

RESEARCH REPORT 48

POLITICAL INERTIA ON HIGHER EDUCATION AND QUESTIONS FOR A PUBLIC INQUIRY

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THE RELEVANCE OF HIGHER EDUCATION

This study reviews the media discussion of tertiary education during and after the election. It identifies a series of key questions which went largely unanswered by politicians. Supported by comments from fellow Research Associates of the TJRyan Foundation, I argue that there is a role for a wide-ranging public enquiry as a basis for establishing an on-going independent authority to safeguard the wider public interest. This needs to be broader in scope than the current review of funding options.

[See Department of Education and Training, [Driving Innovation, Fairness and Excellence in Australian Education](#), May 2016.]

Post-secondary education has become a major component of Australia's gross national product, export earnings and employment as well as an area of concern to wide sections of the population. In past elections, it had been an area of contestation and wide-ranging promises. Not this time around. At the end of April 2016 Conor King focused on major themes he expected to feature in the election campaign.

The five issues he identified related to funding, especially whether 'open demand' is a sensible approach to university recruitment of students; the balance between government and student contributions; access to HELP-HECS by the TAFE sector and repayment schedules; whether research funding should be fully separated from teaching income; and the virtue of universities shifting their focus to secure the financial benefits of international student recruitment.

[King C, '[Federal election 2016: higher education policies to watch out for](#)', *The Conversation*, 28 April 2016]

THE POLITICS OF INERTIA AND DELAY

As it turned out, none of the issues identified by King received much attention at all in during the election campaign, as Canberra University Vice-Chancellor Stephen Parker noted two months later .

[Parker S, '[Higher education gets short shrift in the election campaign, and we are all the poorer for it](#)' *The Conversation*, 27.6.16]

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After failing to get its highly controversial 2014 higher education changes through the Senate, the government released an 'Options Paper' alongside the 2016 budget, which said the Coalition would continue with the 20% cut to Commonwealth grants to universities prescribed in 2014 but backed off the wholesale deregulation of the fees which could be charged by universities to compensate for this loss of income. Over the period, the collective of Vice-Chancellors had moved erratically from a position of welcoming deregulation (with Parker as the sole dissenter) to divisions appearing between the elite Group of Eight research-intensive universities and the majority, and then the Group of Eight back-tracked.

There was a subsequent clash along similar lines over whether the federal government should leave universities free to determine the number of students each should enrol or whether there should be a government-imposed cap across the board on all courses. Here the roles reversed, with the deregulating elite seeking a cap to allow them to enjoy the competitive benefits of their higher prestige within a limited pool and the remainder wanting to be keep the pool as deep as the public wanted, so they were free to maximize their total income.

In the face of effective student protests that deregulation would force up prices for their courses (identified as '\$100,000 degrees'), the LNP strategists obviously decided to keep the issue off their electoral agenda. Election policy conflicts were minimized by deciding that deregulation would only apply to certain (unspecified) high demand courses and that all details would be postponed until after the election. An anodyne discussion paper was issued by a newly-installed Minister to fill the void, with submissions due after the election.

The [Discussion Paper](#) for higher education released in this year's budget was a free-for-all shopping list raising every imaginable possibility for the sector.

It included most of the contentious issues from the 2014 budget (HECS repayments for the dead, Commonwealth-supported places for private providers, the 20% funding reduction, and various fiddlings with the HECS threshold), as well as a proposal of 'flagship courses' that would allow institutions to levy domestic fees for boutique undergraduate degrees.

The responses to the paper are not due to report until three weeks after the election. The early onset of election shenanigans likely guarantees far fewer responses than the discussion paper would have received with nothing else going on. The idea, clearly, was that should the Coalition win, it would have a free rein to do pretty much anything, being able to say: 'But we asked you if you minded before the election!' The composition of the new parliament puts the handcuffs on all of that.²

Gavin Moodie, a national figure in tertiary education, in an article '[Higher education in policy paralysis after Budget 2016: what now?](#)', suggested that this approach represented policy paralysis – 'running, jumping, standing still'.³

This left the higher education field open to the ALP opposition. Health provided much more fertile ground for campaigning, but the Shorten electoral 'manifesto' did include one item, a proposal to deal with the array of problems emerging in technical and vocational education by creating 'Institutes of Higher Education' as well as closer scrutiny of all private providers.

Research activities are the most expensive component of conventional universities, requiring subsidization from the income derived from teaching. The Shorten scheme for Institutes of Higher Education were examined briefly by Professor Stephen Parker as part of his regular and frequently iconoclastic contributions to debate on higher education policy, [Is Labor's plan to create ten Institutes of Higher Education a good idea?](#)⁴

² Bexley E, in '[What will a re-elected Coalition government mean for key policy areas?](#)' *The Conversation*, 10.7.16.

³ Moodie G, '[Higher education in policy paralysis after Budget 2016: what now?](#)', *The Conversation*, 4.5.16.

⁴ Parker S, [Is Labor's plan to create ten Institutes of Higher Education a good idea?](#), *The Conversation*, 16.6.16. (To declare an interest, the author and I share a common organizational history.)

(Shorten's ideas go all the way back to John Gorton. Memories have been stirred for those with long memories and actual experience within what was misleadingly called the 'binary system' during the 1970s and 1980s.⁵ Ideas embodied in what were called Colleges of Advanced Education (CAEs) aimed at upgrading vocationally-focused education to the same level of undergraduate university awards. CAEs would be a new tier of institutions which would concentrate on teaching and vocational preparation, 'separate but equal in parity of esteem', without the financial incubus of expecting all staff to engage in research.)

