



SUPRA

SYDNEY UNIVERSITY POSTGRADUATE REPRESENTATIVE ASSOCIATION

SUPRA SUBMISSION:

REVIEW OF HIGHER EDUCATION BASE FUNDING

Prepared by: SUPRA Vice-President (Policy), Rashmi Kumar,
and SUPRA President, Angelus Morningstar
Authorised by: SUPRA President, Angelus Morningstar
Date: 31st March, 2011

SUPRA: STUDENTS WORKING FOR STUDENTS
BUILDING G10 RAGLAN STREET, DARLINGTON CAMPUS
UNIVERSITY OF SYDNEY NSW 2006
Phone: 9351 3715 Fax: 9351 6400
www.supra.usyd.edu.au admin@supra.usyd.edu.au

8th April, 2011

To the Review Panel,

I am writing on behalf of the Sydney University Postgraduate Representative Association (**SUPRA**), the representative body for the University of Sydney's 16,000 postgraduate students. We present this submission to the Review of Higher Education Base Funding anticipating a great deal of positive change for our members and the many other higher education students in Australia.

We approach this opportunity for consultation with a great deal of insight into the experiences of students, as key stakeholders in the ongoing support for a high quality, equitable and well-supported higher education system. We welcome any further opportunity to consult with the Review Panel, and thank you for accepting our submission after the publicised deadline.

Best regards,

A handwritten signature in black ink that reads "Angelus M". The signature is written in a cursive, flowing style.

Angelus Morningstar,
SUPRA President 2011

Table of Contents

Executive Summary	5
Summary of Recommendations	6
1. Principles for Funding: Free Education for All	9
1.1 Further Principles	9
1.2 Benefits of Education	11
1.3 Base Funding: Definition	13
1.4 Base Public Funding.....	14
1.5 Costs of Higher Education.....	16
1.5.1 Funding per student.....	18
2. Funding Arrangements and Declines in Quality	22
2.1 Volatility and Private Investment Revenues	23
2.2 Student Fees.....	24
2.4 Postgraduate Coursework.....	27
2.4.1 Quality and standards in postgraduate coursework.....	28
2.4.2 Re-badging of undergraduate degrees	32
2.5 Staff in Higher Education: Workloads and Casualisation	35
2.5.1 Workloads	35
2.5.2 Casualisation	36
2.6 Benchmarks and Indicators	36
3. Social Inclusion, Equity and Participation	39
3.1 Equity Characteristics of Postgraduate Students	39
3.2 Debt and Participation in Postgraduate Study.....	40
3.3 Indigenous Postgraduates	42
3.4 International Education	43
3.5 Social Inclusion and Student Support	46
4. Investment in the Future	48
4.1 Disincentives and Perverse Incentives	48
4.2 Infrastructure Investment	50
4.2.1 Public-Private Partnerships: Compromising student health and safety	51
Conclusion	52

Background

Sydney University Postgraduate Representative Association (SUPRA) is the representative organisation for postgraduate students of the University of Sydney. It is one of 30 student organisations in Australia dedicated to promoting the interests of postgraduate students.

Established in 1970, SUPRA's constituency has grown to a point where today, over 16,000 students undertaking research and coursework degrees at a postgraduate level are represented by SUPRA, and are able to access SUPRA's services. SUPRA provides free casework and legal services to its subscribers. SUPRA's representative and advocacy work is informed by this casework, as well as policy analysis and research on postgraduate education.

The majority of SUPRA's constituents are postgraduate coursework students – approximately 12,000 of all postgraduate students – a majority of whom are enrolled in Masters programmes (approximately 9,800). A significant proportion – around 30.47 per cent – of SUPRA's constituents are international students, the majority of whom are enrolled in postgraduate coursework programmes.

SUPRA's positioning within the higher education sector means that it is amply qualified to present the Review Panel with a unique perspective on the conditions of education for postgraduate students, and the base funding requirements for the delivery of quality education at the postgraduate level.

Executive Summary

The 2008-09 *Review of Higher Education*, Chaired by Professor Denise Bradley (**Bradley Review**) outlined a vision of higher education for Australia which emphasised the need to increase participation by Indigenous and lower socio-economic status students, to increase funding, and to improve the quality of higher education. SUPRA is broadly in support of these aims. The Base Funding Review (**Review**) offers an opportunity to realise them through the allocation of resources to fulfil a vision for higher education which will take Australia into the twenty-first century.

SUPRA welcomes the opportunity afforded by the Base Funding Review to consider funding arrangements for postgraduate education. As we note in our submission, this is one of the few times where funding in relation to postgraduate coursework has been considered at a Federal level, and SUPRA welcomes an opportunity to open a dialogue with the Government regarding postgraduate education.

SUPRA's casework with and representation of postgraduate students at the University of Sydney has often focused on immediate issues in the absence of opportunities to address structural and strategic concerns about postgraduate education at a holistic level. Our submission to the Bradley Review¹ outlined many of the concerns SUPRA has taken forward in our representative and advocacy work at the University of Sydney. We reiterate the issues raised therein. They have not abated in the two and a half years since we prepared our submission to the Bradley Review, but have largely been exacerbated.

The changes SUPRA addresses at an institutional level within the University of Sydney are reflective of structural changes in the Australian higher education system. These changes have transformed the nature and composition of education, particularly postgraduate education, such that categories of 'undergraduate' and 'postgraduate' are no longer adequate to describe the requirements for entry-level qualifications in professional disciplines. These transformations have occurred largely as a result of Higher Education Providers' (HEPs') responses to the chronic under-funding of core educational costs.

HEPs have responded to these conditions by 'diversifying' their sources of income. That is, they have sought more private contributions from a number of sources: fee-paying students, dividends from share portfolios, and further private sector investment such as public-private partnerships (PPPs) in infrastructure development. These efforts have seriously compromised academic freedom, academic standards, and equitable access to education.

In response to this Review, universities have argued for an increase in their capacity to charge fees in response to shortfalls in Government funding². SUPRA shares the view of the Council

¹ Barnsley, Katherine, et al. (2008) *Submission to the Bradley Review of Higher Education*, Sydney University Postgraduate Representative Association, Sydney, available at: <http://www.deewr.gov.au/HigherEducation/Review/Documents/Submissions2008/307SUPRAresub.pdf> (last accessed 29/03/2011).

² Spence, Michael (2010) Letter to Professor Lomax-Smith re: Higher Education Base Funding Review, 17th November, available at:

of Australian Postgraduate Associations (CAPA) that base public funding must increase³. Furthermore, SUPRA will argue in this submission that increased fees will not provide for a sustainable base of funding for a high quality and socially inclusive higher education system. Indeed, full-fee degrees have undermined academic standards and social inclusion in higher education. Moreover, the cost structure of full-fee education is utterly incompatible with the quality and social inclusion goals of the Government.

SUPRA's recommendations and supporting information in this submission will address **transition to full public funding as an overall strategy of Government support for higher education**. Each recommendation can be taken to be a stage in the transition to full public funding of higher education, as well as standing on its own merits as a method of achieving the overall quality enhancement and participation goals of the Bradley Review.

Summary of Recommendations

Recommendation 1

That the Commonwealth Government adopt an overall strategy of transition to full public funding of higher education, and that this strategy be given the highest priority.

Recommendation 2

That all award courses offered by HEPs include a number of CSPs.

Recommendation 3

That Commonwealth Government funds for learning and teaching are increased by at least 20 per cent per annum for the next 4 years.

Recommendation 4

That the Australian Government increase funding progressively over the next 5 years to meet the full costs of higher education.

Recommendation 5

That learning and teaching costings take account of the effects of changes in government revenues on fee-paying students.

Recommendation 6

That the Government undertake a 'clean sheet' estimation of relative costs of delivery in the discipline clusters, to be revised along with triennial reviews of base funding, as recommended by the Bradley Review.

http://www.usyd.edu.au/staff/leadership_strategy/higher_education/submissions.shtml#BFR (last accessed: 30/03/2011).

Trounson, Andrew (2010) 'Fees structure will remain capped' in *The Australian*, 8th December, available at: <http://www.theaustralian.com.au/higher-education/fees-structure-will-remain-capped/story-e6frgcjx-1225967199707> (last accessed: 30/03/2011).

³ Council of Australian Postgraduate Associations (2010) 'Base Public Funding Must Increase', 6th December, available at: <http://www.capa.edu.au/mediarelease/2011/base-public-funding-must-increase> (last accessed: 30/03/2011).

And that any increases to funding from any cluster be fully financed by the Commonwealth Government.

Recommendation 7

That the Government introduce a HELP discounting scheme for graduates who work in areas of need, or experience difficulty meeting repayments such as:

- working in the community sector,
- working in a rural or regional area,
- undertaking volunteer work,
- developing a disability,
- having caring responsibilities.

Recommendation 8

That the Base Funding Review establish an inquiry into postgraduate coursework education in Australia with a view to:

- academic standards;
- demand;
- student support and representative needs;
- internationalisation;
- FEE-HELP;

and a comprehensive revision of funding arrangements, with a view to assessing the benefits and costs of extending Commonwealth funding to postgraduate coursework.

Recommendation 9

That EITHER postgraduate coursework programmes be supported through the CGS and HECS schemes,

OR,

postgraduate student fees be regulated.

Recommendation 10

That all professional-entry degree programmes be fully Government funded regardless of level, and accept no fee-paying places.

Recommendation 11

That assessments of the real costs of learning and teaching also account for unpaid overtime, and aim to eliminate unpaid overtime hours undertaken by staff.

Recommendation 12

That estimations of the cost of learning and teaching in each discipline cluster include provisions to ensure that no unpaid overtime, or casual employment, is required.

Recommendation 13

That base funding support more pathways for Indigenous students to engage in postgraduate study AND increased funding for Indigenous units within HEPs.

Recommendation 14

That the Commonwealth Government establish maximum caps on international student fees set at the unit costs of education delivery, to reduce the dependency on international student

fees by the higher education sector, with a view to abolishing international student fees by 2020.

Recommendation 15

That funding for student support services be included in base funding, including:

- counselling, including culturally-appropriate counselling,
- health services,
- legal services,
- disability support services,
- employment and careers advice, and
- learning support.

Recommendation 16

That funding for student representation, including appropriate training, support, and administration, be included in base funding.

Recommendation 17

That there be infrastructure funding made available for investment in new capital works and upgrades of existing stocks of student amenities and accommodation.

1. Principles for Funding: Free Education for All

This section addresses questions 1.1, 1.2, 1.3, 3.1, 5.1, 5.2 and 5.3 from the Consultation Paper.

SUPRA is in support of free education. That is, SUPRA does not support any fees being levied for higher education, for either domestic or international students. SUPRA supports full government funding for the costs of higher education. SUPRA believes that only full funding of higher education by governments can fully realise all the benefits of higher education for the broadest number and considers the transition to full public funding a fundamental policy goal of any higher education policy.

Recommendation 1

That the Commonwealth Government adopt an overall strategy of transition to full public funding of higher education, and that this strategy be given the highest priority.

SUPRA realises that this is not an outcome which can be achieved overnight. Only careful planning and strategic changes to the higher education system can effect a systemic change of the scale being recommended.

However, while this is the outcome supported by SUPRA, we realise that many of the cost projections, revenue streams, and economic modelling upon which such a transition would be based are not available. SUPRA is not privy to the University of Sydney's University Economic Model (UEM), and unit costs of teaching and learning in discipline-based clusters cannot be determined. As such, SUPRA's recommendations are for a broad progression of strategies which are addressed at the most egregious effects of the current funding model, and which can be either implemented individually or holistically.

The current funding arrangements for higher education create a number of perverse incentives within the system which undermine quality and socially inclusive access to education. Only systemic transformations in funding arrangements, as well as a gross increase in funding, can address these systemic incentives

1.1 Further Principles

In addition to supporting full public funding of higher education, SUPRA has developed principles upon which our response to current funding conditions is based. These principles have been derived from SUPRA's experience with casework and representation of postgraduate students at the University of Sydney. SUPRA's principles in relation to the levying of fees for higher education have been set by the SUPRA Council at its meeting of 13th December, 2010. These are:

1. Access to Higher Education in Australia is an inalienable right.
2. A high level of participation in higher education is of both public and private benefit. Such benefits may include but are not restricted to better health outcomes, higher income levels, higher levels of interpersonal trust and, higher productivity levels across society.

3. Base public funding should at least match private contributions to higher education.
4. Every postgraduate course of study should include some publicly-funded places.
5. Direct fees are not the only cost of higher education incurred by postgraduate students. Private contributions may include but are not restricted to foregone income, personal research expenses, and childcare costs.
6. Graduate debt is a negative consequence of the levying of fees. The social consequences of graduate debt include but are not limited to: graduate professionals being pressured to raise revenue rather than provide socially necessary services, and exacerbated gender inequality. When setting fees, the capacity to pay should be balanced against the societal and individual consequences of carriage of debt after graduation. Debt repayment requirements, through HELP or any other means, ought to be determined on the basis of the social and individual effects of debt repayment.
7. The private cost of postgraduate education should reflect the real cost of course delivery. The higher capacity to earn in some fields should be addressed through a taxation system rather than through higher course fees.
8. Higher Education Providers ought not to charge course fees in order to fund scholarships, equitable entry, special programs, or other measures designed to make higher education accessible to those who have experienced educational disadvantage or low socio-economic status. Course fees are inherently inequitable, and no allocation of fee revenue can outweigh the inherent inequity in making a higher education place available on a for-fee basis.
9. Entry-level professional degrees ought never to be delivered on a for-fee basis. Professional degree programmes are avenues for social mobility for people who have experienced educational disadvantage or low socio-economic status. Delivery of professional degree programmes on a for-fee basis undermines the redistribution of social resources through higher education.
10. SUPRA is opposed to the reclassification of undergraduate degree programmes as postgraduate in order for Higher Education Providers to escape the Federal Government's prohibition on domestic undergraduate full-fee places, and thereby levy course fees.

These principles apply for both domestic and international students.

