# Submission in response to the Universities Accord interim report – September 2023

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This is a personal submission that should not be taken to represent the views of the Australian National University.

# Table of Contents

## Key points

**Overall concerns**

- The Accord interim report proposes large increases in government control and regulation of Australia's higher education sector
    - Philosophically, a system based on university autonomy and student choice would be better
    - Practically, the final report needs to consider the risks inherent in a centralised approach, including the implications of organisational issues experienced by existing public sector higher education agencies.

**Defining low SES**

- This submission focuses on the low SES equity aspects of the interim report
- The current low SES definition used in higher education statistics is not adequate as a measure of social change, sector trends or university performance; nor is it a suitable basis for funding universities or allocating resources to students
    - Geographic proxies of SES can never be completely accurate at the individual student level, but have the strength of administrative simplicity
    - A bespoke metric using ABS Census data could more accurately classify areas by SES for higher education purposes
    - Only classifying the lowest 25% of areas as ranked by a SES indicator creates an arbitrary cut-off; with areas above it on the ABS SES rank much more similar to those below it than high SES areas
        - A weighted system could be used for funding purposes, with declining levels of funding as measures of disadvantage decrease
- Reporting of overall trends should be based on age-specific participation rates, not enrolment shares, where possible
    - Choosing a more relevant age base than 15-64 years or 20-64 years for the enrolment share reference point would make current metrics more reliable
- It is not clear how the idea of parity in participation rates for equity groups including low SES would be operationalised

**Academic feasibility of significant increases in low SES higher education participation**

- Since the 2000s there have been significant increases in rates of school leaver higher education participation, driven by increased school retention, demand

driven funding of bachelor degree places, and changes to student income support policy. At least until the second half of the 2010s low SES participation rates on the current definition also increased.

- The academic preconditions of another significant increase in low SES participation rates are not in place.
    - Although low SES school completion rates remain significantly higher than a decade ago they are stalling or declining
    - Especially in Queensland, Western Australia and Tasmania a minority of late secondary students are on an ATAR track
    - SES remains a powerful predictor of NAPLAN results, with no evidence that students of lower SES backgrounds are catching up

**Managing student risks**

- Enrolling academically under-prepared students comes with a high risk of attrition. This is a general issue with the 55% attainment target implying that everyone with an ATAR of 45 or higher should be at university, but low SES students are particularly at risk. A HELP debt without a degree is not 'equity'.
- This is not an argument against a system that is open to opportunity, but it means that the risks need to be mitigated and managed to reduce time and money spent on unsuitable study.
    - The government response to the interim report's recommendations on failing students will lead to significant increases in regulation of the way students at academic risk are managed, including fining universities per student.
        - This approach may deter universities from taking a chance on higher-risk students or prematurely cancelling enrolment
- The interim report's proposal to link some funding to student rather than subject characteristics is worth developing further
    - While funding could be linked to equity group membership, with the exception of disability equity group membership is a proxy for disadvantage rather than a direct personal indicator
    - More direct measures such as prior academic performance or basis of admission may more reliably deliver resources where they are needed

**Student income support**

- Student income support improves course completion rates, but as the interim report notes the number of recipients has been trending down
- The report mentions calls to extend income support to part-time students

- While part-time students can already receive income support in limited circumstances the current provisions should not be extended
- Statistical analysis shows that part-time study is the single biggest risk factor for non-completion
    - A significant benefit provided by student income support is that it facilitates full-time enrolmnet
    - New analysis in this submission shows that this effect is especially powerful for students aged 22 or over

**Financial benefits of higher education compared to other options**

- All studies of the financial benefits of education find that, on average, people with higher education qualifications earn more than people with vocational qualifications or no post-school qualifications
- However, the people brought into the system by another large expansion will not be average students or graduates
- Along with the risk of non-completion, there is a risk that they will not earn more than they could have with their Year 12 qualification
- For men especially, 2021 data suggests that there are careers in occupations served by vocational education that earn more than a graduate on median earnings

## Lists of figures and tables

### Figures

**Tables**

# 1. General concerns

I have made criticisms of the Accord interim report in several blog posts.[1] A common theme is that the interim report appears over-confident that government can make and implement good judgments about what universities and students should be doing.

## Implementation issues

The report notes long delays in releasing higher education administrative and survey data and rightly calls for this to be improved (p. 77). The final report should include an update on the TCSI student data system. The May 2023 Budget allocated significant extra funding for TCSI.

As it stands, however, the Department of Education seemingly cannot in August 2023 provide us with data on the February/March student intake of 2022. These timelines need to be very substantially improved. Otherwise these delays are a fatal problem for a proposal to provide 'better planning than demand driven funding' (p. 131).

A Tertiary Education Commission (TEC) would take time to be established and build staff skills. Related independent agencies such as TEQSA have faced significant staff turnover, with consequences for its ability to achieve its functions in a timely way.[2] Would the TEC be different? Is there an issue with public sector agencies offering competitive salaries? Periodic budget cuts would also affect a TEC's operational capacity.

Decentralised systems of organising higher education are more robust than centralised systems. While universities may lack the big picture of what is going on around Australia, they know about their own applicants, students and staff. Under the current system they can act quickly on this information, under a TEC-direct system they may wait months or years for a decision.

Universities will make different judgments about course priorities, which is safer than a national gamble based on employment projections that could be wrong. Universities like government agencies can have administrative weaknesses, but some institutions having problems is less serious than a single body with responsibility for steering the system being unable to perform its functions in an effective or timely way.

[1] A. Norton, 'For universities the Accord interim report proposes a more extreme version of Job-ready Graduates', *Andrew Norton: Higher education commentary from Carlton (blog)*, 25 July 2023; A. Norton, 'The Universities Accord universal learning entitlement - how might it work?', *Andrew Norton: Higher education commentary from Carlton (blog)*, 1 August 2023; A. Norton, 'How would student places be allocated under the Universities Accord?', *Andrew Norton: Higher education commentary from Carlton (blog)*, 8 August 2023; A. Norton, 'The Accord equity target that cannot, and perhaps should not, be achieved', *Andrew Norton: Higher education commentary from Carlton (blog)*, 21 August 2023.

[2] TEQSA, *TEQSA Annual report 2021-22* (Tertiary Education Quality and Standards Agency, 2022), pp. 31-32.

## The roles of universities and students

More philosophically, the interim report appears to see universities and students as primarily instruments of national political objectives, especially in meeting skills needs and disrupting socioeconomic patterns of educational and labour market outcomes.

Higher education undoubtedly should, and long has had, skills and equity goals among its many missions. But by long tradition, part of Australia's small-c constitutional order, universities have had significant independence from the government of the day. But the interim report contains more than 20 proposals that would diminish that independence (Appendix A). Some of these are major and others minor but cumulatively, if implemented, they would fundamentally change the character of the system.

Students are the brake that will stop some of the more extreme interim report ideas becoming reality. While universities reliant on government funding may submit to the new regime, potential students will continue to follow their interests and preferences. There is only so much government can do in manipulating incentives and the supply of student places to change enrolment patterns. Few people will apply for or accept an offer for a course, and consequent career, outside their cluster of interests.

While the interim report includes ambiguous references to student choice, it would be good to see in the final report a recognition that students should be able to choose courses that interest them, even if Jobs and Skills Australia does not think that these courses lead to in-demand occupations.

## Low SES focus of this submission

This submission focuses only on equity issues, particularly low SES students. The interim report supported a target of parity in participation rates between most equity groups and the general population by 2035, but did not support this with any analysis of its feasibility or ethics, given the risks of academic failure, poor graduate outcomes, and HELP debt without a corresponding benefit.

My earlier submissions to the Accord review covered other issues relating to targets and funding.

## 2. Low SES definition

The interim report does not give much consideration to the quality of equity data used, especially for low SES. This is an important issue for meaningfully measuring participation and completion trends, for ensuring students who need assistance receive it, and for distributing funding fairly to universities.

The Department has commissioned work on this subject, but to date has not implemented any recommendations.[3]

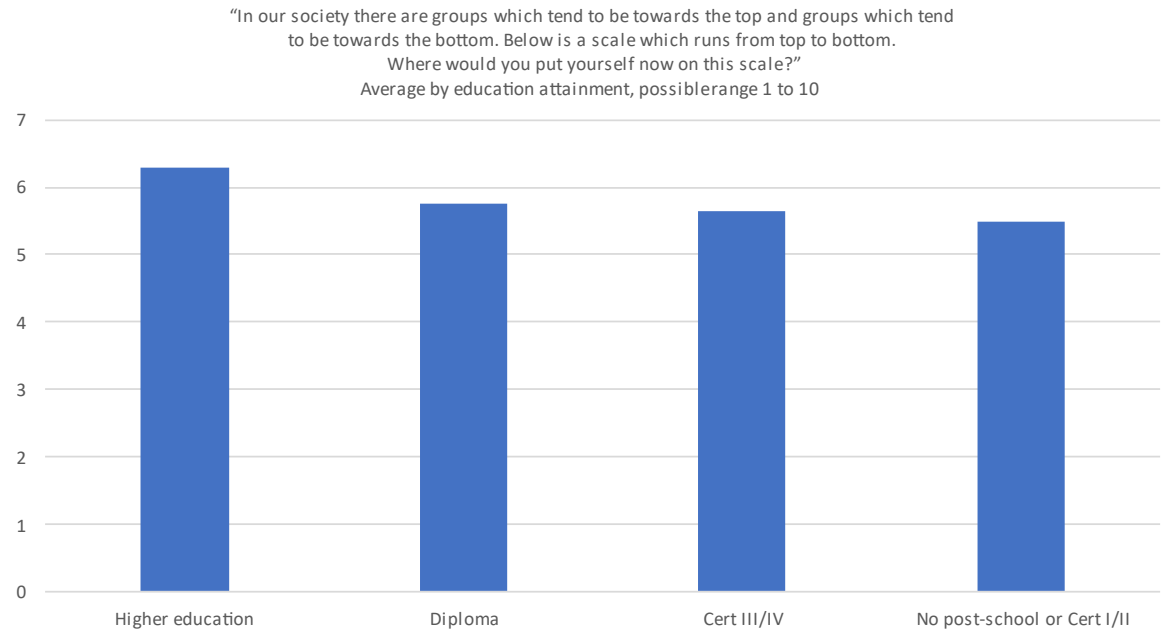
### Current definition

The current low SES definition uses the social characteristics of the student's home location as a proxy indicator of SES. Someone residing in an SA1 area classified in the lowest 25 per cent by the ABS Index of Education and Occupation, one of four classifications in the ABS SEIFA (Socioeconomic Indexes for Areas) system. On average SA1s have about 400 people, with a range between 200 and 800.

A geographic location helps universities target their recruitment if they want to increase their equity student numbers. An identifiable guide to where to find potential students is especially important for an academic-bureaucratic construct such as socioeconomic status, which may not reflect a personal identity. While people with higher education on average see themselves as higher status in society, self-reported status is clustered much more tightly than in ABS categories (Figure 1). Clear majorities of all educational groups rate themselves as between 5 and 7 on a 1 to 10 point status scale.

[3] For example W. Tomaszewski et al., *Review of Identified Equity Groups* (University of Queensland Institute for Social Science Research/Department of Education, Skills and Employment, 2018), especially chapter 8 for low SES.

Figure 1: Self-reported status by education, 2019




Source: Australian Survey of Social Attitudes 2019

Geographic measures also allow trends to be calculated using already collected address data, reducing the need to ask students questions they may find intrusive or to which they may not know the answer.

## Problems with the current low SES definition

Despite these advantages of geography the current SES measure has an number of difficulties.

**Circularity** The Index of Education and Occupation has a circular component, with the percentage of people currently enrolled in higher education as a variable loading in its calculation.[4] If the number of higher education students in an area increases the next census will give it a higher IEO percentile.

The circularity in the IEO means that areas around universities have their IEO ranking elevated by students moving to be closer to campus. Table 1 shows that areas near universities get high ranks in the IEO (10 is the top 10%) but low ranks in the Index of Economic Resources, because students have a low average income.

[4] ABS, *Construction of the indexes: SEIFA technical paper* (Australian Bureau of Statistics, 2023).

