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The case for a national system of university education

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The case for a national system of university education

Introduction

Australia is experiencing a nationwide crisis in university governance. Although discussion has been driven by events in particular institutions, it is necessary at a national level to look for the causes of, and responses to, this crisis. In this context, it is striking that a state parliament should need to inquire into the problem. The reason is that Australian universities operate under state legislation. A series of state laws, beginning with the University of Sydney Act 1850, establish the governance principles under which universities operate, notably including the system of university councils.

The purpose of this submission is to argue that the current system of governance has failed irreparably and that the only feasible solution is for the Commonwealth government to accept full responsibility for the university system and for the states to transfer their current governance powers accordingly.

Background

Decades of neoliberal reform have created a governance crisis at Australian universities. Australia's universities are plagued with scandals and are failing staff, students, and the broader community.

Under the current governance structure, based on state government legislation, neither the federal nor state governments are properly accountable for Australia’s tertiary sector. This model dates back to the 19th century, when university education was only available to a tiny proportion of the population. This structure is not fit for the purpose of providing higher education to as all Australians who can benefit from it.

Australian universities are treated as a disjointed set of quasi-private enterprises, each of which operates under a separate piece of state government legislation, and all of which are expected to compete against one another in a 'market' for higher education. However, the application of market principles to universities is inappropriate, as the sector fails to meet the requisite criteria for a successful market, most notably due to the presence of serious information problems.

Historical background

The most comprehensive and up-to-date history of the Australian university system is that of Forsyth (2014)[1]. This paper draws significantly on Forsyth's historical background, but offers some new perspectives on governance.

The history of the Australian university system may be divided into three phases.

Phase 1: The sandstone era, 1850-1945

First, between 1850 and 1911 each of the states established a university by act of parliament. These "sandstone" institutions were modelled (at least aspirationally and architecturally) on Oxford and Cambridge. They were funded by a mixture of student fees and state government subsidies.

Universities in this period were mainly teaching institutions. They educated only a small proportion of the population (about 0.2 per cent) and were chronically underfunded. The model of academic work was one of "scholarship", that is, wide reading of research in the field to ensure mastery of the material that was taught. Academics were not, in general, expected, or funded, to do research themselves and there was only limited funding for post-graduate education.

A crucial observation, which will be central to this submission, is that the formal governance structures of Australian universities remain largely unchanged from those that were established more than a century ago, for the radically different institutions of that day. Universities still operate under state acts of parliament, with the oversight of a Senate or council largely appointed by the state government. While state governments are legally responsible for overseeing Australian universities, they provide little or no university funding. With occasional exceptions, state governments neither see themselves, nor are seen by voters, as having any responsibility for the provision or quality of university education.

[1] Forsyth, H. (2014) *A History of the Modern Australian University*. NewSouth, Sydney.

Phase 2: Expansion 1945-83

In the second phase, beginning in World War II and continuing to the 1980s, the Commonwealth took over the primary funding role and encouraged expansion of university education, along with the creation of new universities, including Griffith, Macquarie, La Trobe and Flinders. These new institutions were typically more open to innovations in education and to more open forms of governance than the established “sandstones”.

In this phase, most students relied on scholarships from the Commonwealth government and state education departments, but student fees remained until the 1970s. The high-water mark of this phase was the abolition of tuition fees by the Whitlam government in 1974, along with the introduction of student living allowance (Tertiary Education Assistance Scheme) in 1973.

University education was free of charge after Whitlam's reform, but it was not freely available. Admission was tightly rationed by entry scores and there were few avenues available to those whose performance in Year 12 examinations was inadequate. The limits on access to university are often overlooked by those who express nostalgia for the “golden age”, and also by those who see the “Baby Boom” generation as a whole as having enjoyed a right to free education denied to later cohorts. While in 2020 about two in five (41.7%) of 19-year-old Australians were in higher education, this figure was less than one in six (15.6%) in 1975.

As well as funding university teaching, the Commonwealth greatly expanded funding for research through the Australian Research Grants Committee, the predecessor of the Australian Research Council. Moreover, research activity became a standard part of the job expectations of academics. This change was justified by the idea that academics’ own research would inform their teaching.

In parallel with the growth of the university system there was an expansion of other forms of tertiary education institutions which largely replaced older models of on-the-job training in professions such as teaching, nursing and engineering. This shift towards formal training mirrored the earlier shift in more prestigious professions such as law and medicine, which became central parts of the university.

