

SPEECH

**Senator the Hon Simon Birmingham
Minister for Education and Training**

The challenge of world-class higher education

Opening Keynote Address

**Times Higher Education (THE) World Academic
Summit**

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Introduction

The wonderfully witty and wily Mark Twain once remarked that education is “the path from cocky ignorance to miserable uncertainty.”

Based on Mr Twain’s observation, with such an esteemed, learned and well educated audience gathered here in this one location you may very well represent the collective pinnacle of miserable uncertainty!

Nonetheless, it is a pleasure to be with you this morning and I am confident that your important discussions on the future of higher education will be far more uplifting than miserable and, hopefully, much more decisive than uncertain.

I particularly acknowledge our hosts:

- Professor Glyn Davis, Vice-Chancellor, University of Melbourne
- Mr Rob Grimshaw, CEO, TES Global, and
- Phil Baty, editor at large of Times Higher Education magazine and editor of the Times Higher Education World University Rankings.

I congratulate the Times Higher Education (THE) on once again bringing this biannual event to the dynamic Asia Pacific region, building on the success of Singapore in 2013 by coming to magnificent Melbourne for a World Academic Summit exquisitely timed on the eve of Australia’s most sacred, near-religious festival, the Aussie Rules Grand Final. I trust some of our visitors will stay to enjoy the sporting and cultural festivities.

The World Academic Summit brings together an impressive group of leading thinkers to discuss global issues in higher education. Higher

education is, quite naturally, a global enterprise, and it is inspiring to see this reflected in those taking part in this conference. I particularly welcome all of your excellent international speakers and distinguished foreign participants to Australia.

We live in exciting times here in Australia. Despite economic turbulence we are a nation well placed for the century that lies ahead, with strong historical ties to the West and ever strengthening ties to our geographical neighbours in the East.

Our largest trading partner is no longer the United States, but China. Our country may only be the 52nd most populous nation in the world, but we are the 12th largest economy.

We are an open economy, with new free trade agreements settled in the last two years with China, Japan and South Korea. And in our new Prime Minister, Malcolm Turnbull, we have one of the world's most technically savvy, self-made and innovative leaders.

Prime Minister Turnbull is determined that Australia shall be a nation that embraces global change and capitalises upon it. In his very first public comments as Prime Minister designate Malcolm said:

“The Australia of the future has to be a nation that is agile, that is innovative, that is creative. We can't be defensive, we can't future-proof ourselves.

“We have to recognise that the disruption that we see driven by technology, the volatility in change is our friend, if we are agile and smart enough to take advantage of it.”

Central to securing that agility and those smarts are systems of world class education and training, including an adaptive, innovative and high quality higher education sector.

Higher education and the jobs of the future

Around the world, the teaching, research, and service activities of universities and other higher education institutions play crucial roles – as you know so well – in the conservation, dissemination, and advancement of knowledge.

Higher education plays a crucial role in creating opportunities for individuals – enriching their lives and careers. It provides the skills needed for economic competitiveness. Research in higher education institutions drives the innovation our economies need.

In Australia, we are increasingly conscious that the jobs of the future depend on having the skills and knowledge that higher education helps to develop and spread among our citizens and our workers.

The jobs of the future depend on the innovation that university research facilitates and promotes.

The jobs of the future depend on Australia doing a better job than we currently do of linking industry with university research, and of turning our large-scale and very high-quality research effort into positive benefits in people's lives, including through commercialisation.

The jobs of the future depend on Australia being an attractive destination for students from within Australia and around the world, with over 130,000 jobs in Australia already dependent on the education opportunities we provide to so many international students.

Put simply, the jobs of the future depend on our having outstanding higher education and research systems.

This requirement is recognised in more countries around the world than it has ever been before, as the attendance at this conference reflects.

Building one of the world's best higher education systems

Our government aims to build on our already strong higher education system to develop one of the best higher education systems in the world, with some of the best universities in the world.

So, what are the attributes of one of the world's best higher education systems?

As a new minister this is a question to which I will be giving careful thought over the weeks and months ahead, and will welcome your thoughts on it. To get this conversation started I will today offer some initial, first thoughts.

One of the world's best higher education systems would be characterised by excellence, diversity and choice. There would be excellence in the quality of teaching and the all-round student learning experience; excellence in research; and excellence in the community engagement and service of universities.

A diverse array of institutions would pursue their distinctive goals as well as they possibly could, with some of them among the very finest of their kind in the world.

Such a system would offer students a wide range of course options and differing modes of teaching from diverse institutions to meet their - the students' - particular needs, aspirations, and circumstances. Students would be free to choose the options that suit them best and well informed about the options that can best meet their needs or ambitions.

Access to higher education would be fair and equitable. Higher education would be affordable, with no upfront fees. The cost of providing it would be shared fairly between students, who typically gain considerable private benefit, and taxpayers, reflecting the public benefit from higher education.