## Table 1: University campuses and SEIFA decile rankings, 2021

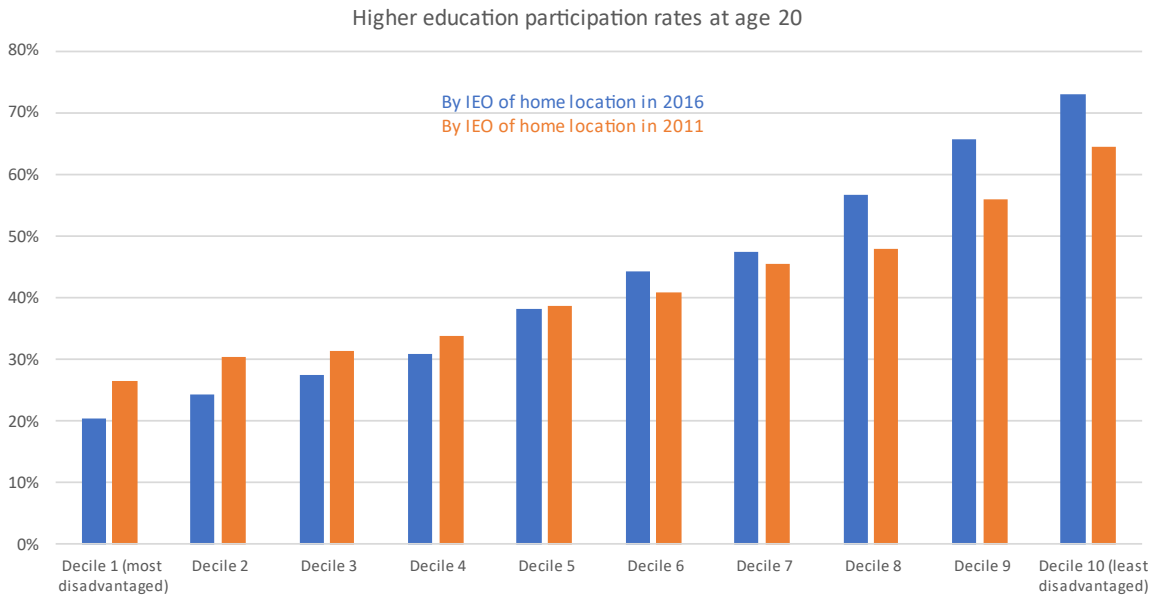
| Suburb | University | Index of Relative Socio-economic Disadvantage | Index of Relative Socioeconomic Advantage and Disadvantage | Index of Economic Resources | Index of Education and Occupation |
|---|---|---|---|---|---|
| | | Decile | Decile | Decile | Decile |
| Carlton (Vic.) | University of Melbourne | 3 | 9 | 1 | 10 |
| Newtown (NSW) | University of Sydney | 9 | 10 | 2 | 10 |
| Kensington (NSW) | University of NSW | 9 | 10 | 3 | 10 |
| Brisbane City | QUT | 5 | 10 | 1 | 10 |
| St Lucia | University of Queensland | 7 | 10 | 1 | 10 |
| Adelaide | University of Adelaide & University of SA | 4 | 9 | 1 | 10 |
| Crawley | University of Western Australia | 6 | 9 | 1 | 10 |
| Clayton | Monash University | 3 | 7 | 1 | 9 |
| Nathan | Griffith University | 9 | 9 | 3 | 8 |
| Bentley (WA) | Curtin University | 2 | 3 | 1 | 6 |

Source: ABS, Socioeconomic Index for Australia 2021, Table 1 Suburbs and localities

The effects of circularity can be reduced by tracking students back to their earliest possible address, which is most likely to reflect their circumstances while growing up. In the Department's current datasets this will usually be their address when they first applied to attend university. However apparently the Department has only ever used the address the student lived at when they first enrolled at their current university, which may already reflect a new address. Since TCSI system was introduced I have been told it has updated SES data for current students who move. Both administrative decisions lead to an under-count of low SES students.

Figure 2 uses the 2011 to 2016 Census longitudinal dataset, which lets us track the same person aged 20 in 2016 back to the previous census and IEO decile when they were aged 15. While it shows that the IEO is predictive of university participation, changing residences between childhood and studying at university reduces participation rates in the lower four deciles and increases them in the top five decile (the 2021 longitudinal data is not yet available).

Figure 2: Higher education participation rates in 2016, comparing IEO of home location in 2016 and 2011

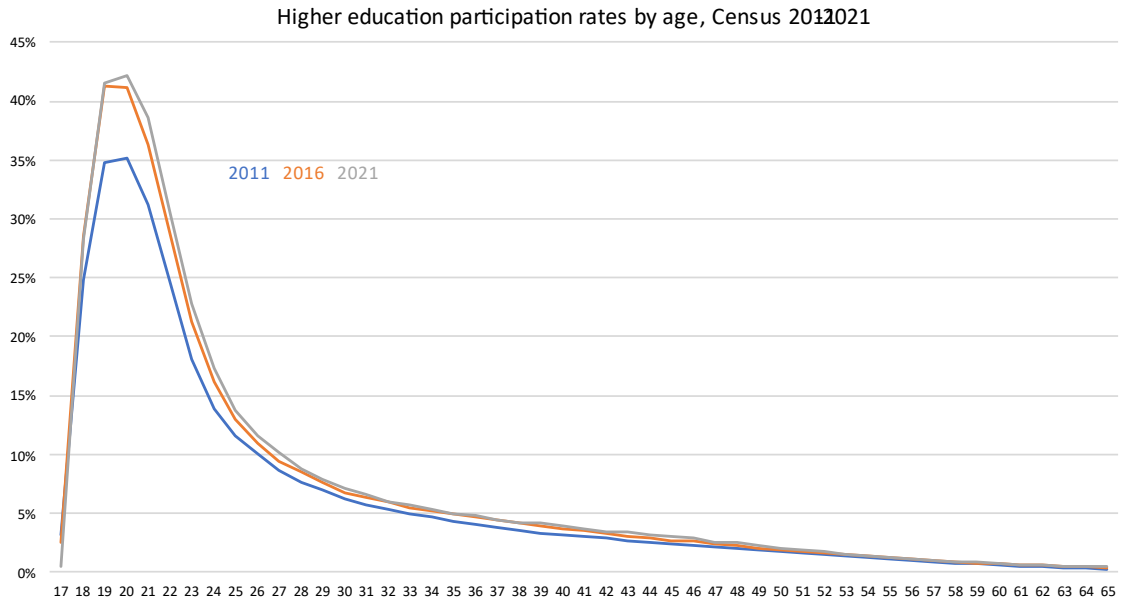



Source: ABS, Australian Census Longitudinal Dataset 2011-2016

**The lowest 25% is arbitrary** Figure 2 also highlights that only using the lowest 25% creates an artificial cut-off point for low SES. The participation rate in decile 4 is much closer to the decile 2 that is included in the current low SES definition (6.6 percentage points higher based on 2016 location) than it is to decile 10 (42 percentage points above decile 4). Yet decile 4 is regarded as medium SES and brings no funding benefits to the student or the university.

**The 15-64 population reference point is a too wide an age range** The equity statistics do not currently measure participation rates in a meaningful way. They compare an enrolment share (equity students/all students) with a state population reference point (on the population-based IEO, lowest 25% of the population). In the equity statistics it has historically been the 15-64 year old population, although in the interim report it is stated at 20-64 years (p. 60). Either way, this includes in the reference group population many people who would not want to go to university or gain much benefit in the remaining years of their working lives. University participation skews young, as Figure 3 shows. Participation rates focus on the 18-24 age brackets are most meaningful.

## Figure 3: Higher education participation rates by age, Census 2011-2021

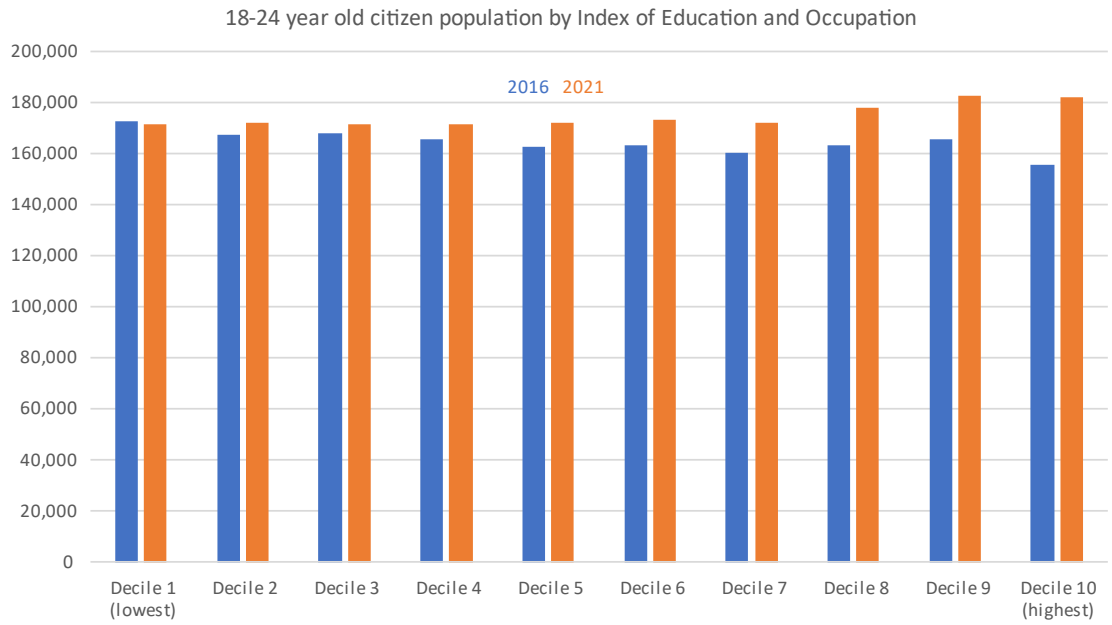



Source: ABS, Census TableBuilder Pro
Note: Includes all levels of higher education. Citizens only.

The age range becomes a particular issue during periods of demographic change that alter the age profile of different IEO categories. As Figure 4 shows population change between the 2016 and 2021 Censuses was greater in the upper than lower IEO deciles. Aside from the stronger academic results of the higher IEO deciles, to be discussed later, the larger population share of the higher deciles will make increases in the low SES enrolment share demographically difficult.[5]

[5] For the 13-17 year old group in 2021, who will be of university age later in the 2020s, there is a slight population skew to IEO deciles 3 to 7 over the lower or higher deciles: calculated from ABS, *Census of population and housing, 2021, TableBuilder Pro* (Australian Bureau of Statistics, 2022).

Figure 4: IEO decile population changes, persons aged 18 to 24 years, between Census 2016 and Census 2021




Source: ABS, Census TableBuilder Pro
Note: Areas were re-rated in the IEO between 2016 and 2021. Citizens only.

## Alternatives to the current low SES definition

For the practical reasons discussed above a geographic low SES proxy has advantages, but it could be refined.

A bespoke classification using Census data could be created. Analysis by the University of Queensland Institute for Social Science Research has used Census data to identify which Census variables predict future university attendance.[6] This would omit the circular current enrolment in higher education.

The population weighting should have a more restricted age range.

For reporting purposes something like the presentation in Figure 2 would be more meaningful than current indicators. It shows real participation rates, not enrolment shares.

For funding purposes, rather than a sharp low SES/not low SES cut-off a weighted system would be better, with SES weights declining as the underling SES metric increased.

[6] Tomaszewski et al., *Review of Identified Equity Groups*, esp. pp. 81-84.

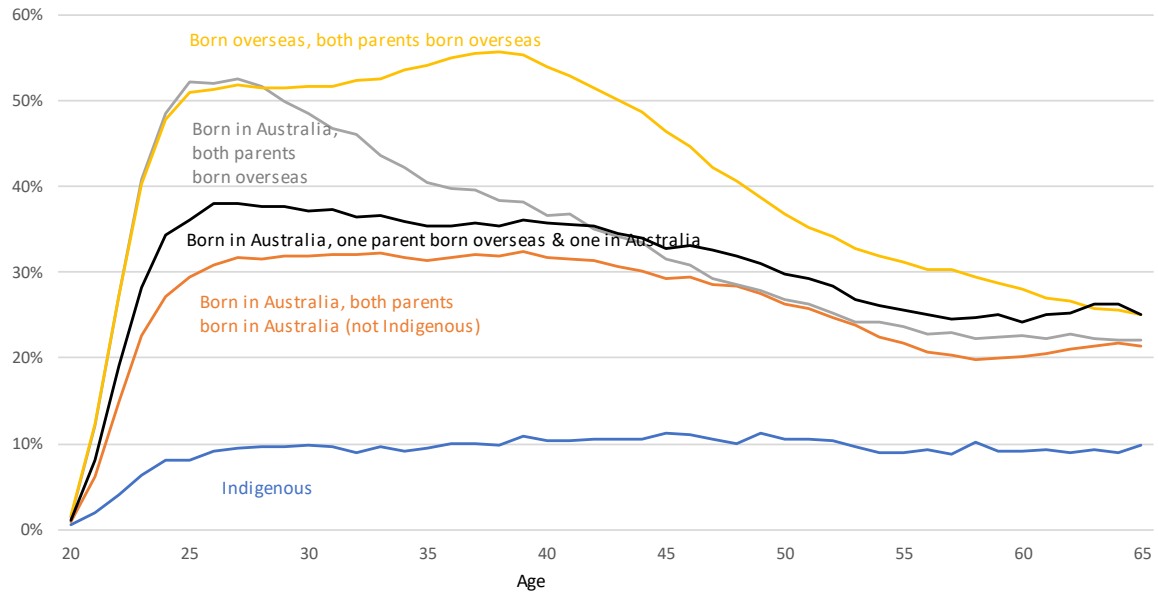
## What would parity mean?

