**29 September, 2014- IUA Funding Symposium address by**

**Minister Jan O’Sullivan**

Good afternoon to you all,

I am delighted to have been invited by the Provost on behalf of the Irish Universities Association to address this important symposium on university performance and sustainability. Today you are hearing from a range of national and international prestigious speakers on a variety of perspectives on the funding and regulation of universities.

It is of particular importance for the higher education sector to fully air the complex debate around higher education autonomy, funding and accountability during a period in which the system as a whole as well as the society in which it operates is undergoing such intense change.

The higher education system has been instrumental in responding to the unprecedented challenges faced by Ireland in the last number of years and I would first and foremost like to acknowledge that undisputed fact and the role that everyone here from the sector has played.

*Context*

As Ireland’s economy went into freefall at the end of the last decade, average unemployment rocketed in one year from 6.4% to almost double that in 2009. At the inception of the higher education reform programme in 2011, the unemployment rate was reaching its peak of close to 15% and Ireland was effectively in receivership.

In terms of public spending, the economic collapse presented Government with difficult decisions and unpalatable choices.

Rising unemployment and demographic pressures in Education, Health and other areas meant difficult choices had to be made. In the education and training sector, every school, every PLC college, every Youthreach centre and, yes, every higher education institution has had to manage with reducing resources. I know this has not been easy and I have huge respect for everyone who has risen to the challenge and worked to serve local and national needs through these difficult times.

There has also been a compelling need to drive out inefficiency and waste in the public sector and I know that significant progress has been made in the higher education sector in recent years.

We are now seeing the pay-off for our determined resolve to see through those hard choices with renewed economic growth injecting real hope and optimism into Irish society.

*Implications for Higher Education*

When it came to higher education funding – we had numerous challenges to face. I have already mentioned the rising demographics. As you know the demand for higher education also increased sharply from those in the labour force who found themselves needing to re-skill.

We were not just facing the need to increase capacity. Ireland had retained much of its foreign direct investment, but the enterprise sector’s ability to grow and create high-end employment depended on high quality STEM graduates and access to world class research and innovation.

These and other imperatives led us to develop more creative and targeted mechanisms in how the state distributes and evaluates the use of public funds. An increased use of targeted competitive funding streams to achieve rapid response in areas of labour force needs has paid dividends in key economic sectors.

A re-framing of our core funding system to support greater visibility and delivery of key societal outcomes has also been developed and implemented in recent years.

I know that for the universities, the proportion of your overall funding that comes from the exchequer has significantly decreased. Part of your task today is to explore increasing diversity of funding sources and the implications that has for the way that you run your institutions. However, for Government, ensuring accountability for public funding remains a high priority.

The implementation of the new System Performance Framework is re-framing the relationship between the Government and the higher education system. This evolving reform has increased the visibility of your achievement in the expansion and recalibration of the system in recent years.

*System Governance*

The Framework has articulated clearly the expectations of Government and society on the system and has provided the basis for individual universities to tailor their strategic direction and to agree performance parameters in the new compacts negotiated with the Higher Education Authority this year. I am confident that this new framework balances the need for accountability while still respecting institutional autonomy.

Continued institutional engagement with the implementation process, which has been so positive to date, and your interaction with the Higher Education Authority is of course the key to ensuring that the right balance is maintained.

*System Performance*

The System Performance Report submitted by the Higher Education Authority earlier this year sets out with remarkable clarity and detail how Irish higher education institutions have been contributing to Ireland’s societal and economic renewal across seven areas where key objectives have been set out including:

* The development of our human capital;
* Wider access and greater equality of opportunity;
* Teaching, research and innovation of the highest quality;
* Greater internationalisation and global visibility and performance; and for these goals to be supported and enabled by
* A system restructured and funded for strong diverse collaboration, quality, efficiency and critical mass.

This new visibility and transparency has allowed those in Government and leaders in the sector to survey the system and to identify where we need to build upon current reforms, to establish new connections and to create greater coherency so that we can together enhance the performance and quality of educational provision throughout the system as a whole to the benefit of all.

Ireland leads the world in both the quantity and quality of our human capital.  Our tertiary attainment rates for key sections of the labour force are second to none in Europe and in the top 5 of the OECD.  We have the fourth highest proportion of Maths, Science and Technology graduates in the European Union.

Higher education has responded to the push towards economic recovery not just by growing the system through the expansion of 25,000 places. The system has also recalibrated and realigned provision to priority areas for growth and by offering new and flexible modes of learning to an ever more diverse cohort of students.

