

WHAT POLITICAL WILL IS REQUIRED TO ENABLE HIGHER EDUCATION TO DRIVE AUSTRALIA'S ECONOMIC AND SOCIAL DEVELOPMENT?

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Political Will:

- Financing
- Direct vs Proxy Funding Philosophy
- Regional Development vs Economic Efficiency
- Regulation

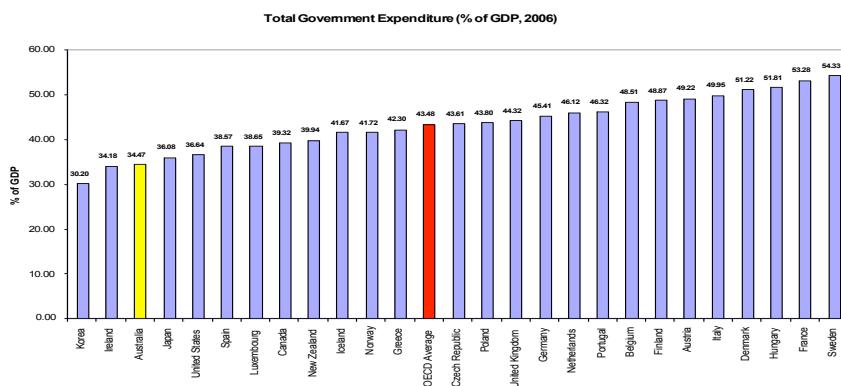
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Financing

- 2 Main ways to fund \$/student
 - Government contributions
 - Student fees
- Philanthropy will not be significant for at least a generation
- Industry may fund specific skill shortage additional places, but not a significant co-contributor to \$/existing place.

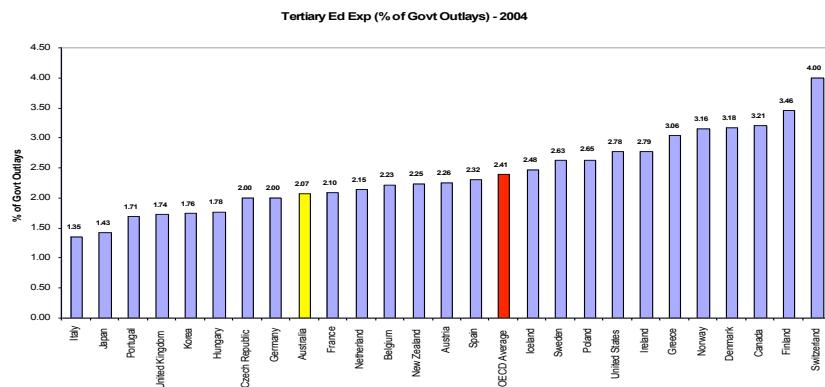
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First political problem: Australia has become a low tax / government investment country



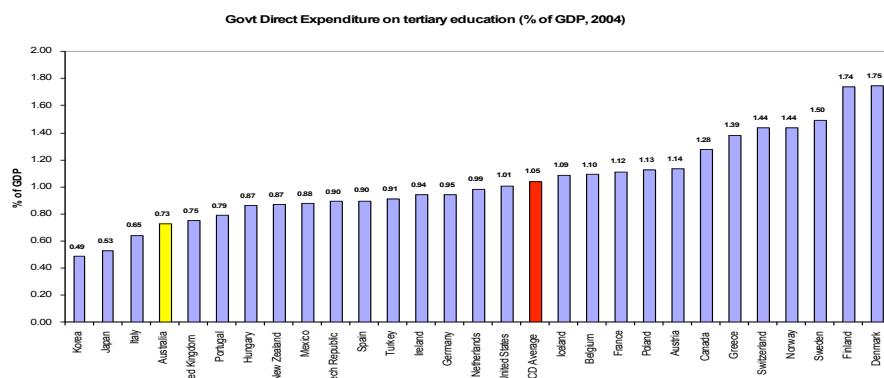
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Second political problem: HE gets a smaller slice of (a smaller) government pie



