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SPEECH

Engaging with the potential of the new –

Innovation and Economic Transformation: the role of universities

Innovative Research Universities (IRU) Senior Staff Forum

Flinders University, Victoria Square Campus, Adelaide

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9 a.m.

Introduction

Let me begin by thanking the chair of this session, Professor Ian O'Connor, Vice-Chancellor of Griffith University, for your introduction, and our host Vice-Chancellor here at Flinders University, Professor Michael Barber.

I would also like to begin by acknowledging

- Professor John Dewar, Chair of Innovative Research Universities (IRU) and Vice Chancellor of La Trobe University,
 - Professor Sandra Harding, Chair of Universities Australia and Vice Chancellor of James Cook University, and the other IRU vice chancellors:
 - Professor Richard Higgott, Murdoch University
 - Professor Simon Maddocks, Charles Darwin University, and
 - Professor Caroline McMillen, University of Newcastle
- And Mr Conor King, IRU Executive Director.

Today I want to speak about the power of education to transform our economy, but also its power to transform lives.

The Government's higher education reforms provide an opportunity for universities to play an even stronger role in the economic and social transformation of Australia. And they provide an opportunity for IRU universities to flourish.

Conor King said shortly after the higher education Budget package was announced: *The challenge for universities...is to engage with the potential of the new, not work out ways to operate as if nothing were changing.*

The IRU as a group, as individual universities and individuals from the IRU, have been actively engaging in planning the implementation of the changes to higher education.

In addition to the IRU meeting with my office and my department, Professor John Dewar is chairing the Legislation and Financing Working Group and Professor Ian O'Connor is a member of the Quality, Deregulation and Information Working Group.

Thank you, John and Ian, for your valuable contributions to these working groups. I'll say more about the important role they are playing later.

The Government's changes to higher education will spread opportunity for tens of thousands more students, and will give universities the autonomy and flexibility to work to their strengths and make the best choices to respond to the changing economic and social environment. Universities will be able to make informed choices about what fees they set, what courses they offer, what students they take, what teaching methods they utilise, what scholarships they provide and what support services they offer.

Each university will have the freedom to develop a business model that will provide the very best education to the student cohort they wish to serve. For example, a university may want to provide intensive tutorials to a small

number of students with the world's best thought leaders and teachers in their field. Another university may wish to provide innovative online courses, which may be relatively low cost, but cater for students who wish to study in flexible ways.

Students will be able to choose the kind of degree they want.

I'll return to the reform package in a moment but first I want to share my reflections on the transformative power of higher education.

Innovation and economic transformation – the role of universities

We all know that a university education can transform a student's life. University students gain technical skills - but they also learn to form an inquiring mind. Higher education is essential for individual prosperity and social mobility.

A good education usually leads to a good job, earning good money and being able to provide for yourself and your family.

Australian university graduates on average earn up to 75 per cent more than those who do not go on to higher education after secondary school. Over their lifetime, graduates may earn around a million dollars more than if they had not gone to university.

University graduates are less likely to be unemployed; they live longer and have better health.

When university graduates move into the workforce they increase the productivity of their workplaces. They bring their professional knowledge of the job they are doing as – say - geologists, psychologists, teachers, engineers and lawyers. They also bring their problem solving skills, creativity and their ability to work with others.

Work places with highly skilled employees are more innovative and efficient – they create new products and earn profits from sales in Australia and overseas. More productive Australian workplaces result in a more productive economy that benefits all Australians.

Through their role in research, universities also create innovation. Research leads to the development of new products and services that benefit people, new health treatments and new technologies. Research makes our lives easier. As a result of research we live longer, more productive lives.

Our society and economy also benefit from international education. The flow of students into and out of Australia builds knowledge and understanding for individuals and nations. And Australia earns valuable export income by providing education to international students.

In 2013, international students studying and living in Australia contributed \$15 billion to the Australian economy. International education is Australia's top non-resources export.

Australian students studying overseas experience other cultures and different perspectives, and develop friendships and contacts. These

contacts can lead to lifelong partnerships that will benefit our society and economy well into the future.

In 2014, through the Government's signature initiative, the New Colombo Plan, around 1300 mobility programme students and forty New Colombo Plan Scholars will study in four pilot locations – Indonesia, Japan, Singapore and Hong Kong.

Professor Sandra Harding is the deputy chair of the New Colombo Plan Reference Group, which has already made headway in transforming the mindset of Australian students and families to embrace the opportunity to make studying in the Asia Pacific region a 'rite of passage'.

It is the Government's hope that this greatly increased presence of Australian students throughout our region will in turn encourage increased interest in Australian universities, and further encourage international students to come to Australia.

Strengths of the IRU

International education

The IRU's strong focus on international education has resulted in more than 43,000 international students from over 130 countries at IRU campuses.

Many IRU students are New Colombo Scholars or recipients of mobility grants.

And IRU universities are sharing Australian expertise and knowledge overseas. For example James Cook University, Murdoch University and the University of Newcastle are operating campuses in Singapore.

