



Australian Government

Australian **Universities Accord**

Budget Summary



The Department of Education acknowledges the Traditional Owners of the lands and waters on which Australians live, work and study, and pays respects to their Elders, past and present. Australia's First Nations peoples are the custodians of the world's oldest continuous cultures of learning and the passing down of knowledge. The Department of Education also acknowledges the determination of First Nations leaders over generations to ensure that higher education is accessible to First Nations people, reflects knowledges and law, and supports research led by First Nations people about their community, land and culture.



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The document must be attributed as the *Australian Universities Accord – Budget Summary*.

Minister's Foreword



The Australian Universities Accord provides a once in a generation opportunity to reshape the tertiary and higher education system to be what Australia needs for the future.

If we want a stronger economy; if we want a fairer country; if we want more jobs and more businesses; if we want a future made in Australia; then we have to make those skills in Australia in our universities and our TAFEs.

Under Bob Hawke and Paul Keating the percentage of young people finishing high school jumped from about 40 per cent to almost 80 per cent. That was nation changing.

Now we have to take the next step.

Over the next quarter of a century Australia is going to need more teachers, more nurses, more doctors, more ICT workers, more engineers than we have today. That means more Australians going on to university or TAFE.

The Australian Universities Accord provides us with a blueprint to help us take this step.

The Government is setting the nation changing goal of lifting tertiary education attainment to 80 per cent of working aged people by 2050. Reaching this ambitious tertiary education attainment target will deliver benefits directly to individuals as well as the national economy.

It means we will have the skilled workforce our nation requires to meet the challenges of the future. It also means higher incomes and less reliance on social security support for more Australians.

To achieve this we have to break down two big barriers. One of those is the invisible barrier stopping a lot of Australians from disadvantaged backgrounds, the outer suburbs and the regions getting access to higher education. The other is the artificial barrier between our higher education system and our vocational education system.

That's what our reforms in tertiary education are all about.

As part of the 2024–25 Budget, the Government is delivering on reforms recommended by the Australian Universities Accord. This includes a fairer HELP system, cost of living relief for students, support for people from the outer suburbs and regions to go to university and structural reforms to our tertiary education system.

The Hon Jason Clare MP
Minister For Education



Reviewing the Australian education system

The Australian Universities Accord

In November 2022 the Government commissioned the **Australian Universities Accord** (the Accord). This was the biggest and broadest review of the higher education sector in 15 years. The Accord was chaired by Professor Mary O’Kane AC and was tasked with developing recommendations to improve the quality, accessibility, affordability, and sustainability of higher education.

On 25 February 2024, the Minister for Education, the Hon Jason Clare MP released the Accord’s Final Report (the Report). The Report was the product of more than 12 months of work, informed by more than 820 public submissions and extensive consultation with stakeholders. It outlined an ambitious tertiary education reform agenda for a substantial and broad-ranging transformation of the Australian higher education system.

The Report focuses on priorities including helping more people from underrepresented backgrounds go to university; supporting students, including through cost of living measures; building and using new knowledge through research; and addressing workforce and governance issues.





Through 47 recommendations, the Accord sets out an ambitious plan to transform higher education over the next decade and beyond. Key reforms include:

- Higher education and vocational education and training (VET) working together to deliver skills
- A new Commission to provide stewardship of the tertiary education system
- A new higher education funding system designed to deliver growth and equity
- Needs-Based Funding to support students to succeed in higher education
- Changes to the Higher Education Loan Program (HELP) to make it fairer
- Increasing the impact and competitiveness of university research.

A better and fairer education system

Higher education is central to delivering a future made in Australia, but all parts of Australia's education and training system must work together to support students to access tertiary education and enter the workforce. That is why the Government commissioned reviews across the Australian education system, into early childhood education and care, schools, and higher education to provide a blueprint for reforms to the education system. At the same time the new National Skills Agreement was developed to embed national cooperation and strategic investment in vocational education and training.

The Australian Universities Accord is one of the reviews into the education and skills sector to support the Australian Government ambition to drive better educational outcomes across the whole education system.

