

## Howard's Window of Opportunity

American author and journalist, Sydney J Harris once mused that the 'whole purpose of education is to turn mirrors into windows.' The October 9 election result provides the Howard Government with the opportunity to look towards a longer term window of opportunity for the higher education sector.

The result has provided certainty in terms of implementing the massive reform agenda passed by the Federal Parliament late last year. However there remain two key issues arising out of the reform process which are of concern to the ATN and the broader sector; that of indexation and the cost of implementing the reforms on individual universities.

At a broader level, the ATN, which derives its success from its strong partnerships with each other and industry, is looking to Government for indications of what it now sees as the longer term priorities for the sector.

But first to indexation. There was some concern about how the sector would respond to a new Government which was intent on rolling back some of the integral components of the Government's reform package. However, in its favour, the Latham Opposition did commit to a more realistic indexation measure which went one step further than the Howard Government's commitment as part of the *Higher Education Support Act 2003* to a review of indexation.

Under the commitment made by Government, that review is due to be completed by February 2005 and yet the Government is still to unveil details of how it will undertake the review and the process for consultation.

As it currently stands, Government funding for higher education institutions is partial. In 2002, the ATN received 34.5% of its revenue from the Commonwealth (net of HECS), while the share of sectoral revenue from the Commonwealth was 40.1%. This percentage is set to decline further without meaningful indexation of Government contributions.

The review of indexation is particularly significant, given the increasing cost pressures on a sector that has limited control over its income for the main part of its activity - undergraduate teaching.

Universities have never had an adequate indexation model applied to their funding allocations. The ATN expects this review to be a genuine attempt to better reflect the reality of rising university costs. Apart from anything else, meaningful indexation will protect the value of the Government's investment in higher education infrastructure. It is also consistent with the 'purchaser-provider' model implicit in the legislation: if government is going to fund universities by activity, then price structures should be more closely aligned to real cost.

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The fact is that without indexation universities will be in exactly the same financial peril at the next election to that which caused the Nelson review.

The second critical issue is the cost of the reforms. The package is administratively complex, and requires substantial resources to be diverted into new systems for managing student load, tracking student entitlements, competing for grants and responding to government demands.

For some of the ATN universities, the costs of implementation are well over the \$1 million mark, far in excess of the government's allocation of \$250,000 per university for system redevelopment.

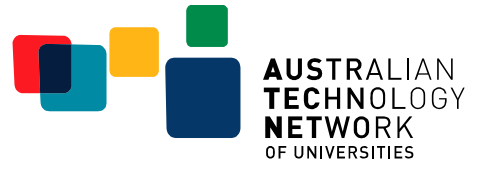
The reforms promised autonomy but the demands of accountability, quality assurance, and bidding for funds, performance funding and other bureaucratic considerations have mounted and the outcome now appears to be the reverse. The primary objective of *Backing Australia's Future* was to make universities more responsive to the needs of students, employers, and the nation as a whole. The ATN would strongly argue that its priorities are its 175,000 students and the communities within which our five universities operate rather than directing much needed resources into areas of bureaucratic compliance and red tape.

And what of the next phase for our sector? It would be wrong for the Government to become complacent about the role of universities in the future growth and development of our nation.

This next term of the Howard Government must achieve more than simply a period of consolidation and reform implementation. The longer term issue for the Government is to examine what the effects will be of a system driven and moulded by student demand. The Government will need to examine how that will impact upon nationally important disciplines such as science and engineering, where we know there is a forecast critical shortage.

It is a significant issue for the ATN which plays a major role in these areas, teaching a quarter of the nation's engineering students and 21% of Australia's information technology students.

Never before has education been more central to Australia's economic and social development. Universities face a huge challenge. With its resounding election win on October 9, the Howard Government has a window of opportunity to demonstrate, as it did in the main with its reform agenda of last year, its capacity to look forward at the long term issues confronting universities over the coming decades.



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