

## UNSW Submission – Universities Accord Interim Report

UNSW Sydney welcomes the opportunity to comment on the Interim Report of the Australian Universities Accord. As a ‘once in a generation’ review of policy and funding settings for the higher education sector, it is important that the Accord makes recommendations that ensure the long-term success and sustainability of the sector. This in turn will enhance the important contribution that Australia’s universities make in support of the nation’s sustainability, security, prosperity, and social and economic wellbeing in an uncertain world. We strongly support the 5 recommendations in the interim report, particularly the move towards a demand driven system for Indigenous students. We encourage the committee in the final report to explore other mechanisms to ensure that our First Nations are front and centre of Australian higher education sector.

In making this submission, UNSW would like to focus our comments on the following themes from the Interim Report:

1. Developing strong mechanisms to ensure equitable access and success
2. Ensuring the sustainability of Australia’s world class research system
3. A quality and equitable framework to support Australia’s future skills requirements
4. Funding a sustainable university sector

### Executive Summary

The following are the key points of this UNSW submission in response to the Interim Report of the Universities Accord:

#### **1) Developing strong mechanisms to ensure equitable access and success**

We welcome the Interim Report’s focus on equity in participation, access and opportunity. Furthermore, we welcome the recognition that the critical element of equitable access to a university education is for students within this cohort to succeed at university or more broadly in higher education, and have a meaningful career following their graduation.

To reach equity targets, the conversation should be reframed from the “aspiration” of attending university or tertiary education, towards an “expectation” of being able to do so, should they choose, and developing policy settings that enable both their participation and success at their desired institution.

Great care needs to be taken to not limit the ability or choice of all students to attend any university they desire, doing the course they wish in the locality they prefer. It is crucial that the larger, metropolitan universities are equally encouraged to seek, attract and support students from equity cohorts, including regional and outer suburban areas.

We support the establishment of a funding model that recognises the additional costs involved in teaching students from equity cohorts and under-represented communities. We propose that to complement the HEFF funds allocated to universities, the additional costs would be recognised in the form of a supplement to the CGS allocation in support of students from equity cohorts. That allocation will then follow students to the institution of their choice, including in instances where the student might change institution, or move between university and VET education. These funds are crucial in creating the optimal student experience and achieving this policy objective.

To encourage universities to focus on successful completion, and also to recognise the significant costs in attracting and preparing students from equity cohorts, half the supplement could be paid to the institution upon enrolment and the other half on completion. This provides strong incentives for universities to focus on supporting students to successfully complete their degrees.

Key recommendations include:

- The setting of equity targets and publishing universities' performance against those targets should include and focus on measures of student success as well as enrolments.
- Setting differentiated targets, depending upon university context. For example, institutions with high participation by equity cohorts but low success rates would aim to increase their success and employment rates, while other institutions with high success rates but low participation by equity cohorts would focus on increasing access.
- Ensuring that students from equity cohorts are supported to attend the university of their choice, as well as providing place-based options close to where they might live.
- Establishing a funding model that recognises the additional costs involved in teaching students from equity groups and underrepresented communities, providing the most appropriate student experience and incentivising their success.

## **2) Ensuring the sustainability of Australia's world class research system**

The long-term sustainability of university research should be a major focus of the Accord, given the importance of research to addressing contemporary challenges, improving quality of life and ensuring Australia's long-term prosperity.

As the Interim Report notes, greater industry involvement is needed to contribute to the funding of research, as well as using the outputs of research. As well as direct financial incentives, government can also support industry involvement in research by being an exemplar user of research itself, demonstrating the value of that research. Government would also benefit from the additional expertise it would gain access to by drawing on this research to address its own priorities.

We are in the fortunate position that despite national investment in research being in the lowest quartile, our universities are ranked in the top quartile globally (with two of the world's top 20 universities now in Sydney) and our research is world leading. Australian research is also advantaged by its ability to draw upon 60,000 years of Indigenous heritage in knowledge generation. That research plays an important role generating positive impacts that ultimately benefit all Australians. However, without a sustainable research system, this world leading position will be impossible to maintain into the future.

The move towards funding the full economic cost of research is an important aspiration to secure the future of university and national research. This is a journey that can take a number of years. As an interim measure, a greater contribution towards the indirect costs of research by government will reward excellence and ensure all universities are able to pursue their strengths.

