

Department for Industry, Innovation and Science

Australian Universities Accord Interim Report

Submission from the South Australian Government

August 2023



South Australian Government Submission to the Australian Universities Accord Interim Report

Introduction

The Australian Universities Accord Interim Report (the Report) highlights five immediate actions and a range of policy considerations. This submission responds to actions and considerations that are in the best interest of South Australia and how they support the achievement of our economic objectives and meet critical workforce needs.

South Australia's Economic Statement has three interrelated missions, one of which is to "build SA's talent". The Accord process plays an important role in the design and implementation of reforms to the higher education sector that will contribute to the successful outcome of this mission - which looks to address a spatial mismatch of skills, a skills and education mismatch, and barriers to participation.

The South Australian Government notes the Report's discussion of the challenges for some Australian universities in maintaining financial stability and that in the current context, one of the few levers available is to increase scale.

South Australia is at the forefront of higher education reform with the creation of a new university for the future, Adelaide University, which will drive the innovation and scale needed to make transformational investments in teaching, learning and innovation for South Australia and beyond.

It is envisaged that Adelaide University will be sustainably positioned in the top 100, will secure a greater share of funding for high quality research, will work actively with local business and industry and be accessible to students from all socio-economic backgrounds.

As the establishment of Adelaide University progresses over coming months through the Parliamentary approval process, the South Australian Government would support engagement with the Accord on progress and how this opportunity can contribute to the future roadmap for national higher education reforms.

The South Australian Government supports the immediate priority actions that focus on equity, improving and increasing access for underrepresented groups, extending current interim funding arrangements and improving university governance.

A future model that encompasses an integrated tertiary education system is critical to meet South Australia's economic growth and industry workforce needs. The strength of TAFE SA and our university sector, underpinned by reforms that encourage parity of esteem between the two sectors, will broaden student access, strengthening the capacity and reach of the system, particularly in regional areas, and addressing critical shortages of higher skills in the economy.

The South Australian Government recommends the Accord consider reforms in their Final Report that strengthen the higher education system to meet both national and state priorities and develop a pathway for long-term improvements that address the challenges and opportunities for a sustainable and responsive university sector that contributes to the nation's wellbeing and prosperity.

Immediate actions

The South Australian Government supports the five immediate actions set out in the Interim Report.

Priority 1 - extend visible, local access to tertiary education by creating further Regional University Centres (RUCs) and establish a similar concept for suburban/metropolitan locations.

- The creation of more Regional University Centres (RUCs) and similar models in outer suburban areas to provide greater access and improve student participation is supported.
- TAFE SA operates from 34 training locations across South Australia and is actively exploring options to increase delivery in regional South Australia. In developing RUCs in South Australia, an opportunity exists to develop tertiary education precincts in regional communities through co-locating with TAFE SA campuses, either in existing sites or expanded locations across the State. This will allow for enhanced collaboration and pathways, as well as potential efficiencies in infrastructure and the provision of wrap around services in local areas.
- In establishing any RUC, adequate funding will also need to be considered to fully service student needs. The RUCs, particularly if collocated with TAFE SA training locations in SA, will represent a significant extension to the provision of tertiary education offerings in South Australian regions, and a major step toward building retention and completion rates for students in regions, including those wishing to reskill later in life.
- In addition to expanding the number of RUCs, additional funding should also be available to providers who offer on-campus (as opposed to online) courses in regional areas. More funding is needed to incentivise and subsidise universities to increase their subject and degree options at these campuses, in recognition of the substantial costs of delivering offerings to smaller numbers of students in regional settings.

Priority 2 - cease the 50% pass rule, given its poor equity impacts, and require increased reporting on student progress.

- While aspects of the Job-ready Graduate (JRG) package were aimed at increasing the number of graduates in areas of expected employment growth, they were built on the assumption that students would base their enrolment choices on the student contribution charged. Enrolment data highlights that this is not the case, and indeed that these changes have disproportionately affected some cohorts, such as Aboriginal and Torres Strait Islander students and females. As such, the immediate removal of the 50% pass rule is welcomed.

Priority 3 – ensure that all First Nations students are eligible for a funded place at university, by extending demand driven funding to metropolitan First Nations students.

- Extending demand driven funding to all First Nations students will have a positive impact on levels of participation and is a welcome priority action.

Priority 4 – provide funding certainty, through the extension of the Higher Education Continuity Guarantee into 2024 and 2025, to minimise the risk of unnecessary structural adjustment to the sector. Interim funding arrangements must prioritise the delivery of supports for equity students to accelerate reform towards a high equity, high participation system.

- This action is supported. Providing funding certainty will allow providers to better prepare for significant reforms to the sector and will ensure the focus on student outcomes, particularly for equity cohorts, remains.

