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How goes the Revolution? – Targets, Funding, Compacts and Regulation

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Introduction

The *Oxford English Dictionary* defines a revolution as a dramatic and wide-ranging change in the way something works. It is still not clear how this one might change the landscape fundamentally, given the conservative blueprint designed by the Bradley Report (Bradley 2008), but I suspect it will not approach the revolutionary effects of the Dawkins reforms.

At the *AFR* Conference in March 2009 and in subsequent publications I have argued that the government should have modified the pace of change to reflect its capacity to fund it (Massaro 2009a, b, c). It was evident before the 2009 Budget and has been confirmed by the 2010 Budget that the government cannot adequately support its preferred model for higher education. While it can be argued that given the state of the economy the government has done as much as it could, Universities Australia (2010) has made a compelling case that there have been significant investments in sectors of the economy that have a much lower return on investment than the equivalent investment in higher education.

The problem remains that in its enthusiasm to make bold changes the government has lost sight of the fact that they must be adequately funded. Universal access to quality higher education can only be achieved if per capita funding reflects the needs of a more diverse student population.

Bradley proposed, among other things, an increase in the participation rate to achieve 20% participation by low SES groups and 40% attainment by those in the 25-34 age group. It proposed that there be an increase of 10% per annum in the teaching and learning budget, that indexation be restored, that there be full funding for the indirect costs of research, and that there be a student driven market for higher education through which universities would be funded on the basis of the students they enrolled, with no apparent limits – universal higher education. The new funding agreements would be constructed through compacts between the Commonwealth and each university and universities would be subject to a new quality assurance system that would measure standards and outcomes. It assumed that the Education Investment Fund (EIF) “should be sufficient to meet the major infrastructure needs of the sector over the coming decade” (Page 172), so sought no further capital expenditure.

At the *AFR* Conference in March 2009 I also expressed concern that in trying to give the government an achievable funding target, the Bradley Report had risked not achieving even this, which was by its own admission not enough to redress the funding reductions of the previous government let alone to bring the system back to some sort of international

competitiveness. This was prompted by the comment in the Report that “...the recommendations in this report, if fully implemented, are likely to do no more than maintain the relative international performance and position of the Australian higher education sector” (Bradley, 2008: xvi). Worse, by providing only a proportion of what Bradley had suggested, the government might conclude that it had done enough. This outcome was confirmed by the 2009 Budget and in an interview given by Senator Kim Carr to *The Australian* on 28 April when he said that it was unrealistic for universities, which had already won the biggest funding increase in a generation, to expect more money. “We are now moving to a period of budget consolidation...It is unrealistic to expect that on top of the very significant gains we were able to secure in last year’s budget that there be another round of increases in funding, given that last year’s money is still flowing through the system.”

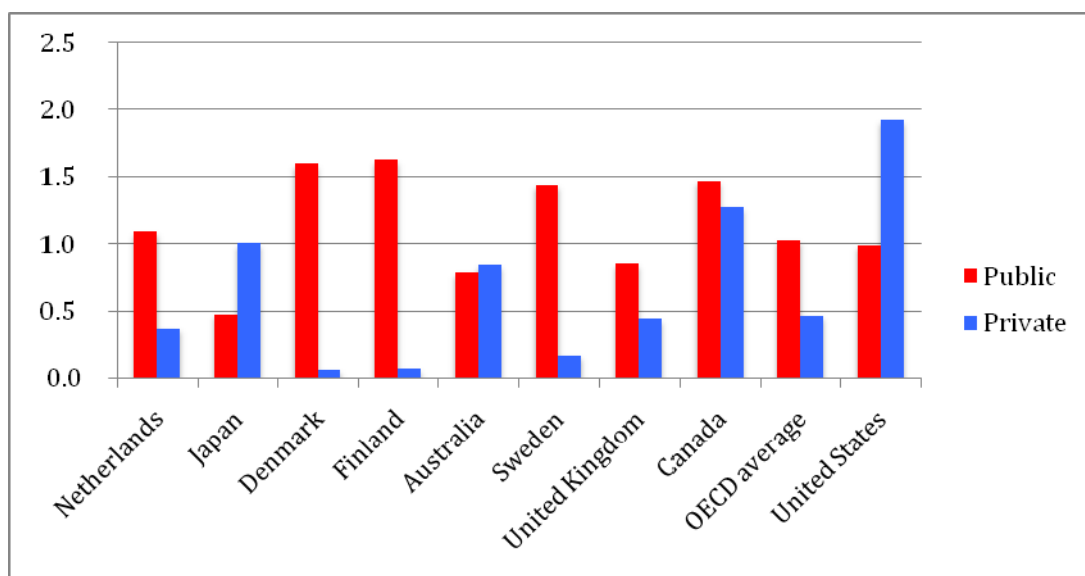
Funding

Some History

It is important to remember Bradley’s words because they provide a measure by which we can judge the government’s commitment to its revolution. The Bradley Report argued that Australia had fallen behind its international peers, especially in the total proportion of GDP that it spent on higher education and the level of public support for higher education.

