



Response to the Australian Universities Accord Interim Report

Supporting document

1 September 2023

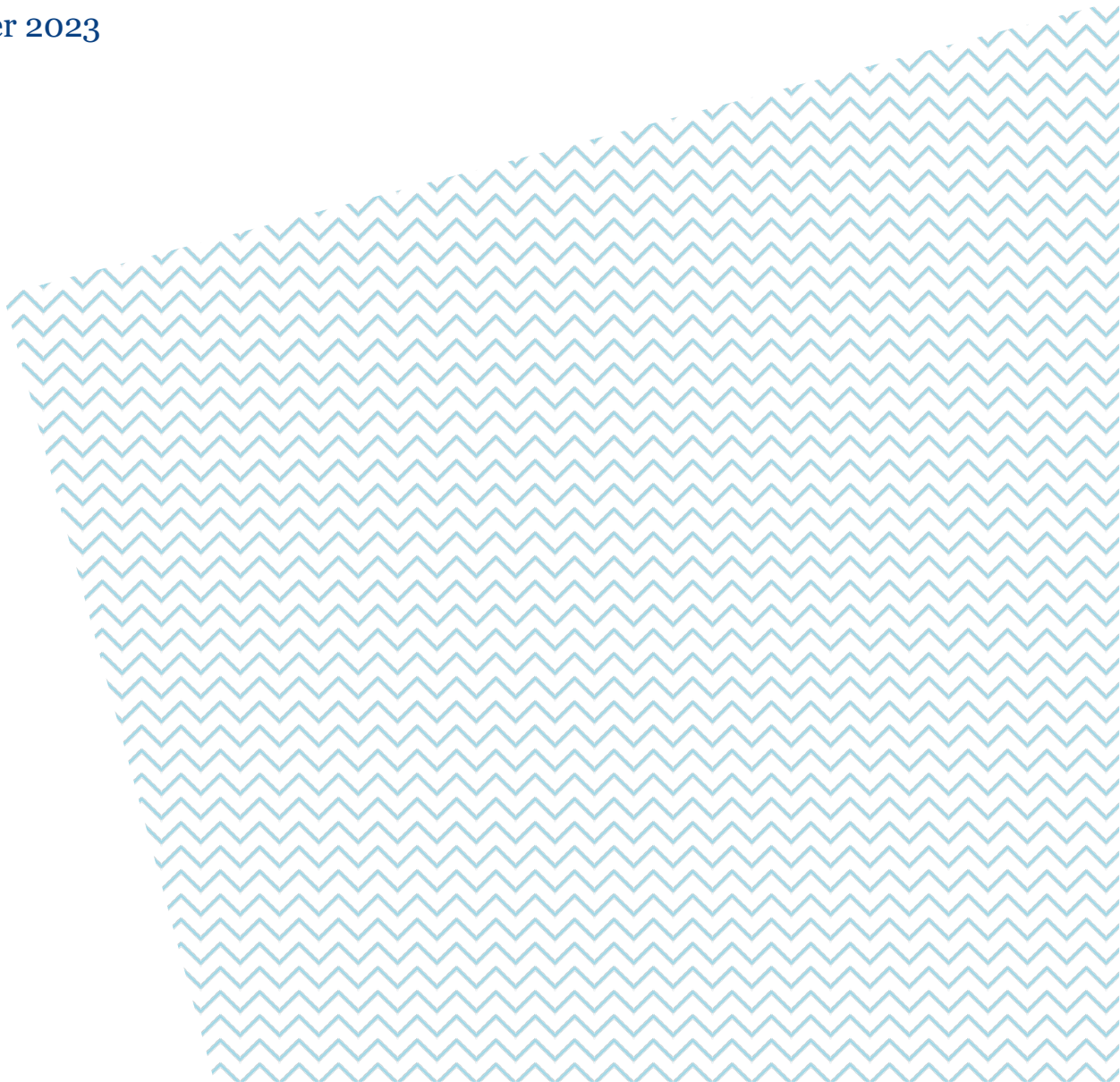


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Executive summary

Five reflections

Reforms that come from the Accord review should build on the success of Australia's higher education system and the Dawkins reforms that underpin it and seek to establish the system architecture that is now required to meet the nation's needs. Reforms will need to deliver the objectives of even wider participation, innovation in teaching and learning approaches and greater system diversity to meet the significant future education and skills needs of the nation.

The broad objectives of the necessary reforms are well understood. Our higher education system will need to undergo massive growth in the coming years and decades if it is to continue to provide education and opportunities for advancement for many Australians, and if it is to generate the skills and capabilities needed to maintain Australia's economic competitiveness. As the Interim Report makes clear, achieving this growth will require widening access to groups that have historically been under-represented, greater institutional diversity within the higher education sector and better integration with vocational education and training. Australia's universities will also need to continue to act as drivers of knowledge production, maintaining and building research excellence and continuing to deliver research impact. The Interim Report is underdone on the reforms needed to ensure the university research effort is funded, on an excellence basis, and governed sustainably. Finally, sector reform will need to ensure that international education continues to enrich the study experience of all students, that it keeps growing its contribution to Australia's economy and continues to deepen our connections with other parts of the world. The challenge for government, working with the sector, is to deliver a unified, not uniform, system that nurtures an ecosystem of advanced education and intellectual development, alongside high-quality training.

1. A new system architecture for higher education

The Dawkins reforms helped to achieve a significant uplift in participation rates since the 1980s. However, the current makeup of our higher education sector is no longer fit for purpose. To achieve the Accord's objectives, a comprehensive redesign of the tertiary education system is required, such that it comprises a range of institutions, each with their particular role in delivering education and/or training. The redesign should retain research-intensive universities as intellectual powerhouses that advance our understanding of the big problems of our age. Universities would continue to be custodians of innovation and teaching students in the deep intellectual roots and knowledge systems required to improve the societies we live in by informing applied solutions and education and training. Universities would be encouraged to form research clusters around particular challenges, disciplines, and deep questions rather than duplicating and competing, to build critical mass in key fields. The redesign would also include teaching-intensive intensive institutions, and institutions that specialise in a defined set of disciplines and professions would be encouraged, particularly in areas where we seek to increase demand for tertiary education.

Incentives would encourage the development of mutually beneficial networks of collaboration among teaching-intensive and research-intensive institutions, TAFEs and secondary schools, providing pathways between them and requiring investment by the institutions across the network. These networks would need to invest in partnerships with disadvantaged schools and build pathways into tertiary education.