These principles are based on the principles put forward by the Council of Australian Postgraduate Associations (CAPA) on coursework degrees⁴ and Article 26 of the Universal Declaration of Human Rights⁵, which states:

⁴ Council of Australian Postgraduate Associations (2010) 'Base Public Funding Must Increase', 6th December, available at: <http://www.capa.edu.au/mediarelease/2011/base-public-funding-must-increase> (last accessed: 30/03/2011).

⁵ United Nations (1948) *Universal Declaration of Human Rights*, available at: <http://www.un.org/en/documents/udhr/index.shtml#a26> (last accessed: 30/03/2011).

- (1) Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.
- (2) Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding, tolerance and friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for the maintenance of peace.

SUPRA will address each of these core principles in the substance of our submission.

SUPRA considers public funding of higher education to be intrinsically related to the desirability of broad access of higher education to all levels of society. There are a number of higher education systems around the world which are publicly funded but very limited in their intake of students of lower socio-economic status. This is largely due to inequities in primary and secondary education. Higher education, as a pathway to employment, particularly professional qualification, offers immense opportunities for social mobility. Furthermore, the civic, cultural and personal enrichment opportunities afforded by higher education should be available to all regardless of socio-economic status. SUPRA's recommendations are for a system of higher education which delivers the best outcomes of higher education to the greatest and most diverse number.

1.2 Benefits of Education

Education does not only have private, pecuniary benefits. Nor are the public benefits restricted to quantifiable gains in productivity, aggregate economic growth, health, innovation, and knowledge. As a public good, education also contributes to the social and cultural life of society and enhances democracy. Through the creation and dissemination of knowledge, higher education informs society's decisions about matters of public significance, increases material resources and wellbeing, and enriches cultural expression. As such, **education has intrinsic value**, and governments ought to support education for its fulfilment of goals of broad social and cultural enrichment.

Education is also often pursued for its intrinsic worth, while at the same time creating economic and social benefits. For instance, while Higher Degree by Research (HDR) students often pursue research training for intrinsic reasons⁶, HDR students also produce a substantial proportion of Australian universities' research output⁷. The intrinsic and social

⁶ Dever, Maryanne, et al. (2008) *Gender Differences in Early Post-PhD Employment in Australian Universities: The influence of PhD Experience on Women's Academic Careers*, University of Queensland Social Research Centre, report produced for Universities Australia, August 2008, available at: http://www2.uniaus.edu.au/documents/policies_programs/women/UQSRC-Report-for-Australian-Universities-2009.pdf (last accessed: 01/04/2011), pp. i, 24-25.

⁷ Palmer, Nigel (2010) *Meeting Australia's Research Workforce Needs – Consultation Paper Response*, Council of Australian Postgraduate Associations, available at: <http://www.capa.edu.au/submission/2010/rws> (last accessed: 04/04/2011), p. 47.

benefits of higher education are interconnected in the academic enterprise, and only funding arrangements which allow for both motivations will succeed in supporting an innovative, responsive, and socially inclusive higher education system. Education is not a commodity whose costs of production can be easily measured against returns. The process of education is inherently valuable to human society both domestically and globally.

These factors are recognised in the outline of objects of the *Higher Education Support Act 2003*:

The objects of this Act are:

- (a) to support a higher education system that:
 - (i) is characterised by quality, diversity and equity of access; and
 - (ii) contributes to the development of cultural and intellectual life in Australia; and
 - (iii) is appropriate to meet Australia's social and economic needs for a highly educated and skilled population; and
- (b) to support the distinctive purposes of universities, which are:
 - (i) the education of persons, enabling them to take a leadership role in the intellectual, cultural, economic and social development of their communities; and
 - (ii) the creation and advancement of knowledge; and
 - (iii) the application of knowledge and discoveries to the betterment of communities in Australia and internationally;
recognising that universities are established under laws of the Commonwealth, the States and the Territories that empower them to achieve their objectives as autonomous institutions through governing bodies that are responsible for both the university's overall performance and its ongoing independence; and
- (c) to strengthen Australia's knowledge base, and enhance the contribution of Australia's research capabilities to national economic development, international competitiveness and the attainment of social goals; and
- (d) to support students undertaking higher education.

Furthermore, the OECD supports both a high rate of public investment in higher education, even beyond the point where public and private returns diminish, due to the positive socio-economic equity outcomes this will generate:

Public investments in education, particularly at the tertiary level, are rational even in the face of running a deficit in public finances. Issuing government bonds to finance these investments will yield significant returns and improve public finances in the longer term. Public as well as private returns to tertiary education will eventually drop in countries with high returns as supply meets demand, but from the viewpoint of equity this may be a desirable outcome.⁸

Postgraduate education is becoming increasingly necessary for full participation in society, both in and out of the labour market. Evidence suggests that postgraduate qualifications are increasingly necessary for university graduates to access entry-level and junior positions in professional fields. Furthermore, there is considerable evidence that postgraduate education

⁸ OECD (2010) *Education at a Glance*, Organisation for Economic Co-operation and Development, available at: <http://www.oecd.org/dataoecd/45/39/45926093.pdf> (last accessed: 31/03/2011), p. 145.

will become more economically and socially necessary in the coming decades. An ageing population, demands for productivity increases, and supply-driven changes in higher education delivery have all increased the prevalence and demand for postgraduate education. Broad access to postgraduate education increases the flexibility of the labour market as individuals re-train in new fields, or develop new skills within their field.

SUPRA supports the funding of higher education for its intrinsic value as well as its contribution to aggregate economic and social welfare.

There are forms of education which are provided purely for pecuniary benefit only to those who are already of high socio-economic status. These include certain executive education courses whose demand is generated by students motivated exclusively by career progression incentives. However, these courses are in the minority of higher education programmes offered by HEPs. The vast majority of higher education programmes offer some social benefit, therefore **SUPRA recommends that all programmes include CSPs.**

Recommendation 2

That all award courses offered by HEPs include a number of CSPs.

1.3 Base Funding: Definition

The definition of base funding put forward by the Bradley Review is “all current government grants for teaching and learning”⁹, while the Base Funding Review Background Paper (**Background Paper**) defines base funding as “funding through the CGS and student contribution amounts”¹⁰. The second definition assumes the constancy of the Higher Education Contribution Scheme (**HECS**) model of funding, whereby a proportion of base funding is borne directly by students.

In keeping with Recommendation 1, SUPRA does not favour any funding arrangements in which students pay costs of tuition.

An effectively implemented progressive taxation system such that those who earn higher incomes contribute more to government revenues, ought to be the basis for higher education funding. SUPRA believes that reform of income and capital gains taxes, and the application of a mineral resources tax, will provide adequate public funds to ensure the adequacy of resources for higher education funding.

⁹ Bradley, Denise et al. (2008) *Review of Higher Education: Final Report*, Department of Education, Employment and Workplace Relations (DEEWR), available at: www.deewr.gov.au/he_review_finalreport (last accessed: February 2011), p. 152, footnote 15.

¹⁰ Lomax-Smith, Jane et al. (2010) *The Higher Education Base Funding Review: Background Paper*, DEEWR, available at: www.deewr.gov.au/BaseFundingReview (last accessed: January 2011), p. 16.

Other options include a levy on employers of higher education graduates, such as that suggested by the National Tertiary Education Union (**NTEU**)¹¹, or requiring employers of graduates to contribute towards HELP repayments. Such a scheme would directly target the private beneficiaries of higher education.

The transaction costs incurred in the administration of a secondary system of higher education contribution, in the form of HECS-HELP, is excessive compared to the savings of a single, transparent system of funding. All public contributions to base funding are provided from taxation revenues, to which higher education graduates contribute. As such, a dual system is inefficient and ineffective at capturing the benefits of higher education, especially where it is based on archaic and opaque estimations of discipline-cluster costs.

In keeping with the aforementioned commitment to full public funding of higher education, **SUPRA is of the view that base funding ought to be provided by governments, and that base funding covers both all fixed and variable costs of higher education.**

1.4 Base Public Funding

SUPRA is of the opinion that overall base public funding must increase. Recommendation 26 in the Bradley Review specifically recommends a 10 per cent increase in public spending on higher education. While SUPRA is in support of the comments from the Bradley Review that overall base public funding must increase, we are of the opinion that the figure recommended by the Bradley Review will be insufficient to meet the needs of a changing higher education system.

The Bradley Review recommendation focuses on the Commonwealth Grants Scheme (**CGS**) and the Education Investment Fund (**EIF**) as the principal sources of Government funding for higher education. As SUPRA will demonstrate, and as the Review Panel is considering, these funding streams are insufficient in scope to meet the higher education needs of Australia. As the Background Paper notes:

Base funding has generally been intended to cover all the components of expenditure for learning and teaching activities, including costs such as salary, capital, information and communication technology (ICT) and depreciation costs from within the single line of funding.¹²

Currently, the CGS and EIF do not meet these costs. As of 2009 data, there is a shortfall of approximately \$7.3 billion between Government funding and total operating expenses for HEPs¹³. The EIF and CGS combined for 2009 amounted to just approximately \$5.3 billion.

¹¹ Rea, Jennie and Kniest, Paul (2011) *NTEU Submission: Higher Education Base Funding Review 2011*, National Tertiary Education Industry Union, 31 March, available at: <http://www.nteu.org.au/blog/view/post/postId/11286> (last accessed: 04/04/2011), p. 8.

¹² *Ibid.*, p. 17.

¹³ DEEWR (2010) *Financial Reports of Higher Education Providers*, Commonwealth of Australia, available at: <http://www.deewr.gov.au/HigherEducation/Publications/FinanceReports/Pages/Finance2009.aspx> (last accessed: 01/04/2011).

The gap between GCS and EIF funding and total costs was approximately \$13.4 billion. EIF and CGS are inadequate funding streams for all the operations of HEPs.

Recommendation 3

That Commonwealth Government funds for learning and teaching are increased by at least 20 per cent per annum for the next 4 years.

Current direct Government funding to learning and teaching activities amounts to around \$6.6 billion, when Government payments of HECS-HELP and FEE-HELP are taken into account. Strictly speaking, HECS-HELP and FEE-HELP contributions are student liabilities, not Government contributions. Without any Government HELP contributions included, the Commonwealth Government direct contribution to teaching and learning amounted to just \$4.7 billion (total CGS funding). The dollar amount of CGS funding has only reached the 1996 level of CGS funding in recent years¹⁴, leaving some ten years of expenditure and investment **backlog** remaining to be filled.

As the Background Paper points out, this is far below the OECD average for government expenditure on higher education. Moreover, the private contribution to higher education is well above the OECD average of 0.5 per cent, with Australia's system seeing 0.9 per cent of GDP in private expenditure on higher education. By 2007 figures, Government expenditure on higher education amounted to just 0.7 per cent of GDP and just 3 per cent of total government revenue. However, it is far below the Nordic average of 1.5 per cent of GDP, and still further below the target suggested by Universities Australia its submission to the Bradley Review of overall expenditure on higher education amounting to 2 per cent of GDP by 2015¹⁵. This would mean that expenditure on higher education would have to increase to approximately \$30 billion by 2015, which would be less than 10 per cent of total Commonwealth Government revenues. The Bradley Review notes that such an increase would have to come from Government funding, as private contributions to higher education are already high in Australia. SUPRA recommends, as per Recommendation 1, that the total amount would be funded by the Government.

As the Background Paper notes, the composition of HEP revenues has transformed over the past 10 years such that a greater proportion is provided by international student fees and investment income¹⁶. The effect of changes in these revenue streams on the quality of education and of student experiences has been momentous. In particular, they have resulted in a number of perverse incentives being built into the higher education system such that quality, equity, and strategic development of higher education have been undermined. SUPRA will elaborate on this in further sections.

A 10 per cent increase in all public funding, as per Recommendation 26 of the Bradley Review, will amount to just \$12.6 billion, leaving a remaining shortfall of around \$6.1

¹⁴ DEST (1998) 'Financial Analysis of Universities' Financial Statements', *Higher Education Series*, Report 29, available at: http://www.dest.gov.au/sectors/higher_education/publications_resources/profiles/archives/financial_analysis_universities.htm (last accessed: 02/04/2011) January, p. 4.

¹⁵ Bradley Review, op. cit., p. 153.

¹⁶ Background Paper, op. cit., pp. 24-30.

billion. This difference is likely to increase as operating expenses increase due to the introduction of deregulation of Commonwealth-Supported Places (CSPs) and the subsequent increase in demand. Progressive increases in Government funding, projected to account for increased expenses, ought to be targeted at meeting the full costs of education.

Recommendation 4

That the Australian Government increase funding progressively over the next 5 years to meet the full costs of higher education.

1.5 Costs of Higher Education

Fixed costs include infrastructure and large-scale student administration systems that usually take a great deal of time, effort and resources to produce, upgrade, or replace. Variable costs include staffing in both professional and academic capacities, and materials such as library resources, although many of these costs can also be considered 'fixed' as universities cannot operate beyond a minimum level of staffing and resourcing.

HEPs have largely expanded to the extent that they are facing the limits of their capacity. The strategies that HEPs have used to expand revenues, in the face of declining public funding, have largely also drawn on this capacity, and, as SUPRA will discuss in the following section, are unsustainable. This major constraint upon the expansion of higher education is discussed in the Background Paper to the Review:

Universities are faced with a stepped cost curve which impacts on measures to increase revenue over time. More students can be added for existing fixed costs such as lecture theatres, student facilities and lecturers and the marginal cost of teaching an additional student for an existing course is quite low. However, once capacity constraints are reached – such as the number of students that can fit in one lecture theatre, or the number of students a lecturer can effectively teach – the cost of additional students increases significantly as new lecture theatres need to be built, or staff hired.¹⁷

As per the previous discussion about Government funding sources being inadequate for meeting the costs of higher education provision, HEPs have expanded and 'diversified' their income sources largely from two streams: investment in the private share market, and fee-paying students. We will discuss the effect of private investment revenue in the next section.

The effect of expansion of revenues through increased fee-paying student numbers has simply meant that capacity has been stretched, resulting in the compromise of quality and social inclusion, transforming the composition and structure of higher education overall. While universities have argued that they need to increase student contribution and fee-paying student numbers in order to meet increasing costs¹⁸, this is an ineffective means of increasing revenue.

¹⁷ Ibid., p. 52.

