The 2009 Federal Budget:
What it Means for Tertiary Education

July 2007
Challenges for policy

- The global standing of Australian education and research has become crucial
- Policy concepts of the knowledge economy are poorly developed
- There is poor policy coordination between macro economic policy (particularly fiscal policy), and policy on the knowledge economy
- The public policy culture in tertiary education has degenerated
- Federal/state relations in education need to be reconstructed

July 2007
Eight policy problems to address

1. Federal commitment to public investment
2. Long term capacity in basic research is running down
3. Fees, loans and HECS: a complete shmozzle
4. Domestic participation faltering, in quantity and quality
5. Diversity in public higher education not achieved
6. Narrow global engagement
7. Standards, especially in international education
8. The government-institution relationship
   (Architecture of tertiary education)

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HOW HAVE THE EIGHT PROBLEMS BEEN DEALT WITH?




Kevin Rudd, Julia Gillard, Wayne Swann, Lindsay Tanner

1 PUBLIC INVESTMENT

- It will be six years before near full research funding, four years before near full indexation. These are crucial measures that rebalance the system by creating a sustainable core and halt the growing dependence on massive exports. This gets us back to the mid 1990s policy settings.
- The planned expansion in participation is under-funded, as most teaching places are funded at below cost. The review of funding rates reports in 2011. Until then institutions will have to subsidize domestic student places from international
- Because indexation comes in so slowly the problems of the last decade - ultra cost pressure, worsening student-staff ratios, forced growth of international student numbers - will continue to worsen for the next three years at least.
- In the fourth year, 2012-13, the additional funding of teaching and research ($968 million) is at 44 per cent of the level recommended by Bradley. Once we take account of the budget offsets, particularly the money taken out of the Learning and Teaching Performance Fund, $113 million in 2012-13, that brings us back to $811 million, 37 per cent of Bradley.

2 RESEARCH

Kim Carr and Penny Sackett, Chief Scientist

We are a strong export nation and middling research nation. But both elements matter and research is more important to Australian capacity long-term

Cutler report on the global picture

'Many of our major competitors have made substantial commitments to basic research capability recently and see this as being fundamental to their prosperity in the 21st Century. At the same time, they are developing novel ways to adapt to the changing circumstances of scientific endeavour including engaging in an unprecedented level of global competition for talent. The United States has employed a strategy of virtual multi-hub, multi-institution collaborations to support mega research projects through the National Science Foundation, National Institutes of Health and the Department of Energy. Japan has invested in 10 year support to a number of high priority research areas based around leading scientists.

'India and China have also made large investments to achieve rapid advances in the quality of their fundamental research capacity. China has moved within the last decade to transform many areas of science from a third world state to leading edge Institutes based around major investments in training and by attracting a cadre of top Chinese researchers from western countries. They have supplemented their efforts with the involvement of the Chinese scientific diaspora around the world.

‘If Australia does not maintain strength in basic research in key areas we will lose our international standing, we will not be a player in the emerging areas of science that are so important for innovation, and we will not be able to attract and train the top level of young scientists from around the world so adept at working across disciplines and in developing new technologies. Our capacity to innovate depends upon a solid platform of enabling knowledge and technologies. A weakening of that platform over time will have serious consequences for our international standing and our national prosperity’.

-- Cutler Report, 2008, Annex 6, pp. 12-13

Disciplines in Jiao Tong top 100, 2008

	PHYSICAL SCIENCES	ENGINEERING	LIFE SCIENCES	MEDICINE	SOCIAL SCIENCES	TOTAL
United States	59	49	62	61	77	308
United Kingdom	9	7	11	12	11	50
Canada	2	6	5	6	7	26
Germany	7	1	6	6	0	20
Japan	7	7	3	2	0	19
Netherlands	1	3	2	5	4	15
Switzerland	3	2	4	2	0	11
Australia	1	3	4	3	1	10
Israel	4	2	2	2	0	10
China	0	9	0	0	1	10
Sweden	2	3	2	2	0	9
France	5	2	1	1	0	9
Belgium	0	2	3	2	1	8
Italy	2	3	0	1	0	6
Denmark	2	1	1	1	1	6
South Korea	1	3	0	0	0	4
Singapore	1	2	0	0	1	4
others	1	2	1	3	1	8

Australian universities in the top 100 discipline groups Jiao Tong 2008

ANU	Physical Science (38), Life Science (40), Social Science (51-76)
Melbourne	Engineering (51-75), Life Science (76-107), Medicine (52-75)
Queensland	Life Science (76-107), Medicine (52-75)
WA	Life Science (47), Medicine (76-107)
Sydney	Engineering (51-75)
New South Wales	Engineering (76-107)