Even if there was little systemic interest in higher education, the whiff of pork barrels predictably pervaded local campaigns in marginal seats. In the last two weeks of the campaign in the marginal Queensland seat of Petrie, the Turnbull/Morrison team announced what was represented in the local media as supporting the creation of a new university, thus over-bidding the Shorten-style Institute of Higher Education. In practice, there seemed unlikely to be little difference in practice, as the Turnbull 'University' would be an out-rider for the University of the Sunshine Coast and offer the same package of vocationally focused awards as a Shorten Institute – except for a Turnbullish new course called 'mechatronics'.⁶

This similarity of approach between the major parties was emphasised in a broader analysis by Gwilym Croucher in [There is more agreement between the parties on higher ed than slogans suggest](#), written, also in *The Conversation* (23.6.16) near the end of the campaign.

WHY DO UNIVERSITIES DISAGREE AMONG THEMSELVES?

An explanation for this lack of interest might be that governments of both political persuasions have been committed in the past to maximising institutional autonomy. They expect university chief executives to take a managerial approach to their role, allowing governments to rely on the discipline of market competition. But this has not been a ringing success from the perspectives of staff who work in universities and students who pay an increasing share of the costs.

In addition, local political interests often pit institutions against each other. The Group of Eight research-intensive universities constitute a cartel, and seek to dominate the comprehensive association called Universities Australia. Neither organization had a good year in their dealings with the federal government. The initial endorsement of both groups for the privatisation strategies linked to dramatic cuts in federal government grants was not sustained. Only the University of Canberra stood out against the consensus promoted enthusiastically by the Group of Eight. There was then a slowly growing awareness that those outside the Group of Eight would be hurt by being subjected to market forces.⁷

An uneven playing field was a legacy of institutional history epitomised by the contrast between the 'sandstone universities' of the pre-federation era supplemented by the Menzies love-child, the Australian National University, and the 'also-rans' in metropolitan and regional centres. Individual regional universities were encouraged to seek special deals to exploit the political benefits of a coalition beholden to country interests. Then others outside the charmed circle were pressured by staff and student activism to face the reality of cuts. Their views were able to find a wider audience through the finely-balanced Senate providing a platform for criticism on equity grounds. As a result, the collectivity of Vice Chancellors backed away from their original stance.

The debate then shifted to the more specific question of determining the level of student enrolment in particular courses. This was expressed as placing a cap on student places, which had been uncapped by the previous ALP government and supported by the LNP as an element in its privatisation approach to institutional management. This led to the re-emergence of the division

⁵ It was in fact a 'trinary' system with TAFE included.

⁶ Moore T, '[Federal Election 2016: Petrie University campus Brisbane backed by major parties](#)' *The Brisbane Times*, 22.6.16. The gravy train also rolled into marginalised Tasmania, with the parties matching each other with offers of largesse for Launceston based on campus developments linked to the University of Tasmania.

⁷ See Scott R, '[Inequalities and Queensland Universities](#)', TJRyan Foundation Research Report No 7.

between the elite Group of Eight, resisting re-capping, and those who sought some form of external intervention through a government-appointed committee.

[See Taylor L, [‘Australian universities warn parties education policy chaos is harming students’](#), *The Guardian*, 9.3.16;

Knott M, [‘Elite universities break away by calling for cap on student places’](#) *Sydney Morning Herald*, 15.6.16;

Harvey A, [‘Uncapping of university places achieved what it set out to do. So why is it dubbed a policy failure?’](#), *The Conversation*, 17.6.16;

Pitman T, [‘Uncapping of university places has not failed disadvantaged students’](#), *The Conversation*, 71.6.16;

Spence M, [‘Large growth in student numbers is threatening sustainability of university system’](#) *The Conversation*, 20.6.16.]

The Conversation published an overview on 10.7.16: [‘Election 2016: what will a re-elected coalition government mean for key policy areas’](#). In the section on [‘Higher Education’](#) Emmaline Bexley pointed to the political reality which had empowered regional Australia. It seems clear that the [higher education reforms put forward](#) with the 2014 budget, while still sitting ‘on the table’, are extremely unlikely to go ahead:

The pointy end of neoliberalism is never kind to farmers and those from the bush, and is the source of many of the marital difficulties between the Liberals and Nationals. It would be a strange turn of events if the Coalition could convince crossbenchers Bob Katter and Cathy McGowan to support further fee deregulation – not to mention dealing with the bizarre Senate presently forming.

DO UNIVERSITIES PRODUCE TOO MANY DOCTORS AND LAWYERS?

In addition to divisions between institutions, university and government policy-makers had to cope with the disjunction between what the school-leaver consumers preferred and what the job market offered as a return for government’s own investment. The argument about capping course places often turned on perceptions that there were too many practitioners already being produced for the available jobs. And the level of qualifications required for entry had been successively increased.

The general theory of ‘Credentialism’, discussed below, is given more relevance to the wider public in terms of specific courses which appear as desirable destinations for school leavers. Strangely enough, journalism over-production has not featured much in public debate, even though there are twice as many students currently studying journalism compared to jobs in a shrinking industry. There is also a regional/metropolitan division in the supply/demand equation across a whole range of professional qualifications.

The ‘gold standard’ courses for school leavers are those leading to entry to the medical profession, either directly from school or after undergraduate study. This always engages the close attention of the most affluent and competitive parents and their children, as the former Vice-Chancellor of the University of Queensland found to his cost. *The Conversation* offered two contributions on this topic – one last year by Michael Vagg, [‘Médecins sans employment’](#) (17.5.2015), directed to over-production and the other, by Paul Leong [‘From riches to riches: the effect of affluent medical students on patients’](#) (27.1.16), pointing to the social consequences of a competitive entry system which creates an imbalance of social class.