In such a system, research – both pure and applied, across diverse disciplines - would be impressive in scale, quality, and impact.

There would be strong linkages between industry and the higher education system, both in courses offered and in research undertaken and applied, through to research commercialisation.

One of the world's best higher education systems would also necessarily be deeply linked internationally. These international linkages would be reflected in student and academic staff mobility, in curriculum, and in research.

Government would facilitate and support a world class higher education system, but not control it, respecting the crucial freedom or autonomy of each institution to shape its own destiny and be as responsive as possible to the needs of its students, communities and partners.

Three key challenges

Australia's current higher education system rates very highly by many of these criteria, and we are right to be proud of what has been achieved.

But while the Australian higher education system is very strong by many measures of international comparison, it faces major challenges. Let me mention three in particular.

The first is sustainable funding. The previous Labor Government created a system in which the number of Bachelor-level undergraduate places with federal taxpayer support was uncapped. But it did not provide a sustainable basis for funding this so-called "demand-driven system" and nor were reforms or funding incentives structured in a way that established an effective or informed market.

The demand driven system has seen unprecedented and largely welcome growth in higher education participation, with a projected increase in federally supported undergraduate places of more than 25

per cent between 2009 and 2015. While this expansion of the system has provided opportunity and choice to more Australians than ever, it has come with a budgetary cost. Australian Government expenditure on higher education teaching and learning has increased by 55 per cent from approximately \$8.6 billion in 2009 to \$13.3 billion in 2015.

It is, in part, because of this growth in spending in the context of ever-larger budget deficits and growing debt that the previous Labor Government announced cuts of over \$6.6 billion between 2011 and 2013 from higher education and research.

So the first challenge in Australian higher education policy now is to find a sustainable, stable basis for funding the demand-driven system, where funding incentives help to create informed and rational decisions by providers and students alike. The alternative, mooted by some of my political opposites, is for the number of Bachelor degree places to be recapped under a "government knows best" approach, where some students who could otherwise go into higher education are locked out.

The second challenge is quality. We want Australian students to have access to courses and research opportunities that are equal to or better than those they would find anywhere else in the world. We want Australian universities to be magnets for the best students and staff from around the world. We want Australian universities to undertake research of the highest quality and impact.

Universities Australia has rightly warned of the risk of Australian universities being left behind in intensifying international competition in higher education, and urged action to prevent this. The rise of universities around Asia has been impressive, including as reflected in

various global rankings, and this presents us with an energizing challenge.

Australian students have high levels of satisfaction with their higher education experience, but student surveys also make clear that we could do better when compared, for example, with the US and the UK.

As technology makes new modes of learning increasingly accessible, opportunities for students to make a global choice of academic institution will equally become more accessible. Australian universities and our policy settings must recognise that domestic students will increasingly have international choices.

Ensuring that Australian higher education is of the highest quality both in teaching and in research is crucial if our universities are to be the universities of choice for international and domestic students alike.

The third challenge is access. We need to ensure that good quality higher education is accessible to all students who have the ability and well informed motivations to benefit from it. We need this as a matter of fairness, of creating opportunities for individuals, and of ensuring that our society and our economy benefit from our being the best educated community we can be.

We have seen massive increases in participation in higher education. In 2014, 37.3 per cent of Australian 25 to 34 year olds held a Bachelor or higher degree. In 1991, this figure was just 12.5 per cent.

For the first time in Australia's history, domestic students reached over one million in 2014, an increase of 4.1 per cent from 2013.

While there have been significant increases in students from some equity groups participating in higher education, major challenges remain, including – for example - to increase the participation and success rates for Indigenous students.

Fair access requires many things. It requires that we maintain the Australian system commonly known as HECS – the Higher Education Contribution Scheme – whereby undergraduate students don't need to pay up-front for their courses but can borrow from the Government the contribution they are required to make, repaying it only when they are earning a decent income at affordable repayment rates.

This income-contingent loan scheme is something that I and the Government are committed to protecting and indeed strengthening. Our efforts to strengthen it include, for example, requiring Australians working overseas to make the same income-contingent repayments they would make if they were working in Australia. This is both fair and will help maintain the viability of this vital taxpayer-subsidised loan scheme for the long term.

Amongst the other things that fair access requires is something that has been too little noticed. All Australian students enrolled in bachelor degrees at our public universities have their tuition fees subsidised by the Australian Government. This reduces the amount that they are required to pay for their study - on average the subsidy level is around 60%. Students who choose to study – presumably because it is the right course for them – for a higher education qualification in one of our

Technical and Further Education colleges or in a private college receive no such subsidy.