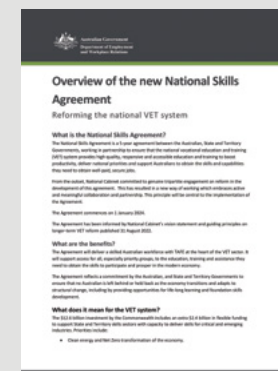


The **Australian Competition and Consumer Commission** (ACCC) Childcare Price Inquiry into the market for **early childhood education and care (ECEC)** services released its Final Report on 29 January 2024. The Government has also commissioned a **Productivity Commission** (PC) inquiry into ECEC to help chart a course for universal, affordable ECEC, for which the final report is due to Government by 30 June 2024. The Government will consider the ACCC’s findings and recommendations alongside those of the PC.



The **Review to Inform a Better and Fairer Education System** (the Review), led by Dr Lisa O’Brien AM, was asked to identify the reforms needed in our schools to drive real and measurable improvements for all students, particularly those most at risk of falling behind. The Expert Panel’s Report, published in December 2023, found that, despite the dedication of school communities, many students don’t receive an education that sets them up to succeed. The Review is one of the inputs into the next **Better and Fairer Schools Agreement**, currently being negotiated with state and territories, which is due to commence from January 2025. In December 2023, Australian Education Ministers agreed that the next Agreement would identify reforms to progress 3 key outcomes: 1) Equity and Excellence; 2) Wellbeing for learning and engagement; 3) A strong and sustainable workforce.

These reviews all found that we need a Better, Fairer Education System to meet the skills needs of the future and improve outcomes for Australians. For too many Australians, gaps in educational outcomes start early and grow throughout life.



The **National Skills Agreement** (the Agreement), which commenced on 1 January 2024, is a joint agreement between the Australian, State and Territory Governments to strengthen the VET sector. The Agreement represents an investment of \$12.6 billion by the Commonwealth over 5 years to expand and transform access to the VET sector, support training providers to deliver quality education and training, and implement reforms to address critical skills needs. The Agreement also includes several policy initiatives, such as the TAFE Centres of Excellence, which are intended to support collaboration between industry, universities, and VET in areas of key national priority.

The National Skills Agreement reflects a commitment to ensure that no Australian is held back or left behind as the economy transitions and adapts to structural change.



A vision for the future of tertiary education

Setting ambitious targets for tertiary attainment

The Government has committed to an ambitious tertiary attainment target to deliver on the future skills needs of Australia and ensure no one is left behind.



The Government has set an overall tertiary attainment target of **80%** of working aged people by 2050.

This is an ambitious target that both higher education and VET will contribute towards over the next 30 years. This will recognise the need for growth in each sector, as they both play a crucial role in delivering on skills challenges over this period.

The Government will also set targets for higher education participation for students from underrepresented backgrounds to set the sector on a trajectory required to achieve parity in 2050 following genuine consultation with the community and the sector.

This action contributes to the response to recommendation 2 of the Australian Universities Accord.

The benefits are far reaching

The attainment targets recommended by the Accord will deliver benefits directly to the national economy as well as individuals.

The Department of Education estimates that if the Accord attainment targets are achieved, in total around \$240 billion (in today's dollars) in additional income would be added to the economy over the period to 2050, across the whole workforce.

For individuals, additional educational attainment can lead to increased employability and higher lifetime earnings. For example, for an employed person with a highest level of education as year 11 or below, their median income from salary and wages (2021 dollars) would grow from \$50,000 to around \$80,000 if that individual achieved a bachelor degree.

Delivering on the Accord's ambition is anticipated to also lead to fiscal benefits, driven in part through reduced social security costs. The Department of Social Services estimates that, for individuals aged 25–34, increasing their educational attainment from year 12 to a higher education qualification lowers their projected lifetime social security costs by an average of \$12,000 (2021–22 dollars).



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Australian Universities Accord Budget Summary

Reform in tertiary education is needed to deliver the large, skilled and productive workforce the economy requires for a future made in Australia.

The Government is responding to 29 of the 47 Australian Universities Accord recommendations in full or in part.

