

are incapable of filling the government supported places allocated to them, whilst others are offering full-fee paying domestic places over and above their government supported places. So, how could the Federal Government actually drive rationalisation? The Government could try and address some issues by moving load. However, this is likely to be inefficient and really only 'tinkers at the margins'. Allowing market demand to do this would be both more efficient and carry less political odium. Let the market drive rationalisation, rather than government. It is hard to imagine that this outcome has not been considered by a Coalition Government.

Such an approach could relatively easily be achieved by the adoption of a voucher system whereby students, armed with their government supported places, could apply for entry to any university. The university would not have a cap on their number of places. In a further level of deregulation, the university may be allowed to charge whatever additional fee they thought appropriate. That is, the HECS add-on would be deregulated. Such an approach would drive competition, rationalization and force institutions to develop their unique strengths. It would also remove the need for domestic fee-paying places and the range of problems this two-class system imposes. Full-fee domestic places were a requirement in a market with a lack of places. This is now not the case.

Another major issue which will drive change across the sector will be quality. We are already seeing the first clear signs of this through the Research Quality Framework (RQF) and the Learning and Teaching Performance Fund. Leading up to the RQF, the market for top researchers is hotting up, with institutions trying to position themselves for the audit. This is driving much greater differentiation in salaries and the range

of duties performed by staff. Although a little further away, I see the same drivers developing in teaching, particularly if there is a real market for students, as outlined above. If institutions have the ability to drive market position through the quality of their educational outcomes, then the incentives for outstanding teachers, as well as researchers, to demand higher salaries is bound to occur.

Although some staff may find these concepts challenging, is greater competition, differential roles and salary rates something staff should fear? It seems a little hypocritical if they do. After all, we feel very comfortable in grading students according to the excellence of their outcomes. Why not apply the same criteria to the staff and the institutions in which they work? The vast majority of staff perform at an excellent level and they should be rewarded for that excellence. A dynamic system which rewards and celebrates excellence, in all its forms, should be something we all embrace. Undoubtedly, however, there will be industrial relations issues around such changes.

Although change is often confronting, a system which is dynamic and striving for excellence will be to the nation's benefit. Unless Australia's universities can embrace such changes, I believe we face certain decline. Despite the challenges, I am extremely optimistic. Compared to most higher education sectors around the world, Australia has a host of extremely flexible and innovative universities. Look to the remarkable innovations in international education, where Australia has led the world. I am confident that this type of innovation will drive the future shape of our universities.

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Unimagined futures

Carolyn Allport

Ever since the radical reforms of the Dawkins years of the late 1980s and early 1990s, change has been a constant for university administrators, as well as for university staff. In the earlier years, change was driven directly by Government, as witnessed by the huge expansion of student numbers, the introduction of tuition fees and our first real venture into the then nascent international student market. These were powerful transformative years. It was in the 1990s that 'the market'

gained leverage within higher education funding decisions, and Australia became an international case study for its unique student financing system, the Higher Education Contribution Scheme (HECS).

Following the election of a new conservative government in 1996, the market moved from its supporting role to become the major driver of higher education policy, and the role of business models and the appointment of business leaders to

government reviews of higher education increased significantly. Over the last decade, change has been driven directly by the Government using its funding levers to ensure compliance, especially in the areas of governance and staffing and employment matters.

As in the past, government policy continued to favour the promotion of market mechanisms as key policy drivers, as long as they have been consistent with the ideological and policy agenda of the Government. On balance, from the perspective of 2006, you would have to argue that the market has become subservient to the ideological policies of the Government. It could not be said that current government policy is essentially market-driven when universities have seen a massive intervention into their policies and practices and are currently weighed down by the compliance requirements of government-funded activities, even activities that are only partially publicly-subsidised.

In contrast, the changing role of higher education in the international environment has produced an intense preoccupation with international indices and rankings, as if performance in the ratings market is the key determinant for maintaining 'reputation'. This is a difficult area for universities, for there have been substantial critiques of both the *Times Higher Education Supplement's* annual World University Rankings and the *Shanghai Jiao Tong* index.¹ Both are widely used by Australian universities, but both offer only a partial reading of performance, and there has been intense debate about what they do and do not include in their measurements. Most problematic is the *Times Higher Education Supplement* index, which Marginson claims '...reward[s] a university's marketing division better than its researchers'.²

What does this all mean when we recognise that fundamental changes are going on in the composition of international education? More and more students are enrolled in foreign institutions offering courses in their home country, and Australian universities are dedicating a greater proportion of their expenditure to the establishment of international campuses, especially in countries that offer a large potential market such as China.

Currently, 30% of all international students enrolled in Australian universities are studying offshore.³ At one level, encouraging genuine international co-operation in international education has much to offer institutions, their staff and students. But there are also quality risks in the way in which partnerships and contracting with other higher education providers operate. The Government has recognised such risks and is currently establishing a framework for quality assurance in transnational education.⁴ This is important given that the Government is also encouraging universities to become more active as exporters of education services under the trade agenda.

Set against these international trends are a range of domestic policy concerns, including the rising level of student debt, community perceptions that 'standards' are falling, the disaggregation of university funding into individual programs (all

of which are accompanied by guidelines, with consequential increases in compliance costs), competition from new private providers (including foreign institutions), a real lack of understanding of institutional diversity, and the substantial marketing disadvantages that arise from the disestablishment of student union services.

While all these issues are important in shaping the future, the vexed issue of constructing a fairer tuition fee environment remains unresolved, with student debt continuing to spiral. Current estimates of student debt show a rise from 2005/06 level of \$13.1 billion to \$18.8 billion in 2008/09,⁵ alongside falling student enrolments. Interestingly, tuition fees are one of the issues not specifically raised by the following commentaries from our contributing Vice-Chancellors, although there are now voices calling for fees to rise to reflect increasing costs incurred by universities.