¹⁸ Spence, Michael (2010) Letter to Professor Lomax-Smith re: Higher Education Base Funding Review, 17th November, available at:

The Access Economics *Higher Education: Cost Relativities and Pipeline* background paper argues that “two-part pricing,” such that some students pay full-fees and some students have CSPs, is an efficient funding structure¹⁹. This is merely a rhetorical device that obscures the effect of HEPs financial structure upon quality and social inclusion. **The University of Sydney regularly admits that it is not engaging in “two-part pricing” but is genuinely cross-subsidising from fee-paying sectors of the University to CSP- and CGS-supported sectors of the University.** The University regularly argues for increased fee-paying places in postgraduate coursework programmes in order to fund undergraduate teaching and learning.

In this case, fee-paying postgraduate students are not only contributing to the fixed and marginal costs of postgraduate coursework delivery in their own programmes, but to the costs of course delivery for other programmes and for research²⁰. SUPRA does not have access to disaggregated financial data about these income flows, however we have been given anecdotal evidence from senior officers of the University that undergraduate courses and research activities are being cross-subsidised by fee incomes. Some indicative data about these transfers can be gleaned from the University of Sydney’s financial reports, which show growth in fee incomes at greater rates than grown in Government funding for CSPs, at a greater rate than the growth in numbers of fee-paying students²¹. Fees are increased annually at the University at a rate greater than the Consumer Price Index. In 2011, fees were increased between 7 and 15 per cent across all fee-paying courses, for which SUPRA has received numerous complaints. This is tied to the decrease of University income from share investments discussed in Section 2.1.

This is simply inefficient, inequitable, and unsustainable. Nor is it even a reliable revenue stream. Section 2 will discuss the effects of this strategy on quality and Section 3 will discuss social inclusion.

Due to the aforementioned ‘stepped’ costs of higher education delivery, marginal costs of expansion exceed the marginal revenue gains from increasing fee-paying student numbers. Assuming that HEPs are operating at capacity (there is strong evidence to suggest that HEPs are operating at over capacity, with lecture theatres regularly being over-full, and considerable unpaid labour being undertaken by teaching staff), marginal increases in

http://www.usyd.edu.au/staff/leadership_strategy/higher_education/submissions.shtml#BFR (last accessed: 30/03/2011).

Trounson, Andrew (2010) ‘Fees structure will remain capped’ in *The Australian*, 8th December, available at: <http://www.theaustralian.com.au/higher-education/fees-structure-will-remain-capped/story-e6frgcjx-1225967199707> (last accessed: 30/03/2011).

¹⁹ Access Economics (2007) *Higher Education: Cost Relativities and Pipeline*, Report for the Department of Education, Science and Training, 6 March, available at: <http://www.accesseconomics.com.au/publicationsreports/showreport.php?id=126&searchfor=2007&searchby=year> (last accessed 31/03/2011), p. 7.

²⁰ See also Cram, Lawrence (2009) ‘How universities fund the student experience’ in Wozniak, H. & Bartoluzzi, S. (eds.) *Proceedings of the 32nd HERDS Annual Conference: The Student Experience*, Darwin, 6-9 July, pp. 90-99.

²¹ University of Sydney (2010) *Annual Report 2009*, University of Sydney, available at: http://sydney.edu.au/about/publications/annual_report/index.shtml (last accessed: 05/04/2011), pp. 162-164.

revenue will also require increases in fixed costs. Moreover, increases in output (i.e. increased student numbers) actually also increase marginal costs (primarily staff costs).

Where revenue increases (numbers of fee-paying students) are not commensurate with both increased marginal costs and an expansion of capacity, a decline in quality can be the only result, and is what has actually occurred. Higher education may be the type of public good for which returns diminish as scale increases.

The University of Sydney is experiencing these capacity restraints. As the University demonstrated over 2009, the majority of funds for its capital works came from returns to private share market investment, which fell over the course of 2009 due to the Global Financial Crisis. The majority of student fee revenues, however, are used for learning, teaching and research activities. While SUPRA does not have access to the University's Economic Model, as this is a confidential document, explanations of these cost structures from the University's senior officers have informed SUPRA's understanding of the dependency of the University on fee revenues, and why this dependency does not address the main expenditure needs of the University.

It is therefore imperative that the costing being undertaken to determine the true costs of learning and teaching include an assessment of how changes in Government funding affect other categories of funding for publicly-funded HEPs in both financial and actual terms. Changes in Government funding not only affects financial flows for postgraduate and international education, but also the real experiences of students.

Recommendation 5

That learning and teaching costings take account of the effects of changes in government revenues on fee-paying students.

As the NTEU points out, Universities have not only experienced these constraints on capacity recently. There is a backlog of investment in infrastructure and human capital arising from past funding constraints²². A more responsive system of infrastructure funding needs to be implemented to enable increases in capacity in response to increases in demand, a task for which the EIF is unsuitable.

This decline is precisely the outcome for postgraduate coursework students. Students regularly report classes too large for teaching staff to give students adequate feedback, creating extra costs in the form of appeals processes. Seminar sizes have increased and course delivery modes have changed as a result, increasing students' dissatisfaction, an outcome clear in both experience and evidence from the Course Experience Questionnaire (CEQ). These issues will be discussed further in the Section 2 of this submission.

1.5.1 Funding per student

Both the Bradley Review²³ and Access Economics²⁴ have admitted that calculations of funding per student place cannot be determined, and Access Economics has recommended that a

²² NTEU (2011) *Submission to the Higher Education Base Funding Review*, op. cit., p. 5.

²³ Op. cit., p. 203.

clean sheet estimate of the costs of teaching in the various discipline clusters would be the most effective method of determining costs of teaching and learning²⁵.

Universities agree that the Relative Funding Model is outdated and opaque²⁶. For public funding to be accountable to Australian taxpayers, students, and stakeholders in higher education, a transparent, clear and simple funding model needs to be developed from 'clean sheet' costings of higher education delivery. Regardless of the principles undergirding a funding model, an effective funding structure relies on a transparent determination of the unit costs of service delivery in education.

A new assessment of the unit costs of higher education, apart from this Review, is required to establish base line costs. DEEWR already has access to data to establish operating costs of HEPs, to inform such an assessment. Further reviews of the costs of higher education can be determined by the implementation of recommendation 28 of the Bradley Review, that the Australian Government commission an independent triennial review of base funding levels. Only periodic revision can maintain accuracy in the determination of costs of higher education – indexation of funding formulae have already proven to be ineffective and opaque measures of true costs of higher education.

SUPRA is opposed to any increase in student HECS contributions, and recommends that the Government meet any funding shortfalls evinced by a review of the unit costs of learning and teaching in each discipline cluster.

Recommendation 6

That the Government undertake a 'clean sheet' estimation of relative costs of delivery in the discipline clusters, to be revised along with triennial reviews of base funding, as recommended by the Bradley Review.

And that any increases to funding from any cluster be fully financed by the Commonwealth Government.

1.5.1.1 Relative costs of postgraduate and undergraduate course delivery

While SUPRA is supremely conscious of the perverse incentives resulting from differential rates of Government funding for undergraduate and postgraduate coursework, SUPRA nevertheless has ample evidence for the higher cost of postgraduate coursework as compared to undergraduate coursework.

The Background Paper identifies that the cost of postgraduate coursework may vary from undergraduate coursework as a result of smaller class sizes and relatively more senior academic staff involved in teaching²⁷.

²⁴ *Higher Education: Cost Relativities and Pipeline* (2007) op. cit., p. 5.

²⁵ *Ibid.*, p. 5.

²⁶ University of Sydney (2011) *Submission to the Higher Education Base Funding Review*, yet to be published, pp. 6-7.

²⁷ Background Paper, op. cit., p 55.

SUPRA would also bring the Review Panel's attention to the frequency of postgraduate coursework programmes involving acceleration as compared with undergraduate programs in similar disciplines. This is frequently true of professionally accredited programmes which postgraduate students undertake in order to re-train in a new professional field. These programmes, which include disciplines such as Pharmacy, Engineering, Social Work, Education, and Nursing, offer accelerated completion due to the existing advanced academic backgrounds of the students enrolled, and the preference of students to complete their courses in a shorter length of time.

Acceleration of courses requires greater intensity of teaching, infrastructure usage, and work-integrated learning, sometimes out of semester. For instance, the two-year Master of Nursing programme at the University of Sydney has a yearly schedule which includes clinical components outside of semester dates and during semester breaks, as compared with three-year programmes offered by other HEPs. Accelerated postgraduate programmes often also involve more advanced teaching of core material as compared with undergraduate programmes.

The resource intensity and teaching level varies by discipline and by programme. SUPRA refers once again to Recommendation 6, to undertake 'clean sheet' costings based on discipline.

Postgraduate coursework often also involves research. A number of Masters by coursework programmes, including Advanced Learning courses in Medicine, Arts and Social Sciences, Nursing, Engineering, Law and Science involve undertaking research projects. Furthermore, the University has recently amended its Coursework Rule to include a compulsory 'Capstone experience', involving work-integrated learning, research, or another form of advanced learning, in all Masters programmes by 2013.

These activities are poorly understood and poorly resourced. Students enrolled in these courses are classified as coursework regardless of the nature of their study, and frequently lack access to basic resources such as desk space, computers, equipment, and library resources despite contributing to the University's research outputs²⁸. SUPRA recommends that these hidden costs of postgraduate coursework are accounted for in an assessment of the unit costs of postgraduate coursework.

1.5.1.2 Student contributions

In discussing appropriate student contribution amounts, it is important to consider the public benefits of graduates from the same discipline cluster may be different depending on a graduate's career destination. Currently the NSW State Government offers a HECS reimbursement scheme for graduates of Medicine who choose to practice medicine in rural or regional NSW. The Commonwealth Government offers a HELP benefit to teachers who work in areas of high need and socio-economic disadvantage, including Indigenous communities. This graduate-focused funding attempts to capture more of the public benefits of higher education, however it does not address direct learning and teaching costs. SUPRA would recommend that HELP discounts (for both HECS-HELP and FEE-HELP debts) apply to

²⁸ See also SUPRA's submission on Minimum Resources at the University of Sydney, available at: <http://www.supra.usyd.edu.au/assets/file/Submissions/MinimumResources2011.pdf> (last accessed: 07/03/2011).

graduates on a more comprehensive basis, such as working in the community sector, undertaking volunteer work, or if they undergo a life event that limits their ability to repay their HELP liability, such as developing a disability, or undertaking caring responsibilities for others. A weighting for various factors that is clearly publicised would assist applicants for higher education degrees to make decisions regarding their course of study and their career plans. Furthermore, with the advent of 'demand-driven' funding, it would give the Government some leverage to set national skill priorities, and increase employment in areas of critical shortage such as medicine, nursing, and teaching.

Recommendation 7

That the Government introduce a HELP discounting scheme for graduates who work in areas of need, or experience difficulty meeting repayments such as:

- working in the community sector,
- working in a rural or regional area,
- undertaking volunteer work,
- developing a disability,
- having caring responsibilities.

2. Funding Arrangements and Declines in Quality

This section addresses questions 2.1, 2.2, 2.3, 2.4, 3.2, 3.4, 3.5, 3.6, 3.7, 3.8, 4.1, and 4.2 from the Consultation Paper.

While there is very little empirical research that relates funding arrangements and formulae to quality outcomes in higher education, the nature of funding arrangements have an enormous effect on the nature and composition of higher education. In the absence of such research SUPRA's conclusions are informed by our experience with casework and student representation. This section is informed by the first-hand experience of postgraduate students at the University of Sydney who experience the effects of funding arrangements daily in their experiences of learning and teaching and student life.

Since the mid-1990s there have been a number of changes to the way higher education funding is provided, resulting in an overall shortfall in Government funding. These changes have affected the composition and nature of higher education, as well as its overall availability. These changes are systemic, and reproduced consistently across the University of Sydney. They have had particular effects on postgraduate education, such that there has been a rapid expansion of postgraduate coursework student numbers.

The primary strategies used by HEPs in response to the contraction of real Government funding has been to solicit greater numbers of fee-paying students, chiefly international students, but also postgraduate coursework students, and increase the number of fee-paying degree programmes offered. At times this has come at the expense of access to education – as with the increased numbers of professional qualifications offered at postgraduate level.

HEPs have also increased the proportion of their operating revenues derived from investment in the private share market. As SUPRA will demonstrate, this has had an overall negative effect on quality and access to higher education.

The establishment of a 'demand-driven' higher education system for undergraduate education are only likely to exacerbate these changes, and intensify the pressures on quality and standards in postgraduate education. As noted above, fee-paying postgraduate coursework and international students already cross-subsidise undergraduate education at the University of Sydney. Comments from other members of CAPA suggest that this is a widespread practice across the higher education sector. While this is not an explicit concern of the Base Funding Review, overall quality and social inclusion should not be adversely affected in any sector of the higher education system as a result of changes made in CGS and CSP funding arrangements. Furthermore, SUPRA will argue that focus on these sectors of the higher education system is insufficient for meeting the economic or social needs of Australian society from higher education. Only a consideration of postgraduate education, particularly postgraduate coursework, can encompass the higher education needs of Australian society.

Recommendation 8

That the Base Funding Review establish an inquiry into postgraduate coursework education in Australia with a view to:

- academic standards;

- demand;
- student support and representative needs;
- internationalisation;
- FEE-HELP;

and a comprehensive revision of funding arrangements, with a view to assessing the benefits and costs of extending Commonwealth funding to postgraduate coursework.

2.1 Volatility and Private Investment Revenues

The Background Paper notes that HEPs have increasingly depended on returns to investment to meet general operating costs²⁹. While this strategy cushioned the University of Sydney's teaching, research and infrastructure expenditure commitments during periods of high economic growth in the middle 2000s, the later 2000s saw the slowing of economic growth and resulting reductions in investment income. Between 2007 and 2008 investment income for the University of Sydney fell by \$119.7 million, or 40.6 per cent from the previous year.³⁰

This has had a deeply adverse effect on students and staff at the University. The contraction of University revenue led to funding reductions across all aspects of the University of between 7 and 9 per cent for 2010. With student numbers increasing at the same time as this contraction of funding, class sizes have increased, academic workloads have become more burdensome, and significant student supports have been reduced or are threatened with outright termination. For instance, the Learning Centre, which provides academic writing and study support to students across the University, has had continual funding reductions despite annual increases in student demand³¹.