Australia in the research top 250: the Leiden indicators (2003-2007 output)

university	total publications	total publications in terms of citations per publication normalized for field	citations per publication normalized for field
ANU	151	141	120
Melbourne	58	70	154
Queensland	73	88	159
NSW	107	125	163
Sydney	52	72	175
WA	180	193	187
Monash	138	157	192
Adelaide	230	236	214

Share of expenditure on Higher Education Research by type of research performed, selected years, Australia (%)

Type of research	1969	1978	1986	1992	1996	2006
Basic	76.7	67.0	63.8	63.6	59.1	49.6
Applied	19.7	27.0	29.7	30.3	34.7	43.3
Experimental development	3.7	6.0	6.5	6.1	6.2	7.1

Source: Australian Bureau of Statistics, Cat. No. 8111

'Full research funding' will be phased in over six years

- Funding of the indirect costs of government supported research, which are supported through Research Infrastructure Block Grants (RIBGs), will be lifted from 20% in 2009 to 30% in 2011 and over six years will 'approach' 50%. This is costed at $31 million in 2009-10 rising to $201 million in 2012-13
- 'In return for extra funding universities will become more accountable and funding will better reflect performance'
- Allen Consulting Group study in train will identify 'scale and nature' of indirect research costs, prepare a definitive list of these costs and develop a draft funding model. Technical Working Group with DVCRs
- The research cost gap at Melbourne is estimated at $200 million p.a. That money has to come from other sources. The new 'full research funding' will help eventually but will not cover all of this shortfall

The budget and research: larger items

- Super Science initiative, $209 million in 2009-10. Includes infrastructure grants in space and astronomy, marine and climate, and life science /bio-technology. Also 100 new Super Science Fellowships (rises to 8 million in 2012-13) 'to keep our best young minds on the job in Australia'.
- Funding for eight selected research infrastructure projects (bid-based) as part of the Education Investment Fund round. The EIF Round 2 in research is worth $160 million in 2009-10
- Commonwealth Commercialisation Institute supporting research commercialisation and early stage company development by SMEs. $21 million in 2009-10 rising to $78 million in 2012-13
- No new ARC money.

3 FEES, LOANS, HECS
4 DOMESTIC PARTICIPATION

- Domestic fee charging policy resolved but funding of domestic places remains significantly below cost
- Resolution of funding rates and HECS charges postponed to 2011
- Institutions competing in the global top 200 have no avenue for additional resources to replace domestic fees (e.g. no special research funding at scale as in UK or USA)
- Student assistance package is welcome and a financial win for Bradley
- Bold participation target of 40% of 25-34 year olds with degrees by 2025 BUT funding rate discourages institutions to supply more places
- Because funding rate is below real cost most growth of local student numbers will be in regionals, some other post-1987s, the private sector, and VET higher education programs
- Opportunities for new initiatives in funding for equity programs, structural adjustment funding

5 DIVERSITY
6 NARROW GLOBAL ENGAGEMENT

- Related issues
- Compacts but uniform incentive structure narrows scope for diverse missions, e.g. all public higher education institutions must maintain high volume of international enrolments

  'The Australian Government will introduce mission-based compacts that outline the relationship between the Commonwealth and each university the Australian Government will work in partnership with universities but define clear and consistent targets for improvement and reform which will trigger reward payments. Compacts will be in two parts, one covering teaching and learning and the other covering research… Compacts will facilitate alignment of institutional activity with national priorities.'
- No new money to facilitate international research agendas or make Australia more attractive to global talent (Bradley proposal for 1000 international PhD scholarships not picked up in budget)

7 QUALITY AND STANDARDS
8 THE GOVERNMENT-INSTITUTION RELATIONSHIP

Denise Bradley and Julia Gillard

‘An increased focus on quality’

- Tertiary Education Quality and Standards Agency (TEQSA) ‘will enhance the overall quality’ of the higher education system by accrediting providers, evaluating the performance of institutions and programs, encourage best practice, increase national consistency
- Built on ‘the strong foundation established by AUQA’
- TEQSA will establish ‘objective and comparative benchmarks of quality and performance’, and ‘collect richer data and monitor performance in areas such as areas student selection, retention and exit standards, and graduate employment’
- ‘Will help drive greater interconnection and partnership between the VET and higher education sectors’
- $10 million in 2009-2010 rising to $20 million in 2012-13
- TEQSA composition? Leadership? Headquarters? Data gathering capacity?

