

RESEARCH REPORT NO 7

Title: INEQUALITIES AND QUEENSLAND UNIVERSITIES

Author

Emeritus Professor Roger Scott
Executive Director, TJRyan Foundation

Federal Education Minister Christopher Pyne is currently seeking to legislate changes to tertiary education unexpectedly included in the last federal budget. Several reports and commentaries in *The Conversation* and elsewhere examine the content and the wider economic context of these proposed reforms (<http://theconversation.com/three-misguided-beliefs-of-the-group-of-eight-universities-31334> and <http://theconversation.com/renewing-federalism-our-tertiary-education-system-needs-a-rethink-31370>). This article examines the potentially dire consequences for Queenslanders flowing from these proposed changes, both for social equity and specifically for the tertiary system in Queensland.

Students predictably are aggrieved at the potential escalation of costs either for them or for their parents in changes to the loan repayment rate of interest and the potentially rapid escalation of fees when universities are freed from current regulation about course fees. Teachers' unions have also expressed concern about anticipated and unanticipated consequences.

But little has been heard from most of the university administrators while they await the outcome of promised consultations (the University of Canberra is one notable exception). The main public statements, strongly favouring fee deregulation, have been made by a spokesperson for the Vice-Chancellors of the elite 'Group of Eight', which includes the University of Queensland (UQ). One – the Vice-Chancellor of the University of Western Australia – recently broke ranks by offering his own estimate of the consequences of the changes for the fee structure and range of activities in his university (<http://www.abc.net.au/news/2014-09-23/uwa-to-hike-fees-30-per-cent-if-deregulation-gets-green-light/5762240>)

THE IMPLICATIONS FOR THE UNIVERSITY OF QUEENSLAND

The key point for Queensland is the same general point made by John Quiggin in *The Conversation*:

Virtually all observers now agree the US system of undergraduate education is failing badly ... the stratified system in the US reproduces and amplifies an increasingly stagnant social structure. Inherited wealth is the key to success ... yet this is the model our university leaders say we should follow. Both Education Minister Christopher Pyne and the representatives of university management have presented this as the last opportunity for a

deregulated, enterprise-driven university system. (<https://theconversation.com/three-misguided-beliefs-of-the-group-of-eight-universities-31334>)¹

The widely accepted criticism of the Abbott-Hockey budget was that it erred by favouring the rich and punishing the poor. It was viewed as unfair and inequitable because it sought to change the pre-existing pattern of resource distribution. The Pyne formula has precisely the same target, springing a surprise on the university sector and the potential consumers of tertiary education services in the same way as the Abbott-Hockey budget sprung the surprises it had promised to avoid.

In Queensland, this plays out as a huge boost to the strong (specifically UQ) and penalties of varying degrees of severity on the weak (generally everyone else apart from private providers). Even people inside UQ or on the periphery (as I am, as an active honorary professor) tend to underestimate just how strong UQ is, until all the facts are assembled. It is up near Melbourne and the Australian National University on most indices and world rankings, and the three rank well on international rankings despite the zooming trajectory of Chinese institutions. UQ is right at the top of research funding indicators and has plans to dramatically increase its presence in China through linkages with existing universities and regional governments. It is also expanding its reach locally, with plans to more than double residential options for country students attracted by its high standing. It is already very big - 48,000 students, 25% drawn from Asia - but is aiming at trading off absolute size for quality and an increasing emphasis on research specialisation.

The only dimension where UQ lags behind is in endowments from the wider community. It has only a quarter of the endowments of the University of Western Australia and less than half of the endowment of the universities of Sydney or Melbourne (the ANU is a specially pampered institution, as mentioned by Quiggin, created self-consciously by the federal government as an antipodean version of Harvard). Strategies are in place to change this situation, as well as to build on UQ's current impact on the international scene

The Pyne deregulation formula allows UQ to become a lot richer. Being able to charge what the market will bear when you already have a premium product means that the ceiling can be very high. The requirement for a percentage of this fee to be redirected into general scholarship funds as a sop to social equity will quite rapidly add to the bulk of the endowment funds. The scholarship holders will obviously be chosen on the basis of merit from whichever socially disadvantaged groups are identified. This, in turn, will reinforce the reputational dominance of UQ at both undergraduate and postgraduate level.