The interim report proposes equity group parity in higher education participation by 2035 (pp. 18, 20), although with some doubt about whether it includes Indigenous students. Later sections of this submission question the feasibility and desirability of this target.

The report does not discuss how parity would be measured. It seems to have a relationship to the national overall participation rate needed in 2035 to get to 55% overall attainment rate in 2050. This makes it a moving target.[7]

This moving target will be influenced by groups that already have high participation rates. As Figure 2 shows, young people in deciles 9 and 10 were already at or above 55% participation in 2016. Migrants and their children are also already at or close to this target in 2021 (Figure 5), a consequence of the skills bias in migration policy since the 1990s and more migrants from Confucian cultures that value education highly.

Figure 5: Higher education attainment by age and migration history, 2021




Source: ABS, Census TableBuilder Pro
Note: Citizen filter on for overseas born to remove temporary migrants from the analysis.

If these groups stay at high rates, and the current equity groups are at the national rate, it implies that some other groups must have participation rates below the overall national rate. Presumably that will be the groups currently classified as medium SES from non-migrant backgrounds. This sounds more like a shuffling of the claimed problem than a solution to it.

If targets are to be used, some feasible number based on the practical realities of school achievement and likely labour market preferences should be used. These issues are discussed in the rest of this submission.

[7] Norton, 'The Accord equity target that cannot, and perhaps should not, be achieved'.

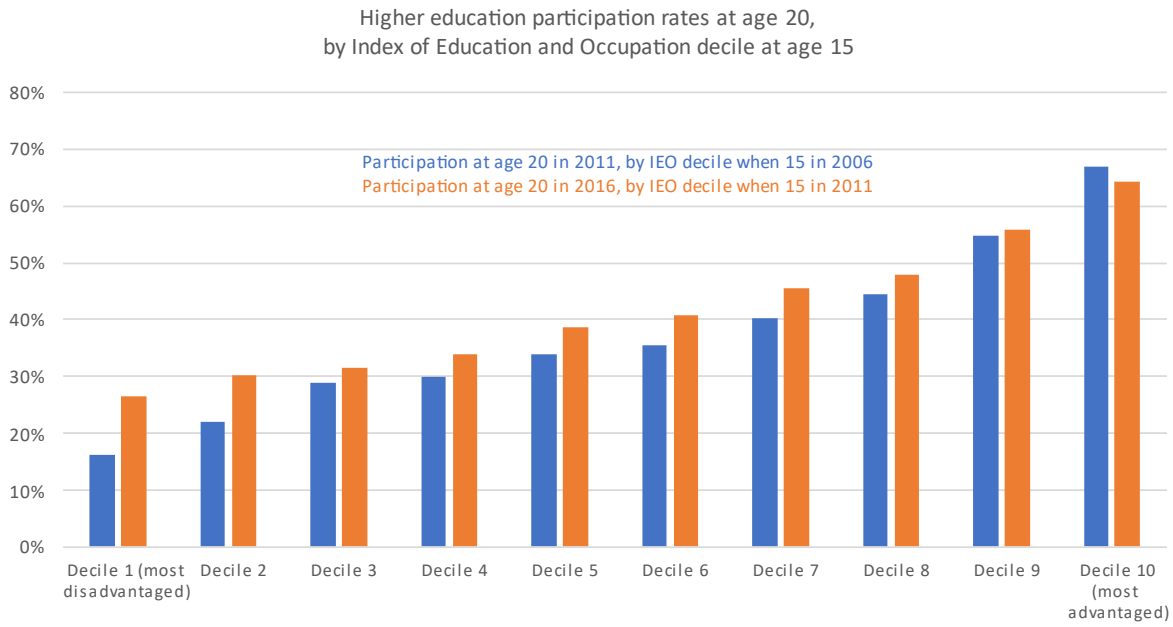
## 3. The feasibility of significant additional increases in higher education participation

The interim report assumes that major increases in higher education participation and attainment are feasible overall, and especially for equity groups, but does not explore feasibility in any detail.

### The foundations of past increases in participation

At least until the mid-2010s progress was made in increasing low SES participation rates. Figure 6 uses Census longitudinal data to get a more accurate measure of SES backgrounds than enrolment share statistics. It shows strong increases from a low base in deciles 1 and 2 with smaller increases in higher deciles and a slight decline in decile 10 (noting that IEO classifications change with each Census).

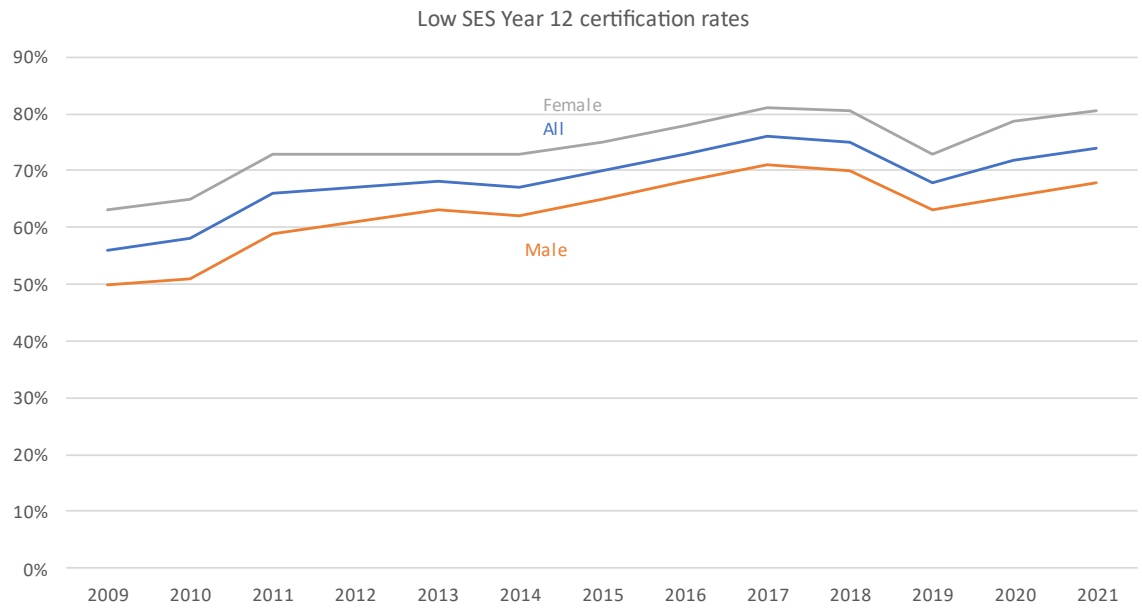
Figure 6: Higher education participation rates by Index of Education and Occupation deciles, 2011 and 2016




Source: ABS, Australian Census Longitudinal Dataset 2011-2016

These increases were built on a range of social and policy changes. More students finished Year 12, in general and for low SES students in particular (Figure 7, but note the quality caveat). Demand driven funding removed previous caps on bachelor-degree student numbers. Youth Allowance was re-oriented towards income-constrained families. Increased direct funding for equity programs may also have helped.

Figure 7: Low SES Year 12 certification rates by gender, 2009-2021




Source: ACARA, Year 12 certification rates
Notes: Low SES defined as the lowest three deciles of the ABS Index of Relative Socieconomic Disadvantage. The data suffers from different certification practices across states in whether they record TAFE completions and an error-prone measure of the relevant potential Year 12 population.

In the second half of the 2010s and early 2020s the story is more mixed. School retention appeared to dip before an apparent recovery (Figure 7), although the latter may be partly due to temporary factors in 2020 and 2021, including COVID-19 limiting employment options and the influence of exiting temporary migrants on the ABS-derived population figure. Low SES Year 12 retention rate figures for 2022 are not yet available, but the national figure dropped by 2.6 percentage points.[8] The male school completion rate is significantly below the female rate.

The conversion of the Student Start-up Scholarship to a loan over 2016 and 2017 reduced the financial value of Youth Allowance.

Demand driven funding ended in 2017, although enrolment growth had moved to a moderate rate before then. Demand driven funding may have reached the limits of the pool of people who felt academically prepared for higher education and thought they could benefit from it. Well-publicised poor employment outcomes for recent graduates from the mid-2010s may have deterred people with doubts about their prospects.

[8] ABS, *Schools 2022* (Australian Bureau of Statistics, 2023).

## School outcomes and trends

Table 2 uses data taken from the Higher Education Standards Panel submission in response to the Accord discussion paper. It shows that nationally just under half of Year 12s in 2021 received an ATAR, with 43% in Queensland only a third in Western Australia and Tasmania.

### Table 2: ATAR track education outcomes by end of Year 12, 2021

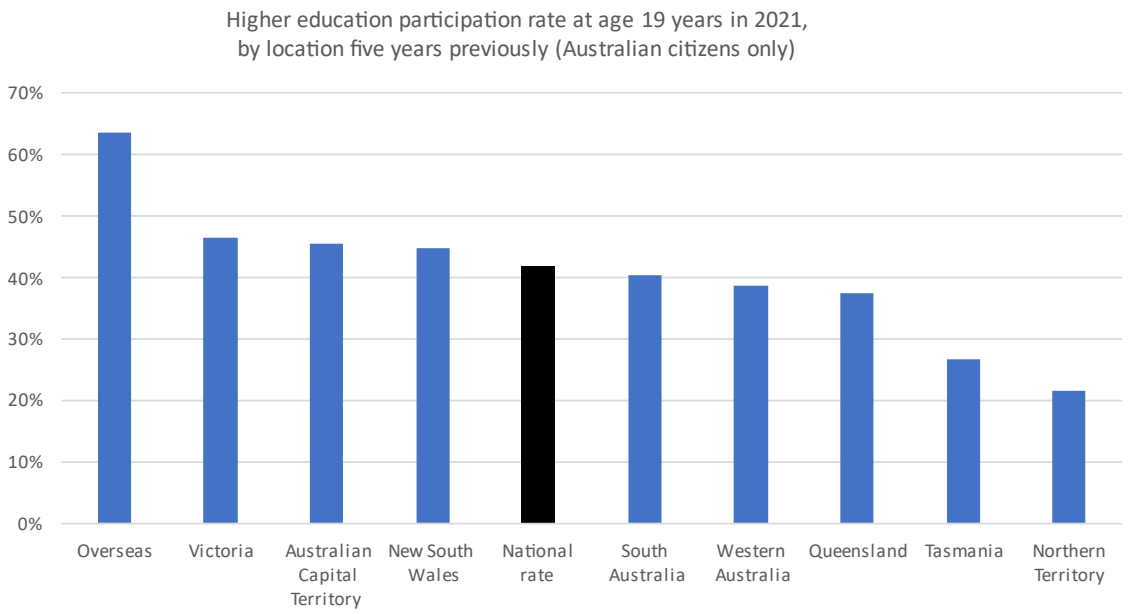
| **Jurisdiction** | **Proportion of estimated Year 12 population with an ATAR** |
|---|---|
| Victoria | 62% |
| NSW | 59% |
| SA-NT | 57% |
| ACT | 54% |
| Queensland | 43% |
| Western Australia | 33% |
| Tasmania | 32% |
| Australia | 53% |

Source: HESP, *Developments in higher education admissions practices*
Note: The underlying population figure has similar issues to those described in the notes to Figure 7.

Unsurprisingly young people from those jurisdictions also have higher education participation rates below those recorded in states where more students are on an ATAR track (Figure 8). While some universities offer flexible admissions policies non-ATAR students have weaker academic preparation.[9] Whether the schools systems in those states are willing and able to push more students down an ATAR path is a key feasibility question for participation and attainment targets.

[9] For Queensland Year 12 school leavers in 2022 65% of students with an ATAR were in university in 2023 compared to 5% of non-ATAR students: A. Harvey, L. McDermid and R. Wren, *The impact of school streaming on growth and equity in Australian higher edcuation: evidence from Queensland* (Griffith University, 2023), p. 7.

