

## **‘Business and Education’**

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**by**

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Over the last sixty years a slow, irregular but sustained move within Australia has occurred to make education something that is sold, like most products and processes. No one in particular has planned this shift. It is not the outcome of the work of purposeful governments, nor of corporate boardrooms, nor of crafty transnational companies. It has just happened, through millions of decisions, and it continues to happen, and it is one of the most powerful changes to our social order and our culture. It is redefining Australia.

Let me refer briefly to the area of primary and secondary school education, one that is familiar to us all. In 1950, three quarters of all Australian kids went to public schools, not quite a quarter went to Catholic parochial schools, and around one per cent went to ‘independent’ schools, nearly all of which had been founded by one or other of the Protestant churches. Pre-schools hardly existed.

Today, and working from the earliest age, about a quarter of a million Australian kids attend pre-schools, and these are operated by community organisations, by governments or as businesses. Very generally, about three and a half million children attend primary or secondary school, and about a third of them attend what we call ‘private’ schools. The proportions vary across the states and territories. The shift into ‘private’ schools occurs most dramatically at the secondary level, and with respect to the Protestant independent high schools. About one student in six undertaking the exit examination from secondary education has been studying in such a school. The comparable figure for 1950, I should think, was one in a hundred. The establishment of new schools is not a simply business, but any competent and well-funded community group can master it. New private schools are

being established all the time, most of them at the primary level, and most by Christian sects.

Let's follow the departing school student into higher education, and once again start with the situation in 1950. Things then were very simple: government had a complete monopoly. There were six universities and two university colleges (Armidale and Canberra). The Commonwealth was not involved in funding universities in any significant way. Business was not involved either. BHP offered a few traineeships for engineers, as did the Commonwealth Bank for future economists. The military forces had their own quasi-university colleges, as did government education and agriculture departments. About 2 per cent of 18 year olds went on to higher education.

Post-war demand for skills, especially white-collar skills, and the determination of parents that their children should be properly educated, helped finance a massive increase in the number of higher education places. In addition, more and more professions outsourced the training of new professionals to the universities. Law and accounting were followed quickly by information technology, management, nursing, tourism and so on.

Business remained reluctant to get involved in providing money to universities— 'We pay our taxes too,' they would say — and before long bonded scholarships were made illegal. More and more pressure came on the Commonwealth to find more and more money for the system. And it did, with two independent decisions made in the late 1980s.

The first, in 1989, was a decision by the Commonwealth that universities could charge overseas students for the cost of their tuition. Until then the Commonwealth, under what had been known as the Colombo Plan, had provided free places to a small group of selected overseas students who were thought likely to be future leaders in their countries. The 'overseas student market' boomed almost from the beginning, and within ten years had become technically a major export industry, currently said to be worth \$15 billion, though I suspect that figure is inflated.

The second departure was the invention of HECS in 1990: students were now expected to pay for a proportion of the cost of their education, a move that parents on the whole supported. One outcome was that business could now see a way of securing the more proficient students by offering them a HECS waiver. Other businesses could see the advantage, in a highly

competitive job market, in taking in students for work experience, sometimes with income as well as HECS waivers. Entering students soon got used to the new rules, and more and more of them obtained part-time work so that they could afford to attend. That they were paying for their tuition, at least in part, pushed students also to consider what they were going to get out of their university experience, and some of them sorted out where they could earn high commencing salaries when they left.

In turn, universities became more and more interested in setting some of the students' education in the context of the workplace or of the community (VU, for example, has a 25 per cent target for all courses). If 'arts and science' represent together the essence of the notion that students should have a general education that fits them for life before they enter the workforce, then it needs to be said that there has been a relative decline in the proportions doing arts and science over the past sixty years. There is a much greater explicit focus now on preparing university students for entry into the workforce, though it needs to be remembered that most university students, at any time, have their eyes set on a particular future career. In my experience, only a tiny minority arrives anxious to learn about the big questions in human society: where did the universe come from, how does life occur, is there a God, what is a good life, and so on.

