Dedicated to the memory of Professor Grant Harman, Australia’s greatest scholar of higher education and the long-standing editor of the world journal Higher Education. In his many contributions to the higher education sector, Grant lifted our understanding, and improved the life opportunities of many people in Australia and the wider world. He is much missed.
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Chapter 1
Introduction
Simon Marginson

The Rudd Labor government took office in 2007 amid talk about an “Education Revolution” and the restoration of the public funding of higher education to international respectability. The government goes to the polls in 2013 having imposed a 3.5 per cent “efficiency dividend” on the universities and cut $3.8 billion from the forward estimates for higher education and research. The public funding of higher education as a proportion of GDP has trended downwards to the point where it is now only two thirds of the OECD average. According to the forward estimates in the 2013 budget papers, public funding of higher education falls even further to just 0.54 per cent of GDP by 2016-17.

While Australia is a relatively high private investor, we are now seeing cuts to public funding without increases in private funding. The international student market, which provides almost one university dollar in every five, has been in the doldrums since 2009. Whether international student income rises or falls, gone are the days when international students could be cranked up by 10-15 per cent to fill the gap in public funding. The Opposition implies a worse outcome, as its reading of the fiscal position is likely to result in large-scale spending reductions in many areas, including higher education.

Yet both sides of Australian politics are committed to the standard OECD policy mantras about the need for productivity advance, the importance of higher educational participation, and the economic role of the innovation benefits generated by research. The problem is that when ideas for long-term nation-building run up against the limitations imposed by a low tax-and-spend polity, in the short-term low tax wins every time. And the long-term in Australian politics and policy consists of the sum of all the short-terms. At present, anyway, Australian government seems unable to generate the kind of extended vision that supports the dramatic surge of universities and research science in East Asia.

In this setting, change and reform happen only in areas with low fiscal implications. New policies might transform regulation and governance. For example, the establishment of the Tertiary Education Qualifications and Standards Authority (TEQSA) which is seeking to do something new: define and manage academic standards in Australian higher education. Or they may generate self-managed efforts on a large scale, such as the Excellence in Research in Australia (ERA) initiative, which drives institutions to lift research quality. The single exception is the demand-driven system of university funding. There, Labor committed in 2009 to expansion and social equalisation of tertiary participation, funding growth on an open-ended basis from 2012 onwards. This was consistent with the long-term Labor commitment to more equal opportunity, a commitment which in the past—notably the policies of the 1972-1975 Whitlam government—has paid political dividends by attaching newly participating students and their families to the Labor cause. Under the demand-driven system the Commonwealth Treasury finances any qualified student who enrolls in higher education. But in the context of deficit reduction strategies this policy is looking increasingly vulnerable. It may not reach 2015. And the demand-driven system has increased the tensions between quality and quantity. In the context of declining government funding as a share of national wealth, enrolment growth tends to reduce funding per student as long as student contributions remain constant. All this suggests that if quality is to be protected and improved then the demand-driven system must go and/or student contributions must rise. It is also underlines the point that the definition and regulation of quality have become primary issues. Enter TEQSA.

We do not know what Australia’s higher education policy will be after the election is over. It is almost certain that the nation will have a Coalition government, but the Coalition has been light on detail. The old idea that elections regulate a process of policy compact and electoral accountability seems to have died, replaced by the competitive wisdom that it is a good idea to make yourself into the smallest target possible. This means not talking about real policy until after the election and staying at the safe level of mantras and truisms that are all things to all people. Given the focus on personalities that now
dominates our political system, it is possible to get away with the small target strategy in any policy area not of front rank importance. Higher education and research have their moments—science in particular can be politically sexy—but they are not of front rank political importance in Australia at present, though they could become so.

For its part, Labor sees little point in running for office on the basis of the knowledge economy. That was useful in 2007 but as Labor sees it, it is less likely to add value now. Labor figures that it retains the reputation of the better party for education, even though it has unwound much of its own 2009-2011 program in higher education.

The one positive element in the political system is the Chief Scientist, Professor Ian Chubb, who is working hard to put science and technology policy on the political agenda.

When the political parties will not talk about the substance of higher education and research, we depend on civil society, the media, the public in all its forms, and the institutions of higher education and research themselves, to define and advance the issues. There are many outlets where such discussion can occur, including in the pages of The Australian and the Australian Financial Review, on ABC radio, in the blogosphere, via the learned academies, and via The Conversation which feeds material everywhere else. This book is designed to stimulate and contribute to such a process of discussion. It has been prepared by academic staff associated with Australia’s principal research centre focused on higher education: the Centre for the Study of Higher Education (CSHE) at the University of Melbourne. Some chapters in the book were contributed by scholars associated with the CSHE’s sister unit, working in the same building as CSHE: the LH Martin Institute for Leadership and Management. Two chapters were provided by the Australian Council for Educational Research, which also conducts a higher education research program of note.

The chapters focus on most of the main policy issues facing tertiary education in Australia in the last five years and in the three years to come. The chapters are research-based but prepared in a reader-friendly style to enhance discussion. They do not form a unified whole: there is no party line and some authors differ from others. The value of these chapters lies in their expertise. The authors are at the cutting edge of the issues they discuss. We hope that by treating the issues seriously here, other voices (lay and expert) will be encouraged and knowledge will advance, enabling better policies. Discussion alone does not achieve good government, but it provides better conditions for that objective.

The chapters

Chapter 2 by Conor King and Richard James focuses on participation, equity and the demand-driven system. Chapter 3 by Alexandra Radloff and Hamish Coates takes up the related issue of how to enhance student engagement. Unless students are engaged and learning, tertiary participation has little value except to reduce unemployment numbers.

From quantity we move to quality. Chapters 4-6 take up issues of standards and performance measurement. In Chapter 4, Hamish Coates provides an overview of the issues inherent in assessing outcomes and performance; in Chapter 5, Scott Thompson-Whiteside goes back to first principles on the nature and role of standards. In Chapter 6, Vin Massaro examines the politics and tensions inherent in TEQSA as a primary regulatory body.

Chapters 7-8 are focused on the policy problem of funding. Can we create a stable consensual mechanism for regulating public funding and student contributions and managing the balance between them? It seems to be very difficult to do this. Simon Marginson (Chapter 7) looks at the efforts of the government’s own Base Funding Review. In Chapter 8, Geoff Sharrock compares the costs to students under the contrasting systems of the Base Funding Review and Andrew Norton at the Grattan Institute.

In Chapter 9, Nigel Palmer canvasses the issues involved in lifting the quality of research training in Australia. In a salutary chapter 10 Emmaline Bexley summarises the findings of research on the work of academics and their thoughts about academic careers. Leesa Wheelahan (Chapter 11) provides a
critique of the deskilling of teaching in Vocational Education and Training (VET) and proposes a strategy for fundamentally lifting quality.

Last but not least, the final group of chapters situate Australian higher education and research in a larger international context and discuss the many ways in which global higher education has come to shape the inner life of Australian institutions. Dennis Murray (Chapter 12) provides a focused overview of the trials and tribulations of the international education industry that is so crucial to the health of both Australian higher education and Australia’s international trade. Sophie Arkoudis (Chapter 13) discusses the problem of English language standards and suggests that the problem and the solution involve more than just international students. Chi Baik (Chapter 14) looks at strategies for deepening the cultural encounter between domestic and international students. Simon Marginson (Chapter 15) situates Australian higher education in the context of global rankings while providing an account and a critique of the rankings themselves. Australia punches above its weight in both rankings and the research science which is the main factor determining rankings, but if the under-investment continues our long-term position will decline.

Not every issue in higher education is contained in this book—planned chapters on research, and institutional diversity, did not happen—but we trust that all will agree that there is much of substance in these pages. The Australian higher education sector depends on a high level of reflexive discussion to move forward in a challenging national setting, in a flat policy atmosphere, and in a competitive global environment. We trust this book will deepen that reflexivity. We invite comments and suggestions from readers in response to the themes of these chapters.

Sincere thanks to all the chapter authors for their fine contributions and to Michelle van Kampen for her wonderful work on the production of the book.

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29 June 2013
Chapter 2
Creating a demand-driven system

Conor King and Richard James

Abstract

This chapter analyses the effects of federal policy for growing participation and attainment in higher education. Following the recommendations of the 2008 Review of Australian Higher Education and with the goal of building towards "universal" higher education attainment, the Australian Government deregulated from the beginning of 2012 the number of undergraduate places available within each institution. This is a radical change within a university system hitherto highly government-regulated on both volume of places and the cost of tuition fees.

Introduction

The year 2012 was a landmark in Australian higher education with the commencement of a dramatically new approach to the allocation of undergraduate university places. A new national funding policy removed the cap on the number of university places made available within each university, which previously had been determined through annual negotiation between each institution and the federal government. From 2012 onwards, Australian universities have been able to enrol as many students as they wish—based on their own determination of student eligibility or readiness for particular fields of study. Each enrollee generates the same level of government and student resourcing for his or her university, except that funding varies on the basis of the fields of study in which they enrol. In essence, Australia has moved from a policy environment with both tight volume and price regulation to one in which volume is uncapped within a framework of fixed pricing.

The new national policy settings are designed to create what is described as a demand-driven system—a higher education system shaped by patterns of student demand and by the responsiveness of institutions to these. The intention is to expand higher education participation through the mechanism of universities responding to market opportunities in which quality and relevance, not price, are the driving factors.

The Australian demand-driven system is a major policy experiment with potentially far-reaching ramifications for the character of the system overall, for conceptions of the purposes of higher education and for the relationship between universities and communities. The uncapping of the volume of university places is one of the pivotal outcomes of the recommendations of the 2008 Review of Australian Higher Education, known colloquially as the Bradley Review. The review report provided a blueprint for major reform of the higher education sector to push up the proportion of Australians holding bachelors level qualifications, improve equity of access, diversify providers, improve student finance arrangements and strengthen quality assurance and the regulation of standards. In effect, the Bradley Review report called for a major national push towards a universal participation higher education system (using Trow’s 1973 formulation of phases of system development based on participation rates) and offered a model for the policy settings needed to achieve this outcome.

This chapter analyses the early effects of these higher education reforms by mapping the supply-side and demand-side reactions to the new policy settings, using data available in early 2013. Key issues for policy analysis include the initial evidence for impact on student numbers and the nature of the

1 A version of this paper, prepared for an international audience, is forthcoming in Higher Education Management and Policy.
2 DEEWR, 2008.
patterns of growth; the effects on equity and the mix of students enrolled, both overall and between institutions; the impact of increasing enrolments on government fiscal constraints and the pressure on student charges; ensuring learning outcomes for all students and high level outcomes for the most capable; and the role of universities and the place of other higher education providers in an increasingly diverse system.

The new policy is broadly achieving what was sought from it. Reactions on both the supply-side and demand-side have been strong. One might say, “so far so good”. But the aggregate national patterns mask differences by location and type of institution; and there are significant effects to be monitored, in relation to the uptake of places by field of study, and the new patterns of enrolment by people from under-represented social groups such as those from lower socioeconomic status (SES) backgrounds and those living in rural and regional areas.

The effectiveness of the new policy settings rely on student choices dictating the flow, on the responsive of institutions to the possibilities opened up by deregulation and on the overall volume of government funding. There are concerns about the impact these policy changes might have on institutions, especially those that choose to expand rapidly, while there is a “free-market” argument that perhaps the new policy settings do not go far enough and that volume deregulation without price deregulation is only a “half measure”. Few analyses to date have considered the implications and opportunities for students.

### The context for policy reform

When the Review of Australian Higher Education commenced in 2007 the review panel faced a number of challenges. There was concern about the stalling or faltering rates of domestic participation, a somewhat chaotic system of tuition fees and student support arrangements underpinned by income contingent loans, a failure to achieve diversity in higher education providers and programs, little improvement in equity of access, over-reliance on international student fee revenue, and concerns about standards, especially in international education.

Change was needed. Despite a relatively small population, Australia had developed an international reputation for providing a high quality, innovative and highly internationalised university system. The Bradley Review reforms were designed to prepare Australian higher education for a new national and international context. Unlike the national higher education reviews conducted over the previous decade, the recommendations of the Bradley Review panel largely gained traction with the government and with the higher education community and this led to their adoption, in the main part, with implementation taking full effect from 2012.

The evolution of Australian higher education post World War II has been marked by three major periods of reform and expansion. The first phase, in the decade following World War II, was characterised by the establishment and building of new universities. The second phase, during the 1960s and 1980s, saw steady growth under the binary system of universities and degree-granting colleges of advanced education, and the abolition of university fees in the early 1970s. Phase three commenced in the late 1980s, when the reforms led by the then Minister John Dawkins ushered in massification by the removal of the binary divide and the introduction of the innovative Higher Education Contribution Scheme (HECS), which is an income-contingent deferred tuition payment scheme, administered through the income taxation system, designed to fund growth in participation without creating negative effects on access for financially disadvantaged people.

Twenty-five years on from the Dawkins reforms, which largely shaped the character of Australian higher education as it is today, the 2008 Review of Australian Higher Education has heralded another major growth phase. However, this phase is decidedly different in character to previous transitions. It is not based on investment in infrastructure, nor in systemic restructure, nor in a radically new way of

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4 James et al., 2007.
5 CSHE, 2008; James, 2009; James, 2012a.
6 DEEWR, 2009.
financing. Rather, the Bradley reforms place faith in the university system’s capacity to expand through a funding mechanism that encourages institutions to compete for students within a common resourcing allocation model, a competition based on students’ perceptions of the value of particular courses and universities.

The Bradley Review reforms

The Bradley Review proposed an architecture for growth in undergraduate education as a major step towards creating a more responsive tertiary sector. The central elements include:

- An explicit national target for raising participation rates and attainment rates;
- An explicit national target for improving equity, framed around low socio-economic status (SES) participation;
- Improved student finance arrangements;
- The uncapping of volume of places to drive up provision of places and increase diversity;
- A new regulatory paradigm, with explicit attention to standards and to tighter regulation, preparing for the inevitable anxiety about standards as participation rates grow and providers diversify; and
- Additional base funding for university places, some based on university performance against outcome measures.

The two key national targets were and are 40 per cent of 25-34 years olds to hold at least a bachelor’s degree by 2025 (from a base in 2008 of around 29-30 per cent); and 20 per cent of higher education places for people from lower SES backgrounds by 2020, i.e. from the bottom quartile of the population in terms of SES indicators (from a base share that had long hovered in the 14-15 per cent range).

The uncapping of undergraduate places is the central policy tool for achieving these outcomes, though other policy devices play a role too, including a federal program of funding support for equity (the Higher Education Participation and Partnerships Program, HEPPP) and annual mission-based compacts between each university and the federal department that establish targets and indicators tailored to institutional contexts as well as national priorities.

The government only approved a portion of the additional funding per place that was recommended by the Bradley Review and has since reduced the funds to be allocated based on performance measures. This opens up the question of whether the policy changes can be effective within current per place funding levels.

The effects of the new Bradley-driven policy settings were in some ways difficult to predict. First, the label “demand-driven” probably exaggerates the reality and the policy settings might better be described as a partially demand-driven system: there are limited policy mechanisms for compelling individual institutions to expand their enrolments, and student demand may not align with employer demand. Strategic supplier decisions remain pivotal to future patterns of student enrolment and will influence the overall patterns of growth, the fields of study that grow or shrink, and conceptions of student eligibility and ineligibility.

Further, geographic and cultural factors (and accommodation shortages) may limit the creation of a vigorous demand-driven market. Australia is a large continent with a dispersed population and university students have shown little interest in interstate mobility for the purposes of higher education participation. The market in higher education and the competition for students is thus played out in a localised context, usually in the major capital cities and often only between a handful of universities.

There is also the perspective that the new policy settings lack coherence because they do not permit potential students to consider price in deciding potential institutions and courses. The present demand-driven system offers very limited capacity for price signalling and no capacity to test the willingness of
some market segments to pay more for a higher education course and others to prefer to pay less, possibly for what might be perceived as a course of moderate quality.

The early effects of uncapping places

The essence of the post-Bradley changes is to combine a funding system that encourages universities to expand, enrolling significantly more students; while also drawing in part on people who previously were less likely to consider higher education, or to be considered prepared or eligible for higher education, subject to a comprehensive national standards and quality regulatory system intended to ensure that graduates meet minimum standards of achievement. In addition, the government has created the My University website, launched in March 2011, which is intended to make available greater information about providers, their courses and student outcomes, so as to improve the basis on which potential students choose the institution with which to enrol.

This section of the chapter considers the initial response to the opening up of funded places. The section to follow examines the implications for the quality of outcomes.

Table 1. The estimated growth in government-funded undergraduate places from 2009 to 2012

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual undergraduate funded places</td>
<td>439,468</td>
<td>464,524</td>
<td>482,371</td>
<td>506,004</td>
</tr>
<tr>
<td>2009 target undergraduate funded places</td>
<td>417,912</td>
<td>417,912</td>
<td>417,912</td>
<td>417,912</td>
</tr>
<tr>
<td>Growth against 2009 target (%)</td>
<td>5</td>
<td>11</td>
<td>15</td>
<td>21</td>
</tr>
<tr>
<td>Percentage growth compared to 2009 (%)</td>
<td>6</td>
<td>10</td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>

Source: Australian Government 2011 and 2012.

Table 1 illustrates the growth of government-subsidised undergraduate places over the past four years. The rate of growth has been remarkably high. Overall, universities responded to the intent to remove the caps through significant growth in provision in advance of policy implementation, encouraged by the initial decision to fund institutions up to 110 per cent of their government grant and to retain student contributions for all enrolled students. In 2009, universities enrolled an additional 5 per cent of places, largely in advance of the government’s response to the Bradley recommendations but knowing the timeline proposed for their future implementation. In 2010 to 2012 the increases continued, so that by 2012 the number of funded places was 21 per cent over the 2009 target under the previous policy regime. This pattern contrasts with the generally modest growth over the early years of the decade.

University estimates made in mid 2011 for 2012 enrolments showed an intent to enrol to 129 per cent of the 2009 target but the actual growth is somewhat less than the estimate, 121 per cent. That not all universities were able to meet hoped for numbers indicates that the willingness of universities to expand exceeds the available pool of applicants who are judged eligible or sufficiently well-prepared for higher education. It may also be the case, as in the past, that some students were unwilling to take up places that were made available in particular universities or fields of study. Major questions go to where the growth has taken place and whether there has been a decline in any type of institution, group of students or areas of study. All but one university had more funded places in 2012 than in 2009, with an average institutional growth of 17 per cent. Growth tends to be lower, at 11 per cent, in the universities whose main base is within the inner capital cities. These are primarily the older research-focused universities and the universities of technology. Indeed some older, research-
focused universities have stated plans to contain or reduce undergraduate places, though these appear yet to be realised. The financial drivers for growth have in effect prevented those universities from achieving their formal aims. Growth is also negatively associated with the size of universities: smaller universities have taken the opportunity to grow towards a size that is considered more sustainable in the Australian context.

A regular concern raised with demand-driven funding is that it may cause some universities to fail financially if there are significant patterns of student choice for some universities over others, with particular concerns being expressed for universities based in rural areas and those in outer metropolitan areas. The presumption has been that students will choose where possible the universities based in the inner cities. These arguments rarely address the question of why a university should be kept operational if few students choose it over other options. However, the data so far suggests that this situation appears unlikely to eventuate. Growth has been higher within what might appear the more vulnerable universities than those to which the students were considered most likely to flow.

A geographical factor of significance in Australia is variation between states. Bachelor degree attainment is notably higher in Victoria, New South Wales (NSW) and the Australian Capital Territory (ACT) and lower elsewhere including in the population growth states of Western Australia (WA) and Queensland.\(^8\) The allocation of places under the previous arrangements tended to reflect this with proportionately more places available in Victoria and NSW than in the other states. Efforts to address this after 2000 saw the allocation of additional places to Queensland and WA, but with mixed results. Universities in WA have all struggled to grow, and initially the Queensland allocations proved difficult to fill. The lifting of the caps has led to fairly similar growth by state, without a closing of the gaps between states. Growth from 2009 to 2012 is slightly lower in Queensland, WA and South Australia (SA) at 12 per cent than in Victoria and NSW-ACT at 13 per cent.

There are early signs of competition among institutions for the existing student market. This occurs primarily where there are multiple universities within a major city as in Melbourne, Sydney and Brisbane. Where the market-leader university expands there is some flow on effect to other universities. In the Melbourne market the 2012 round appears to have supported a major expansion by the universities situated at the upper middle of the market. These universities have largely retained students with high entry qualifications and expanded their intake of those with medium level qualifications. There is some evidence that universities rated at lower status levels have struggled to achieve their preferred enrolment. They appear likely to have more students than in 2008. It is their capacity to keep growing that is in doubt. If the pool of potential students does not continue to grow there could be more direct competition for the same pool, which could then lead to pressure on some universities.

There may also be a relationship between domestic student growth and the downturn in the growth of international students in Australian universities since 2009. The lack of growth in international students is likely to have increased the capability of Australian universities to expand places for domestic students; and in the case of some universities, may have pushed them into expanding Australian student numbers more vigorously than they might otherwise have done.

### Low SES enrolment

Moving away from the institutional perspective, it is important to consider changes in the demographic patterns of student enrolment. University expansion has been supported by a major leap in total applications for university in 2010, 2011 and 2012, the first such increase since the mid 1990s. It seems likely that demand was driven up by the knowledge that universities were able to provide places, and the effects of university marketing campaigns.

The modal group of enrolling students is school leavers, but it is important to note that these students make up only around one half of all new enrolments in Australian higher education. A decile analysis\(^9\)

\(^8\) ABS, 2001.
\(^9\) Group of Eight, 2012.
of the applicants and entrants to university who have an Australian Tertiary Admission Rank (ATAR\textsuperscript{10}) shows that there has been growth in two notable ATAR bands.

First, among those with the higher ATAR rankings, 70 or more, a higher proportion are now seeking university entry. This accounts for about a quarter of the growth. It is important to recognise this growth. It shows that expansion is not simply a question of those less academically able entering higher education. It also indicates that not all high achievers from school wish to pursue higher education; while at the same time, it is more and more likely that higher achievers will wish to do so.

Second, there are more applications and offers for university places among people with mid level (40 to 70) ATARs. The implications for the assurance of appropriate educational achievement outcomes are considered in the next section. The point here is that the Bradley-instigated growth is making university entry the norm for the top half of school leavers and a likely proposition for most of those completing senior secondary schooling. ATARs of 30 or lower are primarily notionally allocated to those in the age cohort who do not stay to the end of secondary school.

The Australian system measures the balance of social groups accessing universities via quartile analysis. As noted, the share of university places held by the lowest quartile, defined as people of lower SES, is a key marker of the equity performance of institutions and the system overall. Quartiles are defined historically by a geographical measure—home location, based on postcode prior to entering university—though recently these data have been supplemented by additional information on students’ access to government income support. The indicator is thus not precise to the individual. As noted, the share of enrolments from the lowest quartile has sat at around 15 per cent for many years, against a national reference point of 25 per cent for the proportion of low SES people in the nation as a whole.

The government has set a national target of achieving a 20 per cent share of places for low SES people by 2020, and provided institutions with a per head funding loading to create an incentive to improve social balance. The question for policy in the present period is whether against the overall growth in places, access for the lowest quartile will increase faster than for other quartiles.

There is clear evidence of university efforts to recruit more students from the lower quartiles in response to the additional funding. The loading has made social balance a factor of interest to the academic units of the universities, not just to the central equity units. The loading has also provided an additional source of funds for programs that assist students in making the transition to higher education, in particular to address gaps in learning skills from school and other previous education experiences.

The early evidence suggests a slight improvement in access, from 16.1 per cent of undergraduate students in 2008 to 16.8 per cent in 2011.\textsuperscript{11} However, small upward movements have occurred before. Longer-term improvement is required, before there can be any confidence in a genuine and major shift in access. The increase is modest and needs to continue and at a greater pace for the government target to be met. Further, we know very little at this stage about patterns of student retention, and about patterns of student movement between universities during first and second year of courses.

The intent of the demand-driven system is that Australians should be encouraged to pursue the degree area they identify as most useful for them. Student choice is thus given the primacy in the judgement about what skill sets will be needed in the future. One concern with the policy is that students may not choose wisely and skill gaps will emerge in the future. Analysis of this issue should be set against the nature of the previous arrangements where student choice of discipline already strongly influenced the balance of places universities made available. While universities could not meet all previous demand they could be financially penalised for not enrolling to expected levels; hence, attracting students was an important institutional goal prior to Bradley.

The previous funding arrangements also permitted a degree of enrolment beyond the targets, with universities able to retain the student charge for the additional students. This created some incentive for flexibility to meet demand, where it existed, for lower cost courses for which the student

\textsuperscript{10} The Australian Tertiary Admission Rank is the standard national measure of relative capability or readiness for higher education based on school achievement. All students in a school leaver cohort receive an ATAR, regardless of whether they have completed the senior school certificate, which places them from 0.05 (lowest rank) to 99.95 (highest rank).

\textsuperscript{11} DEEWR, 2011.
contribution represented a significant part of the standard funding or for which the cost at the margin for additional students was low. Universities had much less capacity to respond to any increase in demand in science and other mid to high cost disciplines.

The distribution of the additional student places as universities move to the new arrangements shows expansion across the full range of disciplines. This is particularly noticeable for science, engineering and related disciplines where there have been regular concerns in the past that Australia is producing too few graduates. The upturn shows that there is both interest from potential students and financial capacity from the universities for growth.

For government there has been concern that the expansion has come faster than predicted, causing additional expenditure in the early years, at a time when economic circumstances have made additional expenditure harder to sustain. However, by 2012 the pace of growth has eased slightly.

**The demand-driven system and quality**

The previous section has demonstrated that student demand and the supply of places have worked well together, to date, to permit a general expansion of the Australian higher education system that has been of advantage to most institutions and to different groups of students. It looks to be producing a wide range of graduates by discipline. The government’s expansion target certainly looks achievable, though the social balance target is much less guaranteed.

A major concern is whether the universities can deliver education at the standard required in a context of rapid expansion and lower levels of student preparedness. This concern has two specific subthemes: whether the broader range of students is capable of learning that justifies the conferment of a bachelor degree; and whether universities can achieve that outcome for all students within the financial resources available to them.

The formal mechanism for ensuring standards is the new national agency, the Tertiary Education Quality and Standards Agency, TEQSA, which has the prime responsibility for the external monitoring and cyclical assessment of all higher education providers. To guide the assessment of providers there are national standards that cover areas such as the operation of the organisation, aspects of teaching and learning, expectations for research in universities, and the determining characteristics of the qualifications which may be conferred.

Initially it was proposed that the Higher Education Standards Framework be comprised of five domains: provider standards, qualification standards, teaching and learning standards, research standards and information standards. Presently, the first two domains form the threshold requirements for whether or not a higher education provider can operate. The other domains are as yet unwritten. The Higher Education Standards Panel is currently reviewing the threshold standards and the overall structure of the standards framework.

How the national standards might influence the student market, if at all, is unclear. Should there be mechanisms in future for acknowledging standards above threshold, this might enable institutions to demonstrate high levels of achievement and provide additional data-based ways of attracting future students. However, there is presently little evidence as to whether such information would influence choice of institution, either as an explicit factor applicants consider or as part of the general sense of the value and reputation of the institution.

The hard edge of the debate is whether most people are capable of higher education. Those who support the general expansion of higher education, along with other forms of post-secondary education and training, argue that it is the nature of employment and economic developments that drive the levels of education attained across particular societies. On this argument many world economies are reaching a point where a post-secondary qualification is needed for an effective working life. Within that, a high proportion will require higher education. The evidence in Australia is that employment continues to be higher amongst those with degrees, with unemployment most notable for those who have not completed secondary education, particularly women.
Australian universities have shown that people from many educational backgrounds can gain from university education, achieving learning outcomes that match or exceed those required for a degree. The expansion in places now underway pushes the balance of students more towards those with greater educational support requirements. The challenge is to provide the support required by students to ensure that all students, of all ability levels, have the opportunity to develop to their potential.

The new funding system is likely to be generating greater differences between universities in how they meet the needs of their students. Some argue that there should be much more diversity across universities, whether in the degrees they provide or in their approaches to pedagogy. Diversity could also extend to greater use of non-university providers that currently are not eligible for direct public support. There has long been diversity in provision, although this is sometimes underestimated. The impact of demand-driven funding could be to encourage universities to articulate their differences as a basis for attracting students. However, the countervailing force is that for many potential students reasonable local access is important. This is likely to mean that similar degrees will continue to be provided by most universities but with some variation and distinction in delivery.

The debate is more relevant in the major cities where there can realistically be some delineating of approach. In the provincial cities and rural areas, universities have the challenge of providing a sufficiently broad array of courses to give all Australians a reasonable local option, while leaving open the possibilities of moving or using distance-based learning.

The unresolved debate is the level of investment required to allow the universities to deliver in these various ways while creating genuinely new and viable business and educational models. The Bradley Review recommended a ten per cent increase in government funding per place and a further analysis of resourcing needs. The government has provided about 3.5 per cent for enrolment of low SES students and performance against targets for enrolments of students from under-represented groups. So far, these are the only ways in which government has increased funding per student. The funds tend to provide relatively greater support to the institutions attracting students who are new to higher education, thus supporting the expansionary objective. The subsequent Review of Base Funding has argued that the funding gap is closer to twenty per cent across the combined government and student resource.

There is little realistic chance of government funding increasing to such a degree. The other potential source of additional resourcing is the contribution from students. The Bradley reforms are predicated on universities competing to meet student needs in different ways with broadly similar resource bases. If part of the resourcing solution is to gain a higher total contribution from students there are two main ways in which to do this within the Australian context.

The first is to build on the current arrangements, and consistent with Bradley, reset the capped amount payable by students to increase the total payment. The second is to move away from a capped charge, to allow students to pay an amount determined by each university with the intent of adding price considerations into applicants’ choice of course. To date, uncapping tuition fees has been viewed as politically unacceptable. However, the national mood may be turning, albeit slowly. Certainly there is little confidence that the present volume deregulation and price regulation policy settings will last very long given the budgetary implications and the uncertainties around growth in particular fields of study and their relationship to national labour force needs.

The federal election scheduled for 14 September 2013 also introduces another level of uncertainty, as a change of government could also bring about a new round of tertiary education policy changes. The sector is thus in a period of uncertainty with regard to developing long-term institutional strategies for revenue, facing the possibility of an incoming government that might consider re-capping the number of places or pushing down the funding per place. More ambitious policy options include deregulating price and extending funding to non-university providers.

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12 IRU, 2012.
13 Lomax-Smith et al., 2011.
Conclusion

Australia is in the midst of a major experiment in its push towards universal participation in higher education. The principal policy tool is the uncapping of places, which is designed to create responsiveness to student choice, to expand choices and to raise the levels of provider competition. The evidence to date suggests the policy settings are achieving their goal of growth.

However, there is much to be learned about other effects over time, including the impact on the vocational educational and training (VET) sector now that higher education providers are recruiting in VET’s former demographic heartland. As well, new patterns of student engagement seem likely, with pathway proliferation into higher education, more students dipping in and out of higher education across their lifetimes and more fluidity in the boundaries between study, work and life.

Finally, and not least, there is the issue of academic standards. With more open entry, at least for some institutions, there will be more diverse interpretations of quality emerging. How the national regulator might ensure standards of outcomes remains to be seen.
Chapter 3
Monitoring and improving student engagement

Alexandra Radloff & Hamish Coates

Abstract

Higher education is a co-produced activity. The time and effort students devote to learning and broader developmental activities is critical for productivity and the quality of outcomes. This chapter looks at how Australian universities monitor students’ engagement in education, and reviews empirical insights relevant to emerging policy directions. It discusses how institutions can respond to new and emerging patterns of engagement, and approaches that institutions are using to improve how students learn and what they achieve.

Students in the spotlight

With the world so magically humming to service the middle class it is hard to believe we’re in a higher education bubble that, if popped, would stain economic growth, environmental sustainability, and social conditions. A major key to enduring prosperity lies in taking better leadership of student engagement.

Engaging people in tertiary education has never been more vital for the sector and for Australia. With new regulatory and competitive contexts emerging here and around the world, there is an urgent need to be efficient, to grow and to improve. Student engagement taps into the heart of education strategy and practice. It links with tertiary education quality, the management of academic risk, how academics can use technology to foster innovative engagements, aspects of the student experience that could be publicly reported, and how student engagement drives reform. Authoritative, imaginative and research-informed discussion of these issues is vital for leading and managing opportunities for educational success.

Australian higher education—government, institutions, faculty, learners, stakeholders—must steer student engagement with poise and dexterity over the next few years. Significant changes in policy and contextual dynamics have combined to make this more important, and difficult, than ever. Many of these dynamics are discussed elsewhere in this book, but a series of pertinent issues are reviewed here through an “engagement lens”.

Shifting from a planned quota to free up the quantum of students that an institution can enrol, coupled with demand-driven funding, is a game changer. A salad of strategies has unfolded as Australian universities have responded to the opportunities and challenges these new settings create. Some have sustained current enrolment levels, others have expanded in selected fields, and others have expanded across the board. The net effect across the system is that universities are enrolling more students, and students from more diverse backgrounds—matters touched on below. While institutions still controlling supply through the release of places, demand-driven funding (within institutionally set caps) does place more gravity towards student decisions and behaviours. This has immediate implications for engaging students in the system (hence, the creation of the MyUniversity website), and for keeping students involved to course completion.

Institutions all behaviour differently on this front, despite aspirations towards the stereotyped “comprehensive research institution”. Internationally-elite research universities will keep entry standards high and pursue what a gendered characterisation might describe as more paternalistic student engagement policies (though much student engagement is essentially individualistic, and strategic claims broadcast across institutions are invariably misleading). Teaching-oriented institutions may lean towards more open forms of access coupled with greater support (online, and in person) and structured development. Field of education plays an understandably important role, and an institution’s
disciplinary mix does much to shape institutional policy. As institutions take position with respect to research rankings and international positioning they will take—implicitly or explicitly—nuanced postures towards student engagement.

Diversification aside, Australia has good quality universities by global standards. But with greater quality and price transparency on the market for bachelor degrees with a strong Australian dollar it is feasible that more domestic students may start to pursue study overseas. Australian higher education is incredibly internationalised, and while the transnational flows have been inbound in this “second wave” of internationalisation, this situation does not flow in futures where knowledge is ever-more borderless and open. This flags just one piece of a more mature and sophisticated stance to student engagement than the currently commercially nuanced approach towards international education. It requires deep commitment to the knowledge value that Australia might add in an increasingly global and open system. This is a deep conviction—shared by many in Australia—that transcends contingent policies or strategies.

Open access to top-quality coursework materials to anyone with an internet connection—for instance, see www.coursera.org—is another significant shaper of student engagement. Largely, with the exception of few selective morsels and fields—the capacity of universities to act as gatekeepers to information is over. Learners can access learning resources and content on the web. Sophisticated lab simulations can be sourced online (even openly). Virtual tutors are for hire around the clock for fees that make any student loan scheme overpriced. For sure, many courses require intense campus-based contact hours cutting up cadavers, autoclaving lab equipment, giving class presentations. But many do not, and higher education faces a future where even the most elite and supportive campus-based institutions are competing for learner’s engagement in a hyper-competitive yet paradoxically open-media space.

Conventionally, and realistivally, the growth in student numbers is among the most substantial forces shaping student engagement, for it goes to staff:student ratios and casual academic appointments. The concept of staff:student ratio is inherently complex in many respects such as fields, local contexts, student demographics, and algorithms. As a generalisation, though not a rule, it might be advanced that “smaller tends to be better”. But in a field with such complex sociopsychological dynamics as higher education it is almost invariably the case that quality trumps quantity. A great lecture with 1:400 ratio is likely to impel more learning than a dull symposium of 1:5. Here lies a problem, for in an effort to service growing student numbers within industrial and financial contraints universities in Australia—as in other comparable systems—have employed and deployed large cohorts of casual staff. This is not a simplistic matter and despite industrial exhortations enormous dividends can flow for all parties, but from an engagement bottom line the net impact is almost invariably negative. Compared with tenured academics it is likely that various types of intinerant staff are not as available out of class hours, do not receive as much professional development in teaching, are not fully enfranchised within institutional or departmental cultures, and are not involved in research-based activities. By any account, the situation is likely to worsen in coming years with large-scale retirements of baby boomer academics coupled with growth in the quantum of students.

Opening access to higher education does not just increase student numbers, it also fundamentally changes the student mix. In broad terms, the “Bradley reforms”14 are intended to finalise the transformation of Australian higher education from an elite (“upper class”) system (1850 to early 1990s) and a mass (“middle class”) system (1990s to 2010, or so) to one that is universal (“whole population”) in scale. In a global context these tertiary aspirations are highly ambitious compared, for instance, against the international aspiration for universal education at the primary level. But as a national strategy it aligns well with other benchmark systems. Obviously, it has immediate and non-ignorable implications for student engagement. The convenience and educational synergies of a “cohort” are diminished, with institutions instead having to assess each individual student on their individual merits, and design provision and support accordingly. The student body is growing but diversification of the student mix, coupled with other differentiating factors like greater capacity to recognise and support individual needs, is eliminating the concept of “batch provision”.

14 Bradley, Noonan, Nugent & Scales, 2008
Online provision—servicing just-in-time, just-for-me learning—helps institutions, teachers and students manage new permutations and patterns of provision. But at the same time this adds further dimensions and dynamics by “virtualising” the higher education experience. Particularly with areas of study that do not require intensive on-campus time or with learners that need less support, higher education may blur into a tapestry of competing online activities and commitments. This creates even greater challenges for understanding and leading students’ engagement in effective learning.

The scope and scale of change fuels concern about the nature and quality of education. Recent decades have seen increased formal focus on the quality of higher education offered in Australia. This growing interest on quality is clearly illustrated through the recent Review of Australian Higher Education, Higher Education Base Funding Review, the Australian Government’s $1.1 billion commitment to Advancing Quality in Australian Higher Education and the move towards demand-driven funding for undergraduate student places. This reform has placed increasing responsibility for quality and outcomes on student engagement. Despite devolution of responsibility from the nation, to institutions, to deans, to heads, to teachers and to students—this appears not to be (simply, or mostly) a straight abrogation of national or institutional responsibility, but rather an enlightened recognition of the essential co-productivity of learning, and the institutionalisation of students’ engagement. Quality assurance in Australia is moving beyond inputs and institutional/teaching processes towards engagement and outcomes.

This goes, therefore, to transparency around student engagement. Information on each of student retention, progress, completion, satisfaction and graduate outcomes is relevant to quality. At a time when the productivity and standards of Australian higher education sector are under increased levels of scrutiny, however, it is important that the sector also has access to information that will help identify how Australian students are learning, how institutions are supporting students and the outcomes that students are achieving as a result of their study. As detailed by Coates, information such as this forms an important basis for quality assuring higher education, and can provide a more fully-formed picture of students’ experience in higher education.

Students, for instance, can use information such as this to make decisions about where and what to study. Academics can use this information to monitor and improve their teaching as well as the support made available to students; senior managers can use this information to benchmark their institution’s performance with national averages and set targets for improving student learning. Governments and regulators can use such information to assist with measuring the standard of education being offered, and use the data for accountability purposes and to make decisions related to policy.

Building a clearer picture of what students are doing while studying, and discovering how they might get more from study requires information on students’ involvement with educationally effective activities. Triangulating this information with other data available on student demographics, information on teaching practices and curriculum, student satisfaction findings, measures of graduate outcomes and data on student attrition, retention, progress and completion will help the sector form a better understanding of their students’ engagement with learning and ways in which it could be enhanced.

A cross-institutional and evidence-driven perspective takes shape

Early assessment of these broad drivers led to creation of a major evidence-based collection of data on student engagement. Specifically, the administration of a cross-institutional Australasian Survey of Student Engagement (AUSSE) in recent years has helped institutions collect information that increases understanding of student engagement patterns. The availability of data on student engagement has also

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15 Coates, 2006
16 Bradley, et al., 2008
17 Lomax-Smith, Watson, & Webster, 2011
18 DEEWR, 2011a
19 DEEWR, 2011b
20 Coates, 2005
21 Coates, 2005
assisted in the sector acknowledging the importance of student engagement, and in creating new
discourse, policies and practices. It is evident that how students are engaging with learning in higher
education is now viewed as of critical importance within the sector, and has also been a focus of recent
discussions relating to higher education policy and quality in Australia.

An illustration of the importance currently being placed on student engagement is shown in the Review of Australian Higher Education. The “Bradley Review” was initiated to examine the higher education sector in Australia and to determine whether it was meeting the future needs of the Australian community and economy. The Bradley Review stated that “the established mechanisms for assuring quality nationally need updating”. One recommendation given in the Bradley Review was that all accredited higher education providers, including universities, should collect information on student engagement by administering the AUSSE in addition to other surveys that measure student satisfaction with their course—the Course Experience Questionnaire or CEQ—and their graduate pathways (the Graduate Destinations Survey or GDS). The Bradley Review also suggested that findings from the AUSSE be published publicly along with details of how institutions have used findings from the AUSSE to address any issues raised through student responses and to increase student engagement and improve student outcomes.

The AUSSE supports higher education institutions in gaining a better understanding of how their students are engaging in learning and their interactions with their institution. The program provides data that Australian institutions can use to attract, engage and retain students by reporting on the time and effort students devote to educationally purposeful activities and on student perceptions of their university experience. Collecting data on how students are learning and the outcomes they feel they are achieving allows higher education institutions to understand what really counts in terms of quality. Using uniform measures and management, rather than institutionally developed surveys, also means that Australian higher education providers can benchmark their results both within their own institution by looking at differences between schools and faculties, and also benchmark themselves with other institutions. Australian institutions can also look internationally to see how they could improve student learning by benchmarking their results with those overseas colleges or universities that have participated in a similar survey. Using a single instrument also allows institutions to collaborate on their efforts to enhance learning, by sharing findings and data from the survey.

The AUSSE is a quality enhancement activity that is managed by the Australian Council for Educational Research (ACER) and is run in collaboration with Australian and New Zealand higher education and tertiary education providers. Foundations for the AUSSE were laid in late 2006 and early 2007 through conversations between institutions, interested in measuring students’ engagement, and ACER about developing a measure of current students’ engagement in Australasian higher education. At the time, the only national survey of students being administered to the whole student cohort on an annual basis was focused on recently graduated students and their satisfaction with education, with teaching and with course provision.

The AUSSE methodology and administration processes were developed in early 2007 and a pilot collection with 25 Australian and New Zealand universities followed later in 2007. Because of the level of interest and increasing focus in the sector on measuring what matters in the quality of higher education, the number and types of institutions participating in the AUSSE have expanded as the survey has developed. The AUSSE is used by many non-university providers of higher education, including TAFEs and private colleges. In New Zealand, Institutes of Technology (ITPs) and Private Training Establishments (PTEs) have participated in the AUSSE.

Since 2007, the collection has been administered to students at 23 institutions (2008), 31 institutions (2009), 36 institutions (2010), 23 institutions (2011) and 21 institutions (2012). Since 2007, over 600,000 Australian students and staff have been sampled to participate in the AUSSE, POSSE and SSES. All but one of Australia’s universities have participated in the AUSSE at least once since the first administration, and since 2007 there have been over 220 institutional replications of the surveys at Australian universities, TAFE institutions and private colleges.

22 Bradley, et al., 2008
The AUSSE measures student engagement through the administration of the Student Engagement Questionnaire (SEQ) to a representative sample of students at participating tertiary institutions. The SEQ is based on United States National Survey of Student Engagement’s instrument and is used under license.\(^{23}\) The College Student Report is based on decades of scholarly research, and since 1999 has been administered within North America at over 1,500 institutions and subjected to numerous reviews and improvements. Before being administered with Australian and New Zealand students as the SEQ, the College Student Report was extensively revised, developed and validated for Australasian higher education. Because of the way in which the survey was developed, there is an intimate link between the conceptual foundations and the instrument.

A critical feature of the SEQ is its foundation in empirically-based theories of student learning. Items in the SEQ are based on findings from decades of research on the activities and conditions linked with effective learning.\(^{24}\) This foundation helps assure the educational importance of the phenomena measured by the instrument. Items are not included in the instrument simply because they are seen to reflect good ideas or because they reflect the interests or consensus of stakeholders. Indeed, a criterion for including any item in the questionnaire is that it measures an aspect of student learning that empirical research has linked with high-quality student outcomes, affirming the educational significance of the phenomenon.

While the SEQ measures many of the same aspects of engagement and includes many of the same engagement scales as the NSSE—Academic Challenge, Active Learning, Student and Staff Interactions, Enriching Educational Experience and Supportive Learning Environment—the SEQ also provides data on another engagement scale—Work Integrated Learning. To stimulate new conversations about outcomes, the SEQ has also provided measurement of seven outcome measures—Higher Order Thinking, General Learning Outcomes, General Development Outcomes, Career Readiness, Average Overall Grade, Departure Intention and Overall Satisfaction.

Of course, viewed broadly, “student engagement” is a much more complex and expansive phenomenon than any survey or data collection. In the United Kingdom, for instance, “student engagement” has thus far been viewed through a more industrial/governance lens, for instance, in terms of including more students on boards, advisory groups or quality assurance panels. In other systems it is embraced as a marketing phenomenon, while in other regions is linked with civic participation. The rationale for beginning with the data collection in the above description, and in Australia, has flowed from the role/profession of the authors, from the view that measuring things shapes the ontology/discourse and flags that they matter, and from an emphasis on scientific perspective that information is helpful to informed management and improvement. This said, as reviewed in the conceptual case study in the next section, having one form of data on student engagement is surely but one of the necessary steps to improvement. Other steps, as reviewed in subsequent sections of this paper, include creating strategies and new policies; creating new roles/positions and hiring people to manage student engagement; implementing strategies for promoting and reporting performance; and even creating professional communities.

**Shifting the needle: Beyond happiness to engagement**

To highlight the significance of student engagement on a strategic level it is helpful to look at one of the key underpinning conceptual agendas—shifting emphasis from “satisfaction” to “engagement”. As Australia moves towards a more demand-driven system of higher education, there is even more need for institutions to understand how students engage in learning. With the growing commodification of higher education, institutions will face more competition and pressures on quality, driving greater need for insights into how students engage—at least to the extent that institutions compete on quality rather than on status or price. Herein lies the broadest aspiration underpinning the research agenda discussed above—driving policy and operational shift from managing client happiness with service provision, to stimulating student engagement with effective practice.