The Queensland experience is that government-employed doctors and GPs are in short supply in regional locations, partly because of the immobility of the female 50% of graduates tied by family to major population centres. However general over-production creates under-utilisation of available medical resources in these centres and growing competitiveness between GPs. Generating the higher incomes expected in the medical profession requires graduates to seek advanced qualifications as specialists, in turn leading to massive accumulated debts under the existing HECS arrangements.⁸ (Veterinary Science is another high-demand course which has produced a

⁸ Teale B, [‘Can you imagine a future in which only the rich kids become doctors?’](#), *The Guardian*, 24.6.16.

similar disjunction between regional and metropolitan supply, for much the same reason as in Medicine: city cats are much better looked after than country horses and pigs).

Medicine is not the only profession where existing practitioners worry about over-production and the cost-benefit of charging high fees. 'The \$100,000 degree' may in fact be an underestimate of the debt burden of medical specialists but the tag is used by local protesters.

The \$100,00 degree is a reality for lawyers in the US. There may be an object lesson for the policy-makers in Australian universities. Law courses are cheap to produce in terms of infrastructure and have been subject historically to high demand. An article in the *New York Times* examines the consequences of over-production which have resulted from free market attitudes. The headline asked the question: 'Thousands of debt-ridden law school graduates highlight a once unthinkable question: Should their law schools close?'.⁹

One of the several hundred responses to this article asked a more fundamental question about students' responsibility for course enrolment choices, particularly those enrolling in post-graduate qualifications [or for double degrees, as is increasingly the case in the top-ranked Australian law courses].

I see a lot of focus on law schools obligations to students recently, but wonder whether the same isn't true of business schools. How many people get a very expensive MBA and then find that it doesn't get them a viable job? How many people get an advanced engineering degree from a third or fourth tier school and then can't find a job that will pay the loans? Should it really be the school's responsibility to limit enrollment? Wouldn't we then be hearing complaints about elitism and keeping disadvantaged applicants out of high prestige careers? Wouldn't it be just as sensible to blame TV shows for making law careers seem so attractive?

The bottom line is that no degree promises a great job, no program of graduate study is easy to do well in without a whole lot of hard work, and graduating from a school that isn't recognized for excellence greatly reduces one's chances of finding a highly paid position on graduation. It seems to me that grad school applicants should be mature enough and smart enough to figure that out, rather than incurring over \$100k in debt with no real idea as to how it's going to be repaid.

ARE THERE TOO FEW QUALITY SCHOOL TEACHERS?

Another employment category which attracts political and parent attention is the quality of the performance of school-teachers. Various schemes at both state and federal level have been devised to raise both entry scores and performance in courses, as well as in-service courses. Queensland, for example, recently created a \$3m program specifically focused on numeracy .

Federal Minister Pyne appointed a committee chaired by the Vice-Chancellor of the Australian Catholic University, Greg Craven.¹⁰ Critics like Dean Ashenden in '[The Empire Strikes Back](#)' (*Inside Story*, 22.2.15) pointed to the limited perspective of the Craven report because of its focus on university activity rather than alternative options linked to on-the-job training.

John Dungan, a former senior policy adviser on higher education and a Research Associate of the TJRyan Foundation, offered the following comments:

There has been widespread consensus across governments at Commonwealth and State levels in Australia for some time that the most important lever education systems have at their disposal to improve student learning outcomes is teacher quality - in particular, the

⁹ Scheiber N, '[An Expensive Law Degree, and No Place to Use It](#)', *New York Times*, 17.6.16.

¹⁰ [Teacher Education Advisory Group](#). See comments by Adoniou M, '[Changes to teaching degrees are no guarantee of success for kids](#)', *The Conversation*, 13.2.15.

quality of the pedagogy or professional instruction employed in classrooms and other education settings.

This agreement at a policy level has emerged from a strong evidence base through important work such as Hattie.¹¹ This has shown that a significant proportion of the variance in student learning is attributable directly to the quality of classroom teaching and learning strategies employed by teachers. While there is almost universal policy agreement surrounding the importance of this variable in lifting student learning outcomes and education standards, there is continuing debate as to how best to boost the quality of teaching in Australian schools, both at the pre-service and in-service levels.

At the pre-service level, this debate tends to fixate on interminable questions surrounding entry standards to teacher education programs and the profession (OP cut offs, literacy and numeracy tests for graduating teachers, and so on) and the nature of teacher education programs in universities, with such programs subject to almost constant review and analysis either externally by government or by institutions themselves. At the in-service level, education systems - both public and private - grapple constantly with the desirable nature of continuing professional development for their existing teacher workforces within a context of enormous societal change for young people and schools. Not surprisingly, the cost of improving teaching quality in our schools - and who should pay for it - continues to be a further issue of contention and debate.

John McCollow, another Research Associate of the TJRyan Foundation, commented that the terms of the debate about school teacher quality are shaped by underlying ideological assumptions:

The critique of teacher education can be seen as part of the broader neo-liberal critique of schooling – and of public institutions generally. This critique asserts that schools are failing, teacher-educators are out of touch, and teachers are unable to lay the groundwork for an agenda of school reform based on marketisation, privatisation and competition. The debate about ‘quality teaching’ morphs into a debate about ‘quality teachers’ competing against each other in a battle of the fittest for ‘merit-based’ incentives. Preservice pedagogical training is disparaged in favour of recruitment of ‘high-flying’ business or law graduates through programs such as Teach for Australia. Corporations and philanthro-capitalists, rather than governments, become the key drivers of policy, curriculum and professional development.