Figure 8: Higher education participation rate at age 19 by state of residence aged 14, 2021



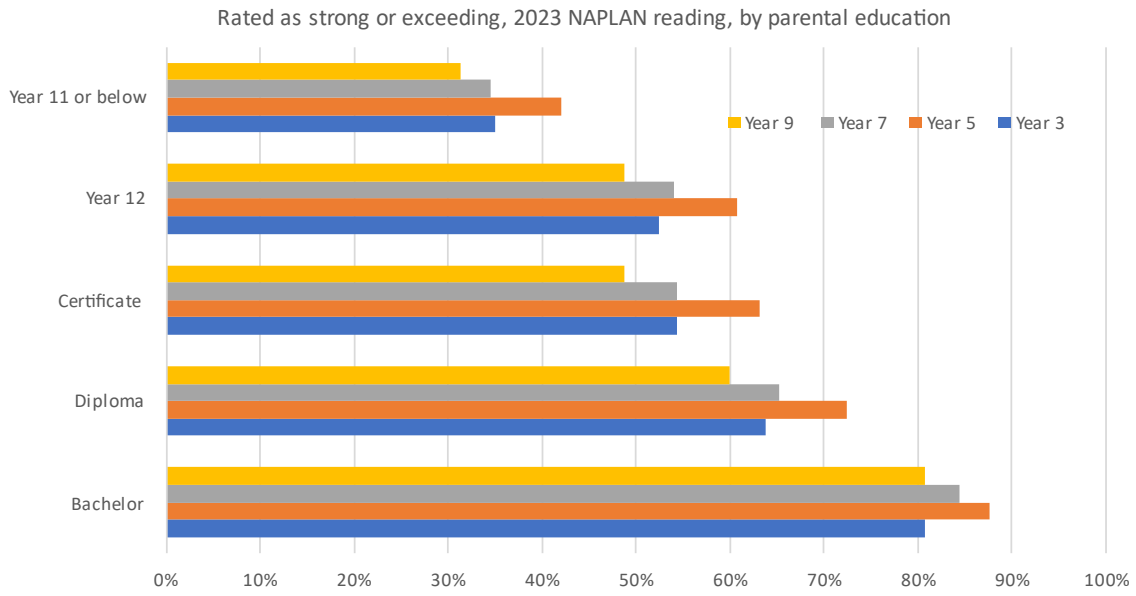

Source: ABS, Census TableBuilder Pro

A precondition of substantial increases in low SES higher education participation is a stronger pipeline of academically high-achieving students coming through the school system. The available evidence does not give grounds for optimism. The release of the 2023 NAPLAN results focused on the proportion of students not achieving new higher minimum requirements. Historically, for students who are below the minimum reading and numeracy standards in Year 3 less than one in five reach the minimum standard in Year 5 and stay above it in the Year 7 and Year 9 tests.[10]

For later university admission the group rated as 'strong' ('meets challenging but reasonable expectations') or 'exceeding' ('result exceeds expectations') are most promising. The 2023 NAPLAN results show a strong association between SES as measured by parental education and doing well on these tests (reading results shown in Figure 9). The lower SES Year 3 students whose parents have a below Year 12, Year 12, or certificate, who will reach university age in the early 2030s, are much less likely to have 'strong' or 'exceeding' results than students whose parents have a bachelor degree or above.

[10] AERO, *Learning outcomes of students with early low NAPLAN performance* (Australian Education Research Organisation, 2023).

## Figure 9: NAPLAN reading results by parental education, 2023

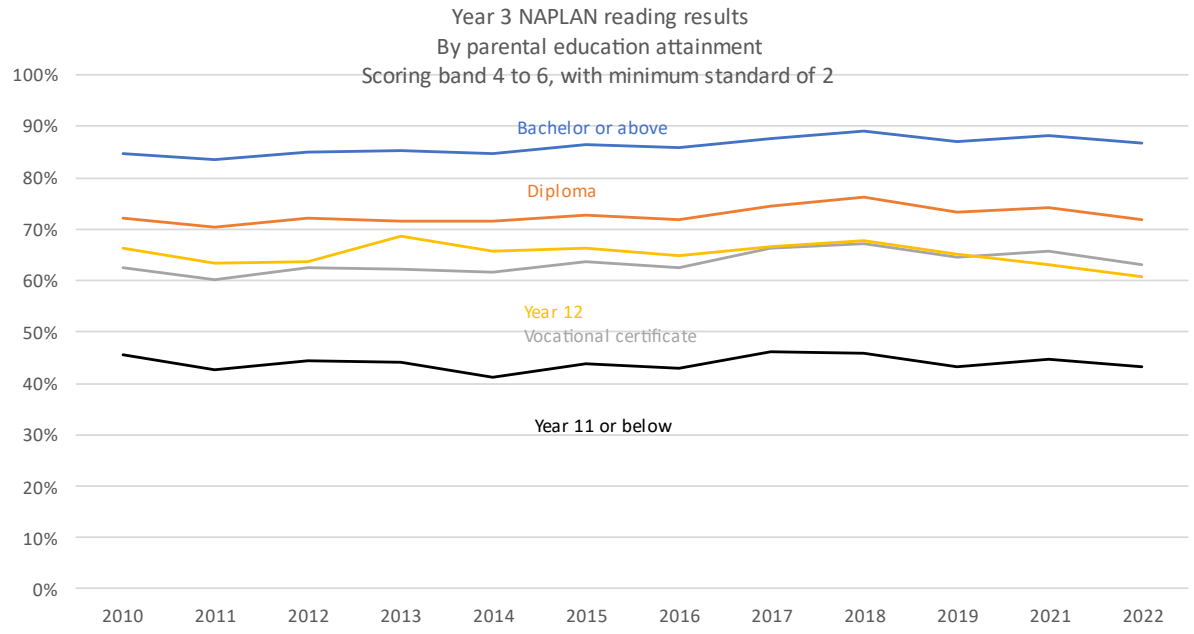



Source: ACARA, NAPLAN national report 2023
Note: Parental education is the highest of the two parents if both reported.

The new NAPLAN criteria create a break in the time series. Figure 10 shows that prior to the 2023 changes, in the 2010-2022 period, there was no consistent upward trend in the proportion of children of different socioeconomic backgrounds scoring the higher bands of 4 to 6 in Year 3, with band 2 the then minimum standard.

School policies are endless debated and altered but they face very strong and consistent patterns of socioeconomic differences.

## Figure 10: Year 3 NAPLAN strong reading result rates by parental education, 2010-2022




Source: ACARA, National report on schooling in Australia

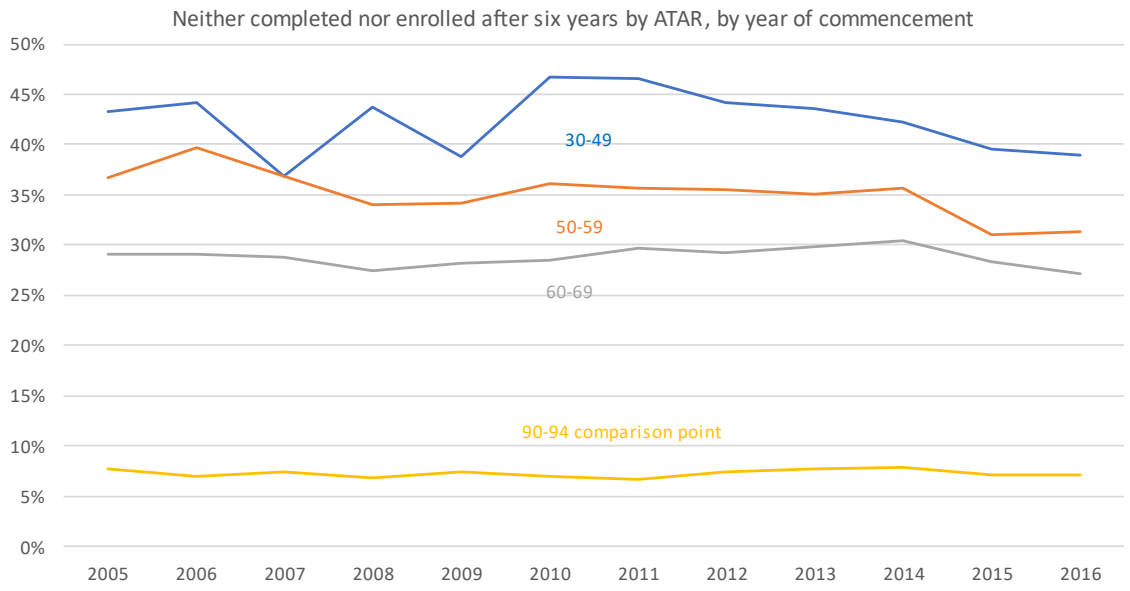
# 4. The academic risks of significantly increasing higher education participation

The interim report includes some measures to further protect student interests. A major increase in regulation around failing students is already in the Parliament. But the report primarily takes a top-down perspective, basing its recommendations on what its authors think society should look like or what skills employers will want. Whether these changes would actually reflect student preferences and best interests is not sufficiently considered.

## Student risks

A 55% overall attainment rate implies that everyone with an ATAR or 45 or over should go to university. Students with ATARs at these levels have high attrition rates, although Figure 11 suggests that universities have since the early 2010s become better at managing these risks.

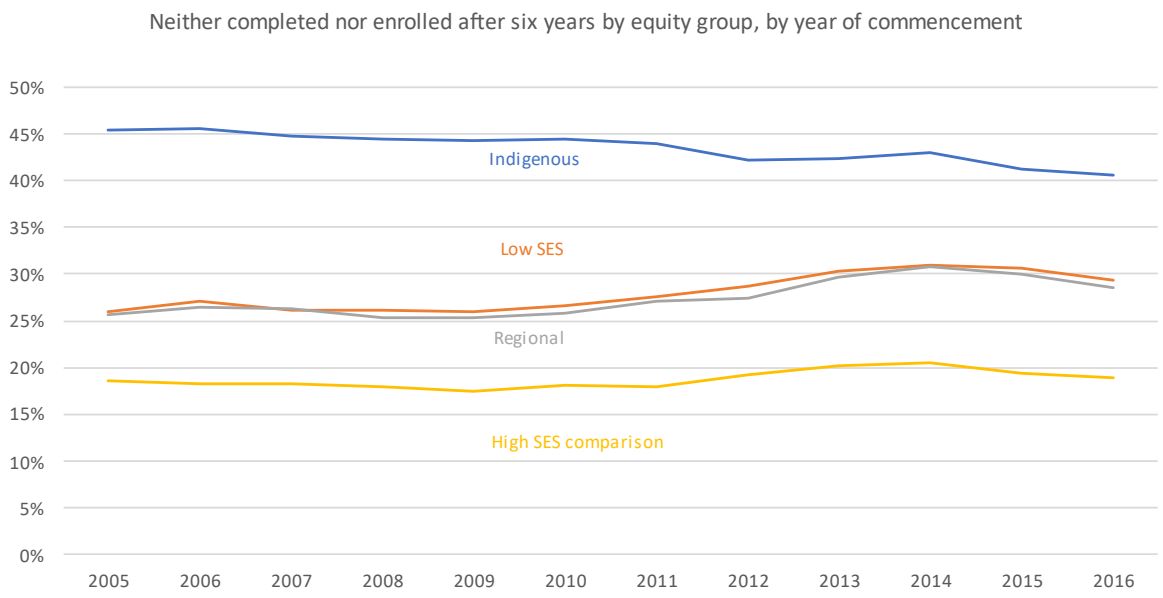
Figure 11: Attrition at the six year point, by ATAR bands, 2005-2016 commencing years




Source: Department of Education, Completion rates of higher education students – cohort analysis 2005-2021
Note: Domestic bachelor degree students only

Figure 12 shows the risk of not completing is also high for regional, low SES and Indigenous students, partly because of the academic preparation issues affecting results in Figure 11. Attrition has trended down over recent years for these equity groups after increasing in the 2010s. Although attrition rates for Indigenous students have improved significantly they remain very high.