Due to the Government policy of compulsory non-membership of student organisations (popularly known as "voluntary student unionism"), student organisations are dependent on funding from universities' general operating budgets. Student organisation budgets at the University of Sydney were also reduced by 7 per cent in 2010. This is despite cumulative annual increases in demand of greater than 20 per cent for the services provided by SUPRA³².

The reduction of HEP funding in times of slowing economic growth is highly problematic for the purposes of assuring a high quality, responsive higher education system which meets the needs of Australian society and the economy. Enrolments in higher education typically increase during periods of economic contraction and slow growth, as people seek to upgrade their skills to better their chances of employment, or to fulfil personal ambitions in periods when their economic prospects are not strong. Furthermore, the need for student support in

²⁹ Background Paper, op. cit., p. 37, 40.

³⁰ University of Sydney (2009) *Annual Report 2008*, University of Sydney, available at: http://sydney.edu.au/about/publications/annual_report/index.shtml (last accessed: 04/04/2011), p. 167.

University of Sydney (2009) Report of the Vice-Chancellor and Principal in Minutes of the meeting of the Academic Board held at 2 pm on Wednesday 7 October, Appendix A, p. A3, item 7.2.

³¹ University of Sydney Learning Centre (2010) *Annual Report 2009*, available at: http://sydney.edu.au/stuserv/documents/learning_centre/A_Report2009.pdf (last accessed: 02/04/2011).

³² SUPRA (2010) *Annual Report 2009-10*, available at: <http://www.supra.usyd.edu.au/article.php?id=41> (last accessed: 04/04/2011) pp. 18-25.

such times is usually greater, as students face financial hardship. The Financial Assistance Office reported in 2010 that there had been an increase in students applying for short-term financial assistance, and SUPRA also saw an increase in students suffering financial hardship, including international students, as a result of the Global Financial Crisis.

Revenue changes that are pro-cyclical undermine the need to maintain high quality and standards, and to support Australia's economy and society. Far from providing greater assurance against risk, the increased dependency of HEPs on private investment income has exposed them, and the reputation of the Australian higher education system, to greater risk.

2.2 Student Fees

HEPs' total income from fees and charges in 2009 was almost \$4.7 billion, nearly equivalent to CGS funding, which increased from \$1 billion (not adjusted) in 1996³³. In 1995, fees and charges made up 11.7 per cent of all HEP revenues³⁴, and by 2009 this proportion had almost doubled to 22.8 per cent of all HEP revenues³⁵. In 1996, a little more than half of all fee revenues were from international students. In 2009, approximately \$3.4 billion of all fee revenues were from international student fees. The second-largest source of fees was domestic postgraduate student fees, at \$217 million. Fees represent 23 per cent of HEP operating revenues, and 25 per cent of operating costs.³⁶

For the University of Sydney, fee incomes for 2009 were \$308.2 million, an increase in \$31 million from the previous year. Between 2000 and 2009, student fee incomes increased both absolutely and as a relative share of the University's revenues, almost doubling from 12.8 to 24.5 per cent. The majority of the University's student fee income is from fee-paying international students. Notably, these revenues exceed CGS funding provided to the University for 2009 (\$240.3 million).³⁷

The University increases its fees by greater than the 6.5 per cent per annum recommended by DEEWR. The principles the University sets for fee-setting clearly outline the role of fees in cross-subsidising other activities³⁸:

1. Objective

³³ DEST, 'Financial Analysis of Universities' Financial Statements 1993-1996', op. cit., p. 5.

³⁴ DETYA (1996) *Selected Higher Education Finance Statistics, 1995*, Canberra, Australian Government Publishing Service, available at: http://www.dest.gov.au/sectors/higher_education/publications_resources/profiles/archives/selected_higher_education_finance_statistics_1995.htm (last accessed: 03/04/2011), p. 3, Table 1.

³⁵ DEEWR (2010) *Financial Reports of Higher Education Providers*, op. cit., Table 1.

³⁶ Ibid.

³⁷ University of Sydney (2010) 'Financial Review of 2009' in *Annual Report 2009*, University of Sydney, available at: http://sydney.edu.au/about/publications/annual_report/2009/financial_review_annual_report_2009.pdf (last accessed: 04/04/2011), pp. 161-164.

³⁸ University of Sydney (2011) *Objective and Principles for Setting 2011 Fees (and onwards)*, Strategic Planning Office, University of Sydney, available at: http://sydney.edu.au/strategic_planning/courses_fees/pdf/objprin_2011_final.pdf (last accessed: 05/04/2011).

The Course Profile Steering Committee's objective is to set course fees that will support the University's ability to meet its strategic goals in the context of high quality research and learning. **This includes optimising revenue opportunities**, recognising demand and competition, retaining consistency with our commitment to equity and social inclusion, and positioning our degree programs in the pricing signals we send to the market.

2. Principles

2.1 In making fee - setting decisions, we will determine fees for each degree based on:

- the competitive position of the degree in its relevant catchment area
- **the signal the fee gives to the domestic and international market in terms of course quality**
- program demand and market share
- **maximising revenue for the University**
- recovering, unless strategically justified, the full costs of delivery for the degree including all overhead costs
- alignment with the University's social inclusion strategy, noting the potential need for a concomitant student assistance and scholarship framework

2.2 Domestic Fees

Postgraduate Fees. **In the past fees increases were established relative to a basic course cost component. This methodology, however, no longer reflects the intended strategic positioning of the University. Based on the principles outlined in 2.1 above, faculties should review our positioning versus leading domestic and international providers of top quality courses, consider an increase for 2011 of at least 10% over 2010 fees, and provide justification for any increase less than this rate.**

Undergraduate Fees. From 2009, under revised legislation no commencing undergraduate fee paying places may be offered. However, fees still need to be set for: i) continuing domestic fee students, ii) commencing and continuing international students who change status to domestic students following Permanent Residency, iii) students who have exhausted their Student Learning Entitlement, and iv) students enrolled in Summer/Winter school. To streamline the process for this small number of students, fees for 2011 should be set at a standard increase above 2010 fees by the budgeted rate of 7.5%. This increase is based on election to reference DEEWR's Higher Education Cost Adjustment Factor¹.

2.3 International Fees

Postgraduate Fees. The purpose of an international fee premium over the domestic fee is to assist in positioning the University as a quality provider within the sector as well as to cover the additional costs associated with the recruitment, agent fees, administration and support services as well as capital contribution required for international students.

The international premium target of 25% above domestic fees initially set in 2006 has now been met in approximately 94% of

postgraduate degrees, with nearly 40% of degrees already having a premium of over 50%. For 2011, our target increase for those degrees currently below a 50% premium is to achieve a new premium rate 50% above the domestic fees. If the existing gap is considered too great to close in one year, or would make the degree uncompetitive versus international benchmarks, strategies should be established to introduce incremental increases to achieve the new premium over several years. For degrees already above 50% premium, strategies should be put in place to move towards a higher premium within the relevant market context.

Undergraduate Fees. Following the 2009 changes to legislation there is no strong cohort of undergraduate domestic fee paying students on which to establish a premium for international fees. Undergraduate international fees should be optimised and set on the basis of the principles outlined in 2.1 above, and at least maintaining the existing 25% target premium.

2.7 During discussion of all 2011 fee structures above, fee strategies should also be established for 2012 and 2013 so that planned fee increases can be aligned to faculty strategic plans and to the central load and budget forecasting cycles. Fees for out - years will be reviewed annually as part of the planning cycle.

[emphasis added]

The University admits that the majority of international student fees are set well above the target of 1.25 ratio. Despite the stated commitment to equity and social inclusion through the provision of scholarships, very few scholarships are available to postgraduate international and coursework students, and there are questions about the sustainability of scholarship funding at the University.

These supply-side imperatives have also created demand-side effects, which have transformed the composition of higher education overall.

Reliance on student fees distorts the provision of high quality education in Australia. Where universities are reliant on fee revenues to contribute to base funding, incentives for internationalisation of education are distorted by commercial imperatives which are often diametrically opposed to quality imperatives. Commercial imperatives in higher education favour quantity over quality. Competition between higher education providers for fee-paying students curbs these perverse incentives, however in reality there has been little competition over international student markets, as all universities have shared in a common fate of under-resourcing and highly elastic demand. Such conditions have simply increased prices without commensurate increases in quality or productivity. Indeed, quality has been sacrificed for productivity gains.

Demand for education is likely to remain inelastic, although less so than in previous years, and pricing will continue to be set through these monopolistic measures rather than reflecting costs. However, the goals of ensuring excellence in higher education would be undermined were price incentives to be the only incentives for innovation. To curb the distortionary effects of perverse incentivisation, SUPRA recommends the Commonwealth Government regulate fees for postgraduate coursework and international students.

2.4 Postgraduate Coursework

Total HEP revenues from domestic postgraduate fee-paying students in 2009 were \$217.3 million³⁹. In 2009, the total number of postgraduate coursework students at HEPs in Australia was 254,873⁴⁰, which is more than double the number of postgraduate coursework students in 1999⁴¹.

In EFTSL terms, the total postgraduate coursework EFTSL for the University of Sydney in 2010 was 6283, 901 of which were in CSPs and the remaining were fee-paying. This is attributable to the high numbers of postgraduate students who study part-time at the University (7,570).⁴²

A number of factors have tended to increase the demand for postgraduate coursework degrees over the past several years⁴³, including:

- a greater trend towards life-long learning in the Australian community;
- greater workforce mobility, as graduates seek to re-train or gain advanced skills in their field;
- the tendency for undergraduate qualifications to be insufficient for career progression;
- postgraduate-level qualifications becoming the more widespread requirement for professional accreditation;
- counter-cyclical expansion of higher education as the economy contracts;
- the availability of FEE-HELP allowing domestic postgraduate students to defer payment of fees.

Furthermore, as the Australian workforce ages, it is likely that more mature-age students will return to study for these purposes.

Despite these trends, there is considerable evidence that postgraduate education is less socially inclusive and accessible to people of lower socio-economic status than undergraduate

³⁹ DEEWR (2010) *Financial Reports of Higher Education Providers*, op. cit., Table 1, p. 16.

⁴⁰ DEEWR (2010) 'Student 2009 Full Year Summary tables', available at: <http://www.deewr.gov.au/HigherEducation/Publications/HEStatistics/Publications/Pages/2009Fullyear.aspx> (last accessed: 03/04/2011), Table (i). Calculations of postgraduate coursework student numbers include the categories 'Doctorate by Coursework', 'Masters by Coursework', 'Grad.(Post) Dip. – new area', 'Grad.(Post) Dip. – ext area', and 'Graduate Certificate'.

⁴¹ DETYA (2000) *Students 1999*, Department of Education, Training and Youth Affairs, available at: http://www.dest.gov.au/sectors/higher_education/publications_resources/profiles/archives/students_1999_selected_higher_education_statistics.htm (last accessed 03/04/2011) p. 50, Table 20.

Calculations of postgraduate coursework students include the categories 'Doctorate by Coursework', 'Masters by Coursework', and 'Other Postgraduate'. Note the difference between data collection between 1999 and 2009 categories.

⁴² University of Sydney (2011) Statistics reports, Comparative load report, restricted access, available at: http://sydney.edu.au/strategic_planning/information/load_index.php (last accessed: 03/04/2011).

⁴³ Gallagher, Michael (2001) 'Lifelong Learning: Demand and supply issues – some questions for research', paper presented at the Business/Higher Education Roundtable Conference on *The Critical Importance of Lifelong Learning*, Sydney, 24 July, available at: http://www.voced.edu.au/docs/dest/TD_TNC_68_472.pdf (last accessed: 07/03/2011).

education. Section 3 will discuss these issues further. This section will focus on the quality assurance issues raised by the aforementioned trends.

As the Background Paper to the Review notes, while postgraduate coursework has increasingly become a norm as a pathway to professional accreditation, the private and public benefits of postgraduate coursework education are little understood:

Unfortunately, most discussions of social benefits from higher education either focus on the benefits of Bachelors degrees specifically or the general benefits of a highly educated population. Where the benefits of postgraduate qualifications are identified, such as labour force participation or employment rates, it is difficult to then distinguish between postgraduate research or coursework degrees. The social benefits of research degrees, such as increased productivity through better technology, are well researched, but these findings do not necessarily apply to coursework degrees. There does not appear to be any available research examining the differential returns between postgraduate coursework and other types of higher education, either at the private or public level.⁴⁴

In the absence of such data it is unreasonable to preclude postgraduate coursework education from the support given to undergraduate education. There are a number of compelling reasons why postgraduate coursework education deserves public support in the form of Government financing. Some of these reasons have been accepted by the Government in their acceptance of the part of Recommendation 5 of the Bradley Review relating to extending eligibility for Youth Allowance and Austudy to Masters by Coursework students⁴⁵. SUPRA commends the Government for extension of eligibility for student income support to Masters by Coursework students, and recommends further Government support for postgraduate learning and teaching through the CGS and HECS schemes.

Recommendation 9

That EITHER postgraduate coursework programmes be supported through the CGS and HECS schemes,
OR,
postgraduate student fees be regulated.

2.4.1 Quality and standards in postgraduate coursework

Despite the high proportion of postgraduate students who contribute to the fee-paying student load of the University, SUPRA has seen considerable evidence, borne out by Student Course Experience Questionnaire (SCEQ) results, that quality and academic standards in postgraduate coursework are declining.

⁴⁴ Background Paper, op. cit., p. 61.

⁴⁵ Bradley Review, op. cit., p. 58, 61, 66.

The overall student-staff ratios (**SSR**) at the University have remained at between 16:1 and 17:1 since 2006⁴⁶. For universities overall, student-staff ratios have climbed to over 20:1, and have been steadily trending upwards over the past fifteen years⁴⁷. The University of Sydney's SSR is well over 20:1 in many of its larger faculties, particularly those receiving relatively less Government funding from RFM clusters.

