‘The Dawkins era is over,’ Commonwealth Education Minister Julie Bishop told a Perth audience in late July 2007. Just a few days earlier, Labor’s new higher education white paper had put the same point less bluntly, ruling out a return to the central planning and public funding levels of the late 1980s Dawkins’ reforms as neither possible nor desirable.

This turning point in Australian higher education is not – or at least not yet – being driven by a decisive legislative change; the rapid abandonment of the old in favour of the new that we have seen before. It is as much the accidental result of policy as its intended outcome, and we have been moving toward it in an unsystematic manner for a long time.

In hindsight, the two changes that did most to set universities on their current path were the opening of the commercial international student market in the late 1980s, which created an opportunity to recruit full-fee students, and the abandonment of adequate grant indexation in the mid-1990s, which created a need to recruit full-fee students. It is these fees that

Esteem-powered learning

Glyn Davis

References and endnotes

4. Ibid.
11. Higher Education-Funding Council for England (2004), Postgraduate Research Degree Programmes – Minimum Standards and Funding. Circular Letter 18/2004. The minimum standards are expressed in terms of teaching process indicators such as for student admission – normally at least 2.1 degree in relevant field or Masters qualification; for research environment – minimum RAE rating of 4a; 70% submission rate within 4 years; for supervision by teams of at least 2 supervisors, mandatory training of supervisors.
15. Anderson, D. (2002), ‘An Academic Standards Agency: a submission to the higher education review’, Backing Australia’s Future, http://www.backingaustraliasfuture.gov.au/submissions/issue_sub/pdf/1363.pdf#search. Anderson proposed that Departments in each university would retain examination scripts and other assessment materials on either side of the pass-fail line and from other critical points in the distribution of results. An Academic Standards Agency would set guidelines for numbers of scripts to be retained, select fields annually for audit and establish panels. Panels would determine their assessment criteria, sample from the scripts and produce reports, comparing their results with those of the departments, and including examples of work representing intellectual standards across the entire range, not only the minimum acceptable standard of performance.
21. Neither the Deming model of process control that underpins the quality assurance movement, nor the specifications and design procedures of Standards Australia to ensure goods and services consistently perform in the way they are intended.
now bring average revenue per student up to levels that make high-quality teaching financially feasible.

Following this financial imperative, since the mid-1990s annual growth in overseas student numbers has sprinted along at double-digit rates. Though Australia has been very successful in the international student market – education is now Australia’s fourth largest export – it has taken universities into the once unfamiliar world of markets. For international students, Australian universities must compete not just against each other, but also against our traditional major rivals in the US and the UK and the developing higher education sector in Asia. As more European universities offer courses in English, they will add to the pressure.

To date, the rise of India and China as source countries has sustained strong growth in student numbers while demand from some of our traditional markets declines. By contrast, growth in Commonwealth-supported undergraduate numbers has hobbled behind, peaking at less than three per cent year-to-year growth in the Howard years, and even going backwards before new places in 2005 stopped that fall turning into a trend. But those new places, in combination with declining demand, helped create a problem rarely encountered before: public universities unable to fill all their student places. According to Minister Bishop, at least half a dozen institutions will not fill all their Commonwealth-supported places this year.

Compounding the problem for these universities, private higher education providers now have access to the FEE-HELP loans scheme, removing the obstacle of up-front fees from their plans for expansion. In 2005, the first year of their access to FEE-HELP, students at the private higher education providers receiving Commonwealth assistance made up one per cent of higher education commencements recorded by DEST. With more institutions receiving FEE-HELP approval since – indeed, there are now more private providers offering FEE-HELP loans to their students than public universities – the 2006 data is likely to indicate a higher market share. While these student numbers are still a very small share of the total, in a tight market the influence of private providers is being felt.