Cost of living relief

The Government is taking the pressure off students and minimising the financial barriers to tertiary education, providing cost of living relief and ensuring higher education remains affordable.

Lowering the indexation of Higher Education Loan Program (HELP) debts

- ▶ After the passage of legislation, someone who had an average HELP debt of \$26,500 following the indexation on 1 June 2023 will get a reduction of up to \$1,190 from their outstanding HELP loan.

The Government will cap the HELP indexation rate to be the lower of the Consumer Price Index (CPI) or the Wage Price Index (WPI) with effect from 1 June 2023.

The Government will backdate this relief to all HELP, VET Student Loan, Australian Apprenticeship Support Loan and other student support loan accounts that existed on 1 June last year.

This will wipe around \$3 billion in student debt from more than 3 million Australians.

This action contributes to the response to recommendation 16 of the Australian Universities Accord.

Commonwealth Prac Payment for teaching, nursing and midwifery, and social work students undertaking mandatory placements

- ▶ Around 68,000 eligible domestic higher education students and 5,000 VET students each year will be able to access a payment equivalent to \$319.50 per week.

The Government will provide \$369.2 million for a Commonwealth Prac Payment (benchmarked to the single Austudy rate) to teaching, nursing and midwifery, and social work students in higher education, and \$58.2 million for eligible students in VET, to support the completion of their qualifications. From 1 July 2025 eligible students will be able to access payment of \$319.50 per week when they are on a mandatory placement, which will provide important cost of living relief and combat against placement poverty.

The Government will also work with accreditation bodies for these courses to ensure that placements are appropriate and proportionate, and that placement requirements ensure that students gain industry-relevant skills and experience without imposing onerous placement length and conditions.

This action responds to recommendations 9 and 14 of the Australian Universities Accord.

Increasing Commonwealth Rent Assistance

The Government will increase the maximum rates of Commonwealth Rent Assistance (CRA) by 10 per cent. This builds on the Government's increase to CRA in the last Budget and will help to reduce rental stress for income support recipients and those receiving family payments. Pending the passage of legislation, these changes will commence from 20 September 2024, on the same day as regular indexation.

Improving access to university for people in the suburbs and regions

The Government will boost support to underrepresented groups to enable more people from the suburbs and regions to go to university and succeed when they get there.

FEE-FREE Uni Ready courses

- ▶ Increasing the number of students studying FEE-FREE Uni Ready courses by 2030 by 40%.

The Government will provide \$350 million in additional Commonwealth Grant Scheme funding over 4 years, commencing on 1 January 2025 to fully fund FEE-FREE Uni Ready courses to provide more students with an enabling pathway into higher education, with focus on students from underrepresented backgrounds.

Universities will also be supported to improve the quality and consistency of FEE-FREE Uni Ready courses.

This action responds to recommendation 12 of the Australian Universities Accord.

Managed growth funding for universities

The Government has committed to developing a new Managed Growth Funding System for Commonwealth Supported Places to meet student demand, maintain sustainable growth and increase opportunity for people from underrepresented backgrounds. The new funding system will include targets for universities that encourage growth consistent with overall attainment targets, with funding to be provided on a per-place basis up to those university-level enrolment targets and provide demand driven funding for places for equity students, although not necessarily at their chosen university. The new Managed Growth Funding System will also include transition arrangements to smooth the impacts of the end of the Higher Education Continuity Guarantee (HECG). The plan for the implementation of the new Managed Growth Funding System will be developed in consultation with the sector.

This will boost the number of Australians from underrepresented backgrounds getting the opportunity to go to higher education.

This action contributes to the response to recommendations 40, 41 and 46 of the Australian Universities Accord.

Needs-Based Funding for better equity outcomes

The Government has committed to making Needs-Based Funding a core component of funding for higher education teaching and learning. This will be designed to boost the number of students from underrepresented backgrounds completing higher education.

Needs-Based Funding will implement per-student funding contributions to better support students from underrepresented backgrounds to help them to participate and succeed in higher education and to complete their degrees. Per-student funding contributions will also be included to support students studying in regional campuses, recognising the higher cost of delivery in regional Australia.