While SSR is not, strictly speaking, a measure of quality, SSR measures a HEP's capacity to deliver quality. It is academic and professional staff who deliver quality education, and there is a direct relationship between quality in student experiences and the amount of staff time available for contact with students. SSR measures the level of inputs per unit of output (students) in higher education, and remains the key indicator of capacity in higher education. This is addressed by the comments of Professor Bradley:

student-staff ratios in Australian universities have reached a point where the student experience is being threatened. This situation cannot continue without jeopardising the quality of the teaching, and the programs and learning support provided to students. Student-to-staff ratios will therefore need to be reduced as a matter of priority.⁴⁸

The NTEU has demonstrated the inverse relationship between SSR and funding. Declines in funding per student have corresponded with increases in SSR over the past 20 years, demonstrated in Figure 1 below:

Figure 1⁴⁹

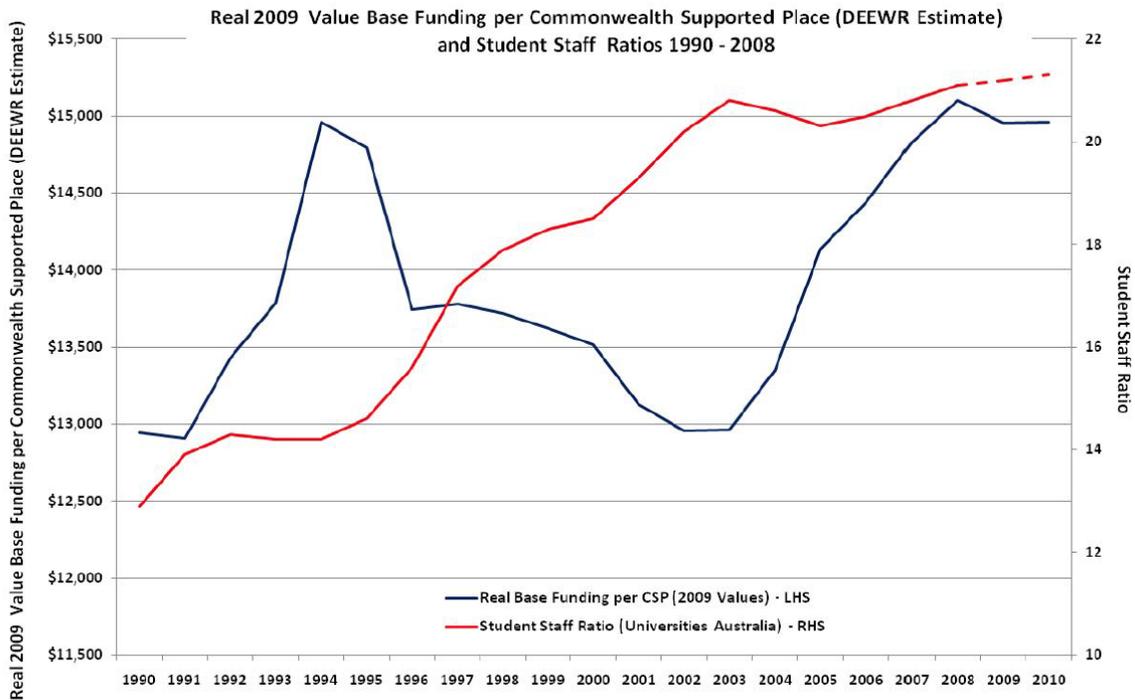
⁴⁶ University of Sydney (2011) 'Student Staff Ratio (SSR) 2006-2010' in *The University of Sydney – Key Statistics*, University of Sydney, available at:

http://sydney.edu.au/strategic_planning/statistics/snapshot/ssr.php (last accessed: 04/04/2011).

⁴⁷ Universities Australia (2010) 'Student-staff ratios', in *Key facts & data*, Universities Australia, available at: <http://www.universitiesaustralia.edu.au/page/404/australia-s-universities/key-facts---data/graduates---staffing/> (last accessed 04/04/2011).

⁴⁸ Bradley Review, op. cit., p. 71.

⁴⁹ Source: NTEU (2011) *NTEU Submission: Higher Education Base Funding Review*, op. cit., p. 10.



Source: DEEWR (2011) Base Funding Review Background Paper and Universities Australia Student Staff Ratios

2009 SREQ results for the University of Sydney⁵⁰ in the Good Teaching Scale (GTS) show the relationship between staff and student learning outcomes. Overall results for postgraduate coursework at the University in the GTS showed 83 per cent broad agreement, and 52 per cent agreement with GTS questions. Questions specifically relating to feedback, however, show lower levels of agreement, with only 28 per cent of respondents agreeing that “staff put a lot of time into commenting on my work” and only 56 per cent of respondents agreeing that “staff normally give me helpful feedback on how I am doing”.

This is despite high rates of agreement with other questions relating to teaching quality, indicating that, while academic staff may strongly motivate students, provide engaging and clear explanations, and be well-regarded in their fields, they are not providing students with quality educational experiences all of the time. As the discussion of staff workloads below suggests, this is largely due to increased workloads rather than a decline in the quality of academic staff.

SUPRA’s experience of case work strongly indicates that this is true, particularly in faculties with high enrolments of international students. International students, particularly those who have not come from Anglo-American academic environments, we have found, need particular attention in acculturating to Australian academic practices. Feedback received, particularly in faculties with high student-staff ratios, is usually cursory and not useful for students to gain an understanding of areas where their work needs improvement. Often, this results in further costs to the University in academic appeals proceedings.

⁵⁰ Available via the University of Sydney’s Institute for Teaching and Learning, available at: <http://www.itl.usyd.edu.au/sceq/> (last accessed: 04/04/2011).

Current SSRs, as they are calculated using EFTSL rather than student numbers, are likely artificially depressed by the high number of domestic postgraduate students undertaking part-time study. In January 2012 the majority of domestic postgraduate coursework students will have access to student income support in the form of Youth Allowance and Austudy. This is likely to increase the numbers of domestic postgraduate students who transition to full-time study, and thereby increase EFTSL dramatically. This will very likely translate into greater staff workloads, burdens on infrastructure, and class sizes. The Government will have to account for this structural increase in SSR in its calculation of appropriate base funding.

Other qualitative issues which SUPRA has experience with, that arise directly from high SSR and lack of funding, include parallel teaching and reduced contact hours.

2.4.1.1 Parallel teaching

Parallel teaching is the teaching of postgraduate and undergraduate students in the same classes, using identical material and assessments. This is prohibited at the University of Sydney by the University's *Parallel teaching of postgraduate and undergraduate students* policy, except in cases where it can be demonstrated that parallel teaching will benefit all students in the unit of study.

SUPRA has seen a greater number of postgraduate coursework programmes, particularly those which involve professional accreditation, include parallel teaching. Although the Academic Board has approved some parallel teaching for some programmes, the student experience of these courses has been adversely affected. Postgraduate students who undertake classes with undergraduate students in Nursing, Engineering, and Law have all expressed their dissatisfaction with the level of teaching in their courses.

Parallel teaching is a cause for concern because it undermines the status of postgraduate coursework. Furthermore, in professional degree programmes, which are frequently accelerated at the postgraduate level, the social effects of parallel teaching may result in reduced quality of service provision, and potentially undermined public health and safety.

Parallel teaching is a direct result of under-staffing. The extent of parallel teaching is difficult to measure, as the University has made conflicting determinations about what is considered parallel teaching and what is considered postgraduate-level teaching, for example.

2.4.1.2 Reduced contact hours

Reduced contact hours for postgraduate students frequently means larger seminars and inappropriate modes of teaching delivery. In the Faculty of Arts and Social Sciences, contact hours for postgraduate students are typically lower than for undergraduate students, despite the advanced level of teaching and learning.

Furthermore, under-staffing has led to changes in the modes of delivery of postgraduate units of study, including more intensive-mode delivery, and a shift to lecture-style classes. In some faculties, the majority of units are delivered in intensive mode.

These changes are problematic for postgraduate level education, as the advanced nature of material, the diverse knowledge and experience brought by postgraduate students to material, and the number of accelerated programmes (which are delivered over a smaller period of time

at postgraduate than undergraduate level), necessitate smaller class sizes and more time needed to explore course material. Students are not being given the opportunities to fully develop their skills and knowledge, nor to contribute their knowledge and skills to the University.

Moreover, a reduction in postgraduate coursework quality discourages students from pursuing research training, as they lack opportunities to develop collegial relationships with other students and with academic staff.

2.4.2 Re-badging of undergraduate degrees

One of the fundamental principles of the higher education system in Australia since the Dawkins reforms has been the commensurability of undergraduate degrees with one another, and postgraduate degrees with one another, according to a certain set of academic standards. Another fundamental principle is the recognition of undergraduate education as “the basic higher education qualification providing entry to high-skilled employment”⁵¹.

Traditionally, the Masters degree was for advanced study by graduates in the relevant disciplinary field, while graduate certificates and diplomas allowed graduates to obtain some knowledge, skills and a qualification in a discipline different from that of their undergraduate study.⁵²

These principles are being violated and transformed through a number of processes directly resulting from the under-funding of higher education.

While the Bologna process is one of the influencing factors, there is ample evidence, acknowledged by the Government⁵³, that universities have been manoeuvring around the prohibition of Domestic Undergraduate Full-Fee (**DUFF**) places by terminating certain lucrative undergraduate degree programmes, and offering the same degree programme at postgraduate level. As SUPRA has argued in the past⁵⁴, this inflation of degree level has only served to undermine quality and academic standards. At the same time, universities have only followed this route because of chronic under-funding in the discipline-level cost relativities in the Commonwealth Grants Scheme (**CGS**) funding formulae.

SUPRA has had extensive experience with this issue at the University of Sydney. The deletion of the graduate-entry Law programme at the University’s Law School and the introduction of the Juris Doctor (**JD**) in its place was marked by such a logic.

⁵¹ Bradley, Denise et al. (2008) *Review of Higher Education: Final Report*, Department of Education, Employment and Workplace Relations (DEEWR), available at: www.deewr.gov.au/he_review_finalreport (last accessed: February 2011), p. 20.

⁵² Background Paper, op. cit., p. 11.

⁵³ Lane, Bernard (2008) ‘New juris doctor to dodge domestic full-fee ban’ in *The Australian*, 12 November 2008, available at: <http://www.theaustralian.com.au/higher-education/new-juris-doctor-to-dodge-fee-ban/story-e6frcqcx-1111118007310> (last accessed: 18/02/2010).

⁵⁴ Kumar, Rashmi (2010) *SUPRA-SRC Position Paper: Juris Doctor at the University of Sydney*, 23rd February, Sydney University Postgraduate Representative Association, available at: http://www.supra.usyd.edu.au/assets/file/Submissions/SUPRA_SRC_Positionpaper_JD.pdf (last accessed: 02/04/2011).

During December 2009-March 2010, the Law School initiated a process to introduce the JD as a new degree programme within the University. The Dean of the Law School, Professor Gillian Triggs commented in *The Australian* in December 2008 that

What one could do is to take our graduate LLB and rebadge it as a JD, and bingo you've got a capacity to charge fees.⁵⁵

Furthermore, the original course proposal stated:

[T]he JD provides a financial replacement for the loss of income from the LLB following the change in government higher education policy. The Faculty is facing the challenge of resourcing its large Graduate LLB program based entirely on Commonwealth-supported places (CSP). These places bring an income to the Faculty that is far below the real costs of providing the LLB degree and which is not sustainable. Current resources, including teaching staff, are stretched thinly with the large enrolments in this program. Sessional teachers have been used in 2009 to cope with the increased teaching load, with a potential negative impact on the quality of the learning experience for both Graduate LLB and Combined LLB students.⁵⁶

While SUPRA has sympathy with the consequences of under-funding of HEPs as a result of funding reductions during the Howard LNP Coalition Government's term of office, SUPRA opposes unconditionally the levying of fees, and the re-badging of undergraduate degrees as postgraduate in order to charge fees, to students as a means of remedying this situation. SUPRA has found that this response has led to the degradation of academic standards, and undermined socially inclusive access to higher education.

With respect to academic standards, these programmes frequently involve **parallel teaching**. That is, teaching of undergraduate and postgraduate students in the same classes, with very few distinctive assessment or teaching practices. This conflation of undergraduate and postgraduate coursework devalues the Australian higher education system by undermining the advanced nature of other postgraduate programmes. Where postgraduate education is used as an entry-level

The University of Sydney's JD programme has recently increased the number of fee-paying places in the programme, due to the faculty's underestimation of its own budgetary requirements⁵⁷, while at the same time the Law School has applied to the Academic Board for an exception under the University's Parallel Teaching Policy to allow parallel teaching in the JD programme.

The University of Sydney's JD programme has actually been introduced relatively late in the history of the JD in Australia. The University of Sydney is the twelfth Australian university to

⁵⁵ Lane, Bernard (2008), op. cit.

⁵⁶ Triggs, Gillian (2010) 'Juris Doctor – revised Course Proposal', 3 February 2010, available at: http://sydney.edu.au/ab/committees/grad_studies/2010/JD_Feb2010.pdf (last accessed: 30/03/2011).

⁵⁷ University of Sydney (2010) 'Decisions of Senate', 6 December 2010, available at: http://sydney.edu.au/senate/decisions_8.shtml (last accessed 30/03/2011).

offer a JD. This practice spreading across Australian universities has established postgraduate entry-level degrees into professional disciplines as the norm, transforming the nature of both undergraduate and postgraduate education.

Students enrolled in established graduate-entry courses must compete with graduates who have postgraduate qualifications in the labour market. Since re-badged degrees are relatively new to the Australian labour market, yet they offer no additional qualifications, the labour market is apparently retaining a perception that there is a distinction between graduate-entry degrees and re-badged postgraduate degrees, thereby creating an inequitable two-tiered labour market for graduates with identical qualifications. This has led to students enrolled in the graduate-entry LLB programme at the University of Sydney to petition the University to allow them to gain credit for their undergraduate units of study and transfer into the JD. That is, **students have asked the University to recognise that undergraduate and postgraduate education are identical**, so as to enable them to compete in a labour market which distinguishes between undergraduate and postgraduate degrees.