Languages

Through the IRU Asian Languages Network students have access to staff with the best possible skills, knowledge and expertise in a particular language. This will enhance the ability of those students to work in Asia and with their Asian counterparts when they graduate.

Industry collaboration

IRU members have demonstrated their commitment to effective engagement with industry. This has led to long-term partnerships in the areas of research and workforce development that drive innovation and social, scientific, cultural and economic progress.

IRU universities will flourish in the new higher education system if they can provide students with what they want – work-relevant courses and real work opportunities.

Online education

The higher education reforms provide universities with the opportunity to design their teaching to meet the needs of students and employers. They can take advantage of new technology to provide courses online.

IRU members, like all Australian universities, are already responding to new digital opportunities. For instance:

- In 2014, Griffith University introduced a suite of new online degrees including Bachelor of Business, Masters of Marketing and Masters of Engineering. These are delivered through a blended learning model, giving students the choice to study online, on-campus, or a combination of both.
- James Cook University is part of Australia's Biomedical Education and Skills Training (BEST) Network with other leading higher education institutions. BEST Network students share virtual laboratories, virtual patients, interactive course units and a medical image bank.
- Flinders University is currently offering three massive Open Online Courses or MOOCs – the Human Body as a Machine, Archaeology and the Mental Health Challenge.

I am pleased to say technology-enhanced learning, including MOOCs, is a strategic priority for the Office of Learning and Teaching within my department.

Government's higher education reform package

The Government's higher education reform package is designed to help Australia to have the best higher education system in the world.

For me, in the best higher education system, higher education would be affordable for students, with no upfront costs and costs would be shared fairly between students and taxpayers.

In this system there would be more opportunities for students from all backgrounds to choose the course and the type of higher education institution that is right for them. There would be a wide diversity of good choices for students.

The system would provide world-class teaching and research with some of our universities being among the very best in the world. All higher education institutions would be pursuing their particular goals as well as they possibly could.

Students could choose to study where and what they want and universities and higher education colleges would have the freedom to provide the very best education in the world to meet the needs of their students.

Government's role would be to help students and promote research, uphold the quality of the system without unnecessary red tape and make sure the taxpayer's contribution to the cost is well spent.

Opportunities for students – expanding higher education

Students are the big winners of the higher education reform package. The Government is determined to support more young Australians to get a good education and contribute to our society and the economy through their skills and research.

For the first time in our history, any Australian who enrolls in an undergraduate course at any registered higher education institution will have tuition directly subsidised by the Australian Government. This includes higher education students at public and private universities, TAFEs and private education colleges. It also includes all accredited higher education diplomas and advanced diplomas as well as associate degrees and bachelor degrees.

These reforms will expand options and pathways for students less well prepared for university, while funding a wider range of qualifications that lead straight into jobs. This is set to benefit an additional 80,000 students each year by 2018.

IRU members with their strong focus on equity of opportunity and their regional presence have a lot of potential to attract these higher education students.

Here in South Australia we are very well aware of the structural change that is happening – where we are moving from the old economy to the new, where the jobs of the future will be in sectors such as health care, education, transport and advanced manufacturing.

The IRU urged the Government to adopt the Kemp-Norton recommendation to include sub-bachelor qualifications within the demand driven system, which we have done. The IRU recognised that this would give students the flexibility to choose between these useful foundation qualifications and immediate entry to bachelor study. The IRU also

recognised the potential to support its members to expand diploma of language courses.

Opportunities for students - Commonwealth Scholarships

Under the Government's reforms, students from disadvantaged backgrounds will have access to the largest Commonwealth Scholarship scheme ever. Higher education institutions will be required to allocate one dollar in every five dollars of additional revenue they raise from student contributions to this new scheme.

Universities and higher education institutions can use these scholarships to provide individual, tailored support to students. This will include helping students to meet their costs of living as well as providing fee exemptions, mentoring, tutorial support and other assistance at critical points in their study.

These new arrangements will mean our smartest students can receive a world-class education no matter what their background or where they are from.

The Scholarship scheme will complement the streamlined Higher Education Participation Programme, which provides funding to universities to assist students from disadvantaged backgrounds to enter and succeed at higher education.

IRU universities can flourish if they package their scholarships and other support for students including accommodation in innovative ways to attract

their unique student cohort – whether they be remote students from the Northern Territory or Northern Queensland; students from regional Victoria or NSW; or from here in Adelaide.

More choice and quality

Under our reforms, universities and other higher education institutions will compete to attract students. This will drive quality in higher education – when institutions compete for students, students win.

Students will have more choice and universities and colleges will need to put more effort into meeting the needs of students. They will need to become more innovative and continuously improve the teaching and learning they offer in order to attract students.

There will be new, clear information for students and families about the quality of courses and institutions they are considering. There will be better information about how successful previous graduates have been at finding jobs and what other students and employers think of the course.

This will be in the form of the Quality Indicators for Learning and Teaching that were recommended by the committee chaired by Professor Ian O'Connor, Vice-Chancellor of Griffith University. The indicators are the University Experience Survey, the Graduate Outcomes Survey, and a new Employer Satisfaction Survey.