Figure 12: Attrition at the six year point, by equity group, 2005-2016 commencing years




Source: Department of Education, Completion rates of higher education students – cohort analysis 2005-202*1*
Note: Domestic bachelor degree students only

## Managing student risks

Quick attrition with zero or low HELP debt is not necessarily a major problem. The admissions process cannot manage all the risks of enrolment; it can only identify some factors correlated with success or failure. If entry requirements are too strict people who could benefit from higher education will miss out. I have argued before for seeing the months after enrolment as continuing a 'mutual selection' process where students and education provider assess the suitability of their match.[11]

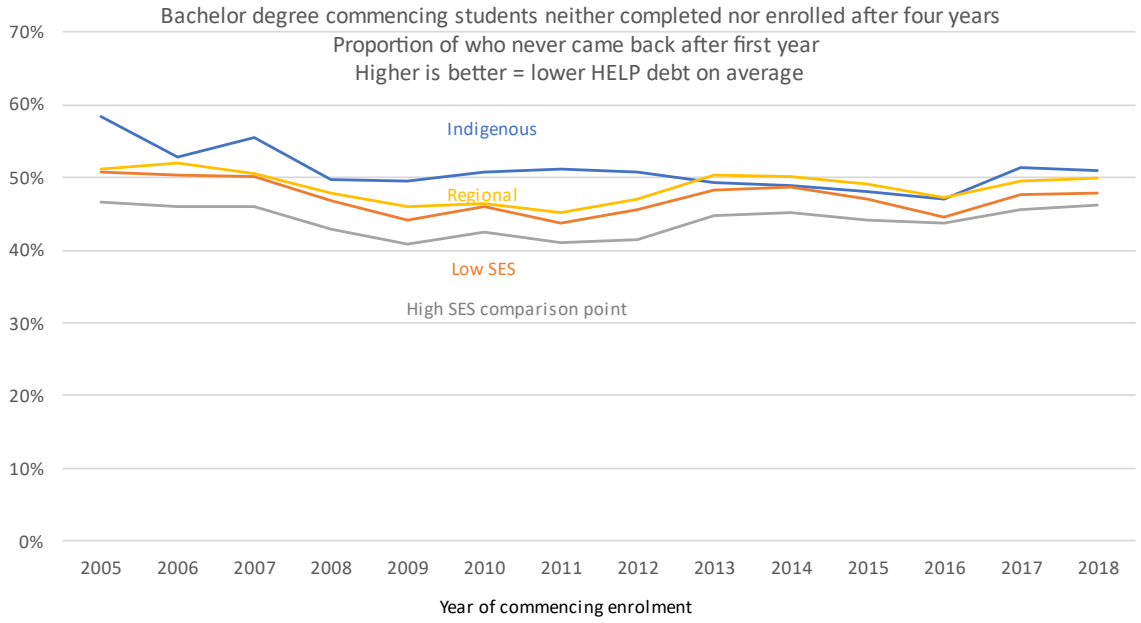
If things are not working out a quick exit, ideally before the first census date when HELP debt accrues, or if not that after first semester, keeps time and money costs down. The Productivity Commission's *From learning to growth* report included similar ideas, with a 'fail fast' approach and exit qualifications for those who have completed enough subjects to warrant one.[12]

No time series data on exits before first census dates is published. Figure 13 shows some recent improvements in speed of exit after reaching a census date, with slightly larger shares of those who have left after four years never having come back after first year, although for the equity groups the share is still below what it was at the start of the time

[11] A. Norton, I. Cherastidtham and W. Mackey, *Dropping out: the benefits and costs of trying university* (Grattan Institute, 2018), chapter 1.
[12] PC, *5-year Productivity Inquiry: From learning to growth - volume 8* (Productivity Commission, 2023), chapter 4.

series in the mid-2000s. However, about half of equity students who have left after four years re-enrolled after first year, accruing more HELP debt.

Figure 13: Rates of quick exits from higher education among those not enrolled or completed after four years, 2005 to 2018 commencing cohorts




Source: Calculated from Department of Education, Completion rates of higher education students – cohort analysis 2005-2021

## Support for students policy

The new support for student policy, with potential fines per failing student, could significantly change university approaches to higher-risk students.[13] There are separate parliamentary and departmental processes that will consider this policy. The issue is whether it finds the right balance between giving students a chance and limiting their time and money costs if their course turns out not to be the right choice.

Here I will just note that:

- The support for students policy is running ahead of any funding policy to increase resources for high-risk students;
- To the extent that a university believes that that the policy will significantly increase the costs of high-risk students (at minimum, compliance costs will go up, with potential increases in operational costs and provisions for penalties) it may take fewer of these students;
- Universities may be more likely to cancel subject or course enrolments prior to census dates to avoid a fail being recorded.

[13] DofE, *Support for students policy: Guidelines consultation paper* (Department of Education, 2023).

These may be the correct policies overall in managing the risk of students acquiring HELP debt that brings them little educational benefit. However participation and attainment goals may be undermined if admission criteria are tightened or enrolments that would eventually have been successful are terminated.

## 5. Linking funding to student needs

The interim report raises the possibility of using loadings to reflect the varying support needs of different student cohorts. The student support policy adding costs to high-risk student groups adds to the case for this change.

### Equity or other indicators?

With the exception of disability the equity classifications are not personal measures of disadvantage. They identify with varying degrees of reliability patterns of disadvantage; a person in one of these groups is less likely to go to university or to complete their course if they do. But many of the underlying reasons for these statistical relationships such as academic preparation, conflicting time commitments, financial difficulties and health problems are found across the student population.

The policy question then is whether these 'barriers' to participation and success should be directly targeted, rather than relying on equity group proxies. This would have the following benefits:

- The participation and attainment goals of the interim report require improvements across much of the student population, not just equity groups;
- It minimises the 'deficit model' approach to equity groups that singles them out as in need of special help, replacing it with services that are core business in a mass higher education system;
- The requirement to only spend Commonwealth equity funds on equity group members can be impractical and unethical for on-campus services; students in need should not be required to prove their equity status nor denied assistance;
- It is fairer to students with additional needs who are not in equity groups and universities with geographic locations that mean they do relatively poorly on equity indicators (the current low SES and regional equity groups are geographic by definition, the Indigenous population is larger in regional and urban areas).

The practical issue is whether there are sufficiently robust indicators already available in or easily added to the student data collection for this approach to work.

Basis of admission is the most obvious indicator – entering with a low ATAR, and various alternative admission methods.[14]

Part-time study is the single biggest risk factor for non-completion. In the Department's annual completions report it is similar to the Indigenous attrition rate, but Grattan Institute analysis in the 2010s suggests that the published indicator over-states completion rates. This is because part-time status is derived from first-year subject load. It includes people who always intended to study part-time as well as students who were classified as part-time

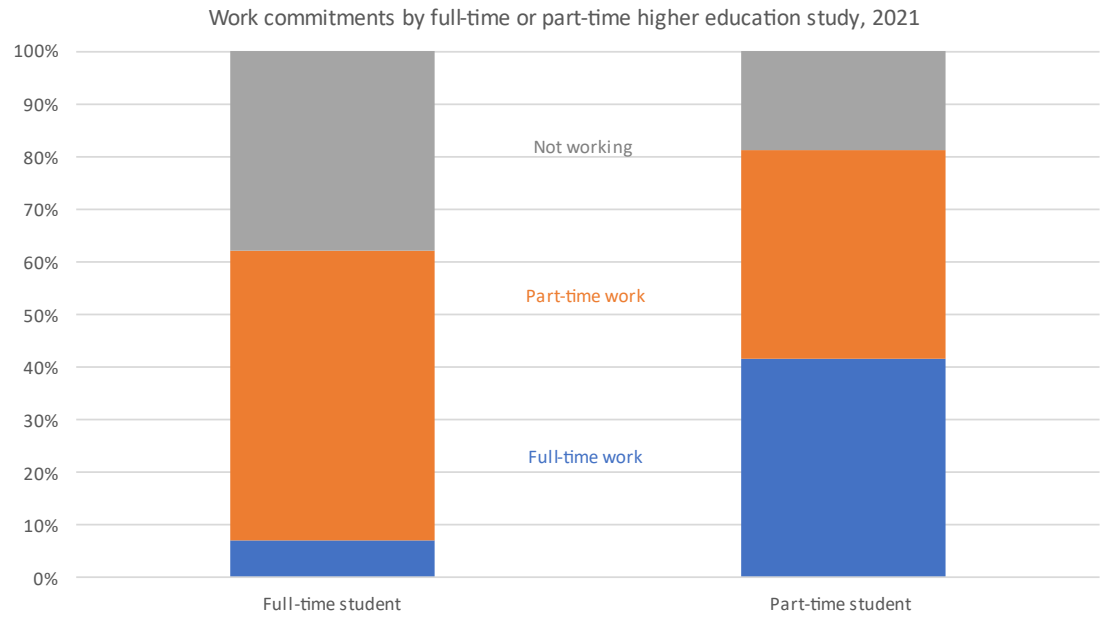
[14] I. Li and D. Jackson, 'Influence of entry pathway and equity group status on retention and the student experience in higher education,' *Higher Education* (online June 2023) (2023).

because they have dropped subjects, perhaps during normal first year changes of degree or subject choices. They later study full-time. For students who never enrol full-time eight-year completion rates were less than 30%.[15]

These results should be rechecked with later data, but they are so bad that intended part-time study should come with a warning.

Part-time study is probably mostly identifying other time commitments (Figure 14, Figure 15) that universities cannot remove but can to some extent work around. But its value as a suitable indicator of high-cost students should be further investigated. A regional university has identified it as a cost indicator.[16]

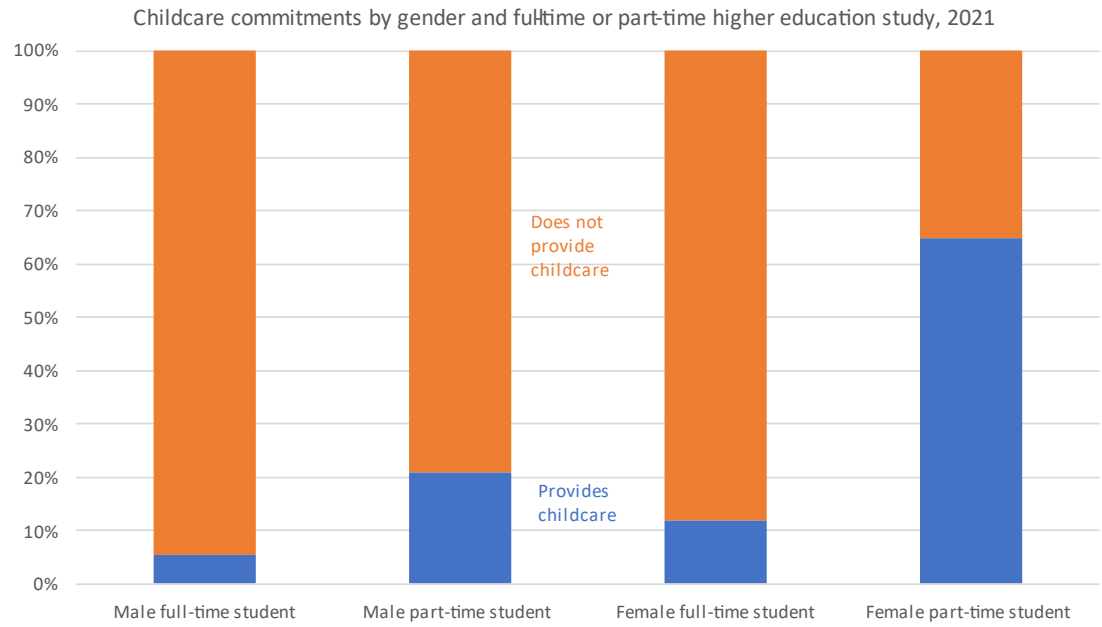
## Figure 14: Work commitments for full-time and part-time students, 2021




Source: Source: ABS, Census TableBuilder Pro
Notes: Citizens only. No prior bachelor degree only. The 2021 Census was conducted during COVID-19 lockdowns in some jurisdictions, which lowered work rates.

[15] Norton, Cherastidtham and Mackey, *Dropping out: the benefits and costs of trying university*, p. 27.
[16] RUN, *The Regional Universities Network's submission to the Australian Universities Accord discussion paper* (Regional Universities Network, 2023), pp. 28-29.

Figure 15: Childcare commitments for full-time and part-time students, 2021




Source: ABS, Census TableBuilder Pro
Notes: Citizens only. No prior bachelor degree only. Includes caring for own children and other children.

## Student income support

Student income support has previously been identified as contributing to completion rates for disadvantaged students.[17] As the interim report notes, the numbers of students receiving income support has been trending down (p. 78).

The interim report raises the possibility of extending student income support study to part-time students (pp. 78-79). It is usually currently only available to full-time students (75% or more of the study load expected of full-time students), with some exceptions applying for students whose study load has changed for reasons beyond their control, who are temporarily sick, or have a disability.

Relaxing these rules would be unwise, as a key benefits of student income support is to promote full-time study, by reducing the need to work hours that conflict with study commitments.

The linking of Census 2021 results with administrative data allows us to explore the mechanisms by which student income support works in more detail.