In short, higher education now is predominantly and explicitly about equipping people for life as professionals of one kind or another, and so business, broadly defined, has become much more interested in universities and what they do. The growth of business interest in research, since the inception of the Co-operative Research Centres program in 1990, has also pushed business into looking harder at graduates, what they know, and what they need to know.

HECS also produced a new concept: higher education itself as a 'business'. With new streams of income and new pressures on costs, universities increasingly began to run themselves along private sector business model lines, and new providers also appeared, offering particular niche courses or units that appeared marketable, programs that universities either did not offer, or offered in awkward and off-putting ways. Online developments speeded this process up.

Governments were caught. On the one hand a great deal of public money has been invested in universities. On the other hand, the search for skills is a

daily problem, and is one of the reasons that our immigration program emphasises the possession of skills. What is wrong, anyway, in someone's offering to teach you something you need to know, and for which you are prepared to pay? We have music teachers; why not people who would teach you music to a high professional standard? And if they did it well, why wouldn't that be the equivalent of a university degree?

So governments have compromised. They have protected universities from all-out competition, but allowed niche providers to flourish provided they satisfy some established criteria. It's time for some numbers, so that you can get a sense of the scale of this industry, which it was defined to be almost twenty years ago. In 1950, about 32,000 students were enrolled in higher education, and that figure includes those in teachers colleges and agricultural colleges. The last contemporary year for which we have good numbers is 2008, and in that year more than a million (1,066,000, for those who like numbers) students attended university in Australia. Nearly 300,000 of those were overseas students, and it is worth noticing that the growth in foreign student numbers has nearly always been substantially greater than the growth in domestic student numbers. To teach all these students there are 42 universities; another 157 providers collectively teach about 65,000 university-level students. Seven of these providers are TAFE colleges, and they have been successful in offering degree programs that extend what they already do at the certificate and diploma levels. Of the remainder, 76 have been approved by the Commonwealth, and their domestic students are eligible for FeeHelp. The other 74 have either not sought Commonwealth approval, or are in process of seeking it.

As you will appreciate, the scale of the business is large and diverse. Approved private providers control 16 divinity or theology schools, 10 in pre-university pathways, 8 in counselling, 8 in business itself, 5 in design, 4 in digital media, 4 in hotel management, and 3 in music, and in natural therapies. The boundaries are shifting and becoming vaguer. The Bradley Review's push for a student-led demand system will lead to more deregulation and a wider field for private providers. It has also led already, of course, to a realisation on the part of the Commonwealth Government that it ought to know more about these private providers, and about the quality of what it is that they provide. Doing something about all that was the first government outcome of the Bradley Report. The reports that some of them are little more than vehicles set up to provide a protected form of

immigration to Australia suggest that there may well be something to regulate.

If you think that higher education is large, rich and diverse, then let's consider another domain the departing secondary school could enter, that of vocational education, which educates more than two million students, nearly all of them on a part-time basis. Back in 1950 each state had a technical college system that was connected to the apprenticeship form of training. Over the past sixty years TAFE colleges, whose acronym contains the notion of 'further education', have replaced the technical colleges and TAFE colleges have been the principal means for acquiring knowledge later on. You may or may not know that at last count more university graduates were undertaking TAFE courses than there were TAFE students in courses articulating into higher education. The field is now generally referred to as 'vocational education', but that is a further example of the growing vagueness and blurring of boundaries, since the older professions were always regarded as 'vocations', from the Latin word for a 'calling'. The classic calling was that of clergymen, since one in that profession was said to have been called to it by God; it is not quite so obvious that the Almighty would call one to be a lawyer or a plumber.