HOW CAN UNIVERSITIES SELECT THE ‘RIGHT’ STUDENTS?

There has been considerable discussion both within Queensland and nationally about the mechanisms used to measure students’ aptitude for higher education and the need to take account of components of disability which might weaken students’ competitiveness.

Queensland has traditionally used school-based assessment and employed a complex scaling methodology based on group scores on the Queensland Core Skills Test to determine an Overall Position (OP) ranking for tertiary entrance purposes, whereas most of the rest of Australia relies primarily on external assessment to determine an Australian Tertiary Admission Rank (ATAR).

The Queensland ALP government has recently adopted recommendations of an expert review of tertiary entrance procedures set up by the previous LNP government.¹² As a result Queensland will make greater use of external assessment (though not to the degree of other states) and OP ranks will be replaced by ATARs to bring Queensland more into line with national practices across other states.

¹¹ Hattie J, *Visible learning: A synthesis of over 800 meta-analyses relating to achievement*, Taylor and Francis, London, 2009.

¹² Matters, G. and Masters, G.N. [Redesigning the secondary–tertiary interface: Queensland Review of Senior Assessment and Tertiary Entrance](#), 2 volumes (2nd Ed.), October, The Australian Council for Educational Research, Brisbane, 2014.

John McCollow has provided an in-depth analysis of the situation in Queensland and the proposed changes in '[Senior Secondary School Assessment in Queensland: Beacon of Hope or Cause for Despair](#)' (TJRyan Foundation Research Report 47, 2016). He points out, as do the reviewers, that ATARs are in fact calculated in different ways in different states and territories, the eligibility rules and scaling models vary. A move from the OP system was seen as desirable not because of any inherent flaws in the OP rankings themselves – they are arguably more reliable than ATARs – but because Queensland was the only state or territory not to use ATARs, because a sizeable proportion of the cohort entering Queensland universities is not entering via the OP pathway, and because the complexity of the system meant that it was poorly understood. It is also worth noting that the recommendation to move to ATARs was made despite the reviewers being highly critical of single overall rank order scores being used for the purposes of determining tertiary entrance (see Matters and Masters, p.55).

WHY IS SO LITTLE ATTENTION PAID TO THE VET SECTOR?

The Vocational Education and Training sector gets very little public attention, given that it is so much greater in size compared to the university sector: three times as many students as in universities and 35 times as many course providers. The top 100 providers support half of the total student population but there are nearly 2000 providers with 100 or fewer students.

A study '[VET provider market structures: history, growth and change](#)', published in July 2016 by the National Centre for Vocational Education Research, focused on the overall market structure.

As expected from authors within a government-supported research centre, the report did not seek to interpret their findings in terms of policy imperatives best left to the political process: 'no evidence is provided, nor should any inferences be drawn from the large proportion of relatively small providers. However the challenges of ensuring that students are given sufficient information and regulating such diversity with so many small to very small providers should be recognised.' The authors identified as their 'key message' that 'these observations indicate the need to further examine provider output and quality within and across different provider types and, in the light of this, consider whether or not the current provider market structure, as it has evolved, best serves Australia's future skills and training needs.'

The reason for the lack of public awareness in the past may have been that the staff within VET institutions are given no incentive to engage in research about their own institutional environment, unlike university academics. One of the few who does engage in such research is Gavin Moodie, who has written extensively about the total post-school environment from his base in a university which has long incorporated VET courses into its total spread of offerings. He has contrasted the inactivity in Australia with the flowering of research, analysis and the prospect of major institutional change in England, from a starting point of similar institutional uncertainty to Australia: 'an incoherent mishmash of vocational, general and academic studies with weak educational and employment outcomes'.

The changes being implemented in England represent a clear definition of pathways available for students after year 10 and a clarification of the roles of different providers. Moodie has suggested that some of these changes had direct reference to the Australian scene:

The panel estimated that at least 30% of government funding for English vocational education is allocated to private providers. But there was a strong view that public funds should not be allocated in this way:

Given what appears to be the highly unusual nature of this arrangement compared to other countries and the high costs associated with offering world-class technical education, we see a strong case for public funding for education and training to be restricted to institutions where surpluses are reinvested into the country's education infrastructure.

It was suggested that publicly subsidised technical education should be delivered under not-for-profit arrangements and that new government funding should be 'prioritised towards colleges and training providers who intend to reinvest all surpluses into education

infrastructure'. ([What Australia can learn from England's plan for vocational education](#)' *The Conversation*, 16.7.16.)

HOW CAN GOVERNMENTS ENSURE THAT INSTITUTIONS BEHAVE ETHICALLY?

The review of VET in England thus cast doubt on the desirability of an expanding collection of for-profit providers. If evidence was needed to support this questioning of the virtues of deregulation and privatisation, it was certainly forthcoming during the past year in Australia. Technical and vocational education and earlier teacher training were once the preserve of public institutions managed by state governments. Pursuing the ideology of contestability between public and private institutions, governments at state and national level and of both political persuasions allowed private providers to expand from specialists teaching secretarial studies and basic language courses. Instead, whole institutions devoted to coffee making and bar tending are now widely advertised to provide taxpayer-supported access to jobs in the hospitality industry.