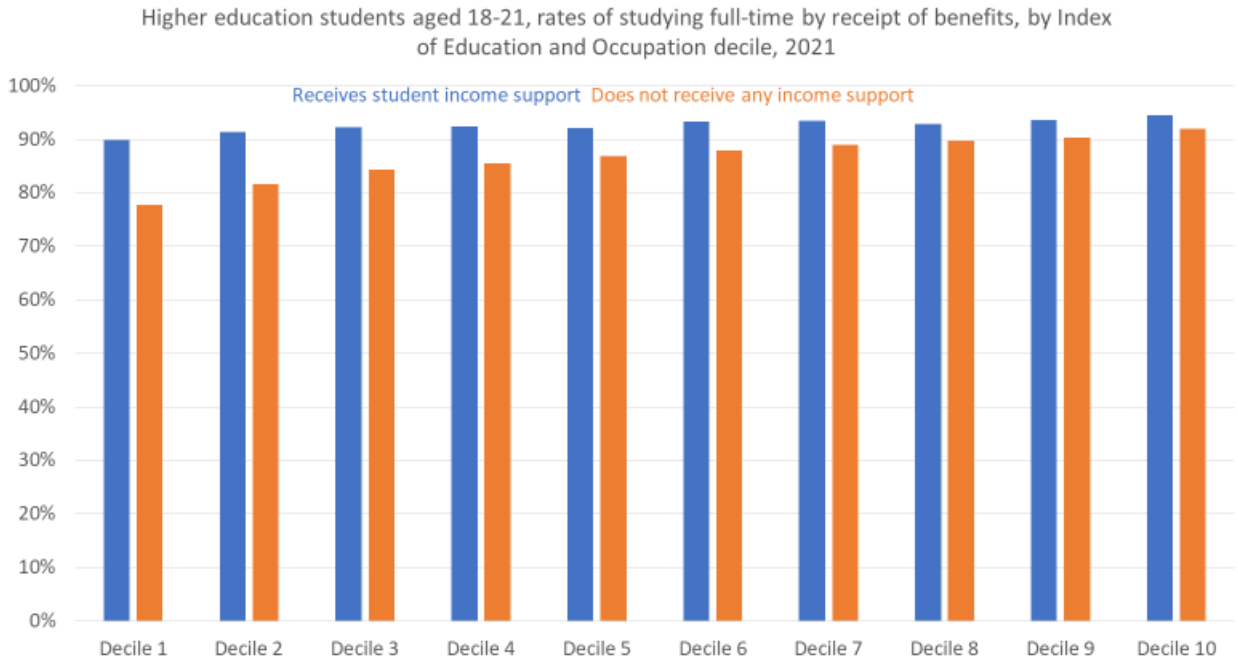
The charts below distinguish between students aged 18 to 21, who are mostly classed as dependent on their parents and face a personal and parental income test, and those age 22 to 65, who face a personal and partner income test. Student income support includes Youth

[17] DESE, *Factors affecting higher education completions – study assistance* (Department of Education, Skills and Employment, 2020).

Allowance, Abstudy and Austudy. Although the Index of Education and Occupation classifications have the issues discussed above they are included to provide guidance on SES-related effects.

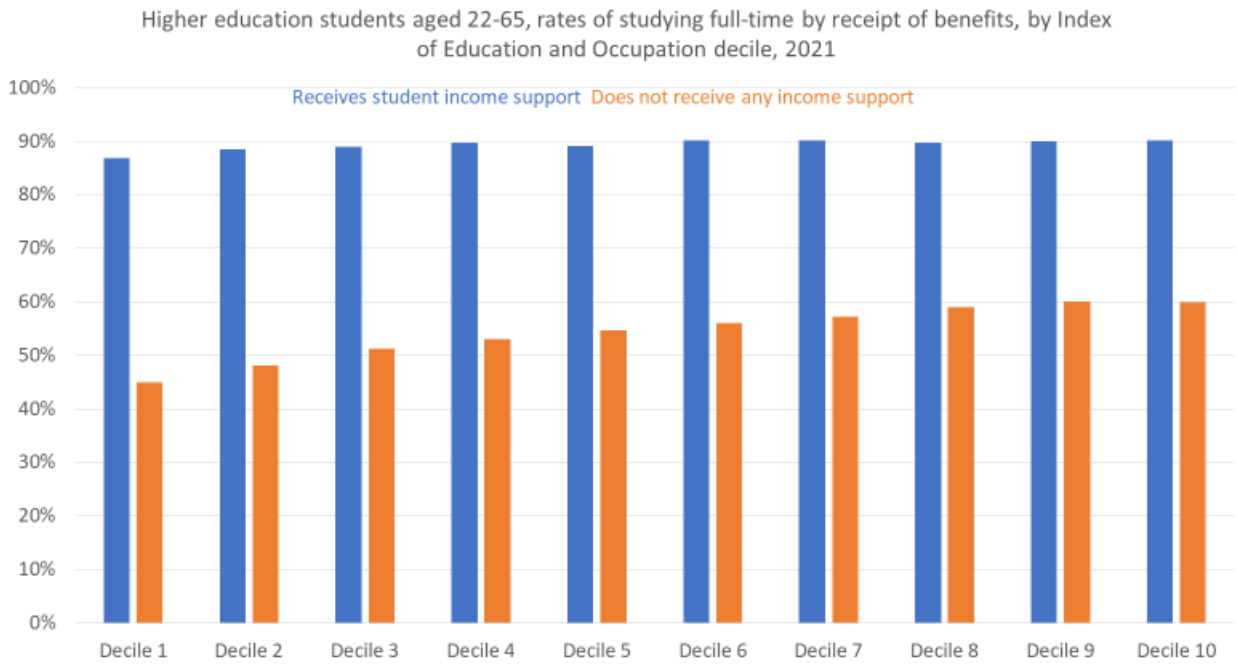
Students aged 18 to 21 years mostly study full-time regardless of student income support or IEO status. Student income support is associated with slightly higher full-time study rates across the IEO spectrum, but is more significant in the lowest two deciles (Figure 16). For this group student income support is moderately effective in boosting full-time study rates. For older students, however, student income support significantly boosts full-time study rates across the IEO spectrum, including nearly doubling them in the lowest two IEO deciles (Figure 17).

Figure 16: Rates of full-time study for higher education students aged 18-21, by income support status and Index of Education and Occupation, 2021




Source: ABS, Census TableBuilder Pro
Notes: Citizens only. People on government benefits other than student income support were excluded from this analysis, but would be worth investigating as part of further research.

Figure 17: Rates of full-time study for higher education students aged 22-65, by income support status and Index of Education and Occupation, 2021




Sources and notes: as for Figure 16

Student income support should reduce the need to spend hours in paid work that conflict with study commitments. It should be noted, however, that the limited research on the relationship between work and course completion does not reach straightforward conclusions.

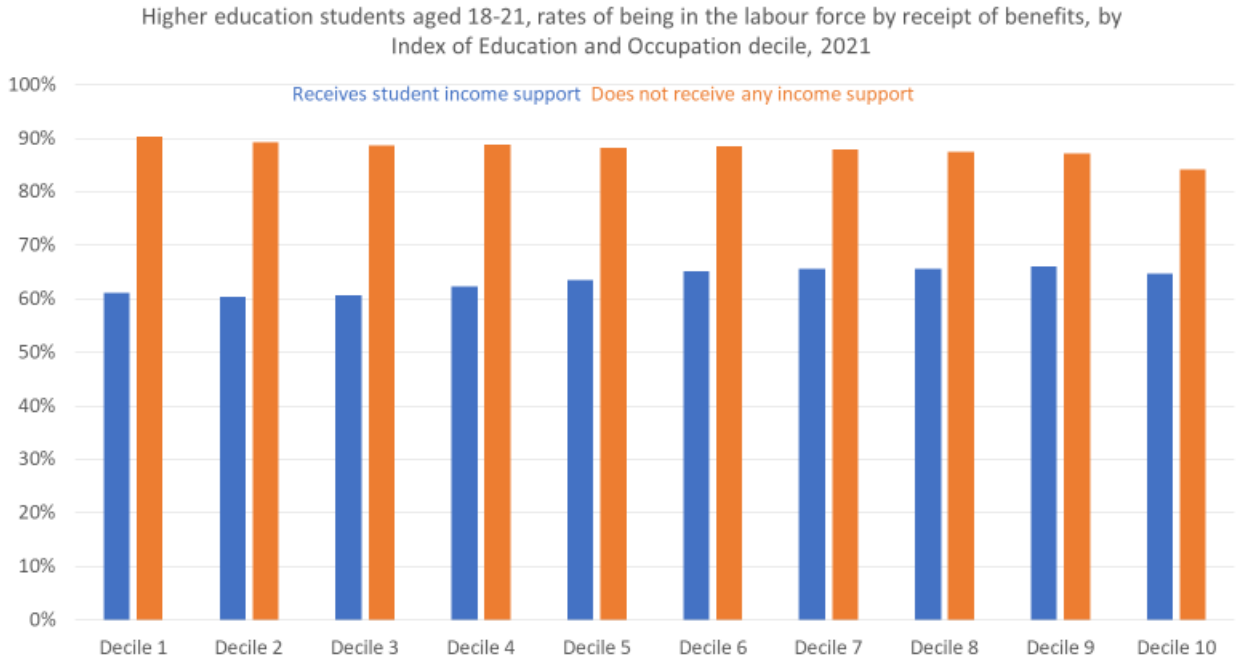
Research based on 1990s data found no evidence that short weekly working hours had negative effects on course completion rates, but risk increased above 16 hours per week. However working in a career-related job improved course completion rates and working while studying improved subsequent employment prospects.[18]

Later research using 2010s data found not working while studying was associated with decreased completion prospects. This could be due to financial pressures forcing students to leave and get employment and/or factors that are obstacles to both study and work. For full-time students completion rates started decreasing with annual employment income above $30,000, nearly double the then median employment income of full-time undergraduates of $16,600, suggesting significantly higher average hours in paid work.[19]

[18] C. Polidano and R. Zakirova, *Outcomes from combining work and tertiary study* (National Centre for Vocational Education Research, 2011).
[19] DESE, *Factors affecting higher education completions – the impact of working while studying* (Department of Education, Skills and Employment, 2020).

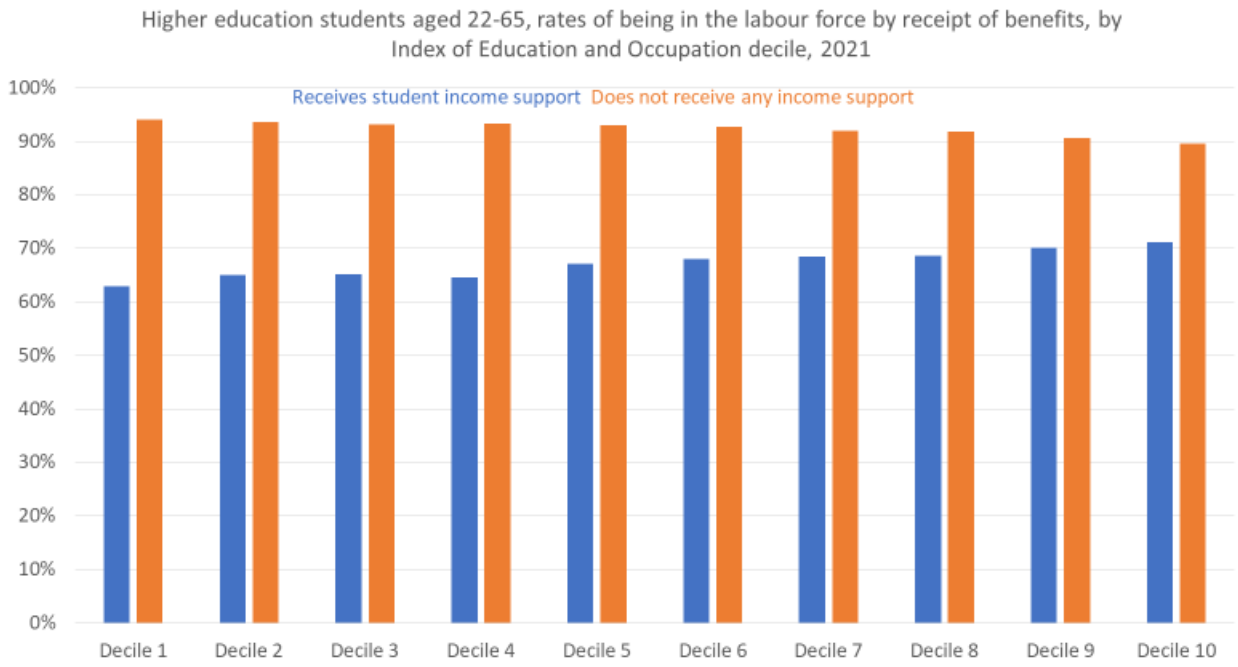
For both age groups and IEO deciles receipt of student income support significantly reduces the likelihood that a student is in the labour force (Figure 18 and Figure 19). Students in the lower IEO deciles are slightly less likely to be in the workforce.

Figure 18: Rates of being in the labour force for higher education students aged 18-21, by income support status and Index of Education and Occupation, 2021




Sources and notes: as for Figure 16. The 2021 Census was conducted during COVID-19 lockdowns in some jurisdictions, which lowered work rates.

