Innovative Research Universities

Executive Director Comment: Higher Education Reform Agenda

HE reforms: the state of play

The Governments suite of changes to higher education have generated more attention than any since John Dawkins began his creation of a university driven higher education system compiled from the previous universities and CAEs. As then as now though it is the impact on student charges that gets the most attention.

Hence we face a dual debate.

One by those most affected targeting how the proposed system should work in practice; the changes that will align the HE regulatory and funding systems for the first time. There are many complicated issues and some key questions that divide those involved but the likely outcome is changes in line with those the Government has proposed.

The challenge for universities in these discussions is to engage with the potential of the new, not work out ways to operate as if nothing were changing. A good example is to avoid creating 15 student fee rates as the starting point merely to recoup precisely by discipline what the current system provides when Government and Student contributions are combined. It makes more sense to estimate the lost revenue and recoup that from students using increases to the current three charges bands or creating a suitable set of five.

The fee changes and the change to the indexation rate for HELP debts will be a debate that will continue to resonate across the broader public, for whom the finer points will not matter. To understand what the changes could mean, and then assess the implications is challenging. Starting from the base that a charge of around $10,500 would leave universities with current revenue, each thousand above that is about a 5% increase in base revenue.

The initial sense is that there are insufficient deterrents against very high charges that would lead to a very large investment in some or many individuals with the cost shared by them and the Government, with the return to both individual and Government unclear. It is possible to over-invest in education. It is here that we can expect argument for changes to focus.

Uncapped student fees and scholarships: policies in conflict?

The current student charges and loan system is based on the individual, charging them an amount that is set by discipline but otherwise standard. There is no variation by academic capability, whether current or prospective, no judgement by current wealth, whether personal or familial. The person enrols, commits to the charge, and in due course pays it whether upfront drawing on personal or family resources or from subsequent income when it is sufficiently high.

The argument to remove restrictions over the amount a person pays are also largely based on the individual, arguing that the person should decide how much they will pay (usually in the future) in return for the education provided.

The requirement that a proportion of the charges committed to by students should be used for scholarship programs conflicts with the focus on the individual by forcing all those who do sign up for the full payment to cross subsidise those who will not, on the grounds that the others have less familial or personal wealth at point of enrolment and/or that they may be academically more capable. It may be that the latter simply have more sense.

The scholarship arrangement could mean a student from a well off background who achieves a modest future income has underwritten the education of the initially less well-off student who also achieves a modest future income, with the status at point of entry determined by the person's family not their own wealth.

The need for the scheme is tied to offsetting any inclination of those with less current wealth to commit to courses. Reducing the scepticism about high charging courses also serves to reduce pressure on those institutions considering high charging courses to moderate the fee.

By containing use of the funds so raised to within each institution there is also great concern that the funds can be used to target potential students not prioritising that university. Hence a sought after applicant may face the choice of going to the initially preferred university X, paying the standard fee, against going to University Y at little or no fee.

This will be more likely the higher the fees at a given institution such that for some institutions the student body will be a set of capable students, often from wealthier backgrounds, cross subsidising entry by those with the notable academic capability that generates the reputation that justifies the fee to be paid.

Research policy

Research policy is as usual playing second fiddle to the main debate. The budget had some good elements in making the future fellows a scheme funded for the future and rolling over support for the NCRIS facilities. However the ARC has some challenges ahead to work through the redirection of $103 million to specific research fields, absorb the ongoing reduction in its funding and keep its main programs responsive to the wealth of good research proposals it receives.

More challenging is the feel through the budget that incentives for industry driven research are not a good use of Government funds. Australia's future depends in part in the capacity to generate new industries to replace those that are shrinking. There is a difference between supporting an ailing industry to continue and incentives to generate the innovations that could lead to a new growth industry.

Finally the Medical Research Fund is attractive in its own right, but its source in the savings from the health portfolio tie improved resources to many much contested decisions, in particular the co-payment for medical services, which appears to provide around 40% of the Funds resources. Further it is to be hoped that the Fund will take a constructive approach to what is suitable 'medical' research to include how we devise medical advances that are translated into practice.

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