The lack of strong quality assurance controls and the open-ended student access to 'fee-help' from taxpayers was a recipe for disaster. Entrepreneurial operators were quick to find a market among inappropriately under-qualified students, especially those unemployed and disadvantaged for whom long-term indebtedness was a very weak market signal. State government as well as federal authorities dispensing the largess were very slow to recognize any obligation to intervene.

Again, this went unnoticed during the election campaign. The media barely registered that National TAFE Day was celebrated on June 16 this year, a little over two weeks before the Federal elections. Both Labor and the Greens took the opportunity to restate their support for TAFE as public sector institutions and launch further policies. However the Government's media release from Senator Scott Ryan, Minister for Vocational Education and Skills, focused only on criticisms of Labor's policies, with no indication of how the Government might support TAFE.¹³

Writing in the high-quality offshoot from *Crikey*, 'The Mandarin', Roberts-Thompson suggests that the whole edifice of vocational education is deeply flawed. He summarises the problem governments face in reeling in an out-of-control VET sector.

While the rationale for a market mechanism as an assumed efficient provider of VET is not disputed, the Australian VET market is now approaching 20 years of age and defensible quality control has never been achieved. Regulators haven't pruned enough bottom of the wide range of VET performers. From the development through the full period of the Howard years to the present, increasing regulation of Registered Training Organisations (RTOs) has always been a step behind the market. That is why [Australian Skills Quality Agency](#) was formed but this has still only at best stemmed the tide of poor quality and rorting.

The regulatory burden is now so substantial, despite poor outcomes, that a very significant part of the millions of Australian taxpayer's money that goes into VET actually goes into a failing regulation regime. Further, at lower levels of VET, despite all the funds going to the regulators, in many cases the RTO does little or no training, leaving the knowledge and skill building to the unpaid students and employers while disbursing their often taxpayer funded revenue on assessment, travel, compliance and profit. Yet the system fundamentals seem to be beyond question.

A significant problem in fixing VET appears to lie in bureaucratic wilful naivety about both the processes and the moral compass of the private sector. While the private sector may well be far more innovative, agile and efficient than the TAFE structure, the troublesome component of the private VET industry will only respond to very precise supervision and this sector demonstrates very little moral compass.¹⁴

¹³ Simon L, '[Do the Parties really care about vocational education and training \(VET\) these elections?](#)', *John Menadue 'Pearls and Irritations'*, 23.6.16; Kelly F, '[TAFE 'in trouble' as higher education reviews are promised](#)', *Australian Policy Online*, 26.6.16.

¹⁴ Roberts-Thomson P, 'VET reform: bureaucracy naive to moral compass of the private sector' *The Mandarin*, 16.5.16.

Paddy Manning filed a story on Radio National's *Background Briefing* cited in *The Mandarin*. He included an interview with one of the major operators who had benefitted from exploiting the looseness of the documentation provided on the government website.

It (the government website) states very clearly that students if they're enrolled before a census date and still enrolled after, so in other words they're enrolled in the course, even if they don't participate they are still eligible or liable for the full course cost. Now, there was nothing in relation to participation, there was nothing in relation to completion of any study ... that's what they're rewarding, you're only going to get the behaviour that you're rewarding and they're rewarding that behaviour. **When it comes down to it, it's a lot cheaper to train students who don't turn up than it is to train students who do.**¹⁵

Manning concluded that a very clear and very serious question has to be asked of the politicians and officials who provided the basis for this outrageous interpretation. Why had those charged with VET responsibility over that period apparently been either unaware of this loophole or been unwilling to act if they were aware?¹⁶

Ignorance of the facts can hardly be offered as an excuse. There have been systematic criticism over the past three years, including two papers by TJRyan Foundation Research Associates:

[Bannikoff K, [How a Good Idea Got Bugged Up](#), Australian Education Union, 2013; Wheelahan L, 'The race to the bottom in the VET market & why TAFE cannot win', submission 77 to [House of Representatives Standing Committee on Education and Employment Inquiry into TAFE](#). 2013; Henneken P, [Key policy issues in Vocational Education and Training](#), TJRyan Foundation Research Report No 5, 2014; McCollow J, '[VET and TAFE - Saigon, Dunkirk or the Alamo](#)', TJRyan Foundation Research Report No 8, 2015.]

McCollow identified the following as features of the problem (some of them dating back to the early 1990s): 'the reforms to VET curriculum, the deprofessionalisation of VET practitioners and their banishment from VET policy forums, the ever-narrowing conception of the nature of VET, the shift to market models of delivery, privatisation of delivery [and destabilisation/downsizing of the public provider], ongoing reductions in government funding, and the introduction of an 'entitlement model' of access to VET' (p1).

Amid the flood of media criticism and emerging evidence of malpractice, the issue emerged onto the policy agenda of state governments in all three of the eastern seaboard states. All three sought to belatedly impose improved quality assurance regimes. The NSW government had left itself open by commissioning a report from the Boston Consulting Group which had promoted a *laissez-faire* attitude, supporting in particular one private provider who was being simultaneously raided by the fraud squad.¹⁷

In the past, the university sector had dallied with state TAFE providers in varying patterns of relationships but most decision-makers always regarded private providers as likely to be populated by cowboys. But were universities, like Caesar's wife, beyond reproach themselves? In

¹⁵ Manning P, '[I'm not a cowboy: Phoenix Institute investor maintains private college did nothing wrong](#)', ABC Radio National's *Background Briefing*, 8.4.16; (emphasis added). Bagshaw E and Silva K, '[Six Queensland private tertiary colleges to be investigated as government clamps down](#)', *Brisbane Times*, 27.3.26.