To build a fit-for-purpose higher education system to serve Australia's needs to the 2050s requires nothing less than a fundamental rethinking and redesign of Australia's higher education sector.

2. Student empowerment and student-centred decision making

The success of the Accord reforms will depend upon the extent to which they empower students in their study decisions. This means building preparedness and aspiration among school students and ensuring that all those who are capable of undertaking tertiary education can access a place if they want to, without being impeded by financial or other barriers. It also means maintaining a funding system that is responsive

to student choice, and that encourages curriculum innovation and institutional diversity between and across sectors and institution types. Achieving the desired level of growth in domestic enrolments in the coming decades will require new types of institution, in addition to universities and TAFE, that are integrated into a single system so that students can freely move between them. As such, targets should be set for participation in tertiary education and be agnostic about the specific institution type.

Participation targets must be accompanied by outcome targets for achievement by students from disadvantaged cohorts, ensuring that institutions are monitored on these outcomes and incentivised to maintain support frameworks to improve upon them. Current university attrition rates attest to the fact there is an issue that must be addressed, even ahead of widening enrolments from that cohort. More focus is needed on enabling programs with sub-bachelor degrees as one way of increasing enrolment, providing improved pathways for students and improved ways of meeting the nation's education and skills needs.

Parts of the Interim Report suggest a move to a more centrally planned system, with a view to aligning with national skills needs and directing enrolments between locations. There is a major risk that this would disempower students, making it harder for them to study what and where they want. This will work against the aim of raising attainment levels and may make the system less (rather than more) effective in responding to labour market need. Retention of choice for the student and providing opportunities for them to aspire are crucial.

3. Autonomy with accountability

Universities must continue to be autonomous institutions, with this including setting curricula, managing student admissions, constituting Councils, prudent financial management and being accountable as good employers and supporting student safety. This is the best way to ensure that they are responsive to institutional and local needs. There is already considerable and sufficient oversight of appointments to Councils, responding to the regulatory context and managing workforce planning imperatives, while leveraging the experience and insights of others and subject to appropriate and transparent regulatory oversight. In several areas, red tape impedes university performance without advancing its intended aims. The Interim Report has largely overlooked the opportunity to reduce regulatory burden.

4. University led research – Australia's powerhouse of innovation

Australia's research effort is primarily undertaken at our universities and resolving a more sustainable funding approach for this effort is an essential part of the higher education funding and policy puzzle, not an add on. A large gap exists between the costs of research and the proportion funded through government funding schemes. In 2021, the rate of Government funding for 'indirect' costs of competitive research grants was 20.9%, significantly lower than the 50% rate recommended in 2009 by ACIL Allen.¹ The resultant need for cross-subsidisation – what the Interim Report calls the "burden of matched funding" – means that research funding is intrinsically linked to funding for teaching and learning and student supports. Reducing the need for cross-subsidisation, with the Government covering closer to the full economic costs of research, would free up additional resources to support wider student participation and enhanced student experience and success. There is an opportunity to restore funding removed from the sector through the Job-Ready Graduates reforms and earlier funding changes. This restoration could be achieved through a permanent increase to the Research Support Program.

The Government should seek to develop a more cohesive approach to research and innovation, ensuring that university research is better integrated into the broader science and research effort. This should also include reform of the R&D Tax Incentive, which remains the single largest form of Government support for R&D, representing greater expenditure than the government outlays for the MRFF, NHMRC, ARC and CRC programs combined. It should also include a roadmap to achieving a long-term 3% of GDP R&D intensity

¹ <https://www.education.gov.au/download/1922/understanding-cost-university-research/2496/document/pdf>

target. Industry contributions should also be considered, given that industry is a major beneficiary of the education system.

The University supports ongoing investment in research infrastructure and improvements to research training to extract more value from this national resource. Relatively modest changes that introduce greater flexibility in the support framework for Higher Degree Research students will help to widen the participation of under-represented groups in research training, and will encourage greater involvement from industry and other external organisations. Greater certainty of funding for the NCRIS program is critically necessary for maintenance of the research infrastructure workforce and research productivity.

5. Funding is a government choice - it must be a priority

Ambition for once-in-a-generation reform will require Government to prioritise a properly funded higher education system, especially given the aspiration to increase significantly domestic enrolments and to widen participation from under-represented cohorts. Many Australian universities now receive much less than half of their annual revenue from government with other sources making up the shortfall. Higher education expenditure as a percentage of total Australian Government expenditure is historically low.

The Interim Report is silent on how government might prioritise its funding responsibilities other than to outsource some part of it to a tax on international students. This tax would have disastrous consequences for higher education, not just the research-intensive universities whose students would be taxed. A tax on international student income would further reinforce an existing policy tendency, where Governments use universities' international education success to reduce public funding support for the sector. It would also seriously jeopardise Australia's reputation as an education destination, confirming a commonly held belief among international students that Australia sees them only in terms of the revenue they bring and that they are valued only because their fees cross-subsidise an underfunded sector. This is at odds with the Interim Report's strong acknowledgement of the strengths of the sector and the contribution international students make to the nation. It would not bring new funding into an already underfunded sector.

Interim priorities - building on strong foundations and addressing fault lines

Drawing from the vast array of options presented in the Interim Report, and noting the five immediate priorities and ten system shifts, the University would suggest the following as the next set of reforms the government should advance in order to lay a foundation for longer term structural reforms that will require further work to develop policy, funding and regulatory settings:

1. **Fair student contributions:** Reset funding clusters and student contribution bands, addressing the unfair and (for some) punitive Job-Ready Graduates changes that have had a disproportionate impact on underrepresented groups and left some courses, especially in STEM priority areas, underfunded.
2. **Building pathways and stepping stones:** There is a need to move away from the presumption that students will undertake a traditional pathway involving a bachelor degree at a university. Funding settings should be neutral between course levels, with growth funding provided for enabling, sub-bachelor, bachelor and postgraduate programs (rather than only for bachelor-level courses). This change would allow for growth in non-bachelor offerings, allow access to students not wanting to enrol in a three-year bachelor degree, and enable universities to allocate their funding more efficiently to meet student needs. This would also allow a wider set of institutions to deliver education and/or training if the system is to encourage greater diversity and might perhaps result in new types of institutions altogether.
3. **Growth for CSP places:** the system needs a sensible, predictable approach to funding growth. Current growth bands do not align with demand and undermine student choice. Unmet student demand should be tracked and places made available to meet demand where that arises. The full funding envelope should be indexed, not just for bachelor places.