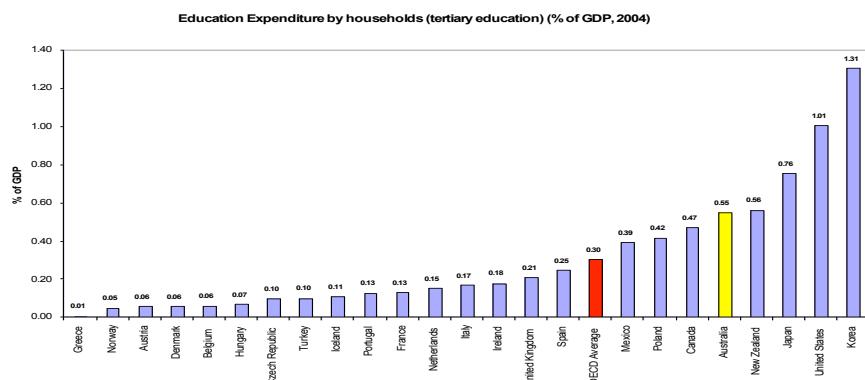
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Producing:



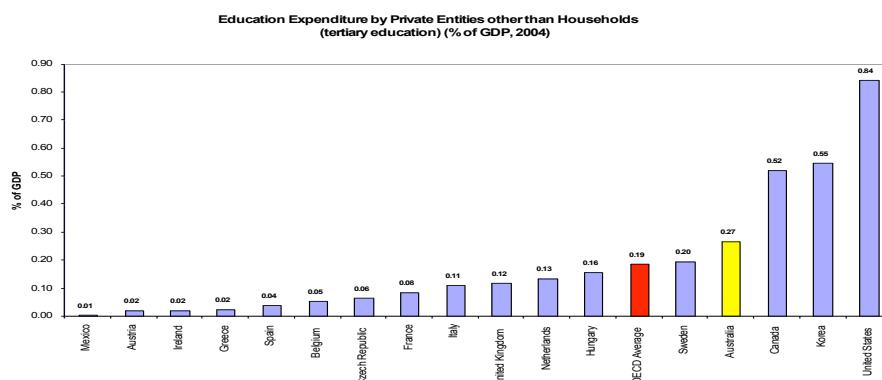
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Only partially compensated for by private contributions: fees



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and Government scholarships and industry contributions



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Why is investment relative to our competitors (OECD) the right indicator for the future?

- Because the single biggest issue confronting the sector over the next decade will be the attraction and retention of quality staff
- Problem will become worse because
 - Explosion in worldwide demand for English language academics
 - Worldwide baby boomer retirements
 - Low production of Australian postgraduate research students
 - High investment by other countries

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One thing to have a shortage of plumbers – we just wait longer for renovations

- Different order of magnitude to have shortage of academic staff
- Pipeline impacts on doctors, nurses, teachers, engineers etc who can't be trained
- The loss of "high value added" graduates will have considerably larger effects on economic and social development

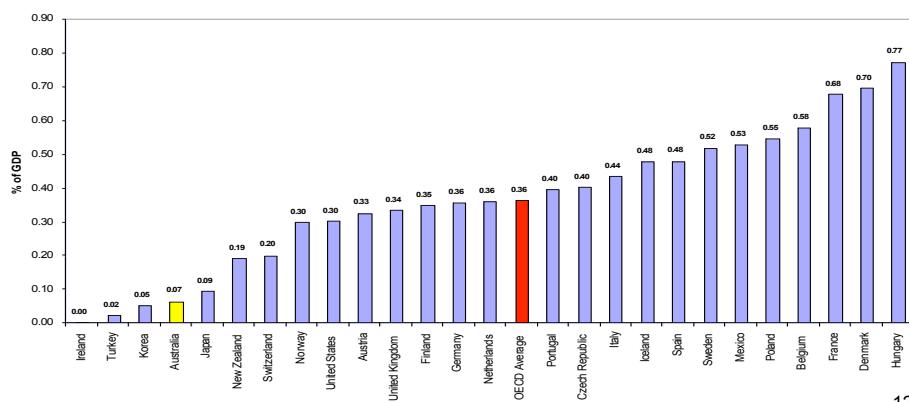
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We under-invest in HE relative to OECD