\(^{23}\) NSSE, 2011

\(^{24}\) For elaboration, see Coates, 2006
In the last few decades universities in Australia have grown to collect a considerable amount of data on students’ perceptions of the quality of teaching and institutional services, including on students’ satisfaction with the overall experience. But it is equally—or, arguably more—important to understand students and their learning as it is to understand learners’ satisfaction with provision. To be sure, monitoring student satisfaction plays an important role in assuring the quality of higher education. It provides information on whether learners see a return on their educational investment.

Yet deep satisfaction is more than happiness—learning is formative and the effects are for life, while consumer happiness and satisfaction are ephemeral in any domain. As research on student engagement makes clear, we need to examine the determinants of satisfaction, not just satisfaction itself, to identify what institutions can do to enhance education. That is, we need to look beyond satisfaction at more fundamental educational factors to identify how to enhance student outcomes and their overall experience.

Following NSSE, the AUSSE collects data on three satisfaction items that work together to measure a single dimension of overall satisfaction. Results below flow from the 2007 AUSSE, the first administration conducted in 2007 with 25 Australian and New Zealand higher education institutions. The figures show that satisfaction matters for student retention. For instance, students who reported that they planned on changing institutions the following year had average satisfaction scores of 54 compared with 69 for those who intended on staying at the same institution. Students who reported course-change intentions also had a lower average score of 59 compared with 69. Early student departure is a highly complex phenomenon to investigate. Nonetheless, read broadly, these patterns are telling and underpin the importance of overall satisfaction.

Merely studying satisfaction, however, provides only a partial basis for planning and action. It does not make clear the educational settings that underpin higher and lower levels of student satisfaction. To do this means exploring the educational factors that underpin students’ overall satisfaction and hence the levers that institutions can use to drive improvement—in short: investigating the relationship between overall student satisfaction and defined aspects of student engagement.

As Table 1 shows, these relationships are uniformly positive even with very large samples (in the thousands). Engaged students are more satisfied with their study, and vice versa. By far the largest correlation relates to perceptions of support, implying that supporting student engagement enhances student satisfaction.

<table>
<thead>
<tr>
<th>AUSSE scale</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supportive Learning Environment</td>
<td>59</td>
</tr>
<tr>
<td>Academic Challenge</td>
<td>27</td>
</tr>
<tr>
<td>Student and Staff Interactions</td>
<td>25</td>
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<tr>
<td>Work Integrated Learning</td>
<td>23</td>
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<tr>
<td>Active Learning</td>
<td>18</td>
</tr>
<tr>
<td>Enriching Educational Experiences</td>
<td>17</td>
</tr>
</tbody>
</table>

The idea that academic challenge and individual support promote engagement, learning outcomes and satisfaction is not new. In 1975, for instance, Graham Little defined a typology of university learning climates. He argued that the “cultivating climate” was most productive for undergraduate student learning and development, this being characterised by high academic standards, support and

25 see Coates, 2008a & Coates, 2008b
26 Little, 1975
recognition. The perspective is affirmed in AUSSE results, which show that support and challenge are important for satisfaction and performance, but it is both in combination that promote the best outcomes. Satisfaction is particularly low when students report support as lacking.

This engagement-focused perspective is not new, but evidence captured by the AUSSE underpins grounds for its re-emphasis. Analysis shows that challenging students to learn and providing them with integrated forms of individual support and enrichment enhances overall satisfaction. Creating challenging and supportive learning environments and supporting students’ participation in enriching experiences plays a particularly important role in enhancing satisfaction and student outcomes. Institutions should consider how to create a cultivating learning climate that sets high academic standards and provides integrated support for each individual’s learning and development.

**Next steps: Converting strategy and evidence into growth**

This chapter has not sought to “audit” or “review” engagement-relevant policies or practices in Australia, but rather to assert the enduring and growing relevance of the phenomenon. With the purpose of this book in mind, it is helpful to review what progress appears to have been made in recent years and along with this to advance suggestions for further development. The following insights do not flow from any empirical investigation but rather from ongoing liaison with institutional and other stakeholders. We touch on the following matters:

- Student engagement strategies and policies;
- Governance and quality assurance;
- Management structures and roles; and
- Professional and research communities.

Policy often takes time to adjust with strategy, as does practice to policy, particularly in higher education. Seeking short-term operational change without appropriate strategy or policy development, however, runs the risk of student engagement being a transitory fad rather than a core facet that secures sufficient traction within (or across) institutions. It is helpful, therefore, that over the last five years student engagement has been embedded in strategic and operational plans at many Australian institutions. The concept has been operationalised in various ways—in an academic sense, in terms of students’ engagement with broader communities, in terms of first-year transitions, and as a focus for academic professional development. In particular, incorporation into governance and leadership arrangements signals recognition of the relevance and impact of the phenomenon.

Outside institutions, information on student engagement has influenced government discussions and policy. As flagged, the AUSSE and its results have been referenced in varied papers relating to higher education quality and funding. As noted, the Bradley Review cited the AUSSE as a key means of measuring quality in higher education, and recommended that all accredited higher education providers deploy the collection and publish results. The Base Funding Review used findings from the AUSSE to argue that more funding is required per student to improve the quality of teaching and learning at Australian universities. Specifically, the data was used to argue for improved student:staff ratios and more funding per student.

Flowing from the *Advancing Quality in Higher Education* set of policies, in 2011 and 2012 the Australian Government has funded development of a parallel University Experience Survey (UES) designed to report on students’ engagement. More broadly, items measuring student engagement were embedded in OECD’s 250-institution international Assessment of Higher Education Learning Outcomes (AHELO) feasibility study, due to report in 2013.

The AUSSE has been a helpful lever for normalising the concept of student engagement within Australia higher education. In 2005, it was common for stakeholders to resist the notion that in a

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27 see for example, Bradley et. al., 2008
28 Lomax-Smith, et al., 2011
policy sense how students engaged with learning resources and processes was not the responsibility of tertiary institutions offering post-compulsory education. Over the last seven years higher education institutions have been enormously proactive in developing this aspect of university life, mirroring the energy and buy-in seen in North America. Still, at a strategic and policy level there is scope for continued growth.

Increasing emphasis on student engagement within institutional strategy is an opportunity for institutions and government. Expanding, diversifying and digitising higher education carries numerous benefits, but also carries risk that new open structures and asynchronous processes decrease the interpersonal facets of learning. Already AUSSE data illustrate that even full-time and campus-based students spend very little time on campus, and that many students have too little contact with teachers. Placing explicit strategic focus on student engagement, in all dimensions, may well be an important facet for differentiation and positioning. This goes to making explicit the human side of learning which can get lost in “universalising institutions” that move beyond the human scale. The key question is to identify the approaches that large and complex institutions take to create conditions that foster the social and academic that help people develop.

Student engagement goes not only to perspectives on teaching and learning but also to quality assurance and continuous improvement. Institutions have used AUSSE data to conduct internal quality audits and reviews of teaching, learning and curriculum. Many universities provide heads of school and course coordinators with summary reports. Along with other data on student satisfaction, quality of teaching, and information on enrolments, retention and completion of courses and financial data, results from the AUSSE are used by academic staff, heads of school and course coordinators to review the success of courses and the quality of teaching and learning. This is important, for continuous improvement is a core motivation.

Externally, findings from the AUSSE have been cited in quality audits conducted by the Australian University Quality Agency (AUQA). Data on student engagement has been listed as a key measure of the quality of teaching and learning and learning support in the AUQA Audit Manual. More recently, in 2011-12 the Australian Government flagged its intention to report results from the University Experience Survey on the MyUniversity website, and engagement-related data may well be used by Australia’s new Tertiary Education Quality and Standards Agency (TEQSA) as part of risk-based quality assessments. As the AHELO study flags student learning and development, along with associated metrics, is likely to assume a greater role in system-level deliberation about the standards and efficiencies or provision.

Several developments would advance Australia’s standing in this field. Learning as a core business of the academy, can be moved even more pointedly into the forefront of discussions about the nature and quality of provision. Terms like “outcomes-focused” or “outcomes-based” mask the real opportunities, and necessities, that flow from “learning-focused” quality assessment. Assuring and improving people’s learning is critical, which leads immediately to putting more emphasis on assessment, and on stimulating and recognising performance. In its broadest sense this implies a shift from process-focused audits to review of outcomes. This flows to arrangements for collecting relevant information, to having staff with suitable expertise, and to having plans for converting information into changes in practice.

Students’ engagement in education is an inherently human phenomenon, and as with any shifts in quality assessment change hinges on having academic and professional staff who can give life to new strategies and practices. It is salient, therefore, that new types of roles relevant to student engagement have evolved recent years. These range from student engagement coordinators or managers with faculty or institution-wide scope, to senior executive roles such as Pro Vice-Chancellor. Such staff work to actively increase students’ engagement by implementing programs designed to promote activities and services to students that will contribute to their increased engagement with learning and subsequently also increased levels of retention and completion.

Developing new roles and organisational arrangements is important, and leads to the evolution of new professional communities. People doing scholarly and institutional research on student engagement

29 AUQA, 2009
foster these communities, as do structured discussions and publication. On this front, annual student engagement meetings—workshops and conferences—have been conducted since 2007, involving hundreds of staff from universities, other tertiary education providers and government. These meetings have helped researchers, policymakers and practitioners connect with each other and begin collaborating on projects aimed at improving student engagement, forming benchmark partnerships and generating new perspectives for growth. Coupled with institutional, educational and policy change, this broader cultural shift is important for a major factor in enduring prosperity lies in taking better leadership of student engagement.
Chapter 4
Assessing higher education outcomes and performance

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Abstract

Knowledge is a vital resource for Australia yet we lack basic generalisable information on university students’ learning and performance. This chapter maps the factors behind the greater demand for comparative data on student attainment and "system performance", noting that collegial systems, while they have many strengths, were never geared to provide this. It maps the contexts and rationales for introducing new assessment and reporting approaches. The analysis charts emerging contexts and innovative methods for ensuring that Australian graduates and universities are internationally well positioned and competitive. Specifically, it advances an approach to progress national practice. This approach, it is proposed, can underpin the large-scale assessment of learning performance, and serve as a basis for exporting Australia assessment expertise abroad. The chapter links policy with educational issues, and frames Australian developments in international settings.

Clarifying fuzzy endings

Fireside chats remain part of higher education, but this growing industry is subject to increasing quantification, assessment and review. Australia is certainly at the forefront of this change with the 2008 Bradley Review\(^{30}\) ushering in reforms that have prompted new forms of accountability, transparency and productivity.

As part of this, along with other leading nations Australian higher education is moving into an era that places greater emphasis on measuring student learning outcomes, and on using results for monitoring and continuous improvement. As learning and curriculum resources become more openly and universally available, outcomes assessment assumes much of the gateway role that admissions testing played in more elite systems. This calls for resources and approaches that yield valid and reliable data, and that are efficient to implement, analyse and report. Knowledge is a vital resource for Australia, yet we lack basic generalisable information on university students’ learning and performance.

Developing and implementing such resources is tricky work, which benefits from the kind of analysis progressed in this chapter. As the chapter title suggests, the purpose here is to explore two complexly intertwined issues—assessing higher education outcomes and assessing higher education performance. We examine these issues in turn, looking first at the assessment of outcomes, then at how such information pertains to performance.

An analysis of higher education outcomes and performance could focus on many areas—new buildings, curriculum materials, operating surplus, graduate employment, research reputation and student learning. Indeed, any full analysis of the contribution that higher education makes to society must embrace all these different aspects of what universities yield. In this chapter we focus on student learning, and in particular on learning which is academic or knowledge-related. This is because the learning that is produced or which evolves (depending on your perspective) from higher education is critically important, for it reflects the net effect of invested time, energy and resources. Suitably measured and reported, this learning carries the potential to provide powerful information on the standards of academic accomplishment. Learning data (or, perhaps “knowledge data”), particularly

\(^{30}\) Bradley, Noonan, Nugent & Scales, 2008.
\(^{31}\) For instance, see: www.coursera.org
when it can be generalised beyond the local context, provides inherently useful information on university education.

It is important to note at the outset that these ideas are explored not because assessment or performance monitoring is done poorly at Australian universities, but rather because they are done in considered and reflective ways that are open to critique and suggestions for improvement. Further, current remarks are framed with a view to determining how higher education in Australia can position itself at the forefront of international policy and practice. This is important, for information on learning, it appears, is likely to be a key metric in 21st century higher education.

**Unfolding assessment contexts**

A significant amount of work is underway to develop policies and infrastructure for improving the assessment of student learning. This work is multilevel, unfolding within classrooms, across institutions, within countries, and between national systems. Australian higher education is very active in this area, at all levels.

Various contexts have prompted increased interest in the assessment of student learning outcomes among teachers. In many areas curriculum has fragmented, learning technologies are facilitating more formative assessment, even “full-time” students have adopted more strategic learning styles, and more training and support has been made available. University teachers are investing more in developing and using new and innovative student assessments. For instance, the Assessment Futures initiative documents a variety of formative assessment practices that teachers have offered for review and collaboration. Work at the University of Canberra has explored real-world simulations for assessing performance in media and communications. Dalton, Keating and Davidson, meanwhile, have documented the development of ‘standardised instrument to assess clinical performance of physiotherapy students... to meet the needs of students and educators and provide valid and reliable measurements of clinical competence.’ Funding from the Australian Learning and Teaching Council (now the Office of Learning and Teaching) has been instrumental in forging these collaborations.

Much of this assessment development work flows cross-institutionally through discipline networks, but institution-level initiatives are gaining traction. Ultimately self-accrediting higher education institutions accept responsibility for student attainment and the provision of an award, even in fields involving industry or professional accreditation. All Australian universities have policies on student assessment. The University of South Australia Assessment Policies and Procedures Manual, for instance, covers assessment principles and requirements, moderation processes, examinations, academic integrity, and student appeals. In recent years, institutional networks have progressed work on academic standards and assessment moderation.

At the system (typically but not always “national”) level, education ministries and other stakeholders are putting renewed emphasis on finding ways to establish the characteristics of student learning. Work is particularly progressed in various areas of the United States and Canada, and in Australia the Tertiary Education, Quality and Standards Agency (TEQSA) has signposted public interest in this facet of higher education. The Agency has established a Higher Education Standards Panel to advise on teaching and learning matters, and part of TEQSA’s Course Accreditation Standards includes six

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32 Boud, 2010.
34 Dalton, Keating and Davidson, 2009, p. ii.
35 University of South Australia, 2012.
37 Go8, 2012.
38 NILOA, 2012.
40 TEQSA, 2012.
provisions for ensuring that ‘Assessment is effective and expected student learning outcomes are achieved.’

Along with individual, institutional and national work, international initiatives are well underway to progress the assessment of student learning outcomes. OECD AHELO\(^{42}\) is the most prominent and advanced example. This study, conducted between 2010 and 2012 with 17 countries and around 270 universities, including 10 Australian universities, has validated international frameworks for assessing learning in the fields of economics, engineering and generic skills, has validated tests to measure these areas, and has produced reports for participating institutions and for international audiences. While AHELO has been progressed as a feasibility study, it has already signalled major governmental interest in progressing this field of work. To date, this has proven that it is possible to define learning outcomes internationally, that it is possible to build assessment instruments to measure these outcomes, that it is possible to implement these instruments online on a global scale, and that informative reports can be produced for institutions and governments alike.

While it is the briefest of snapshots, this overview signposts the scope and scale of work underway to enhance higher education assessment. Without disempowering teaching academics, this work broadly seeks to underpin contemporary educational practice with assessment techniques enhance rigour, transparency and efficiency. Assessment practices are expanding in step with institutions and systems.

**Growing rationales for assessing education outcomes**

What fuels this contemporary interest in using assessments of student learning outcomes to explore the standards and productivity of higher education? As in any area as complex and significant as assessing student learning there are many drivers. A selection is examined here, with more detailed reviews provided elsewhere.\(^{43}\)

Universities—leaders, teachers and professional support staff—have always had an intrinsic interest in helping students learn and achieve. Each day, thousands of teachers, support staff and students show up or log into higher education to learn. Finding ways to improve this work drives significant scholarly and applied research into higher education. This is obviously related to having available useful data on student learning and development. It follows, in the spirit of continuous improvement, that new methods and insights be explored, developed, tested and adapted for use.

The significant expansion of higher education over the last three decades has driven a need for institutions and their funding agencies to examine, in crude terms, ‘how to do higher education cheaper and better’. The economics of an elite system do not scale. Along with growth in scale, institutions operate in ever more competitive and complex borderless environments. For-profit higher education is growing. Australia has introduced demand-driven funding reforms that, considered in isolation, encourage institutions to admit greater numbers (hence, more diverse and underprepared) students. Such growth and diversification ramps-up the need for evidence on what is being achieved. Leaders and managers need such information to form strategy and guide practice. Policymakers and standards agencies such as the TEQSA seek information on quality and productivity to procure and justify increasing public spending.

The growth of higher education has been driven, of course, by an increasing need for workers who have higher order knowledge and skill. Business and industry, including universities themselves, are interested in assuring that graduates have (at least) attained or (preferably) surpassed minimum thresholds of competence. Unlike other countries, Australia lacks an extensive series of licensing examinations. Even in highly regulated fields like medicine and engineering it is assumed that program-level accreditation is sufficient to assure that graduates from those programs have attained minimum competence. Yet at the very least this assumption commits what social scientists refer to as the “ecological fallacy”—that inferences can be made about an individual based on aggregate information.

\(^{41}\) TEQSA, 2011, p. 16.
\(^{42}\) Coates & Richardson, 2012.
\(^{43}\) Coates and Richardson, 2012; Coates, 2010.
about the group to which that individual belongs. This state of play prompts calls from business and the community\textsuperscript{44} for individual-level data on the standards of attainment.

Of course, learners are interested in knowing what they have achieved and how accomplishments stack up relative to other graduates, and relative to employer expectations and industry standards. Ongoing expansion in student numbers and mobility provokes the need for data that works across borders—data that can affirm that, for example, accounting graduates with similar grades from different institutions have achieved even broadly the same level of knowledge and skill. Standardising reporting labels via a common ‘graduate statement’\textsuperscript{45} goes some way to heightening portability, but it can also mask significant difference, in that a “five” in one context may not be the same as a “five” in another.

**What is going on—insights from the field**

The previous sections have mapped the scope of assessment activity underway in Australia and surveyed broad rationales driving this work. Before advancing a proposed approach for Australia it is helpful to explore the variety of activities underway.

Undoubtedly the most important data on learning outcomes derive from the assessments—examinations, assignments, laboratories, class presentations, etc.—that teachers give students in class. As discussed below, such assessments have a local remit, however, limiting their relevance to institution or system-level quality indicators. Yet procedures can be developed to bolster the standard and generalisability of local assessments and ensure both that aggregated student feedback can be captured in broader quality deliberations, and that the quality of the tasks themselves is improved. An example is the formation of a well-managed item library from, and into which, academics borrow and contribute assessment materials. See, for instance, the United Kingdom’s Medical Schools Council Assessment Alliance\textsuperscript{46}, which has spawned similar initiatives in Australia.\textsuperscript{47}

Many university subjects make use of student assessment that is generalisable in nature. Such assessments may be externally developed in response to mandates from industry or professional associations, or generalisability may stem from various forms of moderation injected into the assessment process. Often exams are adapted from teachers’ manuals supplied with standard textbooks. Clearly there are enormous benefits for teachers and students in drawing on standard assessment materials, to the extent that this does not conflate diversity, innovation and quality. Done simply, however, this is exactly what happens; with consequent risk that higher learning is assessed in simplistic and convergent ways.

At a higher level of abstraction, the last ten years have seen the production of tests designed to assess learners’ generic skills. These skills—covering phenomena like communication, reasoning, problem solving, and interpersonal understanding—are usually a complement to formative teaching activities and provide aggregate data primarily for accountability and improvement. As the name suggests, the focus on ‘generic skills’ is pitched above (or beyond) the particularity associated with disciplinary contexts. An example is Australia’s Critical Reasoning Tests,\textsuperscript{48} recently deployed internationally via OECD AHELO, which is designed to measure students’ skills in decision making and argument analysis.

Similar external assessments can also be defined to test discipline-specific skills in a generalisable way that “hovers above” detailed curriculum content. Rather than focus on exhaustive measurement of curriculum such tests focus on topics considered core to the discipline at the final-year level. The results from this kind of standard assessment complement data produced by local examinations, facilitating various forms of reporting and improvement. Examples include the OECD AHELO discipline assessments in economics\textsuperscript{49} and engineering.\textsuperscript{50}

\textsuperscript{44}See, for instance BCA, 2011.
\textsuperscript{45}James & Meek, 2008.
\textsuperscript{46}MSC, 2012.
\textsuperscript{47}UQ, ACER & Monash, 2012.
\textsuperscript{48}ACER, 2012.
\textsuperscript{49}ETS & ACER, 2012.
\textsuperscript{50}ACER, 2012.
Licensing examinations offer the most stringent form of generalisable assessment, providing comprehensive measurement of specific enumerated competencies. Tightly aligned with industry and professional accreditation, licensing examinations have complex and often unexpected links with curriculum, teaching and assessment. They can enable generalisability to national or international standards, and tend to be created by expert test developers who subject each item to rigorous psychometric evaluation and field trials to optimise validity and reliability. Licensing examinations exist in Australia in several industries, such as architecture\textsuperscript{51} and basic public medicine.\textsuperscript{52}

A strategy for assessing learning outcomes

What, then, do contemporary contexts, techniques and practices imply for the formulation of strategy that would position Australia at the forefront of international policy and practice? Here, we advance the architecture of such a strategy before turning, in the next section, to explore the implications of this proposal for assessing—hence monitoring and improving—education performance.

Typically, as the above environmental scan affirms, work in this field has adopted either a “bottom-up” or “top-down” approach. Both carry benefits and limitations. While a bottom-up approach (working with teachers and institutions) is essential to engaging practitioners and ensuring relevance on the ground, under the cloak of “academic freedom” it can spawn conceptual and operational relativism that is expensive and inhibits the formulation of generalisable assessment practices or outcomes. Top-down work (in which specialists engage in the production of assessment infrastructure independent of practitioners), by contrast, yields efficiencies inherent in a collaborative approach yet can be too far divorced from everyday educational contexts and realities. The key, we contend, is a blended model that moves beyond the artificial bifurcation inherent in many facets of higher education work.\textsuperscript{53}

How does this multidirectional model work? Put broadly, it involves mirroring collaborative processes used in the creation and review of scholarly research. More specifically, it results from setting up assessment communities that provide instruments for switching on and tuning various forms of collegial sharing. A four-stage process is proposed.

As a minimum first step, sufficient though not comprehensive amounts of definitional sharing is a necessary condition for any subsequent empirical comparability. This means establishing in the form of an assessment framework the focus, scope and approach to be used for assessment. Normally, assessment frameworks go beyond curriculum statements\textsuperscript{54} to provide sufficient detail for item generation and mapping. This task is made complex by the diverse and nuanced nature of many higher education curricula, yet might reasonably be expected with large early-year subjects and in certain final-year programs. A certain amount of central steering is required to achieve consensus among expert contributors, making a facilitated collaboration an ideal organisational structure for progressing this phase of the work. Collaboration at this level has been progressed in Australia on a wide scale through industry groups—for instance, Engineers’ Australia Accreditation Management System (2012)—and through work sponsored by the now-disbanded Australian Learning and Teaching Council (ALTC) to produce “standards frameworks” for key disciplines.

The next level of sharing involves collaboration around the production of assessment tasks. Broadly, this involves collaboration for the design, sourcing, development, validation and review of materials. This could be progressed in several ways so as to optimise the scope and quality of material generated. One approach is to gather materials already in use within the field—the world is replete with test items in many fields—and review and compile these into a quality-assured task library. Another is to design specifications and train educators in basic principles of item production, then to seek contributions from practitioners. Both approaches and other variants are used in the field, and invariably some kind of combination is deployed.

\textsuperscript{50} ACER, NIER, EUGENE, 2012.  
\textsuperscript{51} ARBV, 2012.  
\textsuperscript{52} AMC, 2012.  
\textsuperscript{53} see Coates & Seifert, 2010.  
\textsuperscript{54} for instance, ACER, NIER & EUGENE, 2012.
The next step along the “sharing spectrum” involves sharing of assessment processes. This goes to sharing facets of administration, analysis and reporting process. Such sharing doesn’t necessarily imply a centralised approach, but it does require coordination of key steps in the process. For instance, academics or departments may outsource assessment work to professional organisations, something that in certain basic respects is already widespread given uptake of assessment tools within learning management systems over the last decade. Online deployment and external marking of assessments may facilitate quality assurance and efficiencies, and support more elaborate forms of moderation and reporting.

The most extensive form of sharing, mostly though not essentially contingent on the earlier three steps, pertains to sharing of data and results. Even here, sharing can take different formats, which are conditional, for the most part, on the extent of de-identification involved. Depending on context and need different groups and individuals will find comfort with different levels and varieties of sharing. In certain cases, sharing of de-identified aggregate results may be sufficient. Examples include the Australian Medical Assessment Collaboration, in which results from student assessments are compared. At the other end of the spectrum sits licensing examinations in which all data and scores are compiled in a uniform fashion, though typically dispersed to only a very few parties.

Almost regardless of the level of sharing/collaboration adopted, formalising assessment collaborations that facilitate forms of sharing such as these yields compound benefits for higher education. It concentrates educational energy on core facets of teaching and learning, building institutional and system capacity. It directs improvement activity towards an area in which many university teaching staff, even those with teaching qualifications, are likely to have had little training. It opens up the development and use of assessment resources to collaboration, unfolding the opportunities, efficiencies and quality checks that flow from collaboration. Most basically, it offers added assurance that the assessment of student learning and development is done in ways more likely to yield valid and reliable results that mean something beyond the local context in which people have learned.

Assessing higher education performance

Increasingly the above discussion—building assessment collaborations and assessing learning outcomes—flows into consideration of broader forms of higher education performance assessment. While these two areas have led independent lives for much of the history of higher education they are increasingly being synthesised into new approaches to assuring higher education quality and productivity. This flows from the need, within an expanding and diversifying systemic and institutional environment, for new and more effective approaches to leading, managing and regulating higher education. Many of the assumptions that underpinned performance perspectives in elite contexts—admit the few most able applicants and reward high achievement—dissolve in sectors aspiring to reach universal provision.

For current purposes we treat “performance” as code for “productivity”. By productivity, we refer to whether the system is yielding a sufficient output and whether the outputs are sufficient given inputs. Typically analysed in financial terms, as mentioned in the introduction to this paper we adopt a broader educational view working with knowledge as the currency. A productive process, from this angle, is one that takes as input people with foundation knowledge and guides the accomplishment of new and different knowledge. A more productive education program, for instance, is one that yields more knowledge outcomes per knowledge inputs invested. Such “knowledge productivity” is clearly important given Australia’s needs to equip a sufficient number of graduates with the knowledge and skill required for an effective professional workforce.

Establishing whether education is more or less productive in this sense—important for learners, teachers, universities, the professions and society as a whole—requires generalisable measures of learning that can be compared algorithmically. As noted above, program-level accreditation usually fails this requirement, as such accreditation does not normally deliver individual-level results. The results from locally developed assessments also typically fail to yield such information for they are inherently (and naturally) constrained by the contexts in which they are developed and frequently lack the

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measurement properties and potential that would derive from the assessment collaborations sketched above. Local—often teacher-specific—assessment practice is very likely (hopefully) to be sensitive enough to discriminate between acceptable (pass) and unacceptable (fail) performance, allowing for generalisability to be established from locally derived results by abstracting to a pass/fail dichotomy. While this conflates a grade of 99 with 51, at least it flags those who have successfully accomplished minimum learning requirements. However, without external verification that a “pass” in one context is the same as a “pass” in other contexts there is a real risk of grade inflation to yield productivity dividends—a common debate in the United States where unverified student grades are factored group-level quality assessment. Even if working with generalised data from local assessments, local practice remains unable to furnish stable metrics required for monitoring and improving education performance.

In large and diversified institutions and systems, assessing higher education performance requires an independent mechanism that both generates stable measures of learning and assures, in a generalisable fashion, that minimally sufficient standards are being met. Managed well, the assessment collaborations sketched above provide the required assurance regardless of the level of “sharing”. The sharing of definitions or tasks—hence of processes or results—provides added confidence in the generalisability of local assessment data. Sharing of processes or results enables genuine external verification of local practice, either by building strength into the local assessments or by supplementing local assessments with independent cross-checks.

A brief example illuminates the point and potential being discussed. With access to generalisable measures of learning, perhaps from participation in an assessment collaboration as described above, educators can monitor the performance of their students relative to baseline estimates of individual readiness. These data unlock powerful and exciting potential for change. Teachers can explore the feasibility and impact of different resources and approaches, and explore interactions with student backgrounds and contexts. This opens opportunities to map individual progress, and for demonstrating and re-engineering the productivity of provision.57

Learning outcomes may, in certain respects, be seen as an “educational bottom line”, which, like financial data, can be summed to aggregate levels and provide extremely useful insights for institutional leaders and other stakeholders with broad interests in education quality and effectiveness. Access to robust data on learning outcomes helps spotlight good practice, enabling better financial assessment, policy prioritisation, and resource allocation. This then opens complex normative questions about whether to support improvement or reward excellence. A partisan perspective frames this in binary terms, but presumably “both” is the answer given the strategic importance of higher education to Australia’s national interests. Improving or eliminating unacceptably low performance, boosting the middle ground and fostering high-end diversity and excellence are all essential characteristics of effective higher education, both within the classroom and across the system. Linking strategic leadership with bottom-line learning facilitates such steering.

Seeking greater investment returns typically sparks new and increased risk, and learning is no different. Correlated with usefulness lies growth in risks of inadvertent and adverse use. Work in this field must be done for one reason—to improve education—going directly towards helping learners and teachers engage in the most productive ways. Achieving this can be hard. Private approaches to bolster the space carved out by teachers and learning go some way, but more formal mechanisms also yield gains. Such mechanisms might include external audit, public reporting or external regulation. For instance, even with sophisticated technical and substantive contextualisation public reporting of student learning runs the risk of prompting premature or ill-formed response.

**Steps ahead for Australia**

In any country, experts and the public alike tend to answer the question ‘What is the best university?’ with reference to the university that is hardest to get into—‘the most elite’, the one that ‘takes the best
students’, the one that ‘has the highest SAT, ATAR, GRE…’. But which university produces the best graduates? Likely, the same institutions are listed. Why? Because ‘they take the best students’, they ‘do more research’, they are ‘preferred by employers’, etc. As demonstrated empirically, these kinds of answers speak to unverified assumptions such as relations between learner input, engagement and outcomes (which are complex and non-linear), and the links between research and teaching (which are small, and indeterminate). Perhaps of most concern, these kinds of answers effectively outsource a vesting in employers—not academics—of the authority to assure and improve academic quality and standards.

As argued in this paper, the principles of sound assessment can—and should—be generalised across contexts, just like the principles of financial accounting, without constraining diversification or excellence. Doing this furnishes information and perspective that can transform conceptualisation about the quality and productivity of university education. The rudiments are in play to enact the assessment strategy sketched above. We conclude here with summary advice for national development along with considerations of the export potential of this facet of Australian higher education.

The first step is to build a clear vision for the change required. Nationally, much policy energy and debate has been invested in this area in recent years. This now must be distilled into specific directions for change, as suggested by the Advancing Quality in Higher Education Reference Group. Then comes the task of engaging leaders and educators in the change agenda—finding early adopters and opinion shapers, and working through networks to stimulate key actors in playing a role. Full institutionalisation of such assessment innovation and, in particular, of getting ownership over results, requires the engagement of discipline experts who can build and lead new change-oriented communities. Currently, Australia has no institutional or intellectual architecture to house or sustain the ideas promulgated in this chapter—there are no dedicated journals, professional associations, authorities or councils. Full institutionalisation, therefore, hinges on setting parameters in areas such as strategy, governance, leadership and infrastructure. This broader development, of course, must resonate with technical and operational work around frameworks, assessment materials, and analysis and reporting processes.

This large-scale agenda, of course, confronts orthodoxies and stirs the pedagogical, political and cultural challenges that shape and stimulate any new assessment paradigm. Teaching can be a conservative activity constrained by cultures, technologies, epistemologies, generations and curriculum. Simply providing data on student performance has an immediate and almost telic impact on teaching, and careful consideration must be given to designing against adverse outcomes such as curriculum standardisation. Moving focus onto student outcomes and performance assessment is a major shift that must be owned and progressed by the profession. At the same time, it sends clear policy and cultural signals about the importance placed on knowledge and human capital.

Could Australia package up our expertise in this area and offer it internationally? This is already being done. As a major exporter of tertiary education Australia already distributes assessment policies and practices directly through this work. Academics report their innovations at scholarly conferences and professional meetings. In addition, Australian ministries and policy researchers are active contributors to international dialogues and studies. Many countries, for instance, are closely watching the development of TEQSA’s new standards-based and risk-assessment approach to quality assurance. These are institution- and system-level export initiatives. There still leaves scope for the export of professional services designed to assist higher education institutions globally improve the assessment of student learning and use of outcomes data in performance evaluation activities. Since 2009, for instance, Australian researchers have provided international leadership of OECD AHELO, paving the way for considerable expansion in this area. Australia has a distinctive and dynamic higher education system and once management innovations have been tested locally there would appear to be considerable scope for building capacity abroad.

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58 Coates & Goedegebuure, 2010; Radloff & Coates, 2010.
59 AQHE, 2012.
Chapter 5
Assessing academic standards in Australian higher education

Scott Thompson-Whiteside

Abstract

Academic standards are the cornerstone for any education provider. Yet over the past few years the Australian government has been trying to ascertain exactly what they are and how to measure them. The Tertiary Education Quality and Standards Agency (TEQSA) Act 2011 aimed at providing a risk-based regulatory framework that would assess the standards of institutions. Despite the ambiguous and implicit nature of academic standards, the desire for greater transparency and accountability requires the sector to have a clear conceptual and methodological understanding of how standards are set, monitored and assessed. This chapter provides a conceptual understanding for what academic standards are and how they might be assessed in Australian higher education.

Introduction

The expansion and diversification of higher education, both in Australia and internationally, has resulted in growing concerns and greater uncertainty about quality and academic standards. In December 2008, the Review of Australian Higher Education, otherwise known as the Bradley Review, was a significant point in Australian higher education. The Review recommended opportunities for further expansion of Australian higher education, but concurrently, greater levels of accountability. It specifically emphasised the need for greater clarity and more explicit demonstration of academic standards. ‘Australia must enhance its capacity to demonstrate outcomes and appropriate standards in higher education if it is to remain internationally competitive and implement a demand driven funding model.’

The Bradley Review identified a need to establish agreed measures of academic standards and mechanisms to better demonstrate institutional processes for setting, monitoring and maintaining standards. One of the key recommendations was to establish a national regulator. The legislation and introduction of the Tertiary Education Quality and Standards Agency (TEQSA) in July 2011 replaced the Australian Universities Quality Agency (AUQA). While AUQA’s role was primarily a quality assurance auditing agency, it was often criticised for its inability to demonstrate institutional standards in a meaningful way. Standards were largely implicit in the activities and processes within institutions. Under TEQSA it is envisaged that Australian institutions will be more accountable for explicitly demonstrating their own academic standards, and that these standards will be benchmarked against ‘national standards’. The introduction of a national higher education standards framework (see Fig 1.0) focuses on five key standards.

60 Anderson et al., 2000; Brennan, 1997; Davis, 2001; El-Khawas, 2006; Kelly, 2011.
61 Bradley et al., 2008.
The notion of academic standards in higher education is not new but the constant shift in policy and the ever-changing socio-economic and political agendas make it hard to pin down what standards actually mean. Standards are contextually shaped and change over time. The ongoing debate about academic standards reflects the changing values of higher education and highlights tensions in the shift from elite to mass higher education.63

The need for Australian institutions to demonstrate adequate and appropriate academic standards (particularly teaching and learning standards) raises several questions that are central to this chapter. Is there a clear, explicit understanding of what academic standards mean and how they should be applied within Australian institutions? Who decides whether the standards are appropriate and/or adequate and what are the best ways to measure them? What framework and processes best demonstrate and assure the broader community that the academic standards of our institutions are sound?

TEQSA have introduced a risk-based regulatory framework that aims to give proportionate scrutiny to institutions with more risk. In 2012, TEQSA scanned Australian higher education institutions using forty-six quantitative and qualitative indicators to produce an individual risk profile. While some of this data relates directly to teaching and learning, the intention was to look at institutions more holistically, ensure they are meeting the necessary provider standards, and identify high-risk areas for further investigation or scrutiny. However, delving deeper into teaching and learning indicators and the contextual nature of teaching and learning standards raises questions about the effectiveness of this approach.

### Shifting from quality to standards—what’s the difference?

Academic standards, much like quality, is an abstract, complex and elusive concept. Furthermore, the concepts of quality and standards are inter-woven and often used to mean the same thing. It is, therefore, difficult to discuss standards without discussing quality and vice versa. Over the last three decades there has been significant debate about the definition, assessment and auditing of quality in higher education.65 Birnbaum suggested three ways to view quality in education: a meritocratic view, an institutional view and an individualistic view. In each instance, the reference points and criteria that are used to measure quality are different.66

The meritocratic view assesses quality in relation to the scholarly norm. The scholarly norm represents the ‘ideal’ standards that are expected from the higher education community. These standards could be assessed by external examination but a number of studies have questioned the effectiveness of this process.67

An institutional view focuses on fit-for-purpose where institutions satisfy the needs of its immediate stakeholders defined within its own goals. This has largely been dealt with by internal quality assurance mechanisms and the external verification (usually through quality assurance audits) that those processes exist and are well managed. In other words, the consistent application and demonstration of

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64 Brennan et al., 1996, p. 11.
65 Green, 1994; Harvey & Green, 1993; Harvey & Williams, 2010.
quality-focused processes provides external assurance of the overall quality of the institution. Anderson and colleagues define quality assurance as ‘the means by which an institution is able to confirm that the standards (of teaching and learning), set by the institution itself or other awarding body, are being maintained and enhanced’.68 

For the past twenty years quality assurance in higher education has become the dominant logic for institutions to demonstrate their standards, despite evidence suggesting that academics view it as a meaningless set of policies driving managerial behavior.69 So does quality assurance actually demonstrate academic standards? The answer depends on the definition of academic standards. Quality assurance has an important role in monitoring the processes and performance of achievements against an institution’s own set of standards, but arguably does not demonstrate that standards have been achieved. It largely serves as an internal mechanism to monitor the consistent application and continuous improvement of processes and reduces the scope for variability. There is a clear difference between accountability, which focuses on outcomes, and improvement, which focuses on processes. As Harvey and Newton note: ‘accountability and improvement are not two related dimensions of quality, rather they are quite distinct and there is no intrinsic tension between them. Quality assurance has created an illusory tension by pretending that quality is intrinsically linked to the process of monitoring quality, an illusion that is exemplified in the ‘fitness-for-purpose’ approach’.70 

The last perspective of quality is the individualistic view, which can be viewed in two ways. The first is the actual achievement of students upon graduation. It is a reflection of the knowledge, skills and capabilities of an institution’s graduates. The second focuses more on the personal growth of the students. The criteria for measuring quality are based on the ‘value-add’ of students’ learning during their time at an institution. Value-add fits well with the notion of ‘quality as transformation’,71 which measures the amount of student learning within an institution over time. The argument of having value-add indicators is to ‘identify the efficacy of educational transformation’.72 

These different quality perspectives mean that the concept of quality remains a contentious issue. In essence, quality is a relative concept. Quality means different things to different people and is relative to the person judging the quality. There is no explicit consensus of what is ‘good’ or where the limitations are between high and low quality. Quality is also relative to whatever is being judged. It needs to be placed within a context and specifically framed around the question, ‘quality of what?’ Quality in higher education is often discussed, and disguised, within a range of dynamic, inter-related activities such as curriculum, teaching, research, student learning, assessment, student experience, and student selectivity. Each of these activities has dynamic effects on the quality of another, so it is hard to compare any of them or any combination of them between different institutions. The difficulty and sensitivity of direct comparisons of quality across a range of dynamic dimensions between institutions has given rise to the view that quality should be institutionally focussed and fit-for-purpose. Lastly, the relativity of quality means that the demonstration of ‘high’ quality or excellence is a continuous process because the context in which institutions operate is continually shifting. As Boyle and Bowden state, ‘the quest for quality in any activity is a constant struggle to maximise the extent to which goals have been achieved despite constantly changing contexts: contexts that not only affect both process and outcome but also catalyse changes in goals. Quality is never attained in an absolute sense; it is constantly being sought.’73 

The lack of certainty associated with the relativity of quality, has seen a shift in recent years to a greater emphasis of standards. The notion of standards in education implies greater precision in the measurement of quality. While arguably standards are just as abstract as quality, they are typically viewed in two ways: either as a set of principles and/or a series of thresholds.74 Australia, like most Anglophone countries, tends to conceptually view standards as a threshold. This has linguistic roots from 16th Century England where the ‘King’s Standards’ were fixed measurements determined by the

70 Harvey and Newton, 2005, p. 9.  
71 Harvey & Green, 1993.  
73 Boyle and Bowden, 1997, p. 12.  
74 Crozier et al., 2006; Thompson-Whiteside, 2011a.
ruling monarchy, with which other items were compared as a means of judging its quality. The standards were considered authoritative benchmarks and recognised exemplars of quality. By having an authoritative, fixed reference point or threshold, comparisons (and, therefore, an assessment of quality) using consistent, measureable criteria were considered to be more reliable and objective. Within the context of education, Sadler defines standards as ‘a definite level of excellence or attainment or the recognised measure of what is adequate for some purpose, established by authority, custom or consensus.’ The notion of standards implies greater emphasis on agreed external reference points from which to benchmark, measure and demonstrate quality.

**Differentiating between the setting, monitoring and assessment of standards**

Having external standards highlights a complex relationship between the setting, monitoring and assessment of standards. This chapter is focused on the assessment of standards but would not be complete without a brief understanding of how assessment relates to settings.

The setting of standards can be discussed at three levels. At the first level, standards are set external to institutions. These are normally set by governments (or through national regulators) and usually involve a complex debate about the accountability and autonomy of institutions. At the second level, standards are set with agreement and consensus from across the higher education community. These may be viewed as the scholarly norms but are also likely to highlight tensions between different institutions and their different missions. The third level is intrinsically linked to the second level and concerned with the standards an institution sets itself. These institutional standards are implicit in the policies, processes, curriculum and staff of the institution and tied to the individual mission and goals of that institution. Any misalignment between the three levels creates tension.

The setting of standards also has the potential to create confusion in the nature and purpose of standards. For example, there may be confusion as to whether these standards are normative settings, minimum or high settings. A minimum standard represents a threshold, which must be met in order for it to be considered ‘good’. A normative or typical standard is a more elusive threshold that should be met in order for it to be considered ‘good’. A high standard, which elicits notions of excellence, may never actually be achievable. Striving for excellence is continuous.

Of course, the setting of a standard at a minimum, normative or high threshold are not detached phenomenon. Whoever sets a standard, must have information on which to base this threshold in order to set it at an appropriate level. A number of standards in higher education have historical reference points and in effect become part of the normative standards. If standards decline from this historical reference point, it is argued that standards are declining. Often when minimum standards are set they are seen as moving to the lowest common denominator and, therefore, considered largely ineffective for the majority of institutions. Other standards, which have no historical reference points, are based on a set on assumptions. The process of setting these standards is largely about gaining consensus and/or control of the criteria used to determine the threshold. In 2012, the Higher Education Standards Panel was established to provide independent advice to the Commonwealth Minister of tertiary education. Their work to date has been to set a both ‘threshold standards’ and ‘non-threshold standards’. In the TEQSA Act 2011, only threshold standards are regulated by TEQSA. These include the three provider standards and the qualifications standards listed in Figure 1.0 and are written to be minimum threshold standards.

The relationship between the setting of standards and the achievement against those standards is dynamic, particularly in teaching and learning. It is often assumed in education that having high standards means that both the standard was set high and the achievement against that setting was high. In reality, there is a more complex relationship between the setting of standards and the judgement of whether it has been achieved. For example, if grades are symbolic representations of student

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75 Sadler, 1987, p. 194.
76 Thompson-Whiteside, 2011b.
achievement then in some cases there may be an inverse relationship—by setting high standards in an exam, many students may receive low marks and, therefore, demonstrate low standards, and conversely by setting low standards, many students receive high grades and demonstrate high standards. Neither situation gives an indication of the standards of the institution, its students or the provision of teaching to those students. Neither does it enable accurate comparisons with other institutions because the settings are different. The achievement of students may have been low because the standard was set too high, the teacher was poor, the assessment was poor, the students were poor, or a combination of all four factors. Within education generally, there is a lack of clarity between the setting of standards, the provision of teaching, the process of learning and the judgement of achievement of students against those standards.

If teaching and learning standards are externally set, tensions occur that may not align with the mission of the institution and impinge upon its own autonomy to set standards. An institution, using criteria aligned to its own mission, may be performing to a high quality (quality is judged as fit-for-purpose), but may not meet the standards set externally. It is unlikely for example, that national teaching and learning standards are going to align with every institution. The aim, therefore, in establishing and setting standards would be to have agreed consensus of the threshold levels and the criteria for measuring achievement. This is easier said than done. The alternative is to have teaching and learning standards as ‘non-threshold’ standards. In other words, they are a set of principles. They key issue here will be measuring and/or demonstrating that minimum standards are being met.

In recent years, there have been numerous discussions on the criteria for measuring teaching and learning standards. Over time these discussions have placed greater emphasis on the measurement of student outcomes. It is widely considered that the measurement of student outcomes provides the best indicator of teaching and learning standards within an institution. However, developing generalisable measures of students’ outcomes remains a challenge. To avoid a fit-for-purpose approach, external reference points are required from which to effectively and consistently assess student outcomes across different institutions. One way to do this is to define agreed outcomes at the discipline level but this is likely to be inefficient, costly and challenge the autonomy of institutions too far. For over ten years, the British higher education system has used subject benchmark statements designed to offer clarity about the expectations of graduate outcomes and consistency in the judgment of those outcomes. It currently has fifty-six discipline benchmark statements. In theory, by standardising and fixing an external reference point, the possibility for institutions to set different standards, and the scope of judging students’ achievements against those standards are reduced. However, unlike Australia, the UK benchmark statements are underpinned by a tradition of external examination at the discipline level. Benchmark statements may not work so well without an external examination system.