4. **Understanding the costing of teaching and research:** to enable a future discussion on funding growth and new sources of funding, a first step is for government and universities to establish a shared understanding of the costs of teaching and research. The current activity-based costing analysis of teaching is flawed and needs to be revised to calculate accurately the costs of delivery. In addition, establishing the full costs of research would enable an evidence base as a precursor to considering a pathway towards full economic costs funding, noting that universities will always make a contribution.
5. **Investing in pilot centres of excellence to facilitate VET and higher education collaboration:** The interface between VET and higher education remains challenging, but there is broad recognition of the benefits of closer co-operation. As the Interim Report notes, innovation and collaboration in higher education delivery is required and Government, sector and industry need to cooperate. The Australian Government could join with industry and a range of post-secondary education providers to consider how innovative cross-sector delivery could be established and incentivised for delivery at scale in priority workforces (e.g. clean energy, IT and cyber, care, medtech, defence) and regions throughout Australia. We support a pilot program where various types of collaboration, involving different types of institutions, could be tested to evolve more innovative and responsive settings and that meet priority local and industry needs.
6. **Mission-based ‘compacts’:** overseen by a specifically constituted, expert group, to support more system diversity, set and monitor outcomes, and to accommodate mission-specific funding requirements. This could take the form of a base block grant that covers the costs of delivery with loadings to support various priorities such as enrolments of underrepresented groups, student supports, and regional locations.
7. **Establishing and sustaining an Accord:** a small, independent, Accord Forum, supported by deep domain expertise, could be established to support the development and implementation of high-quality, evidence-based policy, funding and system planning advice to government over the long-term. The Accord Forum would need to be agile in its operation, responding to changing needs and in engaging with the sector, avoiding the tendency to bureaucracy and policy homogenisation. By its very nature, an Accord should involve government, universities and stakeholders working collaboratively together to address the challenges identified. It would develop, in time, an entirely new system of funding that can be applied across diverse higher education institutions that aligns with the true cost of delivering quality teaching across, and within, the various disciplines. It should also advise on research funding reforms.
8. **A whole-of-government approach to co-ordinate research strategy and funding:** building on the series of current reviews related to research priorities, funding and governance, prepare a national plan of action: National Competitive Grants to cover more of the full economic costs of research; moving NCRIS to a “future fund style of funding”; reform RDTI to include criteria to deliver a targeted BERD incentive fund, which provides support for research aligned with national priorities and encourages collaboration between industry and universities; and broker greater alignment between Government research funding bodies to increase administrative efficiency and support shared priorities.

Supporting information

1. Putting First Nations at the heart of Australia's higher education system

Supporting Indigenous students

The decision to extend demand driven funding to metropolitan First Nations students is very welcome and absolutely necessary. There is a missed opportunity however in not also including non-Bachelor CSPs. Sub-bachelor and enabling programs, in particular, have a key role in helping build preparedness, aspiration and pathways into further higher education, therefore widening access for underrepresented groups. This reform could have a significant positive impact on enrolments and completions. Further, expanding University places for Indigenous students is merely the first step towards increasing participation and success. Once enrolled, Indigenous students face multiple challenges and without appropriate support they are at a much higher risk of discontinuing their studies than non-Indigenous students. Improving outcomes requires guaranteeing that all Indigenous students are adequately prepared and have access to a broad range of targeted, accessible and culturally appropriate support services. This investment will pay dividends beyond the individual student, to their families, communities and the broader Australian society.

Recommendation

The University of Melbourne recommends that the Australian Government ensures that Indigenous students have access to a broad range of targeted, accessible and culturally appropriate support services.

The University of Melbourne recommends sub-bachelor courses be eligible for demand driven funding for Indigenous students.

Indigenous research

Australia can take a leadership role in the recognition, valuing and advancement of Indigenous Knowledge systems. For the University's part, our newly created Indigenous Knowledge Institute marks a turning point in how the University will engage with Indigenous knowledge systems, and how it will value and recognise the expertise of Indigenous knowledge holders. Missing from the Interim Report is a commitment to strengthen and expand research collaboration between universities and Indigenous communities. We encourage the Panel to focus attention to Indigenous knowledge systems and to harnessing its potential.

Recommendation

The University of Melbourne recommends the Australian Government ensures that Indigenous Knowledge systems are properly recognised and funded in Australia's research system.

Building the Indigenous academic staff pipeline

Building the Indigenous academic staff pipeline requires all our institutions to demonstrate a commitment to Indigenous leadership and to providing career advancement and leadership opportunities for all Indigenous students and staff. The University contributes to nurturing Indigenous research talent and developing and supporting leadership capability among both Indigenous students and staff through the Professional Certificate in Indigenous Research and the Graduate Certificate in Indigenous Research and Leadership programs. These programs are recognised nationally as the only programs of their kind for Indigenous Higher Degree by Research (HDR) students and Early Career Researchers (ECRs). This professional development supports the success of Indigenous HDR students and ECRs and is helping address the disparity in HDR completions between Indigenous and non-Indigenous students and build Indigenous research and leadership capacity. The Panel might consider how this type of professional development could be expanded.

Recommendation

The University of Melbourne recommends that the Australian Government invests in targeted programs, such as the Professional Certificate in Indigenous Research and the Graduate Certificate in Indigenous Research, to help build the Indigenous researcher pipeline.

Regional alliances and place-based strategies

The Accord presents an opportunity to boost collaboration and the movement of people between institutions, industry, community, and government to enhance teaching and learning and increase research impact. The University of Melbourne has three strategic place-based partnerships. These are with the Traditional Owners of Narm – the Melbourne area, the Yorta Yorta Nation in the Goulburn Valley region of Victoria, and the Yolngu people in Northeast Arnhem Land. The partnerships are advancing Indigenous social, economic and cultural advancement in metropolitan, regional and remote communities.

The University of Melbourne's partnerships in the Goulburn Valley in Victoria provide a case study in how collaboration and strategic alliances between tertiary institutions, industry, Government and community can bolster regional and rural education, training and research benefiting Indigenous students and the broader community. The Munarra Centre for Regional Excellence is the flagship initiative. Formed in partnership between the University of Melbourne, the Kaiela Institute and the Rumbalara Football Netball Club, Munarra will deliver a broad range of VET and higher education courses leading to improved health, education and employment outcomes for Indigenous people in the region. It is also an exemplar of how collaboration across institutions in regional settings can work, with each institution bringing critical areas of expertise, resulting in a diversity of education and training options and pathways.