Key recommendations include:

- Existing programs incentivising industry involvement in university research should be continued and expanded. This includes tying a portion of the existing R&D tax incentive to direct collaboration with universities.
- Government should be an exemplar user of university research, using it to address nationally significant complex problems, to enhance sovereign capabilities, and becoming an example to industry on how to use university research capability.
- Increasing ARC funding, in the first instance targeting 33 cents in the dollar to fund the indirect costs of research, in addition to research block grants and appropriate university contributions, while also ensuring research infrastructure funding is ongoing and sustainable. This will also support greater student wellbeing and certainty for the university workforce.

- Australian Government agencies should commit to providing 50 cents of funding for the indirect costs of research alongside every \$1 of direct research funding they grant, as a step towards funding the full economic cost of research.

### **3) A quality and equitable framework to support Australia's future skills requirements**

University teaching and learning activities are important to the nation, both as a means to ensuring our future skills requirements are met, and due to the inherent value of education, training graduates to pursue knowledge and develop critical thinking skills.

The Interim Report's consideration of what skills Australia might need in the future is important, but should also include entrepreneurial skills, which will be vital to our future.

UNSW supports the creation of a truly holistic and integrated higher education system comprising universities, TAFE/ VET, private providers and industry, each playing their critical but complementary roles that also support lifelong learning. We welcome proposals in the Interim Report that would strengthen Recognition of Prior Learning (RPL) and develop mechanisms to support stackable/ interoperable qualifications, including microcredentials, across all categories of providers, and across a student's lifetime.

Ensuring that access to these opportunities is equitable remains important, and we recommend establishing a universal learning entitlement that would support lifelong learning and national productivity gains.

We also welcome the Interim Report's acknowledgement that Work Integrated Learning (WIL) drives positive student, university and industry outcomes. However, greater support needs to be provided for industry involvement in WIL, including addressing the causes of any hesitation on their part, as well as positive incentives for participation.

Key recommendations include:

- The Accord's consideration of Australia's future skills requirements should include creative and entrepreneurial skills.
- Better models of Recognition of Prior Learning (RPL) and supporting stackable/ interoperable qualifications are important measures to support greater alignment of post-secondary school systems.
- A Universal Learning Entitlement should be established, to ensure equitable access to tertiary education, while also meeting Australia's changing skills requirements. The Universal Learning Entitlement should also include a component that supports students to meet the cost of living as well as the cost of tuition.
- Additional support needs to be provided to industry partners to incentivise their involvement in WIL, while also addressing any causes of hesitation on their part.

### **4) Funding a sustainable university sector**

Many of the ideas set out in the Interim Report, including recommendations in this submission, will rely on increased funding. Answering this question is critical to ensuring the sector's ongoing sustainability and avoiding dependency on external and uncertain revenues from other countries, such as international student fees. The reliance on international student fees for supporting Australian university research is perhaps the most significant weakness in the sector, and unique internationally. Furthermore, the long-term diminution of funding per student has heightened the challenges universities face in providing the best and most appropriate student experience for all students, but especially domestic. The Accord is a chance to correct this deficit and the opportunity must be seized. It is recognised that the solution should be phased in.

At present, research activities and broader student support/experiences at universities are subsidised by international student revenue, which limits the sector's ability to weather any external shocks that may impact international student demand or ability to travel to Australia. It also generates geopolitical vulnerabilities that affect our relationships across the world and makes Australia vulnerable, compromising both our sovereign capabilities and the learning experience of our domestic students. Easing this reliance should be a priority of any funding measures arising out of the Accord.

Therefore, the proposed international student levy considered in the Interim Report, not only fails this test, but risks causing harm to Australia's university sector, as well as Australia's economy and international interests more broadly, while also failing to generate any additional revenue. Indeed, it would undermine the current outstanding performance of Australia's universities by global standards.

However, there are a number of alternatives which achieve similar policy aims, including increased support for students and research, with university contributions based on each individual university's circumstance, supporting unique university missions aligned to national policy objectives, and ultimately the sector's ongoing financial sustainability.

Key recommendations include:

- Consideration should be given to the creation of a fund or investment stream, whereby government and differential university co-contributions, based on national policy imperatives, are made when drawing upon that support.

