investment as % of GDP 2003	Private investment as % of GDP 2003	Total investment as % of GDP 2003
USA	1.2	1.6	2.9
Korea	0.6	2.0	2.6
Canada	1.3	1.0	2.4
Finland	1.7	0.1	1.8
Australia	0.8	0.8	1.5
Netherlands	1.1	0.3	1.3
Germany	1.0	0.1	1.1
UK	0.8	0.3	1.1
<i>OECD average</i>	<i>1.1</i>	<i>0.4</i>	<i>1.4</i>

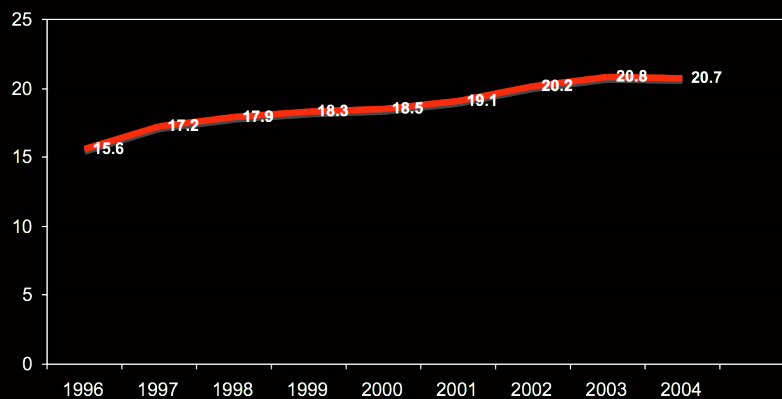
Public funding per subsidized place 1996-2005 [NTEU/DEST]



Academic salaries 2006-2007

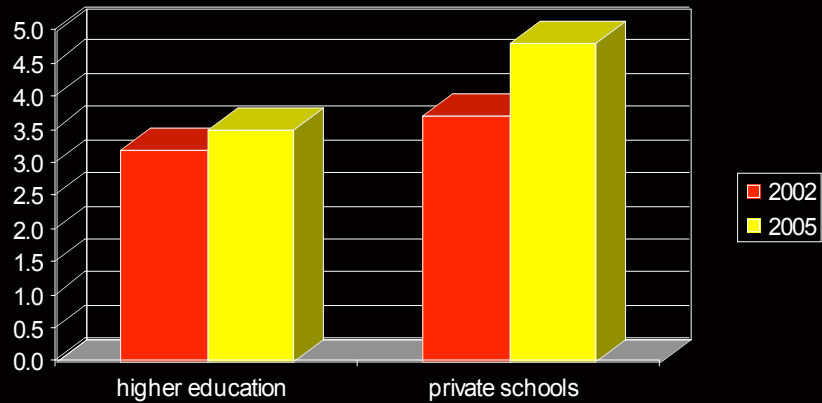
[Association of Commonwealth Universities]	Lecturer midpoint \$US	Professor bottom of scale \$US
Australia	54,729	94,711
UK	56,396	93,456
New Zealand	43,983	74,996
Canada	57,036	71,987
South Africa	26,957	37,365

Average student-staff ratio 1996-2004 [AVCC/UA]



Federal funding 2002 and 2005

billions of dollars [Budget papers/ Parliamentary Library]



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Public sector research should do what it does best

'Universities' core role remains the provision of teaching and the dissemination of higher quality, openly disseminated, basic research. Even where universities undertake research that has practical applications, it is the transfer, diffusion and utilization of such knowledge and technology that matters in terms of community well-being. Commercialization is just one way of achieving this. The policy framework for universities should encourage them to select the transfer pathway that maximizes the overall community benefits, which will only sometimes favour commercialization for financial gains'.

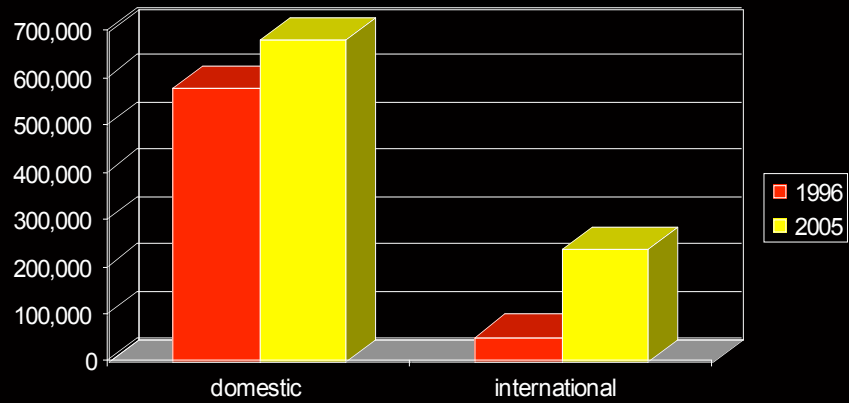
-- Productivity Commission, *Public Support for Science and Innovation*, Commonwealth of Australia, Canberra, 9 March, p. xxiii

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Enrolments 1996 and 2005

number of students [DEST]



Declining throughput from year 12, Australia 1997-2004 [Hansard]

Year 12 leavers entering	1997	1998	1999	2000	2001	2002	2003	2004
	%	%	%	%	%	%	%	%
higher education	39.9	40.4	37.6	37.5	36.3	36.9	33.4	31.8
VET	36.5	37.5	37.2	41.9	38.5	39.5	39.6	37.9
all tertiary education	76.4	77.9	74.8	79.4	74.8	76.4	72.8	69.7

Student work cuts into study

2006 survey of student finances [AVCC/CSHE]

- Survey of 19,000 local students in all 37 public universities
- 71% of all full-time undergraduates worked during semester an average of 15 hours per week
- 40% of full-time students reported that paid work was having a detrimental effect on their studies with 22% regularly missing classes because of work commitments
- 13% regularly go without food or other necessities
- Between the 2000 and 2006 surveys, the proportion of full-time undergraduates receiving federal assistance payments dropped from 42% to 35%, earnings from work rose sharply, and the proportion of students taking out loans more than doubled

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One size fits all global mission

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Some possible policy solutions

Revival of public funding	Evolving policy consensus on tertiary education in knowledge economy, new avenues of funding, full indexation.
Basic research capacity	Go8. Performance-based block grants for selected institutions, infrastructure, NHMRC & ARC. Centre funding. Hubs and spokes
The fees and HECS shmozzle	Go8. National scholarship scheme, income contingent loans. Tweak scholarships for equity, protect low demand institutions
Revival of participation	Scholarship-based subsidies, renovated student financial support using income contingent loans plus some grants
National system diversity	Go8. Mission based differentiation via (1) negotiation (2) block grants for research, and other missions. TAFE as higher education
Narrow global engagement	Mission-based funding opens diversity of global mission and less dependence on volume. Subsidize foreign HDR, student exchange
Standards on and off shore	Standards council with audit and intervention, less dependence on volume, subsidize student preparation and home country liaison
Government and institutions	Go8. Australian Tertiary Education Commission to manage federal/state, higher education/TAFE, missions, programs, regulation



Thank you for the opportunity to speak with you

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