Needs-Based Funding contributions will be directed to those students most in need of additional support. The plan for the implementation of Needs-Based Funding will be developed in consultation with the sector.

This action contributes to the response to recommendations 13, 39, 40 and 41 of the Australian Universities Accord.

Skills reform to boost productivity

Participation in tertiary education needs to grow to meet Australia's economic and social objectives and key to achieving this is breaking down barriers between the VET and higher education sectors.

Establishing new governance for the Australian higher education system – Australian Tertiary Education Commission

The Government has committed to establish an Australian Tertiary Education Commission (ATEC) as a steward of the tertiary education system. The ATEC will offer a pathway to drive growth through equity and make sure our national skills needs are met. The ATEC will also support improved data and transparency in higher education.

The Government will consult with states and territories about the ATEC's role in tertiary education. The plan for the implementation of the ATEC will be informed through consultation with the sector.

This action responds to recommendation 30 of the Australian Universities Accord.

Tertiary harmonisation

The Government will provide \$27.7 million to improve tertiary harmonisation, including by supporting better student pathways between VET and higher education, improving regulatory approaches for dual sector providers (including TAFEs) and enhancing tertiary data to provide better insights into how students interact with and move through the tertiary education system, and better support TAFEs to become self-accrediting organisations in higher education and piloting delegation of course accreditation in VET.

This action contributes to the response to recommendations 4, 36 and 38 of the Australian Universities Accord.

Building a strong and self-sufficient medical workforce

The Government will provide \$24.6 million over 4 years from 2024–25 for Charles Darwin University to establish and operate a new medical school for the Northern Territory from 2026, subject to the completion of preliminary exploratory work on the establishment of the new medical school.

The investment will provide up to 40 new commencing medical Commonwealth supported places and funding to support capital, establishment and recurrent costs. A new medical school at Charles Darwin University will help address the unique health challenges facing the Northern Territory.

This action contributes to the response to recommendations 3 and 39 of the Australian Universities Accord.

Strategic examination of Research & Development (R&D)

The Government will undertake a strategic examination of Australia's research and development system to strengthen its alignment with Australia's priorities and improve innovation and research and development outcomes.

This action contributes to the response to recommendation 24 of the Australian Universities Accord.

Student and staff wellbeing and safety

The Government will invest in social cohesion measures to strengthen student wellbeing and safety in universities and other tertiary education institutions.

Establishing a National Student Ombudsman

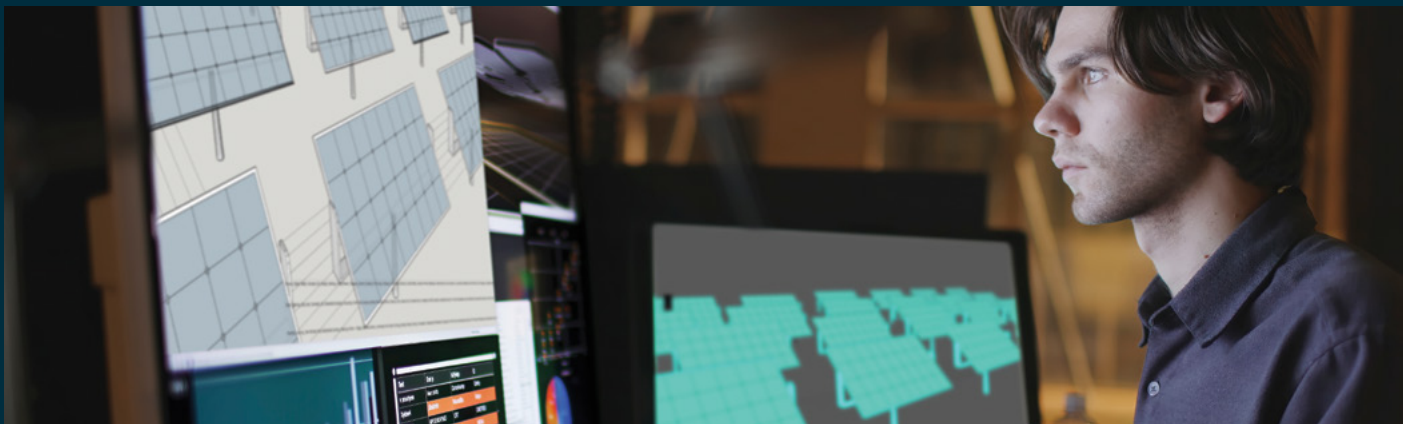
The Government is establishing a National Student Ombudsman. The National Student Ombudsman will be independent and provide a mechanism for higher education students to escalate complaints about the actions of their higher education provider, including complaints relating to gender-based violence and other student complaints, if they're unsatisfied with their provider's response. It will have the power to make recommendations to providers about the administrative actions that should be taken to resolve a complaint, work cooperatively with regulators to identify and respond to systemic issues, and promote best practice complaints handling across the higher education sector. The National Student Ombudsman will be established as a new statutory function of the Commonwealth Ombudsman and will be ongoing.