Australia has flirted with the idea of external benchmarks through the now disbanded Australian Learning and Teaching Council (ALTC). The Learning and Teaching Academic Standards Project aimed to develop discipline-specific standards defined as ‘threshold standards, expressed as the minimum learning outcomes that a graduate of any given discipline must have achieved’. As the ALTC project revealed, a major barrier in the process of determining and setting universal standards in education is that they are often interpreted as a means of standardisation. An AUQA discussion paper on student achievement standards and the ALTC standards project initiated a debate about standardised national curricula, a drive towards conformity and a threat to institutional autonomy. The problem is that whilst external settings are required to provide the necessary fixed reference point for comparisons, they can be neither too precise, nor too broad. If the standards are too precise, especially at the discipline level, they will constrain institutions and if they are too broad they become ineffective. As noted by McTaggart, common standards will either kill off innovation or be so vague as to fail to define practice.

77 Sadler, 2009.
78 AUQA, 2009; DEEWR, 2011a; James, 2007.
79 Coates, 2007a.
80 Jackson, 1998b.
82 Lane, 2009.
83 McTaggart, 2009, p. 23.
The UK benchmark statements have also given rise to the argument about the efficacy of learning outcomes. Some argue that they are simply used as an instrumental ideology of measurement for the benefit of management and external stakeholders. While academic staff and institutions should be more explicit about their expected standards and outcomes, the benefits to students seem minimal. Research has shown that rather than explicit learning outcomes, it is the types and processes of feedback and assessment that benefits students most in understanding standards. Gibbs, for example, found that students had greater understanding of standards within an institution if their assessment processes emphasised formative assessment and feedback. Where assessment was largely summative measures of achievement, students found assessment unhelpful in understanding what standards were expected.

There is a presumption that prescribed vocabulary within learning outcomes serves as a means to objectively measure achievement against them. As Hussey and Smith explain, ‘learning outcomes give the impression of precision only because we unconsciously interpret them against a prior understanding of what is required. In brief, they are parasitic upon the very knowledge and understanding that they are supposed to be explicating. To make the descriptors precise we have to interpret their meaning and this involves adding an understanding of what quality or standard is appropriate at the educational level, but this is what the learning outcome is supposed to be specifying’. Since standards and learning outcomes are both theoretically fixed and used as an external reference point from which to measure achievement, they are automatically conflated. However, standards are not necessarily the same as learning outcomes because standards presuppose curriculum and pedagogy, and learning outcomes do not. Written statements of learning outcomes on their own do not provide sufficient reference points to enable effective judgments of achievement. Although standards can be determined by the nature and level of achievement expected from the learning outcomes, they are largely fuzzy interpretations. The legitimacy of assessing the achievement of discipline outcomes requires interpretation from people with informed knowledge of the discipline. This is where the judgment and assessment of standards become critical.

Assessing academic standards

Historically, institutions like Oxford, Cambridge and Harvard are symbolised as having the highest academic standards. This derives from the historical roots of a standard being connected with authoritative exemplars of excellence. Today, these institutions still retain high levels of prestige and so reputation has inevitably been closely associated with high standards. Prestige and reputation provide symbolic capital in the standards debate. The link between standards and reputation has been strengthened over recent years by the publication of global university rankings. High research performance (which typically favours older, comprehensive universities) has become a proxy measurement for high standards per se. In 2012, even the opposition Australian government suggested that high-ranking institutions should be exempt from any assessment of standards, including teaching and learning standards, by TEQSA. However, there is little evidence to directly correlate high research performance with high teaching and learning performance. Rankings, which are largely a measure of research performance, do not provide any direct, robust indications of teaching and learning standards.

While research standards are important and an integral component of the Higher Education Standards Framework in Australia, teaching and learning standards are arguably more contentious. The complex and socially dynamic nature of teaching and learning make precise measurement difficult to achieve. In October 2011, the higher education standards framework simply referred to teaching and learning

84 Broadfoot, 1998; Brockmann et al., 2008; Hussey & Smith, 2002.
85 Gibbs, 2010; Gibbs, 2007; Rust, 2009.
87 Brockmann et al., 2008.
89 Yorke, 1999.
90 Marginson, 2007a, 2007b; Woodhouse, 2008.
91 Ferrari & Trounson, 2010.
standards as ‘benchmarks for teaching and learning quality assurance’. In order to develop appropriate measures and processes for teaching and learning standards, the Australian government released a discussion paper in June 2011. The paper suggested a separate definition for teaching and learning standards. These were:

Teaching standards might be best viewed as ‘process’ or ‘delivery’ standards. These are the aspects of delivery or institutional provision or educational delivery commonly accepted to have an effect on the quality of student learning. These include curriculum design, the quality of teaching, student learning support, and the infrastructure which directly supports the processes of teaching and learning.

Learning standards are best described as outcome standards. Learning standards describe the nature and levels of student attainment – what students and graduates know and can do. Student attainment is known by various expressions, such as learning outcomes, competencies and like, often with significant shades of meaning. Broadly, however, learning standards apply to desired areas of knowledge and skills and the levels of attainment required for graduation and for the award of grades at pass level or above.

The paper highlighted a number of projects that had been undertaken in Australia and overseas over the past decade or so. These included national student surveys such as the Course Experience Questionnaire (CEQ) and the Australasian Survey of Student Engagement (AUSSE), alongside generic skills testing through the Graduate Skills Assessment (GSA) and the Collegiate Learning Assessment (CLA), which had been used extensively in the United States to measure the value-add of students’ learning. In particular, it highlighted the OECD’s *Assessment of Higher Education Learning Outcomes* or AHELO project. The AHELO project is significant in that it aims to generate comparable measures of learning outcomes across socially, culturally, politically and economically different OECD higher education systems. The aim is to ‘establish a multi-dimensional quality space, in which quantifiable criteria for quality establish the dimensions of the space.’ Four main dimensions define this quality space: generic skills, discipline specific knowledge and skills, the value-add and a contextual dimension. If successful, AHELO could have a significant impact on determining the measures used to indicate the performance of institutions and influence what type of indicators represent ‘good’ standards.

Overall, the government paper emphasised learning standards more than teaching standards since it is widely considered that the assessment of learning (particularly the achievement of students) is the most significant indicator of quality in a university. As James and colleagues state, ‘the accurate measurement and reporting of student knowledge, skills, achievement or performance is increasingly the final test of academic standards.’ The achievements of students generally reflect a combined effect of the quality of teaching, the quality of the student, their engagement and the quality of the institution per se. It reflects a co-produced outcome of learning and achievement. Thus, implicit in the demonstration of ‘good’ learning outcomes, is that institutions have demonstrated ‘good’ teaching standards. As of March 2013, the Higher Education Standards Panel released a discussion paper on course design standards and learning outcome standards as part of teaching and learning standards. These are not considered by the TEQSA Act 2011 to be threshold standards, yet institutions must be able to measure or demonstrate that they meet them to a minimum level.

However, as previously mentioned, developing generalisable measures of student learning outcomes is not easy, particularly at the discipline level. The assessment of whether student outcomes meet a required standard (which may or may not be set external to the institution) requires intimate knowledge of the types of knowledge, skills, attributes and capabilities required within that discipline. Research into the assessment of learning outcomes in schools in relation to national standards illustrates the point, ‘while the stated standards play a part in judgment processes, in and of themselves they are shown to be insufficient to account for how the teachers ascribe value and award a grade to student work in moderation. At issue is the nature of judgment as cognitive and social practice in

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92 DEEWR, 2011b.
93 DEEWR, 2011a.
94 OECD, 2008, p. 4.
96 James, et al., 2002, p. 3.
moderation and the legitimacy (or otherwise) of the mix of factors that shape how judgment occurs.\textsuperscript{97} Thus, the legitimacy of judging student outcomes against national standards is questionable. There is variation in the assessment of student outcomes in the same discipline across different institutions. One study in the UK has shown that up to fifteen per cent of students would have obtained a different grade classification if another institution had assessed them.\textsuperscript{98} The assessment of student outcomes is inherently linked to the standards expected within an institution.

Assessments of student outcomes are multi-layered judgment processes and on the whole, implicit within individual academic staff. The process of determining whether the student has achieved the expected standards, are dependent on professional judgments. Implicit within these judgments are that the student’s learning outcomes meet the expected skills and knowledge set within the curriculum described as learning objectives. Each learning objective is typically, although not always, associated with a set of assessment criteria. It is assumed, therefore, that assessment criteria provide the necessary predictability and means to measure learning outcomes against learning objectives. However, not only do the learning objectives and assessment criteria provide students with a fuzzy guide of what to aim for, the actual achievement of students is still implicit within the eye of the assessor.

**Developing explicit indicators and valid assessments of learning standards**

One of the underlying problems in the assessment and demonstration of teaching and learning standards is the movement between explicit and tacit knowledge. Some activities can be assessed against absolute, quantifiable criteria, but many activities rely on qualitative judgments of quality. Therefore, judging student outcomes against absolute standards within certain disciplines (such as mathematics) is likely to be considered more objective than assessing standards in art or creative writing. This is not to suggest that the judgments in art or creative writing are arbitrary, but to the external stakeholder they may be less objective. It is also accepted that assessment is more valid when conducted by experts who can make informed judgments. This may also be externally validated through peer review, external assessment or moderation. While peer review or external examination has the advantage of relevance and reflects some kind of ‘authority, custom or consensus’ (referring to Sadler’s definition of standards), the process has also been shown to encourage conventionality and discourage innovation.\textsuperscript{99} Furthermore, when external examiners have a largely technical, standards-referencing role they tend to focus on quantifiable indicators, which in turn reduces the allowance for diversity and constrains the notion of excellence.\textsuperscript{100} External examination, which is more common in the UK, has also been shown to be inefficient and time consuming to those involved.\textsuperscript{101}

It is clear that the assessment of student achievement and the grades given to students reflecting those judgments, are an important component in understanding the relationship between the expected standards and the achievement of those standards. Having external reference points, such as consensual benchmark statements of minimum and/or ideal expectations, does provide some confidence that standards are in some way calibrated, but they do not provide precise thresholds to measure standards against, or provide a basis for relative achievement between institutions. Subjectivity remains at the heart of many standard setting and assessment practices and complete objectivity is unlikely to be achieved. As McTaggart suggests, ‘objectivity is a seductive illusion, but even its more realistic semantic alternatives such as impartiality, neutrality, consistency and consensus present dangers to academic work and integrity.’\textsuperscript{102}

Subjectivity and the reliable, accurate measurement of teaching and learning sit at the heart of the standards debate. It is evident that governments and institutions are increasingly using a range of qualitative and quantitative criteria and indicators to demonstrate standards. To counter balance

\textsuperscript{97} Wyatt-Smith et al., 2010, p. 59.
\textsuperscript{98} Woolf & Turner, 1997.
\textsuperscript{99} Williams, 1986.
\textsuperscript{100} Langfeldt et al., 2009.
\textsuperscript{101} Bloxham, 2009.
\textsuperscript{102} McTaggart, 2009, p.21.
potential subjectivity in assessment practice, quantitative measurement of teaching and learning has gained momentum. This is a practice that several academics are skeptical about. As Broadfoot suggests, "the idea that if we calibrate our instruments more finely, we can somehow achieve perfect measurement of quality is a modern illusion, created by computers and statisticians who make a living out of it."103

Nevertheless, quantitative indicators are in precise terms what we value as a proxy for quality and standards.104 The criteria and indicators used to measure student achievement may never be precise and perfect, but they provide opportunities to clarify what is being measured and how a particular threshold should be determined.

The nature and type of indicator used depends largely on the purpose of what is being measured. In determining a broad representation of academic standards there has been a gradual shift away from input indicators to throughput indicators (processes supporting teaching and learning), to output indicators.105 Historically, high academic standards have been represented by high achievement of input indicators. In other words, high entry standards and the selectivity of students into a program (or highly qualified staff) generally imply high academic standards per se. However, input indicators have become closely associated with an elitist notion of standards and this goes against the widely held agenda for increased participation in higher education. These input indicators are more associated to institutional reputation than the actual standards of its graduates.

The increased drive towards quantitative indicators does create additional problems. It is important that the data suits the intention, rather than letting existing data dictate the approach.106 Indicators need to drive behaviour that is intentional, appropriate and if possible, agreed by everyone involved. As Ramsden suggests, we are falling into a ‘trap, made seductive by the magic of valuations to which numbers are attached. The procedures we use to measure standards may become more important than the things we are measuring, so that we lose sight of the purpose of measuring’.107 Without a full understanding of indicators and how they are used, the standards set by governments or institutions and the achievement against those standards may be based on what data are available, rather than what is relevant, accurate or important.

It is seductive to think that having agreed performance indicators would provide a suitable standards framework and a means for objective judgements. It also undermines the informed judgement of academic staff. However, given the shift in discourse away from quality to standards, and the need for greater external, explicit evidence of achievement, it is inevitable that more quantitative indicators will be used to measure teaching and learning standards. Standards-based assessments of education necessitate the use of quantitative indicators. However, it is likely that a standards-based system will require a combination of indicators supported by informed judgements from expert assessment panels. The key question is how deep and precise is Australia willing to go? Are we, for example, likely to have discipline-specific assessments or external examinations, which would be costly and probably unmanageable? Or are we likely to have agreed generic outcomes for graduates? Either way, peer review is still necessary to make sense of standards. Peer review allows us to understand the contextual factors that affect the measure of achievement. Thus, a combination of quantitative indicators and qualitative judgements, framed within a particular context, is likely to be a way forward that appeases everyone.

Conclusions

It is apparent that with any discussion about academic standards, different types of standards are being conflated, represented and interpreted by different stakeholders. While the Higher Education Standards Framework categorises five separate standards, the setting, monitoring and assessment of each of them is confusing to most. Certainly TEQSA as a national regulator has a clear role in

104 James, 2008.
106 Coates, 2007b.
monitoring and assessing certain types of standards, such as provider standards, but their role in assessing teaching and learning standards is less clear.

Teaching and Learning standards consist of a range of different activities that have dynamic effects on each other. Institutions set their own teaching and learning standards, which are largely tied to the strategies, policies, processes, curriculum, staffing and students that are unique to each institution. This is not to suggest they are set or assessed in isolation but the external reference points are not always explicit. Setting prescribed national standards in teaching and learning is challenging, but will be required if institutions need to explicitly demonstrate their standards against a national threshold. However, any teaching and learning standards framework needs to balance national expectations against institutional expectations that are aligned to their unique missions. It needs to balance national standards with contextual parameters. This entails a balance of both quantitative measures of quality indicators alongside qualitative judgements of teaching and learning. The former requires extensive consultation and agreement from a wide range of stakeholders. To develop robust, quantitative indicators of teaching and standards will be challenging given the diversity of institutions and the dynamic processes that are inherent in a teaching and learning environment. The latter is best done through external peer review or moderation-type processes but the financial viability of such a model may also prove to be main challenge, especially if it is at the discipline level. A number of more generic, principles-based, graduate standards are likely to be more palatable, manageable, cost effective and less intrusive. It is, however, a challenge that must be overcome. Mass higher education in Australia requires more robust processes and methods to monitor and demonstrate academic standards.
Chapter 6
TEQSA and the holy grail of outcomes-based quality assessment

Vin Massaro

Abstract

The 2008 Review of Australian Higher Education (the Bradley Review) recommended that Australia should move to a standards and outcomes-based quality assessment model, with a new body that would be responsible for both quality and standards. The recommendation brought to a conclusion the debate on the most effective means of measuring quality and the Tertiary Education Quality and Standards Agency came into effect in 2012. This chapter explores whether the promise of the holy grail of quality assurance can be delivered, the extent to which the regulatory function might overwhelm effective quality assurance, and offers an alternative approach.

Some history

The emerging need for quality assurance in higher education over the past twenty-five years has led to the exploration of several approaches to the measurement of quality, but a system that measures standards and outcomes, and the impact of higher education on a student’s intellectual capacities, has been elusive.

While the Bradley Review stands in a long line of reports that have concluded that the quality of higher education might be at risk as a result of rapid expansion, it is the first to have proposed the establishment of a rigorous system of quality assurance based on standards and outcomes.

Universities historically have used comparative measures to judge the quality of their graduates, with founding documents requiring that their degrees be at least equivalent to those offered by a pre-existing institution—Bologna in the case of the early universities; Oxbridge in the case of the first Australian ones; and by the time Monash University was established, its Act required that ‘the standard of graduation in the University shall be at least as high as prevails in the University of Melbourne.’

These requirements had no measurable criteria, although the ability of graduates to move within the global scholarly environment through admission to postgraduate programmes or academic appointments became a de facto measure of parity.

Australian universities also have a tradition of peer review, usually at discipline or faculty level, in which academic colleagues assess the comparability of standards. They tend to be periodical, often triggered by the departure of a professor or academic leader, to assist in determining the strategic development of the discipline and the qualities required of a new appointee. They involve a deep engagement between disciplinary peers and, in the case of course reviews, include critiques of course content and assessment to determine whether standards are comparable.

The former Commonwealth Tertiary Education Commission and the Australian Vice-Chancellors’ Committee conducted periodical course and discipline reviews, with detailed findings that led to significant reforms. The former colleges and institutes were required to submit degree programmes for approval by accreditation committees, often with majority university specialist memberships, to ensure the comparability of standards between colleges and universities.

110 Monash University Act 1958, s.5 (c).
The system for accrediting professional qualifications is perhaps the best example of a rigorous approach that is focused on the measurement of standards and outcomes, even accepting the idiosyncratic nature of some of the professions and their requirements. Because it assesses whether graduates are fit to practise the relevant profession, the process has tended to delve into the quality and currency of the programme. In the case of medicine some universities have received limited or qualified accreditation pending the rectification of identified problems.

The first Australian quality assurance system emerged from a ministerial policy statement that concluded that after a period of significant change in higher education, it was necessary to assure the community that its quality had not suffered. Two per cent of federal recurrent grants was set aside to be distributed among institutions that demonstrated better than adequate quality of provision.

In its advice on how this might be assessed, the Higher Education Council reported that quality had indeed suffered as a result of trying to spread too little money too thinly, and creating false expectations in the former colleges, which had moved into postgraduate education at a rate that could not be supported by the available infrastructure. However, the resulting mechanism, which consisted of three annual rounds, had the effect of distributing the majority of funds to pre-1992 universities. The degree to which it measured quality is debatable, while it failed to address the acknowledged funding problem.

The Australian Universities Quality Agency (AUQA) was established in 2000, in response to the government’s inability to act against the establishment of a private university on Norfolk Island. To allay fears in existing universities, the government gave assurances that the new system would involve ‘light touch’ quality assurance. Protocols were also developed to define the conditions to be met by new applicants for university status, including a measure of research activity that had not been required of the former colleges and institutes of technology when they were permitted to adopt the university title.

The breadth of the AUQA remit might have suggested that Australia was about to engage in a standards and outcomes-focused quality assurance system. It provided for an assessment of ‘the quality of the academic activities, including the attainment of standards of performance and outcomes of Australian universities and other higher education institutions’, as well as ‘the relative standards and outcomes of the Australian higher education system and its institutions, its processes and its international standing’.

Perhaps because of the ‘light touch’ promise, AUQA chose in its first cycle of audits to concentrate on a measurement of the adequacy of processes for ensuring quality. AUQA reports avoided any judgement about the maintenance of academic standards; they provided no information on the relative performance of institutions; nor did they comment on institutional performance in an international context.

So, rather than building on existing peer review systems, Australia chose to assess quality at the holistic institutional level, preferring a periodical snapshot and a measurement of processes. This meant that little could be discerned at the discipline or course levels, where one might have expected the most useful evidence about standards and quality to reside. Periodical peer review and professional accreditation continued in parallel but was not recognised as part of the formal quality assurance system.

Yet the need for standards and outcomes-based measurement continued to be raised, with the 2003 Ministerial Statement arguing: ‘Given the expanded choice that will be available to prospective students … it is imperative that information about the relative strengths of institutions be readily accessible. Employers should also have access to information about the capabilities of recent graduates’. This

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113 Massaro, 1995; 1996.
115 AUQA, 2000, Objective 1.
116 AUQA, 2000, Objective 3.
extension of the audit process was a precursor to the growing realisation that a process-based audit was no longer sufficient to assure the public that standards were being maintained.

This call for more public and transparent quality assurance was being echoed globally as a result of concerns that mass higher education might have led to a dilution of standards. It culminated at a meeting of OECD education ministers in 2006, which concluded that in light of international concern about existing quality assurance methods, systems were needed to measure outcomes, as well as the appropriateness of higher education. This led to the establishment of the Assessment of Higher Education Learning Outcomes (AHELO) project, an attempt to develop an international measure of standards and learning outcomes that would provide international benchmarks. It led the Australian minister to determine that the second AUQA cycle should concentrate on academic standards and outcomes and academic risk.

Reprising these concerns, the Review of Australian Higher Education expressed concern that uncapping enrolments and allowing institutions to decide the mix and number of students they would admit might lead to standards being sacrificed for growth. It subsequently proposed that ‘to underpin confidence in the quality of Australian higher education, it is now time to move to a new approach, which demonstrates outcomes and that appropriate standards are in place…. it is imperative that the Australian community has confidence in the standards of its universities and that there is a transparent, national system in place to assure these same standards are required of all providers of higher education’. It argued that: ‘Strengthened accreditation and quality assurance process are needed to ensure that students receive the best possible education and that employers can have confidence in the quality of education provided to their current or potential employees. Strengthening the sector’s general regulatory, accreditation and quality assurance systems will also enhance Australia’s position in international education’.

The Review concluded that the existing quality assurance system had not produced the intended results, being ‘too focused on inputs and processes ..[without]… sufficient weight to assuring and demonstrating outcomes and standards.’ It recommended that it be replaced by a new body that would assess standards and outcomes in an international context, including an accreditation and re-accreditation structure for all higher education providers.

In response, the government agreed to establish a new Tertiary Education Quality and Standards Agency with extensive regulatory powers. In a departure from the quality and standards language, the issue of risk-based and proportionate regulation became a central feature of the new entity, now defined clearly as a regulator.

The legislation establishing a Tertiary Education Quality and Standards Agency (TEQSA) was passed in 2011 and the new Agency came into effect on 1 January 2012. The legislation gives TEQSA a high degree of independence and extensive investigative and coercive powers. The Agency is made up of a Chief Commissioner, two full-time Commissioners and two part-time Commissioners. While similar agencies and commissions have tended to combine academic, management and industry expertise, TEQSA has no commissioners with academic experience, and the Agency sees itself primarily as a regulator that will rely on the judgement of its commissioners when regulating institutions. By contrast, the Australian Health Practitioner Regulation Agency, which was established shortly before TEQSA and with similar regulatory powers, has a structure consisting of several accreditation boards made up largely of professionals who can make peer review judgements about a programme’s capacity to meet quality and outcomes standards.

Purpose of quality assurance

118 OECD, 2006.
119 OECD, 2008.
120 Bradley, 2008.
121 Bradley, 2008, 115.
122 Bradley, 2008, 115–139.
123 Australia, 2009, 31–33.
124 Australia, 2011.
125 Nicoll, 2012c.
Universities are defined by certain fundamental qualities: they are autonomous, with staff having the academic freedom to pursue knowledge wherever it leads, self-accrediting with regard to their courses, and with the capacity to determine their own standards. In return for this Socratic compact, they are expected to serve society by educating its professionals and undertaking research that will solve its problems. In essence, universities are given the freedom they need to pursue their interests in return for the social obligation to educate and prepare society’s citizens.

Quality assurance is a measure of whether the purposes of higher education have been achieved and the measurement tools need to reflect this. The implicit promise of a university is that it will transform students into graduates with the skills and qualities that will enable them to perform at a high professional level and have the capacities for research and independent critical thinking that will qualify them as productive members of society. A graduate will, therefore, possess certain attributes—a knowledge of a chosen specialisation, the capacity for independent thinking, able to marshal and express thoughts effectively, to distinguish facts from opinion, to question received wisdom and to create new knowledge. The degree to which a university has fulfilled its transformative function could be measured by entry-level tests and a superordinate exit examination of generic skills.

While society is not in a position to judge the quality of universities or the processes used to measure it, the expectation is that quality assurance will be rigorous and focused on standards and outcomes. This will serve to assure society that the qualifications awarded by institutions are of a standard that is recognised nationally and internationally. To achieve these objectives, a quality assurance system should:

- Be conducted at a discipline or program level;
- Make a difference to students—through the value that has been added and the measurement of outcomes;
- Ensure that threshold standards are being achieved;
- Measure the acquisition of specialist and generic skills;
- Be based on international peer review;
- Be based on international comparative measures;
- Be relevant to the purposes of higher education;
- Promote diversity;
- Involve a cyclical process rather than a series of sporadic snapshots;
- Be owned and accepted as valid by institutions; and
- Report publicly in terms that are readily understood by a lay audience.

The new Australian system

The name of the new agency suggests that its main focus will be on quality and standards. However, the legislation focuses extensively on regulation and bases that regulation on a set of threshold standards. The Higher Education Standards Framework, consisting of provider and qualifications threshold standards, has been legislated and consists of the previous MCEETYA Protocols and the Australian Qualifications Framework. This assumes that several unresolved debates can now be taken as concluded and that TEQSA can hold institutions accountable for meeting them. The result of being burdened by these measures is that TEQSA’s flexibility may be impaired.

126 House of Lords, 2012.
128 AQF, 2013
The Act devotes some 45 pages to the Agency’s investigative and enforcement powers, with authorised officers to undertake these tasks. Accreditation and registration provisions cover a further 40 pages, with standards being covered over two pages, essentially to provide for the quality framework of threshold standards.

As there had been no concern expressed over the risks posed by any of the public or private universities, it is difficult to understand the problem that the government had identified which required the level of regulatory oversight implied by the Act. The failures of private providers were not such as to pose a risk to the system as a whole. To the extent that a regulatory response was needed to address this problem, new providers could have been required to meet more stringent financial and governance standards for accreditation, leaving established institutions that were not at any obvious risk with a regulatory system that involved periodical oversight, and a ‘no claims’ approach. In the regulation of traditionally autonomous institutions it might have been wiser had the legislation reflected the business that was being regulated.

The Act’s assurances that university autonomy will be protected and regulatory action will be risk-based will only be meaningful if the regulator is able to use a range of strategies for assessing and dealing with risk depending on the individual circumstances. TEQSA’s requirement to act proportionately will only be effective if there is agreement on what constitutes disproportionate action without recourse to a court. As a result, universities may take the safer path of seeking approval for matters that would previously have been entirely within their powers, thus increasing the level of reporting and reducing autonomy.

That TEQSA should have a regulatory function is not in dispute. The question is whether the intrusiveness of the regulation is sufficiently likely to lead to improved quality and standards to warrant the intrusion. The Agency will, therefore, need to find the right balance between its regulatory functions and the measurement, maintenance and promotion of quality and standards. As the American surgeon Atul Gawande reminds us: ‘Regulation has … proved no more likely to produce great medicine than food inspectors are to produce great food.’

The system’s experience of TEQSA’s approach is limited, but it seems that it is inclined to be more regulator than quality assurer. An examination of how some elements of the legislation might be implemented will provide examples of inconsistencies inherent in the Act that might explain the concern in universities that this level of regulation is both unnecessary and unlikely to assess quality and standards.

TEQSA is required to register and evaluate the performance of higher education providers against two broad threshold standards—provider and qualifications. The provider standards include provider registration, provider category, and provider course accreditation standards. Teaching and learning, research, and information standards, are not defined as threshold (s.58) and are being developed by a new Higher Education Standards Panel that reports directly to the Minister. Meeting these will presumably be taken as one of the measures that demonstrate an institution’s compliance with the provider and qualifications standards.

In perhaps one of the most significant changes to the higher education system, the approval of standards now rests with the Minister acting on the advice of the Panel. While the setting and maintenance of standards has been fundamental to the autonomy of universities, its removal was effected without discussion and has caused little debate. This is not to suggest that external authorities should not certify standards, but universities will now be teaching to standards set by the Minister. While separating standards setting from enforcement seems logical, interposing the Minister, who is also responsible for funding, creates at least the appearance of a different kind of conflict. A Minister will need to satisfy the public that standards have been made for the preservation and promotion of the quality of higher education rather than to align with a government’s preparedness to pay for excellence.

Section 15 of the Act requires TEQSA to exercise its powers in accordance with the principle of reflecting risk, including taking account of an institution’s record of performance and its internal quality assurance systems. But it is not yet clear whether TEQSA will use this discretion to determine

what action to take if it finds that a set of standards has not been met due to factors beyond the control of the institution. Comments by the Chief Commissioner, Dr Carol Nicoll would suggest that the regulator sees itself as bound by its legal responsibility to act decisively when a problem is identified, with little scope for delay in finding a solution.\textsuperscript{130} Dr Nicoll indicated that Commissioners would make decisions, acting on all relevant data, including scheduled and unscheduled regulatory assessments. While the Commission might seek expert advice, it would not rely on peer review because it is not regarded as appropriate to the regulatory function.\textsuperscript{131}

The indications thus far, including minatory statements about its tough policing role, suggest that the Agency is inclined to take an uncompromising approach to its regulatory role and to demonstrate that no institution will be under less scrutiny than any other. The consequential risks inherent in this approach are several.

The provider standards include the conditions for the achievement of university designation and its retention. They require the institution to demonstrate that it ‘undertakes research that leads to the creation of new knowledge and original creative endeavour’ in at least three of its broad fields of study and in all broad fields of study in which it awards research degrees.\textsuperscript{132} The research standards are not yet in place, but if an ERA 3 score over three discipline areas were taken to be a reasonable minimum several existing universities would fail the test. TEQSA would presumably be forced to remove the university title from an institution despite the fact that it may not have a major impact on its standards.

This will inevitably lead to an affected institution challenging the claim for the existence of the nexus, yet the link has been shown to be tenuous. In light of this risk as well as the political consequences of removing a university’s designation TEQSA will either have to set the bar very low, measuring the quantity of research-like activity rather than the quality of research, or not enforce the standard. Australia’s performance in international rankings would not be improved by either strategy and TEQSA’s credibility in regulating universities would be damaged.

A more sensible solution would be to revise the university provider standards to acknowledge the reality that Australia has a diverse research system, with institutions performing at different levels and some not at all. University designation could instead be based on an institution’s capacity to deliver degree programmes that meet teaching and learning standards, with each permitted to determine whether it wishes to undertake research and how much effort it wishes to devote to it. Universities should not be required to prove that teaching staff are at the discovery end of the research cycle to prove that they can teach about the impact of the latest research on the subject matter being taught.

The \textit{Regulatory Risk Framework} ‘sets out TEQSA’s policy and processes for identifying and assessing risk in the higher education sector’.\textsuperscript{133} The framework conducted a preliminary scan in 2012 before full implementation in 2013. It contains some 46 mandatory items dealing with students, 18 with staff and 51 with finances. While the information is similar to that provided to government in annual statistical returns, it is more extensive and requires new reports and analyses. The framework is based on the assumption that the information gathered will demonstrate the ability of an institution to meet its threshold standards and educational outcomes.

The risk matrix requires information on per capita space provision to determine whether it is adequate to support teaching and research training. The benchmark is the TEFMA space norms,\textsuperscript{134} but while these began as aspirational targets for planning purposes, they now reflect a measure of the space that institutions have been able to build after compromising between planning ideals and available funding. As a result, most institutions have moved away from the ideal, in some cases significantly. In these circumstances, establishing a valid benchmark against which institutions should be measured will be difficult and it is quite likely that many institutions will appear to be noncompliant.

But even assuming that a university were found to be noncompliant, it is not clear what action TEQSA could take to enforce rectification because it would inevitably rely on additional funding and providing

\textsuperscript{130} Nicoll, 2012a; 2012b.
\textsuperscript{131} Nicoll, 2012b, 2012c.
\textsuperscript{132} TEQSA, 2011, 2.2 and 2.3.
\textsuperscript{133} TEQSA, 2012b.
\textsuperscript{134} See TEFMA, 2009.
it is not within its power. The failure to match enrolment growth with adequate capital funding highlights the problem that will confront institutions when the regulator demands remedies that it cannot afford.

The same concerns are raised by the requirement implicit in statements made by the Chief Commissioner about the dangers of recruiting students with low scores or with a lower level of preparation for higher education: ‘If they take students with lower entry requirements, we would have an expectation they would provide them with a suitable level of learning support’. While this is a laudable aim, it assumes that the government’s policy of encouraging growth has been underpinned by adequate funding to support the increasing number of students who are less well prepared for higher education. TEQSA would have highlighted a problem that the institution cannot solve, while its decision to apply the risk measures requires that it penalise the institution. One of the unintended consequences of this approach to regulation might be to force governments to match funding to policies, but in the meantime it raises inconsistencies that cannot be left unresolved.

The exposure draft of the TEQSA Bill made no mention of the self-accrediting status and autonomy of universities, but the final legislation does provide a qualified level of autonomy. However, while defining universities as self-accrediting institutions (section 45), TEQSA retains the power under section 32 to impose conditions restricting or removing a university’s authority to self-accredit. The provider course accreditation standards also enable TEQSA to assess a self-accrediting institution’s performance.

The Act also requires institutions to advise TEQSA of material changes to courses. Universities appear to be exempt, but they must receive Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) registration for any course that is to be offered to international students. Also, as they are required to report on any matter that has the effect of changing the nature of their provider status, it leaves open whether universities should report course changes in case they are subsequently deemed to have been materially relevant. It is not clear, for example, whether the withdrawal of a course, for financial or strategic reasons, would require a report of a material change. This would certainly be necessary if the budgetary reasons were deemed sufficiently serious as to constitute a material change in the institution’s financial position. The material change provisions also apply to changes to ‘key personnel’, which require a report to TEQSA and a declaration that the appointee is a ‘fit and proper’ person for the role.

If TEQSA’s role is primarily to protect quality and standards, measuring performance against the teaching and learning standards should be the central focus of its work. Because these are unlikely to be amenable to quantification without the mediation of peer reviewers with the expertise to determine the comparability of standards, the Agency will need to rely on expert advice. It will need to accept that this involves a complex task of peer assessment and expert judgement, neither of which lends itself to formulaic solutions. However, this level of peer review appears to have been ruled out as an option by the Chief Commissioner.

It seems that the question of quality assurance and the need for regulation have been confused to produce a complex system that may leave the essential question of standards, outcomes and community reassurance unanswered. The new system has meanwhile created an additional reporting burden for universities. Considering the change to their status as independent and autonomous institutions, universities have accepted the new arrangements with remarkable equanimity.

An alternative quality assurance

Confidence in each iteration of quality assurance in Australia has dissipated because despite the consensus about its purpose none was able to measure it. Perhaps because measuring standards and outcomes is difficult and peer review is uncomfortable, each has concentrated on measuring proxies

137 Nicoll, 2012c, 5.
for quality that appear to offer the comfort of numerical accuracy, while masking the fact that they have been measuring the measurable rather than the important.\textsuperscript{138}

The concern about the new system is that TEQSA will focus on regulation at the expense of quality assurance. The ability to regulate using public measures that can be applied uniformly without fear or favour provides cover from accusations of bias but it is unlikely to assure the public about quality and standards. The data gathered will measure apparent proxies for but not the essence of quality and standards. As a result the system will be highly regulated, but it will have failed to achieve the effective quality assurance system proposed in the Bradley Review.

A further concern is that TEQSA is not the funding agent, yet it will be requiring institutions to meet standards that are beyond both their financial capacity and TEQSA’s capacity to remedy. Funding rates will continue to be set by the government without any necessary reference to the standards that TEQSA will set and require institutions to meet. Similarly, while TEQSA will require an appropriate level of research performance, responsibility for setting the performance measures will be determined by the Australian Research Council.

TEQSA could decide that the flexibility provided in its Act enables it to perform its regulatory function through a combination of rigorous entrance requirements for new providers and a set of periodical quality assurance measures based on the risk that is posed by the institution. The first can be achieved through the use of the existing provider standards, but with more in-depth governance and financial capacity measures and guarantees. The second should be based on a broad range of measures, taking account of an institution’s record of performance and its internal quality assurance systems, with a ‘claims based’ risk assessment—if the institution has not emerged as a risk and no complaints have been made against it, it should be allowed to demonstrate its quality assurance measures and methodologies but not be subject to more than general oversight.

Given its ability to adopt a range of approaches, the Agency could decide that it will rely on institutions to develop the evidence upon which their performance will be judged, with an argument that demonstrates the validity of the process by which it produced its evidence.

The new teaching and learning standards will provide the basis upon which judgements of teaching quality can be made, but TEQSA should rely on effective peer review judgements rather than trying to perform these functions itself. Institutions should play a direct role in the process by being asked to demonstrate their performance against the standards, with performance data and evidence of rigorous peer review, including international peers.

The ideal model should meet the principles outlined in the section on the purpose of quality assurance and involve a closed loop approach to quality assurance, which looks not only at the processes but defines and measures the expected outcomes. It should consist of a combination of in-depth discipline reviews and the methodology used in professional accreditation. These are described by reference to two examples.

In 2004, the ANU undertook a comprehensive review of the University, involving discipline level international peer reviewers.\textsuperscript{139} The Review Committee described the process as based on ‘outcomes measured against international comparators of like…universities. We here emphasise analysis centred on peer review applied to knowledge outcomes; and on peer perspectives, concerning the overall shape, character and future of the university. This ‘performance review’ aims, therefore, to address three audiences: the national policy environment in which ANU operates…; the international community…; and finally, the community of scholars and students, advisors and stakeholders who constitute ANU, and who must work to secure its destiny ….\textsuperscript{140}

The process involved international peer reviewers for each discipline. The report noted good and poor performance and made recommendations for improvement, grounded in a deep knowledge of the disciplines in question, so that it could be used by the University to make strategic decisions. Most

\textsuperscript{138} Massaro, 2010.
\textsuperscript{139} ANU, 2004.
\textsuperscript{140} ANU, 2004, ii and 3-4.
importantly, the process delivered an independent critical analysis while being owned by the institution. Furthermore, the methodology is transferable to other institutions.

The second example relates to the rich tradition of quality assurance as part of the periodical accreditation of professional courses. Accreditation focuses on whether a programme of study adequately prepares graduates to be competent practitioners of the relevant profession. The reports are comprehensive and, in the case of the Australian Medical Council, for example, it is not unusual for them to be conditional until identified shortfalls have been addressed. They can consist of a combination of general standards to comments and recommendations about the curriculum. Because expert panels, with a stake in ensuring that professional standards are maintained, conduct the reviews, they are accepted for their insights with no hint of interference in institutional autonomy. Furthermore, while the outcomes must meet the requirements of national registration, there is no attempt to force courses into a single mould.

While professional accreditation processes and discipline reviews have been part of the university tradition of quality assurance, neither has been used as part of the institutional quality reviews undertaken by groups like AUQA. Indeed the proposal that AUQA should use the ANU report as the basis for or in place of its review was rejected out of hand. The new Australian system offers an opportunity to combine a set of effective reviews to arrive at determinations about discipline level standards while creating a more effective picture of the health of the institution as a whole.

TEQSA’s role would be limited to a periodical assessment of whether the institution was acting on the results of its peer review, intervening only when an institution is not responding adequately. In such cases TEQSA would be armed with the expert evidence that it needs to take action and the focus of that action would be clear. This would require TEQSA to revise its current position on the use of expert peer review.
Chapter 7
Labor’s failure to ground public funding

Simon Marginson

Abstract

The public funding of higher education continues to baffle Australian governments. Just when you think that a stable long-term policy framework is taking shape, it melts into air. While student contributions are high by world standards this does not in itself fully substitute for public funding because private funding is associated with additional costs of competition, recruitment, client servicing and business management. Labor took office in 2007 with a commitment to redress historical reductions in public funding and raise public investment to internationally competitive levels. In 2008, the Bradley Review recommended an immediate 10 per cent increase in public funding of domestic student places. Subsequently the government established a Base Funding Review to establish a new rationale and system for public funding. However, in 2013 Labor decided to ignore its own Base Funding Review, retaining the anomalous 1988 cost relativities. Not only did the government refuse the 10 per cent increase, it imposed cuts in the form of a 3.5 per cent ‘efficiency dividend’, reducing Australia’s investment relative to that of other nations.

The problem of public funding of higher education

Higher education funding in Australia is a long problem without a solution. Prior to the mid 1980s higher education was almost entirely government funded but this rendered the expansion of high education dependent on an advancing level of taxation. Once the ‘tax revolt’ took hold in the English-speaking countries in the 1980s, so that political parties gained more support from cutting taxes than from growing services, this basis of higher education funding was no longer sustainable. In 1987-1992, the Commonwealth unified the old binary system of research universities and colleges of advanced education (CAEs) into a modernised and expanding system of mass university education in a single sector. Expansion was financed by the introduction in 1989 of user charges fixed at an average of 20 per cent of course costs, the Higher Education Contribution Scheme (HECS). At the same time the public component of the funding of student places was fixed on the basis of variations between disciplines and standardised between the old universities and the old CAEs using one funding formula.

The former CAEs had not been funded for research and thus had received lower support per student than universities. One might have expected that from 1989 all institutions would be funded at the same level as the old universities. But instead the government fixed funding on an averaging basis between the old universities and old CAEs. The outcome was that the upgraded former CAEs, now universities, were not fully funded for their new research role, while the government reduced public funding per pre-1987 university student by 10 per cent.

At the same time, a longer-term change in policy was set in train. The philosophical assumptions that had underpinned the funding of the system of research universities built in the 1960s-1970s—that higher education was an output maximiser and common good, and the private benefits received by graduates were subsumed in that common good—began to erode. From 1989 onwards, successive governments have failed to articulate a rationale for public funding, or create a transparent process for defining and monitoring the public benefits it is meant to secure, except in relation to social equity. This has condemned public funding to a long free fall as measured by funding per student and share

143 For the period before the year 2000 see Marginson, 2001.
of total funding. At 0.7 per cent of GDP public funding of higher education is well below the OECD average of 1.1 per cent.\(^{144}\)

The rise in private funding per student, largely via student charges, has only partly compensated for the reduction in public outlays per student. First, market revenues generate extra costs associated with raising those revenues, such as the outlays on marketing, recruiting and providing specialised services to international students. Second, funding per student has fluctuated. From 1995-2008 public funding of domestic student places was subject to partial indexation. From 1997-2000 there were additional cuts to subsidies each year. Funding per domestic student, the government subsidy plus student contribution, fell between 1994 and 2003. It rose again after 2003 but in 2010 it was still only at the 1994 level. By then the government’s share of costs had fallen by a quarter. Student charges, now 40 per cent of average funding, had made up the difference. Though the disincentive effects of tuition fees are softened by their imposition in the form of income contingent loans, meaning that most students pay nothing in the year of study, and student charges been unchanged under Labor in 2007-2013, Australia’s level of charges is among the highest in the OECD countries.\(^{145}\)

In 2010, 42.3 per cent of institutional income was from the federal government, including research funding, and 3.6 per cent from state and local government. The 28.1 per cent of students who were fee-paying internationals provided 17.5 per cent of income from all sources.\(^{146}\) This compared to 21.4 per cent of income in federal subsidies for domestic student places, and 14.1 per cent in domestic student contributions.\(^{147}\) International student provided a third of all tuition-related revenues, and more income than the 71.9 per cent of students who were domestic. Australian universities depend on a fluctuating international education market.

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\(^{144}\) OECD, 2012, p. 246.


\(^{146}\) DIISRTE, 2012.

\(^{147}\) Lomax-Smith, 2011, p. 5.
Table 1. Undergraduate international student fees in business studies compared to funding for domestic student places, all universities, 2010

<table>
<thead>
<tr>
<th>University</th>
<th>Tuition fees of undergraduate international students in business studies</th>
<th>Difference between international student fee and domestic student funding per place ($10,386) *</th>
<th>Ratio between fee for international student fee and funding of domestic students</th>
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<td>Monash U</td>
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*Note that domestic student funding for business studies was below average costs of provision (Lomax-Smith, 2011, pp. 55-56).

Source: Beaton-Wells & Thompson, 2011.
A 2011 study found the average international student contributed more than $5000 in surplus to institutional budgets, up to $10,000 in some institutions, for purposes such as domestic teaching, research, services and facilities. The study estimated that the average domestic student was funded $1200 from international student fees. Such an estimate is notional, as few institutions can accurately specify their teaching costs, but there is no doubt about the surplus generated by international student fees.

Table 1 lists those fees for 2010 in undergraduate business studies. The premiums—the difference between domestic funding rates and international student fees—ranged from 25 to 174 per cent. Yet the core capacity to attract good international students depends on research reputation and teaching resources, and both rest on government. It is widely agreed that Australia’s public funding is insufficient. The average student-staff ratio has risen from 12.9 in 1990 and 15.6 in 1996 to 21.1 in 2008 (see Figure 1). East Asian governments are growing their spending on universities and research. Many argue there is a structural deficiency in funding in Australia. Though not all. Each proposal for a game-changing increase in public spending hits the same barrier: the counter-pressure to keep all spending down in a low-tax-fiscal-surplus polity. Some believe that higher education is largely a private not a public good; if more money is needed students should pay; and if competition is intensified, universities will lift quality while reducing costs.

In a more marketised environment, with public funding falling as a share of revenue, institutions have become increasingly efficient. However, they now must pay for marketing, recruitment, risk and asset management, quality assurance and tailored services, on a scale unimaginable when they were largely publicly funded. Private funding and public funding are not simple substitutes. Public money once sunk straight into teaching has been replaced by private money partly absorbed by business costs.

The drive to boost research has further and fundamentally eroded resources for teaching. In the missions of Australian institutions research is as central as teaching, and it defines status throughout the university world. Research output is the primary factor determining global rankings. By shaping brand value in global competition it plays into income and the inward flows of international students and research talent. Research also determines an institution’s position in the Excellence in Research in Australia (ERA) assessments that help define national status. It is an illusion to suppose that

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148 Beaton-Wells & Thompson, 2011.
149 Lomax-Smith, 2011, p. 28
150 Hazelkorn, 2011; Marginson, 2012a.
universities compete on teaching quality and student learning. These qualities are non-transparent even within single institutions, and there are no objective comparisons between them. Arguably, though, if there were solid comparative data on teaching, research would still be primary in determining the competitive position of institutions.  In 2008, Australian universities reported $6.7 billion in research expenditure, 36.1 per cent of operating expenditure. But only $4.0 billion of the $6.7 billion (59.8 per cent) was sourced from external income for research projects and block grants for infrastructure and other purposes. The other $2.7 billion of research activity was funded largely from government and student funding for domestic teaching, market revenues including international student fees, investments and philanthropy. If evenly distributed, 30.3 per cent of each revenue stream would have been used to subsidise research. Most of this pot of revenues derives from payments for tuition.

Teaching heavily subsidises research.

From 2012, institutions can enrol any number of subsidised domestic students they choose, in the demand-driven system. It has not solved the revenue problem. Volume is deregulated but not price. Institutions with real average costs above the funding rate—some if not many are in this position—lose money on each extra student place. The alternative is to operate at lower quality and build market share. That is a slippery slope.