Phase 3: Transformation 1980s to present

The third phase began with the election of the Hawke government in 1983 and has continued to the present. The driving force was a desire to expand post-school education (including universities, technical and vocational education and other forms of 'higher education') without any significant increase in public spending. The main policy initiatives were

* the reintroduction of tuition charges, with the HECS system of income-contingent loans replacing up-front fees

* the 'Dawkins reforms' which ended the binary system. CAEs and Institutes of Technology were converted to university status, while mergers were encouraged to achieve perceived scale economies and absorb small institutions such as schools of art and music.

* greatly expanded reliance on fee-paying international students to balance university budgets

Running in parallel with the Dawkins reforms was a sustained, but almost entirely unsuccessful, push for privatisation, reflecting the resurgence of free-market thinking commonly described as "neoliberalism". A series of ventures including Bond University, U21Global and Melbourne University Private failed outright or were absorbed into the publicly funded system.[2]

As the push for privatisation faded, it was replaced by managerialism. This process involved a substantial expansion in the ranks and pay of senior management, while academic staff numbers failed to keep pace with growth in student numbers. University managers increasingly adopted the language and job titles of private corporations. In particular, large increases in salaries were justified by comparison with the payment of corporate CEOs (Hare 2016).

Discontent with university governance has surged, epitomised by the high rewards paid to senior managers and underpayment scandals. According to the NTEU more than 300

[2] Bond University was able to benefit from a confluence of factors, such as having a period with no strong public competitor on the Gold Coast and has since benefited from access to government-backed concessional student loans through FEE-HELP.

university executives are now paid more than their state premiers (NTEU 2024), while there is "more than $400 million in wage theft" in the sector (NTEU 2025).

Australia's public universities are today run according to 'managerialist' theories from the private sector, which ignore the specific characteristics of education as a public good, as well as the idiosyncrasies and institutional memories of particular universities. Applying such corporate models of management to the university sector has led to wasteful and damaging 'change for change's sake' and destroyed the collegial model of academic governance.

The role of state governments

A major weakness in university governance, apparently unique to Australia, is the fact that university governance operates under the rules of state governments which have almsot no role, and little interest, in the funding and performance of "their" universities. By contrast, in other federal systems, such as those of the United States, Germany and Canada state governments have retained both primary responsibility for funding universities and legal authority over them.

In Australia by contrast, the national government is almost entirely responsible for the provision of public funding for university education and for the formulation of public policy relating to universities. Yet in formal terms, public universities are independent statutory corporations each created by a separate act of the relevant state parliament.

The absurdities of this structure have become evident during the term of the Albanese government. From 2022 to 2024 the government engaged in a lengthy process of public engagement seeking to formulate future directions for the university sector. But in the middle of this process, and without any formal reference to the national government, the state government of South Australia decided to merge its two largest universities (the University of Adelaide and the University of South Australia). The consequences for education in South Australia will be profound, but there was no apparent attempt to relate the (rather thin) “business case” for the merger to the goal of providing education to South Australian students nor any link to federal government policy.

Another striking consequence of the current governance structure is that issues of misconduct in areas such as enrolment and research, involving national government funding, are dealt with by state anti-corruption commissions. Thus, it is possible that the same conduct in relation to a national research grant or the allocation of a nationally supported student place might be deemed corrupt in one state and legitimate in another.

These absurdities are not merely harmless anachronism. One of the problems with state control of universities lies in the appointment of university councils or senates, the equivalent of the board of a typical business corporation or public statutory authority. The council is notionally responsible to the relevant state minister of education for the performance of its legal duties, but in practice this is a nullity. The accountability mechanisms of a properly function board are replaced, in most cases, by a rubber stamp. Similarly, the Chancellor, typically elected by the council, holds a position formally analogous to that of the Chair of a corporate Board, but in practice plays a largely symbolic role.

In the past, it was common for councils to include substantial representation from the university community: students and staff, both academic and administrative. Under the influence of managerialism, the role of such representatives has been greatly diminished. Appointments are largely made from the business sector on a basis of presumed expertise. However, unlike corporate directors, members of university councils have no responsibility to shareholders or even (as in the case of government business enterprises) shareholding ministers.

As a result, except in the event of a crisis, the Council is effectively dominated by the Vice-Chancellor, who faces fewer constraints than either the CEO of a publicly-traded corporation or the Chair of a statutory authority.

