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Speech

I should commence by thanking Peter Dawkins and Ron Henderson and the Melbourne Institute and David Armstrong in particular, the editor in chief of the Australian Newspaper, for the privilege of allowing me to speak here today. I also congratulate the Australian Newspaper for its leadership role on education generally and higher education in particular, and to my distinguished fellow speakers, ladies and gentlemen.

When Winston Churchill addressed Harvard University in 1943, in a rather prescient address he said that the "empires of the future, would be empires of the mind", and when war ended two years later, I think as Tony Blair had observed – the world was characterised by 100 segmented markets. And when you look back on that some 60 years later, Australians – we have inherited an economic and cultural legacy that's been built largely on the exploitation of natural resources in agrarian land and labour intensive industries. But we now live in a population of 19 million people, representing 0.3% of world population, 1% of world trade and still only 6% of APEC. In a world that is coalescing into 3 major trading blocks where there is no place to hide, no place to hide from the winds of reform or perhaps that which we as human beings fear most, and that's change.

I'm very privileged to represent the electorate of Bradfield which is on the upper north shore of Sydney. It's one of the most affluent and highly educated electorates in the country. Most of the people that I represent want Australia to be a republic, they see Australia in every sense of the word – economically and culturally as being a part of the rest of the world, they readily embrace the share market and when they talk to me about the internet it's usually about slow access. But the further you go from the Opera House, or the further you go from Melbourne University into the outer suburbs of our large cities, to some of our regions and most of rural Australia – you meet Australians who feel a sense of unease about their economic, technological and educational detachment. One of my constituents sent me a book just before Christmas in 1997 by a German physicist and philosopher, called Bernhard Philberth, entitled "Revelation", it's a very heavy theological read about change and how people manage change institutionally and individually, and Philberth said "Progress leads to chaos if not anchored in tradition. Tradition becomes rigid if it does not prepare the way for progress. But a perverted traditionalism and a misguided progressivism propel each other toward a deadly excess hardly leaving any ground between them." And therein lies a very good summary I think of not only where Australia is, but also Australian higher education. The people whose values and sacrifices who made Australia what it is largely, but certainly not exclusively in rural, agricultural, mining and other industries based on the exploitation of natural resources seriously question whether the 21st century is going to be built on that which was most important to them. At the other end of the spectrum are progressivists, and perhaps I represent some of them in my electorate in Sydney, who are seen by other Australians to seemingly want economic and cultural change for its own sake. Who neither understand, nor worse still respect the values of those who gave us what we've got today.

So, of course, once I was appointed to the portfolio had done a number of things, and I made it my business to read (several times) the speech given by Rupert Murdoch to the Keith Murdoch inaugural oration, last year. Mr Murdoch said, when you think back to what Churchill had said in 1943, he'd said that "the key to the future of any country is not its physical resources or industrial capital, but rather in its human capital, that will fund the health and growth of nations". Our future will be determined as a people not by what we know, but that which we don't, and our destiny as a country will be determined not by the economic indices with which we are so, quite understandably

concerned, but by our values and our beliefs, the way we relate to one another and see our place in the world. And universities and higher education in particular, will play an absolutely critical role in that.

Our vision of education should firstly be that all of us, young and not so young, should be encouraged and able to find and achieve our own potential, whatever that is. For most or many we aspire to complete year 12 for children, and mature age entrants to undertake higher education – and equally that other Australians see choices in TAFE and Vocational Education and Apprenticeships as being choices that are no less legitimate than those who pursue 2 or 3 university degrees. When I was working as a medical practitioner for a public housing estate in the early 90's, the then Prime Minister – Paul Keating – said in the next decade (that's now), he said that there would be no jobs for Australian's pushing brooms. And I think most of us in this room would understand the sentiments that underlie that and the aspirations. But let us not have aspirations for our country and for education, that make some Australians feel that their lives are of less value than the lives of others, or that their ambitions are of less value than those of us who aspire to pursue excellence in all its forms.

