

Response to the Australian Universities Accord Interim Report

Martha Kinsman

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Introduction

Thank you for this opportunity to respond to the Interim Report of the Review of Australia's higher education system. This submission addresses three issues discussed in the Report. They include the need for a more definitive enunciation of the overarching purpose of an expanded higher education system, the creation of a new cross-sectoral institution specifically designed and funded to span the sectoral divide by providing stackable degree qualifications, and a more explicit recognition that affordability is an essential ingredient of higher education equity and that this will entail a fundamental redesign of current tuition fees and the related higher education loan program (HELP). My comments here are made in a personal capacity and reflect my career experience in tertiary teaching, in educational research and policy development and as a TAFE senior manager.

1. The purpose of expanding higher education

The Report's clearest statement of the goal for expanding higher education is '*skills through greater equity*' and occurs in the context of its discussion of national workforce skill needs. This goal reads like a functional descriptor of the current VET sector. The statement fails to acknowledge the broader roles of higher education in knowledge production, in transforming and optimising the life choices and opportunities of individuals and in contributing to community well-being as has recently been emphasised by the current Australian Treasurer. These broader aims may or may not be directly aligned to the perceived skill needs of the economy at any point in time. At the very least, the goal statement should be rephrased to refer to '*knowledge, skills and capabilities*'.

The Report's emphasis on labour market forecasting as a means of identifying the mix of skills needed in higher education is not well justified by the evidence of past efforts in this area. It needs to be tempered with greater recognition that student participation and demand are a result of complex drivers including more localised skill ecosystems and community values. Students are often more alert and responsive to these signals than the more macro-level planning authorities such as Job Skills Australia. The social/public benefits of more generalist degrees, especially for younger students, warrants greater emphasis. This raises the question of the extent to which higher education should be demand driven rather than priced to prioritise predicted workforce needs, a question which the Report largely avoids.

2. A purpose designed publicly funded cross-sectoral institution

Both the Review's Terms of Reference and the Interim Report tend to elide the concepts of 'universities' and 'higher education'. References to quality higher education and the need for degree

level skills are often equated solely with the programs of Australian universities, reflecting a presumption that their dominance will continue across the entire domain of higher education. As the Report recognises, the Australian higher education system is one of the least diverse within the OECD. The Report rightly suggests that this could be mitigated by greater diversity of institutional missions, but it is unrealistic to believe that current universities will willingly accept roles and functions which threaten their perceived status in research-oriented knowledge production.

The Review's final report, therefore, needs to explicitly recognise the broader tertiary education context in which public universities operate and to explore the potential for both non-university higher education providers and TAFE institutions to play a more active role in achieving the necessary expansion of degree qualifications across wider sections of the Australian community. In this regard, the suggestion in the Interim Report that Commonwealth Supported Places (CSPs) and a universal learning entitlement be made available through non-university higher education providers is a welcome step forward and should be rephrased as a strong recommendation of the review.

There is also a need for a more detailed consideration of the intersectoral rigidities and barriers that inhibit student mobility and distort student choice. The Interim Report seems overly optimistic about the potential for credit pathways from VET courses to degree level study as a means of overcoming these entrenched rigidities. Currently, the VET and higher education sectors inhabit parallel worlds. At the highest level this is evident in the sector-based split of Commonwealth Ministerial responsibility.

These barriers are partly due to different funding, reporting and quality assurance requirements but are also a manifestation of the incompatible structure of qualifications offered by each sector. Universities jealously guard the integrity of three and four year pass degrees, resisting their partitioning into smaller but still valuable component qualifications, while the highly prescriptive national VET qualifications all concentrate on specific workforce skills. Many of these VET qualifications are explicitly knowledge-averse and provide an inadequate basis for credit transfer or even admission to higher education. Proposals for more systemic and fluid intersectoral connections require significant curriculum compromises that are likely to be strongly (and successfully) resisted by powerful institutionalised interests in both sectors; success is likely to occur only at the margins and is sustainable only to the extent it enjoys the close attention and commitment of individual leaders rather than any systemic support framework. This has been the experience of many past attempts at cross-sectoral pathways and there are few grounds for thinking that the experience will be different this time around.

The Review's proposal for a Tertiary Education Commission (TEC) is welcome and may provide some impetus towards softening these rigidities but its enactment is likely to face a protracted pathway of negotiations between competing interests at both the State and Federal levels while the experience of the 1970s indicates that the compromises necessary to obtain stakeholder consensus and bipartisan support will limit its influence to the margins of educational change.