This action contributes to the response to recommendation 18 of the Australian Universities Accord.

Establishing a National Higher Education Code to Prevent and Respond to Gender-based Violence

The Government is establishing a National Higher Education Code to Prevent and Respond to Gender-based Violence. The National Code will set clear requirements for higher education providers and student accommodation providers to address gender-based violence. It will strengthen providers' performance beyond minimum requirements to achieve best practice in prevention and response efforts to address this violence. It will build on other regulatory frameworks such as the Threshold Standards and positive duty obligations. This will increase public confidence in the regulation and accountability of providers in addressing this issue and ensure students and staff are safe and feel safe regardless of where they study, work or live. The National Code will commence from 2025 and will be administered by a new Unit in the Department of Education.

This action contributes to the response to Priority Action 5 of the Australian Universities Accord Interim Report.



Establishing a higher education racism study

The Australian Government will undertake a study into antisemitism, Islamophobia, racism and the experience of First Nations people in the university sector.

The study will be led by the Race Discrimination Commissioner Giridharan Sivaraman, with support from the Australian Human Rights Commission (AHRC). The study will examine the prevalence and impact of racism in universities and develop recommendations to ensure a safe environment for students and staff.

The study will consult with students, stakeholder groups and education providers.

The Commissioner will establish a reference group of respected leaders from the Jewish community, Muslim community, First Nations Australians and CALD communities with experience studying, working in, and leading universities.

This action contributes to the response to recommendation 33 of the Australian Universities Accord.

Student Services and Amenities Fee (SSAF) allocation to student-led organisations

The Government will strengthen student-led organisations and their ability to act for the best interests of students by mandating that higher education providers allocate at least 40 per cent of the Student Services and Amenities Fees (SSAF) they collect to student-led organisations.

This action contributes to the response to recommendation 19 of the Australian Universities Accord.

Complementary reform of Australia's international education sector

The Australian Government is also responding to challenges in the international education sector through the development of a new *International Education and Skills Strategic Framework* (Draft Framework) and a package of targeted reforms to the *Education Services for Overseas Students Act 2000* (ESOS Act).

International students are an important part of our classes, campuses and communities. However, our international education system must have the right settings to provide the highest quality experience for all students and maintain Australia's world-class reputation for delivering education.

The Draft Framework outlines how Government is taking action to manage the system to deliver sustainable growth over time and support the quality and integrity of Australia's international education sector.

A sector built on quality and integrity

The release of the *Rapid Review into the Exploitation of Australia's Visa System* (Nixon Review) and the *Migration Review* brought urgent attention to integrity issues in international education.

In response, the Government is strengthening regulation of Australia's international education sector to disrupt and deter those who seek to exploit international students and undermine Australia's international education system for purposes other than study. Through reforms to the ESOS Act, the government will safeguard the integrity and quality of Australia's international education sector and tackle unscrupulous behaviour.

Managing the system to deliver sustainable growth over time

The Draft Framework outlines the Australian Government's approach to deliver sustainable growth across the international education sector over time. Details underpinning this approach to managing the system will be informed by consultation with the sector and consider factors such as a university's supply of purpose-built student accommodation, and the contribution of enrolments to meeting Australia's skills needs.