Not only will this information help students in their choices of course and higher education institution; it will also enable Australian institutions to

evaluate their own performance. It will also allow Australia to compare its performance in higher education against the United States of America, the United Kingdom and New Zealand.

A new website presenting this and other information will be online later this year with full implementation by August 2015.

The Government is also upholding quality of higher education by ensuring that the body responsible for ensuring quality in the sector – the Tertiary Education Quality and Standards Agency - focuses on its most important activities - protecting students and the quality and reputation of Australian higher education.

TEQSA will ensure the quality of new institutions and courses. Institutions will need to demonstrate their ongoing academic quality and prove that their courses and business processes meet the highest set of standards.

Ensuring Australia is not left behind

The reform package has been designed to ensure Australia's higher education and research system is not left behind.

Five years ago there were no Chinese universities in the top 200 universities in the Academic Ranking of World Universities, today there are five. In the same period only one Australian university has entered the top 200, joining six Australian universities already there.

My aspiration is to not only keep up with our competitors, but to keep ahead of them.

To do this Australian universities and higher education colleges must not stand still. We must give them the freedom and the confidence to be the best they can be. They must engage with the potential of the new and flourish - making the most of new opportunities.

The IRU should celebrate that all its members are ranked in the world's top 100 universities under 50 years old.

Over time and with more autonomy and innovative practice I hope to see IRU universities move into the top of the other international ranking scales.

Freedom for universities

Freedom and autonomy are the hallmarks of this Government's approach to universities.

Under our reforms, universities and higher education colleges will be able to set their own direction. More freedom and less red tape will allow them to be creative and play to their strengths.

In its submission to the Kemp-Norton review, the IRU highlighted the importance of allowing universities and students to define where and how higher education is delivered.

I am pleased to see that universities are getting on with the job and actively thinking about how to seize opportunities the reforms will provide. They

are planning for the future and thinking about the package they will offer, including fees, courses, student support and scholarships.

I believe universities will be very responsible in their setting of fees.

The IRU has identified four examples of the many different ways in which an institution could choose to keep its prices fair and deliver for students and communities.

Under one of these IRU scenarios, a university might charge for all degrees in 2016 at the same rate – with all students, regardless of what they are studying, paying just under \$10,400 each.

A further scenario allows for different prices for different degrees. The majority would pay close to \$8000, and a small number in expensive degrees like law, dentistry, medicine and veterinary science - where the lifetime earnings of graduates are very high - would pay \$13,300.

These are not the stratospheric numbers the opposition are pushing to scare young Australians away from higher education.

Conor King was reported as saying universities could easily spread the increases across all disciplines and limit the cost increases to students.

By thinking about the possibilities, and engaging with the new, the IRU is helping to move the thinking on from the scaremongering.

Research

A further but equally important part of our Budget reforms was our on-going investment in essential research programmes.

World-class research requires high-quality facilities and talented researchers. Yet the previous Government left us with a situation where there was not a single dollar set aside for the National Collaborative Research Infrastructure Strategy beyond 30 June next year.

And there was no provision for any new awards for the Future Fellowships programme that supports mid-career researchers to undertake world-class research in Australia.

We will provide \$150 million in 2015-16 for the continuation of the National Collaborative Research Infrastructure Strategy.

The Government will also fund 100 outstanding mid-career researchers every year through the Future Fellowships Scheme. These researchers will each receive funding for four years to undertake their vital research. The Future Fellowships Scheme is highly competitive and IRU members have received 98 Future Fellowships since the scheme's commencement in 2009.

The previous Government provided nothing in the forward estimates for further rounds of Future Fellows. Under the Government's higher education reform package, the Future Fellowships Scheme will be an ongoing programme and \$139.5 million has been provided for this over the next four years.

This will reduce the risk of 'brain-drain' where our best researchers can leave Australia for jobs overseas. This will contribute to maintaining Australia's long-standing reputation for producing world-class research.

Consultation

The move to the new higher education arrangements is being carefully planned.

My department has been working closely with higher education and research stakeholders on the details of the reforms and the process for implementation.

Consultations have taken place with all vice chancellors, all universities groupings and all non-aligned universities. There have also been meetings with non-university higher education institutions. As I said earlier, the IRU has been actively involved in the consultation process.

The Legislation and Financing Working Group, chaired by Professor Dewar, and the Quality, Deregulation and Information Working Group, chaired by Professor Peter Shergold, are advising on important components of the higher education package.

I am very grateful for the efforts of the working groups and look forward to their recommendations.

Conclusion

As a result of the Government's higher education reforms, universities can play a stronger role than ever before in Australia's economic and social transformation in Australia.

The reforms also provide an opportunity for all universities to flourish, including those represented here today.

Universities that innovate, respond to change, build on their strengths, collaborate with others and - above all - think about how they can provide better opportunities for their students will flourish in the new higher education system.

I urge you to use this forum to, as Connor King has said, *engage with the potential of the new*.