Figure 19: Rates of being in the labour force for higher education students aged 22-65, by income support status and Index of Education and Occupation, 2021

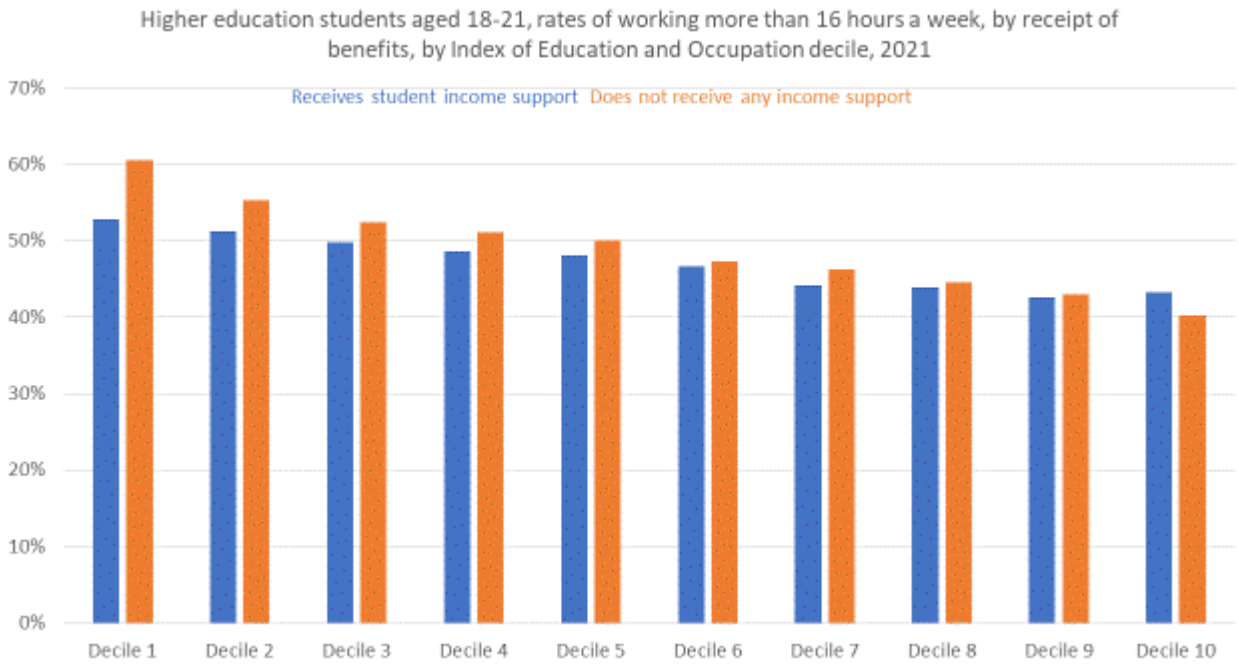



Sources and notes: as for Figure 18.

Conditional on being in work student income support receipt only slightly reduces the rate of working 16 hours a week or more for those aged 18 to 21 years compared to someone in the same IEO decile not on income support (Figure 20), although the apparent effects are larger in the lower deciles. Students in the lower IEO deciles, however, are more likely to be working more than 16 hours a week regardless of student income support status.

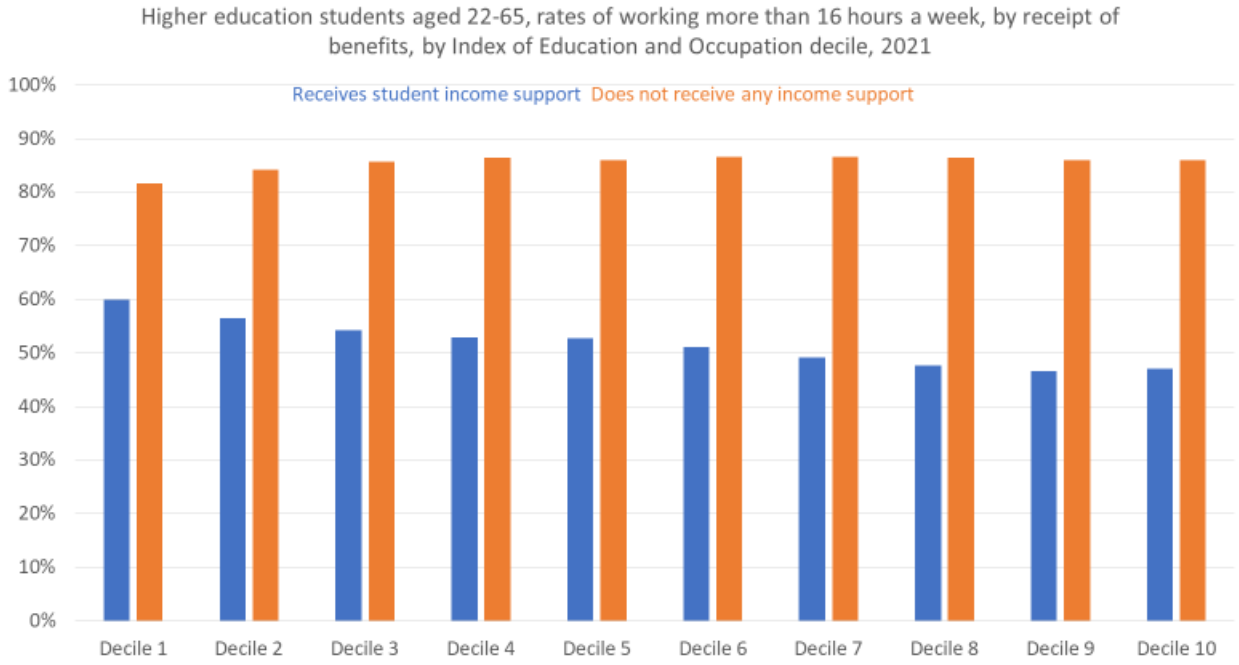
For students aged 22-65 years we see large apparent effects of student income support on rates of working 16 hours a week or more (Figure 21). In the lower deciles students on income support are slightly more likely to be working 16 hours a week or more, but overall for this age group, on this simple binary divide, levels of longer work hours are fairly consistent across SES deciles. In a larger project more detailed analysis of hours worked would be useful.

Figure 20: Rates of working 16 hours a week or more for higher education students aged 18-21, by income support status and Index of Education and Occupation, 2021




Sources and notes: as for Figure 16. Only students in the labour force were included in this analysis.

Figure 21 : Rates of working 16 hours a week or more for higher education students aged 22-65, by income support status and Index of Education and Occupation, 2021




Sources and notes: as for Figure 16. Only students in the labour force were included in this analysis. .

# 6. Financial benefits of different qualification levels

As with the completion risks of significantly expanding higher education participation, the interim report does not examine the mix of career risks and rewards of students who do complete. This section explores those issues.

## Gender differences in post-school attainment

The interim report has little on gender and higher education, and what there is mainly refers to women. A word search on 'male', 'men' and 'man' finds nothing, although the chart on Job-ready Graduates student contribution impacts provides a gender divide (p. 145), making the point that on average women incurred steeper increases.

But gender differences are a big issue for an increasing higher education participation and attainment policy agenda, overall and in equity groups particular. In 2022 Australian citizen women aged 25 to 34 years were less than 10 percentage points short of the 55% attainment goal, while men were more than 20 percentage points behind (Figure 22). The interim report's targets are impossible without significant increases in male participation and attainment.

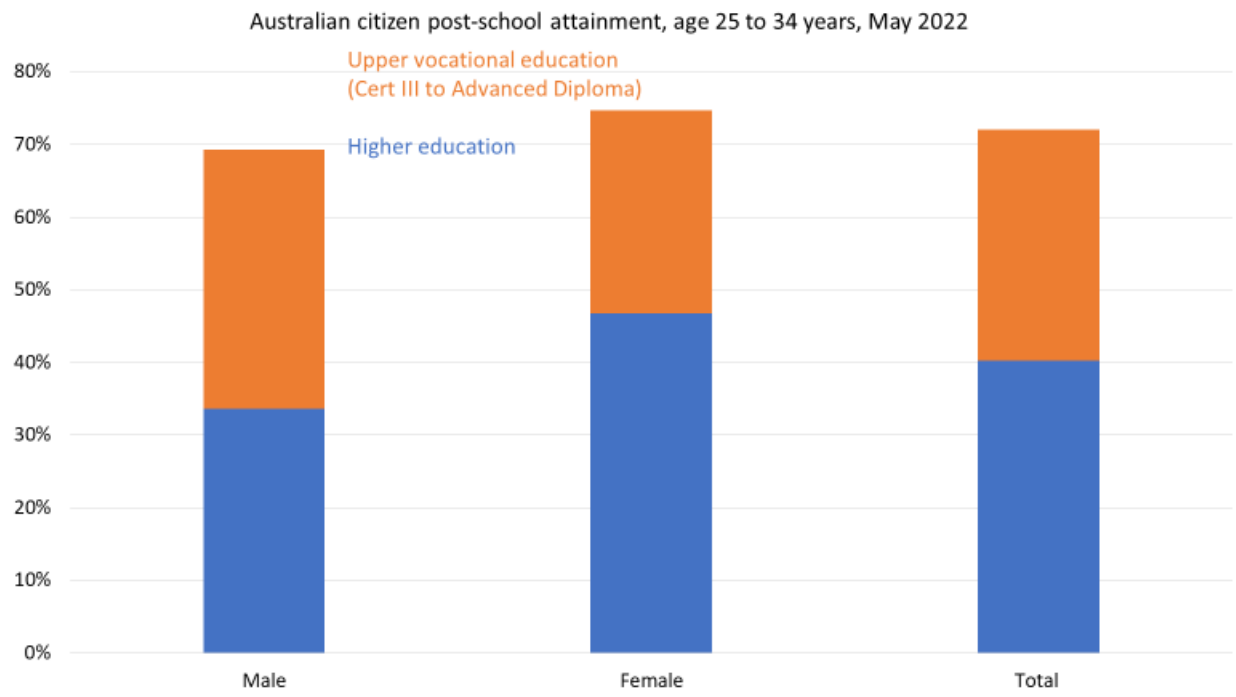
There is no sign of this educational gender divide is diminishing. Men were only 39.2% of domestic commencing bachelor degree enrolments in 2021. The gender imbalance is larger in the equity groups. Men were 34.3% of low SES domestic commencing bachelor degree enrolments in 2021, 33.5% of regional students and 29.8% of Indigenous students.[20]

These gender differences are partly explained by the academic issues discussed in chapter 2. Males are less likely to complete Year 12 (eg Figure 7). Male students who do complete Year 12 on average get lower ATARs than female students. For the 2022 NSW ATAR female students outnumbered male students in all ATAR bands except 98 and above.[21]

As with other aspects of school outcomes these are cause for concern. Young men have overly limited post-school course and career options as a result. But the gendered nature of the Australian labour market means that there are reasonably well-paying male-dominated jobs that do not require higher education. The question is whether young men with school results in the middle of the range or below should be steered away from vocational education and towards higher education. With more complex trade-offs involved, there are also questions about whether Year 12 is sufficient for the jobs some young men are likely to get.

[20] Calculated from DofE, *Student enrolment time series, PowerBI* (Department of Education, 2023), student enrolments by equity groups page. For applications for 2021 the male shares were 34 per cent of low SES applicants, 37 per cent of medium SES applicants and 44 per cent of high SES applicants: calculated from DofE, *Student applications time series, PowerBI* (Department of Education, 2022).
[21] UAC, *Report on the scaling of the 2022 NSW higher school certificate* (Universities Admissions Centre, 2023), p. 19.

