

**Macquarie University
Submission
Review of Australian Higher Education
July 2008**

This submission reinforces concerns identified in the Review of Australian Higher Education *Discussion Paper* and proposes Government action to deal with a range of matters in five key areas:

1. Providing greater income support for undergraduate as well as postgraduate students;
2. Improving the student experience;
3. Providing full funding for research and supporting more effective collaboration with government and business;
4. Supporting and regulating the recruitment of international students; and
5. Establishing a form of funding which will generate much needed diversity and greater capability building in the sector.

We have organised our comments under headings used in the *Discussion Paper*.

Opportunities to participate in higher education

The University shares the concern found in the *Discussion Paper* about the under-representation of Indigenous people and people from low socio-economic status backgrounds. A more detailed treatment of this topic, together with proposals for action, can be found in the Vice Chancellor's personal submission to the Review on this topic (Schwartz 2008a).

In our view the Higher Education Review should advocate for change in the following areas:

1. Income Support

There is urgent need for additional income support for undergraduate students. As the Vice Chancellor recommends, this support could be provided through an expanded HECS system.

There is also a pressing need for additional income support for postgraduate research students, again through an expanded HECS system. Current arrangements, as shown by experience across the sector, distract students from full-time research and do not maximise completions within the four

year time frame. The situation is so serious that a 50 per cent increase in stipends would be reasonable.

2. Information Transparency

The University strongly supports efforts to improve the quality of information provided to prospective students. In particular, information is needed which makes transparent the actual entry requirements of universities for different disciplines and allows straightforward comparison between universities across the country. The sector has a responsibility to help prospective students make good choices. For an example of good practice, see www.unistats.com. Prospective students can access information on entry requirements for almost every course at every university in the UK.

The student experience of higher education

There are a number of ways in which the sector could improve the student experience.

1. Robust Student Experience Measures

The Coursework Experience Questionnaire is an inadequate measure of the university experience, and at worst misleading as to the comparative performance of universities in providing a positive student experience. It fails to indicate whether the student actually learned anything at university, deferring to soft measures such as whether they actually liked their teachers. The sector needs a robust measure that focuses on outcomes delivered to enable students to make an informed choice of which university to attend. For an example of good practice, see www.cae.org. Their Collegiate Learning Assessment is designed to test the reasoning and communications skills that a university education ought to develop.

The University sector also needs a robust method of identifying and enhancing the quality of the teaching provided to its students. To this end, Macquarie University is currently involved in work with the Australian Learning and Teaching Council on measuring teaching quality. Although that work is still at an early stage, it has already identified the advantages of establishing a framework broad enough to encompass all universities yet flexible enough to allow individual universities to develop standards which meet their distinctive needs and goals.

2. Improved Student Preparation

The *Discussion Paper* raises concerns about the preparedness of students for university. Particularly troubling for the sector is the lack of secondary school preparation for students taking on sciences and mathematics. Macquarie is considering whether to test students when they begin

university and will develop additional forms of remedial support. We will also introduce in 2010 an introductory unit for all undergraduates to ensure they are better prepared for the experience of university study.

3. Integrated Learning

To ensure that student learning is better integrated, the University is, as part of our new Academic Programs to be introduced in 2010, introducing capstone units on the American model. In a final year degree subject, students would focus on how their learning fitted together and on how this prepared them for either further study or employment. Linked to this proposal is the suggestion that we provide more detailed documentation which would document student capabilities for potential employers, using the Diploma Supplement currently under development.

4. Student Services

The shift to voluntary student unionism has had a serious impact on the provision of services and thus on the total student experience. The Macquarie response to this situation has been to invest significantly (to about \$5 million in 2008) in services managed on behalf of students.

Higher education's role in the national innovation system

Detailed coverage of the University's role can be found in its submission to the National Innovation Systems Review (Macquarie University, 2008). The submission argues that the sector can play a much more important role than at present in the innovation system. For universities to play that role, it is imperative that Government meets the full costs of research.