- So, instead of HE what have been Australia's investment priorities?
- Not the following:

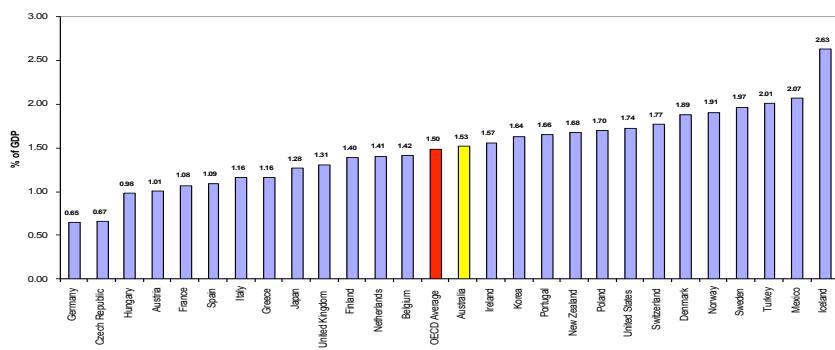
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Govt Direct Expenditure on pre-primary education (% of GDP, 2004)



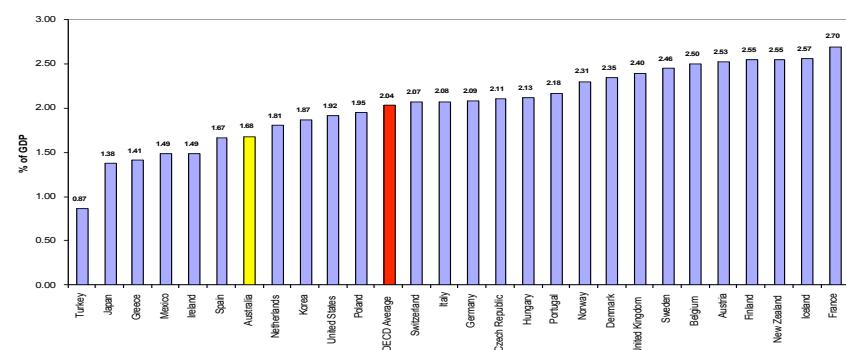
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Govt Direct Expenditure on primary education (% of GDP, 2004)



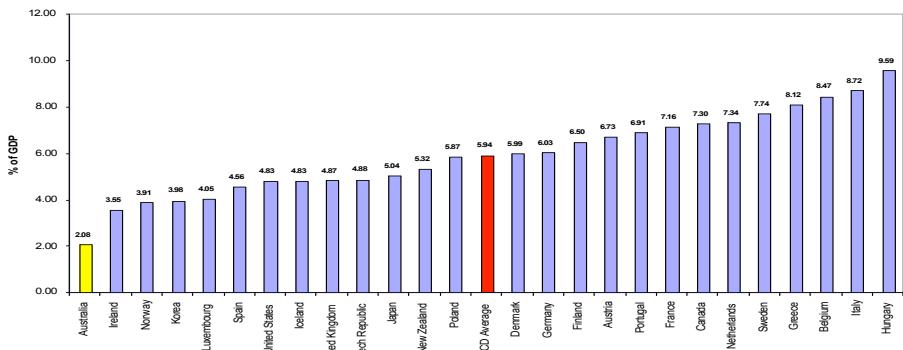
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Govt Direct Expenditure on secondary education (% of GDP, 2004)



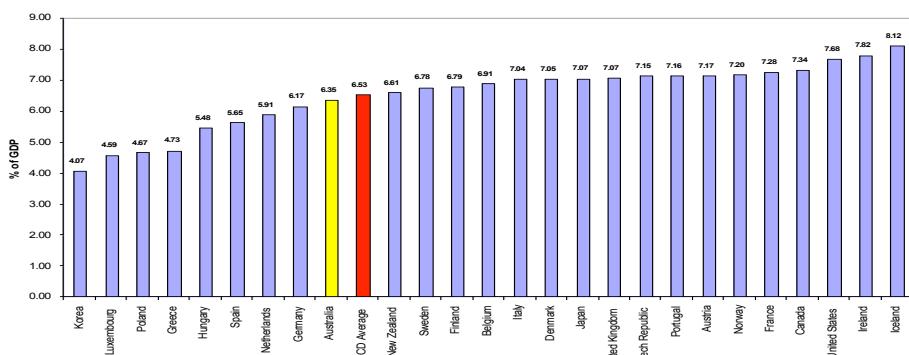
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General public services Exp (% of GDP, 2006)