So UQ staff have reason to be pleased about their future prospects. But this pleasure might be tempered in individual cases by which 'discipline' they are in. The Pyne reforms have included a re-balancing of the amount of federal funding directed towards particular disciplines. So there will be winners and losers in the internal budgetary process, reflecting perhaps the sort of ideological prejudices about utilitarian values which led to the setting up of the (still-to-report) Donnelly-Wiltshire curriculum review.

UQ students are concerned about these values issues as well as the escalating fees they face. In particular they are concerned about the reduction of all arguments to questions of economics, a point made forcibly in the June 2014 issue of their student newspaper, *Semper Floreat*, by its editor Max Chandler-Mathers (see link).

¹ See also Professor Stephen Ward on the US university system and its flaws <http://www.tjryanfoundation.org.au/cms/page.asp?ID=300>

THE POTENTIAL IMPACT ON THE OTHER QUEENSLAND UNIVERSITIES

But what of the people staffing universities outside UQ? They will face a Darwinian struggle for survival. After an evolutionary history stretching back to teachers colleges and schools of mines through colleges of advanced education to the Dawkinsian 'Unified National System', staff and students will have to adjust to a new market reality. The capacity of managers of these universities to increase overall income by raising fees will be circumscribed by the extent to which students can find the funds from wealthy parents or are willing to go into debt for a course increasingly regarded as an inferior choice.

For staff, the gold standard of UQ will mean that salaries will be higher for those with high market value, and for those in other universities they will be lower. In a vicious circle, those able to compete on the basis of above-average research will seek advancement and the remainder will be left struggling for a smaller budget.

In turn, the offerings of the non-UQ institutions will be trimmed to fit available resources. They will also find that competition emerges from the private providers able to employ staff who have no academic pretensions to research but the right mix for qualifications and experience to provide credible professional training. Private providers have already demonstrated this at the TAFE level where similar efforts at de-regulation and removal of privileges for state institutions has led to dramatic shifts in quality and the range of offerings (see Peter Henneken in one of the earlier TJRyan Foundation Research Reports <http://www.tjryanfoundation.org.au/cms/page.asp?ID=292>).

Currently, there is an uneven distribution of informal rankings among the various Queensland universities with courses in some areas sustained by strong research performance and attracting students to the vocational content of courses. For example, not everyone accepts that the University of Queensland has the best courses in journalism, law, or the dramatic and performing arts. Domestic students may pay much the same for such courses at UQ, Queensland University of Technology (QUT), Griffith, James Cook and Southern Queensland; some pay a considerable premium for attending Bond University which has trimmed its offerings to meet market opportunities. There is a demonstrable hierarchy of demand for specific courses visible in the pattern of Tertiary Entrance scores. In the past, this has been a guide to the total number of places offered, once account is taken of staff resources and the infrastructure already in place.

Under the new regime, unregulated fees are likely to rise steeply at UQ, held in check only by the capacity of students to pay. In keeping with the Abbott-Hockey philosophy of allowing the under-taxed rich to prosper, these places are likely to be filled by the children of wealthy parents. The scholarship fund will provide a fig-leaf of equity as well as a boost to assets, just as occurs in the American system, but the current (already relatively high) level of social inequity at UQ is likely to accelerate.

The problem for management of the other universities within Brisbane will be how to keep the staff currently teaching in the high-quality disciplines. In some cases, these people will seek to maintain their professional standing by moving to UQ as opportunities arise. In other cases, the reasonable response of management may be similar to that adopted a generation ago in Melbourne: the embracing of TAFE by former CAE's like RMIT and Swinburne, and the redefinition of what constitutes a university award. Life will be tough for the analogous inner-city universities in Brisbane, particularly Griffith with its proud liberal arts ethos less compatible with expansion downwards into the TAFE Sector. Opening a campus at Logan has not been an unqualified success.

What about universities outside Brisbane? Here the aura of UQ will be no less incandescent but there are additional social costs for travelling and relocating away from inexpensive family accommodation. The Gold Coast and the Sunshine Coast will still be within commuting range, although the Gold Coast offerings by Griffith and Bond have established a powerful magnet of its own with medical schools and business offerings attractive to high-scoring students.