Priority 5 – through National Cabinet, immediately engage with state and territory governments and universities to improve university governance, particularly focusing on universities being good employers; student and staff safety; membership of governing bodies, including ensuring additional involvement of people with expertise in the business of universities.

- It is agreed that effective governance of higher education institutions is essential to promote positive institutional cultures. This action is supported and is timely given the Government is currently in the process of drafting legislation for the creation of a new university in the State. This is an opportune time to ensure the State's universities have modern governance frameworks, consistent with high standards of fiduciary responsibility, that provide the appropriate capability of key decision-makers who are required to deliver on an institution's strategic vision and be exemplar employers.
- In order to facilitate a more integrated tertiary education system, consideration should be given to having VET/TAFE representation on university Academic Boards and vice versa. This would facilitate greater understanding and collaboration across the tertiary education sector, providing critical expertise to providers to assist in reducing the barriers that exist between university and vocational education and training.

Evolving the mission for higher education

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

The Government supports policy considerations that contribute to the knowledge, understanding and power inherent in higher education to help build a nation of reconciliation and equity.

Achieving this through initiatives that reduce barriers for First Nations students, such as receiving a Commonwealth Supported Place (CSP) regardless of their location, is welcomed. Further consideration should be made to extending funding for support services, to provide First Nations students the best chance of success at university.

More students enrolled in higher education, a fair system that ensures access and attainment, a larger system that better meets national jobs and skills needs, and equity in participation, access and opportunity

The priority policy consideration to ensure that all students from equity cohorts are eligible for a funded place at university via a newly created universal learning entitlement is supported. Providing Commonwealth Supported Places to all students from equity cohorts will enable a sizable and sustained increase in participation, which will bring with it the associated workforce and societal benefits from these cohorts, who will be critical in addressing Australia's current and future workforce challenges. That said, increasing tertiary education participation and attainment rates for equity cohorts and underrepresented communities will only be achievable through the development of policies and funding that provide important support services such as disability support, counselling and access to culturally safe spaces. Fundamentally, sufficient funding that is applied based on head count and not Equivalent Full Time

Student Load is needed. University costs associated with support services for students are the same whether the student is part time or full time.

Additional policies that provide seamless entry and exit to tertiary education, coupled with a student-centered, needs-based funding model that recognises the additional costs involved in teaching and supporting students from equity groups and underrepresented communities regardless of their location is essential, and should be actioned by the Accord. This, together with improved income supports, opportunities for part-time study and reducing overly burdensome student debt, will help to reduce unnecessary pressure on students, will result in improved participation and attainment rates and will improve student experience and wellbeing.

Meeting Australia's future skills needs

The consideration of new policy levers to enhance capability across the tertiary education sector, enabling it to respond rapidly to Australia's skills needs and deliver the necessary number of graduates with professional, disciplinary and high order generic skills is supported. Regardless of the approach recommended by the Panel, it is critical to ensure that courses embed work integrated learning approaches as a central pillar of degree offerings. This is vital for not only supporting students to build capabilities, translating into work ready graduates for industries, but also to strengthen the development and design of innovative courses and programs, in partnership with industry, that are responsive to rapidly changing needs of the workforce.

The establishment of a national jobs broker system, to support students to find work placements and part-time jobs in their fields of study, and the provision of incentives and financial support to improve work integrated learning and placements is a positive step towards ensuring students develop the skills to succeed and be work ready upon graduation. It will also help reduce barriers for students who have traditionally had to forego paid work in order to undertake unpaid placements.

Addressing Australia's future skills needs cannot be achieved by universities alone. Consideration of how to build a more integrated system, with Vocational Education and Training (VET) and the higher education sector more broadly, are strongly supported. That said, the current model for CSP funding represents an impediment to this united and integrated approach.

This is clearly demonstrated by the fact that most TAFE SA higher education students are ineligible for CSP funding. There are no CSPs, for example, for TAFE SA Associate Degree in Engineering students, nor Bachelor of Tourism, Hospitality and Event Management students (which are the majority of TAFE SA's higher education courses).

This exclusion means students are required to pay full fees even though a significant proportion of these students come from low socio-economic and other disadvantaged backgrounds. This contrasts to universities, where the CSP funding scheme substantially subsidises students to study courses in undergraduate qualifications. If TAFE SA had CSP funding for degrees, associate degrees and higher education diplomas, investment could be made in embedding VET into those training products and promoting co-delivery with universities. This would make the pathways and credit arrangements much more seamless for students wishing to develop skills in each environment, such as tradespeople and technicians who wish to upskill.