Macquarie is ranked by the Shanghai Jiao Tong University Academic Ranking of World Universities in the top 300 research-intensive universities. But this is not a result of extensive government support. In fact, Macquarie is at the low end of the scale for government funding. The University's annual budget is now \$640 million, of which total Commonwealth funding amounts to 27 per cent. When competitive grants funding for research is removed, this figure falls to just 22 per cent.

1. Full Funding

Current arrangements, which provide only partial funding for direct costs and infrastructure, represent a failure of public policy and are a major concern to Macquarie University given our ambition to become a leading research university by 2014. The University's submission to the Innovation Review discusses this matter in greater detail, but the key point is that the University's investment in research is overwhelmingly derived from tuition fees. Those fees cannot be relied on (see the discussion below on the

international arena) and would be better spent on teaching and support services for students rather than cross-subsidisation.

The Higher Education Review should advocate a new model of funding which both meets the full cost of research and supports effective research collaboration with government and the business sector. One possibility is to add indirect costs to all competitive research grants.

2. Collaboration

Current funding arrangements are not only inadequate; they actually distort or discourage these collaborations. Joint research activities with government organisations such as CSIRO involve those organisations seeking high levels of subsidy. For business, there is no incentive in the current system for them to meet the full cost of research (though they fully tax deduct that cost) and as a result, universities are in fact subsidising industry. The University would support changes to taxation law currently being considered which would be an incentive for greater collaboration and calls for a model of funding which (like that of the United Kingdom) addresses the full costs of research.

3. Principles

Given this call for a significant increase in funding, principles are needed for concentrating research activity at points where it will be best undertaken. These should be along the lines of the principles identified at page 46 of the *Discussion Paper* as reflecting a 'broad consensus within the sector'. Research activity should be concentrated on the basis of expertise with quality established by international peer review.

4. Measures

To the greatest extent possible, the sector should move away from measures of research performance based on proxies. Use of input measures has led to dubious claims about the level of income directed to particular projects. It has also served to maintain an unhealthy uniform sector rather than promoting diversity. For example, a good applied research project will have a very different publication profile from that for one on basic research; yet it is the latter that is favoured under the current system for measuring quality. Institutions which are potentially qualified to engage in applied research are penalised by this kind of measure.

Australia's higher education sector in the international arena

The consequences of university involvement with international students have been well documented in the preliminary submission made by Professor Marginson to the Review (Marginson, 2008). In particular, the sector's high level of dependence on income from international students is a matter for

concern. Similarly, the concentration of these students in particular disciplines, mainly business and accountancy, is not in the interests of the sector nor the economy as a whole.

Macquarie is an advocate for the internationalisation of higher education. A truly international higher education sector can provide a rich and fruitful experience for students and staff alike. Our current international activities however are from necessity largely revenue driven.

1. Risks

This dependence on international students poses significant risks for Australian higher education. A system which relies on income from international students is obviously vulnerable. (Macquarie for example raises about a quarter of its revenue from this source.) That vulnerability is increased when students are drawn from a limited number of countries and are concentrated in particular disciplines, and where the primary motivation for overseas study is immigration rather than learning. Economic downturn, shifts in government policy or the increasing provision of similar educational opportunities in the students' home countries could all have devastating effects on Australian higher education.

A system which relies on students undertaking a limited range of subjects is also limiting the development of the Australian skill base. Those students who stay in Australia are confined to a narrow range of professions. And those students who return to their home countries will not usually become the link points for developing international research or teaching collaborations. There is a pressing need to approve a greater range of subjects for immigration purposes.

2. Government Action

Government could play a significant role in developing a stronger international market for the sector if it were to:

- Organise trade missions which focus specifically on the education sector rather than burying education in broader efforts;
- Modify regulations to make greater allowance for the increasing numbers of students who wish to bring their children to Australia, as well as providing travel grants and subsidies for the education of these children; and
- Modify regulations to make greater allowance for mature age applicants.

Government should also develop mechanisms which better coordinate the activities of the Department of Education, Employment & Workplace Relations and the Department of Immigration & Citizenship. DIAC decisions on visa point changes have profound effects on the sector's recruitment campaigns and are apparently made without DEEWR input. Of particular

concern is the imminent change in visa requirements for students from India which will discourage students who want to study science and engineering—areas of real need for this country.