Under this policy mix, all universities, regardless of mission, face severe difficulties. Many first-degree classes are too large to enable developmental relations between teacher and learner. ‘Increased casualisation of academic teaching staff’ further limits student access to teaching. On measures of student engagement Australia lags behind the US, and in 2009, just 51 per cent of students said they were satisfied by their course experience. This proportion had increased—instances work hard on the annual survey of student experience and satisfaction—but was still low. Largely teaching-oriented universities run standardised high volume programs of mid-range quality. Research-intensive universities struggle to keep pace with the global top 100. Hong Kong and Singapore are home to universities that surpass the research performance of all Australian institutions in terms of the quantity of science papers, their citation quality, or both. But universities in East Asia and Singapore enjoy the support of governments that place global science on high priority. On the whole Australian universities have improved their position in the global research rankings, but they build research by cannibalising other activities, primarily resources for teaching. Gripped by competition within a public funding impasse they are leaner, meaner and gradually losing ground.

The problem of public goods

A further problem, affecting both government and institutions, is the intrinsic difficulty of defining and monitoring the public benefits of higher education as the basis of funding.

The private benefits seem more straightforward. Often they are equated simply with graduate earnings, lodging the notion of private goods in the public mind. Economics focuses on income differentials between university graduates and secondary school graduates, and distinguishes the effects on income due to higher education from other factors like ability or social origin (Chapman & Lounkaew, 2011). Calculations of private rates of return ground policy on private goods with a precision that cannot be replicated for public goods. Yet non-pecuniary private goods are often overlooked.

An eclectic literature makes claims about the contributions of higher education to public and common goods such as collective productivity at work, health outcomes, social literacy, knowledge, culture, democracy, local communities and economics, and equal opportunity; and graduate training in social leadership, global understanding and tolerance. The practical scope of policy is narrower. Efforts to enhance public outcomes are largely confined to social equity objectives via the income contingent loans system, which minimises entry barriers and subsidises lower income earning graduates more

151 Locke, 2011.
152 Larkins, 2011.
155 Marginson, 2012b.
generously than others; enhancement of the participation of under-represented groups; engagement with industry; and internationalisation. Only social equity is subject to measurement in Australia. It is a thin basis for policy on public goods. Because other benefits are hard to define, measure and monitor, they tend to be underestimated or ignored. ‘Calculations of social rates of return…do not include the intangible but no less real social benefits of higher education’,\textsuperscript{156} states a 2010 government paper. The rationale for public funding appears weak, except in equity and basic research.

In addition, the relation between public and private goods is ill-defined. Some economists model higher education as zero sum: outcomes are public or private. This requires strict bordering of the public and private aspects, precise measurement and no ambiguity. The last is impossible to achieve. Another method, based in methodological individualism,\textsuperscript{158} defines the public good as the sum of the aggregated private goods. There are no common goods separate from individual benefits. A third, richer approach models higher education outcomes as public, private or simultaneously public and private. Certain public goods (e.g. equal access tuition policies) enhance possible private goods (income differentials due to higher education). Some private benefits, such as access to professions, provide conditions for the creation of public goods like better community health. Public and private benefits may be several, or joint; and function as conditions of each other, or not. Policy ought to capture all these possibilities. Despite this, the zero-sum approach—the notion that the benefits are public or private—generally prevails in the English-speaking world.

Here a complicating factor is the mixed public and private character of teaching. The knowledge content of teaching is a public good—knowledge is non-excludable and non-rivalrous—and teaching creates common benefits like the spread of literacy. It also creates private benefits, like the income and status advantages conferred on graduates. Further, whether student places are ‘public’ or ‘private’ depends partly on policy choices and social arrangements. The more policy fosters selective universities and high cost programs, the more scarce private goods are created. Economists of education take divergent positions on whether teaching is private or public, depending on their ideas about society and beliefs on whether higher education should be a market commodity. Neo-liberals downplay the scope for public goods. Keynesians and endogenous growth theorists favour public investment and focus on the role of public goods in generating both private goods and social externalities.

Walter McMahon summarises studies of the non-pecuniary individual benefits and collective ‘social benefits’ of higher education. He finds the value of non-market goods exceeds that of market-derived goods:

- The average private earnings benefits per graduate due to higher education are an estimated USD $31,174 per year.
- The average private non-market benefits per graduate, like better health and longevity for graduate and children, better savings patterns, etc., are an estimated $38,020 per year.
- The average direct non-market social benefits of higher education per graduate—externalities received by others, including future generations—are an estimated $27,726 per year. This includes more stable, cohesive and secure environments, more efficient labour markets, faster and wider diffusion of new knowledge, higher economic growth, viable social networks and civic institutions, greater cultural tolerance, and enhanced democracy.\textsuperscript{159}

McMahon notes that the externalities of higher education also include indirect social benefits: the contribution of the direct social benefits to private earnings and non-market benefits. Once this indirect element is included, externalities total 52 per cent of all benefits. The proportion of benefits

\textsuperscript{156} Commonwealth of Australia, 2010.
\textsuperscript{157} Cutler, 2008.
\textsuperscript{158} Lukes, 1973.
\textsuperscript{159} McMahon, 2009.
that are externalities ‘is the best guide to how far the trend toward privatisation in the financing of higher education should go’, he states.\footnote{McMahon, 2009, p. 2.}

But in the last analysis calculations of public goods are assumption driven, and their value is partly a function of policy. The production of public goods depends on governments that value those goods and can defend their choices. The Australian government prefers automatic economic mechanisms that remove the need to make and defend arguable policy positions—hence, its fondness for competitive market systems, an approach which has fostered the drift away from public awareness of public purposes.

**The Base Funding Review**

For most of its period in office the Rudd/Gillard Labor government has acknowledged that higher education is under-funded. Labor took power in 2007 explicitly committed to restoring Australian higher education in comparison with other OECD countries, after the run-down of public funding under the Howard Coalition government (1996-2007). The December 2008 Bradley Review noted the increase in student-staff ratios, and that some other countries spent more than Australia. It proposed the restoration of full indexation; a triennial review of public subsidies and student charges affecting domestic student places; and in the interim, an immediate increase of 10 per cent in subsidy levels.\footnote{Bradley, 2008.}

Bradley also proposed the open-ended public funding of all eligible students, the demand-driven system: this was both a move to expand access, consistent with Labor’s primary public agenda, and the installation of a competition model. It was expected that the demand-driven system would establish a virtuous circle between student demand (which was assumed to partly reflect labour market demand for skills), institutional program offerings, and teaching quality, generating continuous improvement over time. This was wishful thinking. Over-subscribed elite universities are not compelled by student preferences. The education/work relation is too distanced and fragmented to drive nuanced student demand according to the needs of each individual sector of the labour markets. The primary university competition turns on not teaching quality or graduate employability, but research. Only in lower status institutions does competition turn more on graduate employability than on research.

By late 2008, the Global Financial Crisis had reduced revenue and Labor enthusiasm for fiscal injections had weakened. Comparisons with other OECD countries were no longer discussed. Nevertheless, the May 2009 budget restored indexation, phased in over four years, and announced the establishment of the Higher Education Base Funding Review (BFR) for 2010. The government did not increase the government funding of domestic student places by 10 per cent as Bradley had recommended. Instead it left the issue of subsidies to the BFR. The BFR’s grand brief was ‘to establish enduring principles to underpin public investment in higher education’; ‘address the appropriate balance between public and private contributions’; and propose ‘a model of funding’.\footnote{Lomax-Smith, 2011, p. 1.}

In reality the BFR’s task was impossible. The Review lacked the authority to rework higher education policy or change the fiscal settings. Yet both were needed. Higher education policy had become incoherent, pulled between the contrary rationales of public funding for public good and higher education as a competitive market. In the demand-driven system equity goals were driven by competition for market share. Public goods and market forces were trapped in the either/or logic of neo-liberal ideology. In this dualistic policy framework, in which the two halves of the dual needed to be unified but there was nothing that compelled them to do so, how could there be a stable rationale for unifying the funding system?

Chaired by Jane Lomax-Smith, former South Australian government minister and Mayor of Adelaide, the BFR reported in December 2011. Its report was realistic. It highlighted the need to lift public funding, rationalise subsidies and student charges, and improve conditions for learning.\footnote{Lomax-Smith, 2011, pp. ix, 8, 28-32,} ‘As a nation we need to decide whether we are satisfied with current levels of quality in our education sector and
with our current standing relative to the university systems of comparable overseas countries.\textsuperscript{164} The BFR compared spending with the OECD countries, leading UK and US public universities, and Australia’s nearest comparator Canada which spends 1.5 per cent of GDP in public funding compared to Australia’s 0.7 per cent.\textsuperscript{165} On learning conditions it stated:

\ldots the typical student in an Australian university will be taught well and finish their studies relatively quickly, having achieved the stated outcomes for their course. However, they may have had limited interaction with academic staff, who will often be employed on a casual basis. Graduates may have limited training in operating in a relevant work environment and perhaps less development of critical thinking skills than their employers deem desirable. Students are more likely to be taught in larger classes than in the past and not all students will be highly satisfied with their education experience or the quality of their interactions with teachers. The standard of infrastructure and amenities is generally sound but there is a need for more contemporary learning spaces and state-of-the-art technologies.\textsuperscript{166}

The panel demonstrated funding anomalies between disciplines and gaps between funding and perceived costs (Table 2). The government share of cost varied from 16.5 per cent in business studies, administration and law, to 81.2 per cent in science. The government contribution per place varied from $1793 to $18,769. The student contribution varied between $4355 and $9080. The differences between disciplines were meant to be determined by variations in costs and private graduate earnings, but there were no official data that supported this. Drawing partly on a commissioned paper by Deloitte Access Economics, the BFR was certain the business disciplines, medicine, dentistry, agriculture, veterinary science and the visual and performing arts were underfunded—that is, funded below real cost levels and necessarily subsidised from elsewhere—and that law and the humanities were being provided below par in the constrained financial setting.\textsuperscript{167} ‘The current funding clusters no longer reflect the costs of delivery of teaching, scholarship and base research capability in all disciplines’, it stated.\textsuperscript{168} ‘In a student demand-driven environment it is more important that the costs of course delivery match funding otherwise it is conceivable that there may be pressure to reduce or abolish underfunded disciplines.’\textsuperscript{169}

The report recommended a simplified funding structure with five clusters and new funding rates. No discipline would be funded below cost, students would contribute 40 per cent in all disciplines, and any increased tuition would be phased in over time. (The 40 per cent figure is discussed below). Between 6-10 per cent of base funding should be support for research.\textsuperscript{170} Surprisingly, the panel suggested that postgraduate coursework should be funded at the undergraduate rate, though average cost of provision was 15 per cent higher.\textsuperscript{171} Nevertheless, if implemented the overall package would have probably met the Bradley Review’s target of a 10 per cent increase in the government contribution to teaching costs. The BFR refrained from estimating the total increase in funding its recommendations generated.

\textsuperscript{164} Lomax-Smith, 2011, p. 8.
\textsuperscript{165} Lomax-Smith, 2011, pp. 17-22.
\textsuperscript{166} Lomax-Smith, 2011, p. 27.
\textsuperscript{167} Lomax-Smith, 2011, pp. 55-61.
\textsuperscript{168} Lomax-Smith, 2011, p. x.
\textsuperscript{169} Lomax-Smith, 2011, p. ix.
\textsuperscript{170} Lomax-Smith, 2011, pp. xi-xii. Funding for non-university providers would, therefore, be discounted by 10 per cent.
\textsuperscript{171} Lomax-Smith, 2011, pp. 62-65.
<table>
<thead>
<tr>
<th>Funding cluster</th>
<th>Australian government contribution AUD $</th>
<th>Maximum student contribution AUD $</th>
<th>Total resources per student place AUD $</th>
<th>Proportion paid by government %</th>
<th>BFR judgment about relation between costs and funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Accounting, commerce, economics, administration</td>
<td>1793</td>
<td>9080</td>
<td>10,873</td>
<td>16.5</td>
<td>clearly underfunded</td>
</tr>
<tr>
<td>1 Law</td>
<td>1793</td>
<td>9080</td>
<td>10,873</td>
<td>16.5</td>
<td></td>
</tr>
<tr>
<td>2 Humanities</td>
<td>4979</td>
<td>5442</td>
<td>10,421</td>
<td>47.8</td>
<td>underprovided, constrained</td>
</tr>
<tr>
<td>3 Computing, built environment, other health</td>
<td>8808</td>
<td>7756</td>
<td>16,564</td>
<td>53.2</td>
<td></td>
</tr>
<tr>
<td>5 Allied health</td>
<td>10,832</td>
<td>7756</td>
<td>18,588</td>
<td>58.3</td>
<td></td>
</tr>
<tr>
<td>3 Behavioural science, social studies</td>
<td>8808</td>
<td>5542</td>
<td>14,250</td>
<td>61.9</td>
<td></td>
</tr>
<tr>
<td>4 Education</td>
<td>9164</td>
<td>5442</td>
<td>14,606</td>
<td>62.7</td>
<td></td>
</tr>
<tr>
<td>7 Engineering, surveying</td>
<td>15,398</td>
<td>7756</td>
<td>23,154</td>
<td>66.5</td>
<td></td>
</tr>
<tr>
<td>5 Clinical psychology, languages</td>
<td>10,832</td>
<td>5442</td>
<td>16,274</td>
<td>66.6</td>
<td></td>
</tr>
<tr>
<td>5 Visual and performing arts</td>
<td>10,832</td>
<td>5442</td>
<td>16,274</td>
<td>66.6</td>
<td>clearly underfunded</td>
</tr>
<tr>
<td>8 Dentistry, medicine, veterinary science,</td>
<td>19,542</td>
<td>9080</td>
<td>28,622</td>
<td>68.3</td>
<td>clearly underfunded</td>
</tr>
<tr>
<td>6 Nursing</td>
<td>12,093</td>
<td>5442</td>
<td>17,535</td>
<td>69.0</td>
<td>clearly underfunded</td>
</tr>
<tr>
<td>8 Agriculture</td>
<td>19,542</td>
<td>7756</td>
<td>27,298</td>
<td>71.6</td>
<td></td>
</tr>
<tr>
<td>3 Mathematics, statistics</td>
<td>12,179</td>
<td>4355</td>
<td>16,534</td>
<td>73.7</td>
<td></td>
</tr>
<tr>
<td>7 Science</td>
<td>18,769</td>
<td>4355</td>
<td>23,124</td>
<td>81.2</td>
<td></td>
</tr>
</tbody>
</table>

The BFR found no evidence that any discipline was overfunded. Source: Lomax-Smith, 2011, p. 6 & pp. 55-61.

The BFR also recommended an inquiry into the ‘increasingly unsustainable’ costs of clinical placements in the health sciences, and teaching practicums; and proposed the allocation of the equivalent of 2 per cent of base funding for teaching to the development of ‘contemporary learning spaces’.

Like most public agencies, the BFR vainly tried to shift the focus of institutional competition from research and status to teaching. It urged international benchmarking on teaching quality and resources for teaching.

It proposed that up to five per cent of federal funding for student places should be allocated to ‘flagship courses’, enabling high quality innovative programs to emerge.

The public/private split of costs

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172 Lomax-Smith, 2011, p. xii.
174 Lomax-Smith, 2011, p. 81.
Unlike the UK Browne report, which triggered the abolition of public subsidies in the non-sciences in England,\textsuperscript{175} the BFR saw public funding as essential to both ‘quality of course delivery’ and institutions’ ‘wider role in society’. Public funding ‘strengthens universities’ institutional autonomy and academic freedom’, enabling ‘activities such as leading public debate, enhancing civic and cultural life and pursuing the systematic expansion of knowledge’.\textsuperscript{176} It promotes equity in participation,\textsuperscript{177} labour productivity, regional development and more equal economic outcomes.\textsuperscript{178} Public goods include ‘a more rapid rate of technological change, lower crime rates and a more robust civil society’.\textsuperscript{179}

But what is all that worth? Because the Review was asked to establish a coherent basis for public and private contributions it was obliged to estimate the value of the public benefits. Here the panel struggled. It commissioned a paper by Chapman and Lounkaew.\textsuperscript{180} These authors used the taxation of graduate earnings as a proxy for the public benefits of higher education. They found that 25 to 40 per cent of graduate earnings were due to higher education itself rather than ability or the screening function. The screening function was estimated at 10 per cent ‘based on existing literature’.\textsuperscript{181} The estimates were tentative and the use of taxation as a proxy for the social benefits was highly problematic. Taxation is determined by the graduate’s private earnings, not the downstream effects of her/his education for other individuals or society as a whole. But a comprehensive estimate of externalities was reckoned too difficult. While ‘there have been numerous attempts to quantify’ public and private non-pecuniary benefits, ‘it is not possible to be precise’. In this area the Review was less confident than McMahon. It continued the long line of policy statements underplaying public goods. The BFR knew it was doing this. ‘Because of the extent of unquantifiable benefits (e.g. contribution of higher education to civil society) … these figures are likely to underestimate the true value of higher education’.\textsuperscript{182}

These problems and lucanae undermined any possibility of a defensible 60/40 split in the public/private ratio of funding across all disciplines.\textsuperscript{183} The BFR’s argument was, and appeared as, improvised and implausible. While private earnings vary by discipline, it said, this is compensated within the income contingent repayment systems. Tuition debt is adjusted by inflation, below commercial interest rates, so the public subsidises the debtors: low-income earners repay more slowly and thus receive a higher subsidy. However, the argument was not supported by figures for each discipline on earnings, repayment and loan subsidies. The report also claimed that without support that ‘there is no evidence that the value of public benefits differs in a systematic way across disciplines of study’.\textsuperscript{184} However, it is more likely that externalities contain both a universal element and discipline-specific elements that vary in value. Anyway, the idea of uniform externalities is contradicted by the BFR’s use of graduate taxation to guestimate externalities. Because graduate earnings vary by discipline so does taxation of those earnings. In the outcome the Review lacked an explanation of both collective public goods and its preferred 60/40 funding split. Here the poverty of public economics and the constraints of policy left it with little to work with in solving a difficult problem.

After the BFR

The government sat on the BFR’s report for fourteen months, despite increasing pressure from the higher education sector. In the interim the Grattan Institute released a report by Andrew Norton entitled Graduate Winners.\textsuperscript{185} In the Grattan report all benefits of higher education were reducible to individual benefits, such as rates of return to graduates. Even public benefits were identified in terms

\begin{itemize}
\item \textsuperscript{175} Browne, 2010.
\item \textsuperscript{176} Lomax-Smith, 2011, p. 2.
\item \textsuperscript{177} Lomax-Smith, 2011, pp. 115-129.
\item \textsuperscript{178} Lomax-Smith, 2011, p. 3.
\item \textsuperscript{179} Lomax-Smith, 2011, p. 102.
\item \textsuperscript{180} Chapman & Lounkaew, 2011.
\item \textsuperscript{181} Lomax-Smith, 2011, p. 137.
\item \textsuperscript{182} Lomax-Smith, 2011, p. 103.
\item \textsuperscript{183} Lomax-Smith, 2011, pp. 109-111.
\item \textsuperscript{184} Lomax-Smith, 2011, p. 108.
\item \textsuperscript{185} Norton, A. (2012).
\end{itemize}
of individuals, such as graduates’ rates of volunteerism in the community. The report ignored collective relational benefits not reducible to individuals, such as social literacy, national defence or a sustainable environment, despite the long discussion of collective outcomes on the literature. Norton recommended that government subsidies per student place should be halved. The Grattan Institute report argued that to the extent higher education generated public benefits—though Norton was plainly skeptical about some of these—those benefits would be generated regardless of the source of funding; that is, whether domestic student places were funded by the taxpayer or by the students themselves. Given this argument, Grattan might have recommended the complete abolition of public subsidies for teaching. Its proposal for subsidies at the 50 per cent rate could be presented as a compromise generous to the sector (though without any guarantee that the 50 per cent level would hold).

Here the Grattan report’s conclusion was simply a product of Norton’s assumptions, in which individualised public benefits were modeled as spillovers from individual private benefits. Nevertheless, it was an effective line of argument in the context of the debate. The BFR had failed to anticipate Norton’s line of reasoning, for example by modeling the change in the expectations of public benefits that would flow from a substantial increase in the role of private contributions. In an increasingly straightened fiscal environment, the Grattan Institute was attractive to politicians from both government and opposition. Its Report received widespread publicity. Arguably, it displaced the Base Funding Review as the hegemonic policy document in the field. But Grattan’s normative commitment was to the full-blown market model that Norton had advocated for more than a decade. It made no effort to grapple with the system’s long-term funding anomalies, dilemmas and lacunae. The public role of the institutions was not one to be augmented and developed, or rendered more effective and monitored in the public interest. It was seen rather as a source of fiscal savings. The funding system’s problems and anomalies would vanish, it seemed, if market forces had full scope.

Two months after the Grattan report was released, the government announced that it was suspending the phase-in of full cost research funding, at a cost to the higher education sector of half a billion dollars. It was a turning point. Beginning with this decision, in seven months Labor was to take $3.8 billion off the forward estimates for higher education and research.

The government finally announced its response to the BFR on 28 January 2013. The official response was that: ‘The Review made 24 principal recommendations with another 5 recommendations concerning implementation. The Government has accepted, either in full or in part, 13 of the 24 principal recommendations’. In reality, however, none of the main elements of the BFR’s solution were adopted. ‘A further general increase in funding is not accepted’, stated the government. ‘The evidence is insufficient to demonstrate that current rates of discipline funding are significantly misaligned’, it said. On the 40/60 split of funding: ‘The Government does not support this proposal. It considers that the potential private benefits from some courses are sufficiently high to justify differential student contribution rates. A single contribution rate would introduce new inequities.’ Labor refused to do further work to establish the real costs of provision. The BFR report had been gutted. The effect of these decisions was to sustain the existing under-funding and to leave in place the late 1980s cross-disciplinary funding relativities, which were developed prior to the information technology revolution. The once-in-a-generation opportunity for modernisation had been thrown aside.

Instead of implementing the BFR reforms created by its own policy, the government moved to defend the status quo. It inflated its fiscal performance. It claimed it had funded the universities generously, focusing on the absolute volume of funding rather than cost pressures and class sizes. And it emphasised that: ‘The great challenge for universities over the next few years will be to ensure that the significant additional funding from the Government does not make them complacent about the actions they need to take to constrain costs and look for ways to be more efficient.’ The Howard-era rhetoric had returned.

In the May 2013 budget the government announced a 3.5 per cent ‘efficiency dividend’ would be imposed on the sector over the next two budgets. The ostensible rationale was to help in funding the Gonski school funding package. The opposition announced that when it came to government it would not implement the Gonski funding reforms. Nevertheless, it stated, the cuts to higher education funding would stand. The wheel had turned full circle.
Conclusions

Labor has given up on its 2007 project of fixing university funding and rendering public support internationally competitive. As of mid 2013, given the constraints on both public funding for teaching and public funding for research support, if the institutions are to plug the growing gap between aggregate income and real costs, two alternatives are left: a hike in domestic student contributions, or a substantial increase in international student revenues. The longer-term trajectory of the international student market is unclear. In early 2013, there was a modest increase in international student commencements in higher education. But total enrolments were still falling after the decline of commencements in 2011-2012. Gone are the days when international student numbers can be cranked up by 10-15 per cent to fill a revenue gap. It does not seem feasible to increase institutional dependence on this uncertain market. In 2011, higher education institutions on the public schedule received $4.12 billion in international student fees, 17.4 per cent of revenues from continuing operations. Some are more exposed than the national average suggests. In 2011, Macquarie and Central Queensland each received 33.1 per cent of their income from international students, RMIT 31.2 per cent.

Labor and its BFR have proven unable to transcend the dualism in Australian higher education policy between competitive market and public purpose. This dilemma is a function of Anglo-American liberalism, which turns on the divide between state and market/civil society. English-speaking polities are prone to policy dilemmas in sectors like education where government is one, but not the only, player. Such dilemmas are sometimes overcome but it requires a unifying public philosophy sustained by a proactive and forward-looking state. English-speaking polities do this mostly in periods of crisis, as illustrated by the 1930s New Deal in the United States. The 1980s Hawke Labor government in Australia followed such a path with its cooperative approach to national reconstruction. However, in present higher education policy the first instinct in Canberra is not to lead but to transfer responsibility to university executives and student choices. The market will not spontaneously solve the state/market standoff and to leave the solution to the market is to impoverish the public good.

The BFR pointed to the symptoms but could not cure the disease. It could not do a Bob Hawke. It was a committee appointed by government, operating within policy, not the government itself. It could not define a new political philosophy, though its terms of reference in effect required it to do so. The BFR could not build momentum for change. It was unnecessary for the government to adopt it. It was easy to send it to the ‘too hard’ basket.

Will a future Coalition government solve these problems? The Coalition is likely to first increase income contingent student contributions, and then adopt a more complete market by running down public subsidies and deregulating domestic fee charging, either on an open-ended basis with universities setting the fee, or within a capped maximum. Income-contingent loans would soften the impact. The strong universities (but not all universities) would build a war chest for global research competition. The system would become more stratified between research-intensive and teaching-focused universities. All this in turn would create a new set of policy issues. The public burden of HECS debt, due to subsidised interest rates and partial non-repayment, would increase, eroding policy support for income-contingent loans. If commercial loans came into play this would upset the policy balance between high private costs and public equity. Leading universities would become more closed to all but wealthier families. Lesser status universities would depend on shrinking public funds and cut-price tuition. The federal government would focus on tuition loans and research, making Australia more like the US. But in Australia the cost of income-contingent loans would cut into research support. It would not be like East Asia, where government secures high private investment in lesser institutions and concentrates public money on research, top universities and high achieving students. In a deregulated Australian system top universities would have less help from government, and lesser status universities would draw less private resources. Highly stratified education is less acceptable in Australia than the USA or China. But having handed the system over to the market, government would hope to wash its hands of any fall-out.

On the other hand the Coalition may do what Labor has failed to do, and find a new basis for public funding in the national interest. Australia will eventually discover the idea that has already gripped East Asia and Singapore, Northern Europe and North America—that higher education and research are
strategic in determining the future of nations. The dramatic rise of research universities in East Asia will provide if not the rationale then the pretext for public re-investment in Australia. Australia’s precarious position on the edge of Asia, with all SWOT indicators blazing red, half hoping and half coping, brings larger solutions to the agenda. The question is, when will the penny drop? Under the next government, or the one after?
Chapter 8
Degrees of debt: The Base Funding Review, Graduate Winners and undergraduate fees

Geoff Sharrock

Abstract

What are the economics of Australian undergraduate study, and how should it be financed? What are the provision costs and funding rates for different disciplines? What share of these costs should taxpayers pay, and what share should students themselves meet? How much debt can students expect to accumulate while completing a degree in their chosen field? This chapter examines two reports offering advice to policy makers on these questions. Each proposes reforms to the present funding model which would alter public tuition subsidies and student fees, significantly in the case of some disciplines, leading to different debt levels for graduates. But due to philosophical differences, each report proposes a different solution to a ‘quadrilemma’ for policy makers.

Introduction

Between late 2011 and mid 2012 there were two reports on the economics of Australian higher education, each seeking to reform the way domestic undergraduate study is financed. The Grattan Institute’s Graduate Winners report appeared in August 2012, and is best read as a counterpoint to the government-commissioned Higher Education Base Funding Review of December 2011.

Both reports detail the complexities of current funding arrangements for undergraduate study and argue for significant changes. But the two reports have differing aims. The Base Funding Review report (the Review) proposes a suite of new arrangements aimed primarily at financing Australian public universities sustainably, based on an assessment of the costs and benefits of their teaching and research programs. Graduate Winners seeks to reduce the overall cost of taxpayer support for domestic undergraduate study—around $5.5 billion a year and rising—by making a case for passing much more of the cost of provision to students themselves. This chapter outlines issues raised by the two reports, canvases their proposals for financing undergraduate study, and considers the dilemmas for policy makers and the possible consequences for student debt.

Background: From HECS to HELP

Both reports assume the continuance of Higher Education Contribution Scheme (HECS)-type tuition loans as the main policy mechanism for co-financing domestic undergraduate study. Over the past two decades the Higher Education Contribution Scheme and its later variants have helped successive governments to finance the expansion of the public university sector rapidly and equitably. When HECS began in 1989 it adopted a single flat rate of contribution by all students regardless of their discipline, meeting around 20 per cent of total course funding. This became three different rates of

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contribution in 1997, then four in 2005. With successive increases, the overall level of student contribution has risen to around 40 per cent of costs\(^\text{189}\) according to the Review. Since 2005, HECS-type student loans have also supported the growth of private sector and non-university provision for bachelor degrees. Under these policies, most domestic undergraduates take up government loans to meet tuition costs then repay them through the taxation system after graduation on an income-linked basis: that is, repayment is required only after the student reaches a set level of income and is deemed to earn enough to afford to repay.

The Review endorses this approach for making tertiary study widely accessible, notwithstanding the policy shift toward user-pays study. It finds that the average graduate debt is repaid in about eight years, although some low-income earners may never repay. It observes that Australian students pay among the highest tuition fees in the OECD; and also that the proportion who benefit from government loans is the highest in the OECD.\(^\text{190}\) In effect HECS, now re-labelled HELP (Higher Education Loan Program) enables cash-poor students to defer both tuition fees and loan repayments, so they can manage cash flow during study, and debt flow once in work. As the Review puts it:

> Australia’s income-contingent loan scheme…has been credited with supporting Australia to achieve tertiary enrolment rates that are as high as or higher than in countries with fee-free higher education….A major benefit…is that it diminishes the potential financial barrier to participation in higher education caused by requiring students to pay upfront tuition fees. Although students are charged a student contribution when they enrol in a Commonwealth-funded higher education place, they can access an income-contingent loan, incurring a HELP debt that they pay off progressively through the taxation system. The average time to repay a HELP debt is approximately eight years. The weekly repayment amount is modest and although it increases as a graduate’s taxable income increases, it remains at a relatively low portion of take-home earnings.\(^\text{191}\)

The Commonwealth government offers HECS-HELP loans for students paying contributory fees in government subsidised ‘public’ undergraduate places; and also FEE-HELP loans for full-fee domestic students in postgraduate study, or in ‘private’ undergraduate places at private sector and non-university providers offering degree courses without any direct public subsidy.

### Current settings for domestic undergraduates

To gain a perspective on the proposals arising from the two reports, we first need to grasp the basics of the current Australian system for funding domestic undergraduates, most of whom occupy public places at public universities and take up HELP loans. (For comparison purposes, this paper will use very round figures to set out how student fees, public funding and course-based costs and revenues interact, and to spell out some of the implications arising from the two reports’ recommendations for financing undergraduate study.)

In 2010, public places in Australian bachelor degrees were co-funded by students and taxpayers at around $16,500 per year on average\(^\text{192}\) according to the Review. Table 1, taken from the Review, shows a quite complex co-funding picture for domestic undergraduates: four rates of student contribution interact with eight discipline clusters which have different rates of government contribution.\(^\text{193}\) Overall, the Review observes, this creates 11 different total funding rates across the various disciplines (in fact 13), some of which differ by only small amounts. The Review also finds several disciplines to be ‘underfunded’ compared with their provision costs, at an acceptable standard.\(^\text{194}\)

The Review proposes a simplification of the eight funding clusters into five for public funding purposes, and recommends increases to the total rate of funding in ‘underfunded’ disciplines. It also

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\(^{189}\) Lomax-Smith, et al., 2011, pp. 112-113

\(^{190}\) Lomax-Smith, et al., 2011, p. 98

\(^{191}\) Lomax-Smith, et al., 2011, p. 95

\(^{192}\) Lomax-Smith, et al., 2011, p. 108

\(^{193}\) Lomax-Smith, et al., 2011, p. 6

\(^{194}\) Lomax-Smith, et al., 2011, p. 53
proposes a rationalisation of student contribution rates by linking these directly to course provision costs, arguing that the current mix of fee rates is inequitable. At the more current rates shown in Table 2, taken from the Grattan Institute’s *Mapping Australian Higher Education 2013* (Norton, 2013), some rationalisation has occurred: we now find three student contribution rates, eight government funding rates and 11 total funding rates.\(^{195}\)

Table 1. Government public subsidy (funding) rates and student contribution (fee) rates per funding cluster in 2011

<table>
<thead>
<tr>
<th>Funding cluster</th>
<th>Part of funding cluster</th>
<th>Maximum student contribution amounts</th>
<th>Australian Government contribution ($)</th>
<th>Total resourcing ($)</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding cluster 1</td>
<td>Law, accounting, commerce, economics, administration</td>
<td>9,080</td>
<td>1,793</td>
<td>10,873</td>
<td>1.0</td>
</tr>
<tr>
<td>Funding cluster 2</td>
<td>Humanities</td>
<td>5,442</td>
<td>4,979</td>
<td>10,421</td>
<td>1.0</td>
</tr>
<tr>
<td>Funding cluster 3</td>
<td>Mathematics, statistics, behavioural science, social studies, computing, built environment, other health</td>
<td>4,355</td>
<td>12,179(^a)</td>
<td>16,534</td>
<td>1.6</td>
</tr>
<tr>
<td>Funding cluster 4</td>
<td>Behavioural science or social studies</td>
<td>7,756</td>
<td>8,808</td>
<td>16,564</td>
<td>1.6</td>
</tr>
<tr>
<td>Funding cluster 5</td>
<td>Education</td>
<td>5,442</td>
<td>9,164</td>
<td>14,606</td>
<td>1.4</td>
</tr>
<tr>
<td>Funding cluster 6</td>
<td>Clinical psychology, allied health, foreign languages, visual and performing arts</td>
<td>5,442</td>
<td>10,832</td>
<td>16,274</td>
<td>1.6</td>
</tr>
<tr>
<td>Funding cluster 7</td>
<td>Allied health</td>
<td>7,756</td>
<td>18,588</td>
<td>26,344</td>
<td>1.8</td>
</tr>
<tr>
<td>Funding cluster 8</td>
<td>Science</td>
<td>4,355</td>
<td>18,769(^a)</td>
<td>23,124</td>
<td>2.2</td>
</tr>
<tr>
<td>Funding cluster 9</td>
<td>Engineering, science, surveying</td>
<td>7,756</td>
<td>15,398</td>
<td>23,154</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Source: Lomax-Smith et al., 2011.

\(^{195}\) Norton, 2013, p. 52
Table 2. Fee and funding rates for public undergraduate places in 2013, where students take up a HECS-HELP loan.

<table>
<thead>
<tr>
<th>Discipline</th>
<th>Student</th>
<th>Govt</th>
<th>Total</th>
<th>Per cent paid by student</th>
</tr>
</thead>
<tbody>
<tr>
<td>Humanities</td>
<td>$5,968</td>
<td>$5,369</td>
<td>$11,337</td>
<td>52%</td>
</tr>
<tr>
<td>Law, accounting, administration, economics, commerce</td>
<td>$9,792</td>
<td>$1,993</td>
<td>$11,785</td>
<td>83%</td>
</tr>
<tr>
<td>Mathematics, statistics</td>
<td>$8,363</td>
<td>$9,498</td>
<td>$17,861</td>
<td>47%</td>
</tr>
<tr>
<td>Behavioural science, social studies</td>
<td>$5,868</td>
<td>$9,498</td>
<td>$15,366</td>
<td>38%</td>
</tr>
<tr>
<td>Education</td>
<td>$5,868</td>
<td>$9,882</td>
<td>$16,750</td>
<td>37%</td>
</tr>
<tr>
<td>Clinical psychology, foreign languages,</td>
<td>$5,868</td>
<td>$15,591</td>
<td>$21,459</td>
<td>33%</td>
</tr>
<tr>
<td>Visual and performing arts</td>
<td>$8,363</td>
<td>$11,681</td>
<td>$20,044</td>
<td>42%</td>
</tr>
<tr>
<td>Allied health</td>
<td>$5,958</td>
<td>$13,041</td>
<td>$18,999</td>
<td>31%</td>
</tr>
<tr>
<td>Computing, built environment, other health</td>
<td>$8,363</td>
<td>$16,606</td>
<td>$24,969</td>
<td>33%</td>
</tr>
<tr>
<td>Nursing</td>
<td>$8,363</td>
<td>$16,606</td>
<td>$24,969</td>
<td>33%</td>
</tr>
<tr>
<td>Science</td>
<td>$8,363</td>
<td>$16,606</td>
<td>$24,969</td>
<td>33%</td>
</tr>
<tr>
<td>Engineering, surveying</td>
<td>$8,363</td>
<td>$21,075</td>
<td>$29,438</td>
<td>28%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>$8,363</td>
<td>$21,075</td>
<td>$30,467</td>
<td>32%</td>
</tr>
</tbody>
</table>

Source: Norton, 2013

As Table 2 shows, at 2013 levels the total funding rate per place still varies widely, loosely reflecting different course delivery costs, from around $11,000 per year per place in the humanities to around $31,000 per year per place in medicine. It also shows how, relative to total funding rates, domestic students pay different contribution rates in different courses as a percentage of the total.

The Review observed that relative to provision costs the proportion students contribute varies widely. At 2011 rates proportions ranged from around 20 per cent of total funding in science, 30 per cent in medicine, engineering or nursing, 40 per cent in social science or education, 50 per cent in the humanities, and more than 80 per cent in commerce, accounting or law.

Both reports recognise that the logic behind fee rates is mixed, and reflects historical adjustments. These may reflect higher prospective incomes for graduates in higher status professions such as law or medicine. Or, they may reflect periods of low demand for courses such as science (see Table 1), where policy makers have attempted to keep prices low to lift the number of graduates needed in particular disciplines. Overall, at 2013 fee rates the highest student fee for any discipline at around $9800 per year is less than twice the lowest at $5900; and the highest total funding rate at $31,000 is almost three times the lowest at $11,000. Table 2 also shows that the highest amount of public subsidy in courses such as medicine at around $21,000 is more than 10 times the lowest at $2000, in courses such as law. (At 2013 rates the average total funding rate per student per year is $18,000).196

When comparing the proposals of the two reports, these factors are relevant for estimating total student debt levels under different policy scenarios, and for considering the possible implications for student access and equity, as well as for market demand for different degrees. Due to different annual student fee rates and the number of years of study a degree may require, domestic students accumulate different levels of HELP debt. (Neither report presents a comparison between (a) prospective total student debts in different disciplines under current settings, with (b) future student debt scenarios if their proposals were adopted and fully phased in.)

At the 2013 fee rates shown in Table 2, students relying on HELP loans in public university courses until they graduate could expect to accumulate debts of around $49,000 after five years in medicine, $39,000 after four years in law, $33,000 after four years in engineering, $23,000 after four years in education, $29,000 after three years in commerce, $18,000 after three years in the humanities, social science or nursing and $25,000 after three years in science. (The estimated HELP debt for science graduates is here revised up from $13,000 at the 2011 cut-price rates shown in Table 1).

196 The Australian, 2013b.
Base Funding Review proposals

The Review looks at the provision costs of Australian undergraduate courses in different disciplines. As noted, it finds many ‘underfunded’ by existing combinations of public subsidies and student fees; and it proposes increases to base funding to address this. Also it notes that some submissions to the Review proposed deregulation of student HECS-HELP (fee and loan) rates to allow public universities to set their own prices in each discipline (in order to optimise their mix of costs, revenues and internal cross-subsidies).

The Review opposes this deregulation as an across the board policy. Its rationale is that since HECS-type policies were first introduced, public universities have all lifted their HECS prices for public places to the maximum rate allowable whenever policymakers have raised the ceiling price. This, it seems, has been partly to maximise institutional revenues; partly, as the Review notes, because price is seen as a proxy for quality; and partly because with deferred, income-contingent repayment, HECS-type loans reduce consumer pressure on institutions to be price-competitive.

Instead of proposing to deregulate fees, the Review seeks to maintain an overall student contribution rate at the current average of around 40 per cent of provision costs. It adopts an estimate of the public benefits of higher education to society generally (including non-financial benefits such as less crime, better community health, and higher innovation capacity) as a basis for proposing a 60 per cent rate of public funding across the board for domestic undergraduate study. Domestic student fees would then make up the remaining 40 per cent needed in each discipline. While maintaining the existing average rate of student contribution, this would lift fee rates in some disciplines and lower them in others. Under this policy, once fully phased in, domestic student fees would vary primarily according to course delivery costs, so that existing cross-subsidies between student groups in different disciplines would be minimised. As the Review puts it:

The Panel was concerned that the current pattern of student contributions appears to have developed incrementally without a consistent underlying rationale. Student contributions range between 19 and 84 per cent of the base funding amount for different disciplines...Some students with little prospect of high graduate incomes pay 52 per cent of the base funding amount, while those in some high-cost disciplines with high potential graduate salaries pay 32 per cent. Other students in lower cost disciplines pay 84 per cent. The Panel regards the pattern of student contributions in the current system as inequitable.

In response to the call from some universities to allow them to charge premium prices for courses of exceptional quality that are more expensive to provide, the Review proposes that under certain conditions a university may identify ‘flagship’ programs to be co-funded by students and taxpayers on a 60:40 basis, at total funding rates up to 50 per cent higher than the normal rate, for a small proportion of its public places:

The Panel suggests that the Government should permit all institutions to offer students access to undergraduate or postgraduate courses of study that are funded up to a maximum of 50 per cent more than the current rate for the discipline, to a limit of 5 per cent of each institution’s total Commonwealth funded domestic student places. The additional cost would be met through a matched increase in both government and student contributions. These ‘flagship’ courses would enable institutions to diversify course offerings, and provide exceptional and high-calibre courses.

197 Lomax-Smith, et al., 2011, p. 100
198 Lomax-Smith, et al., 2011, p. xiii
199 Lomax-Smith, et al., 2011, p. 81
Discussion of the Review’s 60:40 model

The Review noted strong support in submissions for a more consistent student contribution rate. Its approach relies on the capacity of HELP loans to maintain a fair and affordable system, where if fee rates increase, repayment thresholds will continue to offset the affordability risks for students:

Australia’s income-contingent loan scheme is more effective and equitable than alternative models… It provides a fair and progressive means of recouping the student’s contribution under its current repayment thresholds…[the scheme] should remain in place and its repayment threshold should be set at a level that does not deter participation.200

However, from a student point of view a problem with the Review’s approach to a co-funding policy is that a 40 per cent rate would raise student fees and HELP debts considerably, in courses with high delivery costs such as medicine or engineering. As Table 2 shows, students currently meet around 30 per cent of the total funding requirement in these disciplines. Nursing and science would also face notable increases. On the other hand, the Review’s proposed 40 per cent rate would reduce student fees and HELP debts considerably in courses with low delivery costs but high current fee rates: as noted, in law, accounting or commerce students contribute more than 80 per cent of the total funding requirement (that is, they already attract a very low rate of public subsidy). Where changes to HELP charges would create significant winners or losers compared with the status quo the Review proposes an incremental phase-in:

In courses of study where the student contributions are currently very low, the changes may need to be introduced in a sequence of smaller steps with ongoing monitoring for impacts on demand. In disciplines where the student percentage contribution is currently above 40 per cent of the total funding for their course, it should be frozen until the indexation of other contributions brings it in line with the targeted 40 per cent student amount.201

Drawing on the various existing student fee and public subsidy rates at Table 2 we can estimate broadly how the Review’s proposed 60:40 model, once fully implemented, would affect total HELP debts in any discipline, by lifting or dropping the 2013 student fee rate to 40 per cent of the existing total funding rate. (Given the range of delivery costs in different disciplines, we should note that basing student fees on course delivery costs alone would entail some students paying up to three times the annual fee that others pay, compared with less than twice the annual fee currently.) In very round figures the potential effects on HELP debts in various disciplines would be as follows:

- At a total current funding rate of $31,000 a year, a medicine student paying 40 per cent of the cost would acquire a HELP debt of around $62,000 after 5 years, up from $49,000 currently.
- At total funding of $25,000 a year, an engineering student’s HELP debt would be $40,000 after 4 years, up from $33,000 currently.
- At total funding of $12,000 a year, a law student’s HELP debt would be $19,000 after 4 years, down from $39,000 currently.
- At total funding of $16,000 a year, an education student’s HELP debt would be $25,000 after 4 years, with little change from $23,000 currently.
- At total funding of $12,000 a year, a commerce student’s HELP debt would be $14,000 after 3 years, down from $29,000 currently.
- At total funding of $15,000 a year, a social science student’s HELP debt would be $18,000 after 3 years, unchanged from $18,000 currently.

200 Lomax-Smith, et al., 2011, p. 111
201 Lomax-Smith, et al., 2011, p. 113
• At total funding of $11,000 a year, a humanities student’s HELP debt would be $13,000 after 3 years, down from $18,000 currently.
• At total funding of $19,000 a year, a nursing student’s HELP debt would be $23,000 after 3 years, up from $18,000 currently.
• And at total funding of $25,000 a year a science student’s HELP debt would be $30,000 after 3 years, up from $25,000 currently.

Table 3 presents a summary of the effect of the Review’s proposals, if adopted, on student debt in selected disciplines. Debt projections at existing 2013 fee and subsidy rates, as set out above, are compared with the Review’s proposed 60:40 model, and its flagship program variant. Due to markedly different course provision costs, science and nursing students, for example, would incur higher debts over a three-year degree than law students would over the course of a four-year degree, despite the prospect of higher private financial returns from law degrees than for science or nursing degrees. Meanwhile, commerce students would incur HELP debts similar to those of humanities students, despite the prospect of higher financial returns for commerce graduates. While humanities graduates would incur low debts of around $13,000 due to low course funding requirements, science graduates in higher cost courses would face the prospect of debts of around $30,000.

These estimates suggest that in tackling one set of anomalies, the Review’s proposed 60:40 scheme introduces others. Under its proposed flagship programs, co-funded at 150 per cent of the normal rate, the anomalies are amplified. At a 40 per cent fee rate, graduate debts in maximally priced flagship programs would be around $93,000 in medicine, $60,000 in engineering, $38,000 in education, $28,000 in law, $21,000 in commerce, $20,000 in humanities, $28,000 in social science, $34,000 in nursing and $45,000 in science. In sum, the 60:40 funding model needs work.

The Review’s defence of its model is that HELP loan repayment mechanisms offset not just affordability risks but variable private benefits. However, anomalies such as these raise the question of whether minimising cross-subsidies or matching fees to costs should be paramount, and whether this can offer a sensible mechanism for balancing sustainable funding with social equity.

The Grattan Institute’s radical response to the Review

As noted, Graduate Winners is best read as a counterpoint to the Review. It draws on the Review’s findings and analysis, but offers a different perspective on the general policy issue of how best to finance domestic undergraduate study. It reaches a radically different conclusion about the appropriate balance of private and public contributions to course costs.

