

Higher Education Reforms: A Lot of Pain for No Gain

The recently released *Higher Education Funding Report 2004-05* is the first report to show the impacts of the Government's major policy and funding changes to the higher education sector, following the introduction of the *Backing Australia's Future* policies in late 2003. Paul Kniest reports.

At the time of announcing the reforms, Federal Education Minister Dr Brendan Nelson stated that 'to ensure a sustainable university system... increased resourcing and regulatory reform' were essential. NTEU analysis of the *Higher Education Report* reveals no new resources for higher education and an increase in student contributions to the cost of their university education, at the same time as a dramatic increase in Government interference in the sector through changes to the funding mix.

Major regulatory changes that have been introduced in 2005 alone include the introduction of new funding agreements and the tying of money to meeting the Minister's governance protocols and, from 2006, its industrial relations reforms known as the Higher Education Workplace Relations Requirements (HEWRRs). Other major reforms have included the introduction of the Research Quality Framework, and the release of a set of new (and the NTEU would argue highly flawed) performance indicators for the distribution of substantial funding through the Learning and Teaching Performance Fund. The Federal Government has also moved to take over State and Territory responsibilities for higher education, and open the sector to more competition from private and international providers through a review of the *National Protocols for Higher Education*.

The regulatory changes means that it is not possible to directly compare 2004 and 2005 Commonwealth funding levels to universities as reported in the Report. An analysis of comparable data is shown in Chart 1, which in addition to showing changes in the total level of funding, also shows a breakdown between Operating/Commonwealth Grants Scheme (CGS) grants and other grants.

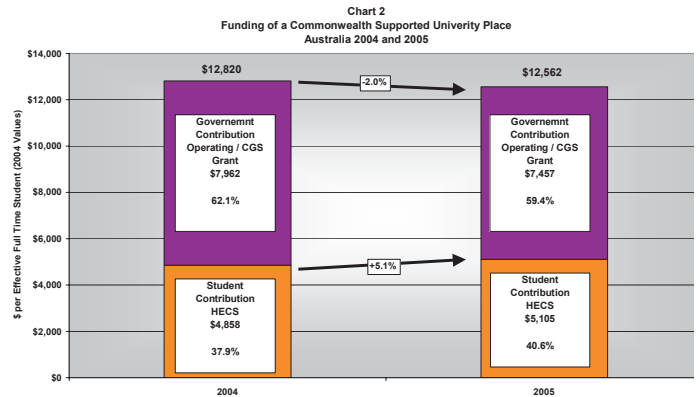
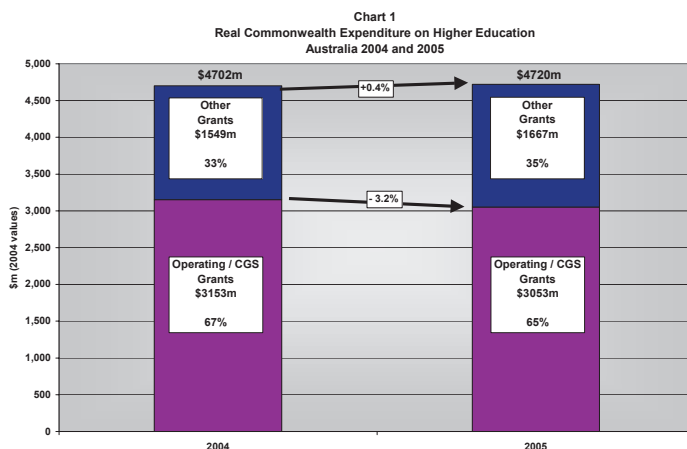


Chart 1 shows that the total level of Commonwealth Government expenditure on higher education increased by a paltry \$18million, or 0.4% in real terms in 2005 compared to 2004.

As the data shows those funds, over which universities have a high degree of discretion (Operating/CGS grants), actually fell by 3.2% between 2004 and 2005. Other grants, which in most cases must be used for specific purposes, increased by almost 8% over the same period. This is a significant change in the composition of Commonwealth Government grants to the sector and clear evidence of the Minister's desire not only to make universities less reliant on Government funding but at the same time wishing to exercise a greater degree of control over what they do.

The funding situation looks worse when you allow for the increase in the Commonwealth Government-supported student load, which rose by more than 13,000 full-time students in 2005.

Chart 2 shows the contribution made by the Commonwealth through Operating/CGS grants and by students through HECS to the cost of government-supported student places. As the data show the Government's contribution for educating government-supported university students fell by 6.3%, in real per student terms between 2004 and 2005, while at the same time the contribution made by students through HECS payments increased on average by 5.1%. Therefore, students' contribution to the cost of their education increased from 37.9% in 2004 to 40.6% in 2005, compared to about 20% in 1996 when the Howard Government first came to office.

If the *Higher Education Report 2004-05* is seen as the first report card on the Government's reforms to higher education sector, it clearly demonstrates that while the sector has had to endure considerable pain as a result of many regulatory reforms, this has not been matched by the promised additional resources.