It is hard to see this competitive pressure easing. Rumours abound that more universities from overseas will join Carnegie Mellon in the Australian market. Some may offer Australian qualifications; others like Carnegie Mellon may offer their home-country degrees. This is likely to appeal to some overseas students. It is a chance to get an American degree without some of the costs, and perhaps visa problems, of going to America. But American or European qualifications could also appeal to Australian students. Each year, 60,000 Australian residents in professional or managerial qualifications leave the country on a permanent or long-term basis. Many will eventually return, but we now need to assume that qualifications should be internationally portable where possible. We must also accept that some of our students may not be too concerned whether their credentials are approved under Australian, American, or European law.

All this means that universities must be responsive to market demand in ways that not so long ago simply wasn’t necessary. The days of ‘teach it and they will come’ are over. Public universities face many more competitors than before and, importantly, need to compete on many more dimensions. We need to think carefully about what we teach, how we teach it, where we teach it, which awards to confer and how much to charge.

We must consider the university’s broader role as a research institution and contributor to the community, and how that relates back to our teaching.

While government policy helped create this new strategic environment, it is in some ways lagging behind it – though both major parties now realise that change needs to occur. Major aspects of the Nelson reform agenda continued the Dawkins-era policy of promoting conformity to government policy rather than encouraging universities to re-model themselves, or to respond to shifts in student or employer demand. The funding cluster model of allocating student places has made it more rather than less difficult to internally re-allocate places between disciplines. New places are allocated at an extraordinary level of detail; not just by funding cluster but down to particular courses at specified campuses. Voluntary student union laws are a major new obstacle to a student experience and student support. The Learning and Teaching Performance Fund, while commendable in seeking to redress the historic imbalance between research and teaching in rewarding excellence, does so by giving all universities incentives to pursue a single set of centrally-determined indicators.

Omissions in policy also tend toward conformity. There is no dedicated funding for most of the ‘third stream’ activities that public universities see as contributing to their distinctive character, and as block funding has been reduced and replaced with funding for specific purposes these vital activities become harder to sustain. Aspects of student income support, such as not making Youth Allowance available to students enrolled in Master’s degrees, discourage shifts from undergraduate to postgraduate that are educationally attractive.

The University of Melbourne is the first to announce a major institutional reform that takes up some of the challenges in the current higher education environment. The University has re-thought its courses from first principles. The vehicle for achieving this has been a Curriculum Commission, which under the leadership of Professor Peter McPhee has examined the 140 undergraduate degrees now offered at Melbourne, and proposed instead a small number of stand-alone undergraduate degrees offering content with both depth and breadth followed by employment, specialist professional graduate courses or research training.

Starting in 2008, the ‘Melbourne Model’ will offer students a choice of six ‘new generation’ undergraduate degrees, in Arts,
Bioscience, Commerce, Environments, Music and Science. The first graduate schools, in Architecture, Forest Science, Law and Nursing will also open in 2008. Others will follow, in a transition that will take about a decade.

Allied to curriculum change is a renewed focus on the student experience. A ‘cohort experience’ – ensuring students spend time with peers as they progress through their degree – is a feature of the new generation degrees. This will be supported by small group teaching, coherent undergraduate programs, and improved learning hubs and online content.

The Melbourne Model is part of a larger strategy called Growing Esteem. It finds Melbourne’s future in the metaphor of a triple helix: a public-spirited institution, defined by tightly-bound strands of significant research, internationally recognised teaching and continuous knowledge transfer, each reinforcing the other. Together the strands of the helix define the character and purpose of the University of Melbourne.

The response to Growing Esteem has been remarkably positive, including at the political level. The Minister has set an important precedent in allowing us to move some Commonwealth-supported places from undergraduate to postgraduate, to ensure equity in our new programs. Reforms to FEE-HELP reduce the extent to which some students may face up-front tuition charges. While like most universities Melbourne has serious reservations about the Research Quality Framework, the underlying idea that we should focus on areas of excellence is consistent with our strategy.

There still remain many obstacles to a full ‘Dawkins era is over’ policy. In this, the ALP white paper *Australia’s Universities: Building our Future in the World* contains some interesting ideas, particularly dedicated funds for innovative activities and community outreach, along with proposals for flexible block grants for teaching and research that would give universities scope to re-fashion themselves.