In 2006 Australia had been lagging behind its OECD peers in the total percentage of GDP being spent on higher education while the degree to which it had been using private funding to support the system was higher than the OECD average.

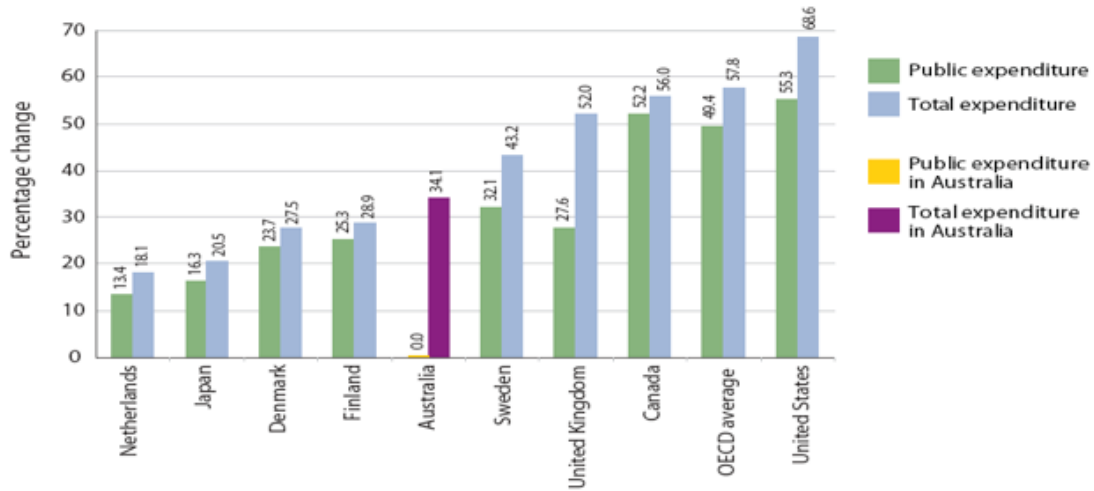
Figure 1: Expenditure on tertiary education as a % of GDP, by source of funds (2006)



Source: *Education at a Glance 2009: OECD Indicators*. OECD 2009: Table B2.4

Australia was the only OECD country to have reduced its real public expenditure on higher education in the decade to 2005. During that time OECD nations increased public expenditure by an average of 40%, while Australia had barely moved. By 2007 average public expenditure in the OECD had increased by 42%, while Australia had only increased by 7% (Universities Australia, 2010; OECD, 2009: 234).

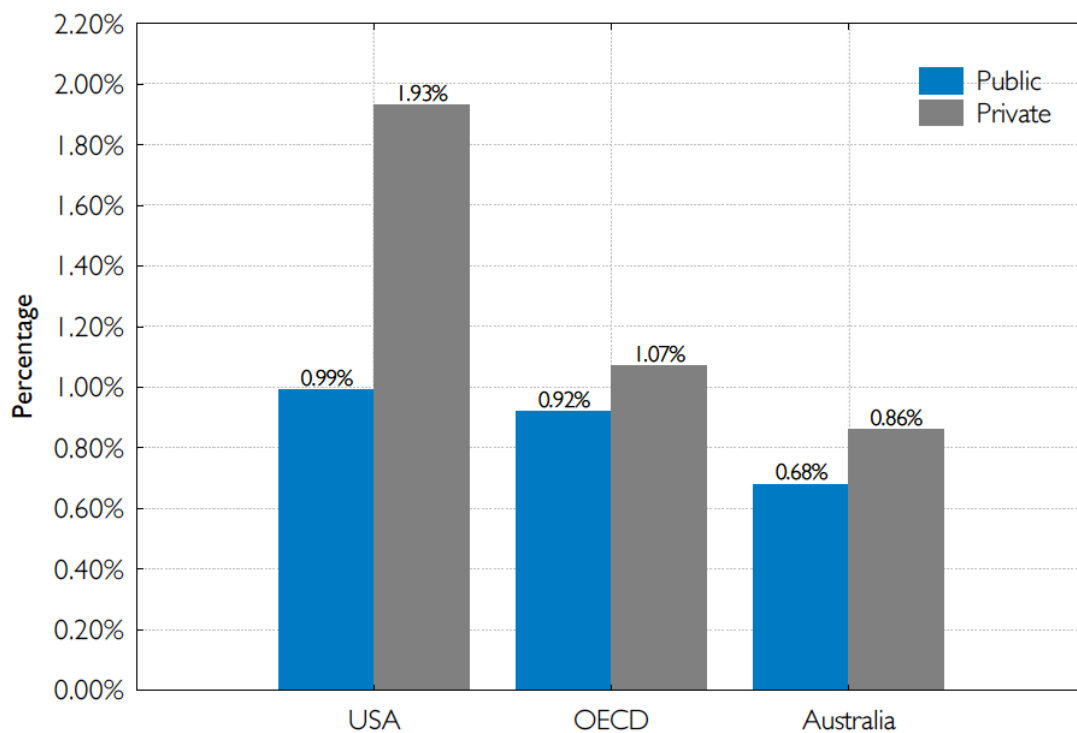
Figure 2: Percentage change in real expenditure on tertiary education 1995-2005