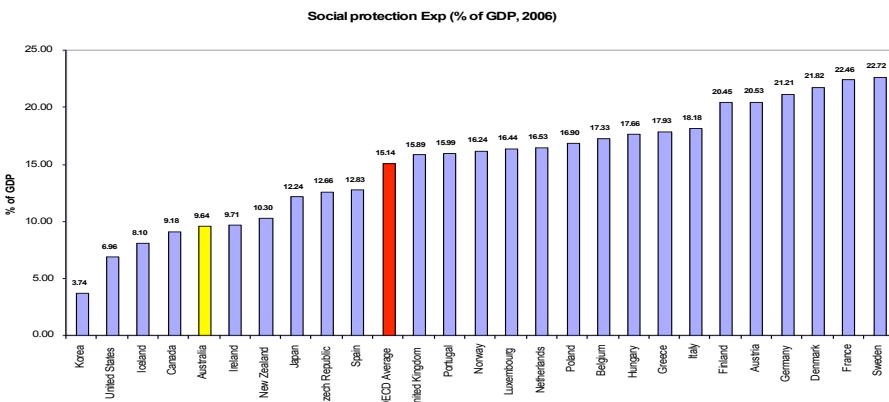


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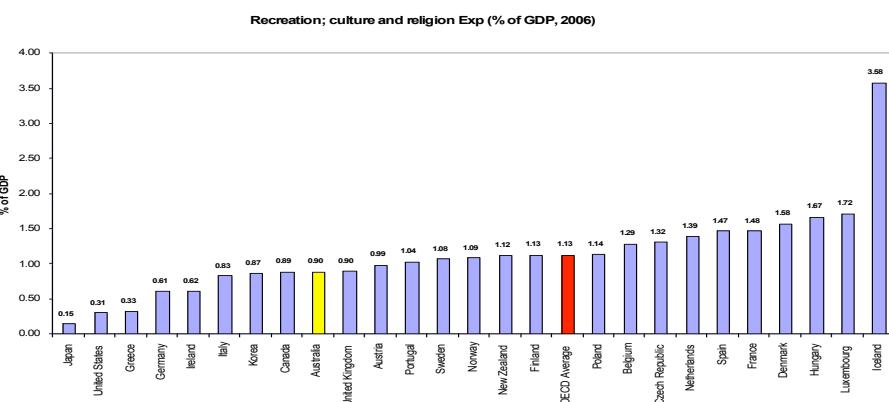
Health Exp (% of GDP, 2006)



