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Professor Mary O’Kane AC
Chair
Australian Universities Accord Panel

Website: https://submit.dese.gov.au/jfe/form/SV_bj8PzeOCakX7oH4

Dear Professor O’Kane

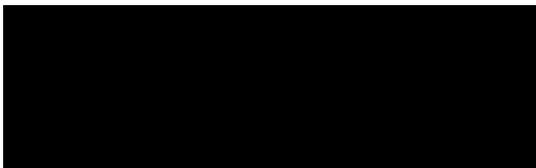
**Australian Universities Accord: Interim Report
Submission from Macquarie University**

Thank you for the opportunity to respond to the July 2023 *Interim Report* on the Universities Accord.

As you requested, the attached submission is deliberately brief and focused. However, much more detailed material is available should you need this.

I look forward to continuing to engage with you and the Accord Panel and wish you every success in the preparation of your final report.

Yours sincerely



S. Bruce Downton MD

Attachment

Australian Universities Accord: July 2023 Interim Report Submission from Macquarie University

Macquarie University welcomes the opportunity to respond to the July 2023 *Interim Report* on the Universities Accord.

Overall Reaction

The Accord Panel is to be congratulated for preparing an *Interim Report* with:

- a strong commitment to the propositions that ‘a high-quality and equitable higher education system is now essential for Australia’ and that this will require significant growth;
- a focus on the necessary relationship between equity and productivity, leading to arguments for a universal learning entitlement and for the entitlement to be extended as a first step to equity cohorts;
- a recognition of the need to ensure student affordability;
- support for a move from historic considerations of access for equity groups to a system which also promotes success and completion;
- a proposal for a First Nations Higher Education Council, as a voice for strategy in the sector; and
- a call for systems shifts which would establish ‘an integrated tertiary system’ and which would ‘connect’ higher education with VET.

Feedback about the *Report* from staff and students at Macquarie indicates general support for the ‘critical first steps’ proposed in the *Report* and now adopted by the Government as well as for the proposed system shifts. For students, this particularly included improvements to university governance, focused on safety.

Understandably, students were also very engaged with both addressing financial barriers to study and with developing a system committed to teaching excellence and collaboration.

There was disappointment that, while the *Interim Report* gives considerable attention to ‘equity in participation, access and opportunity’, it does not take up points made in the University’s April submission on the need to pay particular attention to neurodivergence as part of the sector’s responsibility to help students of different abilities to thrive. Other students with disabilities also benefit from careful, deliberate support. Macquarie also advocates for inclusion of those from refugee backgrounds in considering equity groups’ access and success in higher education settings.

There were calls to find ways to encourage more students to study in areas of need, particularly by reaching out to parents and high school teachers.

There were calls for changes to the way learning is measured, with a shift away from duration to skills, knowledge, and attributes.

There were also calls to cut back class sizes across the sector, with the point made that smaller tutorials enable greater engagement and increase the likelihood of retention, particularly from first generation and other equity groups.

One significant gap in the *Interim Report* is that there is no reference to the academic boards of universities and their central role in ensuring academic quality. This issue will be developed in a separate submission from Macquarie University's Academic Senate.

A More Diverse Sector

The *Interim Report* rightly addresses ways to 'facilitate and encourage change and evolution in the type, diversity, size and number of tertiary education institutions.' The need for change particularly applies to regional universities which under the current system face many difficulties. Macquarie University recommends that opportunities are explored for creating stronger partnerships in both teaching and research between regional and metropolitan universities to enable partners to take on complementary and more diverse roles. (Potential models here are the University of California system and the federated University of London.)

By contrast, the proposal for a National Regional University seems misplaced and would probably disadvantage existing regional universities by adding to competition for those students and staff who want to live outside the capital cities.

Transformed Learning and Teaching

The *Interim Report* is right to identify 're-skilling and lifelong learning' as a possible system shift. That means the sector needs to find ways to educate people throughout their working years, rather than focusing on the 18–34-year age group. This is evident from Macquarie University's involvement in the Institute of Applied Technology-Digital at Meadowbank (referred to in the *Interim Report*) where enrolments continue to be predominantly from people aged between 35 and 44 with most in full-time employment.

As the *Interim Report* recognises, people with family responsibilities and mortgages cannot be expected to leave work and the Report envisages 'transformed learning and teaching' with a larger role for technology. However, to do this, the sector faces a considerable challenge, one that applies to all students engaged in online learning. It will need to develop better ways of shaping online communities to ensure belonging as well as forms of teaching which build the kinds of collaborative skills that graduates will need to bring to their employment.

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

Macquarie University strongly supports the proposed system shift to place First Nations 'at the heart' of higher education. However, current funding through HEPPP and ISSP is not enough to achieve considerable impact. What is needed is a form of national priority funding for Indigenous higher education which will incentivise success.

The University also supports the creation of a First Nations Higher Education Council as well as the appointment of a First Nations Tertiary Education Commissioner. The Council could be attached to the Department of Education to ensure appropriate funding/resourcing and should consist of representatives from First Nations, higher education and vocational education, formal partnerships schools, industry, and professional organisations.

The Council could play a significant role in developing compacts, particularly by ensuring that First Nations higher education is as much focused on success as on access. That success should not only be defined by parity or equity; it should be aligned to new forms of Indigenous self-determination.

Turning to the priority actions identified in the *Interim Report*, the introduction of demand-driven places for all First Nations students will require clear goals within CSP contracts so that universities undertake positive investment.