Source: Bradley (2008), Table 29; calculated from *Education at a Glance 2008: OECD Indicators*

While public expenditure among OECD countries is around 1%, Australia's continues to be well below that, while the private income is also below our OECD peers.

Figure 3: Public and private funding of universities as a percentage of GDP (2006)



Source: Universities Australia (2010); *Education at a Glance: OECD Indicators 2009*; DEEWR Finance 2006; ABS National Accounts

Funding Reality

In the government’s response to Bradley in the 2009 Budget the government accepted most of the recommendations for reform and laid claim to a new era in higher education, but its funding did not match that acceptance (Australian Government, 2009c). When discussing the new quality assurance arrangements, for example, the government suggested a central feature of the reform agenda would be an increased focus on quality to underpin “our vision for Australia to be one of the most highly educated and skilled nations in the world” (p. 31). As we can see from this Table, the five major recurrent items in Bradley would have totalled \$5.47 billion in additional funding. The 2009 Budget allocated an additional \$4.5 billion but identified savings of \$3.04 billion. So the effective additional funding was \$1.64 billion, or about 30% of the total sought.

Table 1: Bradley proposals and 2009 budget funding

		2009-10	2010-11	2011-12	2012-13	Total
10% increase in base	Bradley	250	500	520	540	1810
	Budget	0	0	0	0	0
Demand driven funding	Bradley	0	70	340	720	1130
	Budget	36	74	117	265	492
Indexation	Bradley	70	200	350	520	1140
	Budget	0	58	185	334	577
TEQSA	Bradley	20	50	60	60	190
	Budget	10	13	14	20	57
Research Indirect Costs	Bradley	300	300	300	300	1200
	Budget	31	121	161	201	514
Totals	Bradley	640	1120	1570	2140	5470
	Budget	77	266	477	820	1640

The government made no allocations for capital developments to support the additional enrolments and began a process of spending the capital in the EIF on a range of measures, so that by 2010 there was little left in that fund and presumably little chance of additional capital for some time.

Universities Australia, in its 2010 budget submission (2010), prepared a very cogent argument that the government should demonstrate the seriousness of its convictions and rhetoric by fully implementing the Bradley recommendations from 2011, reminding the government of the message in Bradley that full implementation of its recommendations would simply allow the sector to stand still. It based its argument on research it had commissioned from Econtech (2009; see also 2010b) showing that full implementation of the Bradley recommendations would provide a 6.4 per cent increase in GDP by 2040 – \$163 billion in 2010 dollars. That this was no mere rhetorical flourish, it was interesting to note that the Minister used a study by the same company (Econtech 2010a) to demonstrate the benefits to the economy of her recent education reforms. That report, which models the effects of implemented policies, shows that by contrast the higher education reforms will