Ipswich is similarly close enough for students to identify UQ as a local institution. There was an experiment under state government patronage, when I was director-general of education, to establish a regional campus of UQ. After extensive negotiations, a site in the new urban development of Springfield was passed over in favour of former government premises closer to central Ipswich. Springfield was then able to entice the University of Southern Queensland (USQ) to fill the gap in its advertised role of hosting a tertiary institution. The UQ inner-Ipswich campus has now been abandoned for complex reasons, some of which relate to the choice of courses of a calibre deemed appropriate to the local demographic of social disadvantage: nursing rather than medicine for example. In an odd policy twist, UQ has now negotiated for the USQ to take over the real estate occupied by the UQ. Doubtless USQ will construct a mix of courses it judges as more viable for the Ipswich market.

For students from further afield the real costs to attend UQ start to escalate. Not only will UQ have raised its prices well beyond the current norm, students will need to live either in university-controlled accommodation or in private dwellings. But the discrepancies in staffing and research resources which already exist between Queensland regional universities and UQ will widen for domestic students and the regional institutions will become even less attractive to overseas students.

The main ray of hope for regional universities is the bargaining power of the National Party members in both the commonwealth and state parliaments. These regional representatives (and those in local government) have usually been active sponsors of funding for their local university and pushed for research with a strong local application. The impact of deregulation will only be ameliorated if regional decision-makers are able to adopt the tactics ingrained in National Party history: using their local connections and promises of future endorsements to gain some sort of financial support or concessions. Subsidies of one form or another will be demanded which will allow the offering of programs more attractive to a wider range of regional students. Clive Palmer, of the Palmer United Party, would probably be able to live up to his reputation for talking tough and then offering compromises which would 'look after' the Sunshine Coast campus. And North Queensland will seek to consolidate the image projected by the Vice Chancellor of James Cook University that it is a close friend of the Newman government. But 'keeping 'em down on the farm' gets harder with each passing generation.

Taking a longer view, all these universities will be swimming against the tide if deregulation proceeds. It will be only a matter of time before UQ resumes its historical dominance of the Queensland tertiary scene, which it held unchallenged for seventy years from the time of its foundation in 1911. It never gave up its primacy, but the reforms being contemplated mean that it is now well placed to become a major player on the international scene and totally overshadow every other university in Queensland.

The best that the remaining universities can hope for is a spark of leadership between them. They might, for example, create a re-regulatory mechanism aimed at quality assurance and a sense of a common purpose in public policy. There is the potential for closer affiliations both between them and also with the stronger institutions in the TAFE sector along the lines pursued a generation ago by RMIT and Swinburne in Victoria. The alternative may be that 'rush to the bottom' so often associated with free market forces confronting an unfair and un-level playing field.

The Vice-Chancellor of the University of Queensland has remarked to a public gathering that UQ aims to be an institution which is 'elite rather than elitist'. All the Christopher Pyne 'reforms' will assist him in strengthening UQ's position among the elite (indeed near the top of the tree nationally and upwardly mobile). However every social scientist knows that he won't be able to control the powerful social and political forces which drive elitist behavior on the part of staff, students and the wider society.

Perhaps this behaviour is what Pyne wants, as do Abbott and Hockey - a system skewed towards the interests of the more affluent voters who support their regime electorally and financially. Deregulation leading to significant price differentials and penalising those dependent on borrowing to gain access to elite universities takes Australia down the road to the American system. The bulk of Queenslanders and Queensland public universities will be worse off as a result.

AUTHOR'S DECLARATION OF INTEREST

I offer my own perspective as someone who has over half a century of involvement with the tertiary sector and an unusually diverse range of experience in both old-style universities (Tasmania, Sydney and Queensland) and in those institutions once identified as part of the advanced education sector (CCAIE/University of Canberra and QUT). Because I moved back and forth between the sectors and also into and out of government administration, I was appointed to various accreditation and quality assurance roles in four states as well as national inquiries. At UQ, I served as J D Story Professor of Public Administration for a decade and much later accepted a variety of sessional and honorary appointments. My current role as Executive Director of the TJRyan Foundation has no connection whatever with UQ.