¹⁶ The *Courier-Mail* recently reported that the Turnbull post-election ministerial reshuffle had removed the previous Junior Minister responsible for TAFE. It noted that the incumbent was the fourth occupant of the post in three years and had experienced a 'revolving door' of staffing changes in her ministerial office, with 36 departures in three years. (Viellaris R, 'Staff Quit on Demanding MP', 27.7.2016.)

¹⁷ Bagshaw E and Silva K, '[Six Queensland private tertiary colleges to be investigated as government clamps down](#)', *Brisbane Times*, 27.3.16; Patty A, '[TAFE NSW paid more than \\$90,000 for 'flawed' Boston Consulting Group Report](#)', *Sydney Morning Herald*, 6.7.16; Bagshaw E, '[NSW minister promotes TAFE report involving company raided by Federal Police](#)', *Sydney Morning Herald*, 20.4.16.

the ABC program discussed above, university reformer John Dawkins offered Manning an explanation for the patent abuses occurring among VET private providers who are exploiting the rules which had originally been designed for the university sector:

I think in principle there isn't a problem to provide a mechanism whereby people can enter an education without having to pay up-front fees and then pay back through the tax system later. But it's a very different animal when you've got the universities on one hand, who are statutory corporations with high levels of integrity, financial and every other kind of integrity, and then to extend that system to another system where the regulatory regime is different, and there's potential that you would extend this FEE-HELP, as it was later called, to some of the fringe dwellers within the vocational education system.

The topic of integrity in staff working in the university sector has been attracting its own share of media attention relating to several universities in the eastern seaboard states.¹⁸ There is the much more significant and sector-wide ethical challenge associated with the provision of courses for international students. From time to time, disgruntled staff members have reported on issues relating to the quality of the student intake, especially English-language proficiency, and on perceived pressures to maintain artificially inflated pass rates. Comparing enrolment fees suggests that universities get a considerably better return on international as compared to local students, and they are being encouraged for this to continue, especially if there is any subsequent attempt to cap local enrolments in the interest of balancing the national budget.

International experience suggests that there is a danger of replicating aspects of the TAFE fiasco in the absence of stronger central supervision. Out-sourcing student recruitment is one area of concern. Writing from a comparative perspective, Hans de Wit warns against allowing too much freedom to those lower in the hierarchy of international comparative rankings:

Internationalisation represents an unrealistic aspiration to climb higher in the rankings, to find scarce sources for grants and scholarships and to stay in touch with the rest of the world. Such institutions invest in agents, pathway programs and recruitment of international students and scholars and they shift to teaching in the language of the cosmopolitan elite, English (instead of keeping to the mother language their staff and students are fluent in), all in a desperate attempt to become part of the world-class, well-ranked elite.

These universities see their numbers of local students shrinking and pay high bonuses to agents and other commercial providers to bring in rich Chinese, Indians and Koreans, ignoring the increasing number of cases of incompetence, fraud and corruption that go with that trade.

Even public universities and high schools – the new international market – are falling for this temptation as a result of shrinking public funding and numbers of local students.¹⁹

Hannah Forsyth makes an allusion to similar issues facing the Australian universities:

Establishment of the international export market brought with it its own substantial costs. Marketing was a highly visible field of growth, but there were also costs in solving a range of issues related to student visas and in providing appropriate academic and personal support for people who were guests in Australia. International agents, recruiting students from foreign countries, were given a commission, diluting some of the income universities received.²⁰

¹⁸ As a current Queensland and a Tasmanian from the era of the Orr case I am not entitled to throw stones.

¹⁹ de Wit H, '[Internationalisation should be ethical and for all](#)', *University World News*, 24.7.16.

²⁰ Forsyth H, *A History of the Modern Australian University*, NewSouth, 2014, p137

ARE GOVERNMENTS AND UNIVERSITIES SPENDING TOO MUCH OR TOO LITTLE ON RESEARCH?

Government policy is to encourage universities to seek more of their research funding from the private sector, particularly through income from commercial innovation. However, as the Grattan Institute has noted, university spending on research has stalled since 2012 and the government has also cut back funding for research-related institutions outside universities, such as the CSIRO. Grattan Director Andrew Norton also noted in [‘The cash nexus: how teaching funds research in Australian universities’](#) (Grattan Institute, 2015) that profits on teaching are essential to university research output. He found that at least 20% of the money spent on research comes from teaching profits. This conclusion was based on conservative calculations – the true number could easily be higher. Norton concluded that the issue of funding required examination of existing funding-per-student rates and in particular the assumed nexus between teaching and research which was used to justify differentials. In [‘Finding ways forward when higher education reform options are limited’](#) (*The Conversation*, 15.7.16) he wrote:

A review of per student funding rates won’t settle disagreement over the mix of public and private funding. But a review is something both major political parties can agree on to clarify the debate: we will know how much we need to spend to get a good higher education system. It is a way forward when options seem limited.

Merlin Crossley’s overview of science and research funding was pessimistic about the political context:

The momentum of the innovation tide, which began so well when Malcolm Turnbull replaced Tony Abbott, seemed to gradually dissipate. Many will worry the new government will be so fixated on maintaining power and accommodating special requests from the Senate that bold investment or major reforms to research funding are unlikely to be on the agenda.

The Coalition was very quiet on science funding during the campaign, merely reiterating its dedication to the welcome sugar hit provided by the National Innovation and Science Agenda and confirming it would implement the recommendations of last year’s Watt review.

The Watt review’s 28 recommendations will streamline the distribution of funding for research support and will enhance interactions between researchers and industry, and are thus welcome. But, on their own, they won’t make Australia much more successful or prosperous.

