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# Uncapping of university places achieved what it set out to do. So why is it dubbed a policy failure?

The main ‘failure’ of the demand-driven system is its success.



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Allowing universities to recruit as many students as they wish is unsustainable and does not improve equity, the Group of Eight (Go8), which represents Australia’s elite universities, has stated in its [latest paper](#).

The Go8 calls for “[moderation](#)” of the demand-driven system established in 2009, arguing that it ignores the importance of sub-degree and postgraduate places.

This year alone, [commentators on the right](#) and [vice-chancellors on the left](#) have highlighted the apparent failures of the demand-driven system.

Quality, equity and sustainability are the usual victims mentioned.

Suggested reforms include recapping places, uncapping fees and [redirecting the subsequent money to research](#) or equity.

Yet are these simply solutions looking for a problem?

## Understanding the demand-driven system

The then Labor government introduced the demand-driven system in 2009.

Labor allowed universities to enrol unlimited numbers of students in virtually all undergraduate courses, in order to increase educational attainment and student equity.

Specifically, Labor set two targets based on the [Bradley Review](#): to increase the proportion of 25-to-34-year-old Australians with undergraduate degrees to 40%; and to raise the proportion of low-SES students to 20% of the undergraduate cohort.

The demand-driven system was the main policy devised to achieve these goals. Importantly, though, it was accompanied by specific equity funding through the Higher Education Participation and Partnerships Program (HEPPP).

The demand-driven system does not apply to sub-degree courses such as enabling programs and diplomas, nor to postgraduate courses. The Australian government allocates Commonwealth-supported places at both these levels, based largely on historical patterns.

## **Has the demand-driven system met its objectives?**

Paradoxically, the main “failure” of the demand-driven system is its success.

University participation has risen spectacularly. The target of 40% participation [should be comfortably met by 2025](#). The nation has quickly moved from an elite to a mass higher education system.

The second equity target has proven more challenging, [but progress is being made](#). The relative proportion of low-SES undergraduate students rose from 16.2% to 17.7% between 2009 and 2014. In the same period, the overall number of undergraduate low-SES students [increased by 44%](#), while other cohorts increased by 30%.

To suggest, as the vice-chancellor of Sydney University does, that [medium- and high-SES students have been the big winners](#) is therefore mistaken, though major inequities remain by institution, field of education and level of study.

Improvements in equity are even more impressive when considered in historical context. The [level of low-SES participation](#) was virtually unchanged from 1990, when data was first collected, until the introduction of the demand-driven system. Class is intractable, but not immovable.

Equally, since 2009 the number of Indigenous undergraduate students has [increased by 60%](#). The number of students with a disability has [increased by nearly 80%](#).

We may not reach the 20% low-SES target, but the demand-driven system has dramatically improved university access for under-represented students.

## **At what cost?**

The expansion of enrolments and equity has [not led to any notable reduction in quality](#).

Retention and success rates have declined, but only marginally. The average success rate for commencing undergraduate students between 2001 and 2008 was 85.6%, while the equivalent rate between 2009 and 2014 [was 84.2%](#).

Student satisfaction and learner engagement have actually risen, according to the [Australian Graduate Survey](#) and [University Experience Survey](#)

Meanwhile, despite relatively low retention rates and rising offer rates, students with ATARs below 50 still comprise [less than 2% of final enrolments](#).

Of course things are not ideal. The Go8 universities still enrol too few equity students; low-SES students remain [under-represented at postgraduate level](#) and in some disciplines; and regional enrolments [remain flat](#).

The ongoing allocation of sub-degree and postgraduate places is inequitable and [could be addressed in any revised system](#).

Universities need [scope to direct under-prepared students](#) to enabling programs and vocational education and technology pathways. However, the demand-driven system has essentially expanded educational attainment and equity as promised, without reducing quality.

## Next steps

The main failure of university expansion is the unwillingness to fund it. Costs are certainly escalating, but priorities are always political as well as financial.

For example, the annual cost of HELP student loans is [expected to grow](#) from A\$1.7 billion in 2015-16 to A\$11.1 billion in 2025-26.

Meanwhile, the cost of negative gearing and the capital gains tax discount is already [nearly A\\$12 billion per year](#). Maybe we could have both affordable digs and affordable degrees.

Unfortunately, the demand-driven system is now perceived as the scapegoat for [inadequate research funding](#), but this approach serves only to divide the sector.

The university sector now has more students and graduates than ever before to rally. If united, universities could strongly defend both the demand-driven system and the nation's research interests.