Since the Dawkins era, universities have faced major governmental reviews every two years, and the compliance costs of change have been considerable. Further intrusions by the Government through the introduction of complex regulatory and assessment processes such as those required for the Higher Education Workplace Relations Requirements and for the new Research Quality Framework are already diverting institutional time and money away from the core functions of teaching and research.

As a response to the last extensive inquiry into universities in 2004, the Australian Vice-Chancellors' Committee survey noted that:

While costs will vary according to the new system each institution uses, findings in a recent survey of its member universities by the AVCC indicate that on average universities will expend a staggering \$1.28 million in implementing the legislation.⁶

The ALP has also become more actively involved in the debate, releasing a *White Paper on Higher Education, Research and Innovation* in July 2006, where it argues that:

The policies put in place by the Howard Government are inconsistent and unstable. They endanger the quality of Australian higher education and research, eroding rather than building our capacity to innovate.

They also reduce equity of opportunity, discouraging access from those who could benefit from higher education but who have limited financial means.⁷

There is much at stake in determining the next steps and the following contributions from a number of Vice-Chancellors indicate that there are likely to be significant difficulties in agreeing upon a new future for universities. This could lead to further divergence as to where Australian universities might find themselves a decade in the future. Most agree, however, that the future environment is likely to be a highly competitive one, particularly if existing government policies of fostering

and funding the role of new private providers are to continue.

The University of Melbourne's Professor Glyn Davis has nailed his colours to the mast of becoming a truly international university, able to define itself as comparable with similar research intensive universities elsewhere in the world. His plan, underpinned by the University of Melbourne's identity as a 'public-spirited' institution, aims to build domestic comparability within its course structures, and to construct a clearer graduate school model. In this way the engagement between the international and domestic levels is self-reinforcing. The real challenge here, of course, is retaining equity, and an extensive scholarship program is planned for the future.

His colleague from the Australian National University, while no doubt equally concerned about the broader international project, chooses to remind us of the standards debate, and of how important it is to face the tensions created by a decade of being driven by the market. However we see this issue, Professor Chubb is right to encourage us to enter the standards debate and remind us that academic standards are defined and safeguarded by individual academic staff through their exercise of judgment in assessing and grading the students that they teach. In this sense standards are the responsibility of staff and university administrators. There is a sting in the tail here. While it is true that universities are self-accrediting institutions, and therefore responsible for setting their own standards, they are also accountable to their communities for the effective communication of our quality assurance standards. It is important to succeed here, for if we do not, we are likely to be forced into a more instrumentalist standards model.

There is an important policy contribution yet to be written which might attempt to provide for a better balance of government regulation with the international standard⁸ of institutional autonomy for universities. The contributions from Professors Edwards and Gardiner and Dr Wells introduce the dangers associated with excessive regulation, and the use of such regulation to force institutional engagement with the market. All argue that current Government policy has produced a distortion for public universities. While they receive less and less from Government, the new private providers receive more. In the end it is diversity that suffers. As Gardiner and Wells note:

building regulatory frameworks around market forces leads to homogeneity of behaviour in our institutions.

While not specifically articulated in our feature, one future that has been imagined by supporters of deregulation is the 'level playing field' of a privatised higher education system. Given the level of public funding currently provided to universities as a percentage of their income, it may well seem to some an attractive path, however improbable that may seem. What might this mean for students? Professor Young suggests that students themselves might be willing captors of the

market, and that the voucher model would empower students to act rationally in such a market environment.

The question for all of us is: what future might we imagine? A useful first step is to remember that in a process of intense change, it is critical that we first determine what aspects of the past are important to take into the future. In this sense, we need to recognise that university education provides a valuable opportunity for individual advancement at the same time as it creates social and economic benefits for our society and economy. Opportunity should not be dependent on ability to pay. There is abundant evidence that university teaching and research delivers substantial benefits to society as a whole, therefore there is a strong argument for public funding to underpin the important roles played by universities.

Universities need also to meet societal expectations about their role as 'higher education' institutions. While it is important to build partnerships across the post-secondary sector, thus facilitating movement between higher education and vocational institutions, this should not be at the expense of meeting recognised standards of academic performance expected of universities. Standards do matter.

Finally, university staff are critical to the overall ability of an institution to achieve excellence in teaching and research. The constant restructuring of universities over the last decade has sidelined the real debates over curriculum, degree structures and working conditions. There can be no sustainable university future without the intelligence, passion and commitment of university staff. Current moves towards breaking up university staff into teaching-only and research-only categories risk undermining the unique character of universities and the high quality education that students expect and deserve.

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References and endnotes

1. An excellent critique of these indices can be found in Simon Marginson, *Mission and identity for a post post-public university era*, Keynote Address to the 6th Annual National Conference on University Governance, 10-11 October 2006, Canberra.
2. *ibid*, p.3
3. IDP, International Students in Higher Education 2006, <http://www.idp.com/research/fastfacts/article406.asp>
4. DEST, *A National Quality Strategy for Australian Transnational Education and Training*, April 2005.
5. Senate Estimate, *Senate Employment, Workplace Relations and Education Committee*, 01/06/06.
6. Australian Vice-Chancellors' Committee, Remove the shackles of over-regulation, Media Release 8 September 2004.
7. Australian Labor Party, *Australia's Universities: Building our Future in the World: A White Paper on Higher Education, Research and Innovation*, issued by Jenny Macklin, Shadow Minister for Education, Training, Science and Research
8. See UNESCO, *Recommendation Concerning the Status of Higher-Education Teaching Personnel*, November 1997, Article 17, pp. 7-8.