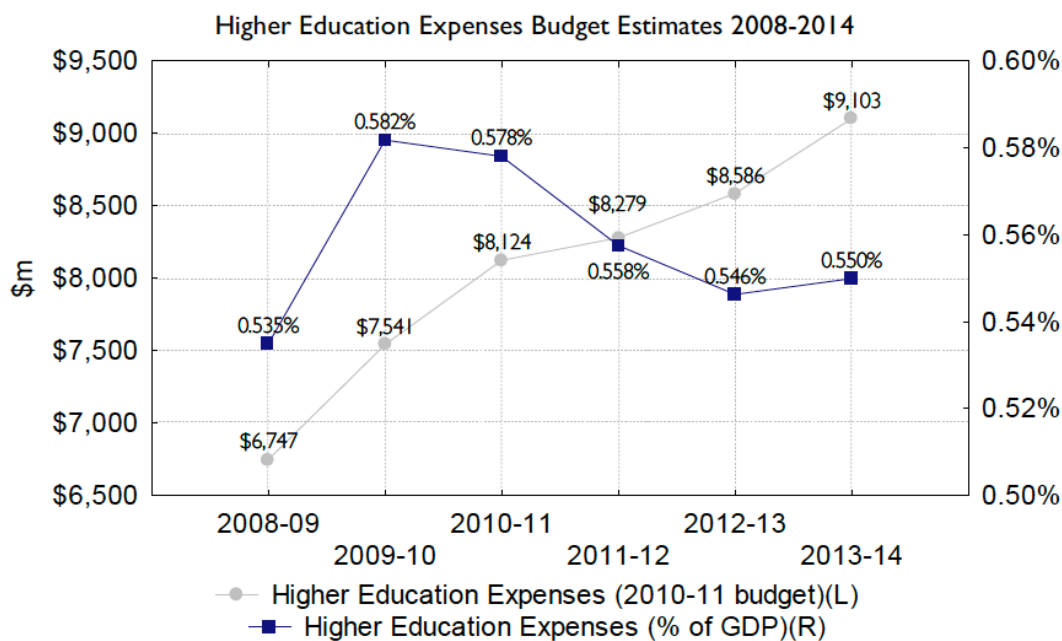
only achieve an impact of some 1.7% (Econtech 2010a: 43), or less than 30% of full implementation - a pleasing congruence between what you spend and what you get.

While the sector reacted positively in 2009 in the expectation that a future budget might provide additional funding, the 2010 budget contained no increases and some \$20.8 million in savings through reduced funding for the Australian Learning and Teaching Council by \$18.4 million over 2011-2014 and \$2.4 million over four years through the cessation of the Graduate Skills Assessment program – TEQSA will assume responsibility for the activities implied in the ALTC savings (although the TEQSA budget has remained unchanged) while the new MyUniversity website is planned to incorporate the GSA work.

While funding does increase over the forward estimates period, due to indexation, it continues to fall as a proportion of GDP, with little likelihood that we will be approaching our international peer countries on this measure in the foreseeable future. As noted in the notes to Table 2, indexation comprises additional government expenditure as well as the additional HECS contributions that students will make as a result of HECS being indexed at the same rate.

Universities Australia’s update on higher education expenditure as a proportion of GDP, following the 2010 federal budget, shows that the sector will be facing a further period of benign neglect.

Figure 4: Higher education expenditure as a proportion of GDP (includes EIF and DIISR)



Source: Universities Australia (2010); 2010-11 Budget Paper No 1 2010-11 Table 7 p. 6-15 and Table 4 p. 10-9

In projecting student enrolment targets and funding, the government’s figures do not appear to reflect the enrolment increases that might be expected through the removal of the enrolment cap and student-driven funding. In explaining the increases in funding, Budget Paper 1 (3-20) states that rises in “Higher Education Support expenses, by \$671 million in 2010-11 (\$2.1 billion over four years), [are] mainly due to a significant increase in

enrolments at universities in 2009 and 2010, and a further projected increase in enrolments in 2011” – in other words the increases in 2009 and 2010, following the Government’s decision to lift the cap on funding for over-enrolment from 5% to 10% in 2010 and 2011.

Table 2: Student load and funding projections, 2009-2014

	Estimates			Projections	
	2009-10	2010-11	2011-12	2012-13	2013-14
Funding \$,000	4,563,826	5,029,042	5,250,302	5,602,652	5,881,255
Student Load UG	443,540	466,022	474,986	488,016	494,210
Student Load PG	25,297	30,194	31,660	31,790	31,870
Medical Student Load	10,208	11,165	12,094	12,672	12,820
Total Student Load	468,837	496,216	506,646	519,806	526,080
Av \$ per EFT	9,734	10,135	10,363	10,778	11,179