When I came into the portfolio, one of the other things that I have said in developing and articulating a vision of education, is that all of us – and I'm a person who's had more training than education – all of us need to understand we need a little bit of both. We need to be trained and we need to be educated, but we also need to know the difference between the two and the importance of knowing the difference, that education is about resilience and preparation for life, and all the changes that increasingly to which the next generation will be subjected. There are two things that I learned within a month of being in the job, and I don't uncritically accept all of the advice that's given to me by my department. The first is that there is not a crisis in higher education, I find it hard to accept that there's a crisis in a sector that has \$20 billion in fixed assets, \$4.4 billion in liquid assets, has net borrowings of \$426 million which represents 2% of asset value and is likely to have revenues this year in the order of \$10.4 billion, \$6.1 billion of which will be taxes often removed from low-income families who are still struggling to understand the importance of higher education for the future of the country. But the second conclusion that I reached within a month was that failure to reform higher education now, will be an abrogation of our responsibilities to the future. And I said to Vice Chancellors 3 weeks ago, that they need to understand that there are 3 things that I could do in looking at reform in higher education. The first and the easiest thing to do is to do nothing, to do absolutely nothing – other than progress workplace relations reform in the sector and to promote the virtues of higher education. That is the easiest thing for me to do at a personal and political level, and it would be easy for the Government to do. But I don't believe that that would be the responsible thing to do. The second is that I could use the internal processes of the Government to consider and undertake reform and the third, which is my preference, is to take Australians with us. Not just people who live and work and breathe higher education, but those every day Australians who live and work all over this country, who frequently see their challenges feeding kids, car loans and mortgages, so that they understand the importance of what we are going to do and why we are going to do it. It is time as a country, in the year 2002, as we start out the beginning of the 21st Century that we realise that we should have the maturity to undertake a public examination of what are our policy options as a people. What are the choices that we have before us in relation to higher education, and most importantly to undertake that debate in an informed way which is free of the facile, emotional, politicisation which seems to have characterised much of it in the past. As many of you know, I have a medical background and I also have a history of leadership in the medical profession, and one of the things I think the higher education sector has in common with my medical colleagues is that, for people who spend all of their lives trying to think of new ways of approaching old and intransigent problems the sector, as with my medical colleagues seem so resentful to considering reform in the way in which the sector is administered and funded and the way it engages the rest of society and that's one of the key challenges that I think all of us have, and me in particular as the Minister.

What I have already done is established a specialist unit within my department, comprising largely of people from within the department, but not just those who work in higher education. I said to the Secretary, we want people who can think outside the square. It doesn't matter what area that they work in, we want people who can bring new thinking to looking at policy options for the future. We'll also be seconding to that unit, some individuals from outside the department and I will be taking the advice of the Australian Vice Chancellors Committee in that process. Secondly I will be announcing soon, a reference group which will bring together key individuals from within the sector, from humanities through to applied sciences and Vice Chancellors to (inaudible) to regionals, from the business community and others to guide me and advise me directly on what they consider, and what you consider to be important and worthy of consideration in reform and that which you don't. I will also be releasing a series of discussion papers which won't represent Government policy, but will be intended to initiate an informed public debate.

There are questions that we need to look at – what defines a university? What is a university? Traditionally, perhaps at least for the last 1-200 years, is defined by scholarship, research and teaching. Who attends university, and why do they go? And why are attrition rates as they are? We currently see to have a one size fits all funding formula for our 38 universities, will that funding system facilitate Australia having 1 or 2 universities in the top 50, 20 or 30 years from now? The kind of country that my children will be living in will be determined in no small way by what we do in policy reform in higher education in the next couple of years. And at the same time can we have a funding formula which recognises and supports the increasingly onerous community service obligations which are being placed on regional institutions. How can we further enhance what regional institutions are currently having to do at the same time as enabling, perhaps, 1 or 2 universities to compete with the world's best. How can we strengthen the role of smaller regional universities? We need to also look at questions of Governments, something that must be done collaboratively and co-operatively with states, and today for example, I'm going to release a report which we've had commissioned, which is a study of the regulatory environment applying to universities. It examines the precise, yet complex and poorly co-ordinated regulatory framework within which universities work. It looks at accountability, reporting, and restrictions on commercialisation. We need to look at intellectual property for commercialisation of intellectual property which has done exceedingly well in some institutions and not quite so well in others. What are the barriers in Australia that prevent private investment in university infrastructure as occurs in other countries? Is it desirable, and indeed is it achievable, and what are the barriers to it?