Not only that, subsidised students can borrow money from the Government to pay for their share of the costs, and they are not required to pay a loan fee. Compare this to students who enrol at private institutions or in vocational education and training who, if they borrow to cover their course fees, have to pay loan fees of 25% and 20% respectively.

These discrepancies of government subsidy and loan fees are unfair, and a system of fair access for students would ideally rectify this for students at high quality institutions.

Fair access also requires that we assist people from disadvantaged backgrounds, who face many additional barriers in accessing higher education, to participate and succeed at university. Through the demand driven system and programmes such as the Higher Education Participation and Partnerships Programme, we have increased the number of low SES students attending university, and we have increased the number of Aboriginal and Torres Strait Islander students attending university. However, a better, fairer system may provide enhanced support for preparatory or alternative pathways, rather than one size fits all solutions.

To sum up the challenges, I would say that Australia needs to find a sustainable basis for funding a world-class education system, with fair access for students.

Last year my predecessor as Minister for Education and Training, Christopher Pyne, developed a reform package aimed at addressing some of these challenges. With amendments - and to Christopher's enormous credit - it had the support of the eight peak bodies in higher education in Australia, and of almost all our university vice-chancellors or presidents. While this reform package passed in the House of Representatives, it was twice defeated in our Senate, with this political impasse creating an air of uncertainty for our higher education sector.

Higher education arrangements for 2016, and consultation

With only three months left in 2015, it is necessary to give both universities and students certainty about what the higher education funding arrangements for 2016 will be.

Therefore, today I am announcing that higher education funding arrangements for 2016 will not be changed from currently legislated arrangements, while the Government consults further on reforms for the future. Any future reforms, should they be legislated, would not commence until 2017 at the earliest.

Students and higher education institutions can now plan on the basis that arrangements for Government funding and student contributions will be the same in 2016 as they were in 2015, indexed for inflation.

With this additional time, I will be consulting with the higher education sector, students, employers, my Senate colleagues, and other stakeholders on how we can best meet the challenges of finding a sustainable basis for students, universities and taxpayers to fund an

adaptive and world-class higher education system, with fair, equitable access for students.

When I reflect upon my personal experience - government schooled, in a below average socio-economic area, with parents who never attended a university - I am resolutely committed to equitable access.

To those who claim consideration of reform is about ideology or privilege, you are dead wrong. I will only ever champion reforms that achieve both equity and excellence.

I invite ideas and conversations about how to achieve such equity and excellence in higher education, whilst honestly recognising the financial limitations of taxpayers. Even as we approach an election year, the eternal optimist in me invites sensible discussions, not fear campaigns, because the Turnbull Government is founded on optimism in what our nation can achieve and on a determination to help every Australian to do their best and to be their best.

I hope and expect that many people here today will contribute their ideas to this consultation, as you have to debate over recent years, and I want to thank you in advance for your thoughtful contributions. My style is one of listening and analysing before deciding, but nor do I want to consign our universities and our national competitiveness to years of inaction.

Challenges faced around the world

The Australian discussion takes place in a context that, though different in particulars, will be familiar in many broad ways to our guests from around the world taking part in this conference.

Around the world, higher education leaders and policy-makers, including ministers such as myself, face common challenges and opportunities.

We face the exciting opportunities created by technological change and by international mobility on an unprecedented scale.

We face the challenge of funding higher education systems that increasingly move from elite to mass systems, that in some countries such as Australia are almost moving towards universal systems.

We face the challenge of balancing public and private funding against the public and private benefits that accrue, and of balancing institutional autonomy with the need for accountability in the use of public funds.

We all face the bracing and stimulating challenge of increasing global competition, including the competition for students and for academic staff talent.

Australia's approach

Despite some of the reform challenges that I touched on before, Australia is already adjusting to many of these global trends.

We are doing so with great respect for the autonomy of our universities. They receive very significant funding from government, and are accountable for that, but they must be independent from government and as free as possible to determine their own futures. This is both because the autonomy of universities is one of the elements of a free society, and because the freedom of universities to govern themselves is essential to their being the best that they can be.

It is for these reasons that we have acted over the last two years to reduce the burden of reporting requirements on our universities, and to eliminate unnecessary regulation.

Our quality agency for higher education, the Tertiary Education Quality and Standards Agency, plays an important role in ensuring that minimum standards of quality are met. But it has rightly been working to ensure that it does not succumb to excessive regulation or bureaucratic over-reach. No one was ever regulated into excellence!

In support of high quality teaching and learning, we will soon publish the outcomes of Professor Ross Milbourne's consultation on the proposed new national institute for teaching and learning to be based in the higher education sector, in succession to the Office for Learning and Teaching within the Department of Education and Training.