The imminent reversal of the JRG penalties on first year students who do not pass over 50 per cent of their studies is welcomed and will enable a more successful transition into higher education. A related initiative, which again would support that transition, would be to allow First Nations students to access ABSTUDY in first year while undertaking a part-time (two unit) load.

To develop more high school pathways, current initiatives such as obtaining vocational qualifications at school should be expanded to include university options (for example, board endorsed courses for specific units). To fund this, scholarships to equity students should cover the student contributions to universities.

Finally, exit qualifications are needed to allow for students to pause their studies at certain points, exit with a qualification and later re-enter. A first level exit qualification could be the extension of undergraduate certificates.

Reprioritised Research

The *Interim Report* offers a clear diagnosis of current problems with research and rightly calls for its 'reprioritisation.' This begins with improvements to National Competitive Grants by increasing funding and addressing the need for full direct and indirect costs along with enhanced engagement with business.

As to full costs, the first step must be to recognise that it is not only indirect but also direct costs associated with competitive grants that are not being covered. (The NHMRC, for example, only funds part of the direct costs of research it supports.)

At the same time, the sector needs a whole-of-government approach to funding research. Universities play a vital role in advising government, but many government agencies are not funding all the direct costs of the research they commission as well as not contributing to the indirect cost recovery.

Current financial circumstances rule out Commonwealth funding for all of the costs of research, noting that the 2020 shortfall on indirect costs totalled nearly \$7.6 billion. Therefore, Macquarie University recommends, as a funding arrangement to ensure a continuing 'world-class research system,' that Government:

- resource research funding organisations to enable them to fully fund direct costs;
- return to an approach which the Gillard Government proposed but was unable to implement when faced with the Global Financial Crisis and establish a government contribution which over time would provide 50 cents for every dollar awarded by funding organisations towards indirect costs, including funds from all departments which engage with universities in research;
- have universities make up the remainder; and
- at the same time, have universities commit, as part of the compact process, to using additional revenue from international students to support major Accord goals (for example, funds could be used to improve the experience of international students, particularly by addressing accommodation issues).

The *Interim Report* also raises the possibility of establishing a levy on international student earnings to contribute to infrastructure across the sector. This would appear to transfer the problems the Panel recognises are associated with relying too heavily on international student revenue for research to the very infrastructure that makes that research possible. The proposed levy would also work to the advantage of the few most highly ranked universities, those better able to pass on the cost through higher fees. Macquarie University strenuously rejects the notion of such a levy on international student fees as being sound policy.

Instead, the alternatives proposed in the *Interim Report*—starting with an extension of NCRIS and including a government fund along the lines of the Education Investment Fund, co-investment with government, and better leverage of university assets—are more compelling.

The University supports proposals to improve HDR student stipends, noting that a significant increase in funds would be necessary even to bring the rate paid to all students up to the poverty line, let alone support the increase in student numbers which the *Interim Report* identifies as necessary for the country's future research needs. The University also supports the proposal to make industry-linked and part-time research training scholarships tax free as a way to support equity groups and encourage collaboration with industry.

The University's Deputy Vice-Chancellor, Research (Professor Sakkie Pretorius) will make a separate submission, responding in more detail to specific proposals covered in Part 2.7 of the *Interim Report*.

Sustainable Funding and Financing

Macquarie University strongly supports proposals for longer-term funding arrangements for the sector and to put in place effective forms of mission and place-based compacts which recognise and support the distinctive contributions of different institutions in different parts of the country. At the same time, replacing the JRG program with more equitable arrangements is essential.

Observations in the *Interim Report* around providing greater certainty of funding to universities (for example, over five years) are welcome. More broadly, the ‘considerations for change’ on p. 139 of the *Interim Report* are supported, other than (as noted above) the possibility of introducing a levy on international student fees.

The current funding system is too focused on the short term. Significant year-on-year swings in revenue are occurring at the same time as changes to employment legislation and the move to decasualise the workforce mean that the cost base is getting more and more fixed.

The current funding system is also helping to perpetuate a ‘two-speed’ higher education economy. A small number of older/larger/higher ranked universities (the Group of 5) are by far the biggest beneficiaries of revenue from international students as well as by far the biggest recipients of Government research funding. Hence, they have the biggest surpluses and the most to reinvest in infrastructure, scholarships, etc, which perpetuates the cycle.

If funding for teaching is to be linked to some form of activity-based costing, it needs to take account of significant variations across different student cohorts and geographies, as well as across disciplines. For example, salaries (~60 per cent of the ‘cost to teach’) in Sydney are considerably higher than in other parts of Australia. So, an ‘efficient’ cost to teach in Sydney, all things equal, will be higher than an efficient cost to teach elsewhere. City-based universities should not be penalised in a new funding model merely by the reality that costs of employing staff are higher etc.

As a way of encouraging innovation, Macquarie University recommends that the funding model should include a provision in the compact process to allow a university to negotiate with the Department of Education on trialling initiatives not found elsewhere in the system. A small pool of funds could be used to allow for experimentation in areas that could ultimately benefit the whole sector and Australia at large.

Contemporary data and information

Recent improvements to data capture and reporting across the sector should continue and be built upon. With near real-time reporting of student information, there is an opportunity for more contemporary analytical tools to enable (*inter alia*):

- identification of high-demand areas where there are currently not enough places available, or to avoid duplicating courses that are already being offered in the market
- better benchmarking of student success and retention
- better collaboration between education providers and sectors
- better connections to, as well as support for, a diverse student body.