Where the Review (as part of a wider-ranging brief) set out to establish average course provision costs per discipline and the overall public benefits of university study for base funding purposes, Graduate Winners considers the financing of undergraduate degrees primarily from a market perspective. It estimates the private financial benefits flowing to graduates from degrees in different disciplines, compared with the lifetime earnings of Year 12 school leavers. Then it asks at what point the costs of tuition would be seen by students to outweigh the private benefits, leading to fewer enrolments and labour market shortages. Only in such cases of market failure would public subsidies be needed, it argues, to attract enough students into each discipline to ensure a sufficient supply of qualified people.

Based on its analysis Graduate Winners finds that in almost every discipline, ‘Graduates are such big winners that people would study even without subsidies’. It proposes subsidy cuts in most courses by up to 50 per cent in the short term, and longer term to zero. This would free up public funds for other public purposes, and thus, it is argued, produce greater net public benefits than currently.

These subsidy cuts imply much higher fees, and in turn HELP debts, particularly if total funding rates in each discipline are at least maintained at current levels. As with the Review, Graduate Winners does not explicitly map out the full potential impact of its proposals on domestic student debt levels. These

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202 Lomax-Smith, et al., 2011, p. 112
203 Norton, 2012, p. 2
too are estimated at Table 3, to show the potential impact on students in various disciplines, using existing fee and total funding rates drawn from Table 2. Total graduate debt levels implied under the two scenarios proposed by Graduate Winners are compared with those at 2013 fee rates; and also with those implied by the Review’s 60:40 and flagship proposals.

Here we see that a Graduate Winners short-term 50 per cent cut to existing 2013 public subsidies would lift a graduate’s HELP debt in medicine to around $102,000, in engineering to $67,000, in law to $43,000, in commerce or social science to $32,000, in humanities to $26,000, in nursing to $37,000 and in science to $50,000. In this sample of disciplines, except for law and commerce (where current subsidies are already low so the effect is not large), in all cases student debts would increase substantially with a 50 per cent subsidy cut, in some cases doubling the amount of debt a student would accrue.

Table 3 also shows that on a longer term zero-subsidy basis (again, if total funding rates are kept at 2013 levels in each discipline) medicine, engineering, science, education and nursing graduates would incur HELP debts of around $154,000, $100,000, $75,000, $63,000 and $57,000 respectively. That is, at zero-subsidy fee rates student debts in these fields would triple, or come close, compared with current levels. However, in this more market-based model, public subsidies may also increase to address discipline-specific cases of market failure, as seems likely in (say) science. Meanwhile, law and commerce, with only modest increases from existing 2013 levels, would seem relatively inexpensive to students.

Table 3: Domestic undergraduate student debts (A$) at constant 2013 total funding rates and public subsidies: comparison of status quo, Review proposals and Graduate Winners proposals*

<table>
<thead>
<tr>
<th>Course type and years of study</th>
<th>Status quo 2013 rates</th>
<th>Review 60:40 government: student ratio</th>
<th>Review Flagship programs 150% at 60:40</th>
<th>Grad Winners 50% cut to public subsidy</th>
<th>Grad Winners 100% cut to public subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicine (5 yrs)</td>
<td>$49,000</td>
<td>$62,000</td>
<td>$93,000</td>
<td>$102,000</td>
<td>$154,000</td>
</tr>
<tr>
<td>Law (4 yrs)</td>
<td>$39,000</td>
<td>$19,000</td>
<td>$28,000</td>
<td>$43,000</td>
<td>$47,000</td>
</tr>
<tr>
<td>Engineering (4 yrs)</td>
<td>$33,000</td>
<td>$40,000</td>
<td>$60,000</td>
<td>$67,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Education (4 yrs)</td>
<td>$23,000</td>
<td>$25,000</td>
<td>$38,000</td>
<td>$43,000</td>
<td>$63,000</td>
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<tr>
<td>Commerce (3 yrs)</td>
<td>$29,000</td>
<td>$14,000</td>
<td>$21,000</td>
<td>$32,000</td>
<td>$35,000</td>
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<tr>
<td>Science (3 yrs)</td>
<td>$25,000</td>
<td>$30,000</td>
<td>$45,000</td>
<td>$50,000</td>
<td>$75,000</td>
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<tr>
<td>Humanities (3 yrs)</td>
<td>$18,000</td>
<td>$13,000</td>
<td>$20,000</td>
<td>$26,000</td>
<td>$34,000</td>
</tr>
<tr>
<td>Social Science (3 yrs)</td>
<td>$18,000</td>
<td>$18,000</td>
<td>$28,000</td>
<td>$32,000</td>
<td>$46,000</td>
</tr>
<tr>
<td>Nursing (3 yrs)</td>
<td>$18,000</td>
<td>$23,000</td>
<td>$34,000</td>
<td>$37,000</td>
<td>$57,000</td>
</tr>
</tbody>
</table>

* Totals are rounded. Calculations use 2013 actual $ amounts from Table 2. Source: author

In its consideration of prospective income gains to be set against higher course fees, Graduate Winners makes its clearest case where professional training meets defined demand, as in medicine. It seems less persuasive in fields not geared to the major professions, which aim to cultivate inquiring minds and responsible citizens. Study in the humanities, for example, is not so amenable to economic calculus. The report’s proposals drew mainly negative (even allergic) responses from within the sector. The
main areas of concern, well presented by one vice-chancellor, were about narrowing access to study and discounting its public benefits.

**Comparative discussion of Review and Graduate Winners proposals**

In considering the estimates at Table 3, we should note that while the Review found many disciplines under-funded, its costings assume a base research element of 6-10 per cent of the total base funding requirement. It suggests that many courses could be offered by non-university providers not engaged in research, for up to 10 per cent less total funding than for universities: that is, at lower public funding and student fee rates. On the same point, Graduate Winners argues that all research should be funded quite separately from, not indirectly by, students.

*Graduate Winners* uses 2006 student fee and government funding rates to model the economic effects on students of a 'zero-subsidy' policy scenario compared with existing policy, so it is difficult to compare this directly with the HELP debt estimates shown here at Table 3. However, even with updated figures, Grattan Institute estimates of zero-subsidy HELP debts would probably be lower than shown at Table 3. This is partly because these would exclude any research-related costs from course costs: *Graduate Winners* assumes $1000 per year for this in its' modelling of potential government savings from subsidy cuts. And it is partly because, with greater price competition in a full-fee domestic student market, it expects that universities may not continue to maximise their fees in high cost courses such as medicine.

The Review observes that the Australian higher education sector is unlike most comparable systems, which rely more on teaching-intensive institutions to offer degrees at a lower unit cost than in their research-oriented universities. But it does not dwell on the sector design implications. *Graduate Winners* focuses more closely on the lower-cost potential of teaching-intensive non-university providers. As noted, since 2005 Australian non-university providers have been able to offer unsubsidised full-fee private domestic undergraduate places in their programs, supported by FEE-HELP loans. According to Mapping 2013, in 2011 these providers accounted for 5.4 per cent of domestic enrolments or around 47,500 places.

As *Graduate Winners* puts it:

One likely benefit [of reducing public subsidies] would be greater competitive neutrality between public universities and non-university higher education providers (NUHEPs). Under the current system, public universities but not NUHEPs have a largely unrestricted entitlement to undergraduate CSPs [commonwealth-supported places]. This gives universities a price advantage over the NUHEPs, which usually charge higher fees than university student contributions, reflecting their lack of tuition subsidies. If tuition subsidies were wound back for public universities, NUHEPs would be more price-competitive.

Despite these mitigating factors it is inevitable that with subsidies cut to the extent proposed by *Graduate Winners*, student fees and debts would rise substantially in most cases. Compared with the status quo, where the Review’s 60:40 model implies HELP debt winners and losers depending on the discipline, *Graduate Winners* implies only losers: in all disciplines students would accrue larger debts. To justify subsidy cuts on this scale, policy makers would need to argue, as *Graduate Winners* does, that the real winners would be taxpayers paying lower tax rates, or some other more worthy recipient of public spending that would benefit from the funds saved here:

Cuts to tuition subsidies could yield savings of around $3 billion in 2016-17. These savings

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204 See McMillen, C. ‘Response to the Grattan Institute report *Graduate Winners*’, October 2012.
205 Lomax-Smith, et al., 2011, p. xii
206 Norton, 2012, p. 71
207 Norton, 2012, p. 86
208 Norton, 2012, p. 87
209 Lomax-Smith, et al., 2011, p. 18
210 Norton, 2013, p. 12
211 Norton, 2012, p. 88
could be reinvested in other areas such as disability or early childhood, or returned to the public through lower taxes.\textsuperscript{212}

To support its view that such an approach would yield greater net public benefit, and would also be fair for low socio-economic status (SES) groups \textit{Graduate Winners} makes two claims. The first is that the non-financial public benefits of higher education would still flow fully in a system where public subsidies are minimal. Where the Review sees a 60 per cent public funding rate as a basis for underpinning the public benefits society gains from a highly educated populace, \textit{Graduate Winners} claims that these would still flow to society, whoever pays:

Where private and public benefits are both high, private benefits alone can provide the incentive for joint production of the public and private benefits.\textsuperscript{213}

The non-financial public benefits of higher education are typically indirect and intangible, so neither position can be falsified.

The second claim is that access to study for low SES students would not suffer. Like the Review, \textit{Graduate Winners} argues that with higher fees, HELP loans can keep study affordable. Both reports note that the evidence here is somewhat contradictory, with other factors such as aspirations and school results affecting low SES participation. The Review is unable to reach a firm conclusion, and proposes a process for handling the issue through monitoring and targeted programs, rather than as a basis for setting fees.\textsuperscript{214} However, \textit{Graduate Winners}, consistent with its argument that public subsidies are not needed, claims that for those on low incomes even high-fee study would be ‘free’.

Many…believe that reducing student charges through tuition subsidies opens higher education to people from low socio-economic status (SES) backgrounds. They are right that up-front tuition fees would exclude low SES students. In Australia, however, the HELP student loan scheme equalises capacity to pay across the SES spectrum…no repayments are required on annual incomes of less than $49,000. So for people on low incomes, higher education is free.\textsuperscript{215}

Do low-income graduates study for free, even in full-fee conditions? While taxpayers fund unpaid HELP debts, this does not mean study is ‘free’ in the sense that it was ‘free’ in the mid-1970s. A large HELP debt must limit a person’s capacity to borrow for a home or business venture. In a critique of \textit{Graduate Winners} one of the Review panel members, Louise Watson, challenges the claim that HECS-type loans neutralise the problem:

By proposing that tuition subsidies can be abolished in some courses without diminishing student demand, the Grattan Institute professes complete confidence in the role of HECS-HELP loans to ensure that ‘tuition subsidies generally have little effect on student behaviour’…The Base Funding Review Panel was more guarded in its view, noting that while studies of the impact of Australia’s income-contingent loans scheme suggest that it has not had the effect of dampening student demand, its impact in a full-fee environment in Australia has not been tested.\textsuperscript{216}

While HECS-type loans have worked well to date, it is not known how far fee increases can go before fear of debt becomes a barrier to participation, and limits the study choices students make. There is also the risk that future policy-makers will lower the repayment threshold at which existing graduates must repay, given the looming unpaid HELP debt problem identified in the Grattan Institute’s Mapping 2013:

Students and former students have accumulated HELP debts of $28 billion, up nearly $10 billion in real terms since 2008. We estimate that the net interest bill on the HELP debt is more than $600 million a year. HELP debt not expected to be repaid is also increasing.

\textsuperscript{212} Norton, 2012, p. 2
\textsuperscript{213} Norton, 2012, p. 27
\textsuperscript{214} Lomax-Smith, et al., 2011, p. 128
\textsuperscript{215} Norton, 2012, p. 13
\textsuperscript{216} Watson, 2012, p. 6.
reaching $6.2 billion in 2012.\textsuperscript{217}

In some disciplines at least, it is clear that HELP debts will become a significant burden under the funding models proposed by either report. If policy makers seek to recoup escalating unpaid debt by lowering repayment thresholds, high fee study may turn out to be less risk-free than it appears.

Conclusions

The two reports have clear philosophical differences, particularly in their view of the links between public funding and public benefits. Each report seeks new trade-offs, to be implemented gradually. Given the range of provision costs and earnings potentials for degrees in different courses of study the Review’s 60:40 formula appears too inflexible and one-dimensional as a cost-effective funding optimiser. Meanwhile, \textit{Graduate Winners} relies too heavily on the alchemy of HELP loans as an opportunity equaliser, converting all student debt into social equity.

When considering the longer term merits of either model, policy makers may ask: why would a gifted school leaver keen on medicine not opt for (say) commerce instead, just to avoid the risk of a HELP debt four times larger for a degree taking two years longer? The anomalies arising from a public subsidy/student fee formula based on provision costs alone, or on putative private returns alone, highlight the design challenge or ‘quadrilemma’ for policy makers. How can governments ensure that policy settings will meet every public institution’s need to finance each discipline sustainably, while making public course places affordable for all, while recognising that graduates in some courses stand to benefit much more than in others (and still more than those without any degree), and while spending public money cost-effectively? Clearly, no simple formula can suffice. Any substantive change to the status quo will be met with alarm by those who would be worse off, as seems inevitable without substantial increases in public funding.

In an election year and faced with fiscal constraints, policy makers are left with a Rubik’s Cube, laced with political dynamite. Policy developments while this chapter was being written suggest a fluid and uncertain environment. Announcing the Gillard government’s formal response in January 2013 to the Review—and implicitly, to \textit{Graduate Winners} as well—the then Minister Chris Evans ruled out increases in either student fees or public funding, implying no change to existing settings.\textsuperscript{218} In a speech to a conference of university leaders in February 2013\textsuperscript{219} Opposition leader Tony Abbott, while not referring to either report, signalled an intention to maintain a period of ‘relative policy stability’ for the sector should the Coalition form a government after the September election. In April 2013 the new Minister Craig Emerson announced funding cuts affecting both universities and students, to yield $2.3 billion in savings over coming years, to finance new funding for schools.\textsuperscript{220} The measures include removing $900 million from university funding over three years. Student fee rates will not increase; but many students will still pay more, or carry higher debts due to other measures. These include the removal of a 10 per cent discount on upfront payments of fees compared with the amount charged when taking out a HELP loan; removal of a 5 per cent bonus for early repayment of HELP debts; and conversion of student start-up scholarships (worth some $2000 per year) to HELP loans. At the time of writing there are no signs that a Coalition government would reverse any of these measures.

In the end, undergraduate funding and fee policy will turn on three questions. How does the nation construct and finance what we Australians call ‘a fair go’ for each new generation? What role does our society want the university sector to play as a nation-builder, beyond meeting market demand for expertise? And what fiscal realities do governments face, as they fund competing societal demands for public investment? Any solution must entail a mix of trade-offs.

\textsuperscript{217} Norton, 2013, p. 8
\textsuperscript{218} The Australian, 2013a.
\textsuperscript{219} Abbott, 2013
\textsuperscript{220} Emerson, 2013.
Chapter 9
Research training in Australia

Nigel Palmer

Abstract

Research training in Australia is central to building and sustaining the national capacity for innovation. The key policy challenge for research education is to achieve the right balance of resourcing and incentives, where quality outcomes are supported in a sustainable way. The current policy environment around research training in Australia is characterised by a convergence of two high-level policy initiatives: the development of a national strategy for building Australia’s research workforce capacity, and a system-level shift in the way the Federal Government regulates higher education and assures quality. This chapter focuses on the intersection of these two initiatives, and how this informs research training policy and practice in Australia.

Research training policies and priorities

The Australian Government’s Research Workforce Strategy provides a coherent policy rationale and framework for identifying priorities for future development. In 2011, the government identified review of the Research Training Scheme (RTS), the principal means of government support for research education in Australia, as a priority as part of this strategy. In line with this, the 2011 Defining Quality consultation paper outlined a review to be undertaken in two parts: a review of quality aspects around research training, which would then inform a review of technical aspects of the scheme.

The aims for a review of the RTS outlined in Defining Quality were to identify dimensions for quality in research training, and to inform the way research education might be accounted for in the new higher education standards framework. The consultation paper was developed to facilitate the first phase of review and has succeeded in supporting consultation on quality aspects of research training policy and practice and in informing development of draft standards for research training. The second phase, while no longer featuring explicitly among the Australian Government’s stated priorities for this area, remains on the agenda in the broader context of the Research Workforce Strategy and for policy and program development in research training. The process of review initiated by the Defining Quality consultation paper provides an opportunity to take stock of the policy settings around research training, their alignment with the broad policy aims for this area and their contribution to the incentives and resources supporting quality in research training.

The Research Workforce Strategy and origins of the research-training scheme

Development of a national Research Workforce Strategy was announced in the 2009 Federal Budget, as part of the innovation agenda outlined in Powering Ideas. At the most general level the strategy responds to broad economic challenges—in particular, an expected shortfall in the number of research-qualified people in Australia. In a narrower sense, the strategy serves to address projected
shortfalls in the academic workforce. In identifying priorities to underpin the framework, the Government’s key concern was to build flexibility and responsiveness into Australia’s research workforce policy and funding settings.

### Table 2. Priorities identified in the Research Workforce Strategy

<table>
<thead>
<tr>
<th>Area</th>
<th>Priorities</th>
</tr>
</thead>
</table>
| Meeting demand for research skills in Australia (Chapter 3) | Establishment of national research workforce planning processes  
Increased flexibility within current scholarship programs to provide further financial incentives to attract students in demand areas  
Expansion over time in the number of research training awards available to international students |
| Strengthening the quality of supply through Australia’s research training system (Chapter 4) | Review of the RTS  
Examination of the full cost of research training provision in Australian universities  
Development of new models for research training focused on the professional employment needs of graduates  
Establishment and monitoring of research standards and quality benchmarks for research training |
| Enhancing the attractiveness of research careers (Chapter 5) | Establishment of a web-based communication platform for research career opportunities and support options  
Review of the balance of fellowship support provided by the Government  
Increase opportunities for early career researchers within the ARC Discovery Scheme |
| Facilitating research workforce mobility (Chapter 6) | Incorporation in existing and future funding schemes of supported opportunities for intersectoral and international mobility  
Further refinement of processes to remove impediments to individuals returning to the workforce after a career break  
Investigation of metrics for measuring excellence in applied research and innovation |
| Increasing participation in Australia’s research workforce (Chapter 7) | Removal of impediments for part-time candidature within research training support schemes  
Development and promotion of family friendly research workplaces  
Implementation of an Indigenous research workforce plan for the higher education sector |

Source: Research Skills for an Innovative Future (emphasis added).

The Strategy identified the human and physical resources that support research as among the key capabilities that underpin innovation, recommending a review of the Research Training Scheme (Priority 4.1), review of relevant aspects of associated scholarship programs (Priorities 3.2, 3.3 and 7.1) and a realistic assessment of the full costs of research education (priority 4.2). The final set of priorities are summarised in Table 2 above. Many of the priorities identified in the Research Workforce Strategy reflect policy concerns that have been salient for some time, and frequently raised through previous iterations of reform and review.

The Research Training Scheme (RTS) is the principal means of government support for research education in Australia, alongside the Australian Postgraduate Award (APA) and International Postgraduate Research Scholarship (IPRS) programs. The Research Workforce Strategy and subsequent review activities are the latest iterations in a series of reviews and policy statements extending back to the late 1990s, as summarised in

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226 DIISR, 2011b, p.36.  
227 Australian Government, 2009a, p.xii.  
228 DIISR, 2011b, p.31.  
229 Ibid.
Table 4 below. Many of the issues addressed in the Strategy overlap with those set out in the 1988 White Paper on Higher Education and subsequent green and white papers which led to the implementation of the current RTS scheme.230

Table 3. Research and research training policy development 1999–2013

<table>
<thead>
<tr>
<th>Year</th>
<th>Title</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Draft Standards for Research Training231</td>
<td>A discussion paper on proposed threshold standards for research training.</td>
</tr>
<tr>
<td>2011</td>
<td>Research skills for an innovative future233</td>
<td>Outcome document from the Research Workforce Strategy development process.</td>
</tr>
<tr>
<td>2011</td>
<td>Examining the Full Cost of Research Training234</td>
<td>Report commissioned by DIISR to examine the full cost of research training in Australian universities.</td>
</tr>
<tr>
<td>2010</td>
<td>Meeting Australia’s Research Workforce Needs235</td>
<td>Consultation paper to inform the development of the Research Workforce Strategy.</td>
</tr>
<tr>
<td>2010</td>
<td>IPRS Program Evaluation237</td>
<td>Program evaluation for the International Postgraduate Research Scholarships scheme (IPRS).</td>
</tr>
<tr>
<td>2009</td>
<td>Powering Ideas238</td>
<td>Responded directly to Venturous Australia and indirectly to a range of reports including Building Australia’s Research Capacity.</td>
</tr>
<tr>
<td>2009</td>
<td>Response to Committee report: Building Australia’s Research Capacity239</td>
<td>The Australian Government’s formal response to Building Australia’s Research Capacity, indicating mixed support for the recommendations made.</td>
</tr>
<tr>
<td>2008</td>
<td>Building Australia’s Research Capacity240</td>
<td>The House of Representatives Inquiry into Research Training and Research Workforce Issues in Australian Universities was the first comprehensive review of research training since the inception of the RTS.</td>
</tr>
<tr>
<td>2008</td>
<td>Venturous Australia241</td>
<td>The final report of the Review of the National Innovation System included recommendations regarding The Australian Postgraduate Award scheme, but did not address the RTS in detail.</td>
</tr>
<tr>
<td>1999</td>
<td>New knowledge, New Opportunities; Knowledge &amp; Innovation242</td>
<td>Detailed discussion paper and policy statement on research and research training, circulated as green &amp; white papers. Led to the 2002 implementation of the RTS.</td>
</tr>
<tr>
<td>1998</td>
<td>Learning for Life243</td>
<td>Final report of the Review of Higher Education Financing &amp; Policy. Described the initial outline for the RTS, later developed through the green &amp; white papers.</td>
</tr>
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</table>

The Research Training Scheme was originally proposed in green and white papers circulated in 1999 by then Minister for Education, Training and Youth Affairs, Dr David Kemp. The objectives of the RTS

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230 Dawkins, 1988; Kemp, 1999b; Kemp, 1999a.
233 DIISR, 2011b.
235 DIISR, 2010c.
236 House of Representatives, 2010.
237 DIISR, 2010b.
239 Carr, 2009.
241 Cutler, 2008.
242 Kemp, 1999a; Kemp, 1999b.
were to enhance the quality, efficiency and effectiveness of research training provision, encourage universities to develop their own research training profiles and be responsive to the needs of research students and labour market requirements. These aims reflected concerns raised in the 1998 West review about the quality of the research training environment; a perceived mismatch between the research priorities of institutions, the interests of students, and the needs of employers; and high attrition and slow completion rates of research higher degree students.244

Key features of the RTS scheme as it was introduced were that:

- Government support for research education would be driven more directly by the allocation of research candidate places and scholarships than it had been previously.
- The maximum duration for each RTS place would be set at two years full-time equivalent for Masters and four years full-time equivalent for doctoral students.
- Annual Research and Research Training Management Plans were introduced as a threshold requirement for enrolling research candidates.
- The allocation of places would be determined by a performance measure including research degree completions (50 per cent), research income (40 per cent), and research publications (10 per cent).

The main aspects of the scheme have been unchanged since its implementation in 2002.245 Controlling for indexation, funding levels associated with the RTS have also remained un-changed since that time.246

**Defining quality and standards in research training**

The aims for a review of the RTS outlined in the *Defining Quality* consultation paper were to identify dimensions for quality in research training.247 Three overlapping policy drivers can be identified here:

1. Identifying opportunities for changes to the RTS which may more effectively encourage and support quality in research training.
2. Informing changes to specific aspects of the RTS, notably the RTS funding formula, and the possible role that the Excellence in Research for Australia (ERA) initiative might play in these.
3. Inform the way research training is accounted for in the new standards framework.

These broadly reflect the original aims of the RTS, being to enhance the quality, efficiency and effectiveness of research training provision. They also reflect the over-arching policy challenge of achieving the right balance of resources and incentives, and enhancing quality in the new regulatory environment. The consultation paper addressed questions around what quality in research training is and how it can be measured and encouraged. These questions are coloured by the recent shift from a fitness-for-purpose approach to quality assurance to an approach premised on standards and the assessment of risk, including the development of standards for research and research training. The discussion paper also addressed the potential role that the Australian Government’s *Excellence in Research for Australia Initiative* (ERA) may play in informing judgements about quality in research training. The issues raised in the discussion paper have high stakes implications, with the prospect of national minimum quality requirements on providers for higher degrees by research, and possible changes to threshold eligibility requirements for funding schemes such as the RTS, APA and IPRS.248

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244 Ibid; Kemp, 1999a.
245 Other Grants Guidelines (Research), 2010.
247 DIISR, 2011a, p.5.
248 DIISR, 2011a, p.15.
Draft standards for research training were circulated in May 2013 accompanied by a discussion paper on elements of a revised Higher Education Standards Framework. They addressed supervision, admissions, resourcing, graduate outcomes and quality assurance issues. The draft standards were broadly in line with accepted practice for research training in Australia, and broadly conformed with the draft good practice framework under development by the Deans and Directors of Graduate Studies (DDoGS).

The discussion paper that accompanied the draft standards was clear that the standards are intended to be subject to regulation as ‘threshold’ requirements on all institutions conducting research training. However, the guiding principles included with the draft standards conveyed an enlightened approach to regulation when it comes to research training activity, in several instances reflecting a ‘fitness for purpose’ approach to quality assurance, which is notable given the standards will be used as the basis for regulation. They also served to put speculation regarding the potential role of ERA in informing threshold requirements at bay. The guiding principles affirmed that ERA performance reports were not an appropriate benchmark for minimum standards for research training, but that ‘their use should not be precluded in a provider’s methods for demonstrating its achievements’.

Release of the draft standards plays an important role in describing the potential limits for threshold eligibility requirements for participation in Commonwealth research training programs. It is worth remembering that the Higher Education Standards Panel is convened independently of the government agencies to which it provides advice. This is an important consideration where TEQSA as the regulator and DIICCSRTE as program administrator may choose to interpret requirements that may not be identical to those recommended in the standards framework. However, in their current form the draft standards do serve to allay some of the concerns regarding the degree to which threshold requirements under consideration by government may be unduly onerous, or unfairly disadvantage particular providers or discipline areas.

**Research training programs in practice**

A very stable set of issues features prominently and consistently each time there is consultation on or review of issues around the RTS, scholarships and student income support. Relevant programs supported by the Australian Government include Industry Australian Postgraduate Awards [APA(I)], the International Postgraduate Research Scholarships (IPRS) and the Australian Postgraduate Awards (APA). These issues featured prominently in the House of Representatives Inquiry and were repeated in responses to both the Meeting Australia’s Research Workforce Needs and Defining Quality consultation papers. Scholarship programs also featured prominently among issues raised in the development of the Research Workforce Strategy. These issues included extending the duration of the APA to more realistically reflect the requirements of the degree; the need for improved access to support for part-time study; removing restrictions on the amount of additional income candidates are able to earn; review of enrolment status during thesis examination; exempting part-time scholarships from taxation; and increasing the APA stipend rate.

Small changes to schemes like the APA tend to have a big impact among stakeholders and significant follow-on effects though the incentives they encourage, not just in relation to stipend rates but also through the conditions of award and associated policy settings.

**APA Award rate**

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250 Luca and Wolski, 2012.
253 In Australia the terms scholarship and stipend are typically used interchangeably. A scholarship can be support for tuition, or a living allowance, or both.
254 DIISR, 2011c.
The Australian Postgraduate Award (APA) is the benchmark living allowance stipend scheme for research higher degrees in Australia. The majority of scholarships provided by institutions are tied in one way or another to the APA conditions of award, including the stipend rate. In 2008, the *Scholarships for a Competitive Future* initiative included an increase in the number of APAs from 1,580 to 3,500 between 2008 and 2012. The 2009 Budget saw further reforms to the APA including a 10 per cent increase in the stipend rate and improved annual indexation arrangements. These were important steps. There remain, however, opportunities for further reform.

In its final report, the House of Representatives Committee recommended increasing the value of the APA stipend rate by 50 per cent. The Australian Government responded with a 10 per cent adjustment, comprised of a 7.9 per cent upward adjustment over and above an average annual increase of 2.1 per cent between 1992 and 2009.

**Figure 1. Australian Postgraduate Award Stipend Rate (FT) as a proportion of the Henderson Poverty line 1992-2012 (with projections to 2016)**

The Poverty Line comparison above is for income after tax for a single individual, inclusive of housing costs. For rates for parents and couples see *Poverty Lines Australia: December Quarter 2012*.

The APA stipend rate relative to the Poverty Line for a single individual is illustrated in Figure 2 above. Projections to 2016 highlight the positive effect of the adjustment in 2010, and the impact of an improved annual indexation rate. The stipend rate increased by 3.8 per cent in 2012 and 3.9 per cent in 2013, compared with a previous average annual increase of 2.1 per cent. Despite these improvements, a further upward adjustment in the range of 12-20 per cent is required if the stipend rate is to support candidates at or above the Henderson Poverty Line.

**APA Award duration**

Currently the APA is funded for masters degrees to the maximum duration of candidature: two years. However, this is not the case for the maximum four years of doctoral study. Research shows that four years roughly equates with the average duration, in equivalent full-time terms, required to complete a

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257 House of Representatives, 2008, p.78.
quality PhD. With the APA currently funded to three years plus a possible six-month extension, the current policy settings underestimate the time it takes to complete a quality PhD. In 2005, the Senate Inquiry into Student Income Support found the most glaring weakness in financial support for doctoral candidates to be the gap between the average time a student takes to complete and the duration of an Australian Postgraduate Award. The Committee concluded that the arrangements for scholarships served to hinder rather than encourage timely completions. In 2008, this mismatch was again noted, in the House of Representatives Inquiry. The final report recommended that the total duration of all federal PhD stipend awards be increased to four and a half years (full-time equivalent). The duration of the APA also featured prominently among issues raised in responses to both the Meeting Australia’s Research Workforce Needs and Defining Quality consultation papers. Possibilities raised then included funding fewer APAs for longer periods of time, extending the duration of the award in lieu of additional requirements, and simply extending the duration of the award to match candidature provisions and more effectively reflect existing requirements for the degree.

APRA Provisions for part-time candidates

About 46 per cent of domestic research students are enrolled part-time. Rates of part-time enrolment vary significantly by discipline area, ranging from 31 per cent in engineering to 75 per cent in education. Evidence from Pearson and colleagues suggests that many candidates actively use changes in enrolment status to assist them in successfully completing their degree, and that enrolment status is a less static category for research candidates than many may assume. Despite this, full-time scholarship holders must conform to a very narrow set of conditions in order to be able to go part-time. Candidates are only eligible for an APA on a part-time basis if they meet strict Student Eligibility Requirements under the APA Guidelines. Currently those conditions require demonstrating extenuating carer responsibilities, or proof of a serious medical condition. The need for candidates to be able to move freely between full- and part-time study has been a consistent theme in stakeholder feedback and in research in this area. Flexibility is seen as particularly beneficial where students are managing complex research projects, or where their research design or data collection does not easily conform to a three-year time frame.

Recommendation 23 of Building Australia’s Research Capacity was that the Commonwealth Scholarship Guidelines should be amended to give award recipients greater flexibility in undertaking all or part of a higher degree by research on a part-time basis. Meeting Australia’s Research Workforce Needs also saw greater flexibility for part-time HDR study as generating potential productivity benefits, noting this could help to attract an expanded pool of candidates to HDR study. This proposal was picked up as Priority 7.1 of the Research Workforce Strategy. The Strategy recognised that flexibility to undertake studies on a part-time basis may be a key determinant of individuals’ capacity to engage in a research degree, especially in the cases of women and Indigenous Australians seeking to balance study with family, professional and community responsibilities.

The current policy settings provide an immediate opportunity to improve the productivity and retention of its HDR candidates by amending the scholarship guidelines to remove provisions that unduly restrict part-time candidature. This would give institutions more autonomy to put in place practices tailored to individual training programs, while allowing students greater freedom to negotiate modes of HDR study that meet their needs, circumstances and specific research.

261 Senate Employment Workplace Relations and Education References Committee, 2005, p.40.
262 House of Representatives, 2008, p.75.
263 Palmer, 2011.
264 Pearson, Cumming, Evans, Macauley and Ryland, 2008.
265 DIISR, 2010a, p.10.
267 DIISR, 2010c, p.28.
268 DIISR, 2011b, p.38.
Income support and taxation

Candidates able to meet current eligibility requirements for transferring to a part-time APA must balance a range of pressures and responsibilities in seeking to complete their degree. Yet they risk losing access to other support measures, such as disability and carer benefits. They also must pay tax on their stipend. Full-time awards are tax-exempt; part-time awards are not.

The 2005 Senate Inquiry into Student Income Support concluded that there is a ‘serious inequity’ in the income support system in part-time APA scholarships being subject to income tax. The Committee recommended that (then) DEST undertake an analysis of the costs and benefits associated with exempting university-funded scholarships and scholarships funded by benefactors and philanthropists from the social security personal income test. Prior to this, the Taxation Laws Amendment (Part-Time Students) Bill introduced by the Australian Democrats was referred to the Senate Economics Legislation Committee for consideration in 1998. That Committee Report found that exempting part-time scholarships from taxation would have marginal implications for Commonwealth revenue, at worst having a ‘very minor influence’.

Despite this, the Bill has been adjourned at the second reading stage since 30 October 1997.

In 2008, the House of Representatives Committee again recommended that postgraduate research scholarships be exempt from assessable income for taxation, including part-time awards. The Federal Government chose not to support this recommendation. It again referred the matter, this time to the Taxation Review conducted by former Treasury Secretary Ken Henry. The Henry Review Panel recommended that all income support and supplementary payments should be tax-exempt, and Government payments such as scholarships should be exempt from tax to align their treatment with that of income support.

In 2009, the Social Security and Other Legislations Amendment (Income Support for Students) Bill 2009 was introduced to exempt scholarships from the income test under social security legislation. The government again ignored calls to adjust the scope of the amendments to address problems for postgraduate scholarship recipients who also receive supplementary income support payments such as disability or carer benefits, and other matters associated with including scholarships as assessable income. It is remarkable that a series of governments have failed to respond to consistent recommendations on this minor matter, recommendations that would have such a positive effect for students most disadvantaged, at negligible additional cost.

Enrolment status at examination

Under current provisions, research students cease to be considered as enrolled the moment they submit their thesis for examination. However, at submission their course of study is incomplete. Once candidates cease to be enrolled they also become ineligible to receive any remaining scholarship entitlement. Students typically invest significant time and resources in getting to this final stage. It is also likely they have been out of the full-time workforce for some time, often with limited engagement with prospective employers. Many also accrue debt in the course of their degree. Recommendation 17 of Building Australia’s Research Capacity was for candidature to be nominally extended beyond thesis submission until candidates are informed that they will be awarded their degree. A ‘bridge’ at this point in the form of financial support would address a range of problems and would not only foster incentives to complete on time, it would also support engagement in professional development activities such as conference presentations and publications. It would represent a built-in completion award, supporting valuable academic and professional development opportunities for early career researchers, and development of skills and experience increasingly valued by employers.

Footnotes:

274 House of Representatives, 2008, p.82.
275 DIISR, 2011b, p.22.
Improvements to scholarship programs and related policy settings are likely to reduce attrition, to improve completion rates, to enhance the productivity benefits associated with the Research Training Scheme and hence to maximise the payoffs associated with government investment in this area. Reforms that allow candidates additional flexibility can also better fit the needs of both students and employers, particularly greater flexibility for part-time enrolment and better support during the concluding phases of the degree. All of these improvements are consistent with the original aims of the Research Training Scheme.

Places, incentives and performance measures

The RTS supports research training in Australia through the allocation of RTS ‘places’, an allocation of funds per equivalent full-time candidate intended as a full subsidy for costs associated with research training. Prior to the RTS arrangements were largely as set out in the in the 1988 White Paper on Higher Education.276 Funding for HECS-exempt places and APRA scholarships were then provided through negotiated block grant arrangements.277

Table 4. Criteria in determining Australian Government support for research training

<table>
<thead>
<tr>
<th></th>
<th>1988-2001 Block Grants</th>
<th>1999 RTS (as proposed) %</th>
<th>2002-2012 RTS and APA (as implemented) %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publications</td>
<td>4.6 / 4.0</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Research income</td>
<td>35.4 / 32.0</td>
<td>35</td>
<td>40</td>
</tr>
<tr>
<td>RHD completions</td>
<td>20</td>
<td>35</td>
<td>50</td>
</tr>
<tr>
<td>Existing places / load278</td>
<td>40</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td>Previous grant amounts</td>
<td>(see below)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4 above highlights the evolving priorities identified for research education, as reflected in the drivers for the allocation of funding. The overall trend is away from conservative indicators such as existing student load and toward those focused on productivity and outcomes (notably in the increased importance given to research degree completions). Under the RTS, allocations are smoothed by the additional provision that only 25 per cent of total funds each year are allocated based on performance measures, with the remainder determined based on grant amounts received in previous years. In a different way the allocation of funding for APAs is staged over several years, determined by annual costs based on the number of APAs allocated in the current year plus weighted costs for the preceding three years.279

The 1999 green paper, which preceded implementation of the RTS, suggested that the inclusion of a publications component, in what was then known as the Composite Index, had created incentives not in the best interests of Australian research. It had stimulated an increased volume of publications but at

277 Kemp, 1999b.
278 While no longer used in determining RTS or APA grant amounts, research student load is still used in determining JRE block grant allocations.
279 DIISRTE, 2012.
the expense of average publication quality.\textsuperscript{280} In the green paper the Federal Government proposed dropping publication measures entirely, suggesting instead a research training performance index comprised by research income (35 per cent), completions (35 per cent) and commencing places awarded the previous year (30 per cent). However, as noted in Table 4, publications were retained in the final version proposed in the \textit{Knowledge and Innovation} white paper. This funding formula is still in place today.\textsuperscript{281}

It is unlikely the government will move away from a funding formula comparable to the one currently in place. However, the indicators used, and the weight attributed to each, are more open to change. Responses to the \textit{Defining Quality} consultation paper invite further consideration of how quality in research training may best be measured and encouraged. These questions go to the content of research degree programs, and what the Commonwealth actually supports through the RTS, how this can be known, and how improvement can be encouraged. In practical terms these questions go to the definition of quality and how it may be reflected in either threshold requirements or performance measures. These questions also go to the incentives supported by the scheme (intended and otherwise), their alignment with the government’s broader aims, and their sustainability into the longer term.

Beyond enrolment metrics, publications and research income it is difficult to establish reliable measures for outcomes, processes or inputs that are amenable to scaling in a way that would function effectively in a performance index. Student satisfaction surveys provide an indication of the quality of the research-training environment, but the case for including them in the RTS performance index is less clear-cut. Collaboration, research impact and graduate destinations are identifiable as positive program outcomes from the RTS. However, they are difficult to measure reliably and estimations of ‘success’ are not always amenable to scaling. Among the benefits of counting research degree completions is that they capture graduate outcomes regardless of the subsequent destinations of those graduates. A useful guideline for future review would be to only consider those indicators able to reflect the productivity and outcomes associated with quality in research training. Any additions to the performance index must, therefore, meet the basic requirements of a quantitative indicator for inputs, processes or outcomes, in terms of quality, scale or both. At this stage, it is difficult to see how changes to the existing formula could create positive incentives without also creating negative unintended consequences. Developing an improved evidence base in support of any such changes would be an important first step, particularly in regard to the inputs and processes invested by institutions in support of a quality research-training environment, and of quality research training outcomes.

\textbf{Quality, transparency and student mobility}

The key policy challenge for the development and implementation of funding programs, standards and performance measures is to ensure the right balance of incentives and resources are supported, and supported in a sustainable way. Many of the shortcomings identified in various programs are found not in the development and implementation of the programs themselves, but in the unintended or ‘perverse’ ways institutions, students and academics have responded in engaging with them (with changes in publishing behaviour being the most obvious, but by no means only example).

The 1999 \textit{New Knowledge New Opportunities} green paper observed that funding arrangements provided inadequate incentives for institutions to improve the quality and relevance of the research degree programs. At the time institutions were funded through operating grants for a student load target, which included postgraduate provision. Provided that load targets were met, institutions retained funding irrespective of their performance on the basic enrolment metrics. Student demand was held to play a minimal role at the time in determining the allocation of research training places across institutions.\textsuperscript{282}

\textsuperscript{280} Kemp, 1999b, p.29.
\textsuperscript{281} Kemp, 1999a.
\textsuperscript{282} Kemp, 1999b, p.33.
In 1998, the West review observed that the most significant research training initiative the Government could adopt is one that enhances student choice and mobility. The committee believed this would enhance competition between institutions for research students, enhance the research training experience, increase interaction and knowledge transfer between institutions and improve the responsiveness of research training programs to employer needs. The effectiveness of this approach was premised on current and prospective research students having access to reliable comparative information on the quality and range of research training resources and support available. It was believed that were prospective candidates able to make informed decisions about their destinations for study, institutions would be required to compete for research students on the quality of their research environment, the level of support available, the quality of supervision and of the outcomes supported. It was suggested that institutions would no longer perceive research students as academic labour but as clients who enhance their core activities.

While unpopular in many quarters at the time, the West review correctly suggested that changes of this kind would alter the way in which research students were perceived by institutions. The 1999 green paper suggested that allocating scholarships direct to students would create strong incentives for universities to respond to student demand and through this to the demands of the labour market. In practice, a range of powerful incentives were created through the implementation of the RTS, but their principal influence seems to have been to increase the focus on the key measures already used in block grant performance indices: performance in winning competitive grants, publications and in particular on research degree completions. While the increased emphasis on research degree completions has brought about a significant shift in research training culture and practice in Australia, not all of the original aims of the scheme have been met through the creation of these incentives. Despite preliminary steps toward empowering candidates as informed participants in a ‘market’ for quality research training, competition on quality on the part of providers still takes second place to competition on prestige.

Following the West Review, the RWS again raised the question of the rigour and relevance of the information base available, not just to inform prospective students but also to provide data on the relative performance of institutions in receipt of Commonwealth funds. The Australian Government’s Excellence in Research for Australia Initiative (ERA) now makes an important contribution by providing a measure of quality of the publishing activity of university staff. To this extent ERA performs a valuable function in lending some transparency to the usual institutional hype regarding the quality and scale of their research activities. This transparency is certainly useful for prospective research students. What ERA does not measure, however, is the publishing activity of research students themselves. This is odd given the suggestion that ERA could somehow be a measure of quality in research training. Publication of ERA results prompts significant attention from media, managers and marketing units. The extent to which these results catch the attention of prospective research higher degree students, and how these results may align with other information such as that presented on the MyUniversity website, remains to be seen.

Effective student choice and student mobility depend on the availability of information as much as on the administrative and funding arrangements established by government. For this to work, students need access to information on salient aspects of the research-training environment. Aspects suggested in the West review included the focus, style and content of research training programs, the quality of supervision and student support services, the level of research and teaching infrastructure, employment outcomes of research graduates, and the achievements of researchers at each institution. The West review also pointed out that it was likely providers would benefit from the discipline of articulating these aspects of their programs and their strategies and objectives for continuous improvement. The Review recommended the development of a strategy to improve the quality and range of information available to students to enable them to make informed choices about research supervisors, and

284 Ibid.
285 Kemp, 1999b, p.34.
comparative information on all aspects of the research-training environment supported by institutions.287

It is interesting to reflect on how little progress has been made in this area since the implementation of the RTS. Recent activities like the development of a Good Practice Framework by the Council of Deans and Directors of Graduate Studies in Australia (DDoS) have the potential to support considerable improvements in this area.288 For the most part, however, efforts to date have been tailored to the institutional perspective, and to the relationship between institutions and government in accounting for quality. As with ERA results and the MyUniversity website289, the extent to which developments in this area are intelligible or useful for current and prospective students in supporting an effective ‘market’ for quality remains to be seen.

Conclusion

Research training in Australia is now firmly established as central to building and sustaining the national capacity for innovation. The key policy challenge for research education is to achieve the right balance of resourcing and incentives, where quality outcomes are supported in a sustainable way. While there have been achievements in many of these areas over the last decade, there remain opportunities for some strategic (and relatively inexpensive) reforms for government to proceed with. Among key achievements since 2007 is the development of a coherent strategy for building and sustaining research workforce capacity. While the Research Workforce Strategy provides a sound basis for future development of the research-training scheme it does not provide for policy and programs directly, and it certainly does not fund them. A further commitment is required on the part of government to ensure the research workforce strategy serves its purpose as a framework for planning and developing Australia’s innovation and research workforce needs to 2020 and beyond.

288 Luca and Wolski, 2012.
289 Or other communication platforms that the Australian Government may choose to support (see priority 5.1 of the Research Skills for an Innovative Future).
Chapter 10
On the fragmentation and decline of academic work

Emmaline Bexley

Abstract

Increased participation in higher education in recent decades has not been matched by increases in academic positions at our universities. The need to more efficiently allocate academic work roles has resulted in a fracturing of academic work, accompanied by less stable industrial conditions for many early career academics. This chapter traces the ad hoc policy path that has lead to these new work roles, and discusses the effects of this fragmentation on the satisfaction and career aspirations of young academics, as revealed by a recent CSHE survey of the academic workforce.

Introduction

Diversification of institutional missions, rapid increases in participation in higher education including by students from educationally disadvantaged backgrounds, and an unstable policy and funding environment over the past two decades, have lead to a fracturing of the traditional work roles of the academic.

Increased casualisation is perhaps the most obvious example of how a relatively homogenous profession has become more diverse. Yet this is but one example of recent changes in professional practice. Other shifts at the institutional level include a growing divergence in appointment levels, with increases in both older, senior staff and young, junior staff and fewer appointments at the middle levels; and a greater tendency for institutional management to be seen as a profession in itself rather than part of academic work. Relatively increased participation within the professional disciplines, policy drivers rewarding applied over pure research, and a focus on university education as a practical preparation for the workforce have also imposed diversity at the disciplinary level. ‘Disciplinary mission’ might be seen as equally indicative of the heterogeneity of workforce norms between the disciplines, as ‘institutional mission’ is at the sectoral level.

