



Response to Review of the Higher Education Provider Category Standards

March 2019

Executive Summary

The University of Melbourne is pleased to contribute to the Government's 'Review of the Higher Education Provider Category Standards'. The Review provides an opportunity to consider the configuration of Australia's higher education sector, and whether the Provider Category Standards (PCS) might be amended to encourage a more differentiated sector that is capable of responding to the challenges that come with the nation's economic transition and with a more diverse student body.

While the University of Melbourne is committed to reforms that promote institutional diversity in Australia's higher education sector, there is a question as to whether the PCS are the lever by which to achieve this. As the Discussion Paper notes, there is a range of provider categories allowed for in the current PCS. That some of these categories are unoccupied suggests that the PCS may not be currently configured to drive further institutional diversity.

Funding reform represents a much more promising means of encouraging greater diversity in Australia's tertiary education sector. Options for funding reform include re-designing the Commonwealth Grant Scheme, which has historically marginalised non-bachelor offerings. Also important are options for re-energising Australia's vocational education sector, so that a vocational education is regarded as different from – but equally valuable to – a university education. Notwithstanding that funding reform falls beyond the scope of this review, this will be key to achieving a more differentiated, high-quality post-secondary education system.

The following comments address two related issues raised in the Discussion Paper: the restrictions around the use of the title 'university', and the issue of the teaching-research nexus.

Restrictions on the title of 'university'

The University of Melbourne's position is that a 'university' is an institution at which research activity is conducted alongside teaching of the highest quality. Consequently, we do not support changes that remove or diminish the requirement that institutions be active in research in order to adopt the university title. There are two key points to be made in response to the possibility of relaxing restrictions on the use of the title of 'university':

1. It will not encourage greater institutional diversity. In fact, allowing non-research institutions to be re-branded universities will remove a point of differentiation between institutions that is currently signalled to students and to the public.
2. There are considerable risks associated with significantly broadening the number of institutions that can be branded as 'universities'. The reputation of Australia's existing universities is crucial to the sector's success in attracting international students and research talent, and to maintaining the Australian public's confidence in the quality of our higher education system. There is a danger that this reputation would be undermined if the current restrictions were to be relaxed. The PCS have an essential 'gatekeeper' role in this regard as well as an ongoing role in the regulatory function of TEQSA.

Teaching-research nexus

Teaching-research activity supports and enriches the learning outcomes of university students in a range of ways in which, including:

- The benefits students gain through exposure to leading researchers
- The role of research reputation in attracting international students

- Innovative curriculum models made possible by a University's research functions.

Notwithstanding these points, the University of Melbourne agrees that there is a role for specialist teaching institutions in Australia's higher education sector. However, the benefits this may bring must not diminish the relationship between university teaching and research and the role that research-intensive universities play in Australia's innovation and skills eco-system. The aim should be to move towards a more differentiated sector where students can choose from a range of institutions that vary in their level of research intensity.

Recommendations

The University of Melbourne recommends that:

- The Government consider whether the PCS is the best means of driving greater diversity in Australia's tertiary education system, or whether this is better achieved through funding reform.
- The Government leave the restrictions on the use of the title 'university' in place, since relaxing these restrictions would be unlikely to drive greater institutional differentiation and would entail considerable risks for the reputation of Australia's higher education sector.
- The Government recognise the various ways in which university research activity supports student learning outcomes.

For further information, or to discuss this submission, Dr Julie Wells, Vice-President Strategy and Culture can be contacted at julie.wells@unimelb.edu.au or (03) 8344 2639.

Comment on Provider Category Standards

Restrictions on the title of ‘university’

The Discussion Paper addresses the restrictions on the use of the ‘university’ title in Australia.

To be a ‘university’ under the PCS, an institution must undertake research that leads to the creation of new knowledge and original creative endeavour, and demonstrate sustained scholarship that informs teaching and learning. The ‘Higher Education Provider’ category requires providers to be active in research only when engaged in research student supervision and requires academic staff to be active in scholarship that informs their teaching.¹

As the Discussion Paper notes, these restrictions are more stringent than those in other countries. In the United States and the United Kingdom, conducting research is not a condition of operating as a ‘university’. While many other countries restrict the use of the title to institutions engaged in research activity, Australia is distinctive in the way that it codifies the research requirement i.e. requiring research in three broad fields in which higher degrees in research are awarded.