3. Australian Students Overseas

Internationalisation also involves Australian students seeking educational experiences outside their home country. There are numerous impediments to this at present. Fewer than 10 per cent of Macquarie undergraduates find themselves able to take up opportunities for overseas study; this is mainly due to income pressures, notwithstanding generous travel grants provided by the University.

We will expand student opportunities in 2010 with the introduction of the Global Futures Program which will give students the opportunity to travel overseas as one way of meeting volunteering requirements. In addition, the University can point to the increasing success of its co-supervised research degrees which include a travel component.

The Higher Education Review should address the issue of internationalisation through revised funding for students that includes living costs. This will remove one major impediment to student participation in international learning opportunities.

Higher education's contribution to Australia's economic, social and cultural capital

Macquarie continues to work on developing a more strategic focus in its engagement with business and the community. There is no doubting the value of this engagement for the creation of all forms of capital.

1. Knowledge Transfer

The *Discussion Paper* rightly identifies knowledge transfer as an emerging concern. Macquarie has unique research currently underway in its *Audit of External Research-Based Engagement and Knowledge Transfer*. This covers the period from 2003 to 2007 and, while the research is not yet complete, clearly points to high levels of interaction. At least half of the staff surveyed have active relationships with end-user communities in their field of study. As one would expect, those interactions are most frequent among staff involved in professional education but they also prove to be high among academics working in the basic sciences.

Knowledge transfer needs to be measured across the sector to establish real levels of activity and it needs to be properly costed and paid for. Encouraging a greater focus on the distribution of research outcomes should

be part of any successor scheme to the RQF and should be included as a component in Government funding for research.

2. *Open Access*

A potentially valuable tool for knowledge distribution is the development of open access. This would be a good for Australia, increasing (in the words of the *Discussion Paper*) 'the relatively low international visibility' of Australian research, and a good for the world. In particular, because access is not gated, it would be a good for developing countries. The University strongly supports steps in this direction and proposes that serious consideration be given to adopting open access across the sector.

Resourcing the system

If the sector is to achieve the diversity which will support the country's strategic goals (and if it is to reduce its dependence on international student fees), Government must make major changes to funding arrangements.

In common with the rest of the sector, Macquarie faces significant financial pressures. Wage costs make up the largest part of the University's budget and should be funded in real terms. Infrastructure costs are also considerable—Macquarie expects to spend \$250 million dollars in the next two years, the greater part of this to replace the Library, to complete the Macquarie University Hospital and Clinic, and to refurbish ageing buildings. And, as has already been discussed, current funding for research goes nowhere near covering full costs.

1. *Philanthropy*

Some difference will be made to Macquarie's situation by its current efforts to secure new sources of revenue through its property trust. It is also beginning to promote a culture of philanthropy and therefore supports the proposals made by the Business, Industry and Higher Education Collaboration Council (Murray 2008) that the Government fund universities to develop their capacities in this area and to match donations.

2. *The Compacts*

The key decision for the sector's future is the form which Government funding will take. The University is concerned at the prospect of the funding compact—the "mission-driven" compact—which the Government plans to introduce in 2010. Because it would not be practical for Government to judge every teaching area and every research project in every university, there is a strong risk that the compacts will be backward looking, based on and reinforcing the status quo. They will fail to encourage the competition which the sector needs to diversify and strengthen (see Schwartz, 2008b).

The ideal arrangement would be a combination of choice and competition. As Le Grand has recently argued:

There are three principal arguments in favour of choice and competition as a model for public service delivery. It fulfils the principle of autonomy, and promotes responsiveness to users' needs and wants; it provides incentives for providers to provide both higher quality and greater efficiency; and it is likely to be more equitable than the alternatives (Le Grand, 2007: 42).

If we are to have a compact, then there is a form of compact which would go some way to avoiding confirming the status quo and which is therefore recommended. It would have as key features contestability, an internal market and transparency. This system would be demand-led—by responding to the requirements of stakeholders, it would build capability and would enable the sector to flourish.

References

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