

# Patching up the ivory towers

Most university vice-chancellors are in a state of pleasant shock after the budget, writes John Garnaut.

Professor Allan Snyder is searching for the source of genius and achievement in the human mind. He talks with Nobel Prize winners such as Nelson Mandela, who ended apartheid in South Africa, and Charles Townes, the inventor of the laser beam. He spends his days at Sydney University's Centre for the Mind shooting magnetic impulses into the brains of mere mortals, trying to learn what it is that holds them back.

"By turning off parts of the brain you can actually turn on certain types of skills," he says, while riding his bicycle on campus and balancing a mobile phone. "I'm working on what are the bottlenecks to creativity. Why we don't see what's out there - that we see what we know."

For Snyder, the human brain is a metaphor for the nation's universities. After decades of academic disquiet about financial and administrative straitjackets, Snyder believes this week's federal budget marks a turning point. Australia's best universities are set to break out of their straitjackets to nurture national genius and achievement, he says, and drive "the big ideas that affect the future of humanity".

On Tuesday night, the Treasurer, Peter Costello, made higher education the centrepiece of his \$70 billion budget. At its heart was what he described as a bold, visionary and unprecedented \$5 billion investment fund that would finance university infrastructure forever. Fund earnings could amount to \$400 million in the first year, he said, rising to \$1.2 billion if fund capital grows to \$15 billion.

The Minister for Education, Julie Bishop, says the initiative was "inspired" by the enormous endowment funds that sustain the great American universities such as Harvard and Yale. A national philanthropic fund was first suggested by David Murray, the former Commonwealth Bank chief who heads the Future Fund.

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The concept grew in talks with Costello and Bishop to become the Higher Education Endowment Fund.

"I remember David Murray talking about it with the Treasurer last year," Bishop says. "It was way before [Labor leader Kevin Rudd's] education revolution."

And, yes, Bishop sees Tuesday's budget as a seminal moment. The \$5 billion seed funding is the first instalment. "It will give them the opportunity to be truly world class," she says.

Leaders of the nation's long-suffering universities are nearly as chuffed. "I seriously believe this budget is the best news for Australian universities for decades," says Gavin Brown, the vice-chancellor of the University of Sydney (who recruited Snyder).

The president of the Australian Vice-Chancellors' Committee, Gerard Sutton, says: "We were asking for half a billion dollars year. They delivered that, but they delivered in a way that stays with us forever."

The rapturous reception can be partly explained by the surprise that the Howard Government is talking



Made her job easier ... Julie Bishop congratulates Peter Costello after the budget. Photo: John Woudstra

positively about universities. "I was genuinely shocked," says Glyn Davis, the vice-chancellor of Melbourne University. "One of the reasons I was so pleasantly surprised is higher education has not featured in national policy for some time."

Not so surprisingly, the best universities are keen to ensure the money is used to reward excellence - not just any institution that calls itself a university. "I hope the returns on the endowment fund aren't smeared across the sector," says Ian Chubb, the vice-chancellor of the Australian National University.

The second pleasant budget surprise for universities is less spectacular but could prove equally important. The Government simplified its funding formula by "clustering" different course costs together. "It allows us to shift money around a little bit quicker," says John Yovich, the vice-chancellor of Perth's Murdoch University.

The move to streamline university administration originated in Treasury. As one ministerial adviser put it, it's a first step towards ending the "Stalinist" funding, reporting and governance rules that have turned a generation of academics into administrators.

Inspiration was drawn from a seminal critique by the economist Max Corden: *Australian Universities: Moscow on the Molonglo*. After describing the collapse of the Soviet Union in 1985, Corden writes of his surprise to find a centrally planned replica of the Soviet system being constructed inside the Department of Education.

Bishop went further in a post-budget interview with the *Herald*, promising to "end duplication of regulation" by stripping state governments of financial oversight of universities. She promised to leverage new, three-year funding agreements to seize control over the structure of university governing councils, which are overseen by the states. "We would set out criteria for universities to meet for what we believe to be good practice in governance and the universities would structure their councils in such a way," she said.

While vice-chancellors welcome the red-tape stripping sentiment, there is a consensus that Bishop should look at her federal backyard before bludgeoning the states and assuming more control. "There's plenty of room for Julie Bishop to remove federal red tape from federal funding operations," says Brown.

Chubb says federal funding rules should not entail "counting every marble in the bag". And he is wary about political intrusions into academic freedom.

"How can you support democracy if ideas aren't being put into the public domain because people get their heads kicked in if they do?" he says. "There's a bit of that going on, you know."

In the nation's campuses, it's hard to escape the feeling elite learning has been one of the great victims of a broad cultural cringe and, specifically, the Howard Government's cultural wars. World-class universities can be sustained only in an atmosphere where education is admired. "A big part of building world-class universities is governments at the national level actually think this is important. They talk it up - that great education should be celebrated," says Davis.

This view is not confined to academics. Before the budget, a Howard minister confided to the *Herald* that if Rudd Labor won the election, "my one consolation is that he would at least salvage the universities". (The previous education minister, Brendan Nelson, accused the Labor Party as being "obsessed with higher education".)

Despite this week's budget injection, the vice-chancellors are under no illusions as to the challenge Australia faces in keeping up with enormous investment in top universities around the world.

Davis, who has attracted four Nobel prize winners to Melbourne - probably more than the rest of Australia's universities combined - says the University of California, Berkeley, has fewer students than Melbourne but more than twice the funding. The Government's new tone needs to be matched by huge, sustained funding increases if Melbourne is merely to maintain its top-100 world ranking. "There's not a problem about the quality of the people. We have brilliant students in Australia and world-class research. But if you want to play on that world stage then you have to be funded," he says.

All of them are scrambling to save costs and attract non-federal government funding. John Hay, the vice-chancellor at the University of Queensland, has slashed the number of faculties, from 15 to seven, to free up money to attract some of the world's best researchers and build quality institutes. "You have to take the hard decisions to be world-class."

Snyder says the future of Australia's universities comes down to individual, "transformational" genius. Modestly, he points to the example of his own boss, Gavin Brown. "When he hired me, he said: 'I want you to make this university great and win a Nobel Prize.'"