Source: DEEWR (2010) Portfolio Budget Statements: Outcomes 3, p. 88

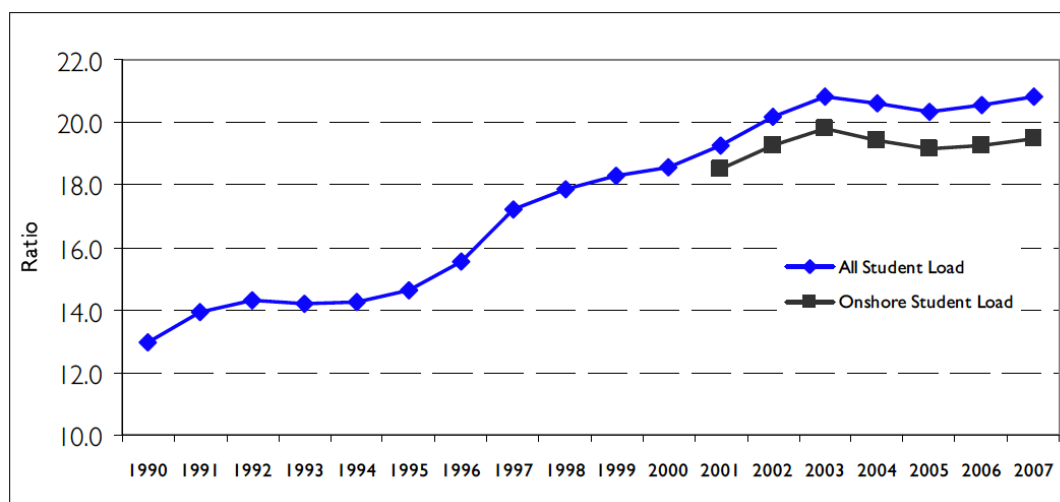
Notes: The forward estimates include indexation – 90% of the combined Professional, Scientific and Technical Services labour price index for 75% of the total and CPI for the remaining 25%. The total includes both direct government expenditure and the effects of indexing HECS loans.

The medical places are a subset of total undergraduate load including when Melbourne University postgraduate medical enrolments are introduced from 2012-13; the forward estimates figures for medical load include UG and PG.

Staff-Student Ratios

The total increase in government supported undergraduate and postgraduate places over the forward estimates is about 38,000 or 8.1%, although the increase is projected to moderate from 2011-12, when demand driven funding might have suggested a further and sustained increase in enrolments. Funding per student increases by a total of 6.5%, meaning that staff-student ratios are unlikely to improve, despite the fact that Bradley identified worsening ratios as the cause of many of the quality and performance issues.

Figure 5: Student to teacher ratio, Australia, 1990 - 2007



Source: Universities Australia (2010); DEST Higher Education Student and Staff Statistics 1990 to 2000 and DEST/DEEWR Unit Record Files 2001-2007; Bond University Management Report August 2008

As can be seen from Figure 5 staff-student ratios have been increasing steadily since 1990 - they had been declining for a decade before that. Funding a return to reasonable staff-student ratios would cost somewhere between \$770 million and \$1.45 billion per year depending on whether the 1996 or 1990 levels are chosen. The 1996 levels would have some attractions because it would return the system to when Labor was last in power.

**Table 3: Funding SSRs at 1990 and 1996 levels
(constant 2006 enrolments = 674,000 EFTSL)**

	2006 Levels	1996 Levels	1990 Levels
SSR	20.5	15.6	12.9
Staff Required	32,900	43,200	52,250
Additional staff p.a. @ \$75,000		\$772.5 million	\$1.45 billion

Increasing per capita funding is crucial at this time because universal higher education leads to a significant diversity of the student population and its level of preparedness for tertiary study. To provide every opportunity to succeed there must be sufficient staff to support and promote success - otherwise students who are least able to cope will have been lured to higher education but condemned to failure.

Accommodating the Growth

As indicated earlier, the Bradley Report assumed that capital funding could be addressed through the EIF. Given the state of existing building stock, the need to allow for replacement and refurbishment and the speed with which new stock would need to be built to accommodate the new student enrolments, the EIF, even at its peak of \$11 billion was not likely to meet the system's needs through a distribution of its interest earnings alone. In any case, while the government promised to add \$5 billion to the original EIF capital when it expanded it to include all tertiary education, much of that additional funding was pre-committed to areas of expenditure that were unrelated to tertiary education growth.

The EIF has been used for a far broader set of objectives than to build for the rapid expansion of the system, although universities have also benefited from the Health and Hospitals Fund (HHF). Budget Paper 1 in section 7-7 reported that in the March quarter 2010 the return on the EIF had been 1.3% and that it had returned some 4.2% since its inception. At the end of March the value of the EIF was \$5.9 billion, with an estimated uncommitted balance of \$2.7 billion. The HHF had returned 4.1% since its inception and has an uncommitted balance \$2 billion. At its peak of \$11 billion one might have expected the EIF to be able to fund projects worth some \$460 million. At \$2.7 billion it will have some \$113 million per annum available for new projects until such time as the budget is sufficiently in surplus as to allow further investment.