[[‘Election 2016: What will a re-elected Coalition government mean for key policy areas?’](#), *The Conversation*, 22.6.16.]

Peter Coaldrake is a long-serving Vice Chancellor, one of the few who have written extensively on university public policy.²¹ In his contribution to *The Conversation*, [‘Future of higher education: the situation in research is clearly unsustainable’](#) he argues that the current arrangements for research funding cannot be sustained into the future. He is legitimately concerned about the self-referencing system which leads to a small number of elite institutions monopolizing the bulk of the funds.

Australia must strengthen its research base, but governments will not pour more money into the black hole of research indefinitely, even for medical research which usually and understandably attracts political favour. The solution is not to spiral inwards with an ever greater concentration on past glories or to pick winners or favoured universities. Australia’s future challenges are diverse and demand a research base that is also diverse and vibrant. The reality is that most research funding will find its way into the most research-intensive universities. Yet we need to be able to develop new fields, including interdisciplinary work that tackles our greatest national and global challenges.

²¹ Coaldrake P and Stedman L, *Raising the Stakes: Gambling with the Future of Universities*, University of Queensland Press, 2013.

We must find ways of sustaining excellence on many fronts and in many places, which in turn will need sustained commitment of public funding together with healthy competition and fundamental changes in research expectations, academic roles, and institutional ability in order to match rhetoric about strategy and selective strength with effective action.

ARE GOVERNMENTS SPENDING TOO MUCH ON HIGHER EDUCATION?

An important element in Coaldrake's argument about research is that 'in the absence of solid evidence about quality and standards, widespread concern has emerged that our university system is unsustainable (see, for example, Michael Spence '[Large growth in student numbers is threatening sustainability of university system](#)' (*The Conversation*, 20.6.16). Those providing the money worry that it is unsustainably expensive, while many of those inside the sector catastrophise that it is under-resourced to the point of becoming unsustainable.'

Peter Dawkins, another Vice Chancellor from a metropolitan university, focused his argument on the specifics of the 2014 budget. These sought to rein in federal government spending by linking a 20% cut in operating grants to the potential for the university sector to pay its own way through privatisation, which would allow increases in both local student fees and international earnings. In the post-election Discussion Paper, the suggestion was made this deregulation would apply only to a limited but unspecified number of flagship courses. Dawkins, in '[Can the government realistically cut funding by 20% for each student in higher education?](#)' (*The Conversation*, 13.7.16), examined the case for and against current practices, recognizing that there was little political momentum or sense of direction.

Could the lack of attention to higher education during the election campaign be simple political arithmetic – not enough people care enough for this to be worthy of attention? As one observer inside the education bureaucracy observed informally, 'Governments and Oppositions know in their heart of hearts that most punters still believe academics live in ivory towers and that university students have long hair and are lazy, and that there are few votes to be gained in higher education? I think this has been a (mis) perception in Australia for a long time but it still exists'.

Could the populace be right? There is a significant scholarly debate to be assessed about the virtue of the current quantity of public funds spent on post-compulsory education, especially in universities. Swimming against the conventional wisdom, Dean Ashenden has pursued this issue at length in a piece written for *Inside Story* and reproduced and discussed on the TJRyan Foundation website. He asks whether the university sector is a powerhouse driving Mr Turnbull's thrust for innovation and growth or a gigantic self-serving gravy train.

[Ashenden D, '[Powerhouse or Gravy Train?](#)', *Inside Story*, 15.6.16.]

This is a major contribution to a discussion of higher education. It is long (nearly 10,000 words) and deals with fundamental issues of economic analysis as well as contemporary policy issues facing government. It casts doubt upon the assumptions and premises which have led governments (and increasingly students) to invest large amounts of dollars in supporting and expanding the current range of activities in post-school institutions.

Put simply, Ashenden suggests that the money might be better spent elsewhere and that governments should concentrate on regulating the sector more closely to avoid the current misallocation of resources.

The flavour of his critique is captured mid-way through:

'With social, political and ideological realities back in the picture we can also understand why a vastly expanded system, which has brought many benefits to many people, has nonetheless been a disappointment. We can see why governments have been on a policy treadmill, lubricated by an overweening and inadequate theory, tackling the same old problems over and over again in the belief that more and yet more education will make them go away.'

The result is an increasingly bloated and self-serving university sector; a demoralised and marginalised VET system; stubborn inequalities in educational opportunities and outcomes; persistently high proportions of school leavers and adults who, as the euphemism goes, 'lack the skills for full participation in contemporary society'; chronic grumbling by employers about the 'job readiness' of new employees; and, for many of those on the receiving end of it all, an ever-lengthening educational experience of variable quality, ever-increasing competitiveness and ever-increasing costs.'

Three prominent TJRyan Foundation Research Associates were divided when asked to respond to Ashenden's extended analysis:

John Quiggin:

I think the premise of the article is 100 per cent wrong. There is ample evidence to support the human capital model. Credentialism as a hypothesis has some immediate appeal but doesn't stand up to scrutiny. ... Here's what I wrote on this in 1999.²²

John Dungan:

I think (the Ashenden article) is excellent, balanced and a most welcome contribution to the education and training debate. It touches essentially on the dark side of decades of government policy in this area – the ways in which Commonwealth governments of all persuasions have emphasised the instrumentalist purposes of education to the detriment of all others (particularly the social and transformative possibilities of education) and making education an instrument of economic development and serving primarily the needs of 'the economy'. I like its broad-based nature in how it looks at the dangers of credentialism across various occupations and industry sectors, and highlights how governments have encouraged exponential growth in post-school education and training participation as a way of occupying the time of young people when they really don't know what else to do with them. In my experience, economists generally like human capital theory so it is good to see an economic take on this territory which is critical of this theory.

