



ACCI POLICY STATEMENT

HIGHER EDUCATION POLICY

PRINCIPLES OF HIGHER EDUCATION POLICY

Higher Education is a key element in Australia's skill development strategy and, along with vocational education and training and senior secondary schooling, comprises the post-compulsory education system.

Universities need incentive to operate in a flexible and responsive way. The needs of students, industry and the wider community must be primary in the focus of universities. Often, regardless of performance, universities receive an allocation of funds (from the Government) based on numbers of students and tend to fill places regardless of regional or economic need. There is limited collaboration across the sector to rationalise courses.

There needs to be incentive for universities to adopt forward looking practices, to reform existing rigid administrative arrangements and staffing structures, to pursue opportunities for domestic growth and to respond quickly to the changing needs of students and industry.

The higher education sector needs to take account of a number of key principles, in particular:

- a demand-driven system – this more closely aligns education and training to the needs of business, students and governments and shifts the focus to a business culture where incentives are created for maximising volume and quality, reducing costs and using resources more effectively;
- a competitive and diverse market – competition and diversity will lead to a more efficient and cost effective system while increasing the range of options available. This will require a higher level of flexibility to enable better use of capital assets and to address issues such as economies of scale and third party access;
- deregulating the system – ensuring quality outcomes and appropriate quality servicing arrangements across Australia minimises Government intervention and relaxes many of the current points of regulation. This allows more effective, responsive delivery of services. At the same time a framework must be maintained that incorporates accountability, quality and accreditation;
- universal access – the system must promote the concept of a universal entitlement to post-secondary education for all eligible Australian students (school leavers and mature age students) together with programs which have equity considerations based on ability rather than income;
- student centred funding – students should be able to purchase a course from any public or private provider (User Choice). Funding should be linked to student outcomes/achievements with prices determined by market forces. It is recognised that some transitional arrangements will be required to implement this arrangement;
- simplified articulation pathways – this requires closer cooperation between the sectors on credit transfers and recognition of prior learning and articulation streams. In this context, the Australian Quality Framework (AQF) should be accepted as a standard continuum and credentials aligned with AQF levels; and
- quality research and development – closely linked to economic needs and close business collaboration.

POLICY OBJECTIVES

Higher education has an important role to play in economic development. The Higher Education sector needs to be responsive to the needs of its customers so that the economic and social benefits that flow from a highly skilled and adaptable workforce will be fully realised.

Employers continually seek better outcomes and continually look for products tailored to their needs. Knowledge-based industries are growing which is placing more importance on higher education. Just like all service industries predominantly funded by government, there is enormous pressure to improve cost effectiveness and desired performance levels.

Increased demand is coming from demographic pressures as well as pressure from employers and industry for skilled workers as opposed to unskilled workers. In addition, demand for skilled workers relative to unskilled workers measured in terms of educational attainment, increased during the 1980s and the 1990s. Increasingly, students and employers are requiring a mix of vocational and academic skills development options.

The vision for higher education in Australia should take account of developments in other education and training sectors rather than perpetuating points of differentiation and separation. The central goal of any reform should be the development of an integrated post-compulsory system which is driven by its primary customers (that is individuals and business) with the full spectrum of providers being supported by an incentives regime to deliver appropriate services of excellence in education, training and research.

THE POLICY FRAMEWORK

Financing

The relationship between higher education, VET and schools offering years 11 and 12 is becoming increasingly blurred. These aspects require examination, including resources and better ways to integrate and coordinate VET and higher education activities. Increasingly, students and employees are moving between sectors, often to gain a single qualification or complementary ones. For example, a significant number of undergraduates are entering the workforce after university through a New Apprenticeship.

Issues include learning accounts for individuals and rationalising of, and access to, infrastructure across institutions and sectors. Broader discussions around financing need to take place for four reasons:

- there is considerable movement between the sectors by students and an increasing expectation to have access to that mobility;
- there is a need to examine the total level of resources flowing into the post compulsory sector in an holistic manner;
- substantial efficiencies could be achieved through the rationalisation of course offerings and infrastructure; and
- flexibility in the post compulsory sector will be required for lifelong learning options.

Student-Centred Funding

ACCI continues to advocate the introduction of a student entitlement, or student-centred funding arrangement. Public funding for tuition should be tied to student choice. This requires a direct relationship between the providers and students which determines the flow of public funds to institutions. It also puts the onus on the student to make the right choice. There are arguments that students would make poor choices. In other areas students exercise choices about voting, financial loans, employment contracts and a range of other critical matters in their lives. Provided they have access to the right information to support their choice, they should also have the responsibility to exercise control over their higher education choice.

The introduction of student-centred funding should be the cornerstone of any reform of higher education. Essentially it allows for a basic financial entitlement for all to be used in post-compulsory education and training activity. Any introduction should take account of:

- a transition from existing practices to soften the impact on institutions;
- the need to couple this arrangement with partial deregulation of fees;
- targeted incentives to improve specialisation of institutions in areas of study;
- appropriate careers advice in schools and for mature adults to ensure potential students can make more informed choices – this may be supplemented by appropriate information on employment outcomes for each;
- the introduction of scholarships for equity groups
- an examination of one flat amount or additional incentives to undertake study in areas of skill shortages – any arrangement involving skill shortages will need to take account of improved processes to identify shortages in industries and regions and projection of skills needs;
- the need to means test any arrangement;
- investigation of the interaction between student-centred funding and other forms of revenue including “core grants”, research and development and private sources; and
- appropriate Living Away from Home Allowances which allow students to receive some subsidy for moving to institutions of their choice.

Transition Strategies

There are a number of important considerations in any transition to a full student-centred funding system, namely:

- transition arrangements must be time limited with active development of student centred funding arrangements;
- the higher education, and more importantly, the post compulsory education, system are heavily reliant on provision of public funding;
- there is an upper limit of the ultimate financial contribution an individual can make through HECS; and
- other efficiencies can be gained through reforms, including rationalisation of infrastructure and specialisation.

Similarly, mechanisms should be established to encourage universities to become more flexible and responsive to the needs of individuals and business, foster autonomy of each institution and ensure accountability and quality.

There are four primary ways to bolster quality and accountability, namely:

- the presence of appropriate initial registration requirements;
- encouraging choice of provider through placing the government contribution in the customer’s hand (i.e. student-centred funding);
- support for an active national audit and quality assessment arrangement through the Australian University Quality Agency; and

- requiring appropriate governance arrangements more reflective of other business operations.

It is also clear that existing reporting mechanisms to government are seen by many as an imposition on providers while not making organisations accountable for the large amount of government funding allocated to them and managing the growing contributions from other sources.

The objective of improving workplace relations in the sector is fundamental - it is a labour intensive sector in a service industry. This means that imperatives such as flexibility, productivity, performance, career development and service standards all need to be addressed – not hindered – by workplace policies. It means agreements at a local level – both with employees as a group or in groups and individually.

ACCI encourages all interested parties to participate in fundamental reform of the post compulsory sector and more actively examine all possible mechanisms to ensure public expenditure is allocated to align to worldwide and employer needs.

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