The fragmentation of academic work has created an unstable tension. There is a need to recognise and legitimise the ubiquity of ‘non-traditional’ modes of academic work (research-only, teaching-only, administration focused, contract and casual, inter- and cross-disciplinary, multi-institutional). The sheer size of the higher education system in Australia makes this fragmentation in work roles to at least some extent inevitable. Yet academics, particularly young and early career academics, are reporting high levels of dissatisfaction with these forms of work. Much of this dissatisfaction stems from the absence in these work roles of traits closely aligned to traditional academic roles. It might even be argued that the way academics themselves value their work is based on outmoded notions.

However, there are deeper reasons for this dissatisfaction. Traditional, tenured academic positions offer prospects of autonomy, diverse and enriching experiences across research, teaching and service, job security (perhaps a job for life) and well-defined career and promotion possibilities and pathways. Even if this motif is partly illusory, traditional academic positions are where status is on offer and where the central business of universities is still played out. In contrast, new modes of academic work are often much less autonomous and are likely to be exclusively based in one of teaching or research, while offering little scope for community engagement and for involvement in institutional decision-making through committee work and participation in management. They are certainly not secure jobs for life, they are unlikely to follow clear career pathways, and they may be comprised of punctuated periods in different work roles and even different institutions.
The effects of these practices are evident in the findings of a recent study of the academic workforce undertaken by the Centre for the Study of Higher Education. The research involved surveying 5,500 Australian academics across 19 institutions about their work, aspirations and career intentions. Our study found that substantial proportions of academics have medium-term intentions (for the next five to ten years) to move to an overseas institution (24.6 per cent); to leave the higher education sector all together (25.9 per cent); or to retire (20.5 per cent). In short, aside from expected retirements, well over one third (39.5 per cent) of academics are considering leaving the Australian higher education workforce for overseas or non-academic employment at some time in the next ten years.

This chapter will look more closely at the changes to the Australian higher education landscape in recent decades, focusing especially on the policies that have underlain the fragmentation of academic work roles, and at the way that this fragmentation is played out differentially among tenured, contracted and sessional staff.

The idea of a university

The ‘idea of a university’—its social and cultural purpose—has always been in flux. The medieval university was essentially a guild for masters and students of medicine or law (in Italy) or a place for theological and philosophical training (France, England). In the Enlightenment it was, in many ways, a finishing school for the elite, and much intellectual thought, and virtually all scientific thought and practice, was conducted outside its walls. The nineteenth century gave us both Newman’s idea of the university as a temple of received wisdom, and the Humboldtian idea of new inquiry. Yet, a common thread unites all of these ideas of the university—each is self-consciously elite, even elitist. Similarly, these ‘ideas’ of the university are perhaps better described as ‘ideals.’ They are aspirational, not instrumental.

More recently we have had Kerr’s research university and Marginson’s Enterprise University. These are different beasts to the earlier models. In the twentieth century, the university itself became fractured, overrun with a multiplicity of purposes. In Australia (and we are not alone in this), universities severally trumpet their offerings as: workforce preparation; professional training; free inquiry and blue-sky research; research application and patent development; delivery of social commentary and critique; mitigation of social disadvantage…Universities try to be attractive not just to a small elite group, but to a large and socially diverse group—what would someone a century ago have made of the present government’s aim to have 40 per cent of young people holding a bachelor-level degree? The social and policy environment around higher education is confused like never before.

The lack of a clear purpose is not just present in universities, but in Australian tertiary education in general, and stems from policy-makers’ failure to conceptualise the tertiary education landscape and the role of the institutions that comprise it. It has become increasingly unclear what differentiates the Vocational Education and Training (VET) sector from the university sector and, in turn, from private tertiary education providers. Enabling, bachelor and postgraduate level education is available from all three kinds of institution. Despite this, funding and regulation of VET and higher education is undertaken by state and federal governments respectively, and the regulation of private education tends to be formed ad hoc rather than planned. Indeed, and as I argue here, the policy and legislative framework for Australian tertiary education might be seen as a series of historical artifacts rather than a coherent and systematised response to a societal need.

The mass university

This lack of clarity around conceptions of the role of the university in the minds of policy makers, society and academics themselves has been driven by a number of key shifts. Perhaps the most important has been the drive toward the universalisation of higher education. Growth in participation

290 Bexley, James & Arkoudis, 2011.
during the Whitlam era of free education was rapid, but the truly steep increases in participation coincide with the series of inquiries and reviews of the mid to late 1980s addressing high levels of youth unemployment and low levels of secondary school completion (the Quality of Education Review in 1985; Minister Dawkins’ Strengthening Australia’s Schools statement in 1988; and the agreement by the Commonwealth, State and Territory governments on the Common and Agreed National Goals for Schooling - ‘The Hobart Declaration’ - in 1989),292 culminating in Prime Minister Hawke’s ‘Clever Country’ speech in 1990. Ostensibly, these policies were designed to shift the economy from a reliance on primary industries to the knowledge intensive industries of the tertiary sector of the economy. It was no coincidence, however, that the policies, advocating greatly increased rates of secondary school completion and university participation, came at a time when youth unemployment was embarrassingly high. The policies certainly had effect: between 1985 and 1992, the retention of school students to Year 12 increased from 46 to 77 per cent.293

Laudable as the drive to expand participation in education may be, the cynical view that other factors were the real drivers, such as shifting young people out of the unemployment figures and into the education figures with no clear purpose for their education, gets some credence from the failure of subsequent governments of both persuasions to fund the system adequately to maintain reasonable staffing levels. Figure 1, below, shows growth in participation in higher education for undergraduate and postgraduate students alongside the number of fulltime and fractional fulltime academic staff. The increased participation by undergraduates in the mid and late 80s is clearly visible, as is the increase in postgraduate coursework students when the Howard government deregulated this part of the system in the mid 90s. The relatively flat line in academic staff numbers speaks for itself.

![Figure 1. Number of undergraduate and postgraduate students and full-time and fractional full-time academic staff, 1976 to 2010. Source: DEEWR Selected statistics, various years, and Hugo, 2011.](image)

The retirement hole

Underlining the gravity of the consistently increasing student to staff ratio is the imminent retirement of substantial proportions of the tenured academic workforce, a phenomenon that has been well documented.294 Many nations are experiencing an ageing of their academic workforce, including Austria, Belgium, France, Germany, Iceland, Norway, Sweden, the Czech Republic and the

However, the policy settings and social context of these changes in Australia are uniquely ours, resulting from the increased investment in higher education by the Whitlam government in the 1970s that continued, with some variation and not in line with student growth, throughout the 1980s, but ceased with the tightening of funding to higher education in the mid-1990s, since which time numbers of continuing and long-contract staff have increased only modestly in comparison to student growth.

The age-group distribution of the tenured and continuing academic workforce has, therefore, become skewed toward the older end of the spectrum to a far greater extent that is the case in the wider workforce. The ageing of the academic workforce has also lead to imbalances in the strata of professional classifications within the sector. The classification levels of D and E (above Senior Lecturer or Level C) are the only classification groups to have increased their percentage share within the workforce over the decade and a half from 1996, the year of the ‘Vanstone Cuts’ to higher education, moving from having the smallest percentage share of the four classification levels to the second highest over that period.

Graeme Hugo described this situation as a ‘demographic time-bomb’ in 2005. The rhetoric is convincing—but upon reflection, it is not accurate. If one walks around a university campus, there are a great many (comparatively) young faces fronting lectures and tutorials, and working in labs. Part of the explanation for the missing generation of younger academics is the ubiquity of casual academic staff.

Casualisation

Casual or sessional staff numbers are notoriously difficult to quantify. They are not reported as head-counts to government agencies for inclusion in the national higher education statistics collection. Estimates range from around 40 per cent to 60 per cent of the academic workforce. This compares to an average of around 25 per cent in the overall workforce.

The move toward employing university teaching staff on a sessional basis began in the mid-1990s with a tightening of the federal higher education budget. As institutions began to seek income from the less stable international student and domestic postgraduate coursework fee-paying markets, they simultaneously shifted new appointments toward fixed-term and casual contracts, essentially placing the risk associated with the precarious funding environment onto employees, who could be more readily hired and let go according to shifts in demand. In 1998, the National Tertiary Education Union responded to concerns about the these changes to academic working conditions by bargaining for the Higher Education Contract of Employment Award (HECE). The HECE was intended to ensure that fixed-term employment contracts could not be used in areas of ongoing need. Instead of shifting fixed-term positions toward ongoing contracts, it resulted in an intensification of sessional employment.

The union response to this, in 2003, was to attempt to limit the proportion of salary expenditure at each institution that could be used to employ sessional staff, but they were outflanked by the Commonwealth government, who implemented the Higher Education Workplace Relations Requirements (HEWRR) legislation. The HEWRR was one part of the broader Workchoices agenda, designed to shift power from the unions to the employers and encourage a ‘more flexible’ workforce. At universities, the HEWRRs operated by linking funding to the introduction of industrial agreements in which casual employment rates were required to be uncapped.

Casual academic staff have historically flown under the radar in terms of even the most basic demographic information. Not tracked by government except in terms of estimated full-time

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296 Bexley, et al., 2011.
297 Hugo, 2005.
298 Coates, Dobson, Edwards, Friedman, Goedegebuure & Meek, 2009.
299 May, 2011.
300 ABS, 2009.
302 Brown, Goodman & Yasukawa, 2008; Bexley & Baik 2011.
equivalence, details of their discipline of employment, age, qualifications, workload, and work-type go unreported. Indeed, in our survey of academic staff a number of institutions were unable to provide us with contact details for their casual academics, for they themselves did not keep the records centrally. The findings about casual academics uncovered by our research were, therefore, both valuable and somewhat problematic. They provided a rare snapshot of the sessional academic workforce, yet because we did not have reliable population-level data against which to benchmark our sample we could only treat our findings as indicative.

The findings, however, were startling. More than half of the sessional staff who responded were over the age of 40. Only 48.9 per cent were currently studying. Nearly one quarter—22.9 per cent—held a PhD. These findings are at odds with the often-prevalent assumption that most sessional academics are HDR students. While most of the respondents were at Level A (64.6 per cent), many were at more senior levels. The most common forms of work undertaken were, unsurprisingly, tutoring (79.9 per cent) and lecturing (55.0 per cent), yet a substantial proportion also had a teaching coordination role (19.1 per cent).

These findings suggest that these staff are a large part of the ‘missing generation’ left behind by the baby-boomer professors. Our study also revealed that these staff members were not employed on casual contracts because they were filling a short-term need, the reason for which casual contracts exist. 64 per cent indicated that their sessional work was comprised of a reasonably regular series of short-term contracts, while only 18 per cent reported their work to be irregular or sporadic one-off contracts. Nearly half (46.9 per cent) indicated that they had been in their current position for more than three years. When asked about their reason for undertaking casual work, the largest response group (21.3 per cent), indicated that they work in a sessional capacity because no more secure academic positions were available to them, and another 18 per cent that they were undertaking sessional work to prepare for an academic career. Again, these findings contradict many prevalent assumptions about sessional academics as young higher degree research (HDR) students supplementing scholarship income. One participant best summed up the sentiment, who wrote:

I am glad to have had the chance to work as a sessional lecturer so soon after completing my PhD, but I feel stalled in my career. I want very much to have a continuing position, where I can start to plan for longer-term projects and promotion, and feel that I am part of the community of the institution.303

Contracts

The other insecurely employed group in our universities is the research-only worker on a limited term contract. Increased casualisation has been accompanied by a trend toward limited term contracts, especially in research-only positions, from 33 per cent of university staff in 2000, to 40 per cent in 2012.304 Limited term contracts are not the norm in the wider workforce: only 5 per cent of employees were on a fixed term contract at the 2006 census.305 The rise of limited term contracts represents another shift from traditional modes of academic employment, and is a trend that has its greatest impact on early career staff. Indeed, Edwards, Radloff and Coates306 pose the concept of the ‘post doctoral treadmill’, a long series of short term contracts that do not guarantee professional advancement or lead to substantive appointments. Dawson307 also recounts the growing norm of early career staff moving from one short-term contract to another without being able to secure a full academic position.

Our study found that academics on even short-term contracts of less than one year are very likely to hold a PhD (63.1 per cent) and unlikely to be concurrently studying (a minority, 20.3 per cent, were also studying). Half of the academics on short-term contracts were over 40 years of age, and over 80

303 Bexley et al., 2011.
305 ABS, 2008.
per cent were undertaking research. An even greater proportion of short-term contract academics (76.8 per cent) than of casual academics indicated that their work was essentially ongoing: a reasonably regular series of short-term appointments. More than one in five have been in their current position for over five years. Again, these academics are the ‘lost generation’: generally PhD qualified, effectively continuously employed, research active academic staff, often also undertaking lectureships, who while otherwise fitting the profile of the ‘traditional’ academic are on short-term contracts with little real job security.

Short-term contracted researchers are joined by those on longer, but similarly limited-term contracts. Traditionally, tenured academic work was comprised of a reasonably formalised assumption of about forty per cent of one’s time being spent on teaching-related duties, another forty per cent on pursuing self-directed research interests and about twenty per cent taking part in university governance through committee memberships and management responsibilities. As the proportion of tenured staff diminished, and as more of those who were tenured moved above Level D and into heavily administrative roles, the research role of the university needed to be funded outside of the tenure-based pay structure. With Commonwealth funding shrinking to a minority proportion of total university budgets, research only staff have tended to be employed on contracts tied to externally funded grants, whether government ARC and NH&MRc or private consultancy based. For universities, this approach makes sense. Funding for research has become destabilised in the absence of it being built in to tenured work roles, and, again, the risk associated with the unstable economic environment has been put onto the employees, in this case, contracted researchers.

Again, the ‘time bomb’ metaphor for the impending boomer retirements does not adequately describe the situation in our universities—it overplays the drama, and underplays its gravity. The drama is overplayed in the sense that it suggests a sudden crisis; that the baby-boomer academics will retire and universities will find themselves with a hiring black hole and empty classrooms and labs, desperately needing to replenish this lost stock. Yet there is no reason to think that the retirement of the Boomers will result in a plethora of opportunity for younger academics. It seems more likely that universities will continue in the way they have come—by using an army of casual and contracted staff to undertake the bulk of teaching and research under the management of a small group of more senior, ongoing or more secure, appointments. The gravity of the ‘time-bomb’ metaphor is underplayed, because it fails to recognise what happens in a sellers’ market. Already, many of the highest fliers leave for the US and Europe. Our study shows the willingness of staff to envisage a career overseas. What is also missing in the way both government and universities talk about the future of the academic workforce, is an appreciation of the rise of Asia.

**Future global mobility**

The Australian academic workforce is a highly mobile one, with Coates and colleagues finding that 30.8 per cent of academics had taken concrete steps to find an academic position in another country, compared with an international average of 20.5 per cent across the countries taking part in the Changing Academic Profession (CAP) survey. This placed Australia second only to Italy in terms of academic staff mobility. Comparing the destinations of academic staff leaving Australia with the origin of those arriving, Hugo 2008 found that permanent outward flows to the United States (602 in 2005-06) and United Kingdom (676) outweighed permanent inward flows from these destinations (556 and 622 respectively). For China and India the trend was reversed, with 647 academics arriving from China and 461 from India, but only 62 and 6 departing for these destinations respectively. The reasons for these patterns warrant further investigation, but a commonsense interpretation is that those academics willing to emigrate are self-sorting; leveraging the best pay and conditions they can obtain with their experience and expertise—and that the US and UK presently sit at the top of the desirable destinations in terms of employment conditions, with Australia below and China and India lagging somewhat behind. Such an interpretation is strongly supported by a 2001 survey of Australian expatriate academics, in which reasons for leaving and for not returning were primarily related to

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308 Coates, et al., 2009.
employment conditions (55.7 per cent of respondents), with professional development (43.1 per cent) and career advancement (29.9 per cent) following (cited in Hugo 2008).

However, the low rates of migration to India and China, coupled with high inward flows to Australia from those countries, are likely to reverse in future. Marginson has written extensively on the rise of the Asian higher education sector. In China, in particular, universities are being built at an astonishing rate, while the output of research papers per year has risen from around 10,000 in 1995 to over 70,000 in 2009.\footnote{Marginson, 2012.} No doubt the US and European systems will continue to attract many of our academics. However, the sheer scale of the growth in Asian higher education will mean that a plethora of job opportunities for young academics is right on our doorstep. Even if only some opportunities, perhaps a small proportion, were seen to constitute better opportunities than are available in Australia, in terms of number they would represent a very large migration opportunity indeed.

Our study found that by far the strongest factor associated with the intention to move to an overseas institution, or to leave higher education all together, was age. Close to 40 per cent of academics under 30 indicated that they planned to leave Australian higher education in the next five to ten years, with 13 to 18 per cent indicating an intention to leave in the immediate future. Around one third of staff aged 30-39 intend to leave in the next five to ten years, and 8 to 11 per cent in the short term. These differences were both large and statistically significant. In terms of attitudes to and concerns about work, the main difference between ‘stayers’ and ‘leavers’ was levels of dissatisfaction with income and with job security: 49.9 per cent of leavers indicated that they do not have good job security, compared with 39.7 per cent of stayers; and 42.4 per cent of leavers indicated that they were not satisfied with their level of income, compared with 33.6 per cent of stayers.

Conclusions

Australia has an ageing tenured academic workforce moving toward retirement, and a young army of casually and insecurely employed academics, dissatisfied with their conditions of employment, considering a move out of academia or to an overseas university. This is in a context of increasing global mobility of knowledge workers and a rapidly growing and strengthening Asian higher education environment. If Australia is to remain competitive in the global knowledge economy, something must be done to address the pernicious effects of the fragmentation of academic work that has resulted from ad hoc policy decisions; an incoherent conception by policy makers, society and even academics themselves of the purpose of universities and of university education; and a failure to manage the growth of the sector in a sustainable way.

Yet what is rather startling about the decline and fragmentation of academic work is the failure for this to translate into negativity at the output level. Centre for the Study of Higher Education research into the first year experience in 2004 and 2009 has shown sustained improvements in student perceptions of the quality of teaching,\footnote{James, Krause & Jennings, 2010.} and Australian universities have held their own overall, and in many cases advanced, in international research ranking schema. Policy makers have rightly asked the sector that if things are so bad, where’s the evidence? The evidence is in the malaise that is becoming ubiquitous across the academic workforce; a malaise that cannot continue to be mitigated by the intrinsic appeal of the scholarly activities that still constitute much of academic work, even if those activities are fragmented and unevenly distributed.

Our study found that the opportunity for intellectually stimulating work, passion for a field of study and the opportunity to contribute to new knowledge were the most prized aspects of academic work, and almost universally so, with these aspects being nominated by 95.9 per cent, 93.8 per cent and 91.1 per cent of academics respectively as what drew them to academic work.\footnote{Bexley, et al., 2012.} While our findings suggest that the satisfaction academics gain from their scholarly activities to some extent makes up for problems related to working conditions, protecting the future quality of teaching and research will require careful consideration of work design, workloads and working conditions. More, it will require a

\footnotesize{310 Marginson, 2012.}
\footnotesize{311 James, Krause & Jennings, 2010.}
\footnotesize{312 Bexley, et al., 2012.}
reappraisal of the role of the university, the way a university education is valued, and the uses to which such an education is best put.

The traditional model of academic work evolved to serve the knowledge generation and knowledge dissemination needs of a student body and a society different to those it serves today. The unbundling of academic work is an evolutionary stage in the way in which universities are organised to fulfil their social mission. This process will not be successful while we continue to ask young and early career academics to maintain holding patterns of tenuous employment waiting for a reconfiguration of academic work that will not happen by chance alone—regardless of looming retirements. Presently some of the non-traditional modes of academic work are at best unfair and at worst exploitative. The university cannot continue to be all things to all comers.
Chapter 11
Towards a model for professionalising VET teaching

Leesa Wheelahan

Abstract

The qualification needed to be a vocational education and training (VET) teacher in Australia is a Certificate IV in Training and Education. This qualification does not equip teachers with the knowledge and skills they need to be autonomous practitioners who can support students’ learning. In drawing from a 2010 research project on the quality of VET teaching in Australia, this chapter argues that VET teaching needs to be professionalised, and that VET teaching qualifications need to be differentiated to reflect the different types of students, industries, fields and levels in which teachers teach. The current approach to VET teaching is based on low trust and high levels of regulation and compliance. VET teachers have been demonised as being inadequate, and attempts made to teacher-proof the curriculum through competency-based training models of curriculum. We need a high-trust model of VET teaching based on teachers’ professionalisation through developing a qualifications framework and model of continuing professional development that will support high quality teaching, and a professional body to take responsibility for developing the profession.

Introduction

There were 1.8 million students in vocational education and training (VET) in 2011 in Australia, almost 888,500 domestic students in higher education, and almost 490,000 students in years 11 and 12 in senior secondary school.\(^\text{313}\) To be able to teach in higher education, academics are expected to have a qualification at least one level higher than the level they are teaching, and if they are teaching in a university, are usually expected to have a research higher degree. Many universities now require new academics and those seeking tenure or promotion to have, or be in the process of acquiring, a graduate certificate in university teaching. School teachers are required to have a four-year education degree, or a degree and a postgraduate teaching qualification.

To be a VET teacher, all that is needed is a qualification at same level as the one the teacher is teaching (such as a certificate III), and a Certificate IV in Training and Education (TAE). Even the latter can be evaded, as long as the teacher is teaching ‘under the supervision’ of someone who has the Certificate IV TAE. According to the Australian Qualifications Framework,\(^\text{314}\) a graduate from a certificate IV:

... will apply knowledge and skills to demonstrate autonomy, judgement and limited responsibility in known or changing contexts and within established parameters.

In contrast, the level descriptor that describes the application of knowledge and skills for graduates of degrees says that:

Graduates at this level will apply knowledge and skills to demonstrate autonomy, well-developed judgement and responsibility:

- In contexts that require self-directed work and learning
- Within broad parameters to provide specialist advice and functions.\(^\text{315}\)


\(^{314}\) AQFC, 2011, 33.

\(^{315}\) AQFC, 2011, 45.
The message this sends is that teaching in VET isn’t too hard when compared to teaching in schools or higher education; that the level of professional judgement VET teachers need to exercise isn’t too high; and that VET teachers aren’t professionals. No wonder VET teachers are incredulous when confronted with this assessment of what they do. It trivialises teaching in VET and contributes to VET’s low status. More importantly, it presents a simplistic and false view of VET teaching, and thus undermines VET's capacity to contribute to social inclusion and to a strong, resilient, tolerant society and an internationally competitive and productive economy.

This chapter argues that VET teaching must be professionalised and that VET teachers should be supported to gain higher-level qualifications that are appropriate for their field and the students they teach. The first section explains the challenges confronting VET and why teaching in VET needs to be professionalised. The second explains the way policy has cast VET teachers as a problem to be dealt with through attempting to ‘teacher-proof’ the curriculum and through its model of VET teacher qualifications. The third section argues for a model of VET teacher qualifications and continuing professional development. The final section argues that unless VET teaching is professionalised and the profession is supported to take responsibility for standards for teaching and for developing the knowledge base of professional practice, then the only alternative is ever greater levels of regulation which contributes to deepening cultures of compliance. The arguments in this chapter are derived from research led by the LH Martin Institute on the quality of VET teaching in 2010. This project was funded by the Department of Education, Employment and Workplace Relations and managed by the Australian College of Educators.\(^\text{316}\)

Why VET teaching must be professionalised

Like many other countries, Australia is seeking to increase the percentage of its population with higher level post-school qualifications as technology, work and society become more complex. Skills Australia\(^\text{317}\) says that the workforce participation rate will need to rise from 65 to 69 per cent by 2025 and that the skills of the workforce must rise to accommodate changes in the economy.\(^\text{318}\) This is reflected in the Commonwealth government’s ambitious targets to increase school retention rates and the percentage of the population with VET and higher education qualifications.\(^\text{319}\)

Achieving these goals is needed to support increased productivity and international economic competitiveness, but also to support social inclusion. Most people’s life chances are related to their access to, and success in, education and this now means completing school and participating in tertiary education. Those who are excluded from universal systems of tertiary education in which most people are tertiary qualified are more disadvantaged than those who were excluded from elite systems in the past. In elite systems, the majority does not participate in tertiary education but there is a wide range of jobs available that don’t require high levels of knowledge and skills. In contrast, access to and participation in universal systems of tertiary education mediates access to a much wider range of jobs than in the past, and to the lifestyle and culture associated with high levels of education.\(^\text{320}\)

The demands on VET teachers are changing

Skills Australia\(^\text{321}\) (2010a) says that the tertiary education sector will need to grow by 3% per annum to ensure the workforce has the qualifications and skills it needs. VET will need to teach more and higher level qualifications, but it will also be required to teach a much wider range of students than ever before. VET’s students are more diverse than either those in higher education or schools, and this...


\(^{317}\) Skills Australia, 2010a.

\(^{318}\) Skills Australia was renamed the Australian Workforce and Productivity Agency in May 2012. See: \url{http://www.awpa.gov.au/}.

\(^{319}\) Commonwealth of Australia, 2009.

\(^{320}\) Scott, 2005.

\(^{321}\) Skills Australia, 2010a.
diversity is increasing as VET expands and engages students who historically have been excluded from tertiary education.

VET teaches those who are already highly skilled to gain higher level or different skills, young people entering the workforce, older people who want to stay in the workforce, and those already in work and those who are not. VET teaches the traditional trades and those entering skilled jobs and para-professional and technical occupations in every industry. It has a key role in teaching students from disadvantaged backgrounds including those whose prior educational experiences resulted in alienation, exclusion or poor educational outcomes. Students languishing in lower level VET qualifications include disproportionate numbers of Indigenous students, prisoners, refugees, those with low level language, literacy and numeracy skills, those on welfare, the long-term unemployed and early school leavers who are disengaged from both education and work. Arguably, VET plays a bigger role than higher education in supporting young people to obtain qualifications that will get them started on their careers and as active, contributing members of their communities. In 2011, there were almost 781,000 young people aged under 25 years in VET, while there were almost 543,700 domestic students aged under 25 years in higher education.

The sites in which VET teaches are more diverse than either schools or higher education. Most learning in school is done at school, and while there is quite lot of work-integrated and workplace learning in higher education, particularly in the professions, workplace learning is more pervasive in VET. Like universities, VET teaches on campus and online, but unlike universities, it also teaches in many different sites in the community, in prisons, and in schools. VET teachers teach in institutions that are large or small, in TAFE institutes and other public providers, in private-not-for-profit and private-for-profit providers, and in campus-based providers or enterprise providers that train their own workforce.

VET must also respond to the changes in tertiary education and the blurring of the sectoral divide between VET and schools on the one hand, and VET and higher education on the other. The blurring of these sectoral divides is being driven by changes in the economy as much as by changes in government policies and the development of competitive markets. Occupational progression is increasingly related to educational progression, and the labour market destinations of VET and higher education graduates are less differentiated as diploma and degree graduates compete for similar positions. VET in schools is playing a key role in keeping young people engaged in education and in providing pathways to higher-level studies in VET or higher education. Pathways between the sectors take on more importance, and this brings with it new demands on VET as it collaborates with the schools and higher education sectors, but also as it increasingly offers provision associated with these sectors.

The educational purposes of VET qualifications are emphasised more as the knowledge demands of jobs increase. Traditional jobs are changing and new jobs are emerging that require higher levels of literacy and numeracy, but also skills for sustainability, skills in using technology and knowledge and skills for further learning in the same field. VET qualifications can no longer focus just on workplace tasks and role; they must include these broader dimensions, as these are increasingly required for work, but also to promote social inclusion. If VET is to achieve its vocational purposes, then the focus on its educational purposes will need to be increased.

Reconceptualising VET teaching

VET teachers will need higher-level qualifications to meet these challenges. The Certificate IV in Training and Education is not sufficient to provide VET teachers with the knowledge and skills they need to be effective teachers. Australia will have to increase the size of the VET workforce, and as

322 NCVER, 2012, Table 3.
323 DIISRTE, 2012, Table 2.2.
324 Karmel, 2008.
325 Robertson, 2008.
many other countries have found, further professionalise VET teaching.\textsuperscript{326} The nature of VET teaching will need to be reconceptualised in two ways. First, while being an industry expert is a necessary precondition for being a VET teacher, it is no longer sufficient; VET teachers must be expert teachers as well. Second, given the size and diversity of the VET sector and the student body, the diverse purposes of VET, the different educational sectors in which VET teachers teach, and the range of industries, occupations and skill levels requiring VET qualifications, it is time to move beyond unitary notions of VET teaching and VET teachers. Policy needs to recognise that there is no one type of VET teacher, but many different types requiring different qualifications and types of preparation that are appropriate for their responsibilities and the different groups of students they teach.\textsuperscript{327} For example, those teaching early school leavers need different qualifications and preparation compared to those teaching higher education.\textsuperscript{328}

The consequences for policy are that existing teachers will need to be supported to increase the scope and range of their industry and pedagogic knowledge and skills to accommodate the increasing demands that are being made on VET and the new roles they will be required to fulfil.\textsuperscript{329} The aging workforce means that new teachers will be recruited and they will need to be supported to develop expert knowledge and skills in teaching and learning to foster dual identities as industry experts and expert teachers. A differentiated qualifications framework for VET teaching needs to be developed that provides opportunities for industry experts to become VET teachers and to undertake appropriate qualifications aligned with their responsibilities as VET teachers as they progress in their careers.

The problematising of VET teachers

However, rather than policies that support VET teachers to become further professionalised, Australia instead has policies that demonise them, problematises their attitudes and skills and attempts to ‘teacher proof’ curriculum through the imposition of competency-based training (CBT) models of curriculum. CBT was introduced as the mandated model of curriculum for VET qualifications in 1997. VET qualifications are derived from ‘training packages’, which comprise units of competency that describe ‘discrete workplace requirements’ and they specify the way units must be combined to form qualifications. Training packages are developed for industry areas and comprise qualifications at different levels (for example, a Certificate III, Certificate IV or Diploma in Children’s Services).

The broader context of CBT was that it was ‘about giving industry more say’ over the outcomes of qualifications in an industry-led system.\textsuperscript{330} The introduction of CBT was part of broader reforms that were designed to elicit competitive and entrepreneurial behaviour from educational institutions in a marketised system to ensure they were responsive to ‘customer’ needs.\textsuperscript{331} These reforms were in part a response to perceptions that TAFE was unresponsive to the needs of industry.\textsuperscript{332}

CBT attempts to teacher proof VET qualifications by specifying the learning outcomes that are to be achieved and how they are to be assessed (broadly speaking), denying teachers any input into the design of qualifications or learning outcomes. ‘Industry specified’ units of competency are tied to workplace tasks and roles, and include elements of competency that break down the learning outcomes into smaller levels; performance criteria that specify the standards of performance for each element of competency; assessment requirements underpinning knowledge and skills; and a range statement that specifies the range of contexts in which the unit of competency is to be performed. They are highly prescriptive, and have been criticised because they focus on procedural knowledge and provide students with less access to the theoretical knowledge that underpins knowledge in their field of practice.\textsuperscript{333}

\textsuperscript{326} Wheelahan & Curtin, 2010.
\textsuperscript{327} Moodie & Wheelahan, 2012.
\textsuperscript{328} Wheelahan & Moodie, 2010.
\textsuperscript{329} Clayton, Meyers, et al., 2010.
\textsuperscript{330} Guthrie, 2009.
\textsuperscript{331} Goozee, 2001.
\textsuperscript{332} Guthrie, 2009, 6.
\textsuperscript{333} Wheelahan, 2012b.
The irony is that a deficit discourse that blames teachers was constructed, but the policy response was to 'dumb down' the mandated teaching qualifications VET teachers are required to have through requiring them to undertake the Certificate IV TAE (and its precursors). This is also a competency-based qualification. School teachers are similarly problematised, with regular media articles 'exposing' the low entry levels required into teacher education programs. However, the difference between two is that in the case of school teachers arguments are about how to increase standards of entry and the qualifications they need to teach, whereas in the case of VET teachers, the arguments are about insisting they undertake the Certificate IV TAE and why they don’t need higher level teaching qualifications.334

Previously in many states, VET teachers were required to obtain VET-specific teaching qualifications offered in higher education (as do school teachers) if they were to go to the top increment of the pay scale, and they often received funding support from their employer to do so, particularly in TAFE. Many teachers were particularly aggrieved because they were required to undertake the Certificate IV regardless of their other teaching qualifications.335 They saw this as a process of de-professionalisation and deskilling by downgrading their qualifications and by reducing their input into the design of qualifications and learning outcomes.336 Smith and colleagues337 say that there was little political advocacy for VET teachers throughout the 1990s, and that until recently ‘there has been little political will to improve VET teaching; during the 1990s VET practitioners were largely invisible in VET documents’.

The introduction of CBT has been controversial and this is the context in which many teachers understand the notion of a competency-based certificate IV VET teaching qualification. In their high level review of training packages, Schofield and McDonald338 argued that a ‘new settlement’ was needed in VET based on a shared sense of purpose. This needed to be underpinned by trust, and include less emphasis on regulation and compliance and more on empowering teachers as professionals.339 The consequence is that a new consensus needs to be built about VET teaching qualifications if VET is to meet emerging needs. This cannot be done unless teachers are part of the process. Moreover, a new settlement must also recognise the complexity of teaching and learning in VET and support the development of higher level qualifications that support teachers to become expert teachers who have the knowledge and skills they need to act with the same level of autonomy and judgement as do school and higher education teachers.

A proposed model of VET teacher qualifications and continuing professional development

In our research on the quality of teaching in VET,340 we recommended a structure for the VET teaching workforce that differentiated teachers and the qualifications they need by the level of responsibility they have for teaching and assessing. Basically, we recommended that all teachers be required to undertake induction training including industry experts who only teach intermittently, while teachers who take on greater responsibilities would be required to undertake an entry level qualification upon entering teaching and higher level qualifications appropriate to their responsibilities as they progress. This is in contrast to the existing model whereby all teachers are meant to acquire the Certificate IV TAE (but in practice, many don’t do so) and there are mostly no further requirements after that.341 At the moment, VET teachers are not differentiated and even though there is a deficit discourse about VET teachers and teaching nonetheless, all VET teachers are expected to be experts in

334 For an example of the latter, see the Productivity Commission, 2011.
336 Kell, 2006, 32. See Billett (2004, 22) for a discussion of ‘teacher-proofing’ in Australia. See Harris (2002) for a discussion about the changes to teachers’ work and their responses to this.
337 Smith, at al., 2009, 23.
339 See also Guthrie et al. (2006); Guthrie (2009); and the 2008 OECD review of VET (Hoeckel, Field, et al., 2008) for discussions about the need to move away from compliance cultures.
a range of roles (which is one reason why deficits are routinely found), despite the Certificate IV TAE being the only mandated qualification.\textsuperscript{342}

VET needs to be able to attract industry experts to teaching, and consequently, the entry barriers must not be too high. Insisting that VET teachers have high level teaching qualifications upon entry would represent such a barrier, and so there needs to be a scaffolded approach that allows VET teachers to obtain an entry level qualification when entering teaching and higher level qualifications as they progress. A nested framework of qualifications would enable appropriate qualifications to be developed for different types of VET teachers, support new VET teachers from industry who enter VET teaching as a career to gain the skills they need, and prepare them to undertake higher level VET teaching qualifications as they progress.

This model does not necessarily imply a linear pathway or a single set of VET teaching qualifications. Teaching qualifications should enhance teachers’ industry or disciplinary focus and capacity to teach in their area. This means that teachers may require different qualifications, or it may be that qualifications are of the same type but comprise different elements. It is also possible to build qualifications pathways for teachers who have different types of initial industry/professional/disciplinary qualifications. This may result in the development of a suite of teaching qualifications in VET and higher education undergraduate and postgraduate qualifications. Some teachers in VET who have not obtained higher-level qualifications themselves may need support to develop the knowledge and skills and sometimes the literacy and numeracy skills they need to study at an appropriate level. Teachers will need higher-level knowledge and skills and literacy and numeracy if they are to support their own students, trainees or apprentices, or staff they are supervising.

Key to this approach is acknowledging that there is no single type of VET teacher and teaching; there are many different types of teachers and teaching. Those who teach primarily VET in schools need to be highly skilled teachers with well-developed understandings of adolescent development, classroom management and teaching foundation skills; they are more likely than other teachers to teach students who are regarded as at risk or who already are disengaged from education. Those teaching refugees with low levels of literacy and numeracy will need different knowledge and skills to those teaching high level qualifications in accounting or other professional fields of practice, or in the traditional trades. Higher education teachers need to engage in scholarship in their professional or disciplinary field. Recognising this diversity is essential in professionalising the VET workforce.

In Australia, VET teacher education programs and most continuing professional development (CPD) programs are generic; they do not include specialist training in teachers’ industrial or disciplinary fields of expertise and how to teach in those fields. In contrast, effective school teacher preparation and CPD ensure teachers have access to a shared knowledge base about teaching and learning, but they also focus on what teachers have to teach and how to teach it.\textsuperscript{343} VET teacher preparation in countries such as in the United Kingdom and many European countries have greater emphasis on teachers’ specialist fields,\textsuperscript{344} and there is growing recognition that Australia needs to move beyond generic training for its VET teachers to deepen the vocational focus of their preparation by including studies in their specialist field and how to teach in their specialist field. Research shows that teachers need pedagogic content knowledge, which is knowledge about how to teach in their content area, and support to deepen the underpinning knowledge of their content area.\textsuperscript{345} There is considerable support for this approach.\textsuperscript{346} For example, the Australian Chamber of Commerce and Industry\textsuperscript{347} argues that:

> There would also be considerable benefit in establishing a national professional development strategy that concentrates on knowledge and skills development in their industry area along with developmental pedagogy to assist VET practitioners in delivering skills and knowledge to learners.

\textsuperscript{342} Guthrie, Perkins, et al., 2006; Mitchell & Ward, 2010.
\textsuperscript{343} Ingvarson, Meiers, et al., 2005.
\textsuperscript{344} Wheelahan, 2010.
\textsuperscript{345} Shulman, 2004.
\textsuperscript{346} Wheelahan & Moodie, 2010.
\textsuperscript{347} Australian Chamber of Commerce and Industry, 2010.
VET teacher preparation and CPD should try to engage teachers in the same industry, professional or disciplinary field to help develop networks, but also to support collaborative learning focused on what teachers have to teach and how to teach it. It helps to build shared and public understandings about quality and standards, and provides the basis for peer learning. It also helps teachers to develop their own professional capacities, particularly in developing teaching and learning and assessment materials.

Supporting the VET teacher profession

Confidence in the integrity and quality of VET qualifications is low. There are many factors contributing to this outcome, and solutions will need to be multifaceted. A key, contributing factor has been the creation of more competitive markets in VET where the costs of entry are low, but the rewards are high. This has contributed to competition within VET over price, and not over quality. The response of governments and policy makers has been to increase levels of compliance and regulation.

As explained above, in calling for a ‘new settlement’ in VET in their high level review of training packages in 2004, Schofield and McDonald argued that there needed to be ‘more faith in the professionalism of VET practitioners’, and ‘less focus on risk aversion and more on risk mitigation’. However, while policy makers took up other aspects of their review, this was not one of them. Arguably, compliance cultures have become more entrenched as concerns with quality of VET have increased. This can only go so far, and will in the long run, stifle creativity and innovation.

An alternative to sustaining compliance cultures in VET is to support VET teachers to develop as a profession through government support for the creation of a VET professional body. Skills Australia argued that a VET professional body could ‘support the development of professional VET practice’ and in doing so, contribute to increasing the quality of VET qualifications. A national VET professional body could support VET teachers to take greater responsibility for the profession and its knowledge base, make an important contribution to the development of VET teaching standards, contribute to improving the quality of VET teaching and play a role in accrediting VET teaching qualifications and evaluating the quality of VET teaching. Guthrie and Clayton, in research on the potential for a VET professional body, found a very high level support for a professional body among teachers, while there was less agreement over the form and structure of such a body. Nonetheless, this represents a basis for building consensus about how to support the professionalisation of VET teachers. They argue that a VET professional body or association could help build:

...professionalism from within – a positive counter to the constant demand of the sector’s stakeholders who seem always more concerned to highlight the sector’s deficits and lack of capability than its achievements...

It seems to us, and to others, that not to look for ways to build professionalism and professional standing from within will only lead to the impost of even more and tighter regulatory control from without.

Conclusion

If the qualifications of the workforce must rise, so too must the qualifications of VET teachers. Teaching is complex. It requires teachers to engage with a professional body of knowledge, demonstrate high levels of autonomy, make judgements, solve problems in complex situations, and develop the knowledge and skills needed to understand how people learn and how to teach. VET teaching is a profession for all these reasons. Given that VET focuses on preparing students for their...
working lives, VET teachers also need to be experts in their occupational field of practice. It will be difficult to improve the quality of VET qualifications without supporting VET teachers to become dual professionals; that is, industry experts and expert teachers. However, doing so means moving away from a deficit model of VET teachers, and towards a model of professionalisation that supports teachers to gain appropriate teaching qualifications, continuing professional development that extends and deepens their knowledge and skills in their occupational field, and a professional body that supports the profession to take responsibility for, and develop the capacity to, take greater responsibility for its development.
Chapter 12
Internationalisation: Where to from here?

Dennis Murray

Abstract

This chapter argues that the future vitality and prosperity of Australian society lies with the global engagement of Australian higher education institutions, especially its universities. Lack of vision, strategic and policy drift, regulatory contradiction and overkill, and the fundamental failure to adopt a long-term jointly planned approach to the internationalisation of Australian higher education, continue to undermine confidence and constrain innovation. The basic principles for future success assume a partnership between the education sector and government. It is increasingly doubtful, however, such a partnership will eventuate, in which case Australian universities collectively might be better advised to articulate their own vision and strategy in order to frame and guide their actions while at the same time attempting to influence the direction of public policy.

Introduction

While the notion of the borderless exchange of ideas and intercultural learning has always been part of the ‘mission’ of higher education, the view of the contemporary university as a truly international institution is contestable. Higher education institutions are very much national entities. They are regulated by national law, rely substantially on national sources of funding and are utilised as important vehicles for nation building. The contemporary university may fairly be viewed as ‘born from the nation state, not medieval civilization’. And despite having an open, borderless dimension derived from their ancient pasts, in Asia and Europe, universities increasingly act as national agents within the global context. Their commitment to traditional values—-independence of thought, the open exchange of knowledge, internationality, collegiality and reciprocity among staff, students and institutions, social responsibility, reciprocal benefit and fairness as the basis of partnerships—is continually tested by the tensions imposed by national interests and concerns.

Australian education institutions have been involved for at least one hundred years in various forms of international engagement. The achievements are remarkable, diverse and well attested. The internationalisation of higher education has impact across the educational, economic, scientific, technical, social, cultural, linguistic and diplomatic spheres. Despite the achievements, there have been calls for a re-consideration of Australian international education, possibly even a ‘new paradigm’.

The sense is that global mega trends; especially fundamental demographic, political, economic, technological and cultural shifts; are so disruptive that universities, as other social institutions, will be forced to rethink the ways they conduct themselves if they are to remain relevant and viable.

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354 Rizvi, 2011
355 Coates, et al., 2012.
357 Meadows, 2011.
358 Adams, et. al, 2011.
359 “International education” and “internationalisation” are separate ideas. The latter is broader and generally refers to an ongoing process encompassing all facets of an education institution’s activities – in the case of universities, teaching research, scholarship and community service.
The international engagement of Australian universities is conducted against the backdrop of the challenges facing education systems elsewhere - inequities in education provision, burgeoning unmet demand in many countries, attracting and retaining high calibre staff, ensuring adequate and up-to-date physical infrastructure, building research capacity and quality, accommodating to growing fiscal and quality assurance accountabilities, and responding to declining state funding. Indeed, Australian international education positioning is partly in response to such pressures.

The behaviours of Australian higher education institutions domestically and internationally are driven for the most part by local institutional interests and concerns. Taking the moral high ground to remind universities of their global social responsibilities occasionally attracts criticism. Yet increasing globalisation of higher education and the pursuit of goals that advantage the better-resourced countries and institutions may be leading to unevenly shared benefits and an asymmetry of power relations between institutions in different countries and regions. In fact, the internationalisation of higher education is a contested concept. It is by no means clear that we understand and agree what it is, still less that it is always a good thing.

In the minds of Australia’s political leaders, especially, the dominant model of internationalisation is the international student program. Politicians frequently mistake attracting large numbers of international students to Australia for the alpha and omega of internationalisation of Australian education. There is little appreciation of the role played by the international mobility of teaching and research talent, the globalisation of research endeavour, or the global responsibilities of education institutions, particularly universities, to help solve the grand challenges facing human societies and the global environment. Australian education institutions do not share this narrow view and therein lies a problem.

It is understandable that the international student program dominates Australian thinking given the centrality of international student fee income for institutions operating under the current Australian higher education funding model. But we cannot afford to be fixated on it.

Recent trends and responses

2011 was a watershed year in Australian international education. Not only was it celebrated as the 25th anniversary of an innovative and successful education export industry, it also saw concerted efforts by the Australian Government to reshape, reposition and rebrand the industry after a period of turbulence that began in 2008/09. The consequences of this remaking of the industry are still to be fully played out.

A combination of well-known factors—overly rapid and unsustainable growth in international student enrolments, especially in the VET sector, ineffective implementation of regulations governing the sector, concerns about the quality of some providers, and concerns about the experiences of international students—led the Australian Government to initiate a series of enquiries, reviews and legislative changes with far reaching and continuing impact on the sector. Government initiatives focused variously on international student consumer protection (the 2009 Baird review of the Education Services for Overseas Students (ESOS) Act 2000), on the student visa regime (the 2010 Knight report, the Strategic Review of the Student Visa Program); on national interactions with Asia (the 2011 Henry review Australia in the Asian Century) and on an international education strategy for Australia (the 2012 International Education Advisory Council). Public policy has been fluid, turbulent and uncertain for almost five years.

The Australian Government’s responses, especially to the Baird and Knight reviews, have helped to stabilise the significant policy drift and disruption affecting the industry. A forced readjustment was imposed, described in Government rhetoric as ‘enhancing and supporting the quality and sustainability

361 Riordan, 2012.
363 Murray, 2013.
364 Mackintosh and Davis, 2011.
in the international education sector’. It would be imprudent to believe further change is not immanent or in fact needed.

Institutions providing international activity face a number of continuing challenges, including international student recruitment, the regulatory settings, new potentials in teaching and learning, cross-border research activity, and larger questions about the nature and purposes of internationalisation.

**International student recruitment**

An immediate and persistent challenge for universities is the need to boost and sustain international student enrolments in order to shore up significantly reduced university finances. This follows the unprecedented decline in international student enrolments that began in mid 2010, coupled with the persistent decline in domestic income.