The Australian Medical Association (**AMA**) has commented on this issue in the medical field, with the prospect of Doctor of Medicine (**MD**) degrees being offered in the near future, along similar lines as JDs (currently, medicine is offered as a graduate-entry MBBS programme at the University of Sydney), expressing concern over the inequitable nature of the costly programme at the University of Melbourne⁵⁸. The AMA has also expressed concern over the possibility of a two-tier structure within the medical profession, based purely on the capacity of students to pay up-front fees⁵⁹.

Students, professional accrediting bodies, and universities are conceding that re-badged postgraduate degrees are identical to their undergraduate counterparts. Yet universities claim to have been put into such a position that they cannot finance core teaching and learning activities without revenues from fees for these programmes. Universities have consequently argued for re-badged postgraduate degrees to be recognised as Level 9 courses under the Australian Qualifications Framework (**AQF**), despite their not differing from undergraduate degrees in the same field in any substantial way.

Where these programmes are being offered in prestigious professional fields such as law, medicine, dentistry, they are undermining the equitability of access to both higher education and highly skilled professional fields, undermining the function of higher education to promote social mobility.

Recommendation 10

That all professional-entry degree programmes be fully Government funded regardless of level, and accept no fee-paying places.

⁵⁸ Creswell, Adam (2011) 'AMA slams high-cost medical degree' in *The Australian*, 28th March, available at: <http://www.theaustralian.com.au/news/nation/ama-slams-high-cost-medical-degree/story-e6frg6nf-1226029046425> (last accessed: 30/03/2011).

⁵⁹ Bonning, Michael (2011) 'MD Program update' in *e-dit*, 1 March, Issue 75, available at: <http://ama.com.au/node/6430#anchorseven> (last accessed: 30/03/2011).

2.5 Staff in Higher Education: Workloads and Casualisation

Academic staffing directly affects the quality of higher education. Staffing arrangements in Australian HEPs have been directly affected by reductions in Government funding in two major ways: increases in staff workloads across all staffing levels, and increased engagement of casual and sessional academic staff. SUPRA is particularly concerned about the conditions of casual and sessional staff, as many HDR students are engaged as academic staff under these conditions, affecting their research and study.

These trends are only likely to intensify if funding is not brought into line with the actual costs of learning and teaching. The new 'demand-driven' place allocation system in undergraduate places will create a greater deal of uncertainty regarding resources. Lack of planning will result in HEPs relying on precarious labour for learning, teaching and administrative support.

2.5.1 Workloads

The NTEU, as the organisation representative of academic staff and the majority of professional staff in HEPs, reports that, on average, academic and professional staff all work in excess of a full-time load (35 hours per week). Between 1993 and 2007, hours of work increased from 44.7 hours per week to 50.7 hours per week.⁶⁰

The NTEU also demonstrated that the majority of these overtime hours are unpaid, and that research is usually undertaken during these overtime hours. SUPRA considers it unacceptable for any core activity of higher education to be undertaken as unpaid overtime. Not only does this mean that research outputs are compromised and difficult to measure, but it is a serious health and safety risk for both staff and students.

The combined trends of increased student-staff ratios and increased staff workloads all combine to reduce the quality of students' experiences of learning and teaching in higher education. Where staff do not have adequate time to conduct research, the quality of teaching is reduced as there are fewer opportunities for staff to engage in research-led teaching. Furthermore, as demonstrated above, the amount and quality of feedback to students is inadequate, reducing opportunities for students to improve their learning. The size of student cohorts requiring particular academic attention from teaching staff has also increased, directly as a result of funding reductions, however the evidence demonstrates that they are not receiving the attention they deserve.

Moreover, increases in academic workloads reduce opportunities for academics to improve their practice. Strategic goals around internationalisation, social inclusion and responsiveness to social needs are directly compromised by the imposition of unsustainable workloads through inadequate Government funding.

Recommendation 11

That assessments of the real costs of learning and teaching also account for unpaid overtime, and aim to eliminate unpaid overtime hours undertaken by staff.

⁶⁰ NTEU (2011) *Submission to the Higher Education Base Funding Review*, op. cit. pp. 3-4.

2.5.2 Casualisation

SUPRA is particularly concerned about the increased levels of casual and sessional academic staff being engaged in teaching by HEPs. Between 1996 and 2009 the rates in growth of casual staff were greater than the rates in growth of full-time staff⁶¹. It is estimated that the majority of undergraduate teaching is undertaken by casual staff⁶².

SUPRA's experience, and that of CAPA and the NTEU, are that casual staff lack the time and resources to fully devote to teaching. Casual staff often lack access to office space, adequate remuneration for preparation, administration and marking, training, career advancement opportunities, and job security. All of these conditions undermine the quality of academic practice in Australia, as well as quality teaching.

Given the prevalence of casualisation in academic staffing, estimations of the real cost of learning and teaching are made difficult by the extent of unpaid overtime undertaken by casual academic staff engaged in teaching. The assessment of the unit costs of teaching and learning will need more accurate data regarding the levels of unpaid overtime undertaken by casual teaching staff in the discipline clusters. Furthermore, the assessment will need to take into account the latest round of Enterprise Bargaining between the NTEU and universities, which have focused on increasing job security for casual staff⁶³.

Recommendation 12

That estimations of the cost of learning and teaching in each discipline cluster include provisions to ensure that no unpaid overtime, or casual employment, is required.

2.6 Benchmarks and Indicators

During the Universities Australia Higher Education Conference 2011, Dr Gero Federkeil gave a presentation on the International Observatory on Academic Ranking and Excellence, part of the International Ranking Expert Group (IREG)⁶⁴ emerged as a joint initiative of the UNESCO European Centre for Higher Education (UNESCO-CEPES) and a group of international ranking experts concerned with the quality of academic ranking.

SUPRA makes an in principle recommendation of the Berlin Principles, but notes that in many instances, their signatories have since become for profit institutions and their practices no longer hold to the aim of continuous improvement and refinement of principles of good practice. To refine the Berlin Principles, SUPRA turns to the Webometrics Ranking of World

⁶¹ DEEWR (2010) *Selected Higher Education Statistics—Staff 2009: Full-time equivalence*, Department of Education, Employment and Workplace Relations, available at: <http://www.deewr.gov.au/HigherEducation/Publications/HESStatistics/Publications/Documents/2010StaffFulltimeEquivalence.xls> (last accessed: 04/04/2011), Table 1.1.

⁶² May, Robyn (2011) 'Casualisation: here to stay?: The modern university and its divided workforce', paper delivered at 25th Annual Conference of the Association of Industrial Relations Academics in Australia and New Zealand, Auckland, p. 1.

⁶³ Mather, Joanna (2011) 'Contract deals bring wave of permanents' in *Australian Financial Review*, 21st March, p. 27.

⁶⁴ <http://www.ireg-observatory.org/>

Universities,⁶⁵ which uses an online methodology to assess research output of those universities (though primarily around the proliferation of scientific knowledge).

The Berlin Principles seek to enumerate a series of international rankings through the following ideology:

“Rankings and league tables of higher education institutions (HEIs) and programs are a global phenomenon. They serve many purposes: they respond to demands from consumers for easily interpretable information on the standing of higher education institutions; they stimulate competition among them; they provide some of the rationale for allocation of funds; and they help differentiate among different types of institutions and different programs and disciplines. In addition, when correctly understood and interpreted, they contribute to the definition of “quality” of higher education institutions within a particular country, complementing the rigorous work conducted in the context of quality assessment and review performed by public and independent accrediting agencies. This is why rankings of HEIs have become part of the framework of national accountability and quality assurance processes, and why more nations are likely to see the development of rankings in the future. Given this trend, it is important that those producing rankings and league tables hold themselves accountable for quality in their own data collection, methodology, and dissemination.”

In examination of their audit framework,⁶⁶ SUPRA finds their overall methodology capable of providing detailed and comprehensive analysis of the different types of qualifiers of quality higher education institutions. The type of data delivered can highlight institutional strengths, present quality as multidimensional data designed to acknowledge pluralistic needs of quality, and preferences outcomes of education over inputs. All of these are, in the opinion of SUPRA, necessary for considering the complex needs of diverse students when delivering education and ensures a focus on education as a public and social good.

The ranking system used by IREG is much more user-friendly for students as the end users of Higher Education Institutions. These rankings are designed to be rankings of comparative areas of study rather than representative of the university as a whole. This is significant for student choice as it breaks down the delivery of education into its strengths and weaknesses, which allows students to select universities aligned with their educational preferences. It means that universities will be ranked alongside to comparable universities to provide the best choice for admission seekers based on multidimensional parameters and their weights.

While this system may be seen as a limitation, in that it does not specify the ‘quality’ of the university, it should be read as useful for students. It enables them to choose universities and subjects for their higher education based on more complete and relevant information. Specifically, this may refer to such rankings as that of research work by the faculty members and students, number of degrees awarded, employment rate of graduates, and how the employers assess graduates. It also allows for larger universities to display more comprehensive results, such as numbers of teachers and the student-staff ratios, books and

⁶⁵ <http://www.webometrics.info/index.html>

⁶⁶ https://docs.google.com/viewer?url=http%3A%2F%2Fwww.ireg-observatory.org%2Fpdf%2FIREG_Audit_Draft_2010_Nov.pdf

resources available in the library, and even the number of subjects taught at bachelor, masters and doctoral levels.

However, there are a number of concerns with an uncritical endorsement of the Berlin Principles. In particular, several of the signatories of these codes of practice have become private-for-profit institutions, showing a bias that may drive its adoption to a profit-oriented delivery of courses, which SUPRA intrinsically opposes. In principle, the Berlin Principles have great utility, but there is additional room for improvement:⁶⁷

- A World Ranking is ONE ranking: Publishing a series of completely different classifications with exactly the same data is useless and confusing.
- A World Universities Ranking is a ranking of universities from all over the world, covering thousands of them, not only a few hundred institutions from the developed world.
- A Ranking backed by a for-profit company exploiting rank-related business should be checked with care.
- Unexpected presence of certain universities in top positions is a good indicator of the (lack of) quality of a Ranking, independently on how supposedly sound methodologies are used.
- Rankings favouring stability between editions and not publishing explicitly individual changes and reasons for them (correcting errors, adding or deleting entries, changing indicators) are violating the code of good practices.
- Research only (bibliometrics) based Ranking are biased against technologies, computer science, social sciences and humanities, disciplines that usually amounts for more than half of the scholars in a standard comprehensive university.
- Rankings should include indicators, even indirect ones, about teaching mission and the so-called third mission, considering not only the scientific impact of the university activities but also the economic, social, cultural and also the political ones.
- World-class universities are not small, very specialized institutions.
- Surveys are not a suitable tool for World Rankings as there is no even a single individual with a deep (several semesters per institution), multi-institutional (several dozen), multidisciplinary (hard sciences, biomedicine, social sciences, technologies) experience in a representative sample (different continents) of universities worldwide.
- Link analysis is a far more powerful tool for quality evaluation than citation analysis that only counts formal recognition between peers, while links not only includes bibliographic citations but third parties involvement with university activities.

⁶⁷ These principles were outlined by Webometrics <http://www.webometrics.info/methodology.html>

3. Social Inclusion, Equity and Participation

This section addresses questions 3.3, 4.2, 5.1, 5.2 and 5.3 from the Consultation Paper.

Although the Consultation Paper only considers low-SES students in the context of engaging them in undergraduate education, SUPRA is of the opinion that postgraduate education is a critical site of social inclusion which has long been neglected. The consensus that undergraduate education is the main vehicle for entry into professional occupations serves to obscure the reality that postgraduate education is increasingly required for professional entry, as well as the many other labour market pressures that require life-long learning in higher education.

In keeping with the principles set out in Section 1, SUPRA believes that public education ought to be socially inclusive, equitable and accessible to all on the basis of merit. The objectives around quality outlined in Section 2 can only be enhanced by more socially inclusive participation in higher education. The sketch of evidence in this section will outline that this is not occurring. Many prospective students are missing out on access to postgraduate education due to lack of financial capacity to engage in higher education, and anxieties about the prospective negative consequences of interruption of paid work and debt.

There is a dearth of data about the effects of current base funding arrangements on postgraduate students, and the prospects for engaging more students in postgraduate education. DEEWR only retains data about equity group participation at undergraduate levels, and does not retain data about rates of repayment of FEE-HELP liabilities. However, there are some indicative findings from studies undertaken in the 1990s in Australia, and more recently in the United Kingdom, which can shed some light on the equity issues for postgraduate students. In all of these studies, the major issue preventing graduates with undergraduate degrees from engaging in postgraduate coursework study is fees, and the prospect of carrying a debt after graduation. With current financing of the majority of postgraduate coursework being through charging of fees, with international students paying up-front fees and domestic students largely deferring fees through FEE-HELP, it is vitally important that the equity implications of these funding arrangements are considered.

Due to FEE-HELP being formally outside the terms of reference of this Review, this section will focus on the need to review these funding arrangements for postgraduate study, with a view to establishing firmer equity support for postgraduate study, including wider access to Commonwealth-Supported Places for postgraduate coursework students.

There is also considerable need for further investigation of the circumstances of postgraduate students in equity groups (SUPRA recognises Indigenous students, women, queer/LGBTI students, students with disabilities and international students as equity groups) and the barriers to participation for those postgraduates.

3.1 Equity Characteristics of Postgraduate Students

Recent evidence has shown that increases in student HECS contributions are a significant deterrent to students from lower socio-economic (SES) backgrounds entering higher education. Low SES postgraduate students made up only 7.9 per cent of the total domestic

postgraduate student population for 2008 as compared with just over 12 per cent of the undergraduate population⁶⁸. While there are no targets for low SES participation in postgraduate study, this statistic falls far below the target set for low SES participation at undergraduate level of 20 per cent by 2020.

Less than 0.85 per cent of the total postgraduate student population in 2008 identified as Indigenous, less than 2.3 per cent of postgraduate students identified as having a disability, and only around 11.3 per cent of postgraduates were from regional or remote areas⁶⁹. Data regarding other salient aspects of postgraduate equity issues, such as postgraduate parents and those with caring responsibilities, are not available from DEEWR.