## **1. Developing strong mechanisms to ensure equitable access and success**

UNSW welcomes the Accord's focus on equity in participation, access and opportunity, and the acknowledgement that the critical element of equitable access to a university education is that students within this cohort succeed at university. The increased diversity of university student populations due to the growth of participation by this cohort will ultimately be critical for building student experience as well as driving excellence at universities across Australia.

### *From aspiration to expectation*

To achieve a higher rate of participation and attainment for students from underrepresented backgrounds including Indigenous and low SES, it is first important to reframe the conversation beyond "aspiration", towards "expectations". Universities should continue to conduct outreach engagement to draw in a wider cohort of students, as canvassed by the Interim Report. However, the biggest barrier to students from equity backgrounds participating in higher education is not a lack of aspiration, but rather a qualified expectation of having the opportunity to pursue their academic and career goals. The burden of increasing access and participating should fall more on universities themselves creating supportive pathways and learning environments that recognise and address the realities of educational disadvantage, as set out by the policy considerations at (b)-(h) at section 2.3 of the Interim Report.

As efforts are made to increase the accessibility of a university education, great care also needs to be taken not to limit the aspirations of prospective students. The immediate recommendation of the Interim Report to further facilitate "proximity and connection to a place of learning" in regional and outer metropolitan areas is welcome and should indeed be a key focus considered by the Accord. However, this should not come at the expense of supporting students to attend metropolitan universities where students have a personal desire to attend these institutions. Equally, it is crucial that larger, metropolitan universities are encouraged to attract and support students from regional and

outer metropolitan areas to create diversity and excellence on their campuses, providing specialist opportunities, alongside the creation of local, place based, solutions.

### *'Student success' as the critical outcome*

We welcome the Interim Report's focus on student success, and the acknowledgement that support structures and additional resources will be required to achieve this outcome. We also welcome the acknowledgement that any additional resources required to reach this goal are ultimately an investment in the future Australian workforce, national productivity, the national economy, and social cohesion.

Our initial submission to the Accord set out some of the structures required to support the success of equity cohorts. Based on our own experience at UNSW, the use of targeted programs and transparent metrics has seen a similar rate of students from equity cohorts graduating to that of the wider student population. In 2020 UNSW introduced the Gateway Admission Pathway (GAP) program. By the end of 2022, two student cohorts had completed their first year of university. Based on their cumulative weighted average marks (WAMs), they performed similarly to other domestic undergraduates and collectively passed 91.3% of all their subjects, compared to the broader domestic undergraduate cohort, who passed 92.9% of their subjects. This result was achieved owing to a range of measures available to GAP participants following their enrolment at UNSW including free bridging courses, peer mentoring and additional academic support for some subjects. Similar measures, including those canvassed by the Interim Report at 2.3, will be required to ensure a high success rate of equity cohorts at university across the sector.

The setting of targets and publishing results against those targets is also welcomed, on the proviso that targets cover both attraction of students from equity cohorts and their success, rather than just focusing on enrolments. We also support the establishment of a funding model that recognises the additional costs involved in teaching students from equity cohorts and under-represented communities, while incentivising universities to support students to successfully complete their degrees.

**Key recommendation 1:** The setting of equity targets and publishing universities' performance against those targets should include and focus on measures of student success as well as enrolments.

**Key recommendation 2:** Setting differentiated targets, depending upon university context. For example, institutions with high participation by equity cohorts but low success rates would aim to increase their success and employment rates, while other institutions with high success rates but low participation by equity cohorts would focus on increasing access.

**Key recommendation 3:** Ensuring that students from equity cohorts are supported to attend the university of their choice, as well as providing place-based options close to where they might live.

**Key recommendation 4:** Establishing a funding model that recognises the additional costs involved in teaching students from equity groups and underrepresented communities, providing the most appropriate student experience and incentivising their success.