We’re here to help

- ‘The Government will ensure that the new arrangements are developed in close consultation with the sector. Disciplinary communities will “own” and take responsibilities for implementing academic standards (working with professional bodies and other stakeholders where appropriate) within the academic traditions of collegiality, peer review, pre-eminence of disciplines and, importantly, academic autonomy’
- ‘In 2010 the Government will work with the higher education sector to develop a robust set of performance indicators. The indicators will include measures of success for equity groups as well as measures of the quality of teaching and learning’

TEQSA tasks include

- As part of the development of a new quality assurance framework :

  'a set of indicators and instruments to directly assess and compare learning outcomes'

  'a set of formal statements of academic standards by discipline along with processes for applying those standards'
- Further progress of Review of the Australian Qualifications Framework
- Possible role in federal/state development of national regulatory arrangements for VET

But is DEEWR going to do it after all?

NEW PERFORMANCE TARGETS STATEMENT 1

- The Tertiary Education Quality and Standards Agency (TEQSA) will enhance the overall quality of the Australian higher education system. It will accredit providers, evaluate the performance of institutions and programs, encourage best practice, simplify current regulatory arrangements and provide greater national consistency. TEQSA will take the lead in coordinating this work and establishing objective and comparative benchmarks of quality and performance. The agency will collect richer data and monitor performance in areas such as student selection, retention and exit standards, and graduate employment. (Budget statement p. 31)

NEW PERFORMANCE TARGETS STATEMENT 2

- The Australian Government will introduce mission-based compacts that outline the relationship between the Commonwealth and each university the Australian Government will work in partnership with universities but define clear and consistent targets for improvement and reform which will trigger reward payments. Compacts will be in two parts, one covering teaching and learning and the other covering research. The Minister for Innovation, Industry, Science and Research will be responsible for the research elements and the Minister for Education will be responsible for the teaching and learning elements. The two Departments will jointly develop with each university a compact reflecting a whole-of-university mission and a coordinated response to the Government's reform agenda. Compacts will facilitate alignment of institutional activity with national priorities. They will also be used to help set performance targets for each institution in relation to quality, attainment and participation by students from under-represented groups. Consultations on the framework for compact development will occur in 2009. These will include close consultation with the sector on appropriate tools and indicators to measure performance at institutional level (Budget statement, p. 47).

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Eight policy problems to address

- Federal commitment to public investment
  HAS THIS BALL NOW BEEN DROPPED?
- Long term capacity in basic research is running down
  FULL FUNDING OVER SIX YEARS AND MINOR GAINS
- Fees, loans and HECS: a complete shmozzle
  STUDENT ASSISTANCE PACKAGE A GOOD START
- Domestic participation faltering, in quantity and quality
  BOLD LONG TERM 40% TARGET IS GOOD BUT WHAT ABOUT THE FUNDING RATE?
- Diversity in public higher education not achieved
  UNIFORM SYSTEM SETTINGS HAVE BEEN MAINTAINED
- Narrow global engagement
  SIGNS OF AN OPENING UP HERE BUT NOTHING IN BUDGET
- Standards, especially in international education
  IT'S ALL UP TO TEQSA
- The government-institution relationship
  TEQSA MIGHT BECOME THE BUFFER BODY WE NEED

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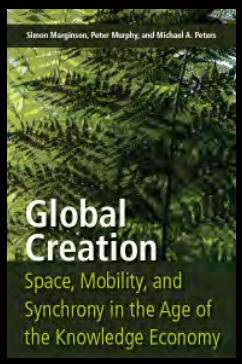
Challenges for policy

- The global standing of Australian education and research has become crucial
  WE HAVE NOT GOT SERIOUS ABOUT THIS EXCEPT IN RELATION TO PARTICIPATION RATES
- Policy concepts of the knowledge economy are poorly developed
  THERE IS NO POLICY CONCEPT OF THE KNOWLEDGE ECONOMY
- There is poor policy coordination between macro economic policy (particularly fiscal policy), and policy on the knowledge economy
  THE EXPORT INDUSTRY IS NO LONGER THE ONLY CONCERN - A REBALANCING OF POLICY HAS BEGUN
- The public policy culture in tertiary education has degenerated
  NO SIGN OF IMPROVEMENT YET
- Federal/state relations in education need to be reconstructed
  THE HARD WORK IS YET TO BE DONE

Thank you, and don't forget to have a look at our books on globalization and creativity

http://www.cshe.unimelb.edu.au/people/staff_pages/Marginson/Marginson.html

Published by Peter Lang, New York, January 2009



Published by Peter Lang, New York, about September 2009