Recommendations

Pressure for inquiries into university governance has largely arisen from concerns about the high salaries of VCs and management bloat in general. Simultaneously, the interaction between international education, immigration and housing shortages has been highly controversial. These problems should be seen as symptoms of a fundamentally dysfunctional system of governance. The crucial problem is the need for the federal government to take responsibility for the provision of university education and post-secondary education more generally, in the same way as state governments take responsibility for school education.

1. Create a national system of university education

An essential step in establishing good governance of any organisation is to ensure that control over the organisation is aligned with responsibility for its performance and exposure to the consequences of success or failure. This is not the case in Australia. Rather, the national government acts as a funding provider and regulator for a set of effectively independent enterprises, owing their existence to state governments.

Australia needs a national system of universities, established under national legislation. Access to publicly funded student places and national research grants should be contingent on participation in this system.

Under such a system, the national government would be directly responsible for the performance of universities. This contrasts with the present situation in which the government can blame universities for alleged failings such as administrative bloat or excessive reliance on fees from international students, which now accounts for around quarter of public university revenue.

There does not appear to be any constitutional obstacle to such a change. The Australian National University, the University of Canberra and the Royal Military College are all established under national legislation, and there does not appear to be any reason why universities located outside the ACT should not operate under similar legislation.

It seems unlikely that state governments would raise serious objections to such a transfer. Certainly, they would be entirely unwilling to regain responsibility for funding universities and if any university wished to not participate in this system it could choose to opt-out of both federal regulation and funding.

Ideally, there should be a similarly national approach to TAFE, where the national government has becoming increasingly important as a funding source. However, this is beyond the scope of the present paper.

2. End the corporate model and refocus on education and research

Universities should governed as public services, like schools, and not as private corporations. This would entail the end of pay scales based on private sector comparators for senior managers. More importantly, it would the idea that universities should be competing with each other, rather than seeking to provide the best education possible for Australians. As with schools, this should not preclude a healthy spirit of emulation in the pursuit of excellence.

A co-operative approach would yield substantial benefits. It would avoid a situation where some programs, seen as profit centres, are offered at nearly all institutions (MBA programs are a notable example) while other courses are unavailable except for students willing to move interstate.

Co-operation would permit substantial reductions in the expensive marketing and branding exercises characteristic of the managerialist university. A trivial example is the regular introduction, and equally regular replacement of vapid, and interchangeable, slogans and logos. An institution aspiring to a lifetime measured in centuries should not need a new slogan every ten years.

3. Guarantee access to university education

Governments have long accepted responsibility for ensuring that all young people in Australia have access to school education. This guarantee once applied only up to the legal age of school-leaving (14 or 15) but has long been extended to the completion of Year 12. The only limitation is that students whose progress is inadequate may be required to repeat a year, or to receive other specialised support.

When universal school education became the norm, university education was limited to a tiny cultural elite and a handful of professions. In this context, it made no sense to guarantee a right to a university place. But this approach was already obsolete by the 1980s, when it became apparent that a fee-free system with tightly rationed places could not meet the needs of students or of a modern economy.

Forty years later, and despite massive expansion in the university system, there is still no guarantee of access. Admissions are determined by the interaction between government funding and the business plans of universities, rather than by ability to succeed in a university course. Further, there is no guarantee that a local university will offer degree programs in the fields a prospective student wishes to study, effectively locking out those without the means to relocate and live out of home.

Australia needs a national admission system that guarantees access to appropriate post-school education for all. All students whose high school performance is sufficient to indicate that they can complete a university or vocational education course should be guaranteed a Commonwealth-funded place, which they could take at the institution of their choice.

4. Promote co-operation not competition

One of the more naïve hopes of neoliberal education reformers was that universities in a market-oriented system would seek to differentiate themselves with respect to course offerings, approaches to teaching and the relative balance of teaching and research. In reality, the neoliberal era has seen the elimination of the diversity that existed in the pre-reform era. Identical incentives and continuous pressure to eliminate any "slack" have produced identical outcomes. This process is not unique to universities - there is large theoretical literature on what is called “neoliberal isomorphism”.

A particularly naïve example was the process of fee deregulation undertaken by then Education Minister Brendan Nelson in 2003. Universities were given freedom to set their own charges within a limited band. The hope was that some would offer low-cost choices, while others would go for higher fees and more prestige. Inevitably, universities generally do not find the option of lower revenue and lower status appealing. Fees are usually set at the maximum allowable level.

Similarly, then Minister Nelson encouraged diversity in course offerings, apparently expecting universities to offer niche courses in classical literature. He was horrified to discover that the actual outcome was a proliferation of what he called “cappuccino courses” in subjects like surfing.