This will help provide certainty about student growth for Australian education providers, particularly in regional and outer metropolitan areas, and enable Australia's international education providers to better support Australia's skills needs.



Responding to student accommodation pressures

Providing enough housing for domestic and international students alike is a core part of university planning. Through the Draft Framework, the Australian Government will help to ensure students have access to affordable accommodation by requiring universities to provide appropriate levels of new student housing to support future growth.

Universities will be able to enrol additional students above their initial international student profile where they establish additional, newly built supply of purpose-built student accommodation.

The Australian Government is committed to providing the highest quality experience for all students and we need to ensure the sector is set up for the future. The Government will work closely with the sector to implement this policy and establish transitional arrangements that support the sector to manage this change effectively.

This action contributes to the response to recommendations 22 and 23 of the Australian Universities Accord.



Reform is already underway

Accord Priority Actions and other higher education reforms

The Australian Government has already taken steps to improve the tertiary education sector, including implementing the Priority Actions of the Accord's Interim Report.

- Doubling the number of University Study Hubs across the country, including **20 more Regional University Study Hubs** and **14 new Suburban University Study Hubs**.
- We have started consultation to consider a **National Skills Passport** to help workers promote their qualifications, upskill and reskill, to view and share evidence of their skills and qualifications in a trusted, seamless, and integrated digital system.
- We have **removed the 50 per cent pass rule** that disproportionately impacted students from poor backgrounds and from the regions and introduced a new **Support for Students Policy**.
- We have supported First Nations students to go to university by **extending demand driven funding to all First Nations students**, ensuring they get a Commonwealth Supported Place for all non-designated places at university where they meet eligibility requirements.
- We are **extending the Higher Education Continuity Guarantee** into 2024 and 2025.
- We have made **changes to early university offers for at-school students**; early offers for university commencements in 2025 and 2026 can now only be made from September in the year prior to entry. The Department of Education will undertake further work on the broader admissions process, including early offers, and identify an ongoing approach in time for 2027 commencements.
- We are taking significant action to create higher education communities free from gender-based violence through the **Action Plan Addressing Gender-based Violence in Higher Education**, released by Education Ministers on 23 February 2024.
- In collaboration with states and territories, a series of actions to **strengthen university governance and improve university compliance** with existing workplace relations requirements are underway, as agreed by Education Ministers on 26 April 2024.
- We have responded to the recommendations of the Review of the Australian Research Council Act 2001, led by Professor Margaret Sheil AO, and set the foundation for **modernising the ARC's governance and bolstering its independence** through the *Australian Research Council Amendment (Review Response) Act 2024*.

The road ahead: The future for the Accord



The Accord is not a plan for one budget, but a blueprint for the next decade and beyond.

The Government is establishing an Implementation Advisory Committee that brings together higher education stakeholders and those from across the tertiary education system. Through the transition period, this committee will support continued engagement between the sector and government to build a partnership for enduring reform.

Further consultation and engagement with the sector is required to inform the legislative design of the proposed Australian Tertiary Education Commission, and the new Managed Growth Funding System, including Needs-Based Funding.

The Government will also have targeted consultation with groups in the community that are the focus of the equity reforms at the centre of the Accord including:

- People living with disability and disability stakeholders
- Representatives of First Nations people and the Coalition of Peaks
- People living in regional and remote Australia.

The Government has worked closely with the states and territories to embed cooperation and strategic investment in the National Skills Agreement and the response to the Priority Actions in the Accord Interim Report. The higher education and VET sectors both play a crucial role in delivering on skills and will need to grow to meet this challenge. The Australian Government will work closely with

the states and territories to implement the reforms including the ATEC's role in tertiary education.

It is important to remember that the Accord Report is a plan not for one budget, but a blueprint for the next decade to help us build a better and fairer education system. Now it's time to get started.

Implementation Advisory Committee members:

- Mr Tony Cook PSM, Chair
- Professor David Lloyd
- Professor the Hon. Verity Firth AM
- Professor Stephen Duckett AM
- Professor Julia Horne
- Professor Tom Calma AO
- Professor Barney Glover AO
- Ms Jenny Dodd

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