## **2. Ensuring the sustainability of Australia's world class research system**

The link between research and teaching is the very essence that defines a university, drawing on cutting edge advances in knowledge and disseminating them as part of the teaching curriculum. As

well as underpinning learning and teaching, research is of critical value to Australia in its own right. Research is vital to solving many of the challenges facing Australia, (including as a small number of contemporary examples, our response to the COVID-19 pandemic, climate change, or housing affordability), and by drawing on 60,000 years of Indigenous heritage, can both play a critical role in advancing Australia's reconciliation with our First Nations and provide unique strength to Australian research. Research also has the potential to underpin the creation of new industries, in turn powering Australia's economy. Indeed, the recently released review of the Australian Research Council (ARC) found that every dollar of research funded by the ARC, generates a \$3.32 return to the Australian economy.

As the Interim Report acknowledges, Australia can be proud of the strong performance of our university research sector to date. Nevertheless, Australia's research sector risks falling behind our competitors, with Australia already trailing the rest of the OECD in terms of the proportion of GDP invested in research, and the long-term future of research funding not yet addressed.

While Australian universities have increased expenditure on research over recent years to 0.61 percent of GDP, considerably more than the OECD average of 0.44 percent, government expenditure on R&D in Australia is declining, from an already low base. For example, research block grants (RBGs) have failed to increase in line with other research schemes, thus mediating a significant cut in real terms, and with the Research Support Program (RSP) block grant proportion of total research income less than half what it was two decades ago. Addressing the funding sustainability of our university research sector is critical to ensuring Australia's ongoing competitiveness derived from research advances.

Given the very real impact that research has to boosting Australia's national prosperity and quality of life, it is disappointing that the Interim Report did not outline a more detailed vision for the long-term sustainable future of university research. The absence of a sustainable research funding mechanism, and the reliance on international students, is clearly the most significant single omission in the Interim Report. However, we recognise that addressing this deficiency is likely to require a journey of at least five years.

### *Better partnerships supporting greater translation of research*

The Interim Report considers whether Australian higher education research is being used for economic or social benefit. The fundamental challenge underpinning the Interim Report's consideration is the relative lack of industry led R&D or investment in research, with industry expenditure on research as a share of national spending having fallen by ten percent from 2008 to 2020. Developing an appropriate set of incentives for industry participation in university research should be included in the final report of the Accord. Existing programs, such as the ARC Linkage Grants program or Trailblazer Universities, are an important part of the solution.

However, there is also role that government can play to incentivise industry participation by being an exemplar user of university research itself. By being an exemplar user of research, government is able to demonstrate to others (including industry) the value of the university research ecosystem, drawing greater social and economic benefits from research outputs and addressing nationally significant problems. Furthermore, universities have great scope to undertake the work presently undertaken for government by consultants, in that universities are already host to the individuals whose expertise would be drawn upon, and university missions more closely align with the requirements of government. This point was made in the Interim Report<sup>1</sup>, and should be a priority action for implementation.

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<sup>1</sup> Interim Report, at 2.7.2.4

### *Towards funding the full economic cost of research*

The future sustainability of Australia's research sector relies heavily on settings around funding. We welcome the Interim Report's suggestions to increase funding for the Australian Research Council (ARC), noting the \$3.32 return for each dollar invested. We also support the suggestion of ensuring sustainable, ongoing funding for research infrastructure. We especially welcome the Interim Report's suggestion of ensuring that "National Competitive Grants cover the full cost of undertaking research<sup>2</sup>. The journey to funding the full economic cost of research may take 5-10 years, but it must commence, with a few possible steps through the transition.

We endorse the suggestion by the Go8 that all Australian Government agencies should commit to providing a minimum of 50 cents of funding for the indirect costs of research (ICR) alongside every \$1 of direct research funding they grant, in addition to research block grants.

In terms of how this transition could work, for Category 1 (National Competitive Grant) schemes, this could initially fund 33 cents in the dollar of ICR, at a cost of \$762 million per annum, moving over time to 50 cents in the dollar. This additional funding could require a component of university matching to further increase the number of grants being funded. The matching should also be variable, depending on government policy objectives, the unique missions of universities, and their financial capacity to match government funding. While these recommendations require additional funds from government, they also obligate university co-investment, ensuring a partnered approach to the sector's ongoing sustainability. The approach is feasible and has good precedents. For instance, the Education Infrastructure Fund (EIF) operated through a mixture of government and university co-funding, that varied depending upon government priorities, and the ability to co-contribute. This was a successful system that was appreciated across the sector and helped underpin the infrastructure that allowed the growth of Australia as a respected international leader in higher education.

