

“Fix the funding shortfall or universities will fall in a hole”
(*The Australian Financial Review*, 11 May 2009)
(Opinion column on higher education reform and the federal Budget.)

Vin Massaro

Tomorrow night's Federal Budget is one of the most crucial for higher education and research in recent years because it will contain the government's long-awaited responses to the Bradley and Cutler reviews, and provide the blueprint for policies in these crucial areas.

The government has created significant expectations through its vision for higher education and research as being central to economic development, its commitment to an education revolution, and its promise to redress years of financial neglect.

Its own published research indicates that Australia had been falling behind its Organisation for Economic Co-operation and Development peers and that has now been more than confirmed by its two commissioned reviews.

While other countries have been increasing higher education spending Australia has been doing the opposite.

The Budget will be judged harshly if it does not make significant inroads into the remediation of these identified problems.

But the signs have not been good; higher education, unlike schools education and TAFE, has barely rating a mention in recent stimulus packages – the government has maintained that it will reveal all on Budget night.

Assessing the government's budget commitments will be difficult because we do not have a clear measure. Unlike promises made in the election and which the government is committed to keep, higher education was promised an education revolution with no specific funding – this will emerge from its commissioned reviews.

While the sector has been prepared to await the reviews, concern is growing as financial commitments are made for defence, tax cuts and pensions - the big ticket items that compete with higher education.

Coupled with the stimulus packages and the mounting deficit, there is likely to be little left in the kitty.

At the same time higher education is not a vote winner, so it is unlikely the government will be able to justify going further into debt to support it; and none of the strategies for fixing the funding shortfall is either sexy or short-term.

While infrastructure funding for shovel-ready projects is well overdue and will be welcomed, it cannot replace strategic, long-term, recurrent funding.

The correct path will therefore need political courage, because it will only deliver benefits in the long-term.

Predicting in such circumstances is neither easy nor useful, so perhaps we should concentrate on what may be a good outcome.

If higher education is to return to international competitiveness and promote national economic growth, the government will need to provide a clear road map for reform, with sufficient additional funds over a defined period.

By the Bradley review's own admission its recommendations, even if they are implemented in full, will merely stem the system's decline.

It is crucial that the government provide at least this much, although some priorities should be changed.

The most urgent need is to increase per capita funding to return it at least to 1996 levels, but preferably to 1990 levels or earlier.

This is far more important than increasing participation rates because increasing student numbers at current marginal funding rates will be to condemn the new students to failure and further perpetuate the years of neglect.

There is also a need to increase student support for both undergraduates and postgraduates if we are to retain our brightest students and ensure that they complete in minimum time.

As redressing per capita student funding will take longer than one budget, the government should outline a clear timeline for doing so.

The government should also commit itself to a clear timetable for fully funding the costs of research. Otherwise Australia risks falling further behind its competitors and it is likely that none of its universities will appear in the influential Jiao Tong top 100 rankings within five years.

Minister for Innovation, Industry, Science and Research Kim Carr's condition is that this can only occur once detailed cost analyses have been conducted at the institutional level, but these are likely to take time, so the government should provide a firm guarantee that funding will flow when that exercise is complete.

To prevent higher education inadvertently falling again into a period of funding neglect, the government should establish an independent advisory body to provide it with regular strategic advice on the health and direction of the system.

This should incorporate a new quality assurance regime that provides effective measures of quality and standards - also crucial for maintaining our international student market.

Education is now Australia's third largest export industry and must be protected, not least because income from this source is often the only means of avoiding institutional financial failure.

The need for a strong higher education and research system is no less crucial to the nation's economic future now than it was when the government claimed that status for it two years ago. Doing this right can only help to revive the economy.

**Professor Vin Massaro is a professorial fellow in higher education at the University of Melbourne and a higher education consultant.*