Recommendations

The University of Melbourne recommends that the Australian Government invests in regional alliances and place-based strategies to drive collaboration between Indigenous communities and education providers.

2. Supporting learning, equity and growth

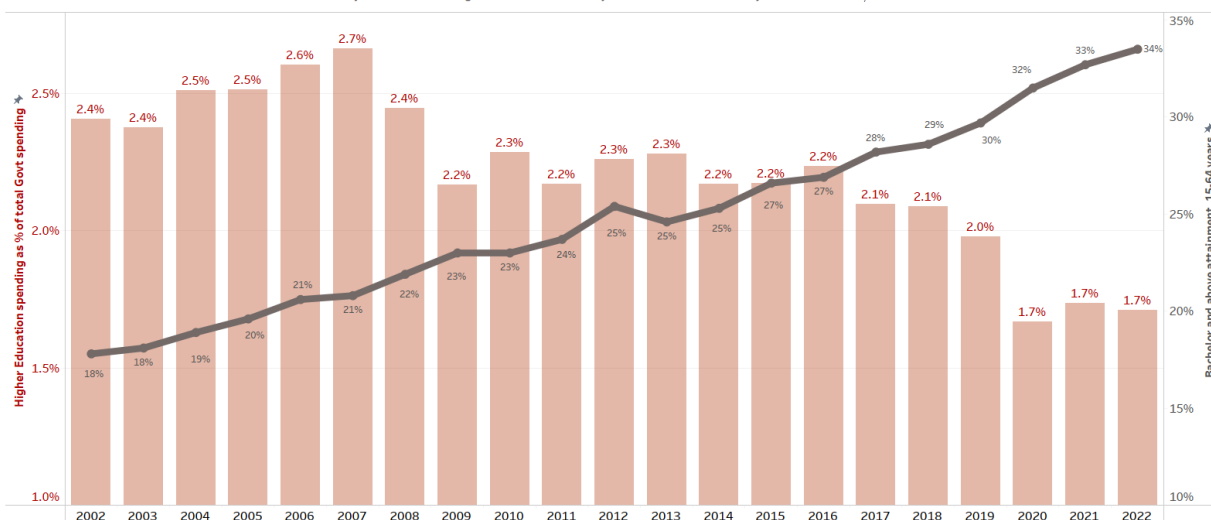
The Interim Report describes a set of ambitions for how post-secondary education should evolve in the decades to come. Our higher education system needs to grow massively, roughly doubling the number of Commonwealth-supported students by 2050. Achieving this growth will require that we continue to widen access to cohorts historically under-represented in the higher education system and increase the number and type of institutions. We also need deeper integration between our higher education and vocational education systems, best leveraging the strengths of each and allowing students to transition easily between them.

These ambitions can only be achieved if they are matched with adequate levels of funding. The ongoing decline in Government support for higher education is at odds with the Accord's ambitions for higher attainment levels. As a share of total Australian Government spending, spending on higher education has fallen from around 2.7% in 2006/07 to 1.7% in 2021/22 (See Chart below), with the 2023/24 Budget Papers forecasting this to fall further (to 1.6%) over the next four years. It is unrealistic to expect that attainment targets can be achieved in the absence of a commitment to the funding levels that would support this ambition.

'Higher Education' expenditure as a share of total Australian Government expenditure and 15-64 years Bachelor and above attainment: 2002-2022

Source: Final Budget Outcomes, and ABS (Education and Work, Table 35).

Note: HE spending includes CGS funding and research block grants. Does not include HELP expenses or student income support. Financial years have been aligned with the calendar year in which the financial year ends i.e. 2021/22 = 2022.



Beyond the level of funding, funding arrangements must be designed to empower students to control their own learning journey. Empowering students through a funding system broadly driven by student demand not only benefits the students themselves but is also the most direct means of meeting skills needs.

The use of flexible funding envelopes for distributing Commonwealth Grant Scheme (CGS) funding has allowed institutions to achieve a balance between Government oversight and institutional autonomy - the Government maintains control of overall spending with universities left to determine how funding is to be utilised across course levels and discipline areas. This allows universities to respond to shifts in demand and encourages innovation and sector diversity by allowing universities to specialise in course offerings.

The use of funding levers to attempt to engineer the Government's preferred enrolment outcomes has proven highly ineffective and has added to the complexity of the funding environment, thereby increasing administration costs. The attempt to encourage enrolments in national priority fields through price signals has had little impact on student choice and has led to an unfair distribution of costs and large debt levels for some students, including many women and Indigenous students. The allocation of additional growth funding to regional campuses has failed to deliver the desired increases in regional enrolments and has generated inefficiencies due to a mismatch between the supply of and demand for places.² Regional university hubs and building pathways from secondary schooling will make a difference, as will more choice of qualification type and types of mission-supported institutions.

Given the problems with various efforts to control enrolment outcomes, it is of serious concern that parts of the Interim Report suggest that central planning needs to play a greater role in funding arrangements. A move in this direction will make for a more complex and costly system, and will risk the misallocation of scarce resources. It will also impede some of the Accord's key ambitions, in particular that of growing the number of Australians entering the higher education system. Some students will inevitably choose not to undertake a course of study if they are prevented from pursuing their preferred study options.

Recommendations

The University of Melbourne recommends that the Australian Government:

- *commits to funding increases commensurate with widened participation from under-represented cohorts and with the ambition for substantial growth in student numbers over the coming decades.*
- *empowers students by committing to a funding system broadly shaped by student demand rather than by central planning.*

² See Interim Report, p.130.

Student equity

All students with the capacity to succeed should be able to afford and access a place in the higher education system. This requires a multi-pronged approach that begins with academic preparedness. It requires a more diverse course offering, including enabling and sub-bachelor programs, which can strengthen the education pipeline, broaden equity and access and support completions.

Our higher education system needs to not only provide access to disadvantaged cohorts, but are also to ensure that disadvantaged students are supported to allow them to thrive in their studies. This requires universities and other providers to embrace curriculum innovation to tailor offerings to diverse cohorts, and to keep under constant review the academic support made available to the student. The University agrees that income support must be improved, as indicated in the Interim Report. However, additional loans programs (including for living expenses) should be avoided as they risk further entrenching inequality, as was seen with the Student Financial Supplement Scheme in the 1990s.