There are very little data on the social backgrounds of postgraduate students, particularly the influence of parental education levels, which are becoming the norm in measuring SES amongst student populations. Perhaps most importantly of all, there are very few data about mobility of students between undergraduate and postgraduate level, and factors affecting students' further study decisions. While data about the employer demand for postgraduate qualifications are available, data on the relationship of undergraduate to postgraduate records are not.⁷⁰

Likewise, there are very few disaggregated data on the HELP liabilities of various categories of postgraduate students and graduates of postgraduate degrees, limiting the analysis of equity outcomes of postgraduate study and current funding arrangements. Nevertheless, some indicative findings are summarised below.

3.2 Debt and Participation in Postgraduate Study

Stokes and Wright have demonstrated that the proportion of commencing low SES students fell between 2001 and 2005, correlating with the increase of HECS:

The proportion of commencing domestic students from low socio-economic backgrounds fell from 16.2 percent of the student population in 2001 to 15.3 percent in 2005. The decline was especially noticeable in 2005 following the 25 percent increase in HECS fees.⁷¹

⁶⁸ DEEWR (2009) *Students: Selected Higher Education Statistics*, available at: <http://www.deewr.gov.au/HigherEducation/Publications/HEStatistics/Publications/Pages/2008Fullyear.aspx> (last accessed: 08/04/2011), Table (i) Summary of Student Numbers (a).

and DEEWR (2009) *Appendix 2: Equity Groups*, Tables 2.1 and 2.1a.

⁶⁹ Ibid.

⁷⁰ Wakeling, Paul & Kyriacou, Chris (2010) *Widening Participation from Undergraduate to Postgraduate Research Degrees*, Economic & Social Research Council, University of York, available at: http://www.esrc.ac.uk/_images/widening-participation-final-report_tcm8-6381.pdf (last accessed: 08/04/2011).

See also Stuart, Mary, Lido, Catherine, Morgan, Shell, Solomon, Lucy, & Akroyd, Karen (2008) *Widening participation to postgraduate study: Decisions, deterrents and creating success*, The Higher Education Academy, available at: www.heacademy.ac.uk/assets/York/documents/WPtoPG_Stuart.pdf (last accessed: 08/04/2011).

⁷¹ Stokes, Anthony and Wright, Sarah (2010) 'Are University Students Paying too much for their Education in Australia?' in *Journal of Australian Political Economy*, No. 65, June 2010, p. 9.

This finding substantiates the findings of earlier studies that debt aversion is a major barrier to participation in higher education, which affects low SES students and families most acutely⁷². The Australian Council of Social Service (ACOSS) argued in 2003 that:

information about students from low socioeconomic backgrounds suggests that these students would be very reluctant to acquire an interest bearing loan with the level of debt that would be required with full fees. Of further concern is that if once students complete their study they are unable to enter sustained full-time employment, through events such as unemployment, illness or pregnancy, the accumulation of debt will be even greater (these loans do not stop accumulating interest until after ten years). The debt will become an ongoing burden not experienced by those students with the capacity to pay up-front or who have a non-interest bearing HECS debt.⁷³

While data, disaggregated by equity group, on repayments of HELP liabilities for postgraduate education are not available, there is considerable evidence that financial barriers to participation in postgraduate study are a substantial deterrent to prospective students, particularly those from low SES backgrounds. Studies undertaken by the Higher Education Council in the late 1990s indicated that fees were the primary barrier to final-year undergraduate students considering postgraduate study⁷⁴. Anderson, Johnson and Milligan demonstrate, through analysis of higher education data on enrolments and survey data from three Australian universities, that graduates and final-year undergraduates are concerned about the prospect of carrying debt, and that these concerns are more exacerbated for low SES students.

CAPA has, more recently, produced its research paper, *The social and economic impact of student debt*, in 2003. The literature surveyed for that paper demonstrated that debt aversion has a significant role to play in the decisions of low-income students in the UK and USA to enter into student loans and undertake further higher education. This disincentive,

⁷² Aungles, Phil, Buchanan, Ian, Karmel, Tom, McLachlan, Maureen (2002) *HECS and Opportunities in Higher Education: A paper investigating the impact of the Higher Education Contributions Scheme (HECS) on the higher education system*, draft, Department of Education Science and Training, available at:

http://www.dest.gov.au/sectors/higher_education/publications_resources/profiles/hecs_and_opportunities_in_higher_education_investigating.htm (last accessed: 08/04/2011).

⁷³ ACOSS (2003) *Barriers to university participation: ACOSS submission to the Senate Inquiry into higher education*, Australian Council of Social Services, Info paper 350, available at:

http://acoss.org.au/papers/barriers_to_university_participation_senate_inquiry_into_higher_education (last accessed: 08/04/2011), p. 6.

⁷⁴ Anderson, Don, Johnson, Richard & Milligan, Bruce (1998) *Access to Postgraduate Courses: Opportunities and Obstacles*, Canberra, Australian Government Publishing Service, available at: http://www.dest.gov.au/sectors/training_skills/publications_resources/profiles/nbeet/hec/access_to_postgraduate_courses.htm (last accessed: 08/04/2011).

Anderson, Don, Johnson, Richard & Milligan, Bruce (1997) *The Effects of the Introduction of Fee-paying Postgraduate Courses on Access for Designated Groups*, Canberra, Australian Government Publishing Service, available at: http://www.dest.gov.au/sectors/training_skills/publications_resources/profiles/nbeet/hec/effects_introduction_fee-paying_courses.htm (last accessed: 08/04/2011).

furthermore, served to segregate low SES students to “lower-cost, lower-status and potentially lower-quality higher education options” despite increases in educational participation⁷⁵.

3.3 Indigenous Postgraduates

Perhaps the strongest case for greater attention to social inclusion at the postgraduate level is the need to include more Indigenous students in postgraduate education, particularly postgraduate research. Australian higher education institutions have historically performed poorly in increasing Indigenous participation at postgraduate level. Indigenous student participation in higher education is below 1 per cent of the postgraduate population, far below the proportion of Indigenous students in undergraduate education. The lack of Indigenous postgraduate HDR students is particularly problematic given that research training is the pathway to academic careers. The lack of Indigenous academic staff in the Australian higher education system undermines the process of Reconciliation, and the capacity of Indigenous communities to practice self-determination.

The National Indigenous Postgraduate Association Aboriginal Corporation (NIPAAAC) argued, in its submission in 2003 to the Review of Higher Education, that:

The extreme levels of poverty common amongst Aboriginal and Torres Strait Islander communities [...] are a major factor in exclusion from higher education. Further increases in the costs of education and the continuing inadequacy of student income support only make postgraduate education yet more inaccessible for Aboriginal and Torres Strait Islander Peoples.⁷⁶

That submission drew substantially on the 1997 report by CAPA on Indigenous Postgraduate Education, many of whose recommendations have yet to be implemented. Many of the key findings of that report relate to the need to develop better academic protocols around Indigenous knowledges, and to give greater support to Indigenous postgraduate students. The goals of Indigenous postgraduate education, in this case, are not merely considered to be the increases to personal income for individual Indigenous graduates, but the empowerment of Indigenous communities.⁷⁷

Despite the issues around Indigenous education falling by the wayside since the publication of that report, HEPs have at times undertaken their own initiatives in Indigenous education. While there are targeted access schemes for Indigenous students to undergraduate education

⁷⁵ Pearse, Hilary (2003) *The social and economic impact of student debt*, Council of Australian Postgraduate Associations, Research Paper, available at: <http://www.capa.edu.au/briefing-papers/2003-03-30/social-and-economic-impact-student-debt> (last accessed: 08/04/2011), pp. 20-21.

⁷⁶ Radoll, Peter (2003) *A Submission by the National Indigenous Postgraduate Association Aboriginal Corporation (NIPAAAC) to the Senate Employment, Workplace Relations and Education References Committee for its Inquiry into Higher Education Funding and Regulatory Legislation*, National Indigenous Postgraduate Association Aboriginal Corporation, available at: <http://www.nipaac.edu.au/docs/indig%20edu/BAF0803.pdf> (last accessed: 08/04/2011), p. 5.

⁷⁷ CAPA (1997) *Indigenous Postgraduate Education: A Project into the Barriers which Indigenous Students must Overcome in Undertaking Postgraduate Studies*, National Indigenous Postgraduate Association Aboriginal Corporation, available at: http://www.nipaac.edu.au/docs/papers/indig_postgrad_edu.pdf (last accessed: 08/04/2011), p. 4.

at the University of Sydney, no such schemes are available to postgraduate Indigenous students. The University has recently appointed a Deputy Vice-Chancellor (Indigenous Strategy and Services) as a result of the implementation of the Review of Indigenous Education undertaken in 2008. Without adequate resourcing through income support, targeted research funding for appropriate research practices, and student support, such efforts by HEPs are likely to be frustrated. Australia needs to establish best-practice in Indigenous education, and for such efforts to be successful they must be supported both by base funding and through dedicated funding.

Recommendation 13

That base funding support more pathways for Indigenous students to engage in postgraduate study AND increased funding for Indigenous units within HEPs.

3.4 International Education

Although many HEPs view international student issues primarily in financial terms, SUPRA engages with the difficulties that international students experience in the higher education system. Accordingly, SUPRA has one International Students' Officer, elected autonomously by international students to that position, to represent the views and interests of international students.

Since 1996, reliance of HEPs on revenue from international student fees has increased dramatically. The number of international students in Australia has increased from less than 100,000 in 1994 to over 600,000 in 2010, the majority of whom are enrolled in higher education courses.⁷⁸

Of the University of Sydney's 10,832 international students in 2010, the vast majority were enrolled in the Faculty of Economics and Business (now the Business School). Of the 4,020 international students enrolled in the Faculty of Economics and Business, 2,232 were enrolled in postgraduate coursework programmes.⁷⁹ The majority of international students at the University of Sydney are from North-East (55.1 per cent) and South-East Asia (16.2 per cent)⁸⁰. (Disaggregated international student enrolment data for the University of Sydney are not available for previous years.)

The University has commented on this large concentration of international students in a single faculty in its Strategic Plan 2011-2015 White Paper:

⁷⁸ Australian Education International (2011) 'International student data for 2010', available at: <http://aei.gov.au/AEI/Statistics/StudentEnrolmentAndVisaStatistics/2010/Default.htm> (last accessed: 02/04/2011).

⁷⁹ University of Sydney (2010) 'Statistics Reports: International Enrolments 2010 by Faculty of Registration/Program Level & Gender', available at: http://sydney.edu.au/strategic_planning/statistics/enrol/intnl_fac.php (last accessed: 02/04/2011).

⁸⁰ University of Sydney (2010) 'Statistics Reports: International Enrolments by All Country Groups, 2006-2010', available at: http://sydney.edu.au/strategic_planning/statistics/enrol/intnl.php (last accessed: 02/04/2011).

As for the domestic and international student load, we anticipate that international students will make up between 25 and 30 percent of our load (currently 22.3 percent), but are keen to diversify our international student cohort both by discipline (some parts of the University need to grow their international student numbers, while others need to maintain or reduce them) and by country of origin.⁸¹

There is a general consensus that this enormous expansion of international student numbers has been driven by financial imperatives. The implications of this expansion of the international student cohort are very significant for the nature of higher education in Australia, but have yet to be grasped due to the primarily financial nature of HEPs' relationship with international students. The role that international students' fees play in cross-subsidising the other activities of HEPs (including learning and teaching and research) has yet to be acknowledged despite its formidable contribution.

Demand for Australian education by international students has been related to a number of factors, including the position of the Australian dollar relative to other currencies of countries which have high exports of higher education, the increased demand for advanced skills in the global economy, and the demand for skills in Australia, leading the Government to create pathways through higher education for skilled migration. These demand factors have largely not been related to qualitative factors in higher education. Questions around the nature of higher education, and internationalisation, have not been addressed by the quantitative expansion of international student numbers.

SUPRA has seen the effects of these forces on the experiences of international students, both in their academic lives and their general circumstances. We outlined many of these issues in our submission to the Senate Inquiry into the Welfare of International Students in 2009. Many of the salient issues have continued and have been exacerbated.

Financial and study pressures, combined with unfamiliarity with Australian society, often result in international students facing complex and serious issues. A number of revelations of adverse health and safety outcomes for international students in relation to housing have come to light in recent years, as well as experiences of racism and violence. International students are often subject to adverse circumstances in accommodation and housing for a variety of reasons.

There is a lack of training and awareness amongst academic staff regarding inter-cultural communication skills, and pedagogic differences between international students' countries of origin and Australia. While it is reasonable to expect that all students should engage in the language of instruction when completing higher education, Australia's monolingual culture affords few opportunities for developing the skills to convey academic material in English in an inclusive manner to those for whom English is a second language. The aforementioned pressures on academic staff workloads tend to undermine opportunities for inter-cultural learning, rendering international students' contributions to Australian higher education limited.

⁸¹ University of Sydney (2010) *The University of Sydney 2011-2015 White Paper*, available at: http://sydney.edu.au/strategy/white_paper/index.shtml (last accessed: 02/04/2011).

This tends to result in a number of adverse experiences for international students, amounting to considerable institutional discrimination. This reality is reflected in SUPRA's casework and Legal Service statistics, with roughly 40 per cent of users of SUPRA's casework service, and approximately 70 per cent of SUPRA's Legal Service clients being international students.

The health and safety of international students is heavily adversely affected by these circumstances. SUPRA has seen a great deal of anxiety, depression and other forms of mental ill-health amongst international students as a result of many of these pressures. There have also been a number of reported instances of international students taking their own lives.⁸²

These issues undermine the strategic goals of international education, outlined in the *Education Services for Overseas Students (ESOS) Act 2000*, "to protect and enhance Australia's reputation for quality education and training services". They also undermine the goals of the *Higher Education Support Act 2003*, to advance knowledge and innovation for the advancement of Australian society. There have already been a number of adverse outcomes in international relations as a result of revelations about rates of discrimination and violence against international students. The domestic outcomes are possibly greater: a vast number of lost opportunities to advance and disseminate knowledge, to engage the most promising students, and to enhance the quality of higher education.