Further considerations should encompass:

- developing seamless pathways and credit arrangements between the VET and higher education sectors.
- removing the 20% additional fee for VET higher education students accessing student loans under the FEE-HELP scheme, that is not applicable to university students. This additional fee creates an immediate inequity, which unfairly penalises higher education students enrolled with non-university providers.
- equitable funding arrangements for VET and higher education institutions in the design and delivery of microcredentials, to reduce market distortion and ensure offerings are in response to industry demand.

Fundamentally, building an integrated tertiary education system will better provide equity and access to all students and deliver stronger educational, economic and workforce outcomes for the nation.

Fostering international engagement

It is pleasing to see the recognition throughout the Report of international education's role as 'a crucial element of Australia's soft diplomacy and the generation of relationships and reputation across the world'. The policy considerations highlighted to foster international engagement will support the change needed to improve the experience for international students in Australia, and the expansion of Australia's partnerships through education and research globally.

To enable Australia to most greatly benefit from the international students that study in Australia, and wish to stay and contribute to our workplaces and community, the integrity and accessibility of visa pathways for international students is fundamental. For Australia to continue to grow a skilled workforce at the rate it aspires to, to be a world leader in industries that are globally competing for talent, there is a need to increase the number of domestic and international students that are graduating and importantly securing roles in our workforce. This objective should also be reflected in the concurrent Migration Review.

In partnership with the Migration Review and in support of 'Meeting Australia's Skills Needs' there needs to be consideration of how international students, as well as domestic students, graduate with the skills and experience for the roles Australia requires. In particular, work integrated learning needs to be factored into an international student's study experience and not be seen as a part of their optional work activities. This will allow international students to graduate fully prepared to contribute to the Australian workforce if they choose. Similarly, it will strongly position them to compete for roles in their home country or a third country, reinforcing and building the reputation of an Australian education globally. Again, this needs to work in alignment with the Migration Review outcomes to ensure policies are all working to deliver on the ambition of the Accord and do not result in negative unintended consequences.

Research, innovation and research training

South Australia strongly supports the need for research funding to be placed on a sound and more predictable footing - to build a strong, vibrant and high-quality research and innovation ecosystem that will help drive future economic growth, productivity and wellbeing.

In order to strengthen the capacity and capability of the research sector in South Australia, greater investment in research funding is needed. The Accord Panel have identified further consideration of policies to move over time to ensure National Competitive Grants cover the full cost of undertaking research. Addressing this as a recommendation in the Final Report will remove the vulnerabilities associated with cross-subsidisation from other sources and allow for greater investment in attracting and retaining world-class research talent, research infrastructure and other strategic research priorities.

Creating the foundations of a high functioning national system

A coherent national tertiary education system

A future model that encompasses a whole, integrated tertiary education system is critical to meet South Australia's economic growth and industry workforce needs.

As alluded to above, South Australia supports considerations by the Accord Panel that encourage parity of esteem between VET and HE sectors. This will highlight the increasingly important role that the VET sector plays in broadening student access, strengthening the capacity and reach of the system, particularly in regional areas and addressing critical shortages of higher skills in the economy. Policy considerations should include, but are not limited to:

- enabling VET providers, such as TAFE SA, to be authorised through legislation to accredit vocational training curriculum in line with the university sector who are self-accrediting. This will encourage the development of agile and responsive curriculum to meet critical industry skills needs such as green technology, hydrogen, aged care and disability. This will become even more important with advances in technology such as AI and cyber which require a significantly faster approach to curriculum development to remain relevant and responsive to industry needs.
- streamlining the regulation of dual-sector providers to reduce the significant investment of administration required to meet the standards of both regulating bodies such as TEQSA and ASQA, including regulation across the two regulatory bodies for international students under ESOS Act and associated CRICOS registration.

Sustainable funding and financing

Policy approaches that provide long-term stability, are dynamic in responding to changes in student mix and demand, and protect against rapid shifts in funding that are beyond the capacity of institutions to adapt are strongly supported.

That said, the proposal to apply a levy on international student fee income to provide insurance against future economic, policy or other shocks, or fund national and sector priorities such as infrastructure and research, is not supported by the South Australian Government. The Report speaks to the entire benefit of the international education sector in Australia, including the importance it plays in soft diplomacy, international collaborations and promoting global connectivity. A levy appears counter to these benefits and the aspirations outlined in the Report, and would act as a negative drag on the nation's efforts to attract international students.

The Report notes that university research has become too reliant on international student revenue. While it is expected that this reliance would be removed if the cost of research was fully funded, there is the

potential that a levy would simply be redirected to other areas of activity that are not sustainably funded in their own terms, signaling that international students are recruited for income purposes and diluting the recognition of the myriad ways international students enrich our society.