Australian Education International (AEI) data indicate that total international enrolments across all education sectors declined by almost one-fifth (18.1 per cent) between 2009 and the end of 2012. While the decline for universities was less (~ 4.8 per cent), total international student enrolments in higher education in 2013 continue to decline as the delayed flow-through effect from pathway channels continues. Since 2009, there has been a 12 per cent decline in commencements.

With the recent reversal of the downturn in ELICOS commencements, and a small recent increase in higher education commencements in the most recent figures, the higher education sector may see a return to modest growth. If so, the sector will seek to rebuild to previous levels. The pressure to do so is even greater following the $2.3 billion cut in Commonwealth budget forward allocations to the university sector for domestic student places, announced in the May 2013 federal budget.

The macro picture is misleading, however, as the impact of the downturn on individual institutions varies, as does the ability to recover. Highly ‘exposed’ universities—through their heavy reliance on pathway channels, or on students from particular countries, and frequently both factors—are more deeply affected and are having greater difficulty adjusting. Others are better placed because of the diversity of their international revenue streams.

The challenge is compounded by the persistently high level of the Australian dollar, now probably the main dampener on demand. The ability of students to pay affects some universities more than others. For some families high-end fees at the most prestigious Australian universities, and associated high living costs, are not a challenge. For some other families, lesser fees at other Australian universities, combined with high living costs, are a significant problem.

Increased international competition is also a factor. Australia is beginning to lose its longstanding first mover advantage on a number of fronts. While the UK is still struggling with systemic challenges to ease immigration and visa processing barriers and poor service standards by the UK Border Agency, UK authorities are actively watching the impact of the Australian student visa reforms and it will not be long before they adopt a version of them to give effect to the UK Prime Minister’s claim that ‘we are ‘rolling out the red carpet’ for international students’. In the meantime, the European Commission already proposes to make it easier for non-EU students and researchers to enter and stay in the EU, ‘in the face of growing competition from host destinations such as the US, Australia and Japan’. Post-study work rights, guaranteed visa turnaround times and standardised criteria for assessing visa applications are all seen as necessary to boost inbound student flow to Europe. Forces in the US also are beginning to advocate for the opening up of post-study work rights for international students for the benefit of particular US industries. Canada has recently announced a national strategy that supports its innovation, science technology and labour market objectives.

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365 Evans, 2010.
366 AEI, 2010-2013.
Regulation and compliance

The international education sector in Australia is among the most highly regulated in any country. Comparison of national education systems in 2010 demonstrates that Australia has the strongest quality assurance regime amongst eleven major countries engaged in education export. Despite that, Australian higher education institutions are now coming to grips with even greater compliance requirements flowing from the Baird and Knight reviews. In particular, universities view the streamlined visa processing (SVP) arrangements flowing from the Knight report as impacting a wide range of university business strategies and practices in a manner that is intrusive and unnecessary. In effect universities have been co-opted into being part of a ‘border protection’ mechanism for which they are ill suited, ill equipped and reluctant to implement. Significant fiscal and administrative consequences also flow from the Baird review under the Tuition Protection Service (TPS) Levy. Moreover, there is a strong concern about the fact that the TPS is a single fund and the university levy is not quarantined. Universities naturally are averse to providing tuition protection in relation to poor behavior by collapsing private sector institutions.

The requirements of the Tertiary Education Quality and Standards Agency (TEQSA) will add further compliance burdens in ways that are not yet clear. How universities respond to TEQSA’s Quality Assessment of English Language Proficiency, the second quality assessment to be undertaken by the Agency as part of its quality assurance and quality enhancement responsibilities under the Higher Education Standards Framework, remains to be seen.

Learning and teaching

Much is said about the potentially disruptive impact of Massive Online Open Courses (MOOCS) in the domestic and international teaching and learning space. While the jury is still out on that topic, leaders of Australian universities are focused on trying to understand the consequences—threats or opportunities depending on your viewpoint—for pedagogy and for student learning as well of course for business generally. With MOOCS scenario geography and distance become less significant. This is a major shift.

The most interesting things are not always the most important. A subtler but no less significant game changer is likely to be the scaling up of online mixed mode delivery and blended learning. Most Australian universities have invested enormous resources in providing teaching staff and students with access to one or more learning management systems (LMS). Benign technology now provides a platform for delivering virtual ‘face-to-face’ interactive research-led, problem-based learning that overcomes geographical separation and even time zones. For the next generation of geographically dispersed international students, attuned to multi-modality, the technology offers great potential for more inclusive teaching, joint learning and intercultural exchange across great distances. There are challenges of course, but long-sighted universities are beginning to act on the potential for globally networked learning and teaching to penetrate the international student market in new and profitable ways. Whether this has the scale potential of MOOCS is beside the point.

In addition to the impact of new technology, the challenges facing higher education in terms of pedagogy and learning revolve mostly around learning and teaching across cultures and ensuring the English language proficiency of international students. While having long provenance as issues, both now need to be addressed within the context of the emerging Higher Education Standards Framework, operated through TEQSA.

Research over many years indicates that improving the learning outcomes of all students within multicultural classrooms necessarily involves changes to curriculum and pedagogy, but that little appears to be being done to effect this change in practice. Research has also shown that the presence of

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369 Ilieva & Goh, 2010.
370 Reeves & Reeves, 2012.
371 Murray, et.al., 2011.
international students has not resulted in significant or desired changes to the learning outcomes of domestic students.

Five years on from the 2007 landmark national symposium, *English Language Competence of International Students*, Australian higher education institutions are again revisiting the issue of English language competence of international students to critically review and address the challenges now facing tertiary education institutions. TEQSA’s Terms of Reference for the English Language Teaching (ELT) quality assessment apply to all students, not just international students, with consequential implications for universities in terms of both policy and practice.

Finally, if the rhetoric about the global engagement of Australia’s university sector is to be believed, a driving policy principle for universities is explicitly to ‘foster informed, engaged, global citizens’. ‘Global citizenship’ is an important, emerging but somewhat confused concept, increasingly lauded by educators, politicians and policy makers in many countries. It is unlikely the concept and the concrete programs designed to achieve it will be value free. A discussion amongst Australian universities and public policy makers about what we in Australia might mean by ‘global citizenship’ would be prudent before universities and governments expend too much time and money pursuing this particular hare.

**Global research engagement**

Australian universities perform well on almost all measures of research performance—whether university R&D expansion based on OECD metrics, university rankings, ERA assessments, research productivity measured by citation indices and citation impact, or patterns of international research collaboration. That Australia punches above its weight is beside the point. On a global scale other countries and regions—Asia, South America, India, even parts of Africa—are rapidly catching up.

This is transparently true of some Asian countries especially and poses significant challenges for Australian universities and Australian public policy.

Australia will not be able to compete in terms of the necessary investment in R&D unless it enters into creative and fruitful international partnerships for research. The key to maintaining Australia’s research capabilities, reputation and impact over the long term is likely to be the leveraging of Australia’s research strengths and current and future bilateral partnerships to produce larger and deeper research consortia/networks. Given Australia’s fortuitous geographic location, it would be particularly prudent and beneficial to engage deeply with Asian research partners, including research that tackles ‘global grand challenges’ (energy, water, climate, pollution, transport, housing, health, education) of particular relevance to the emerging economies in Asia.

A global dialogue is occurring in which Australian universities are participants individually or in small groups. Straws in the wind, such as the Global Research Council established in 2012, suggest attempts will be made at a global level to channel flows of international research funds for particular purposes. Research university groupings around the world appear to view such developments as game changers and are positioning to grab a part of the action and to take advantage of potentially substantial funding opportunities. The advent of International Doctoral Training Centres (IDTCs) located in research hubs scattered strategically in infrastructure rich research institutions in particular countries may be one eventuality. If so, it would make strong sense for Australia to seek to participate in a number of these certain to be located in Asia.

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372 Leask, 2011.
373 DEST, 2007.
374 IEAA, 2013.
375 Universities Australia, 2013.
376 Crossley, 2013.
378 Maslen, 2013.
Changing perceptions about the nature and purpose of internationalisation

Australian higher education institutions are sometime said have moved through three phases of internationalisation—from aid to trade to deeper forms of partnership and engagement.\(^{379}\) Modes of international engagement by Australian universities have certainly increased in variety and sophistication, reflecting greater experience and deepening maturity in internationalisation strategies. It is becoming increasingly hard to innovate.

In theory, this maturation in thinking and strategy is embraced by and reflected in institutional leadership, governance, amongst academic staff and students, and throughout academic service and support units. This process of ‘comprehensive internationalisation’\(^{380}\) is ongoing and is by no means perfected among Australian universities. Indeed it poses multiple challenges at a variety of levels.

Emerging research on perceptions about internationalisation amongst international education leaders within Australian universities indicates some consensus about benefits, key priorities and obstacles.\(^ {381}\) Key priorities include the need for greatly improved student and staff mobility (with a particularly strong emphasis and focus on Asia) and building institutional relationships, sometimes expressed as ‘institutional collaboration’, sometimes as ‘deep partnerships’, and significantly with a strong emphasis on the development of research collaborations.

At the same time, there are multiple perceived obstacles, including especially lack of resources to pursue internationalisation across a broad front. Other perceived obstacles relate to a lack of leadership, of vision and strategy, and of awareness of the importance of internationalisation at both the institutional and national levels.

Internationalisation is clearly at risk without an understanding and acceptance of the co-dependency of different groups within the academy. A particular problem is the perceived attitude of academic staff. It appears that academic staff are not ‘embracing the principles and underlying rationale for internationalisation’ and ‘are resistant to change’.\(^ {382}\) Findings from the Changing Academic Profession (CAP) survey indicate that members of Australian academic staff are attempting to respond to the pressures and challenges of internationalisation.\(^ {383}\) However, the scope and manner of their responses is not well researched.

The recent ‘end of internationalisation’ debate\(^ {384}\) rightly highlights internationalisation as a contested notion even amongst its supporters. Critics within and beyond the academy frequently point to a blunting of an earlier sense of social responsibility amongst universities. Arguably, the prevalence of a market ethos has disrupted the historical academic values of free interchange of ideas, academic freedom, collegiality,\(^ {385}\) ‘disinterestedness’ in relation to purely commercial and political forces and cultivation of the public interest and the ‘moral economy of knowledge and scholarship’ generally.\(^ {386}\) This is a particularly challenging tension now, given the market pressure experienced by universities, especially those in the Anglo-sphere.

Australian universities would be uncomfortable to acknowledge a loss of core values or ethos. The issue cannot be escaped, however. It might be best addressed by a continued affirmation of old values enacted in new ways on a significantly expanded global stage.

A global dialogue is beginning between governments about the role and impact of international education. In March 2012, at the G8 Finance Ministers Summit, decisions were made to institute an annual summit of international education leaders in tandem with all future G8 meetings, and to elevate

\(^{379}\) Buffington, 2008; Gallagher, 2011.
\(^{380}\) Hudzik, 2011.
\(^{381}\) Goedegebuure, et.al., 2012.
\(^{382}\) Goedegebuure, et.al., 2012.
\(^{383}\) Coates, et. al, 2010.
\(^{384}\) Brandenburg and de Wit, 2011.
\(^{385}\) Jaspers, 1946.
\(^{386}\) Bourdieu, 1988.
\(^{387}\) Elzinga, 2010.
international education in future global economic and foreign policy discussions. The Summit Call for Action seeks the inclusion of international education as a part of all bilateral agreements as well as multilateral economic dialogues such as the G8, G20, APEC, and ASEAN. ‘Educational needs are no longer simply national or bilateral in nature, but require multiple perspectives and collaborative solutions.’

Increasingly, universities everywhere are enjoined to act as responsible global citizens and to commit to shaping a global system of higher education that values academic integrity, quality, equitable access, and reciprocity and places such academic goals as student learning, the advancement of research, engagement with the community and addressing global problems at the centre of institutional internationalisation efforts.

While there is no clear emerging consensus yet, there is a lively dialogue about the principles that should underpin the globalisation of education, particularly higher education. Shifting politico-economic power balances are fundamentally reshaping international and inter-regional relationships. Old modes of engagement, particularly those framed around the assumption of economic, political and cultural superiority, are beginning to give way to new forms of engagement entailing better balanced power relationships, more equal partnerships, mutual respect and benefit and a healthy acknowledgement of co-dependency. These are the driving principles likely to define the place, the character and the success of Australian higher education in the global context in the future.

The challenge is one of ethos and requires a shift towards a ‘global public interest’ perspective. Ironically, self-interest may drive this process. It is unlikely Australian universities will survive without a demonstrated commitment to the broadest responsibilities of the academy, increasingly at the global level. This is a challenge not only for institutions but also crucially for Australian public policy.

Public policy challenges

While higher education institutions through their own agency shape and drive internationalisation to achieve desired institutional purposes, fundamentally the trajectory of international education in Australia is framed by government policy settings. National supply side policies, especially public underfunding of the higher education system, combined with a national effort to market Australia’s education export services and a heavily regulated approach to quality assurance and to the student visa regime, characterise the public policy framework within which Australian higher education institutions attempt to dance. It is a narrow focus and it will be inadequate in the future.

Over the past 25 years Australia has been successful particularly in attracting large numbers of international undergraduate students and in delivering Australian programs overseas. The greatest impacts are evident in Australia’s engagement with Asia. Australian institutions and the Australian economy and society have been transformed as a consequence.

Yet much of the Australian discourse on international education remains conceptually empty and largely prosaic. Wider understandings, critical analysis and theoretical frameworks are mostly absent. At a public policy level there is only now the beginnings of an understanding about the interrelated impacts of international education on national life and about the importance the internationalisation of Australian higher education might have on fostering national prosperity.

There is significant agreement amongst higher education leaders that success in the future will depend on the capacity of Australian institutions to forge creative regional alliances and networks based on new understandings of the shifting architecture of higher education transnationally. Public policy will need to be attuned to encourage and support that thrust.

388 IIE, 2012.
391 Marginson, 2009.
392 Meadows, 2011.
There are signs that this might be beginning to be understood at a political level. The Henry Review’s *Australia in the Asian Century* was upbeat about the possibilities of engagement with Asia. The document itself was prosaic in tone and possibly intent. It presented largely a bland reworking of mostly existing ideas, with limited program suggestions to give effect to its exhortations. The Henry Review predictably received a positive response from the business community and the university sector, although both rightly pointed out that Australian companies and universities are already well advanced in terms of Asia engagement. Indeed, they have led the way. The implication is that government is playing catch up. Not that catch up is unwelcome. However, there is a clear expectation that there will be significant policy actions and resource investments to give force to the Henry outline.

The Strategic Advisory Board and the Cabinet Committee established to advise on and implement *Australia in the Asian Century* will need to quickly build and maintain momentum if, in the words of the then Minister for Trade and Competitiveness, ‘this…whole-of-government project to secure the long-term prosperity of our nation’ is to be carried off successfully.

While *Australia in the Asian Century* touched on education in a general manner it pointedly left the details of an international education strategy to the International Education Advisory Council under the chairmanship of Michael Chaney, AO. The education sector, supportive of the Asian Century report, awaited the Chaney national strategy with expectation, hoping it would ‘put the ‘meat on the bones’ of the White Paper’s excellent themes’.

There is a distinct *fin de siècle* feel about the Chaney Report, *Australia – Educating Globally*, as much the end of something as a beginning. The Report’s affirmation of a number of the ‘pillars’ supporting Australian international education—a coordinated, whole of government approach, an industry consultative mechanism, effective quality assurance, enhancement of the international student experience, stability in the critical policy settings and the recognition of the importance of research to underpin development of the sector—was welcomed unanimously by the education peak bodies and their memberships. They are the pillars international education leaders have been striving for ten years, if not for a generation, to see recognised and supported.

The international education community appears finally to have gained the bi-partisan attention and acknowledgement of politicians. International education is now recognised as an important export sector and foreign relations tool, as a generator of a sizable number of Australian jobs, and as having broad economic, social cultural and political impact on the Australian community. However, it would be unwise to believe that the case is made and that the core pillars of the industry will continue to be understood and supported by future Australian governments.

While *Australia – Educating Globally* acknowledges the challenges ahead, the report exudes little sense of urgency. The Chaney vision at best is modest, essentially enjoining the education sector and governments to remain on well-worn paths. There is no attempt to re-envision what role Australian education might profitably play within the challenging and rapidly changing global context. No revolutionary impulses here. It is even hard to see impulses for meaningful forward movement. After a year-and-a-half of work by the Council the promise of a national strategy has dissolved into the suggestion of a ‘work plan’ for the proposed Ministerial Coordinating Council on International Education (MCCIE).

The onus now is on the incoming Australian Government to establish an appropriate mechanism to realise the Chaney Council’s core strategic aim of ensuring ‘improved coordination of government

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393 Marginson, 2012.
394 A significant Government response to *Australia in the Asian Century* however was the establishment of the AsiaBound program. This represents a real commitment in Australian public policy terms to provide a study abroad experience of Asia for large numbers of Australian tertiary students.
396 Australian Minister for Trade and Competitiveness, 2012.
397 IEAA, 2012.
398 DIISR, 2013.
399 Mackintosh & Davis, 2011.
policy and programs for international education and better consultative mechanisms for stakeholders, in order to optimise government support for the international education sector.

This is not a foregone conclusion. The public policy settings are still short term. ‘Political fixes’, self-defeating policy actions, failure of real consultation, deteriorating levels of due process and fundamental failure to adopt a long-term vision, strategy and implementation plan still threaten the industry.

The MCCIE, or whatever joint consultative mechanism an incoming Government might implement, is the critical mechanism for effective future planning and action. The work of the MCCIE should properly align with other initiatives in the same direction covering international relations, export industries, fiscal policy, taxation, infrastructure planning, innovation, regulation, foreign investment and migration.

Yet, the MCCIE is apparently to meet but twice a year. Moreover, there is some doubt about whether the level of political oversight will be sufficiently senior to achieve what is needed. It would be optimistic, therefore, to hope that the resources, machinery and ideas behind the MCCIE’s deliberations will be up to the task, or that the practicalities will permit the development of a comprehensive national strategy any time soon. Given the year and a half that has already passed, a reasonable timeframe for a strategy might be one further year. With the disruption of a national election in September this notion is probably fanciful. The most likely scenario is that the incoming government might be in a position to settle a mechanism and begin serious consultations about the elements of an Australian international education strategy in the first half of 2014.

Bi-partisan political acceptances of the Chaney principles, collaborative agenda setting for the MCCIE, or whatever consultative mechanism might emerge, and the shared investment of resources and some fresh thinking: these will be the touchstones of the future health of the Australian international education sector. There is considerable urgency. Given the immediate and apparently long term revenue challenges faced by the national budget consequent upon the high level of the Australian dollar and a mining boom coming off the boil, Australian governments will need to proactively encourage and better support other export industries, especially the ‘smart’ industries such as education.

However, much also falls to the higher education community. What strategic elements and what program elements does the higher education sector believe are necessary for Australian education institutions to achieve deep global engagement? And what exactly should government do as a facilitator as well as a co-contributor to provide sustainable, strategic and targeted investment in areas that the education community itself should not or cannot provide?

Scenarios

Envisioning the internationalisation of higher education as in some sense a partnership between institutions and government, three future scenarios can be imagined:

1. Muddling through
   With business as usual, with the changing global environment and context not really understood, with policy drift and with competitor countries successfully positioning to capture market share from Australia or to ‘cream off’ top quality students and researchers.

2. Forward pedestrianism
   With partial understanding of the shifting global context, with the policy context stable and/or turning positive in important ways, with government and education institutions committed mainly to inbound international student mobility as a source of institutional finances, and with sustainability as the primary institutional and public policy objective.

3. Proactive engagement

   With business as usual, with the changing global environment and context not really understood, with policy drift and with competitor countries successfully positioning to capture market share from Australia or to ‘cream off’ top quality students and researchers.
With deep understanding of the changing global context, with internationalisation of Australia's education system at the forefront of institutional and national policy, with an innovative national strategy focused on a perceptive and practical vision, and with a pragmatic program for global engagement of Australian education, training and research.

In truth, Australian higher education institutions now appear to be closer to scenario 3 than scenario 2. The Australian Government lags behind and is hovering somewhere between scenarios 1 and 2. Bridging this gap and settling where the nation eventually sits is the challenge for the incoming government.

The priority is the bi-partisan acceptance of the recommendations of the International Education Advisory Council (the ‘Chaney Report’) and the immediate implementation of the Chaney recommendations in collaboration with the education sector, starting with the establishment of the MCCIE or another high level, knowledgeable and representative advisory group.

The urgent priority of the MCCIE (or equivalent) is to begin to develop a five-year national strategy for international education and research, Chaney Recommendation A.2. The elements of a comprehensive strategy are clear. They are governance structures that include an industry development authority; and program elements that include a comprehensive industry research capacity; professional development of the education export workforce; coherent, consistent and streamlined regulation between the Commonwealth and the States; and the required resource and infrastructure investments.

To be properly comprehensive the strategy would need to cover the international mobility of Australian staff and students, the global engagement of Australian research including with international industry, internationalised curricula including foreign language learning, new forms of global development assistance, and the development of global citizenship and a globalised workforce.

Conclusions

In narrow resource terms, the future of Australian higher education lies with greater reliance on sources of revenue that are not the standard government outlays per student, including through the international student program and the global engagement of Australian university research—essentially, in making the reach of Australian universities truly global.

Governments can either enable and support or obstruct. The role of supportive government is to establish and maintain the conditions for institutions and individuals to deliver on the promise of contributing to long-term prosperity for the benefit of the Australian community.

Lack of vision, strategic and policy drift, regulatory contradiction and overkill, and the fundamental failure to adopt a long-term planned approach to the international education industry undermines confidence and constrains business innovation. There is an urgency to resolve all this if the international education industry is to achieve what it could and should.

In the face of a globalised future, Australia as a medium rank country in the Asia-Pacific region can position to assume a greater role than the one it currently plays and in consequence to reap greater benefit than it currently does. It can aspire to such a role through its higher education institutions, amongst other means. By doing so it would likely add to the stock of human development and wellbeing and mutual understanding in ways that other countries may not be capable of, and for which it would be well regarded.

The basic aims, principles and pillars are clearly articulated by both the Henry and Chaney reviews. The priority is their acceptance across the political spectrum. The mechanisms for policy and program development and future actions are yet to be fully agreed between the participants—government and the education sector.
Chapter 13

English language standards and claims of soft marking

Sophie Arkoudis

Abstract

Faced with the challenge of ensuring that the growing number of international students graduate with adequate English language proficiency levels, it seems Australian universities are failing. Despite worthy institutional statements, research and media reports repeatedly suggest academics feel pressured to soft mark international students’ work. It is difficult to refute these claims given that currently, universities cannot ensure the English language proficiency of graduates. The chapter discusses how national and institutional policies can be reframed to achieve that outcome, which is desired by all, especially international students.

Taking English language seriously in higher education

The issue of English language standards in Australian tertiary institutions continues to bubble away, occasionally over-boiling in the media with accusations of soft marking. It will not go away quietly especially while English language standards continue to be simplistically equated with English language test scores. The sector’s blind faith in risk management via English language testing at the point of student entry inhibits the development of more robust ways of addressing and improving English language outcomes for graduates.

In Australia, the English language proficiency (ELP) of both entrants and graduates has been a matter of rising concern over the last ten years, with some researchers raising concerns about whether Australian universities are graduating students who have adequate levels of English language for further study or for employment. Birrell’s study was one of the first to place the spotlight firmly on English language standards. He found that three years of study in an English speaking university does not necessarily improve the ELP of international students who have English as an additional language (EAL). Birrell concluded that students were graduating with less than adequate English language levels of attainment.

More recently, research by Foster ignited discussion that soft marking was occurring in Australian universities. Foster used data from the business faculties of two Australian universities to analyse demographic, course and tutorial selection, as well as the assessment grades of 12,846 students. She found that international students and others from language backgrounds other than English performed significantly worse than domestic students. She also found that the higher the concentration of international students, the more their marks were buoyed. Foster interpreted this as evidence of a type of ‘grading to the curve’ that effectively camouflages the underperformance of international students. She argued that academics were soft-marking international students’ work. Part of the problem was attributed to the poor English language levels of international students. She concluded, ‘adjustment by the teacher to accommodate a larger fraction of lower-performing students is quite plausible’ (p. 23). Her study questions the quality of learning outcomes for EAL international students, and the extent to which standards can be maintained when international students have weak English language skills for university study.

Also in 2011, the Victorian Ombudsman’s report into how universities deal with international students further supported allegations of soft marking of international students with poor English language

400 Benzie, 2010; Birrell, 2006; Bretag, 2007
401 Foster, 2012
skills. The Ombudsman focused on four Victorian universities and conducted interviews with staff, as well as experts in the field of English language teaching and assessment. He found that universities were not doing enough to ensure that international students have the necessary English language skills to study successfully. He also found that academics increasingly used group work, short answer questions and multiple-choice questions as tools for assessing students. This meant that English language ability of international students was not being adequately assessed. He argued for more rigorous assessment practices and suggested that concerns of soft marking extend beyond international students to wider concerns over falling standards.

The increased accountability through TEQSA (see Massaro, Chapter 6) and the introduction of teaching and learning standards means that universities must become better at assessing, monitoring and evaluating English language learning outcomes of their students. The Federal Government’s Higher Education Standards Framework has stated that course design is appropriate and meets the Qualifications Standards where 'there are robust internal processes for design and approval of course of study, which…provide for appropriate development of key graduate attributes in students including English language proficiency' (p. 18). In addition, TEQSA has announced that one of a 'thematic' audit by the new focusing on English standards. In particular, TEQSA will concentrate on whether the English competence skills of all students, not just international students, improve as they go through their course, and how the institutions assess this.

Universities have relied on assessing the readiness of international students to undertake study where English is the medium of instruction, assuming that students will develop their English language proficiency if they successfully complete their course of study. English language entry standards are important and a necessary part of a standards framework. Far less attention has been given to understanding exit standards and to learning, teaching and assessment practices that ensure students graduate with the English language skills needed for employment or further study. More sophisticated methods are required, within a systematic standards framework, if English language standards are to be taken seriously in tertiary education. So how will higher education change so as to start taking English language much more seriously?

Beyond entry requirements

Entry standards of language proficiency do matter, and ensuring those entry standards is a necessary part of a standards framework. However, up to now too much attention has focused on English language tests that are used for entry to university study, such as the IELTS, Test of English as a Foreign Language (TOEFL) and the Pearson Test of English Academic (PTE Academic). It is 'too much attention' in two respects: because it means that the communicative competence of graduates has been neglected; and because English language tests are actually used by only a small percentage of EAL international students for entry to university. There are a variety of other types of English language evidence that EAL students use to gain entry to tertiary education courses. The more common are English language foundation courses, completed senior secondary schooling in Australia, prior study in the English medium or length of study in an English-speaking country. Three issues have emerged concerning the diverse English language entry pathways for university study:

- There is limited empirical information regarding the extent to which these different forms of evidence prepare EAL international students for university studies.
- Little evidence is available on the extent to which the different pathways are comparable in terms of assuring the readiness of EAL international students ELP.
- English language requirements indicate that students have the required ELP levels to commence rather than successfully complete their university studies.

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403 DIISRTE, 2011.
404 Victorian Ombudsman, 2011
405 Arkoudis, Baik & Richardson, 2012
406 O’Loughlin & Murray, 2007
407 O’Loughlin & Murray, 2007
The final point highlights where some of the tension resides regarding English language entry standards in higher education. Many would consider that EAL international students should enter university with adequate levels of English to successfully complete their studies. In reality, many EAL international students need to develop their English language skills while completing their university studies. This makes it essential to identify students who are at risk of failing due to weak levels of ELP and who will require English language support, even though they have met the English language requirements for entry.

In order to redress this issue, many universities have recently introduced Post-Entry English Language Assessment (PELA) to identify students who will require further English language support their university study. By the end of 2011, there were 26 Australian universities using diagnostic testing.

There are different types of PELAs used in Australian universities. In some institutions, university-wide diagnostic tests are employed to identify students with particular needs and to direct them toward English language support programs. In other institutions, faculty and department-based assessments are used to assess the preparedness of students for university study. For example, Measuring the Academic Skills of University Students (MASUS) tasks are developed by disciplinary academic and Academic Language and Learning (ALL) staff, and students are given feedback on their strengths and weaknesses, and are advised on what measures to take to develop their writing further.

Government policies have supported the use of PELA. In 2009, DEEWR published the Good Practice Principles for English language Proficiency for International Students in Australian Universities. The Good Practice Principles are general statements relating to how universities can address the English language needs of international students for whom English is an additional language (EAL). How universities address the Good Practice Principles formed part of the Australian Universities Quality Agency (AUQA) quality audits.

There are ten principles in the Good Practice Principles and two are particularly relevant to the present discussion concerning PELA. These are:

- Universities are responsible for ensuring that their students are sufficiently competent in the English language to participate effectively in their university studies; and
- Students’ English language development needs are diagnosed early in their studies and addressed, with ongoing opportunities for self-assessment (p.4).

University audit reports have reinforced the use of diagnostic assessment to identify students requiring further English language support. For example, as one quality assurance report found in relation to Curtin University:

The Panel congratulates the University for taking the initiative to develop an instrument to diagnose and provide support to the English language proficiency of students.

Universities have been keen to embrace institution-wide PELA. On the surface it makes sense to test students and identify those who will need extra support to develop their language skills in order to successfully complete their degree. The reality is a somewhat different picture. The introduction of PELAs in universities, particularly where university wide testing is conducted, has added an extra level of administration, with associated resourcing and funding. This point was highlighted in a recent university audit of Edith Cowen University:

Despite strong staff support for post-entry literacy (sic) assessment, implementation will face pressures, particularly in relation to resources and time lines.

408 Dunworth, 2009; Murray, 2010
409 Barthel, 2010
410 Arkoudis & Starfield, 2007
411 DEEWR, 2009
412 Australian Universities Quality Agency, 2011
413 Dunworth, 2009
414 TEQSA, 2012
It is difficult to get students to undertake compulsory PELA, and even more difficult to ensure that they undertake English language support programs to develop their skills. No matter how many times we weigh the calf, it does not get any fatter. This creates new challenges for institutions. Much effort and money can be devoted to implementing institutional-wide PELAs, with fewer resources available for targeted English language development during their degree. While there has been a plethora of activity around the point of entry to university, far less attention has been given to understanding exit standards and to ensuring that students graduate with the English language skills for employment or further study. This is where more sophisticated methods are required. The main challenge for institutions in the current policy context lies in integrating English language learning outcomes within disciplinary curricula.

**Reframing the discussion: from entry requirements to English language learning outcomes**

At present, it appears that Australian universities are generally not well placed to provide information regarding the standards of their graduates, and, therefore, open to allegations of soft marking. It is assumed that if students graduate from a university, then they have adequate ELP skills. Yet this assumption has been challenged in recent years by employers who comment that graduates lack the necessary communication skills for work; researchers who have argued that EAL students do not necessarily improve their ELP skills while studying at universities; and by those who claim that ELP is overlooked within subject assessment. The underlying issue that needs to be addressed is how universities know that their students have attained the necessary English language levels upon graduation. This is an important question given the diversity of the student population, the importance of the international student market and the increased focus of quality assurance on measuring, monitoring and reporting on standards. In Australia, some progress has been made on monitoring standards, mainly concerning English language entry standards for university study. However, gaps exist in developing an outcomes-based model for English language.

The challenges and dilemmas surrounding ELP in higher education will now be outlined.

**English language learning outcomes are important for all students**

Current approaches for developing English language during university study are inadequate. Many academics are overwhelmed by the English language needs of their students and ill-equipped to deal with them. Most English language support programs are under-resourced and operate on the margins of disciplinary teaching and learning. The English language challenges do not lie solely with international students. Institutions need to ensure that all students who graduate have the requisite skills, knowledge and capabilities to advance to further study or employment. This is true regardless of discipline, though language usage varies in part by discipline. English language competence is the right of all students, the expectation of their families and the community and part of the 'product' that institutions sell in fee-based markets. It is especially important that we begin to acknowledge in a systematic manner, through our practices as a sector, that English language learning outcomes apply to all students. The Good Practice Principles for English Language Proficiency developed in 2009 by AUQA focus only on international students. Yet employer surveys have reiterated repeatedly that the level of English language proficiency of graduates is a concern in relation to both domestic and international students. Research tells us that domestic students also experience difficulties in developing their English language skills at university. It is generally understood that as participation in higher education

415 Arkoudis, et al., 2009; Graduate Careers Australia, 2008
416 Birrell, 2006
417 Baik, 2010; Bretag, 2007
418 Arkoudis & Starfield, 2007; Messinis, Sheehan & Miholcic, 2008
expands to include previously underrepresented groups, students will be increasingly diverse in their backgrounds and preparedness, including their English language competence.

English language learning has not been a main consideration of disciplinary teaching and learning in higher education

It should go without saying that English language is vital to teaching, learning and assessment in higher education. Students and graduates express their understanding of disciplinary knowledge through spoken and written English. This is one of the main comparative advantages enjoyed by Australian higher education on the global scale, a comparative advantage we should foster and augment. Why does not this happen already, on the scale required? It is likely that many academics want to support their students with their English language development, but equally, many struggle to know how to do this. Further, it is likely that while academics clearly believe that language is important they do not necessarily consider it their role to assess English language skills as their primary focus is on teaching and assessing disciplinary knowledge.\(^{419}\)

Baik has found that in some cases, departmental policies do not allow academics to penalise students who are demonstrating weak English language ability.\(^{420}\) The messages sent to students through these assessment practices are that English language ability is not important for their studies, contradicting the messages from employers regarding the importance of English language ability when recruiting graduates; and also contradicting the expectations of many students and their families. Research consistently demonstrates that formal assessment is a central influence in shaping student learning in higher education.\(^{421}\) If English language learning is to be taken seriously in higher education, it must become visible in disciplinary assessment.

Institutional commitment to English Language development in policy and planning documents

This includes:

- Course reviews that take into account English language development of students;
- Student feedback in subject evaluations;
- Monitoring and evaluation of student progress during the course of the degree;
- Feedback from employers; and
- The conduct of research that informs university policy and practice.

Develop robust and trustworthy assessment of English language

But academics may lack the skills to assess the English language learning outcomes of their students. Certainly, many will find assessing English language outcomes a daunting task. To develop English language assessment practices that can be systematically embedded within disciplinary learning, professional development for academic staff will be required.

The major challenge here lies in understanding how specialist language assessment can be woven into disciplinary assessment and reporting practices, with their distinctive contents. This is probably best achieved through existing moderation processes in universities, where academics and English language specialist assess and discuss assessment practices and grading of students’ work. A crucial aspect of this is developing collaborative practices between English language specialists and academic staff, as well as professional development to support staff in assessing English language learning outcomes.

How do universities currently monitor and evaluate students’ ELP?

\(^{419}\) Baik, 2010
\(^{420}\) Baik, 2010
\(^{421}\) see for example Crandock & Mathias, 2009; Joughin, 2008
At present it is not possible to determine with any confidence the English language standards of graduates on completion of their course, for universities do not have commonly agreed means by which to monitor and evaluate students’ ELP. Currently universities have graduate attributes that typically include communication skills. However, there are very few statements that indicate the particular communication skills graduates are expected to develop, or discuss how these are to be taught and assessed within the degree.

Without statements of English language levels of attainment, universities tend to rely on grades and grade point averages as a proxy for assessing English language, the assumption being that if students have passed their units of study, then they have demonstrated adequate levels of attainment in English language. However, as noted earlier, academics do not necessarily assess English language when assessing students’ work. This makes it very difficult to monitor and evaluate students’ English standards upon completion of the degree.

Should universities use standardized English language tests to measure students’ English language attainment upon completion of their degrees?

Australian universities do not have a history of systematic exit testing. There are currently at least two Australian universities that fund an IELTS exit test for their students in the final semester of their study. But is a standardised English language exit test, such as IELTS, the best way to know about English language attainment on completion?

All too often English language tests are viewed as the solution to English language standards. Until recently, IELTS has been the main English language test used in Australia for migration visas and many professional associations have identified IELTS scores for international students who seek to work in Australia. According to Craven in November 2010, 48 professional associations in Australia identified an IELTS requirement, and in most cases the requirement was a score of 7.0. Craven observes that an IELTS score of 7.0 is fast becoming instituted as the standard to which all [EAL international] candidates seeking professional employment in Australia should aim.

However, there is very little research to support the use of English language tests as a measurement of readiness for employability. Language tests are designed to indicate readiness of students to undertake study in English medium universities. There is little empirical evidence available regarding the validity of tests such as IELTS for the workplace readiness of graduates. Language tests may have significant limitations, if used in their current format, and would require careful development with closer links to English language proficiency levels required within different professions.

Where to from here?

There are three key areas that require attention if English language standards are to be taken seriously within higher education. First, universities should develop an institutional-wide strategy for English language development. The focus should be on developing an ecosystem of approaches. In other words there is no single approach, but rather a variety of approaches that together provide change across the institution. The strategy should include a framework for different degree programs to identify the threshold English language learning outcomes for their graduates.

The second major advance needed within higher education lies in the curriculum. Universities need to do much more to map language development across degree programs to ensure that language skills are integral rather than peripheral to disciplinary studies and are treated as such by academics and students. This will be difficult to achieve in many degrees, but it cannot be avoided. For special target subjects identified in course mapping, academics might work with English language specialists to create teaching, learning and assessment activities that lead to intended learning outcomes. These activities

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422 Craven, 2012, p.4.
423 Davies, 2008
424 Arkoudis, et al., 2009
can be conducted within the subject or alongside the subject in adjunct tutorials that are linked to the assessment.

Finally, the third piece of the jigsaw puzzle is robust and trustworthy assessment of the language skills of students as they near graduation. English language tests alone are not adequate here, for they were not designed for such purposes. In fact, any kind of testing that is not connected directly to disciplinary learning may not adequately address the concerns regarding English language standards of graduates.

An example of how this may work is through capstone subjects or experiences that integrate graduate capabilities and employability skills, and occur in the final year of a university course, usually at undergraduate level. Capstone experiences can provide an alternative to using external tests by utilising integrated English language and disciplinary assessment at the end of the degree. Capstone experiences and studies provide the culmination of theoretical approaches and applied work practice experiences in the final year of an undergraduate degree. Through assessment of the learning outcomes relevant to the aims of the course they ensure that graduates have developed the knowledge and skills for graduate study or employment. Moderation between academics to ensure reliability of results and benchmarking across institutions can be used to ensure consistency in assessing standards.

Another mechanism is the development of criteria sheets for assessment that include assessment of English language and disciplinary knowledge that are relevant to the discipline. The English language can be aligned with the English language standards developed for the course. As Arkoudis and colleagues argue, ‘strategic assessment, which is focused and targeted on what matters (making this apparent to students through criteria sheets) will also improve student learning’.

In sum, language assessment must be integrated within normal subject and course assessment requirements. Australian universities have never tackled this seriously. An enormous amount of development work is needed. For most academics, language assessment is not yet core business. Professional development for academic staff will be required to develop English language assessment practices within disciplinary learning. A major challenge lies ahead in understanding how English language assessment can be woven into disciplinary assessment and reporting practices.

Chapter 14
Internationalising the student experience

Chi Baik

Abstract

The diversity of the student population in Australian higher education provides a rich resource and ideal opportunities for internationalised learning experiences, yet evidence suggests that when it comes to interaction among students from diverse backgrounds, there are continuing problems with engagement both inside and outside the classroom. This chapter discusses the core elements necessary for internationalising the student experience. It is argued that a genuinely internationalised student experience will only come from deep engagement with an internationalised core curricula comprising four key elements: internationally-relevant contents; development of cross-cultural skills and awareness through ongoing interaction among diverse students; integrating opportunities to study abroad with the core curriculum; and the learning of a foreign language.

Introduction

Australian higher education needs policy and processes that go beyond rhetoric to internationalise the student experience and transform the higher education system. There has been over a decade of talk about this. Now, in the ‘Asian century’, with Australia poised on the edge of the most dynamic part of the world and still not sure how to engage, it is time we did something about it.

What does it mean to ‘internationalise the student experience’? At the core of any internationalisation strategy is the curriculum. There are four key components:

1) Internationally relevant contents;
2) Teaching and learning processes that encourage interaction among diverse students and develop cross-cultural skills;
3) Overseas study integrated within the core curriculum; and
4) Learning foreign languages.

The conditions now favour internationalisation. All that is missing is the concentrated effort on a wide scale, the will to deeply change Australian higher education, and the follow-through to ensure it is happening and we continue to make progress.

The diversity of the student population provides a rich resource. More than one student in five is international, mostly from countries in Asia where English is used as a second or additional language. This is an ideal setting for promoting learning and social exchange across cultures. The need for institutions to identify activities designed to internationalise the student experience was highlighted in the recent second cycle of the Australian Universities Quality Agency (AUQA) audits, which focused on internationalisation. There is an evident focus on internationalising teaching and learning in university mission statements and espoused graduate attributes. Offering students an internationalised education and developing inter-cultural awareness is seen as crucial not only in preparing them for multi-national work environments but also to fostering ‘more positive human relations in a socially connected world’, as Summers and Volet state.426

The evidence shows, however, that meaningful cross-cultural interactions among students remain limited.427 This problem is not confined to Australia; it affects higher education in other Anglo-

427 e.g. Anderson, 2008; Fincher et. al., 2009; Sawir et. al., 2008; Marginson, et al., 2010.
American countries. While the last two decades have seen a great expansion of the international activities of universities in the Anglosphere, in both volume and scope, there has been little progress in internationalising learning processes and outcomes. As Edwards notes, ‘we are still having the same conversation we were all having in the late 1970s.’ Yet this is not true of internationalisation in Europe, or key Asian sites where diverse student pathways cross, such as Singapore and Hong Kong.

To date in many Australian institutions, understandings of ‘internationalisation’ have been limited to the physical mobility of academic staff and students, particularly international student recruitment. Efforts have focused on developing extra-curricula activities to support international students, or increasing marginal local participation in student exchange or study abroad. Edwards and colleagues refer to this approach as ‘a list of add-ons’ that provide the veneer of internationalisation without the substance.

More positive is the growing emphasis on what is often called ‘Internationalisation at Home’ (IaH)—an internationalised experience for all students, international and domestic. This requires a focus on internationalising teaching and learning within the core curriculum. It means both an internationalised course content, and also engagement with peers from diverse cultural and linguistic backgrounds, points 1) and 2) above.

### Beyond fuzzy definitions

Defining precisely what internationalising the student experience means is still a challenge for Australian institutions. Securing deeper agreement on definitions is one of the conditions for a forward move across the system.

Commonly used definitions of internationalisation vary, but are mostly too broad and do not readily contextualise for differences in institution, discipline and student populations. While the common definitions boost the emotions of those that use them, for the most part they do not offer a practical framework for designing classroom processes or pinpointing desired outcomes. Concepts like ‘intercultural competence’ are often fuzzy.

Examining 39 Australian university websites, Arkoudis and colleagues found that while all universities used ‘internationalisation’ in statements of their mission, or their goals and values, mostly this referred to diversity in the student body and fostering an international community. The majority of universities adopted Jane Knight’s definition of Internationalisation but few referred to ‘Internationalisation at Home’. Only two websites referred specifically to internationalising the student experience.

Many universities provide descriptions of the internationalisation of teaching and learning in relation to their proclaimed graduate attributes. Unfortunately, this domain lends itself to generic ‘all things to all people’ approaches. In 2011, 27 of 39 university websites listed ‘global citizenship’ as a graduate attribute. This meant one or more of:

- Awareness of knowledge in a global context
- Ability to apply international perspectives
- Willingness to contribute to the international community
- Demonstration of cross-cultural awareness.

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428 Altbach & Knight, 2007.
432 Arkoudis, et. al., 2012.
433 Knight 2003; 2004. In 2003, Knight defined Internationalisation as ‘the process of integrating an international/intercultural dimension into the teaching, research and service functions of the institution (Knight, 2003). The following year she published a slightly revised version of the definition: ‘Internationalization is the process of integrating an international, intercultural or global dimension into the purpose, function and delivery of post secondary education’.
Arkoudis and colleagues’ work involved wide consultation across the Australian higher education sector. They defined internationalising the student as follows:

In terms of **process** ‘internationalization’ means fostering a nationally and culturally diverse and interactive university community where all students have a sense of belonging.

In terms of **outcomes** ‘internationalization’ means graduates who are globally aware, globally competent and able to work with culturally and linguistically diverse people either locally or anywhere in the world.\(^{435}\)

As defined here both process and outcomes rest on the strengthening of student engagement with diverse peers in common community-building.

**Engaging in internationalised teaching and learning**

Research on the student experience suggests that enhancing student engagement in relationships with peers, academics and the broader university community leads to improved student persistence, development, and academic achievement. That is true of all students, domestic and international. Australian universities have implemented a number of strategies to enhance engagement, including transition programs and embedded academic support programs, common foundations subjects in undergraduate degrees, and scheduling of shared time for extra-curricular activities. Many have invested in purpose-built learning spaces designed to foster collaborative learning and peer engagement.

Such settings may seem ideal for collaborative learning in Australian universities. Yet evidence suggests that when it comes to interaction among students from diverse backgrounds, particularly between international and domestic students, there are continuing problems with engagement both inside and outside the classroom. For example, the 2008 Australian University Survey of Student Engagement (AUSSE) found that both international and domestic students are concerned with issues around interactions with each other. If universities are to successfully enhance student learning and engagement they will need to address these issues.

A number of factors contribute to the lack of interaction. Understandably, many students prefer to stay within familiar cultural and language groups, most or all of the time. Eisenchlas and Trevaske refer to this as ‘the phenomenon of social categorisation and perception’.\(^{436}\) It is difficult for students to initiate interaction with peers when there is a lack of common ground in terms of cultural knowledge and experience. Another obstacle is the limited amount of time many domestic students spend on campus. Research from the national First Year Experience Survey, involving 2017 first-year students, showed that students spent less time on campus than predecessor cohorts.\(^{437}\) One reason was that most students undertook part-time or casual employment. For more than one-third, this work was the main or only source of income. This affected the extent to which they could engage with peers outside of scheduled class time. Further, peer interaction and engagement with the university can be challenging for students (domestic and international) for whom English is not a first language. As well as problems of language proficiency and communicative competence, these students may lack the social and cultural ‘know-how’ for interacting informally in the Australian setting.

The problem for university educators is how to design curricula compelling enough to break down the barriers created by scarce time and inter-cultural inhibition, so as to foster interaction and have a positive effect on attitudes and approaches to learning.

\(^{435}\) Arkoudis, et al., 2012, p. 10.

\(^{436}\) Eisenchlas & Trevaske, 2007, p. 421.