We have an increasingly diverse student cohort, with more than 50% of adults under 35 with a higher education qualification and increasing numbers of international students choosing to study here in Ireland.

By any measure, the development of Ireland’s human capital has been phenomenal. We are ranked first for the availability of skilled labour and fourth for the quality of our education system in this year’s IMD World Competitiveness index.

The high growth in public research and knowledge exchange in this century has been consolidated, bringing Irish universities to the top 1% in 18 knowledge fields worldwide.

*System Development and Structural Reform*

The higher education system has achieved this growth during a period of increased constraints, some of which have been referred to this morning.

Yes, your success has come at a price but has also delivered a lasting benefit.

The continuing quality of Irish higher education would not have been possible if the way that universities and other higher education institutions had not transformed the way that you do your business.  You have built collaborative networks between institutions, regionally, across sectors, nationally and globally.

You have retained your individual institutional autonomy, but strategic imperatives and the need to leverage one another’s strengths has driven you inexorably towards working as a system. These new structures and alliances have transformed and enhanced the performance of the system overall.

The vision for higher education reform that was originally envisaged in the National Strategy for Higher Education is being given life and substance by the new partnerships within the higher education system and with Government.

I know that it is no use to simply “rearrange the deckchairs”. Structural reforms must create a better environment that will improve quality outcomes across as wide a range of activities as possible.  It is my task to ensure that the fertile ground brought about by our engagement in the reform programme to date now bears fruit.

In particular, I look forward to seeing existing connections enhanced and consolidated to deliver even better outcomes for Irish society:

* At a regional basis through the establishment and implementation of regional clusters;
* Nationally through alliances which deliver on key elements of public service reform and our access and equity agenda;
* And internationally through the growth in global collaborations in research, the continuing internationalisation of our sector and through our ambitions for Ireland’s success in Horizon 2020.

*Access and Quality*

In talking about systems and systemic reform, it is easy to fall into the trap of sounding mechanistic or technocratic. Let me assure you that I am well aware that as educationalists, it is the individual that is at the very heart of everything that we do.

Paradoxically, it is this very concern to ensure equality of opportunity for individual betterment and a higher quality and appreciation of life through education that has led us to an ever increasing need for better, coherently functioning systems. This is especially true in this modern era of mass, globalised higher education.

Individuals accrue very significant social and economic benefits through tertiary attainment.  So there are not just economic imperatives to maintaining our high attainment rates within a growing population.

*The Challenges Ahead*

As we re-engineer the way that we govern and fund the higher education system, it is important to remember that Ireland still faces a very considerable challenge in the years ahead in maintaining and enhancing the quality of higher education while in parallel continuing to significantly increase capacity.

Ireland’s population has increased 8.2% in the last four years and is set to increase further by 2021. This will translate into a further 27% growth in the demand for higher education to 2027.

Our rate of population growth is almost unique in Europe and creates very specific and particular challenges for our education system in how we sustain growth and quality.

While the System Performance Report shows that Irish higher education is competitive internationally and is performing very well against a number of international benchmarks, it also cautions that the system is under increasing stresses.

Numbers have grown significantly over the last number of years at a time of reducing staff and financial resources and are set to continue to rise.

The sector has proved resilient over the last six years and as I have acknowledged, has responded exceptionally well to the financial crisis. But I know you have concerns about the feasibility of squeezing the system any further and about the impact that recent increases in staff – student ratios is having on the student experience.

Given projections for future growth in demand for higher education and the enduring need to ensure quality of provision, there is an imperative now to carefully consider how higher education is funded to enable its sustainable development.

This process is already in train. An expert group, chaired by Mr Peter Cassells, has been charged with identifying and considering the issues relating to the long term sustainable funding of higher education in Ireland and to identify options for change. The Group will report to me before the end of next year.

As part of this comprehensive examination, the Group will:

o  Consider future demand projections both from the perspective of the learner and importantly a recovering labour market;

o  Clearly articulate the benefits of a higher education qualification to the individual and the broader economy and society;

o  Identify potential for efficiencies and examine current financial performance;

o  And finally assess long term funding requirements and make recommendations in relation to future funding arrangements.

This is not an easy task and unfortunately there is not one simple solution or magic bullet. But it is essential that we meet this challenge if we are to ensure the continued health of the system and the quality of our graduates which provide such a fundamental bedrock for economy and society as a whole.

Rigorous debate and deliberation on these and other important questions regarding governance and accountability will serve to shine a light on this complex task. I commend the IUA for bringing all of us together today to exchange views and hear from international experts and I know that the day’s discussion will be a fruitful one.

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