Based on achieving the 40% attainment rate (from a 32% in Bradley) and retaining a staff-

student ratio of 1:20, several commentators have estimated the additional capital requirements to be between \$15 billion and \$25 billion over the period to 2025. Including the costs of replacing existing building stock as well as the capacity of institutions to finance projects from their own resources would take the figure higher (although the Victorian Auditor-General has identified this capacity as an area of weakness). Taking the lower of these estimates, there is a shortfall of some \$1 billion per year over the period to 2025 for higher education alone. This may be reduced through the imaginative use of franchising agreements between universities and TAFE or private institutions to take some of the weight off university building stock, assuming that they have spare capacity. It may also be reduced if the absolute increases are not as high as Bradley suggested: for example, if net immigration is higher than expected and international students are allowed to remain in Australia upon graduation. But the net effect is not likely to be significant.

Where to from here?

Fixing the staff-student ratios and allowing for capital development would require an additional \$1.7 billion per year in the higher education budget.

The message so far is that the system will be expected to meet the targets set in Bradley while funding is maintained at a third of the proposed costs, with no provision for the capital costs of accommodating the expansion nor any to increase in per capita funding. The question that remains whether there are sufficient incentives in the new funding system to encourage universities to strive for the government's targets. The over-enrolments in 2009 and 2010 were presumably achieved on the basis that the government would continue funding for growth and that in 2012 full funding would be provided for the total growth. This year's Budget would not seem to provide that assurance – estimated student growth between 2011 and 2012 to fund the over-enrolment pipeline and any new growth in the first year of an uncapped system is estimated at 10,430 students, a 2.1% increase. The growth projected for 2013 is 13,160 or 2.6%.. However, some of the funding will be performance based and contestable.

There is a major shortfall in the means of achieving the higher education revolution, despite the fact that the government has largely confirmed the promises it made last year, despite some minor savings and the future of the uncertainty of the EIF. Universities Australia has reacted by saying that at least the lobbying worked to prevent cuts. The Group of Eight suggests that with GDP predicted to grow over the forward estimate years and a projected return to surplus in 2012-13, there may be some possibility of better funding in the future. But in the short term any return to surplus is based on the Resources Super Profits Tax, expected to earn some \$9 billion-\$12 billion. If this measure is not successful and the economic situation does not improve it is unlikely that government will increase funding for higher education. On the other hand, even if the measure were to succeed, funding promises leading up to the forthcoming election are already affecting the amount available for future expenditure.

It is interesting that Bradley set the funding floor at a level that would fully fund its recommendations while the sector seems already to have acclimatised itself to the maintenance of the government's revised floor of 30% of the Bradley amount.

The Opposition has essentially said that it will not go back on any of the plans, but neither has it promised to increase funding, promising instead to provide the sector with the capacity

to earn income from sources such as full fees for domestic students. This is not surprising given that there seems to be bipartisan support for not funding the sector adequately.

The only remaining options are to increase private funding, yet this is unlikely to be either possible or sustainable – in the jargon of the energy industry, this is not an alternative that provides base-load capacity. Nevertheless, despite talk of freeing up the system, the options for increasing private funding through uncapping HECS contributions or a return to full fees for domestic students are not open for discussion. Surely these options must now be canvassed fully given the lack of alternatives. Bradley had proposed a degree of user pays with a partial re-introduction of fees for domestic students to shore up funding, but this was not accepted by government, leaving the sector to rely entirely on government funding, regulated HECS fees and international student income. It is interesting in this regard that the 40% looks likely to be reached through allowing international students to remain at the end of their courses, with some suggestions that this could provide some 25% of the total increase. In effect there has therefore already been an acceptance that full fee students can be part of the deal, so the quibble over domestic students appears to be odd.

The option of increasing philanthropic funding is still a chimera, and there has been little evidence that it is understood in Australia – the comparison with the US does not hold because of the historical differences between the two systems; in any case there are few universities that are making up for low public funding through philanthropic effort and it lacks the capacity to provide base-load. Private funding for research will inevitably be directed to specific purposes, may not necessarily pay fully for those, and is unlikely to provide universities with discretionary income.

While international student fees have constituted the main alternative funding base, recent estimates suggest that 2011 enrolments could be at risk. It has been clear for some time that dependence on the international sector constitutes a considerable risk (confirmed by the Victorian and other Auditors-General). If the sector were to suffer the 20% falls being predicted several universities would be at risk, yet the sector is now dependent for its basic delivery of education upon the most fickle and unpredictable of markets. The factors that can affect the market are many and largely out of the sector's control. They may increasingly come to include the adequacy of government funding.

The student driven system should provide some flexibility, but the message so far is that this will not be the panacea that might have been inferred first because there will be a measure of regulation over the size and nature of the expansion through compacts and because it would only work effectively if both enrolments and prices were to be de-regulated.

What is needed from both major parties is a commitment to some real investment in higher education along the lines suggested in the Universities Australia studies.