I said to the secretary of my department, I want you to examine every single thing that we as a Commonwealth Government require of universities. I want you to start from the premise of saying, is what we are requiring university to do serving the best interests of students, the broader society and the institutions themselves because I expect there may be some complexity of a bureaucratic nature with which we can (inaudible). Work practices within the sector, need to be examined and also the means by which we distribute public resources and how we can further enhance the internationalisation of Australian education.

Most of you know of course, Australian education now at \$4.1 billion is earning more for this country than wool, and about the same as wheat. And I think we have a responsibility to everything that we possibly can to see that we can further market education to the rest of the world.

This is not, by any means, a comprehensive list of issues that I think we need to address, but the other critical issue is humanities, social sciences, literature, language, philosophy and all of those things that give meaning to us a people and as a society. As I have said to my colleagues on several occasions over the last few years, if all the economic and scientific problems of life were ever solved, all of the important questions would remain unanswered. And how can we look at reform of higher education which makes it internationally competitive, provide the sound basis for regional and complex community service obligations, at the same time that we are preserving the

fundamentals which pass, as (inaudible) said to me a few weeks ago the soul from one generation to the next and that's what humanities and social sciences do.

The other part of my portfolio I just will touch on, the other key policy priority in the portfolio which will be of interest to you is priority setting in science. One of the things that Minister McGauran and I are currently doing is looking at firstly, a process for setting research priorities for Australia, and then to public process and also then arriving at a number of priorities – which of course will be approved by the Cabinet. Some people are arguing we should have specific well-defined priorities in certain areas of applied science, others are suggesting we should have broader thematic priorities and it's toward thematic priorities that I'm particularly attracted. I think there's an opportunity for us, with the right kind of leadership for us to embrace a vision of where we want Australia to be - 10, 15 or 20 years from now and to set some broad thematic priorities for our country. So that then the areas into which we put research efforts deliver the kind of outcome that we want. So it could, for example, look at Australia's carrying pack – which would examine areas in applied science and social science, and perhaps start to deal with some of the pressing issues that face the country.

In concluding, I'd like to quote two U.S. Presidents – when John Kennedy was President of the United States he said that the real struggle for his generation was against tyranny, disease, poverty and war. And I think when you think where we are today at the start of the 21st Century our real struggles are probably not much different. But the solution was given by the 3rd President of the United States, Thomas Jefferson, who co-authored the Declaration of Independence and, of course, co-founded the university of Virginia. Jefferson described education as being the "defence of the nation" and it is our defence. It will defend my children, more from prejudicial ignorance and fear of change, more than anything else that we strive to do as a people and when the Governor of the Reserve Bank starts to talk in these terms I can see that we're starting to move in the right direction. So my ambition as your Minister, and as an Australian, and as a parent is that we become a parent that value the health and integrity of human life as much we do achieving our economic objectives, and we should be a people who strive to be seen as an outward looking and competitive and compassionate country, and viewed with the values of hard work, self sacrifice, tolerance and courage and reconciled with our indigenous past, and what we do in higher education will critically determine whatever Australians understand of it. Will critically determine the kind of country that we will leave to the next generation. This issue is more important than the day to day political partisanship and bickering that typifies and parades as public debate in this country. It is time for us to have informed discussion about our options and our choices, and then goes through a public process of arriving at what might be a reasonable set of conclusions. And again, I just say to you, the easy thing will be to do nothing, and if that's what you tell me to – in one sense I'll be happy to comply – but I don't think it would be a responsible thing to do.