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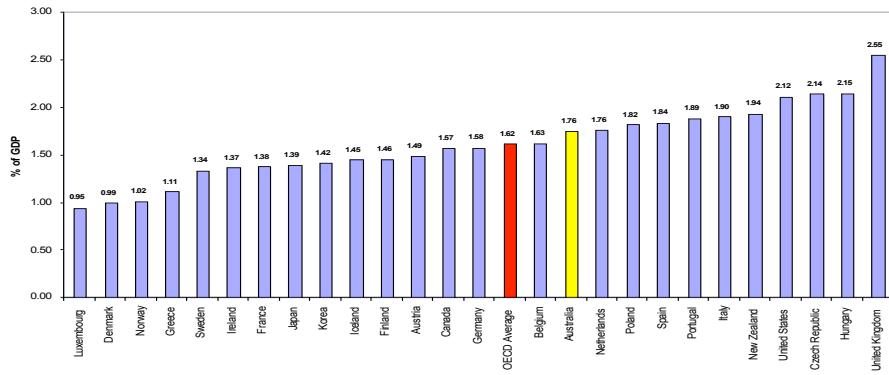
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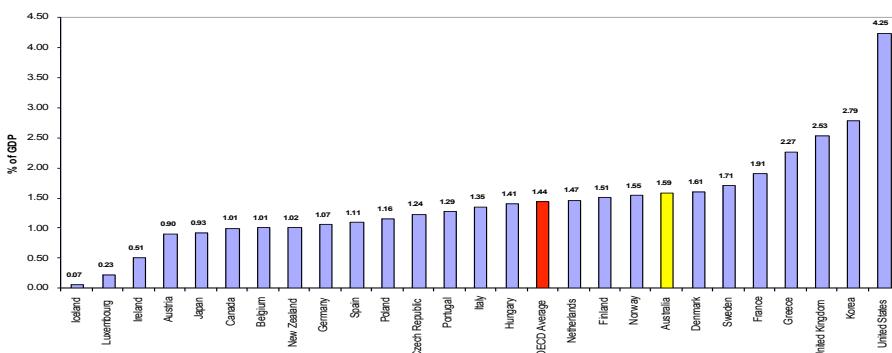
It is:

Public order and safety Exp (% of GDP, 2006)

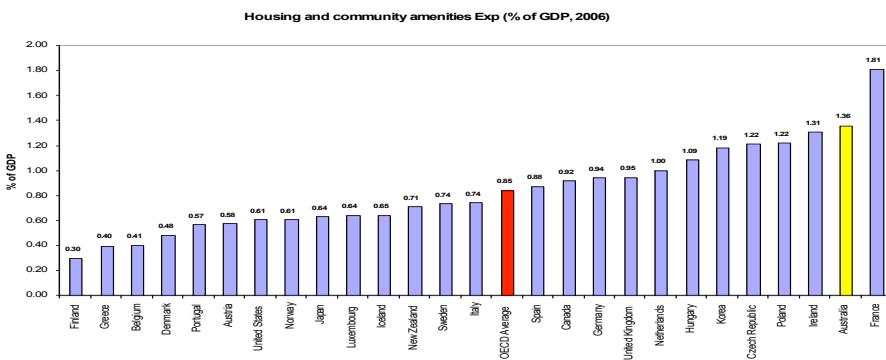


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Defence Exp (% of GDP, 2006)



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How much political will?

A minimum is average OECD (but ideally higher)

Higher Education 0.32%GDP = \$3.5 billion for average OECD

Pre-primary Ed. 0.29%GDP = \$3.1 billion

If from public expenditure, either

1. Increase revenue from existing base
2. Reduce surplus
3. Find new revenue sources
4. Reduce defence and housing/community back to OECD averages (produces \$7.2 billion)

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Direct vs Proxy Funding Philosophy

2 examples

- Regional loading allocations
- Equity Funding

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Regional Loadings: 2.5%-30% arbitrary and based on distance

30%: Tasmania and Charles Darwin

Tasmania: no 25% top-up irrespective of low SES

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Charles Darwin:

Jurisdiction	Number of Universities	EFT Students	FTE Academics	Student : Academic Ratio		
				2006	2005	2004
New South Wales	10	201,563	7,532	26.7	25.7	26.0
Victoria	8	182,106	6,788	26.8	26.2	26.5
Queensland	7	131,289	4,762	27.6	28.0	29.1
South Australia	3	48,756	1,970	24.7	24.5	25.4
Western Australia	5	71,006	2,731	26.0	25.5	25.3
Tasmania	1	13,267	537	24.7	24.3	25.6
Northern Territory	1	3,081	173	17.8	18.6	16.8
Australian Capital Territory	2	18,210	898	20.3	22.1	22.3

