



White paper targets are lofty, but worthy, goals



October was a month of mixed messages for higher education. There was the mini budget, which was bad news, and there was the Asian Century white paper, which was good news.

The mini budget (Mid-Year Economic and Fiscal Outlook, or MYEFO) was bad news because it trimmed more than a billion dollars off previous higher education provisions. University budget planners therefore have to go back to the drawing board and find savings accordingly. For savings, read reduced skilled employment growth in the knowledge sector.

The savings especially targeted the sustainable research excellence (SRE) scheme, which funds indirect costs of research grants. This was a program sought by universities for decades and for which Labor implementation was applauded thoroughly. To now defer full implementation of this scheme for savings is a very bad signal. The obvious question is: what commitment will be next?

Universities mostly took this on the chin. Expressing more concern, not only on their own behalf, but for the cost to the economy and society, might be helpful, however, as this MYEFO approach is also bad news for the public interest.

This particular decision by government displays a basic lack of understanding of good budget principles and of proper prioritisation of outlays for the public benefit.

It is a golden rule of public budgeting that governments should distinguish consumption from investment. SRE fits squarely into the investment category. Surveys of returns to public investment in research reveal a conservative 20 per cent average real rate of return, even ahead of university education itself, which is an average 15 per cent.

Both investments, and not some artificial choice between them, pay off so far ahead of hurdle rates for good investment that obsessing about course entry cut-offs is close to irrelevant. Both more research and higher enrolments warrant funding as investment. Such investment is how we can pay for defence, hospitals and pensions into the future.

Fortunately the Asian Century white paper is a more positive development for Australia and for the universities. It is welcome as good public policy because it provides a sense of vision that is otherwise rather lacking in recent Australian politics. Its focus on productivity and people is exactly right. These are the keys to our future national prosperity.

Also, atypically, the white paper draws well on the whole of government and it also links well to the mutual responsibilities of other social partners. But it is light on new policies for implementing the vision.

For universities, the white paper positions them as making a central contribution for Australia's international engagement. It pulls

together existing policies for this. It adds some new targets and talks up some selected new initiatives. It is good to see more far-sighted business leaders applauding this emphasis on education.

The white paper does reiterate for universities existing explicit numerical goals regarding 40 per cent of young Australians having a degree by 2025 and 20 per cent of enrolments being from less advantaged backgrounds by 2020. It adds a new numerical target for 10 Australian universities in the top 100 by 2025. Other targets are there, too, but they are vague while worthy or, in some cases, already met.

Foremost in the proclaimed new initiatives area is a scheme of awards for overseas study. In fact, this is no new initiative but a rebadged one. This is a little too slick. It is like the rebadging of the Coalition's higher education endowment fund as the education investment fund, and then claiming all the credit for spending the money but without acknowledgement or adequate replenishment.

This capital spend of Coalition largesse has actually been the true source of Labor's past major additional financial support of universities. It was intended to be increasingly complemented by a phasing in of indexation and indirect cost improvement as genuine and worthy Labor contributions, but now the SRE pause on indirect cost support raises a new question mark over this.





The Treasurer, in his own press release accompanying the white paper launch, stated: "We will deliver \$5.3 billion in additional funding for universities for the period 2012-2015." Surprisingly, this has been little remarked upon or interrogated.

This sum could ensure that the aspiration for higher education to constitute a "core pillar" for Australia's future could indeed be meaningful. Five new top 100 research universities could be created using exactly the same formula that delivers ANU's solid positioning. New block grants totalling \$1 billion annually could do the job. This is

quite modest compared with the higher numbers being bandied about for "lifting up all boats".

One worry is that Treasurer Swan's \$5.3 billion could again simply be recycled spin. It looks suspiciously like a \$5.3 billion figure in the MYEFO for additional outlays for 2010-15 for demand-driven enrolments, even though the white paper press release talks about \$5.3 billion in additional monies for 2012-15.

Whatever interpretation is the correct one, the core fact is that it is time to begin genuine white paper implementation. A rollout of detailed schedules for reform and resourcing

plans for Asian Century strategy action would be a real transformative factor in Australian politics. It can start with higher education.

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