For these reasons, I suggest that the Review concentrate on recommending the timely establishment of an institutional network that is purpose-designed to bridge this sectoral divide. This could be

achieved with a reworking and elaboration of the Interim Report's suggestion for a new national regional university, creating instead, a National Open University or National Institute of Tertiary Education. This Open University would have an explicit charter to provide affordable CSPs at all levels of stackable higher education degree and sub-degree (accredited Associate Degrees and Diplomas) qualifications, with open admission for adults and with a network of regional centres. Compared with existing public universities, the Open University would, by definition, have a lesser role to play in cutting edge research but could take a national lead in research in quality teaching and learning including flexible curriculum design. Such an open tertiary institution could be expected to make a relatively immediate and significant contribution both in the provision of more flexible higher education course structures and in changing community perspectives on who can and should participate in, and benefit from, higher education.

The Review Panel should not, however, underestimate the likely opposition to this proposal from vested interests. A proposal for an Open University was adopted by the Whitlam Government in 1972 and was supported by the Chair of the Tertiary Education Commission and the newly created TAFE sector. Later, in the form of a National Institute of Tertiary Education (NITE), the proposal was reprised with support from the Education Minister during the early years of the Hawke Government. On both occasions, the idea floundered and was abandoned in the face of concerted opposition from universities and colleges of advanced education. Success this time around will depend on clear and unambiguous direction from the highest levels of the Australian Government.

The proposal for an open tertiary institution should not be conflated with the Review Panel's recommendation for a number of regional university Centres that has already been accepted by the Minister. Such centres are obviously in the interests of some universities, particularly those in outer metropolitan areas. However, these Centres will foster the dominance of existing universities in a form of outreach education where their performance has been questionable and the costs unnecessarily high. Eligibility, admission and progression of students at these Centres will remain at the discretion of individual universities. Their establishment continues to discriminate against non-university higher education providers including TAFE and community providers who have demonstrated a superior ability to respond to location-specific educational disadvantage. Therefore, these Centres should be regarded as a stop-gap only, their number should be limited and they should not be accepted as an alternative solution to a new national open university.

3. Affordability as prerequisite for equity

The current HELP arrangements are a barrier to equable access and attainment in higher education. The costs to students are the second highest within the OECD while the system of indexing loans means the debt increases most for those students who cannot afford to pay up-front, or to repay the loan quickly upon graduating.

The Interim Report is curiously indecisive about the future of the HELP program, implying that it should probably be continued with some minor (unspecified) adjustments to make it 'fairer'. However, the continuing validity of the basic assumptions and principles on which HECS was based, and which

have been continued in a distorted form by the HELP scheme, require a more thorough analysis and review. The original HECS scheme was justified on the basis that students with access to higher education would acquire a 'positional good' that was available only to a selective and privileged minority, enabling them to access relatively higher occupational and socio-economic wealth and status. The student contribution was a balanced portion of the estimated private benefit of the qualification with the public benefit always estimated at more than half the total average equivalent full time (EFT) unit cost. The threshold for repayment was set at well above the minimum wage and approximated average weekly earnings.

Now, with more than half the relevant age cohort expected to access higher education, the argument for 'positional' private benefits accruing to degree holders is greatly weakened. Tuition fee increases mean many students pay almost the full direct unit cost of their education and, at \$51,500, the threshold for repayment is closer to the *minimum* wage and only slightly above half annual average weekly earnings (\$95,576). Higher education financing by government has ceased to represent a public investment in future 'human capital' and has been reinterpreted as yielding an almost exclusively private benefit with the public asset defined only in terms of the debt accruing from student loans.

It is not surprising that adult students and those returning to education in particular, may not see the value in pursuing the skills and knowledge needed by the economy when they consider the high cost of their potential HELP debt compared with other calls on their income. Australian productivity and economic progress will suffer as a consequence.

Given the intention to create a genuinely accessible higher education system and a culture of lifelong learning, the rationale for the current loan system as almost solely a liability of individual students needs to be rejected in favour of a greater government funded grant component. Indeed, a case can be made for the replacement of HELP with a universal income levy. This would equalise the intergenerational contribution to the benefits of higher education. Such a proposition warrants consideration as part of a comprehensive expert review of the HELP and VET-HELP schemes.

I would be happy to answer any questions or provide further information to the Review Panel on the issues raised here and on related topics addressed by the Interim Report.

Dr Martha Kinsman
Visiting Fellow
Australian Studies Institute
Australian National University
martha.kinsman@anu.edu.au