These are issues which HEPs are ill-equipped to deal with. SUPRA is of the view that only the decoupling of finances from education can ensure that the positive effects of internationalisation of education are realised.

Potential positive effects of an internationalised higher education system include:

- enhanced international reputation,
- increased international trade and engagement,
- increased regional economic and social co-operation,
- increased innovation and productivity of the Australian economy,
- enhanced educational experiences of domestic and international students,
- a more highly skilled and culturally competent workforce,
- increased regional linguistic, cultural, and artistic engagement,
- greater flexibility in the Australian workforce.

The Nordic model of higher education offers an instructive example. Although international students from European Union countries are offered the same study conditions as domestic students, Norway offers free education for international students at most institutions, as part of a policy to develop the internationalisation of all sectors of higher education.

⁸² Babacan, Hurriyet, et. al. (2010) *The Community Safety of International Students in Melbourne: A Scoping Study*, Institute for Community, Ethnicity and Policy Alternatives (ICEPA), February, available at:

<http://www.vu.edu.au/sites/default/files/icepa/The%20Community%20Safety%20of%20International%20Students%20in%20Melb%20A%20Scoping%20Study.pdf> (last accessed: 02/04/2011).

Smith, Sharon (2009) *International Students' Security and Safety Needs in Australia*, Report – National Union of Students, available at:

http://www.unistudent.com.au/site/?option=com_content&task=view&id=119 (last accessed: 02/04/2011).

With academic practice becoming more internationally integrated, a policy of internationalisation focusing on learning, teaching and research will need to be decoupled from any financial gains associated with international education. This fact is being increasingly recognised, for instance the Commonwealth Department of Innovation, Industry, Science and Research Research Workforce Strategy consultation paper, *Meeting Australia's research workforce needs*, includes considerable discussion of the need to involve more international students in Australia's research training programme, and recommends the expansion of scholarship opportunities for international research students.

A similar strategic objective needs to be set through all levels of Australia's higher education system so as to support internationalisation both for the enhancement of the sector and to offer international students the best possible educational experience.

Recommendation 14

That the Commonwealth Government establish maximum caps on international student fees set at the unit costs of education delivery, to reduce the dependency on international student fees by the higher education sector, with a view to abolishing international student fees by 2020.

3.5 Social Inclusion and Student Support

In SUPRA's experience, students from equity groups are more likely to engage with all forms of student support services, including student organisation support. Increasing access of higher education to a greater number of students from equity groups is likely to place greater demands on existing student support services within HEPs.

The University of Sydney has had to allocate a greater proportion of its learning and teaching revenues, which incorporate student support services, to student organisations since so-called "voluntary student unionism" was introduced in 2006. Furthermore, funding reductions in 2009 and 2010, as a result of the Global Financial Crisis, affected non-academic units, particularly student service units, most acutely.

It is clear that base funding must include a minimum level of student support, and that this support may need to be increased in times of economic hardship, both as more students become involved in higher education at those times, and there are more students likely to experience financial hardship.

Student support services are also particularly important for students with disabilities and regional and remote students, who access particular services or may have particular schemes at HEPs dedicated to supporting students with disabilities and from regional and remote areas. For instance, the University of Sydney's University-owned accommodation is dedicated to first-year students, and preference is given to students with particular needs.

SUPRA sees a number of students who have complex needs and are under-serviced by the University's student support services due to a lack of resources. This is particularly the case with students with acute mental health, legal, and accommodation issues, who cannot access outside agencies for support due to financial difficulties resulting from undertaking study.

As such, SUPRA recommends:

Recommendation 15

That funding for student support services be included in base funding, including:

- counselling, including culturally-appropriate counselling,
- health services,
- legal services,
- disability support services,
- employment and careers advice, and
- learning support.

At this stage, SUPRA does not recommend that student accommodation or access to independent student organisations ought to be included in base funding, though we acknowledge that HEPs are funding initiatives in these areas from their general operating budgets.

With respect to student representation, however, SUPRA believes that best practice pedagogy includes student participation and representation in the governance of learning and teaching. As such, SUPRA has engaged in considerable work in increasing postgraduate student representative engagement within academic units in order to facilitate better learning and teaching, and student welfare outcomes. Funding for student representation can be easily included in the unit costs of learning and teaching.

Recommendation 16

That funding for student representation, including appropriate training, support, and administration, be included in base funding.

4. Investment in the Future

This section addresses questions 3.6, 3.7, 6.1 and 6.2 from the Consultation Paper.

In considering the incentives for investment in quality higher education, social as well as financial returns must be taken into account. That education is intrinsic to individual social mobility, contribution, and affluence, as well as adding to the aggregate expertise of any society, the framing of education as a social good is a mandatory prerequisite to any discussion of investment.

SUPRA advocates that investment must be understood socially in addition to economically. Where the investment strategy seeks to maximise both financial return and the social good, but also that the social good should never be sacrificed for financial return.

The current base funding model of the CGS focuses solely on the inputs of students, and is limited in being able to understand this investment primarily as a necessary cost to enter students into education. If the question is one merely of profitability, than it will be difficult to understand the outcomes of education. However, if the social good is assessed as part of these outcomes, than the costing is much more harmonious with the sector.

This argument deliberately seeks to reframe the question to a concern of good governance, and shift the question of investment to that of socially responsible investment (SRI). In other words, while the government can view the increased revenue acquired through taxation from those individuals for whom higher education provides affluence, to purely assess it in this way makes the mistake of reducing the social benefit of education to a market measure.

If the scope of investment is reckoned with social benefit then we can see numerous incentives already implicit in the CGS. By providing opportunities for education for those who lack the means to self-fund their education, it facilitates greater social mobility and ensures that the aggregate expertise of our society is diversified and enriched by the complexity of backgrounds that add to that expertise. This harnesses the social good of education in such a way that makes it more compatible with market demands, as the increased complexity of expertise provides competition of thought necessary for innovation.

One organisation that attempts to develop this model is the Social Investment Forum⁸³, who demonstrate that Socially Responsible Investment (SRI) performs better than conventional investment strategies in terms of financial return.

SUPRA argues that there are a number of disincentives and perverse incentives built into the current funding structure of higher education. Current levels of investment in research and infrastructure are skewed by Government funding models based on performance and status rather than quality and social inclusion.

4.1 Disincentives and Perverse Incentives

As discussed in section 1.5 of this submission, there are significant disincentives to long-term investment in learning and teaching. Cram⁸⁴ discusses the relatively greater incentives for

⁸³ <http://socialinvest.org/>

investment in research built into the higher education system than there are incentives for investment in learning and teaching. Furthermore, the incentives for investment in infrastructure are uneven across the sector. Performance-based funding for HEP infrastructure investment is not likely to be an effective long-term method of infrastructure funding.

Pricing of higher education, particularly postgraduate education, is highly monopolistic. That is, a small number of well-organised producers face a competitive, yet relatively price inelastic market. Students, on the other hand, are price-takers and have access to less information and options regarding prices.

As argued in Section 2.4 above, this has created perverse incentives towards increasing status rather than quality in higher education. One of the methods by which this is occurring is the 'inflation' of qualification levels to postgraduate status without any corresponding change to learning and teaching quality. This is a result of the decoupling of price and quality in postgraduate education, and the reductions in both real and nominal Government funding.

Faculties have a mutual interest in supporting this type of status inflation of degree offerings. The quality assurance mechanisms within HEPs rely on peer review of academic standards. However, academic peers all have equal incentives to support declines in academic standards in favour of increased profitability.

SUPRA is not opposed to genuine increases in pedagogy driving a conversion of degree status from undergraduate to postgraduate. However, SUPRA's members have expressed considerable concern about the abandonment of social inclusion and equity goals in this process. Postgraduate coursework students do not have access to Commonwealth Scholarships or the University's equity strategies such as the Cadigal or Broadway schemes. Evidence is that student fee revenues are not being used to improve access for students of lower socio-economic status to postgraduate, particularly professional, education.

SUPRA is opposed to the conversion of degrees to postgraduate level purely for the purpose of increasing status or revenue. These factors undercut, rather than enhance, the quality of postgraduate education, and undermine the status of postgraduate programmes which are of an advanced nature.

The Government will need to be careful to consider the effects of a pricing structure for postgraduate coursework which may reward HEPs for this type of status inflation. As we have discussed above, higher prices or funding does not necessarily reflect greater quality, and this applies despite the revenue source.

Furthermore, HEPs are incentivised to increase the employment of casual staff in the current funding model, as casual staff perform considerable unpaid labour, particularly in teaching roles. Transition to a 'demand-driven' model will require HEPs to become more flexible and responsive to students, and this is likely to increase staff costs. As discussed above in Section 2.5, current costs of teaching and learning are not being met by base funding. Retaining the current funding model will exacerbate and intensify the pressures on HEP staff. The funding

⁸⁴ Cram, Lawrence (2009) 'How universities fund the student experience' in Wozniak, H. & Bartoluzzi, S. (eds.) *Proceedings of the 32nd HERDS Annual Conference: The Student Experience*, Darwin, 6-9 July, pp. 90-99.

model recommended by the Panel will need to be sensitive to both the need to increase participation in higher education as well as reducing SSR, casualisation and unpaid overtime.

Cram outlines the relative incentives for investment in high quality learning and teaching in relation to incentives for investment in research, estimating that up to 85 per cent of HECS revenue and 80 per cent of international student fees cross-subsidise research funding⁸⁵. He points out that considerations in the Review of the National Innovation System chaired by Dr. Terry Cutler (**Cutler Review**) about the actual costs of research do not account for all of the overhead costs required for research management and administration. Many of these costs are being funded from student fee revenues, HECS-HELP and CGS funding streams.

While SUPRA believes that excellence in learning and teaching is informed by latest research, the extent of this cross-subsidy is excessive and inappropriate. Considerations of learning and teaching funding ought to be made independently of the cross-subsidy to research, and research ought to be fully funded in its own right. In considering the relative allocation of base funding to research, only the costs of attracting and retaining highly qualified staff ought to be considered in calculations of base funding.

4.2 Infrastructure Investment

SUPRA considers infrastructure improvement and maintenance to be imperative for inclusion in HEP base funding.

However, the definition of 'base funding', as discussed in Section 1.4, is a cause for concern, as the Review Panel and the report of the Bradley Review define 'base funding' differently. The Bradley Review defines 'base funding' as including the EIF. Should the EIF be included in the definition of base funding, SUPRA would be in support of infrastructure investment being included in base funding.

However, SUPRA is opposed to infrastructure investment, particularly for new capital works, being sourced from CGS funds. Unit costs of learning and teaching are not commensurable with unit costs of infrastructure, particularly as depreciation, upgrades, and new technology investments are taken into account. SUPRA is in favour of separate funding streams for these expenditures.

SUPRA recommends that extra funding be made available to HEPs to engage in infrastructure investment particularly around student accommodation and amenities. Many of the student amenities at the University of Sydney have not been upgraded for over fifteen years, and represent a health and safety risk to students and staff.

Recommendation 17

That there be infrastructure funding made available for investment in new capital works and upgrades of existing stocks of student amenities and accommodation.

⁸⁵ Ibid, p. 92.

4.2.1 Public-Private Partnerships: Compromising student health and safety

Student accommodation is, furthermore, an area which requires a great deal of investment by HEPs and governments in order for needs to be met. SUPRA assists a large number of students with difficulties relating to accommodation and tenancy. Many of these issues arise because of the tight nature of the private rental market. Lack of funding in this area for HEPs to engage in investment has led to many student accommodation provisions being offered on a for-profit basis, or HEPs entering into public-private partnerships (PPP) to develop accommodation facilities, which end up being highly inappropriate or even dangerous to students.

SUPRA is extremely concerned and critical about any PPPs. Historically, we are seeing trends that are causing a transition of many public goods into private hands and being treated like a business. Education, and all the welfare necessary to conduct education should not be treated like commodities and reduced to a commercial imperative.

Sydney University Village (SUV) is a private development on the lands of the University of Sydney undertaken by a private entity, Campus Living Villages (CLV), which develops and operates student accommodation facilities at a number of Australian HEPs.

Recent issues in the Sydney University Village (SUV) are a prime example of how these PPPs trend towards the exploitation of students; these issues were raised to us through individual complaints by students over the course of the last few months. In particular a critical incident late 2010 revealed many of the flaws in the structure of the organisation due to poor management of the emergency.

Furthermore, examples of worrying trends are: increases in fees, as well as limited explanations and communication to residents about the purpose of these fees and changes to fees. This effectively means that students being locked into residency contracts have very little bargaining power to negotiate with their landlord. Students who already have minimal incomes felt exploited by this, and in particular international students were found to be vulnerable, sometimes being unsure or unable to access tenancy rights.

Similarly, student services have either decreased or entirely removed from student access because they were uncompetitive and unprofitable. Efforts to compensate for this competitiveness was simply to entrench the costs of these places through student fees and mandatory cards whose expense could only be applied to village services. In other words, the burden cost of integrating the student services into the community was shifted to the end users.

During our consultation with CLV, we sought to address four key areas of concern: the safety of residents; the issue of reduced student services; the issue of uncertainty around fees; and general communication issues from the management to residents. It is clear from our discussions that most of the issues involved problematic/ineffective communication from management to residents, which seemed to be insensitive, lacking in transparency, and simply leaving much to be desired from the leadership of the SUV community. Much of this can be directly attributed to treating SUV like a business, and not a community.

Conclusion

The Government is faced with an invaluable opportunity to increase resourcing to one of the key sectors of Australian society. Higher education enables a society to engage with the latest innovations in technology, to educate people with the best skills, engage with knowledge around the world, and to inform and energise its democratic participation.

Only full public funding of higher education can fully realise this potential. Through increasing funding to higher education progressively over the next 5-10 years, Australia can meet and exceed international standards in higher education.

It is essential that postgraduate education be included in base funding for higher education in Australia. Not only is Australia moving towards a more knowledge-based economy, but access to postgraduate education needs to be expanded to more equity groups. Furthermore, base funding must include essential student supports and welfare provisions.

Through implementing SUPRA's recommendations holistically, we are confident that the Australian Government will be offering students the best education possible, and will stand Australian society in good stead for many years to come.