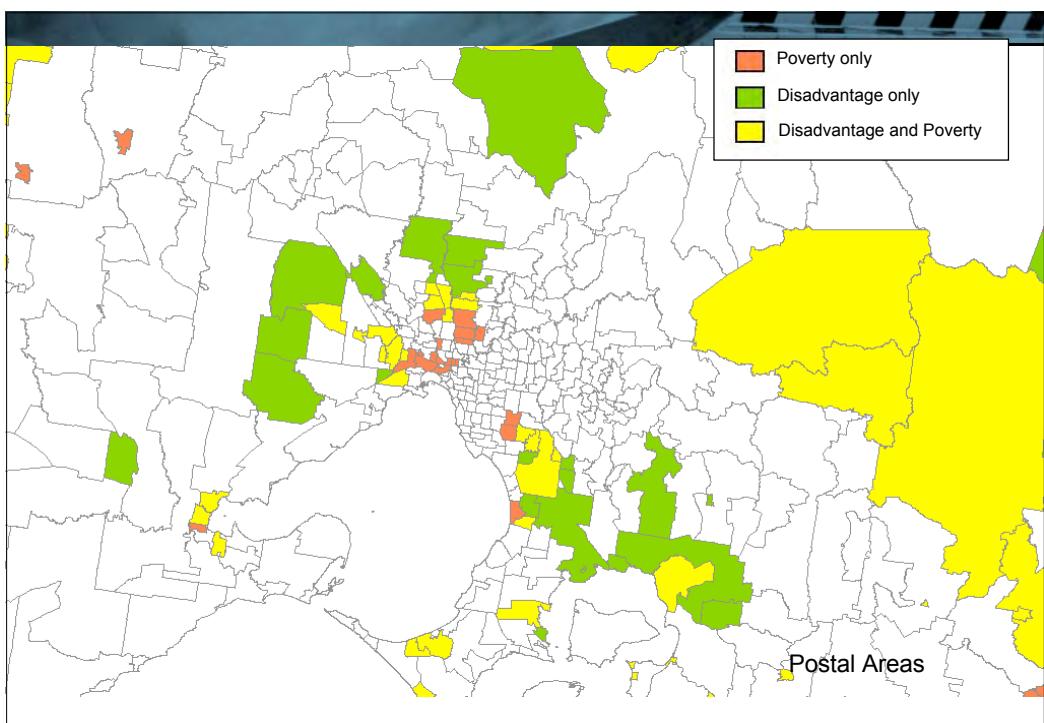
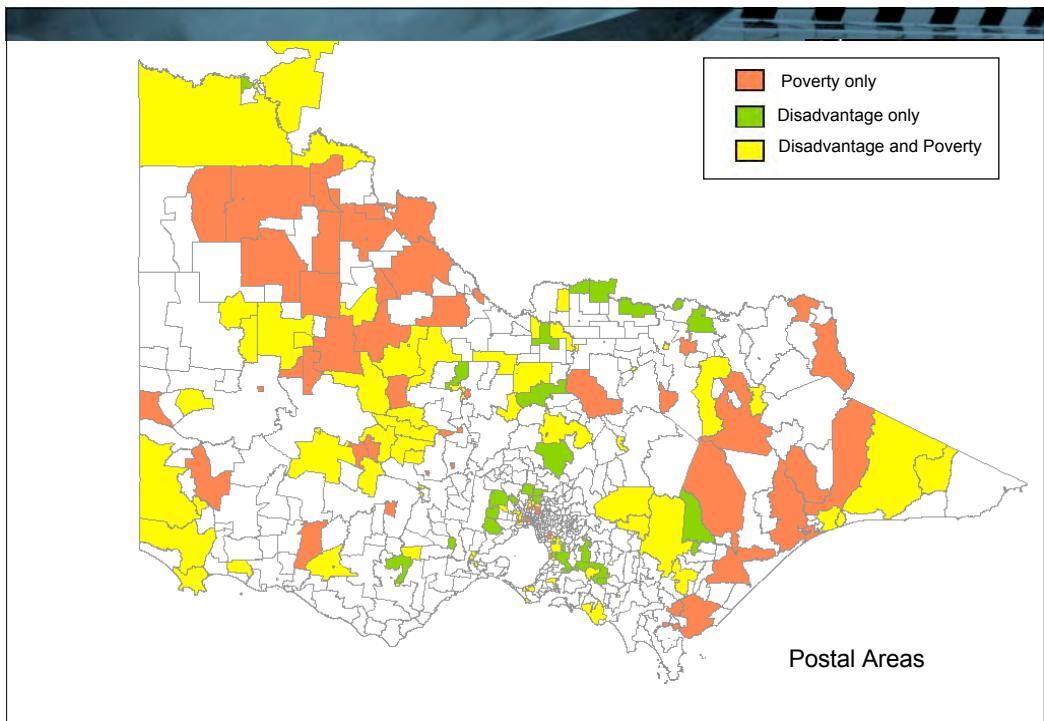
Source: Australian Government Department of Education, Employment and Workplace Relations