No matter. If you think that the higher education world is complicated and cluttered with providers, then compare it to vocational education. Here, some 4700 registered training organizations train the 2 million or so VET students, only about a fifth or a sixth of whom are apprentices. The RTOs, as they are called for short, include 57 TAFE colleges, and a few dozen community colleges. The rest are private providers, most of them as one-or-two-person enterprises. There weren't many of these even twenty years ago, and they have flourished, if that is not too weak a word, since the 1990s. The scale of the vocational education operations far outstrips those of higher education, because Australian employers themselves are major vocational trainers, or support their employees while they undertake approved training at the behest of the employer — or as agreed between employer and employee. In 2001 — a while ago, I accept — employees completed about 8 million training courses, of which about 6 million were undertaken in house. Most were of short duration, of course. Today's figures will be larger, though I can't speak for the ratio.

I am sorry to have hit you with so many figures, but even though I have spent a working lifetime in the education field, the sheer size and scale of the

way in which Australians have taken up the notion that they should be educated, that they should knuckle down and learn whatever it is that they need to learn — again in comparison with the situation in 1950 — is almost breathtaking. And I rejoice in that change: it has underpinned the growth of Australia into a most enjoyable, progressive, curious and creative society.

In all these numbers you will also see abundant signs that the notion that the community, expressed as ‘the state’, should somehow have a monopoly of the education and training of its members and future members, is simply a thing of the past. Education is a business, and it will continue to be one, in every domain. So I want to end this short talk by asking what might have caused the change, and what we might expect in the future.

I think it is important to say again what I said at the beginning — that this great shift in how education is delivered to Australians, of all ages and in all states and territories, is not the outcome of sustained government policies. I think it has three major causes, and they are interconnected. The first is the much greater shared wealth of Australians today compared to our counterparts in 1950. The second is a shift in focus from a strongly community-oriented perspective, appropriate to a society that had just endured a global war that followed on the heels of a global depression, to one in which the individual and his or her needs and desires were paramount. The third is a relative shift in perceived importance between ‘the government’ and ‘the market’. Put together, these three factors seem to me to explain the change in the way in which education has become a business.

Let me say a few words about each. Are we wealthier than our forbears? In terms of Gross Domestic Product per head of population, and at constant prices, Australia is more than three times wealthier than it was in 1950, and the wealth has been widely shared. Not only do we earn much more than our parents and grandparents did, on the whole, but the prices we pay for goods have declined relatively too. Cars, food, clothing and travel are all relatively cheaper. So we have more disposable income. If some want to spend that income on private schooling, then they do. They are comforted in doing so by an accompanying notion, that no one can or should be telling them how to spend their money. And, as always, markets develop to help people get the best value for their disposable income. There is now an education market, as well as a health market. Governments of both major political parties have moved away from the 1960s notion that governments can do

everything. Both sides tell us, at rather different levels of enthusiasm, that we have to look to our own sense of responsibility, and to enter the market.

When I was young, one assumption widely held was that Australians should be educated together, in part because in times of hardship or of war we needed to accept as companions people of all kinds — and that compulsory, comprehensive schooling was the best way to achieve that end. There are still many who hold that view, but it is no longer universal. What is more, the trend is against it. I expect that the move to larger numbers of private providers, in all domains, will continue. What is the cost, in social terms? I am not sure that I can discern one. As I explained in a book a few years ago, the shift from ‘we to me’, has a number of causes, and ‘choice’ in education, as in health, is simply a reinforcing consequence. At 22 million, rather than nine million, Australia is a bigger country and we could not expect that it would still possess the community values of 1950.

What I can say is that as the market in education grows, and businesses enter it, for all sorts of reason, it will be important for consumers to have comprehensive and accurate information, a point made by the Bradley Report. We don’t have anything like it, in schooling, in vocational education or in universities — and I mean something more than the Myschool website, or the Good Universities Guide (which focuses on rank hierarchy not on value for the student). We can expect governments to be asked, if not to provide it, then at least to ensure that honesty and fair value are present for the money we spend. They will be reluctant to do so, because they, no more than we, have accurate information. Does anyone?