As with the Government’s policies, the ALP’s alternative remains a work-in-progress, with the white paper setting out ‘options’ rather than plans, and with vital funding issues unresolved. But at this critical point in the evolution of Australian higher education, it is encouraging that both the Minister and her Shadow understand that the world has changed, and that policy must also change as a result.

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**Diversity for what?**

Anne R Edwards

Contemporary commentary and policy debate about universities in Australia is currently dominated by two key concepts, diversity and quality, both of them taken to be positive attributes of a national higher education system in the modern world.

Diversity and quality are two of the four guiding principles (along with equity and sustainability) for the *Higher Education at the Crossroads* Review and the Coalition Government’s resultant 2003 reform package *Our Universities: Backing Australia’s Future*. The current Federal Minister, Julie Bishop, in her Curtin Institute Address last year, reaffirmed the Government’s commitment to these same four objectives, but she sees diversity as the least developed of the four, and hence the objective most requiring further government attention. In her words, ‘the challenge for the sector is how to achieve greater diversity’. While the Australian Labor Party’s 2006 *White Paper on Higher Education, Research and Innovation* gives quality as the primary focus, it clearly recognises diversity and diversification as also requiring attention. The paper’s proposed policy changes – in particular the ‘mission-based compacts’ approach to the institutional financing of universities – rest in considerable part on the need to find more effective policy drivers if greater institutional diversity is to be achieved.

A diversified higher education system is typically taken to mean one where there is a substantial degree of differentiation between the institutions comprising that system along a number of dimensions. In Julie Bishop’s Curtin Address, she lists ‘mission, discipline mix, course offerings, modes of delivery, management and academic structure’. Other dimensions include size, campus location and distribution, student profile, funding sources, reliance on government and international relationships.

Australian universities operate in an environment which contains multiple forces working in different and sometimes
opposing directions – some exerting pressure towards diversity and others towards uniformity. That makes it hard to predict future trends and in particular the speed and extent of change in the sector towards further differentiation.

Overall, government agendas, economic circumstances and global developments set the scene. Within that context, competition and market opportunities will inevitably push Australian universities to create and pursue increasingly differentiated and distinctive institutional identities and strategic directions. But other factors such as external regulation, legislative compliance, employer and professional expectations, and the imposition of common standards of performance may have the opposite effect.

There is considerable divergence of opinion among politicians, the business community and the public about a number of key issues about the nature and purpose of higher education. Are universities self-determining organisations or government-regulated? Should they be run as public benefit service providers or commercial businesses? Should they be primarily orientated towards education and training, or towards knowledge generation and research? Is public funding for universities to be seen as a conditional grant or an investment? Are the most highly valued benefits of universities economic or social? Should universities be serving regional and national interests or aiming for international leadership roles?

The current policy framework within which Australian universities function reflects some of these unresolved issues and contains internally contradictory elements. For instance, there is detailed specification and monitoring of compliance with Commonwealth funding requirements, for teaching and research alike. However, because the amount of public funding that is made available is insufficient to cover the costs of that teaching and research, universities must engage in teaching and research of other kinds and for other users, so as to supplement their income by more commercially-oriented activities. And these activities in turn often compete with and may actually detract from those goals which the Federal Government is concerned to promote. There is also considerable difference in approach between federal and state jurisdictions in levels of state investment and involvement for universities and in attitudes towards industry contributions.

Universities in Australia with different locations, histories, capacities, resources and reputations in turn respond in different ways to government agendas and market opportunities. One of the consequences of this has been the emergence of the various groupings of universities based on perceived common characteristics and shared interests. Those which have a formal status are the Group of 8, the Innovative Research Universities Australia, the Australian Technology Network, and the New Generation Universities, but there are other looser groupings based on location such as the regionals or those within the same state jurisdiction. However, legally each university is an independent self-governing entity, and to date these governance arrangements have determined that individual institutional interests take precedence over state priorities or group affiliation.