Compacts

The new funding and policy environment is intended to free universities from inordinate government regulation to promote autonomy, efficiency and diversification. Universities would have the right to enrol as many students as they deem eligible with a guarantee of government funding and no intended limits other than in areas such as medicine. Compacts will constitute an agreement between each university and the government about mission, size and the achievement of government objectives, but universities would then be left to manage

themselves. The compacts system would also serve to reward institutional performance and maintain a watching brief on progress towards the 20% low SES participation rate and the 40% attainment target.

This idealised future was not treated entirely seriously by many commentators. I expressed doubts at this conference last year about the government's ability to fund a universal system with no controls. This was not intended to criticise the policy intentions but rather to doubt that Treasury could operate in an environment with an open ended commitment to fund as many students as were enrolled, but with little precise knowledge of the size of any cohort. The matter is further complicated by the relative funding model and the several permutations for funding depending on the precise combination of students and courses which drives the funding formula.

The evidence from the 2010 Budget papers and the Interim Agreements for 2010 suggests the numbers will be limited and that compacts are likely to lead to agreements that specify quite precisely the number of students for each funding category, with little flexibility to move load. Indeed any closure of courses or shifts in load between campuses will need Ministerial or Departmental approval. Furthermore, institutions will need to meet a range of other targets that include social equity and research to support a case for performance and general funding.

Compacts will require a complex process that must be managed carefully by negotiators who must have a deep knowledge of the system and an understanding of its ambiguities. It will not be amenable to formulaic solutions but require a careful calibration of specific solutions and expectations from each institution, while building a nationally coherent scheme. The Vice-Chancellor of the University of New South Wales, Professor Fred Hilmer, suggested in *The Australian* of 5 May 2010 that asking universities to each meet a range of competing targets would lead not to diversity and excellence but to mediocrity and uniformity.

Compact negotiations should be capable of reaching a range of different but complementary agreements. It should be possible for universities to choose what they do on the basis of their strengths rather than on diversifying their activities beyond their capacity to perform. But this approach is only possible if negotiators are clear about the set of systemic objectives within which they can negotiate.

Having more than one Minister setting the agendas that impinge on higher education – education, research, and health – will further complicate matters. The interim agreements did not appear to be based on a common set of objectives from the two Ministries represented; nor were they based on a discussion of emphasising a university's strengths while allowing the flexibility not to do things that it did not feel were in its interests or expertise.

The negotiating teams must have a national agenda and must be comprised of people from within the system as well as government if there is to be a rational conversation that can lead to compacts that are both achievable and worthwhile in meeting the national objectives.

The models that have worked in the past have included the Tertiary Education Commission which had overall policy responsibility and specialist staff to make informed judgements and the Higher Education Council which was involved in negotiations with Departmental officers. There is much to be said for returning to one of those models.

Regulation

The details of the governance and powers of the new Tertiary Education Quality and Standards Agency (TEQSA) are still being debated but it seems that it will have significant powers, including a role in judging whether universities are eligible for performance funding.

The initial idea that the Agency would have a level of independence with a Chief Executive responsible only to the Minister, would seem to have been abandoned and negotiations are now taking place to determine a more recognisable structure, with a Board having responsibility for the staff of the Agency. This would move it away from the pure regulatory structures of bodies such as the Australian Prudential Regulation Authority (APRA) and Australian Competition and Consumer Commission (ACCC).

The original idea of TEQSA was that it would develop mechanisms for an outcomes based quality assurance system by setting and maintaining standards. In the meantime it has been agreed to establish a separate organisation for VET, although there is the intention that TEQSA would subsume it in 2013. The collapse of a number of private colleges in the past year has led to the view that TEQSA should have a stronger regulatory role, even though this was implied in the original proposal. In addition to these developments, there have been moves to strengthen the Australian Qualifications Framework. This opens the way to the emergence of a range of bodies with potentially conflicting roles, each making conflicting demands on the system.

TEQSA is funded at less than a third the amount proposed by Bradley, yet its responsibilities grow as its role is negotiated. The 2010 Budget savings from the ALTC will not be transferred to TEQSA yet they represent the equivalent of 30% of the TEQSA budget.

While I have been a strong advocate for a new quality assurance system that is focused on the measurement of outcomes, with a strong role in the management of risk, the responsibilities being proposed for TEQSA are too onerous for a body of its size. Furthermore, there is significant work to be done to determine the standards that will be used to judge institutions yet the discussions so far appear to take little account of the time this will take. The current proposals also suggest that TEQSA will approve the creation of universities, yet without a referral of powers from the jurisdictions, these could still create universities under State and Territory legislation with little that TEQSA could do.