To give prospective students additional information to use in choosing what they will study where, we have recently launched the Quality Indicators for Learning and Teaching, or QILT. QILT is a website that brings together survey results from current students and recent graduates, together with employment and salary outcomes. We are developing a survey of employer satisfaction which, in time, will further improve the information available on the QILT website, thereby further empowering students to make informed choices about the relative value of different offerings by different institutions.

Promoting international education

QILT will be a resource both for Australian students and for the hundreds of thousands of international students who choose to study in Australia.

Making Australia as attractive and as welcoming as possible to international students is one of our most important goals, whether they come to Australia for English language, school, vocational education and training, or higher education.

International education provides huge benefits for the students who come here and the communities from which they come and to which they return better able to contribute. International education also enriches the culture of Australian institutions and communities.

International education builds people-to-people links between Australia and many countries. It is in part for this reason that we are also very active in encouraging and supporting Australian students to spend part of their undergraduate years studying overseas. A signature initiative of our government is the New Colombo Plan, which promotes study abroad in the Indo-Pacific region, wherever possible combining this with an internship or mentoring arrangement.

International education is Australia's third largest export industry and our largest non-resource export. It is estimated that last year Australia earned over \$18 billion from international education, up over \$3 billion on two years ago.

Our government is committed to doing all it can to strengthen international education further. The free trade agreements that we have entered into with China, Japan and Korea provide added opportunities for our educational institutions and for students.

In mid-2016, we will implement a new Simplified Student Visa Framework.

We have recently introduced into the Parliament a Bill, arising from extensive consultation, to simplify and update our Education Services for Overseas Students, or ESOS, framework – reducing red tape while protecting students.

Austrade is consulting on a long-term marketing strategy for Australian education.

We have work underway to further improve quality assurance regarding the use of education agents, and to improve the employability of both international and domestic students.

Drawing together all the strands of Australia's international education effort, in educational institutions and at all levels of government and beyond, we are also finalising a National Strategy for International Education.

The implementation of this strategy will now benefit from a new and dedicated minister for international education, Senator Richard Colbeck. Richard will ensure our education and trade departments work effectively and harmoniously to promote and enhance this important educational and economic activity.

Promoting research

Just as international education will be one of the drivers of Australia's future economy, so will greater linkage between industry, research in universities and publicly-funded research agencies.

Our research sector produces high quality outputs. Our share of the top 1 per cent of highly cited publications around the world increased from 3.6 per cent to 6.3 per cent between 2005 and 2013.

To underpin our research effort, we have worked to provide stable and indeed increased funding for key research initiatives, including the mid-career Future Fellowships which are important for research talent, and the National Collaborative Research Infrastructure Strategy.

Over coming months, the Government will also be considering the findings of a review of research infrastructure which I hope can help us find a long-term and sustainable funding basis for research infrastructure.

We have underway reviews of research funding and policy, and of research training, which should help us to identify ways in which, while protecting the quality and scale of our research effort, we can increase its impact. We can do this through strengthening linkages between research and industry, and the application of research outcomes to improve the quality of life, including through commercialisation.

In 2013, Australia ranked last in the OECD on the proportion of businesses which collaborate with research institutions on innovation. So we have much scope to improve, and we are determined to do so.

The development by the Times Higher Education of “innovation indicators” published in August is an important step. These indicators rank institutions on the basis of resources from industry, patent citations, and industry collaboration. I am sure that all of us wanting to promote

innovation, and to ensure that industry-university linkage contributes fully to this, will watch the further development of innovation indicators with great interest.

Conclusion

In closing - and to consciously demonstrate a consistency of principle and purpose within our government - I refer to several principles that continue to underpin our approach to higher education, which Minister Pyne discussed in his speeches at both last year's and this year's Universities Australia conferences. They are:

- the importance of universities, in teaching and in research, both for ensuring a civilised society and a competitive economy;
- the importance of the autonomy of universities;
- the importance of quality, both in teaching and in research;
- the crucial role of universities in creating opportunity for individuals from all parts of our community;
- the importance of research, including its commercialisation;
- the need for deep international engagement by our universities;
and
- the vital challenge of adequately resourcing our universities, through effective balancing of both public and private benefits.

It is with these principles and the transformative challenges our nation faces in mind that our government is committed to being the friend of universities and their students, yet the master of neither.

Recognising that these principles are global, rather than being specific to Australia, I would again like to say what a pleasure it is to welcome so many distinguished guests from overseas to Australia.

I know that you will enrich our discussion of the challenge of world-class education, and I hope also that Australian perspectives might in some small way enrich your thinking on this also.

Having commenced with the cynicism of Mark Twain I conclude with a more uplifting reminder of the noble objective that brings all of us here today, courtesy of former UN Secretary General, Kofi Annan:

"Knowledge is power. Information is liberating. Education is the premise of progress, in every society, in every family."

I wish you well with your deliberations. May they be knowledgeable, liberating and bring about progress across all of our nations.