While almost everyone seems to agree on the value of diversity as a principle, the question on which we do not have agreement is how much diversity have we got in Australia and how much do we want? Fifty years ago, there were eight universities and 30,000 students; now there are 40 universities and close to one million students, with over 200,000 of them from overseas.

These forty universities vary on a range of significant dimensions – size, geographical spread, focus, intellectual reputation, culture, student characteristics, course types, modes of delivery, research intensiveness, management model and administrative structure, community identification, international connections and so on. Flinders University, for instance, while relatively small retains a comprehensive range of disciplines and courses, and research across all its areas, supports a physical presence and activities in several regional areas including the Northern Territory and overseas countries, as well as a special relationship with its local community, and is still highly regarded internationally. Whether this is sustainable is questionable. It is more likely that given its size, location and resource base, Flinders’ future lies in moving towards a narrower disciplinary range and a greater focus on specialisation and excellence in selected areas.

Further differentiation within the Australian higher education sector as a whole depends on policy choices with respect to the often competing principles of quality and diversity. This can be illustrated, for example, by such current issues as whether quality assurance and national standards should limit the types of educational programs offered by Australian universities – which in turn determines the price to students – or whether universities should be free to respond in their own ways to market forces.

While diversity is a relatively settled concept within Australia, it means something quite different globally. On every dimension conceivable, there are different models for structure, function and type of operation of higher education providers and new models emerging all the time.

I was vividly reminded of this last year at the Association of Commonwealth Universities conference in Adelaide. The plenary sessions were mainly about the concerns of universities in the first world countries – covering much the same issues as this article. In other sessions, however, African and Indian Vice-Chancellors challenged the rest of us by pointing out that even the models of open access mass higher education with which we are familiar do not offer models that can ever satisfy the enormous and ever growing demand in their respective continents, while the preferred western model of the campus-based university is totally impractical. It was a salutary lesson to us all.

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There has been much critical comment in recent years about the tensions between the regulation imposed on public universities and the flexibility needed to compete effectively in international and national markets for students and funding. In the partisan world of politics each side points the finger at the other as the author of “too much” regulation. And yet there is a shared set of underlying assumptions about the interplay between regulation and markets that has led to more regulation without necessarily improving the outcomes for or from universities.

What are these assumptions about the relationship between universities and government? First and fundamentally, there is consensus that government has the right and the responsibility to determine the outcomes it seeks for the funding it provides. Second – and related to the first – it is expected that universities have a responsibility to maintain in part the intellectual and cultural fabric of the nation and of society generally. Third, universities are also expected to contribute to the economic outcomes of the nation through meeting industry and student needs. Finally, universities are expected to be effective and efficient organisations, managing their funds wisely and generating sufficient revenue to maintain their operations and infrastructure.

These assumptions are each eminently reasonable. It is their enactment in policy that has increased competition, intensified regulation and driven down government funding to public universities while increasing it for private providers. Government funding support to private providers has encouraged greater competition in the space dominated by public universities. However, public universities are constrained by their enabling Acts and government and community expectations to maintain a range of capabilities that provide expertise and facilities in the areas that do not attract private providers or private funding. Limits on the capacity of universities to compete are embedded in funding agreements with government. Universities can only change the site of delivery (and the range of programs offered to outlying campuses) with explicit permission from government, while a private provider can choose what, where and how it delivers. It is no accident that private providers are concentrated in areas of high demand and profitability, such as Business, and located in major metropolitan centres. Private providers can bid for government funds in profitable areas, while remaining free to direct their core activity as they choose. Meanwhile, declining government funding for public universities has meant that maintenance of quality of education, research and infrastructure in the areas expected to provide a long-term contribution to the public good must come from private contributions by students or others.

This has given rise to two outcomes that run counter to government’s stated objectives. First, building regulatory frameworks around market forces leads to homogeneity of behaviour in our institutions. In the vocational education and training sector, where competition between public and private providers has a longer history, Anderson argues that their missions are converging. Public and private providers are increasingly competing in similar markets and are similarly reliant on public funds for their operation, while the government’s role...