### *Mission based universities*

We support the concept of 'mission based universities', whereby each university is empowered to allocate their resources to particular fields in which they excel. However, this approach would only succeed if smaller universities are supported to excel at a small number of research areas, as opposed to creating teaching only universities. Indeed, the creation of teaching only universities runs the risk of producing a two-tier university system, and would not serve students, the wider community, and would not contribute significantly to the sector's sustainability.

**Key recommendation 5:** Existing programs incentivising industry involvement in university research should be continued and expanded. This includes tying a portion of the existing R&D tax incentive to direct collaboration with universities.

**Key recommendation 6:** Government should be an exemplar user of university research, using it to address nationally significant complex problems, to enhance sovereign capabilities, and becoming an example to industry on how to use university research capability.

**Key recommendation 7:** Increasing ARC funding, in the first instance targeting 33 cents in the dollar to fund the indirect costs of research, in addition to research block grants and appropriate university contributions, while also ensuring research infrastructure funding is ongoing and sustainable. This will also support greater student wellbeing and certainty for the university workforce.

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<sup>2</sup> Interim Report, at 2.7.2.7

**Key recommendation 8:** Australian Government agencies should commit to providing 50 cents of funding for the indirect costs of research alongside every \$1 of direct research funding they grant, as a step towards funding the full economic cost of research.

### **3. A quality and equitable framework to support Australia's future skills requirements**

The university sector's teaching and learning activities are of critical importance to the nation, supporting Australia's skills requirements for the future, while also providing an education that is inherently valuable, training graduates to pursue knowledge and develop critical thinking skills.

#### *Australia's skills requirements*

The Interim Report correctly identifies that Australia's future skills requirements will comprise a combination of generic skills, with discipline specific or job relevant knowledge, depending on the program undertaken. However, it is important that the Accord remains flexible in its assessment of Australia's future workforce. The Interim Report partially acknowledges the changing nature of the workforce, and that we may not yet have a complete understanding of what future jobs will look like or require. In this sense, the most important skill a university education can provide is the ability to learn new skills quickly, and developing an appreciation for the importance of lifelong learning.

In its consideration of Australia's future skills needs, the Interim Report focuses especially on skills required for the professions and skills mapped against specific industry sectors<sup>3</sup>. However, in making its assessment of Australia's future skills requirements, the Accord should also include creative and entrepreneurial skills, which offer the potential to increase the complexity of Australia's economy and create additional jobs as successful ventures expand.

#### *A quality and equitable framework to support lifelong learning*

It is estimated 23% of all jobs will change over the next 5 years, which will require the ongoing upskilling and reskilling of the workforce. This is recognised as 86% of Australian businesses plan to invest in upskilling and reskilling their workforces, while individual workers are expected to undertake multiple career transitions through their lifetime, rather than a single continuous career as before. These shifts underpin the importance of lifelong learning to meet Australia's long-term skills requirements. There is already a sharp rise in the conferral of non-degree credentials, reflecting the emerging role of microcredentials. In the US, it is estimated that non-degree credentials will be the most conferred award in that country's higher education system in the next 10 years<sup>4</sup>.

Our initial UNSW submission promoted the importance ensuring wide and equitable access to lifelong learning. The submission also considered greater harmonisation between universities and VET providers to ensure pathways between the different types of provider and facilitate wider collaboration, overcoming the challenges of different regulatory systems presently in place.

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<sup>3</sup> Interim Report, at 2.2.2

<sup>4</sup> Source: HoloniQ, drawing on US Department of Education Statistics (1980-2030P), US Department of Commerce, Bureau of the Census, Historical Statistics of the United States, Colonial Times to 1970; 120 Years of America Education: A Statistical Portrait, Digest of Education Statistics, various issues.



We welcome the proposals considered in the Interim Report that would enable the establishment of a more sophisticated lifelong learning sector that includes universities and VET providers. This includes developing a better model of Recognition of Prior Learning (RPL) that facilitates students to study across universities, VET, private education providers and industry providers. It also includes further developing mechanisms to support stackable/ interoperable qualifications, including microcredentials, across all categories of providers.