The tertiary system's equity performance will depend upon system diversity and the ability for providers to innovate in program design to accommodate a more diverse cohort of students. It is likely that this will include the ability for students to undertake shorter programs to "stack" the credentials earned from these programs into a longer qualification, if they wish.

Equity participation targets

The Interim Report suggests new equity participation targets, based on population parity for equity cohorts by 2035. While welcoming ambition in widening participation among under-represented cohorts, target-setting needs to be informed by a clear understanding of the needs, interests and aspirations of a non-homogenous group. To ensure equality of standing between VET and university education and that the system responds to diverse needs, study interests and workforce demands, targets should be set for participation in tertiary education rather than specifically for university participation.

Participation targets also need to be accompanied by targets pertaining to the outcomes achieved by disadvantaged cohorts after they have entered post-secondary study, ensuring that institutions are monitored on these outcomes and incentivised to maintain support frameworks to improve upon them. Completion rates for equity cohorts are lower across the board than for all domestic students. For the 2016 commencing Australia-wide Bachelor cohort, low SES (56.6%), regional (58.5%), remote (51.1%) and Indigenous (41.3%) students each had lower rates of completion compared with the average for all students (62.6%).³ Just working to increase the completion rates of existing students across Australian institutions would make a difference to the education outcomes of underrepresented cohorts. The use of outcome targets will help to ensure that providers are focused not just on expanding the number of equity students who commence but also on maximising the intended study outcomes for those students.

Recommendations

The University of Melbourne recommends that the Australian Government:

- *recognises the value of enabling and sub-bachelor programs in building academic preparedness among under-represented cohorts.*
- *commits to reforms that not only expand initial enrolments but also ensure that under-represented cohorts have equal opportunity to succeed in their studies, including increasing the level of income support provided to students.*
- *commits to tertiary education (rather than university-specific) participation targets.*
- *ensures that participation targets are accompanied by outcomes targets achieved by disadvantaged students.*

³ Source: Department of Education, Completion Rates – Cohort Analyses
<https://www.education.gov.au/higher-education-statistics/completion-rates-cohort-analyses>

Skills alignment

The recent Productivity Commission report found that “Students appear to make good choices of their own volition. They have the best information about their own abilities and interests, making them well placed to make decisions about what they will enjoy — and benefit from — studying.”⁴ The most efficient way of achieving alignment between domestic enrolments and the needs of the labour market is to have a system that is broadly influenced by student demand, and to allow providers to innovate in curriculum design and to continue to foster partnerships with industry.

The University recommends the introduction of a business contribution to support higher education apprenticeships, scholarships and other work integrated programs. This would help to foster closer collaboration and build work-integrated learning opportunities. Support for student placements in health and education programs is another area in which a government intervention can deliver significant improvements. Anecdotally, students are opting out of placements due to the cost of undertaking them and having to forego part-time work. An income support payment for these students, with an industry contribution, would address this.

We also note the key role that postgraduate programs will play in supporting Australia’s skills needs. With growing numbers of existing degree-holders, postgraduate degrees often offer graduates a faster pathway into a given professional field than a three-year bachelor degree, thus representing an attractive option for those looking to reskill, upskill or change careers. Equally, shorter post-professional programs (microcredentials) also play a role in adding to the skills mix in key areas.

Recommendations

The University of Melbourne recommends that the Australian Government:

- *pursues alignment between domestic enrolments and skills needs by providing students with good information on post-study pathways and career outcomes.*
- *Explores a business contribution to support higher education apprenticeships, to promote industry-university collaboration and to expand WiL opportunities for students.*
- *considers income support payments to address the cost of undertaking placements to students.*
- *recognises the value of postgraduate programs in helping to meet Australia’s skills needs.*

Growth funding

Getting the design of growth funding settings right will also be crucial to delivering these increases. The Interim report acknowledges that the current growth funding arrangements are not responsive to student demand, and that this is leading to inefficiencies, with some universities not utilising the funding they have been allocated and other universities allocated inadequate funding for their student load.⁵ This can be addressed through a simple approach to growth funding, in which growth allocations are linked to student demand, possibly based on existing CGS utilisation - unmet student demand should be tracked and places made available to meet demand where that arises.

A further issue is that growth funding is limited to bachelor-level places, with sub-bachelor, postgraduate, and enabling courses not attracting it. This imposes a funding penalty on universities seeking to provide non-bachelor offerings, thereby impeding rather than encouraging institutional diversity and curriculum innovation. Importantly, this limits provision of programs designed to build preparedness and aspiration in students from under-represented cohorts: sub-bachelor and enabling programs have a key role to play in supporting equity group participation. (The Interim Report acknowledges the value of Enabling courses in supporting access, p.64).

⁴ Productivity Commission (2022), *5-year Productivity Inquiry: From learning to growth (Interim Report)*, p.56.
<https://www.pc.gov.au/inquiries/completed/productivity/interim5-learning>

⁵ p.130.

Recommendations

The University of Melbourne recommends that the Australian Government:

- *commits to a simple approach to growth funding, in which growth allocations are linked to student demand e.g. based on CGS utilisation.*
- *applies growth funding to all course levels, rather than just to bachelor-level course (i.e. across the full funding envelope).*

Student contribution levels

The University welcomes recognition of the need to reform the Job-Ready Graduates settings. These settings have had little impact on student enrolment choices and have delivered an uneven and unfair spread of contributions between discipline areas, leading to large debts for some students (including many women and Indigenous students). The Accord reforms should address the unfairness in the current arrangements. Changes to student contribution settings should support broad access and also ensure that the income-contingent loans program continues to support funding adequacy as intended.

Recommendation

The University of Melbourne recommends that the Australian Government replaces the unfair Job-Ready Graduates student contribution settings with a new funding model that: supports system growth aligned to demographic factors and real demand; services the need for increased participation in higher education; sets a fairer contribution for students; and covers the full costs of course delivery. Base funding should be complemented with block funding to meet specific needs, such as equity and locational allowances, aligned to each University's mission and community.

Collaboration between the VET and Higher Education sectors

The University strongly supports innovative cross-sectoral approaches to meeting education and training needs in sectors such as medtech, clean energy and defence. These innovative solutions can improve alignment and coordination between VET and higher education, while retaining the distinct aspects of the two sectors and recognising the intrinsic value of education.

