The Demand Driven System, Sector Deregulation and Information Systems

Prof. Deborah Bunker
The University of Sydney Business School
ACPHIS President
Michael Gallagher – Executive Director (Go8) Presentation – extracted slides.

“Micro-economic Reform of Australia’s Higher Education Industry Sector”
Micro-economic reform of Australia’s Higher Education Industry
Higher Education Revenue by Source, Australia, 1907-2012

- Federal Government
- State Government
- Student contributions including HECS
- International student fees
- Other income including investments, endowments and donations

A presentation to <Insert client name in footer> Arial Regular 10pt
Equivalent full-time student load, by citizenship and public/private providers, 2002-2012
Number of students in Higher Education, Australia 1906-2012

Change in series definition in 2001

CAE included from 1989

All students, Domestic, International
Indicative Fees for Fee Paying Masters Coursework, Domestic and International, 2012

A presentation to <Insert client name in footer> Arial Regular 10pt
Indicative Fees for Fee Paying Masters Coursework, Domestic and International, 2012
(outliers removed to show main spread)
Indicative Masters Coursework Fees, Australian Universities, 2012

Society and Culture

A presentation to <Insert client name in footer> Arial Regular 10pt
Indicative Masters Coursework Fees, Australian Universities, 2012
Engineering and Related Technologies

[scatter plot showing the relationship between international and domestic student fees for engineering and related technologies]
Higher Education Policy & Financing Models

Planning orientation
(central government determination)

Supply-driven
(primacy of provider interests)

Q1

Demand-driven
(primacy of student interests)

Q2

Market orientation
(competition among rival providers)

Q3

Q4

Gallagher, 2000
Higher Education Funding Models

I. Supply-side planning approach
   The purpose of funding is to establish and maintain educational institutions
   *e.g.* block grants for a profile of student enrolments

II. Demand-side planning approach
    The purpose of funding is to enable access for those who can benefit from higher education
    *e.g.* rationed scholarships

III. Supply-side market approach
     The purpose of funding is to obtain service provision
     *e.g.* competitive tendering

IV. Demand-side market approach
    The purpose of funding is to meet the varying educational needs of individuals
    *e.g.* fees and loans.
Unbundling Higher Education

Supply side unbundling – compartmentalising and disaggregating delivery processes

- *Infrastructure*: e.g. use of third parties for delivery of essential infrastructure and back office functions such as IT network management
- *Teaching*: e.g. use of externally contracted staff to teach, draft curricula or develop resources
- *Teaching & awards*: e.g. portability of the higher education ‘product’ in the form of degree award validation and the external delivery of curricula through franchising and partnership provision

Demand side unbundling – compartmentalising and disaggregating outputs or consumption

- *Personally tailored learning*: e.g. quicker or multiple routes to qualification, pay-as-you-go credit accumulation, optional purchasing of resources, learning support and facilities
- *Educational resources*: e.g. formal and informal access to on-line resources

Implications for Accreditation

UniversitiesUK, 2012
ERA results, 2012
Ratings of 4 and 5 by university by field

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<tr>
<th>Field of Research</th>
<th>Go8 Universities</th>
<th>Other Australian Universities</th>
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<td>Built Environment &amp; Design</td>
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Source: ARC, Excellence for Research in Australia 2012

Group of Eight 2014
If full deregulation of the sector occurs:

**Business faculties** will be impacted by institutional funding policy decisions i.e. numbers of students and level of fees – institutional and then faculty (reputational) factors will play a role.

**Engineering faculties** will be affected by institutional marketing policy decisions i.e. more general degrees or selected specialisations – faculty and then institutional (reputational) factors will play a role.

IS also needs to carefully manage it’s identity and differentiation from other ICT disciplines (wherever IS groups are located in an institution).
Suggestions...For the Long Term

Institutions and faculties should recognize opportunities to innovate within the marketplace – **agility will be a key**.

Opportunities to partner with (internal) business, technology and other faculties – most institutions have experience with this.

Opportunities to partner with other (external) public and private providers both in Australia and overseas – most institutions also have experience with this **but not necessarily with competitors**.
Efforts should be targeted to provide quality education that “mirrors” the vocational market (demand and graduate placement are significant issues) but that also offers a “unique” experience (differentiation of IS courses and careers) especially where Universities have “niche” research and teaching expertise and may lack scale.
Important Factors

1. Govt research funding (is shrinking) – Cat 2 and below is now a priority to maintain research expertise and ability to differentiate educational offerings;
2. ARC ERA (niche) data - required to better understand where niche research expertise is located; and
3. Industry involvement is critical in teaching and research focus development (impact and relevance) so that course demand results in placements for graduates.