John McCollow:

It seems to me that considering this question without specifically mentioning the chill winds of neo-liberalism and their de-funding, downsizing and destabilising effects on public institutions is a serious omission. Simon Marginson is an internationally recognised (Australian) expert on higher education, now working from University College, London. His recent article '[The worldwide trend to high participation higher education: dynamics of social stratification in inclusive systems](#)' is directly relevant to the issues raised by Ashenden (and takes a much more measured approach).

The Conversation has 'a bob each way' in this debate with contributions from Chohan ('[Young, educated and underemployed: are we building a nation of PhD baristas?](#)' 15.1.16) and Withers ('[Higher education pays for itself many times over](#)' 1.7.16)

Finally, in a major policy paper which emerged from a specialist education think-tank during the election campaign, Peter Noonan offered another assessment of the debate over 'credentialism' and its policy consequences:

Despite the general benefits of completing school and obtaining a tertiary qualification we should not over promise on these benefits and outcomes for young people. The links between educational attainment and workforce participation are not straightforward. We can't and shouldn't promise automatic access to high skill jobs or suggest simplistic links between courses and careers....

²² Quiggin J, '[Human capital theory and education policy in Australia](#)' *Australian Economic Review* 32(2), 130-44, 1999.

Most importantly it is the quality and relevance of Australian tertiary education that will underpin outcomes for individual students, the economy and society more generally. Courses which entrench outdated practices and habits of mind will disadvantage rather than empower graduates in the workforce of the future.

[Noonan P, [Participation in Tertiary Education in Australia: Policy Imperatives and Scenarios](#), Mitchell Institute, May 2016, p.4]

WHERE TO FIND ANSWERS TO THESE QUESTIONS?

Working out 'who is right' and 'what are the right answers' to all the questions raised above is a challenging task. The avoidance of serious debate during the last election suggests that politicians want to avoid exciting the general public and prefer to deal privately with the organized interests. Providing an informed framework for that debate and engaging the wider community might be the primary task of a more serious review than those currently being used to mollify competing interests. All of the questions listed above do not lend themselves to consensus agreements in the current political climate. Developing a mechanism to reach answers which provide for long-term social benefits might require the creation of the sort of a-political policy instruments which existed in the past, before market forces were endorsed as the only arbiter of the public interest.

Professor Dawkins, cited earlier, has argued that the proposed federal review focused on fees and financial issues would still leave critical questions about the broad tertiary sector unresolved, particularly the lack of policy coherence between different types of tertiary education and the role of private providers. He concludes that a strong argument exists for an independent entity to advise all the parties involved and to oversee a managed market system – 'the case for establish an independent entity to assist with the rational reform process is a strong one.'

'Academic freedom' has been represented as a pre-eminent value in defence of many of the claims by universities to be freed from government 'interference' and by staff members to be free from external control over what they teach and what they research. Private sector notions of management autonomy and rewarding entrepreneurship have also been added to justify market-related behavior - in shaping the balance between courses, between research and teaching and in the mix between local and international students in universities and in exploiting funding and structural rules in the TAFE sector.

The idea of governments being concerned with the broader public interest, safeguarding students and parents and employers as consumers and the wider community as taxpayers, tends to receive less emphasis. This may be justified as a consequence of a pluralist model of democracy which posits that competing interest groups in 'a free market of ideas' will automatically produce an outcome of benefit to the total society. Among political scientists, this idea has been discredited: they can point to the persistent inequality which exists in democratic societies, particularly among those too weakly organized to compete. Governments have a role to play in these circumstances. This applies as much to the post-compulsory education sector as to any other part of society.

Perhaps we need to go back to the future and reconstitute the equivalent of Sir Robert Menzies' Murray Committee and a Universities Commission with a wider remit. The Gonski committee made a brave attempt to deal with schooling inequality and briefly enjoyed bi-partisan support. Then private sector interests blew out the budget by extracting a promise that no school, however well funded under the current regimen, would be worse off. This destroyed the financial viability of proposals which were designed to cope with inequality by redistribution of resources, not just creating additional funds. Those with most to benefit from Gonski were also those least able to exert political pressure.

There is a danger this might apply in response to changes at the post-school level. It would be sad if a 'Murray-style' committee ended up the same way, with politicians seeking to make sure every player wins a prize. The key to Murray's success and the creation of an independent commission depended upon the mobilising of mass rather than just elite support and the strength of will of a Prime Minister. Menzies had many failings but lack of self-confidence was not one of them. It

remains to be seen whether any of the current crop of opinion leaders at state and federal level would be willing to take on this issue.

University leaders - like the Vice-Chancellors cited in this report - have an important part to play in shaping such a mechanism. They risk being perceived as pursuing myopic concerns akin to the private sector organisations which many seek to ape in their managerialist language, competitive ethics (and comparable salary levels). Anthony Welch of Sydney University recently published a study of the influence of universities' organizational features on professorial intellectual leadership. A survey of senior academics at professoriate level reported that 'they affirmed that organizational communication has a greater impact on their intellectual leadership by its reflections on climate and institutional facilities in universities than its direct effects.'²³ This suggests that most Vice-Chancellors need to see their role as participating more actively in the political process, particularly in influencing the values which might underpin any future independent entity.

²³ Welch A, 'Challenge and change: The academic profession in uncertain times', in Welch A (ed) *The Professoriate: Profile of a Profession*, Dordrecht: Springer, 2005.