For example, an Australian-first medtech hub – led by the University of Melbourne, partnering with RMIT University and Swinburne University, and backed by the Victorian Government – was announced earlier this year. The \$10.77 million Victorian Medtech Skills and Device Hub (VMH) brings together businesses, universities, and dual-sector education providers to develop medtech courses, degrees and internships. The initiative will deliver 1,000 industry-based training places, investment-ready start-ups and support for local companies to develop and manufacture medtech products onshore and expand exports to the booming global market.

Another example is the emerging Goulburn Valley Tertiary Education Partnership that involves GOTAFE, La Trobe University and the University of Melbourne, working in partnership with the local community, to contribute to regional outcomes through pathways to education and jobs.

The Government should pilot various arrangements to test possibilities. Both the Australian and State Governments have a key role in supporting this type of partnership.

More generally, the Australian Government should maintain the two sectors' unique attributes while encouraging proper integration so that students can move between them relatively easily, and so that students can embed units from one sector within a qualification offered in the other. Ongoing reform of the AQF, along with reform of funding settings, is needed to remove barriers to better integration between higher education and VET.

Recommendation

The University of Melbourne recommends that the Australian Government commits to removing barriers to better integration between higher education and VET through AQF and funding reform, including a pilot program to test models.

Teaching quality

The University welcomes the Interim Report's focus on teaching quality, and the need to value teaching-focused academic roles. We also agree with the need to continue to improve on the collection and publication of data relating to student experience and teaching quality. This helps to build transparency and accountability for providers, and it plays an important role in supporting student decision-making. We support the suggested move towards releasing the data on a regular schedule, along with other improvements to the quality and usefulness of this data.

Recommendation

The University of Melbourne recommends that the Australian Government releases data on student experience and teaching quality on a regular schedule and consider other improvements to the quality of these data.

3. Fostering international education

It is crucial that we maintain a broad appreciation of the value of international education. At times, international education is viewed in primarily quantitative or economic terms, with a focus on the number of students coming to Australia to study. Of course, our international education sector is a major contributor to Australia's economy, and international fee revenue has a significant role in university financing. However international education also has significant soft diplomacy value, playing a key role in the development of global relationships and influence. International students who study and stay in Australia embed deep social connections and bring a diversity of experiences, expertise, and perspectives to our local communities. They provide a crucial workforce – e.g. international HDR students constitute a key pipeline for Australia's research and innovation workforce. Those who travel back to their home countries often become valuable ambassadors for Australia through their professional and personal global networks.

With respect to inbound students, the Government's focus should be on the student experience – ensuring that visa processes are sound but not overly burdensome, students are a valued part of the community, students have access to WIL and other enriching experiences, and graduates can stay on and contribute meaningfully to our workforce.

The University implacably opposes an international student tax. Such a measure will seriously jeopardise Australia's reputation as an education destination, resulting in resentment by positioning international students as a revenue source to cover shortfalls in government funding. The move would further entrench the use of international fee revenue to cross-subsidise other activities, thereby exacerbating concerns about an over-reliance on this revenue. Importantly, the tax would represent a major intervention that does nothing to support a high-quality experience for the students that come here and strips funding from university research. Imposition of such a tax would severely hamper the ability of the University of Melbourne to continue with its current ambitious programs to revolutionise our widening participation agenda and improve Indigenous student enrolments and staff appointments – something that also benefits our international student experience. It would be a federal tax on not-for-profit institutions and charities and would drain funding out of the system to fund the bureaucracy that would be required of the Government and universities to manage it.

Post-study work rights

The University of Melbourne welcomes the recognition that international students who remain in Australia after completing their studies make an important contribution to Australia's skills mix. Our higher education system is a key part of the skilled migration pathway for those helping to fill gaps in key areas. We note the recent publication of the list of "CRICOS Courses eligible for extended post-study work rights" by the Department of Home Affairs.

While broadly supportive of the approach of identifying eligible courses on the basis of their alignment with skills shortages, we note that there are inconsistencies in the published list, with some courses omitted from it despite equivalent programs offered elsewhere being included. Noting the risk of distorting the international education market where the list is poorly constructed, there is a need for clarity around the process for selecting eligible courses.

Recommendations

The University of Melbourne recommends that the Australian Government:

- *commits to measures that improve the experience of students coming to study in Australia including improvements to visa processing and ensuring access to work-integrated learning.*
- *does not introduce a tax on international students, for a wide variety of reasons, not least the reputational damage it would cause overseas, thus damaging the very income stream it seeks to tax.*

4. Research and innovation

Past reviews have delivered a solid evidence base for many of the core challenges facing Australia's research and innovation system. The recently published findings of the *Independent Review of the UK's Research, Development and Innovation Organisational Landscape* (the Nurse Review) are particularly relevant to Australia's research system.⁶ The key challenges identified in the Final Report include the failure to cover the full economic cost of university research (i.e. "End-to-end" research support), the impact of excessive bureaucracy on research performance and output, and a lack of stability and predictability in Government funding settings. Each of these are also challenges for Australian research and innovation: indeed, the first issue (concerning the full economic cost of research) is more pronounced in Australia than in the UK. We encourage the Accord Panel and the Australian Government to consider that Review's findings and recommendations when developing reform proposals.

Research funding

The future system must reprioritise research. To that end, the University of Melbourne supports proposals to ensure, over time, that National Competitive Grants cover more of the full economic costs of research. As part of this transition, the Accord should ensure that:

- All new schemes seek to cover a much higher proportion of the full economic costs of research;
- No government schemes should require university cash contributions;
- Specific funds (e.g. MRFF) should fund 100% of the full costs of research.

We note the significant savings to the federal budget delivered by the previous Government through the Job-Ready Graduates reforms and earlier policy and funding changes. While the Government made a one-off increase of \$1B to the Research Support Program (RSP) in 2021 in response to the financial impact of the pandemic, this was in effect giving back Government support that had previously been cut from the sector. A permanent increase to the RSP would restore this funding on an ongoing basis and would represent a tangible step towards meeting the full economic cost of research.

⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1141484/rdi-landscape-review.pdf

Phased over four years, the Medical Research Future Fund (MRFF) could fully fund research projects in the near term, followed by the National Health and Medical Research Council (NHMRC), followed by the Australian Research Council (ARC).

Greater efficiencies could also be aided by ensuring closer alignment between funding bodies such as the ARC and the NHMRC. For example, a single submission system and post-award process for all ARC, NHMRC and MRFF grants could reduce the administrative costs of the granting system. It would also reduce the burden for universities associated with negotiating different schemes with different rules.