While then Minister Nelson’s policies were misguided he was correct in his desire to see subjects like classics preserved in the university system. But the logic of competition runs directly against this. What is needed is for co-operation between universities to ensure that, as far as possible all students have access to a comprehensive range of courses reasonably close to where they live. That means that universities need to reach agreements (or, in the last resort, have such agreements imposed nationally) to cover intellectually important subjects even if student numbers are too low to make them profitable.

Equally importantly, universities should cease wasteful competition between themselves, through advertising and scholarship offers, to attract domestic students. This competition is particularly pernicious since it is directed primarily at high-achieving students who would certainly attend university whether or not they were targeted. Resources devoted to changing the preferences of such students come at the expense of providing better education to young people who might require additional help adjusting to university, or who might not attend at all.

A co-operative approach does not preclude healthy rivalry in seeking excellence in teaching, research and service to the community. A desire to do the best possible job is an inherent part of professionalism. By contrast, while managerialist enterprises talk a great deal about excellence, quality and so on, they deliver it only to the extent that it serves the interests of the business.

5. Implement federal control of international student admissions

The expansion of access to undergraduate education for Australian students has been financed largely by international students paying high fees. The expansion of international student education has been highly beneficial, for universities, for Australia and for the students themselves. However, it has been problematic in many respects and there is no data on the net benefit of this system.

First, there have been concerns that the financial incentives to maintain student numbers and "keep customers satisfied" has led to a downgrading of academic standards. One feature of this concern is a belief that if the certification provided by Australian university qualifications is seen as less reliable, demand from international students will decline, thereby "killing the goose that lays the golden egg". So far, at least, this decline has not been apparent.

Indeed, far from declining numbers being a source of concern, a major claim in recent years has been that high student numbers are contributing to housing shortages, and that too many students are using international education as a path to permanent migration. These claims are contested, and the incoherent nature of the sector makes it difficult to assess them

These problematic outcomes have arisen from a complex interaction between governments and university managers. Neither university managers nor government ministers have effective control over the numbers of international students and each group regularly blames the other for real or perceived failings. Notably, universities are often blamed for a "short-sighted" reliance on international student income, even though highly constrained government funding is predicated on the assumption that such income will continue.

With a national system, the Commonwealth government would be responsible both for immigration and for university admissions. Thus it would not be possible to engage in the kind of blame-shifting that has characterised this issue in the past, and was on full display during the negotiation of the University Accord.

6. Return to the collegiality model of academic governance

A central part of the drive to managerialism has been the replacement of collegial governance of academic matters with a system of executive deans, and an array of associate deans, with control over course design, assessment and other issues previously decided by academic staff. Faculty meetings, formerly the central locus of decision meeting, are now little more than "all hands" venues for corporate announcements.

The institutional memory of a university resides in its long-serving staff, and particularly academic staff. The replacement of collegial governance by executive managerialism has imposed substantial costs but has not yielded improvements in the academic standards of universities.

To facilitate the managerial system, academic departments have been merged into "Schools" with greater or lesser degrees of coherence. Increasingly, the heads of these schools are also managerial appointees on short-term contracts. This system appears to be unique to Australia, though it has some parallels in the second-tier UK universities from which many Australian university managers are drawn.

During the 1990s, the abolition of discipline-based departments was justified with then-fashionable rhetoric about trans-disciplinarity. However, since the academic world as a whole has remained firmly discipline-based, individual academics have continued to regard themselves as members of specific disciplines, teaching and publishing in much the same way as their global peers. In many cases, discipline-based units have re-emerged as “shadow departments” within intellectually incoherent “Schools”.

Although the collegial system has been under pressure globally, it has been more resilient in Europe and, at least until the election of the Trump Administration, in the US. The Australian experiment with executive managerialism should be wound back and, in the medium term, abandoned. Issues of course design and assessment should be managed collegially, by discipline-based departments.

Conclusion

There have been many proposals to reform the working of the current system of governance. However, such reforms can do nothing to address the problem that the system is fundamentally unsuited to the realities of the modern Australian university system.

University education is a public service, funded and ultimately controlled by the Commonwealth government. State governments have no meaningful role. Sporadic attempts to use their legal authority are ill-advised and usually counter-productive.

Until governance arrangements reflect the ultimate responsibility of the Commonwealth government, neither the government nor university administrators face any real accountability. The comprehensive failure of public policy in the university system reflects this.