For TEQSA to develop and maintain credibility within the sector it will need to be flexible and prepared to make judgements based on risk rather than trying to demonstrate even-handedness by treating all institutions equally irrespective of their level of risk. It will need to concentrate on setting high entry standards while having the flexibility to assess existing institutions on the basis of the risk they present. It should be possible for it to determine different quality assurance methodologies based on the nature of the institution and the degree to which any institution is able to demonstrate that it has its own international peer reviewed quality assurance processes.

The need for a body with the range of powers that is being accumulated for TEQSA has been clear for some time and I have argued for the creation of a new senior advisory body for higher education. Many of the concerns over the development of TEQSA would be allayed if it were created as a new senior, expert and independent Tertiary Education Commission with responsibility for coordinating and advising government on tertiary education and providing

long term and sustained planning. The depth of specialised knowledge that it could develop about the system and its role in overseeing the delivery of national policies would ensure that the government would be at arms length from the specifics while having a reliable organisation to advise it on policy.

Such a Commission would:

- be a joint body of the Commonwealth and the States, with operational independence from both;
- have Councils for higher education and VET, and TEQSA reporting to it;
- have an advisory role, with funding decisions remaining with the Minister and government, advised by the Department;
- be the main regulatory and quality assurance body with a role in negotiating compacts with institutions within a broad policy framework from government and the Department;
- be responsible for policy advice on tertiary education as a whole, including teaching and research, to provide comprehensive and evidence-based advice;
- be a free-ranging advisory body that can test new ideas and set new boundaries. There is currently a lack of capacity for the system to respond to truly innovative solutions. The Commission would be able to canvass ideas and options without committing the government while providing options that the government can adopt or reject as it chooses;
- have significant data collection, analysis and dissemination functions and maintain a watching brief on the health of the system and the actions that should be taken to maintain and improve it so that it continues to meet the government's objectives;
- use its information and reviews of the system to measure its performance and make recommendations on costs, providing the government and the sector with comprehensive and sophisticated data;
- have access to strong policy research centres specialising in higher education and VET or have its own policy development staff.

A Commission focused on the long-term health and promotion of an excellent tertiary education system would ensure that it does not inadvertently fall into a further period of neglect.

Conclusion

Are we witnessing a dramatic and wide-ranging change in the way something works? So far one would have to conclude that change has been slow and that little will change. To return to my reference to the Dawkins reforms, while not branded as a revolution, they did constitute a paradigm shift in our image of higher education and its operational and policy environment.

Perhaps the inherent instability in the initial proposition for this revolution was that it did not have Ministerial sponsorship for the issues open for debate nor a coherent set of policy recommendations which the Minister would adopt. Because John Dawkins was driving the agenda he could control the shape of the outcome and be certain of government's capacity to support the funding to bring it about.

In the case of Bradley, the report could analyse problems and propose changes but without the guarantee that the package would be accepted as a whole there was always the risk that the selective implementation of proposals and inadequate funding would lead to a less coherent policy outcome.

This contradiction between expectation and financial capacity will lead to difficult times for the sector. It is therefore crucial that the regulatory environment be sufficiently flexible to ensure that the demands for accountability do not become so onerous as to further deplete the sector's capacity to perform. This would be particularly the case if the effort required for accountability and the further effort required to win contestable funds is greater than the benefits gained by success.

The under-funding of the revolution is made worse by the restrictions that government has placed on the sector's ability to raise additional funds. The result is that government is the only source of sustainable funding. If it genuinely wants a quality revolution in higher education it will need to invest in it itself, as several other countries have managed to do even in more stringent economic times than Australia's.

The US has allocated \$48 billion in federal stimulus, although many state budgets for higher education have been cut in 2009-2010, with California being particularly badly hit. France has received increased higher education funding, with €35 billion to promote research and a further €1 billion to support continuing reforms. In Germany, despite a severe economic crisis, state and federal governments agreed to spend €8 billion on higher education institutions and research in 2009-10, with long-term plans for funding and expanding German higher education still in place (Douglass 2010).

In evidence given to the House of Representatives Standing Committee on Economics on 19 February 2010 by the Governor of Australia's Central Bank, Glenn Stevens (Stevens 2010) stated:

“Happily...Australia is relatively well placed. We are located in the part of the world that is seeing the most growth. And in terms of fiscal sustainability, Australia's position is, by any measure, very strong indeed.....

“This situation is quite different from those faced by the major economies. Whereas many of them had their worst recession since World War II, we had probably our smallest...the whole crisis actually was very much a North Atlantic crisis. It was really only a global crisis for six or eight weeks, I think. The rest of it is mainly a North Atlantic story.”

In such a situation it might be argued that Australia could have done more to invest in a sector that the government and the Opposition agree is a significant contributor to economic growth and sustainability.

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