The University supports fully transparent costing models, as this will support the growth of co-investment in research funding. The current model presents challenges to industry engagement, as well as academic colleagues from overseas where transparent, cost recovery models operate (e.g. UKRI), who are put off from collaboration with Australian researchers on ARC funded projects where salaries or costs are not recoverable.

Recommendation

The University of Melbourne recommends the Australian Government commits to ensuring that over time National Competitive Grants cover more of the full economic costs of research.

Supporting R&D and industry engagement

Australia's total investment in R&D is low by international standards and has been declining for over a decade. The ABS's recent release of 2021/22 data confirms the ongoing decline of R&D spending as a share of GDP, with the figure falling to 1.68% (down from 1.80% in 2019/20).⁷ This compares with the OECD figure of 2.7% in 2021. The University of Melbourne recommends that the Government commit to a target of R&D spending reaching 3% of GDP, developing a Roadmap for boosting national expenditure to meet this target.

R&D Tax Incentive

This Roadmap needs to address the deficiencies in the current framework of Australian Government support for R&D. The R&D Tax Incentive (RDTI) remains the single largest form of Government R&D funding and the primary mechanism through which it aims to drive private sector research. Clearly, this is just not working: despite this investment, business expenditure on R&D (BERD) has declined since 2008 and sits well below the OECD average. Nor has the public investment made through the RDTI driven the desired increases in industry-research collaboration. Only 3.3% of innovation-active businesses collaborated on R&D in 2018-19, the lowest proportion since 2005-06. This was even lower among small businesses (2.2%).⁸

Given the very high level of public funding consumed by the RDTI and its failure to deliver the desired outcomes, there is a strong case for reforming the program to include criteria to deliver a targeted BERD incentive fund, which provides support for research aligned with national priorities and encourages collaboration between industry and universities. At a minimum, the Government should reform the RDTI to include a premium rate for businesses collaborating with universities and other research institutions. The Accord has challenged the sector to identify funding sources to support its big ideas. Reviewing the RDTI must be a big part of this.

Recommendations

The University of Melbourne recommends that the Australian Government considers reforms to the RDTI, including:

⁷ <https://www.abs.gov.au/statistics/industry/technology-and-innovation/research-and-experimental-development-businesses-australia/2021-22>

⁸ Department of Industry, Science, Energy and Resources, Australian Innovation System Monitor, Businesses collaborating on R&D

- *repurposing at least part of the support currently provided through the RDTI to establish a BERD incentive fund driving research aligned with national priorities.*
- *Introducing a collaboration premium rate for businesses collaborating on R&D with universities and other research institutions.*

Research infrastructure

Greater certainty is needed on the future of the NCRIS program, noting that most NCRIS funding is currently due to end in 2028-29. Previous periods of funding uncertainty have damaged the infrastructure workforce and have resulted in reduced research productivity. The University strongly supports the suggestion of moving NCRIS to a “future-fund style of funding”.⁹

We also note that infrastructure encompasses more than just technology platforms. As recognised in the 2021 National Research Infrastructure Roadmap, it also includes the highly expert people associated with operating and maintaining the infrastructure. The Accord Final Report should include a lens on how the infrastructure and its staff are supported to gain maximum utility.

Currently, national-level investments in research infrastructure are made by different agencies, without sufficient coordination. Examples include: NCRIS, the Australian Research Council LIEF scheme, the MRFF National Critical Research Infrastructure scheme, the MRFF Research Data Infrastructure Initiative, and Critical infrastructure investments from the Department of Industry, Science and Resources. This fragmented approach should be improved to yield greater coherence across agencies, while respecting the varied remit of the different schemes and without reducing the agencies’ individual authority.

Recommendations

The University of Melbourne recommends that the Australian Government:

- *moves NCRIS to a sustainable ongoing funding model.*
- *establishes greater coherence in decisions between Government agencies responsible for investment in research infrastructure.*

Research training system

The Accord provides the opportunity for reforms that help to maximise the benefits generated by Australia’s research training system. As the Interim Report notes, “building the research workforce delivers benefits for the wider society, as many of these individuals will work outside higher education, helping to drive new and innovative ways of approaching problems, based on the expertise they gained in their research training.”¹⁰

National priorities and research training

The Accord should explicitly recognise the foundational and ongoing role of Australian and global universities in generating and shaping the capability to meet the complex challenges of coming decades, in particular the climate and energy transitions. Universities produce a high-quality research workforce with plural capabilities who can tackle deep and multifaceted problems, that will be critical to maintaining quality of life and creating innovative solutions in the latter half of the twenty-first century. The Accord should avoid adopting a narrow focus that seeks to direct Australian PhDs towards currently understood workforce gaps or industrial skill sets. This will undermine Australia’s sovereign research capacity to address known and unknown future critical challenges.

⁹ Interim Report, p. 102.

¹⁰ p.95

PhD stipend rates

An increase to the PhD stipend rate was recommended by many submissions made to the Accord Consultation to support retention and to raise the attractiveness of research training to prospective candidates. The University of Melbourne is raising stipend levels in 2024 to meet the Henderson poverty index (single person including housing); we encourage the Government to consider using this index to calculate Research Training Program (RTP) allocations. The Department of Education raises the base RTP rate by the CPI average of the prior two years CPI; this has proven to be inadequate in periods of high inflation. While the Henderson poverty index is still lagged, it is more responsive to candidates' situations.

Flexibility

A flexible approach to research training will help to increase the number of HDR students from equity groups and continue to foster industry involvement in the research training system. The policy and funding settings designed to support research training are still in many cases configured to a linear, traditional pathway. A key example is given by settings that actively discourage students from undertaking a PhD on a part-time basis, i.e. taxing part-time research scholarships, while full-time scholarships are made tax-free. This acts as a barrier to students from disadvantaged cohorts who are more likely to study part-time, as well as limiting the take up of industry-embedded PhDs.

More generally, the funding arrangements should encourage innovation in the design of HDR programs, allowing for more varied pathways into a PhD. This includes coursework being available in a Masters' cycle, not necessarily all embedded in a four-year PhD.

Data

The Interim Report notes the need for quality data both on the pathways into HDR programs and on career outcomes post-completion. The introduction of the Unique Student Identifier (an outcome of the National RT Implementation Plan) will over time support analysis of career pathways. We recommend that the Government commits to funding and making available analysis of those data as part of a standard higher education reporting framework.

A further issue relating to measuring the outcomes of the research training system concerns the definition of low SES. Residential postcode is a poor measure of financial disadvantage, noting that HDR students are typically mature-age and mobile.