However, the fundamental challenge in developing a unified post-secondary school education system that includes lifelong learning remains ensuring that funding arrangements are equitable. While the Interim Report suggests funding through a combination of HECS and employer contributions (where appropriate) linked to areas of identified skill needs, we believe a better solution would be through a Universal Learning Entitlement. Under this proposal, everyone would be entitled to have HECS style loans cover their learning, which could include undergraduate and postgraduate study, microcredentials, non-university training, or a combination of these. These loans would be income contingent, and would drive inclusion, upskilling and reskilling. A similar program was recently implemented in the United Kingdom, and could ensure equitable access to lifelong learning in Australia, while also supporting the nation's skills needs and long-term productivity. Consideration would also need to be given to extending cost of living support for individuals to ensure everyone can equitably access lifelong learning opportunities. While some participants will be able to access these opportunities while continuing to earn an income, this will not be the case for all individuals.

#### *Work Integrated Learning (WIL)*

We welcome the acknowledgement in the Interim Report of the benefits of WIL, including positive student, university and industry outcomes<sup>5</sup>. With a significant proportion of programs offered at UNSW already including WIL components, one of the factors limiting our ability to offer WIL placements more widely is the availability of industry partners. While the Interim Report considers 'placement brokers' as one possible solution to increase the availability of WIL places, there needs to be greater consideration as to how industry can better be supported to participate in WIL in the final Accord. This should include addressing the causes of any hesitation on industry's part, as well as positive incentives for their participation.

**Key recommendation 9:** The Accord's consideration of Australia's future skills requirements should include creative and entrepreneurial skills.

**Key recommendation 10:** Better models of Recognition of Prior Learning (RPL) and supporting stackable/ interoperable qualifications are important measures to support greater alignment of post-secondary school systems.

**Key recommendation 11:** A Universal Learning Entitlement should be established, to ensure inclusive and equitable access to tertiary education, while also meeting Australia's changing skills requirements. The Universal Learning Entitlement should also include a component that supports students to meet the cost of living as well as the cost of tuition.

**Key recommendation 12:** Additional support needs to be provided to industry partners to incentivise their involvement in WIL, while also addressing any causes of hesitation on their part.

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<sup>5</sup> Interim Report at 2.2.5.1

## 4. Funding a sustainable university sector

Arguably the single most important question the Accord needs to answer is how best to ensure the funds are available to ensure the university sector's ongoing sustainability, to maximise the experience of students, and to fund the policy initiatives set out in the Accord. With international student revenue currently cross-subsidising other university activities, including teaching and research, the sector is not well placed to weather any external shocks that impact international student demand to study in Australia, or other factors (such as the recent COVID-19 pandemic or even accommodation shortages) that limit their ability to travel here. It is therefore critical that the reliance on international student revenue is eased, whatever the outcome of the Accord. While the optimal solution would be for additional government investment in higher education from its own balance sheet, we acknowledge the importance of university co-contributions to the sector's sustainability. Some options are canvassed below.

### *An international student levy would be harmful to the national interest*

The Interim Report canvasses the possibility of a levy on revenue generated by international students as a means to fund increased student places and ongoing research activities. We believe that such a move would be highly detrimental to the future of Australia's university sector, and Australia's national interest more broadly, for the reasons outlined in Appendix A.

### *Differential matched funding pool*

As alluded to earlier in this submission, we propose establishing a funding pool, with a \$1 billion contribution from government, that universities could access with co-contributions to support teaching and research initiatives. This could create a fund of \$1.3-1.4 billion, and the level of the required co-contribution could vary in support of each individual university's circumstance, and how their mission aligns with national policy objectives. Universities would also have the choice to not avail themselves of this fund if they did not want to make a contribution.

Further details on these options will be provided separately to the Accord panel.

**Key recommendation 13:** Consideration should be given to the creation of a fund or investment stream, whereby differential government and university contributions, based on national policy imperatives, are made when drawing upon that support.

## Conclusion

Thank you once again for the opportunity to contribute to the Australian Universities Accord. We believe that the issues we have raised in this submission are critical to the ongoing sustainability of the sector. We look forward to working with the Accord panel to further develop these ideas, to the ultimate benefit of the wider Australian population.

Should you wish to discuss any issue raised in this submission, please do not hesitate to contact our Head of Government Relations, Mr Robin Schuck, on [REDACTED] or [r.schuck@unsw.edu.au](mailto:r.schuck@unsw.edu.au).