Figure 22: Australian citizen post-school attainment, age 25 to 34 years, by gender, 2022




Source: ABS, Education and Work TableBuilder

## Male income patterns by post-school qualification

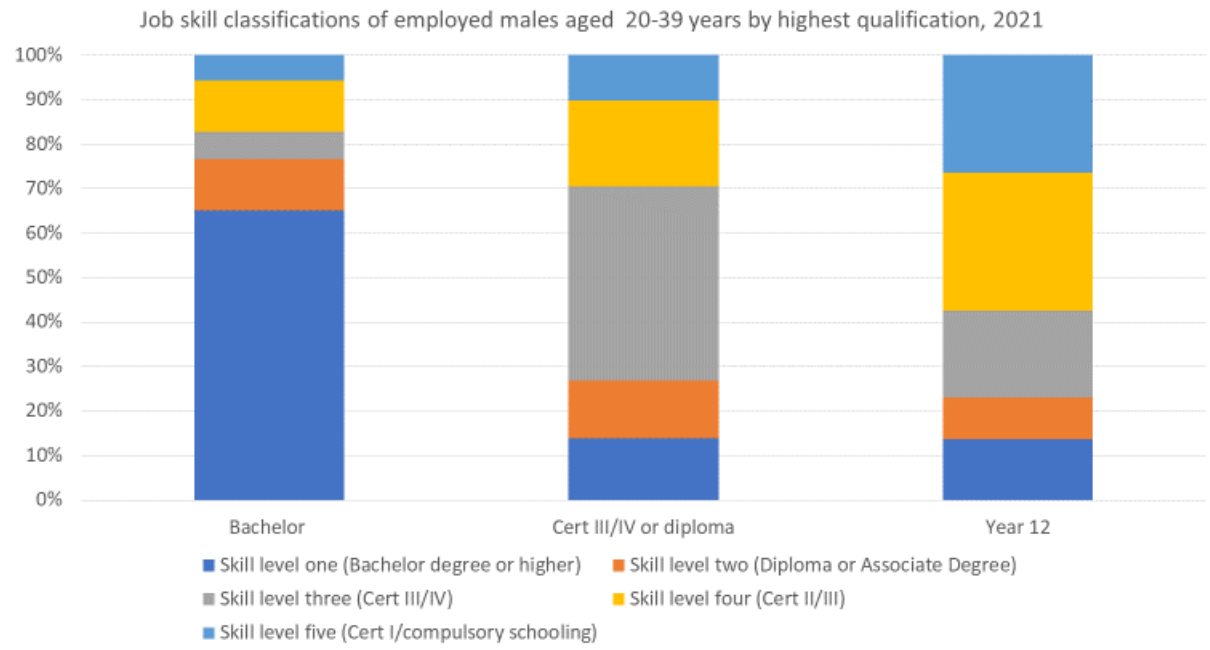
Young men who go to university with weaker prior academic preparation are at a higher risk of not making transitions into well-paid jobs.[22] They are likely to be over-represented in the group of nearly one in five young men with a bachelor degree who work in ABS skill level four and five jobs, the majority occupations for their peers who finished their education at Year 12 (Figure 23).

Although young men with mid-level ATARs are vulnerable to poor outcomes from higher education they are still in the middle of their cohort for academic ability.[23] It is possible that they would be over-represented in the men with Year 12 only who have relatively high skill jobs. Similarly they may be over-represented among the men with upper vocational qualifications who are successful in the labour market.

[22] A. Norton and I. Cherastidtham, *Risks and rewards: when is vocational education a good alternative to higher education?* (Grattan Institute, 2019).

[23] However in the middle of the cohort the underlying study scores are more clustered than they are higher in the ATAR range: I. Cherastidtham, A. Norton and W. Mackey, *University attrition: what helps and what hinders university completion?* (Grattan Institute, 2018), p. 23

Figure 23: Job skill levels by skill level of employment, men 20-39 years, 2021



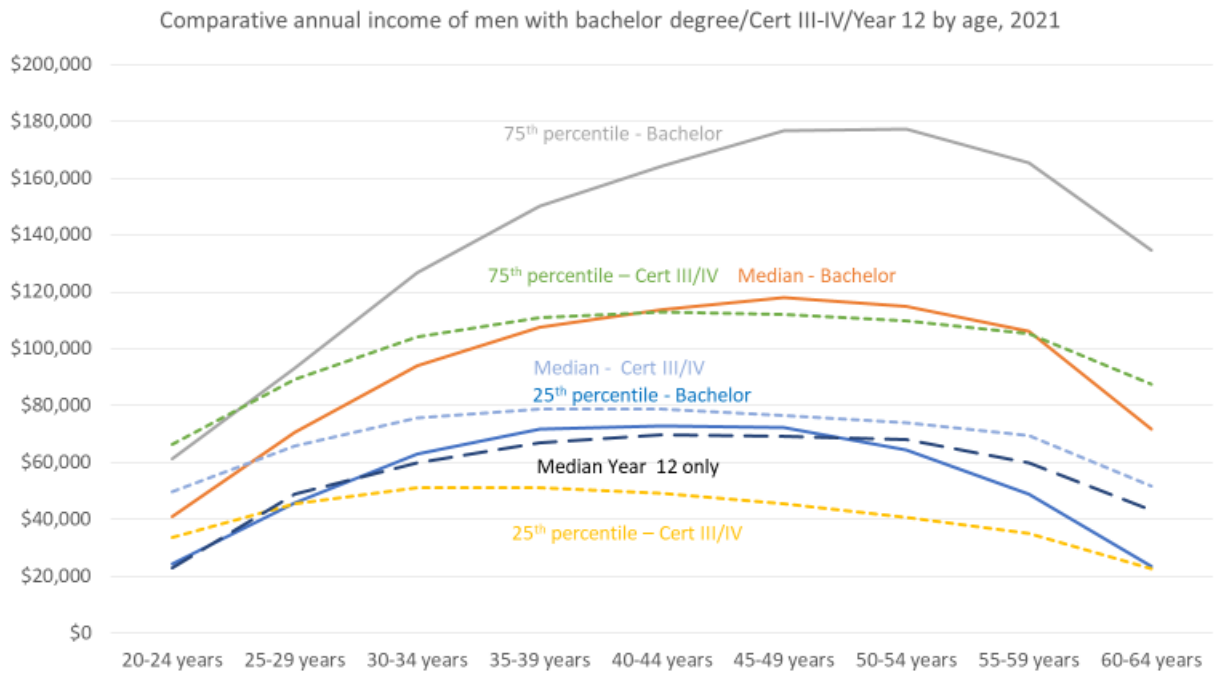

Source: ABS, Census TableBuilder Pro
Notes: The qualification levels attached to the skills are based on an ABS assessment. Persons with no occupation excluded.

Figure 24 shows male graduates in the lower part of the bachelor degree income distribution, at the 25th percentile, have similar incomes to the median male with Year 12 as their highest qualification. On a lifetime basis a male at the 75th percentile of the Cert III/IV income distribution is earning more than the median bachelor degree graduate. A male with median income for Cert III/IV qualification holder earns more than a bachelor degree holder at the 25th percentile. These men have no HELP debt and can start their full-time working lives at an earlier age.

Incomes for financially successful Cert III/IV holders, at the 75th percentile of the income distribution, reaches a plateau at a younger age than financially successful bachelor degree holders at their 75th percentile. But would the men who went down the Cert III/IV path have been admitted to the courses that put graduates on those paths? In general, given their school results, the answer to that is no.

These comparisons are speculative about the attributes of who ends up where in the labour market. But they are based on extrapolations from recent labour market experience, and therefore less speculative than projections of the labour market in 2035 or 2050. They raise reasonable doubts about whether pushing more and more people of middling academic performance into higher education will serve their career and financial interests.

Figure 24: Annual income by age and qualification level, men, 2021



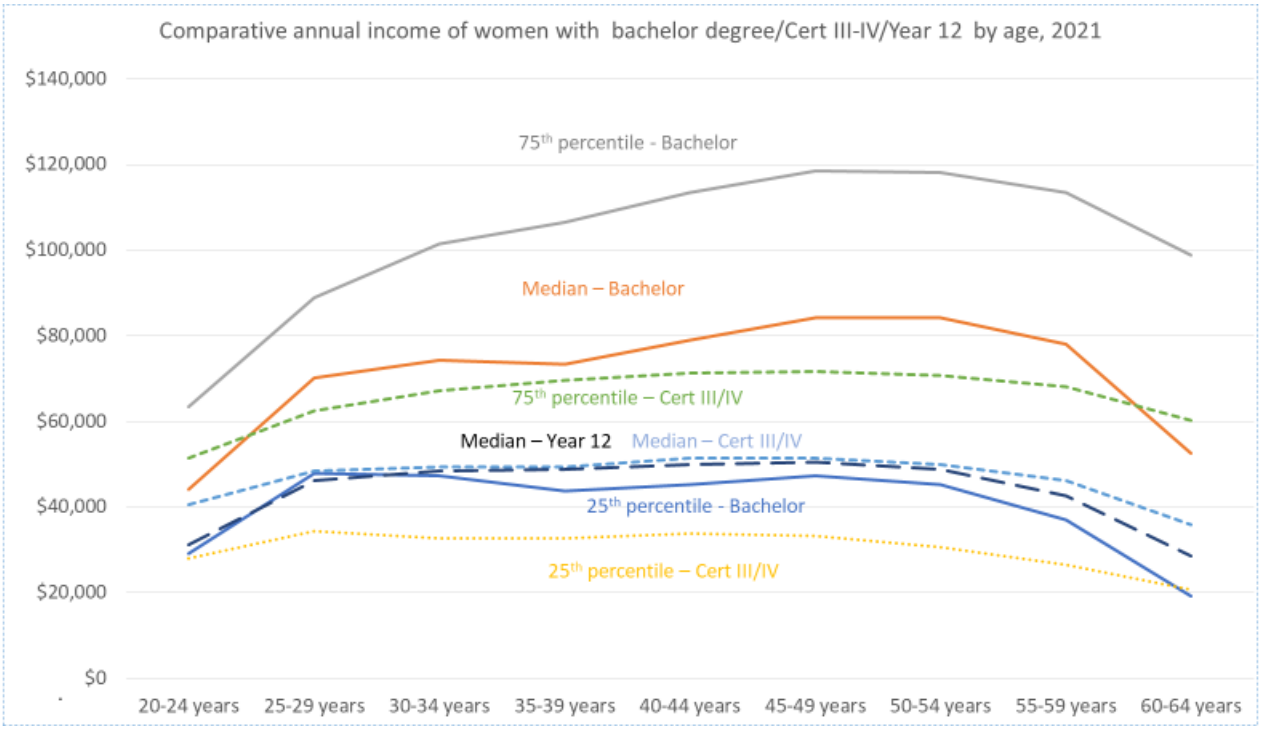

Source: ABS, Census TableBuilder Pro
Note: Uses linked 2021 Census and ATO and DSS data. This chart includes people who are not working and who report no or negative income.

## Female income patterns by post-school qualification

For women income patterns also show patterns similar to those of men for the 25th percentile of bachelor degree income compared to the median for women who ended their formal education at Year 12 (Figure 25). However the case for vocational education being a good alternative to higher education for academically weaker school leavers is less persuasive than it is for men. There is a similar clustering of incomes around 25th percentile bachelor and median Year 12 and Cert III/IV, although for women the Cert III/IV is not clearly better as it is for men. For women, median bachelor degree earnings are clearly higher than 75th percentile Cert III/IV earnings.

On average the different gender patterns for highest qualification reflected in Figure 22 look to be based on sensible decisions.

Figure 25: Annual income by age and qualification level, women, 2021




Sources and notes: As for Figure 24

Appendix A: Proposed decreases in university autonomy

| Number | Decrease in university autonomy | Pages |
|---|---|---|
| | *General mission direction* | |
| 1 | Tertiary Education Commission with significant power over funding and mission | 111-114 |
| 2 | Mission based compacts to deliver against local, regional and national priorities and needs | 14, 85 |
| 3 | Embed equity more effectively in institutional missions, policies and programs | 41 |
| 4 | Require higher education and VET to work together under a more aligned system | 58, 63 |
| 5 | Merged into National Regional University (regional unis/campuses only) | 14 |
| 6 | Self-determined approach for teaching, research and engagement for Indigenous people | 8, 112-113 |
| 7 | National approach to welfare, safety and well-being of students – possible charter | 15, 121-123 |
| | *Admissions* | |
| 8 | Consistent national approach to admissions | 11 |
| 9 | Students access a CSP at their institution of choice | 38 (but see item 15 below on courses) |
| 10 | Greater consistency in recognition of prior learning | 50 |
| 11 | Ensure tertiary admission arrangements are 'facilitative', especially for equity groups | 69 |
| 12 | Equity targets disaggregated by state, region and provider. Targets as 'deliverables'. | 43, 112 |
| 13 | Improvement to English language testing and admissions benchmarks | 81 |
| | *Mix of disciplines and courses* | |
| 14 | Translate advice about skills needs into 'necessary action from the higher education sector'. | 43 |
| 15 | Balance student choices against societal and economic needs of the nation, ie restricting what can be offered | 131-132 |
| | *Curriculum and teaching* | |
| 16 | Greater levels of curriculum co-design between industry and higher education | 47 |
| 17 | Make qualifications more 'modular, stackable, and transferable' between institutions | 10, 53-54 |
| 18 | Require academics working in education for the professions to maintain more active contact with these professions | 47 |

| | | |
|---|---|---|
| 19 | Ensure education for the professions includes education in generic skills to a high level of attainment | 47 |
| | *Use of funds* | |
| 20 | Greater reporting on use of government funds | 15, 126 |
| 21 | Levy on international student fees | 16, 127 |
| 22 | Less control over amenities fees | 118, 123 |
| 23 | Spend Higher Education Continuity Guarantee money on specific activities determined by the government | 29 |
| | *Accountability* | |
| 24 | Higher Education Student Ombudsman to handle student complaints | 121, 123 |
| 25 | Stronger accountability and reporting practices to track student learning and engagement | 62 |

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