Recommendations

The University of Melbourne recommends that the Australian Government:

- *recognises the foundational and ongoing role of Australian and global universities in generating and shaping the capability to meet the complex challenges of coming decades, in particular the climate and energy transitions.*
- *increases the PhD stipend rate to support retention and to raise the attractiveness of research training to prospective candidates, with future indexation tied to the Henderson poverty index.*
- *ensures flexible settings for research training – including settings that allow for candidates to study part-time, to increase the number of candidates for equity cohorts and to encourage more industry involvement in research training.*
- *supports analysis of HDR pathways data enabled through the introduction of a Universal Student Identifier.*

Research quality assessment

The University acknowledges the cautions expressed in the report "Trusting Australia's Ability: Review of the Australian Research Council Act 2001" regarding the limitations of metrics-based research assessments, and notes that the Government response has requested the Accord Panel to consider the recommendation

in that report regarding the future of measurement of impact and engagement of university research. We recommend that the Accord look to the negative experience of the United Kingdom regarding automated metrics-based research quality assessments. While metrics, AI or machine-learning might be used to support or inform low-risk areas of assessment exercises, evidence from the UK cautions strongly against moving to a fully metricised system. The four UK higher education funding bodies, who jointly oversee the Future Research Assessment Programme (FRAP), commissioned three reports last year as part of a broader evidence gathering process, including a sector-wide consultation to inform decisions on the future of research assessment in the UK. Based on the results reported in late 2022, the FRAP has determined to shift towards a broader and more holistic approach to research assessment.

Recommendation

The University of Melbourne recommends that the Australian Government avoids seeking to implement a fully metricised system for assessing research quality.

5. Governance

Council appointments and governance

As highlighted in the Interim Report, the State University Acts determine the requirements for the appointment of new members to University Councils. In Victoria, these requirements include that an equal number of members be appointed by the Victorian Government and by the Council itself, in addition to elected members and 'official' members. Importantly, the Government could maintain an appropriate level of oversight of University Councils without directly appointing members through the use of an agreed skills matrix. This could address the interest raised in the Interim Report regarding the current expertise of Council membership while supporting institutional autonomy, a key principle of the Australian higher education sector.

Universities as good employers

Australia's higher education sector is subject to a range of workforce-related accountabilities and oversight measures, in accordance with Federal and State legislation. Greater investment in workforce planning is key to creating meaningful career pathways that attract, develop and retain high-performing staff that meet the specific needs of Australia's diverse universities. It is also essential to reducing reliance on temporary employment through casual engagement and short duration contracts and increasing workforce participation from under-represented Australians. This focus will address issues of staff security of employment, staff experience and wellbeing and the quality of our learning and support for students.

Reliable and transparent workforce data is the critical foundation for progressing change. At present, regulatory reporting requirements regarding workforce data offer limited insights into employment context and patterns at the organisational level and amongst comparable universities. Annual reporting under the *Financial Management Act 1994*, for example, construct workforce disclosures at 31 December (for continuing and fixed-term staff) and for the last full pay period of the reporting year (for casual staff). This fails to take into account staffing trends across the academic calendar. Nor do existing reporting mechanisms reveal tertiary sector workforce patterns in a systematic or consistent manner that reflects the diverse contexts of our institutions.

The introduction of a national mechanism for reporting on workforce data, together with a forum for sharing innovation in best practice workforce planning, systems and processes, between sector members and comparable institutions, would build transparency in the sector's current and projected workforce. Such a mechanism would need to complement the existing, multi-tiered obligations in place for the governance of Australian universities, rather than be in tension with these layers of oversight. Positioned appropriately, however, it would produce transparency and fluency in comparative approaches to drive best practice and innovation.

Recommendations

The University of Melbourne recommends that the Australian Government:

- *recognises the importance of university autonomy concerning the appointment of Council members.*
- *introduces a national mechanism for reporting on workforce data, together with a forum for sharing innovation in best practice workforce planning, systems and processes.*

Student safety

The University is committed to constant refinement of its framework for ensuring that we maintain a safe environment for students, including maintaining a zero-tolerance approach to sexual assault and harassment, and improving support for victim-survivors. Key actions include:

- **Governance:** The Respect at Melbourne Committee has been established to oversee and advise on the implementation of the Sexual Misconduct Prevention and Response Policy (approved in 2021) and its associated program of work, captured under the new Respect Action Plan. The Respect at Melbourne Reference Group is a broad, inclusive and diverse consultative forum for faculties, University services, student organisations and affiliated colleges to provide input and feedback on the Respect Action Plan for eliminating sexual misconduct.
- **Consent/Respect training:** As part of the University's [Respect Action Plan](#), consent training is now compulsory for all students. To ensure compliance, the University has taken the step of withholding the results from students who are yet to complete the required modules (note: as of July 4 this year, 47,716 out of 48,878 students had completed the training). The University's Respect Committee had committed to replacing Consent Matters with a tailored University of Melbourne module, to be introduced from 2024.
- **Respect education for staff:** Respect education is compulsory for all University of Melbourne staff (both permanent and casual). In 2023, two elective programs have been introduced in addition to compulsory training: "Courageous and Respectful Conversations", and "Applying Trauma-Informed Care". Both electives have been fully subscribed.
- **Student complaints:** The University's 'Respect Reference Group' is progressing recommendations made by the University of Melbourne Student Union (UMSU) regarding sexual misconduct complaints processes. A designated internal investigator has now been recruited, and a review of student disciplinary procedures is being undertaken.
- **Colleges:** a quarterly meeting is now held between the Office of the Provost, with representative Heads of Colleges and representatives from UMSU and the University's Graduate Student Association to discuss sexual misconduct issues, and potential for improved collaboration on training and information sharing. All University of Melbourne owned and affiliated colleges run in-house consent training.

The University has published a Sexual Misconduct Annual Report since 2021, making publicly available information on the number of complaints and the outcomes of them, as well as University actions and initiatives. The 2022 Report can be found [here](#).

A challenge for the newly established Working Group will be to ensure that it adds value to the existing measures intended to support best practice concerning student and staff safety: university peak bodies already play a key role in sharing information relating to effective institutional practice, and higher education providers are subject to requirements set out in the Threshold Standards overseen by TEQSA.

Recommendations

The University of Melbourne recommends that the Australian Government ensures that the newly established Working Group works with the sector so that any new measures are aligned with and add value to the existing measures designed to support best practice around student and staff safety.