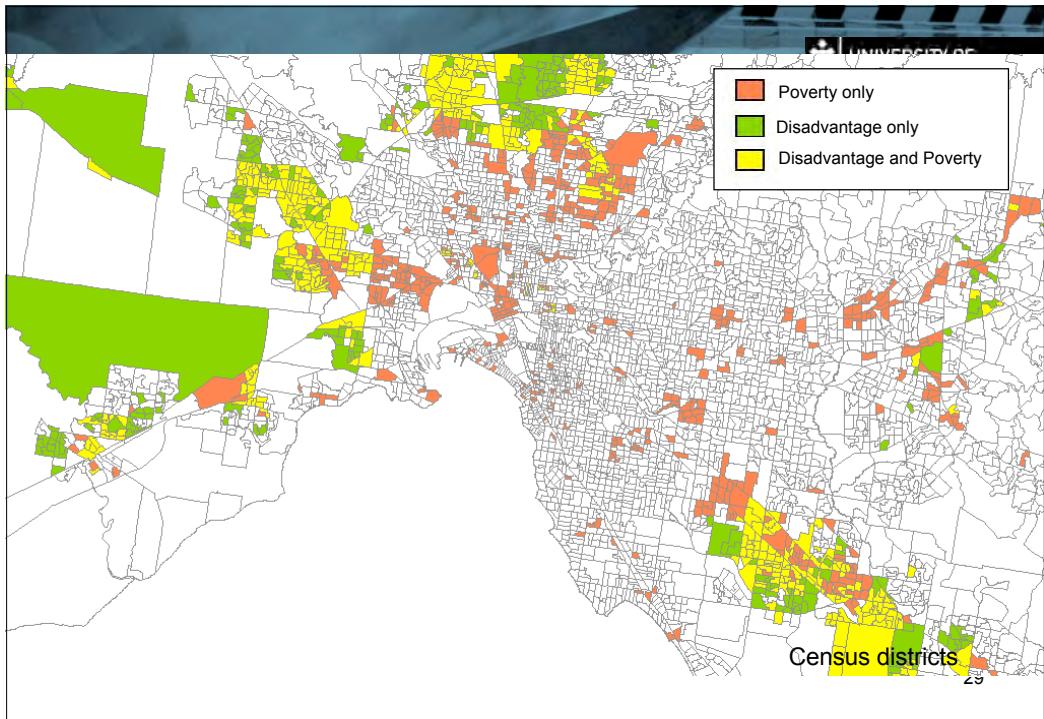
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Equity Funding

- No progress on equity participation
- Confusion between “disadvantage” and “poverty”
- Disadvantage (education and occupation of parents) cannot be solved by HE policy - needs more fundamental intervention at early ages
- Poverty can be addressed as part of HE policy. BUT NOT BY THE CURRENT METHOD
- Current method allocates by proxy, based on lowest 25% of disadvantaged postcodes

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Regional Development

- Australia does not have too many Universities
 - Compares roughly to Canada
 - Twice the average number of students/University as China, Japan
- Australia does have too many campuses –ranging in size from 25 EFTSL to 40,000.
- We cannot fully resource a campus in every town > 4,000 population (current policy)
- Need political will to rationalise campuses and provide access through other means

Regulation

<i>Universities current regulation control:</i>	<i>The same regulation applied to the airline industry would mean control of:</i>
The number of universities	The number of companies
The location of universities' operations (campuses)	The routes of each airline
Courses and cluster loads (by negotiation)	The number of seats on each flight by class of travel
Prices of courses	Price of tickets

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