\(^{437}\) James, Krause & Jennings, 2009.
How the students see it

Much has been written on the benefits of internationalisation. But practical suggestions tend to be lacking, and there have been few empirical studies on the outcomes of universities’ efforts to internationalise the student experience. Further, in the literature the student perspective is under-represented.

There is an absence of theory on the domestic student experience of internationalisation. Empirically, we know little about what locally resident students expect from an internationalised education, and how their experiences affect their attitudes towards intercultural interaction. How do Australian students experience an internationalised curriculum? What are their perceived learning outcomes? It is important to know this. Students’ perceptions and beliefs affect their motivation and attitude to learning.

A small number of studies have addressed these matters. Zimitat conducted the first large-scale study in Australia of university students’ perceptions of internationalisation. He surveyed 2787 undergraduate students, asking about their course experiences and their opinions about curriculum internationalisation. About half of the students (52 per cent) believed their future depended on understanding international perspectives in the discipline, yet only 25 per cent reported that different cultural and international perspectives were presented in their courses. A larger 49 per cent of the students reported their courses often included examples from different cultures and international situations. There were significant differences in perceptions according to years of study and discipline, and between domestic and international students. First-year students were generally less positive about curriculum internationalisation than were students in later years (there were no significant differences in responses between year levels after the first year). International students reported greater interaction with other international students than with other students. International students were more positive about how well the university was preparing them for employment in international contexts.

Smart and Volet also used questionnaires to examine students’ attitudes towards culturally mixed group work. From their study of 233 students (154 Australian and 79 international) they found that although there were only slight attitudinal differences according to students’ year of enrolment, there was a pattern—albeit not statistically significant—of less positive attitudes to culturally mixed group work in later years of study. The authors concluded that student experiences at university ‘do not appear to be having the desired impact with respect to intercultural competence, despite the multicultural nature of the student population.’

This finding is of particular concern given that cross-cultural interaction is often cited as important in developing the skills necessary to achieve internationalised education. How then can universities and academics encourage more pro-active and mutually beneficial interaction among students from diverse backgrounds? What should an internationalised curriculum do?

Key components of an internationalised curriculum

Here, Rizvi makes a useful argument:

Curriculum should not arise out of a singular cultural base but should engage critically with the global plurality of the sources of knowledge. It should not only respond to the needs or the local community but should seek to give students knowledge and skills that assist their global engagement…It should help them develop an understanding of the global nature of economic, political and cultural exchange. In short, it should assist them
in the development of not only their global understanding but also global imagination. A genuinely internationalised student experience will only come from deeper engagement with an internationalised core curriculum. As noted in the introduction, this means (1) a curriculum with relevant international contents, and (2) a curriculum that builds cross-cultural skills and awareness by facilitating ongoing interaction among diverse students. In addition, it means (3) integrating the home country-learning program with opportunities to study abroad, and (4) with the learning of a foreign language. We will now consider each of these elements in more detail.

**Internationalised course content and processes**

The importance of including international or global perspectives in course design cannot be overstated. Several studies have shown that curricula with international course content have measurable positive effects on students’ world-mindedness and international knowledge. Parson’s survey of 1302 students in the US and Australia found that students who took more courses with international content had deeper levels of interaction with international students. They also had more knowledge of specific regions and countries, and ‘attitudes, perceptions and behaviours that were more internationally aware’.

It is not difficult to find examples of courses, particularly in applied professional disciplines, that have internationalised content by including international examples or taking comparative approaches to international case studies. However, as Rizvi argued in 2001, internationalisation of curriculum should move beyond a concern for content alone to include ‘issues of pedagogy and cross-cultural understanding’. The task for designers of curricula, including assessment, is to incorporate social and intercultural engagement between diverse students. There has been progress in this area, but not enough.

Recently more practical frameworks and guidelines for curriculum design and student interaction have begun to emerge. Arkoudis and colleagues developed an Interaction for Learning Framework, a research-based framework for facilitating and promoting peer interaction among students from diverse cultural and linguistic backgrounds. It consists of six interrelated dimensions, each representing an aspect of teaching and learning that contributes to creating the conditions for effective collaborative learning: (1) Planning for interaction; (2) Creating environments for interaction; (3) Supporting interaction; (4) Engaging with subject knowledge; (5) Developing reflexive processes; and (6) Fostering communities of learners. The last dimension requires students to demonstrate an independent ability to move across different cultural contexts. This requires highly developed intercultural skills.

In a keynote address at the 2010 Oxford Brookes University conference on ‘Internationalisation of the Curriculum for Global Citizenship’, Holliday pointed out that much discussion around intercultural skills was about developing understanding and tolerance of the ‘other’. However, he argued, sharing and being tolerant is not enough. We need to move on from discussion of cultural similarities and towards an ‘expanded cultural reality’ and understanding of the barriers to free movement of culture. In some ways international students have an advantage. They come to the country of education with already expanded cultural realities. Australian universities now need to invest more energy into expanding the cultural realities of domestic students.

One strategy universities used to internationalise the learning experience of Australian students is to offer exchange and study abroad programs. Such programs are promoted widely in higher education as a means of developing intercultural knowledge and skills.

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443 Rizvi, 2000, p. 7.
444 Parsons, 2009, p. 16.
445 Rizvi, 2001, p. 5.
446 Montgomery, 2009.
Exchange and study abroad

Typically, exchange and study programs enable students to study overseas for a semester or year as part of their degree. Such programs are well-advertised and showcased as part of universities’ internationalisation strategies. The ERASMUS program (European Region Action Scheme for the Mobility of University Students), funded by the European Commission, is the world leader. In 2010-11, 231,000 students received ERASMUS grants for cross-border study, an 8.5 per cent increase on 2009-2010.

Exchange and study-abroad programs offer numerous educational benefits, particularly development of cross-cultural skills and awareness. Australia performs poorly in this aspect of internationalising the student experience. Undergraduate participation remains low compared with most other countries. UNESCO data indicate that the three major English-speaking destinations for international students (US, UK and Australia) all send insignificant numbers of students abroad for study. There has been some increase in the size and importance of Australian outbound mobility programs but numbers remain low. A study of 36 Australian universities by Olsen showed that in 2009, 9703 domestic undergraduates, 8.8 per cent of completing undergraduates, had an overseas study experience, compared with 10.1 per cent in the U.S. The 9703 domestic students can also be compared with more than 200,000 international students in the 36 universities.

While Australian students appear to have a growing interest in offshore study, there are both institutional and individual barriers to outbound mobility. The most common cited problem is finance. For many students, outbound mobility is not possible without adequate funding support. There are limited numbers of study abroad scholarships or bursaries in Australian universities. Finance is not the only obstacle, however.

Even if Australian institutions increased the number of students participating in exchange or study abroad programs, these programs would have a questionable cross-cultural impact if most students favor other English-speaking countries. In their study of factors affecting participation in student exchange programs, Doyle and colleagues found that students often have narrow views on potential destinations. Lack of foreign language skills can restrict study in countries where English is not the language of instruction. Students favoured English-speaking destinations despite acknowledging that ‘exposure to a different language and culture’ was the main perceived benefit of exchange.

Scholarships on their own are not enough to encourage students to choose nontraditional destinations. The challenge for policy makers and institutions in English-speaking nations...is how to stimulate tertiary students’ interests in studying about, and in nontraditional localities such as Asia, South America and the Middle East. The monolingualism of students in English-speaking countries is a key obstacle.

In addition, study abroad needs to be fully integrated into the curriculum rather than being an add-on that is peripheral to the core. Around the world, a number of institutions do this effectively. Tec de Monterrey in Mexico requires all students to spend a semester abroad, undertaking subjects related to their undergraduate degree program. This is made known to students before enrolment. Students must choose a non Spanish-speaking country. The National University of Singapore also requires all students to participate in an exchange or study abroad program as part of their undergraduate degree.

While the value of study abroad is well known, the accessibility of exchange and study abroad requires careful consideration. Given that most universities do not have the financial resources to expand exchange programs to a majority of the student population, some have argued that they should focus

450 eurolet, 2012.
452 Olsen, 2010.
453 Murray et. al., 2011, p. 21.
454 Doyle, et al., 2010, p. 486.
455 Doyle, et al., 2010, p. 486.
energy and resources on developing strategies for IaH. Kehm and Teichler make the point that if 'Internationalisation at Home cannot be realised to a higher degree, the internationalisation efforts of higher education institutions will lead to a polarisation of winners and losers.\textsuperscript{456}

**Foreign language learning**

Learning foreign languages is a vital aspect of Internationalisation at Home. Wächter is concerned that in discussions of IaH ‘the foreign language element is lacking.\textsuperscript{457}

An internationalized education should enable graduates to communicate across borders. If they cannot, internationalization will not come off. Therefore, a foreign-language component needs to be integrated into IaH (p. 10).

Students from English-speaking countries like Australia are privileged by the fact that their first language is the lingua franca for commerce, global media and scholarly activities. This has led many to believe that developing proficiency in foreign languages is unnecessary.\textsuperscript{458} Perhaps universities need to increase awareness among Australian students of the countless benefits of learning a foreign language: not only does this increase the potential for engagement by fostering students’ interest in, and understanding of, other cultures and societies, it can also increase empathy for students for whom English is a second or additional language. This fosters interaction among students from diverse backgrounds. Universities need to seriously consider whether study of a foreign language should be a core component of curricula as it is many institutions worldwide.

In a report titled *Languages in Crisis: A rescue plan for Australia*, the Group of Eight Australian universities warned that monolingualism and the decline in foreign language learning is putting Australia at risk educationally and economically.\textsuperscript{459} Australia has the lowest level of second-country language skills of all OECD countries. More than 90 per cent of Australian undergraduates do not undertake any foreign language study.\textsuperscript{460} The problem begins earlier, with only 13 per cent of Year 12 students completing Year 12 language studies.

The Asian Education Foundation reported that between 2000 and 2008, the proportion of students at all levels studying one of four Asian languages (Chinese, Japanese, Korean and Indonesian) dropped from 24 to 19 percent. Professor McCarthy, Head of the School of Social Sciences at the University of Adelaide, remarked that ‘we’re worse now than we were in the 1960s in terms of Asian languages’.\textsuperscript{461}

In a study for the Asian Studies Association of Australia (ASAA) McLaren noted that while in many institutions Chinese language enrolments have grown since the mid 2000s, much of the growth had been driven by international and heritage-background enrolments. In ten institutions, Chinese enrolments at beginners level were declining. ‘This is possibly an indication that the enrolments of non-Chinese background students in Chinese is either static or in decline at these institutions’, stated McLaren.\textsuperscript{462}

Whereas in both Australia and the UK the proportion of students undertaking foreign language studies is down, in most major US universities, students are now required to study a foreign language.\textsuperscript{463} In European higher education systems, learning a foreign language has been a well-established practice for decades. Foreign language proficiency is a common characteristic of ERASMUS program students, with 97 per cent of students in 2004/2005 speaking at least two other languages, 75 per cent speaking three languages, and 31 per cent having some competence in four languages.\textsuperscript{464}

\textsuperscript{456} Kehm & Teicher, 2007, p. 271.
\textsuperscript{457} Wächter, 2003, p. 10.
\textsuperscript{458} Doyle et. al., 2010.
\textsuperscript{459} Group of Eight, 2007.
\textsuperscript{460} McLaren, 2008, p. 10.
\textsuperscript{461} Norrie, 2012.
\textsuperscript{462} McLaren, 2008, p. 4.
\textsuperscript{463} Doyle, et. al, 2010, p. 475.
\textsuperscript{464} Otero & McCoshan, 2006.
To require all students to study a foreign language as part of their undergraduate degree would be a bold move for any Australian university. Nevertheless, if our students are to compete effectively in the global setting with multilingual students graduating from European, Asian and US institutions, Australian universities must get serious about this. It is not just a matter of how students will benefit from learning a foreign language. It is a question of to what extent monolingual Australian graduates will be disadvantaged. Monolingual graduates not only lack the ability to speak another language per se, they have missed out on the numerous cognitive benefits and cross-cultural skills and knowledge acquired during the process of learning a foreign language.

Institutional curriculum policy can make a difference. One example is the University of Melbourne’s requirement, under the Melbourne Model, for undergraduate students to take 20 per cent of their course as ‘breadth’ subjects outside their main area of study. This has substantially increased the number of non-Arts students undertaking a language, though the attrition rate is high. Learning a foreign language is difficult and requires considerable time and practice. Students are time poor and strategic in their approach to their studies. They are unlikely to persist with languages if these are not essential, or when, in comparison with other subjects, it is difficult to excel in relation to effort.

In addition to structuring language learning within the formal curriculum, several other incentives can be used. Like the Victorian secondary school system, which rewards students who undertake foreign language studies by scaling up their final scores for the subject, universities can scale up foreign languages when calculating the GPA for entry into graduate programs. Alternatively, when selecting students for entry, graduate schools could give direct preference to students who have studies a foreign language throughout the undergraduate course. There could be financial incentives, such as a small deduction in course fees to those who have undertaken language studies throughout their undergraduate degree. Other strategies of encouragement could be developed.

Conclusions

Careful curriculum planning is needed to ensure that students have continual and varied exposure to international perspectives, and opportunities for critical reflection on these diverse perspectives. This should become one central feature of the undergraduate degree from first-year to capstone. University educators should move beyond issuing broad statements of learning objectives related to internationalisation. They should articulate explicit learning outcomes, supported and developed through teaching and learning activities, and aligned with assessment practices. And institutions should monitor and evaluate the learning outcomes of the internationalised curriculum, in every course.

As is often noted, a strength of Australian higher education is the diversity of the student population that has resulted, in large part, from increasing global mobility. This provides ideal opportunities for internationalised learning experiences, through interacting with peers from different cultural and linguistic backgrounds. We know, however, that this kind of interaction is limited both inside and outside the classroom. The challenge for teaching staff is to design assessment tasks that foster intercultural skills and have a positive backwash in student behavior and attitudes. Assessment is a major driver of student motivation and learning. Innovation and development in this area are essential.

An internationalised core curriculum should be supported by a broader internationalised university environment, which provides co-curricula activities and programs likewise designed to internationalise the student experience, and offers embedded academic support programs and services consistent with the same goal. Internationalisation will be stronger and deeper when it is supported by staff—both academic and professional—who themselves come from a range of cultural backgrounds and experiences, and bring diverse perspectives and experiences to a vibrant international university community.

Chapter 15
Australia and world university rankings

Simon Marginson

Abstract

University rankings data now play a significant role in shaping global movements of knowledge, people and money in higher education and research. Despite the flaws and limitations of rankings systems, all else being equal, national higher education systems, and individual institutions, benefit when performance in valid rankings is improving. Though rankings are not in themselves sufficient to guide a strategy for improvement (benchmarking is a more directly useful tool), the most useful guidance is provided by single indicator league tables based on publication and citation data. Taken together the existing rankings data suggest that Australia’s global strengths, aside from English as its language, are global connectivity, high output per unit of input, and a broad-based research capacity. Australia performs well in most respects, but 16 other nations provide stronger resources for higher education; Australian citation rates lag behind most of the English-speaking world; the best Asian universities outperform all Australian universities in terms of citation rates, publication volume and recent improvement in resources; and Australia lacks a research university in the world top 40.

Introduction: Global positioning

The ‘great southern land’ of the song has only 0.3 per cent of the earth’s people and 1.2 per cent of global GDP. But Australia’s GDP per person in 2011 ($40,234) was three and a half times the world average ($11,489) and the nation punches above its weight in higher education, as it should. Australia created 2.4 per cent of the world’s published journal papers in 2010 and was 10th nation in the world in the volume of citations for published science papers for 2001-11, though it ranked only 17th on the number of citations per paper. The nation housed 19 of the world’s top 500 research universities in 2012 (3.8 per cent) according to the Shanghai Academic Ranking of World Universities (ARWU). The University of Melbourne was in position 57, ANU 64, Queensland 90, Sydney 93 and Western Australia 96. This year a ranking of national higher education systems, not individual universities, placed Australia eighth. The University of Queensland, 90? Australia, 8? What does it mean? Does global position, defined in this reified and ordinal-hierarchical manner, truly matter?

It matters a lot. Information-based global comparison shapes the flows of resources, ideas and people between the world’s cities. League tables might be obnoxious or fallacious but if a university rises in one of the rankings it is all over the website. If it slips, the vice-chancellor may not be reappointed. Welcome to the shiny bright and brittle world of university ranking.

Rise and rise of ranking

Ellen Hazelkorn observes in Rankings and the Reshaping of Higher Education (2011): ‘like credit ratings agencies, e.g. Moody’s and Standard and Poors, rankings have the ability to value and de-value

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466 World Bank, 2012. GDP data adjusted for Purchasing Power Parity (PPP).
469 Thomson Reuters, 2013.
470 SJTUSGE, 2013.
471 U21, 2013
particular regions and institutions. In 2007, the Netherlands announced a new immigration policy. Any person graduating from a top 150 university as measured in the ARWU or the then Times Higher Education-QS ranking was defined as a valued skilled migrant. The governments of Kazakhstan, Mongolia and Qatar allocate scholarships for foreign study only in world top 100 universities. In June 2012, Russia announced it would recognise the qualifications of foreign professors only if they had been educated in a world top 210 university. Foreign graduates from other universities would not be bona fide academic staff. Why 210 universities? The Russian ministry took the top 300 in each of the ARWU, Times Higher and QS rankings, noting the universities in all three. It made its educational decisions dependent on the compatibility of three different methodologies, one so shaky that it had no standing as social science.

Global university rankings are now so prominent it is easy to forget they are a recent invention. The ARWU began in 2003 as a research-only comparison designed to guide Shanghai Jiao Tong University’s self-improvement. The data went viral. The Times Higher Education sniffed a circulation builder. Its ranking in 2004, managed by business services firm QS, included reputational surveys, staffing ratios and internationalisation indicators as well as research. Both rankings took up permanent residence in the headlines. In 2010, the Times Higher Education responded to criticisms of the validity of its ranking by dumping QS and partnering with Thomson-Reuters. QS continued ranking in its own right as a loss leader for its management consultancy, professional development and ancillary services. The three primary rankings now sustain a distinctive global landscape based on status competition.

Few academics are comfortable with global rankings. They trash rankings like they trash reality TV. They despise rankings as cultural products, condemn them for bias and simplification, and resent the fact their own university has been thrust down into the middle of the pack like most other universities. Everyone wants their team on top of the ladder, even if, as they say, the sport is crude and really ought to be banned. University leaders chafe against the control exerted by rankings. Some affect not to notice. But every leader craves rising and not falling in this zero-sum game.

Table 1. Nations publishing more than one thousand science papers in 2009

<table>
<thead>
<tr>
<th>ANGLO-SPHERE</th>
<th>EUROPEAN UNION</th>
<th>NON-EU EUROPE</th>
<th>ASIA</th>
<th>LATIN AMERICA</th>
<th>MID. EAST &amp; AFRICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA 206,601</td>
<td>Germany 45,003</td>
<td>Russia 14,016</td>
<td>China 74,019</td>
<td>Brazil 12,306</td>
<td>Iran 6313*</td>
</tr>
<tr>
<td>UK 45,649</td>
<td>France 31,748</td>
<td>Switzerland 9469</td>
<td>Japan 49,627</td>
<td>Mexico 4123</td>
<td>Israel 6304</td>
</tr>
<tr>
<td>Canada 29,017</td>
<td>Italy 26,755</td>
<td>Turkey 8301</td>
<td>S. Korea 22,271</td>
<td>Argentina 3655</td>
<td>S. Africa 2864</td>
</tr>
<tr>
<td>Australia 18,923</td>
<td>Netherlands 14,866</td>
<td>Norway 4440</td>
<td>India 19,917</td>
<td>Brazil 12,306</td>
<td>Egypt 2247</td>
</tr>
<tr>
<td>New Zealand 3188</td>
<td>Sweden 9478</td>
<td>UK 1639</td>
<td>Taiwan 14,000</td>
<td>Mexico 4123</td>
<td>Tunisia 1022*</td>
</tr>
<tr>
<td></td>
<td>Poland 7355</td>
<td>Serbia 1173*</td>
<td>Singapore 4169</td>
<td>Thailand 2033*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Belgium 7218</td>
<td>Croatia 1164*</td>
<td>Malaysia 1351*</td>
<td>Malaysia 1351*</td>
<td></td>
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<tr>
<td></td>
<td>Denmark 5306</td>
<td></td>
<td>Pakistan 1043*</td>
<td>Pakistan 1043*</td>
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<td></td>
<td>Finland 4949</td>
<td></td>
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<td></td>
<td>Greece 4881</td>
<td></td>
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<td></td>
<td>Austria 4832</td>
<td></td>
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<tr>
<td></td>
<td>Portugal 4157*</td>
<td></td>
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<td></td>
<td>Czech Rep. 3946</td>
<td></td>
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<tr>
<td></td>
<td>Ireland 2799</td>
<td></td>
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<tr>
<td></td>
<td>Hungary 2397</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Romania 1367*</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Slovenia 1234*</td>
<td></td>
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<tr>
<td></td>
<td>Slovakia 1000</td>
<td></td>
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</tr>
</tbody>
</table>

* = countries that have entered the one thousand papers group since 1995. Source: adapted from NSF, 2012

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474 QS, 2013.
475 Nemtsova, 2012.
They create many losers and few winners but global rankings are potent. They drive real action in real time in many places. Ranking determines state policy and university strategy. Nations rich and poor dream of top 20s and top 100s. Germany and France invest in excellence to dent American domination. Saudi Arabia applies $10 billion to its new King Abdullah University of Science and Technology. Ranking elevates research above teaching because research is the main driver of rank. For many students, especially in Asia, ranking decides their international education. While families know the status hierarchy in their own education system, other systems are unknown. Ranking sums it all up. Meanwhile, managers tailor university work to the rankings formula. Papers in English take priority over national language. High citation researchers are snapped up at career end. Staff numbers are understated to boost per capita outcomes. As Michael Sauder and Wendy Espeland note, rankings get into everybody’s head.

Global university ranking was born in the slipstream of 1990s globalisation, and under-written in the 2000s by the global spread of science. Web-based communications, cheaper air travel, cross-border collaboration and student mobility brought universities closer to each other. Each university webpage became joined in a worldwide network in which the leading universities stood out. Meanwhile, more countries built research-intensive universities and science systems. In 2009, 48 nations published one thousand global journal papers, compared to 38 in 1995 (Table 1). Newcomers include Croatia, Iran, Tunisia, Malaysia and Chile. From 1995-2009, the annual output of science papers grew 147 per cent in Asia compared to 39 per cent worldwide. Asia now spends as much on R&D as North America.

Political and ideological factors are also at work. First, there is the arms race in innovation between ‘competition states’ (Philip Cerny) that see science, technology and knowledge-intensive production as the keys to long-term advantage. In future all nation-states will want universities that ‘participate effectively in the global knowledge network on an equal basis with the top academic institutions in the world’ (Phil Altbach), just as they will want clean water, stable governance and a viable financial system. Nations unable to interpret research, a capacity that rests on personnel capable of creating it, will be trapped in continuing dependence. Second, sustained by Anglo-American global power in the university and beyond, there is the neo-liberal construction of the global education market.

Higher education as a market is an impoverished view of the global good yet at first glance it seems to incorporate everything, from Bologna ambitions in Europe, to science in East Asia and Singapore, to the education export business in UK and Australia, and the global contest for research talent articulated through the league table hierarchy. The global market is vectored by the exchange of ideas, persons, technologies and capital between hundreds of university sites. It also rests on a jagged unstable inequality, legitimated by ideas of academic merit and natural selection. Often market transactions are non-financial. Profit is ancillary. Status is central. Yet status is ephemeral. Global university competition exists because people believe it exists. Global ranking gives space and form to that imagining.

Types of ranking

There are three broad types of university ranking. First, multi-indicator single rankings, the most influential and most problematic, like the Times Higher, QS and AWRU; webometrics focused on Internet presence; and the U21 ranking of global systems. The ranker compiles separate indicators for different elements (e.g. number of papers, number of students, amount of income). The indicators

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476 Hazelkorn, 2008; 2011.  
482 Marginson, 2007.  
483 Marginson, 2012a.  
484 Webometrics, 2012.  
485 Williams, et al., 2012.
are combined by ranking performance for each indicator and arrange each university on a scale 1-100, and integrate the separate scales into one. This becomes an ordered league table. The indicators can be combined on an equal basis or receive varying weights based on assumptions about the importance of each factor. The indicators used by ARWU, the *Times Higher* and QS embody the large comprehensive science university. They do not represent technical institutes, or specialist colleges in medicine, business or the arts. Ranking can only work on a like-by-like basis. Institutions that do not fit the template are downgraded, regardless of how good they are. Teaching-only institutions have no place.

The second kind of ranking is the league table based on one element, for example data on the number of science papers and citation rates prepared by Leiden University from Thomson-Reuters’ Web of Science, and Scimago from Elsevier’s Scopus collection.486

The third type of ranking is a customised comparison using multi-indicators, as first prepared by the Centre for Higher Educational Development (CHE) in Germany and used in preparing ‘U-Multirank’ for the European Commission.487 Institutions are sorted into different classifications based on mission and profile and only compared with others in the same classification, enabling a like-by-like approach. Comparative data are collected at institutional and discipline level, on teaching, research, service, and the social and economic missions of higher education. Teaching data are surveys of student satisfaction. Performance is expressed not in league tables but in three broad bands of high, medium and low. Data users form their own comparisons, on the basis of their chosen indicators and weightings. For example, if the user focuses on teaching in engineering, university student services, and graduate employability for both discipline and university; and rates the first element as twice as important as the others; she/he interrogates the data on the website combining these indicators on a 40/20/20/20 basis. The results come back with the institutions in three bands. This provides flexible, site-specific and nuanced data, albeit data that are less enthralling than a single rank order.

It must be emphasised that in league tables based on a composite index, ‘ultimately, the choice of indicators and or weightings reflect the priorities or value judgments of the producers’ (Hazelkorn).488 All multi-indicator rankings are a rigged game and to interpret the outcome the biases must be identified. Weightings directly shape results. If the *Times Higher* swapped its respective weights for (1) postgraduates as a proportion of students, and (2) the proportion of faculty who are foreign, rank order would change markedly without any relation to the merits of performance. In the *Times Higher* and QS rankings the problem of arbitrary weightings is compounded by poor correlations between the indicators. The ARWU research-only ranking has strong correlations between all the indicators and so functions better.489

These problems are well known. In 2011, a much cited *New Yorker* article by Malcolm Gladwell demolished America’s *US News and World Report*.490 Yet this kind of critique is water off a ranker’s back. Composite indicators survive and are used to mandate holistic judgments about ‘best universities’ that purport to somehow cover every facet of their activity, far beyond the bounds of validity.491 League tables based on single indicators avoid the weighting problem.492 “The narrower and more precise the focus, the more objective they can claim to be” (Hazelkorn).493 Comparisons can be contextualised according to the circumstances of each country (rich or poor, non English-speaking, etc.). The Leiden rankings also provide citation rates normalised by field, correcting for bias in favour of research with high citation rates, like medicine.494 Nevertheless, even single indicators have limits. Narrowing the focus of comparison highlights the chief defect of all rankings—what they leave out.

All rankings distort the picture of intellectual outputs. Most of them leave out the humanities, arts, large parts of social science and professional education, and the huge volume of work in languages other than English. ‘Research impact’ means impact in the science literature, not the economic or

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486 CWTS, 2012; Scimago, 2012.
487 CHE 2006; van Vught et al., 2010; van Vught & Ziegle, 2011.
488 Hazelkorn, 2011, pp. 48-49.
489 Cheng, 2011.
490 Gladwell, 2011.
491 Van der Wende & Westerheijden, 2009, p. 73.
492 Van der Wende & Westerheijden, 2009, p. 73.
493 Hazelkorn, 2011, p. 49.
494 Holmes, 2011.
social impact of the research. The most important omissions are teaching quality and learning achievement (aside from data on teaching and learning collected in subjective student surveys, which have limited value). There are no objective international comparisons of teaching or learning though the OECD is working on it. Proxies like student-staff ratios are useless: research has yet to establish a universal correlation between staffing ratios and value added in the classroom. Rankings also largely omit university engagement with industry, social access (though U21’s ranking includes participation and equity), and institutions’ contributions to government, the arts and global public goods.

In the last analysis global ranking is mostly about research and publishing, meaning English-language science. Research compromises 100 per cent of ARWU, Leiden and Scimago and feeds the webpage and web usage numbers in webometrics. In the Times Higher, research and PhD studies comprise 73.25 per cent of the final index. Research dominates the output measures in the U21 system ranking. Why is research so central? It is more readily counted than other outputs. It is more universal in form. But there are deeper reasons.

Global status competition in higher education is both competition in research performance and reputation, and competition between university (and national) brands. Research determines brand value. It is unrealistic to talk of higher education as a competition in institutional ‘quality’ or student satisfaction, unless ‘quality’ means the market power of university brands. High research universities are high status universities. Except for a few liberal arts colleges the vice versa also applies. Studies of student choice find most students prefer high status research universities to lesser status institutions, regardless of teaching quality. In Australia, Group of Eight universities are much the strongest in both student preferences and research. The evolution of the OECD’s comparative indicators on student learning achievement will provide high profile data but will not dislodge the generic role of research in determining brand value.

The technical form of research rankings renders them apt for both normalisation and the mediation of market value. Status is a relative or positional concept: what matters is not the quality of outputs but the order of producers. Rankings order producers in a brilliantly simple fashion. Metrics of publication or citation enable precise status distinctions on a common basis, with no information asymmetry between producer and consumer (in contrast with knowledge of teaching). Rankings signify status and build it at the same time. All else being equal, highly ranked universities attract more students and resources; creating more research, higher ranking, and so on. Rankings reproduce the hierarchy of universities and systems in circular fashion.

Australia in the rankings

The structural characteristics of Australian higher education have implications for its global ranking. In 1987-1992, the universities were joined with colleges of advanced education (CAEs) into a single system, partly through mergers. Prior to 1987, only the universities were funded for research. It has taken time to build capacity in the former CAEs. In 2009, 17 universities had more than 30,000 students with the largest, Monash University, enrolling 59,925. Australian universities operate at varying levels of research specialisation and intensity. Many academic units focus largely on teaching, affecting per capita research outputs. Just over half the universities are globally ranked.

How then does Australia perform? The Times Higher uses 13 indicators: 73.25 per cent is comprised by research reputation, citations, volume and income for research, and international collaboration, and indicators related to PhDs. Teaching reputation, institutional income and student-staff ratios comprise 21.75 per cent. Ratios of foreign students and staff comprise 5.00 per cent. The reliance on surveys is a problem. It mixes objective and subjective indicators, and the data are inconsistent from year to year. It is impossible to secure a representative sample of the world’s academics; and because individual

495 See Radloff & Coates, this volume.
496 e.g. Hansmann, 1999; James, et al., 1999.
497 Locke, 2011.
499 DIISRTE, 2012.
academics cannot know teaching or research in more than a handful of institutions, it becomes a survey of reputations. This favours the leading institutions.

Despite (or because of) these flaws, Australian universities have 19 institutions in the top 400, eight in the 200, and Melbourne (29) and ANU (37) in the top 40. The top 400 includes all the Group of Eight universities in the first 200, plus Macquarie, QUT, Newcastle, Murdoch, South Australia, Wollongong, Charles Darwin, Deakin, Flinders, University of Technology Sydney, and Tasmania. (The ranking of fledgling Charles Darwin University above solid research and global teaching performers like Curtin University inevitably raises eyebrows). ANU, Sydney and Melbourne are in the Times Higher top 25 in Arts and Humanities; Melbourne and Sydney in Medicine, Melbourne in Engineering; and ANU and Melbourne in Social Sciences.\footnote{Times Higher Education, 2013.}

The QS also mixes surveys with objective data: 40 per cent is comprised by a survey of academic staff, albeit plagued by low returns and clumping bias in favour of certain countries, and 10 per cent by a survey of ‘global employers’. Other indicators relate to student-staff ratios, citations per head and internationalisation. Since 2004, the QS ranking has been volatile, undermining its standing. Australians do very well, with seven of the top 100 led by ANU (24), Melbourne (36) and Sydney (38). As a result the QS brand receives extensive free publicity on university websites, helping to build the business in Australia. But its results must be taken sceptically. The national and global powerhouse University of California at San Diego is positioned at 70 by QS, below six Australian universities.\footnote{QS, 2103.}

Since 2004, the ARWU rankings have been comparatively stable and there have been only minor changes in the ARWU methodology, composed as follows:

- Alumni with Nobel Prizes and Fields Medals in Mathematics, on a sliding scale with recent wins scoring highest (10 per cent).
- Current staff with Nobel Prizes and Fields Medals (20 per cent).
- Thomson ‘HiCi’ researchers, in top 250-300 in discipline on citation rate (20 per cent).
- Papers in Nature and Science in previous five years (20 per cent).
- Papers in Web of Science citation indexes for Science and Social Science in previous year (20 per cent).
- Per staff member measure of aggregate of above indicators, to correct for bias in favour of institutional size (10 per cent).\footnote{SJTUGSE, 2012.}
### Table 2. Australian universities in the Shanghai Jiao Tong top 500 research universities, 2009 and 2012

<table>
<thead>
<tr>
<th></th>
<th>2009 (17 universities)</th>
<th>2012 (19 universities)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-100</td>
<td>ANU (59 equal), Melbourne (75), Sydney (94)</td>
<td>Melbourne (57), ANU (64), Queensland (90),</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sydney (93), Western Australia (96)</td>
</tr>
<tr>
<td>101-150</td>
<td>Queensland, WA</td>
<td>Monash, NSW</td>
</tr>
<tr>
<td>151-200</td>
<td>NSW</td>
<td>nil</td>
</tr>
<tr>
<td>201-300</td>
<td>Adelaide, Macquarie, Monash</td>
<td>Adelaide, Macquarie</td>
</tr>
<tr>
<td>301-400</td>
<td>Flinders, Newcastle, Tasmania, Wollongong</td>
<td>Flinders, Griffith, James Cook, Swinburne,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Newcastle, Tasmania, Wollongong</td>
</tr>
<tr>
<td>401-500</td>
<td>Curtin, James Cook, La Trobe, Swinburne</td>
<td>Curtin, La Trobe, Technology Sydney</td>
</tr>
</tbody>
</table>

Source: Adapted from SJTGSE, 2012.

The Nobel indicators make it hard for most countries to compete. In 2009, Harvard had 31 Nobel Laureates on staff, Stanford 18, MIT 17. 503 ANU, Melbourne and Western Australia have few Nobel alumni and less Nobel winners on staff. 504 Still, Australian university performance in the ARWU top 500 is strong and improving (Table 2), with 19 universities in 2011. There were seven in the top 200 and Melbourne (57), ANU (64), Queensland (90), Sydney (93) and newcomer Western Australia (96) were in the top 100. Melbourne, ANU and Western Australia have all been assisted by Nobel Prizes in the last decade. Others in the top 500 were Monash, NSW, Adelaide, Macquarie, Flinders, Griffith, James Cook, Swinburne, Newcastle, Tasmania, Wollongong, Curtin, La Trobe, and UTS, Sydney. 505 This highlights Australia’s broad research capacity relative to population and economy, a characteristic shared with UK, Canada and the Netherlands. Medical schools helped Flinders, Newcastle and Tasmania into the top 400. The inclusion of Curtin, Swinburne and UTS is noteworthy given that these are former CAEs never funded for the building of basic research capacity, unlike the pre-1987 universities.

The ARWU also ranks universities in five research fields. Australia has three in the top 50 in Life Sciences: WA (26), Melbourne (42) and Queensland (45). ANU and Sydney are in the top 100. Melbourne Medicine is at 35 with WA and Queensland in the top 100. Australia has second level strength in Engineering with Melbourne, NSW, Queensland, Monash and Sydney all placed between 50-100. ANU is 37 in Physical Sciences and top 100 in Social Sciences.

Australia had 15 top 100 disciplinary groups in the ARWU, behind the US (277), UK (45), Canada (23), Germany (22), Netherlands (17) and Japan (17). The gap between Australia and Canada, and the stronger performance of the smaller Netherlands system, are suggestive. 506

Leiden University CWTS provides perhaps the most useful set of indicators of comparative performance in publication and citation, in terms of both individual institutions, and countries. Leiden provides separate tables for 2008-11 total publications, 507 average citations per publication, average citations normalised by field, and the number and proportion of the university’s publications in the top 10 per cent most frequently cited papers in the research field. Australia does better in terms of total publications than citation quality. Led by Sydney with 8655 papers, it had 15 universities in the top 500 universities on paper volume for the period 2008-11: the Group of Eight, plus QUT, Griffith.

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504 The ARWU team argues Nobel Prizes are indicators of teaching but they are more accurately classified as research indicators. They correlate with the other indicators.
505 SJTGSE, 2013.
506 SJTGSE, 2013.
507 Journal articles, letters and reviews but not conference papers
Wollongong, Newcastle, Macquarie, Tasmania and Flinders. Sydney is 45 in the world, Melbourne 48, Queensland 54, Monash 79 and New South Wales 82 (Table 3). ANU is smaller than these institutions.

Looking at the citation indicators, Melbourne is first Australian university with 13.0 per cent of papers in the top 10 per cent of their field, a considerable jump from the previous Leiden ranking for 2005-09 where Melbourne’s proportion of such papers was 11.9 per cent. (The gold standard is MIT at 25.0 per cent). Melbourne is at 100 in the world on this measure. Queensland (12.3 per cent) and ANU (12.1 per cent) follow (see Table 4). In world terms both Australian and Asian universities are stronger in paper quantity than citation quality. Seven Asian universities had more top 10 per cent papers than Melbourne: Nankai (53 in the world), Hunan (55) and the University of Science and Technology (89) in China; the National University of Singapore (73) and Nanyang University of Technology (75) also in Singapore; Hong Kong University of Science and Technology (80); Postech in Korea (95).

Table 3. Universities in Australia and Asia with over 5000 science papers, 2008-2011

<table>
<thead>
<tr>
<th>Institution</th>
<th>Volume of science papers 2008-2011</th>
<th>World rank on paper volume</th>
<th>Proportion of papers in top 10% most cited in field</th>
</tr>
</thead>
<tbody>
<tr>
<td>U Tokyo JAPAN</td>
<td>14,175</td>
<td>4</td>
<td>9.0</td>
</tr>
<tr>
<td>Zhejiang U CHINA</td>
<td>11,427</td>
<td>14</td>
<td>9.2</td>
</tr>
<tr>
<td>Kyoto U JAPAN</td>
<td>11,343</td>
<td>15</td>
<td>8.6</td>
</tr>
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</table>

Source: adapted from Leiden University CWTS, 2013

It is noticeable that the National University of Singapore leads all Australian universities in both total paper quantity and citation quality, and Nanyang is ahead on citation quality.509

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508 CWTS, 2013.
509 CWTS, 2013.
Table 4. Universities in Australia and Asia with more than 10 per cent of their papers in the top 10 per cent of the field, 2008-2011

<table>
<thead>
<tr>
<th>Institution</th>
<th>Number of papers in top 10% most cited in field</th>
<th>Proportion of all papers in top 10% most cited in field</th>
<th>World rank on this citation measure</th>
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Source: adapted from Leiden University CWTS, 2013

A useful measure of global research ‘firepower’ is the number of top 10 per cent papers each university produces. This combines a quantity measure (number of papers) with a paper quality measure (the top 10 per cent: it is a measure of ‘the quantity of research quality’.

In 2008-11, Melbourne produced 1111 such papers and was positioned a creditable 41st in the world on this indicator. Queensland followed Melbourne, with 970 papers (51), Sydney with 894 (61), Monash 711 (94) and New South Wales 680 (97). ANU produced 511 top 10 per cent papers and was at 144 in the world. Like the Shanghai ARWU, Leiden provides the same data disaggregated into major research fields. Looking at the number of papers in the top 10 per cent of their field, Melbourne was placed at 35 in the world in Biomedical and Health Sciences, with Sydney at 53, Queensland at 68 and Monash at 87. Australia was strongest in Life and Earth Sciences, with Queensland an impressive 20th in the world, Melbourne at 45, ANU at 49, Sydney 71, Western Australia 80 and New South Wales 99. In Mathematics and Computer Science, Melbourne was 68 and Sydney 88 in the world. In Natural Sciences and Engineering, Queensland was 70th in the world, New South Wales at 89 and Monash at
In Social Sciences and Humanities, Melbourne was placed at 62nd in the world, Sydney at 64, ANU 76, Queensland 79, New South Wales 83 and Monash 95. In the 2012 webometrics survey of Internet presence Australia has 17 universities in the first 500 led by Queensland 74, Melbourne 75 and Sydney 78. The top 500 includes RMIT at 279, and QUT and UTS, all post-1987 universities. \(^{510}\)

U21 ranks 50 national systems in four broad areas: resources (weighted at 25 per cent); outputs (40 per cent), including research measures and participation; environment (20 per cent), including university autonomy and gender equity; and connectivity (15 per cent), including international students and co-authorship. In the 2013 U21 ranking, on resources Australia was 17th out of the 50 countries because of its relatively low public funding of higher education. Australia ranked 8th on environment, and second on connectivity. On the outputs measure Australia was in 7th place, below the USA (overwhelmingly ahead of all other countries on this measure), UK, Canada, Sweden, Finland and Switzerland. Australia’s overall ranking in U21 was 8th out of the 50 countries, behind the USA (1) and Canada (4) in North America, Switzerland (3) and the Netherlands (7), and the Scandinavian nations Sweden (2), Denmark (5) and Finland (6), all of which have stronger resource bases than Australia. \(^{511}\)

Taken together these data suggest Australia’s global strengths, aside from English as its language, are global connectivity, high output per unit of input, and a broad-based research capacity. Does Australia have a world-class system? Yes and no. Australia performs well in most respects, especially in its spread of research capacity, but the country’s resource weakness is worrying, its citation rates lag behind most of the English-speaking world, and it lacks a research university in the top 40 in the ARWU and the Leiden table for ‘quantity of quality’ in science papers—Canada has Toronto (26) and British Columbia (39) in the ARWU ranking whereas Australia’s best placed institution is Melbourne at 57th place. Star global research universities are magnets for young and foreign talent and an essential component of global cities. Scale magnifies interdisciplinarity and the innovation payoffs. The knowledge economy logic suggests research capacity should be both wide and deep, the ‘T’ approach favoured by curriculum reformers. Arguably, in Australia the stem of the “T” is too short.

**Systemic effects**

All the same, programs to create leading-edge universities must be handled with care. The danger is regressive stratification. While it should be possible to advance both depth and breadth, some governments, anxious to push up the rankings, are boosting their leading universities without enough regard for the rest (arguably this is true at present in Germany, China and Russia). Some achieve research concentration via redistribution. \(^{512}\) Though policy-fostered inequalities are not caused by rankings per se, ranking provides goal and legitimisation, and is used to identify potential target institutions. The rational kernel of concentration policy is that nations need global research-intensive universities. \(^{513}\) However, growth of educational participation is also needed; lesser status institutions need funding, and stratification of higher education enhances broader trends towards greater socio-economic inequality.

The Australian government has not responded directly to rankings, for example, by concentrating more resources in selected universities to boost the nation’s position in league tables. A national policy framework mediated by competition and formula funding has limited scope for picking winners; and in any case, this violates the long-standing Australian habit, dating back to colonial times, of rejecting claims for special treatment and cultural distinction. It seems it is better for all to go without, than for some to be ‘privileged’, even on meritocratic grounds (unless they are sporting heroes). Policy does help the leading universities to some degree, but indirectly. Competitive systems work by the Matthew principle: those in the best starting position tend to gain ground over time. The distribution of research

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\(^{510}\) webometrics, 2013.

\(^{511}\) Williams, et al., 2013.

\(^{512}\) Teichler, 2011, pp. 64-66.

funding has reflected this.\textsuperscript{514} However, global capacity is determined by the size of the cake as well its distribution; and in the long-term research performance is sustained more by capacity building policies than policies designed to intensify competition for excellence. Australia has not boosted core research funds since 2001 and is being outspt by some Asian neighbours. The refusal to formalise a category of elite research universities has modified stratification effects that might otherwise have occurred, but stratification is less of a problem when universities at all levels of the hierarchy are improving their performance. Being egalitarian is scarcely sufficient as an end in itself, when it is achieved by doing nothing while the world moves past.

Global rankings have direct stratification effects of their own independent of the policy response. The ARWU 500 bifurcates the 39 Australian universities on the public schedule into 19 ‘world-class’ players and 20 also-rans. The \textit{Times Higher} and QS do the same with slightly different lists. Over time ‘non-world class’ institutions will struggle to recruit the international students on which all Australian universities depend, and their brands will weaken in the professional labour markets. This would be less decisive if rankings functioned as a meritocratic system. Do rankings create a universal tendency to higher performance and is there room at the top? Not really. In 2012, only 25 (5.0 per cent) of the ARWU top 500 were in countries below the world average per capita GNP: 23 of them located in China and one in each of Egypt and India.\textsuperscript{515} In a zero-sum game it is hard to displace the established players. The exception, perhaps, is the case of new players that are on the edge of breaking in: China, Taiwan and Korea at world level; universities like Swinburne in Australia. But because their meritocratic potentials are limited and the hierarchy they foster is very steep, rankings can discourage developing countries, unless they trigger more government investment in research.

\section*{Conclusions}

At best rankings data are strategic. Science is produced and exchanged in a relational environment. International comparative data inform both cooperation and competition. It is useful for a nation to know the research capacity of its institutions, and their strengths and weaknesses. Knowledge helps to guide improvement. However, when rank-order is used only single-issue indicators, free of manipulated weightings, are valid. A large number of single-issue tables maximises information and de-authorises the claim of any one indicator or set of indicators to normative status. Pressure should be put on composite rankers to disaggregate their indicators. If they continue to provide holistic rankings they should also provide rankings for each indicator, and make transparent the processes of standardisation and weighting where rank-order is shaped. And ranking should only be applied on a like-by-like basis. Institutions should be sorted into mission-based groupings: research-intensive, research active, teaching-only, disciplinary specialist, etc. Australia has yet to develop a classification system as in China, the US and Europe. Separated classifications reduce the normalising impact of ranking.

Finally, ranking policy should not be confused with improvement policy. Quality audit and stakeholder-driven comparisons provide useful data. Benchmarking, not ranking, is the main mechanism for improvement. Benchmarking provides emerging institutions and systems with a means of incremental progression that engages context and practice. If appropriate comparators are used, benchmarking avoids the downsides of ranking: bias, reductive simplification, stratification, zero-sum lockout.

\textsuperscript{514} Group of Eight Universities (Go8), 2012.
\textsuperscript{515} IMF 2012; SJTUGSE, 2013.
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