The University of Melbourne strongly opposes relaxing restrictions on the use of the title ‘university’. In Australia, a ‘university’ is understood to be an institution that combines research, scholarship and teaching activity. It is important that this continue.

Firstly, it is not clear what problem we might hope to solve by amending the current restrictions on the use of the title. It has been suggested that relaxing these restrictions would help to drive greater institutional differentiation, by allowing institutions that are not research active or intensive to assume the university title, thereby levelling the playing field on which they can compete with research institutions.²

However, it is not clear that amending the restrictions would have this effect. Arguably having current non-university higher education providers (NUHEPs) re-badge as universities will undermine (rather than promote) sector diversity, by negating one means by which differences between institutions are signalled to students and to the public. The strong tradition of specialist-teaching institutions that exists in other countries has been largely absent from Australia’s higher education system, partly due to perceptions of status. Further, the structure of the PCS may serve to re-enforce these perceptions, since they are essentially based on a concept of progression towards becoming a University (excepting overseas universities). Amending the restrictions on university title will not address the status issue but will likely result in new entrants adopting the title without the deep scholarship that can define quality in teaching and thus seek to mimic research intensive universities while offering a quite different product. In addition, current classifications for NUHEPs act as a disincentive to encourage new entrants on a basis appropriate to the Australian education operating environment, including teaching-only institutions with no aspiration to eventually become a university.

There are considerable risks associated with lowering the barriers to access to the university title. Australia’s higher education system has proven highly successful in attracting international students and academic talent from other parts of the world. This success is underpinned by the reputation of our universities. Removing or reducing the constraints on the use of the title ‘university’ is likely to

¹ Australian Government (2018), ‘Review of the Higher Education Provider Category Standards: Discussion Paper’, p.11.

² Productivity Commission (2017), *Shifting the Dial: 5 Year Productivity Review; Supporting Paper 7: University Education*, p.43.

result in significant numbers of higher education providers seeking access to the title. This represents a potential risk to the reputation of Australia's higher education sector.

There is also a question of the impact of any changes on the funding arrangements for teaching and research. Broadening access to the university title may result in new institutions accessing funding streams to which they are currently excluded. This raises questions about the efficiency of any such changes, e.g. whether relaxing the restrictions will result in the functions currently performed by universities being replicated by new entrants in a way that undermines the efficiency of the sector in its entirety. Were changes to be made to the classifications, including for teaching-only institutions, for example, without CGS-type funding being open to those providers, there may be little incentive to launch in the Australian market.

Teaching-research nexus

As the Discussion Paper notes, the historical basis for the requirement that Australian universities be active in research concerns the teaching-research nexus, which is observed across a range of measures:

- **Exposure to leading researchers:** Students benefit from exposure to leading or world-renowned researchers. This is particularly true of postgraduate coursework programs, which often have a research component and in which students are taught by research academics. The same point holds for undergraduate programs that involve some kind of research component, such as an Honours degree.
- **Attracting international students:** Australia's capacity to attract international students has depended upon the research profile of Australian universities. This is borne out in the improvement of Australia's universities in world rankings and growth in international student enrolments (See Chart 1, Appendix). It is noteworthy that in 2017, 32 per cent of international students are enrolled at research-intensive, Group of Eight universities (compared to 24 per cent of domestic students).³ This in itself underscores the perceived educational benefits associated with studying at a research-intensive university. Since international student fee revenue underpins the financial viability of some programs, particularly at the postgraduate level, research performance plays an important role in the provision of those programs.
- **Innovative teaching models:** Research universities are pursuing innovation in curriculum design that depends upon their research function. For example, some of the University of Melbourne's undergraduate subjects require our students to engage in an industry-based project with postgraduate researchers or academics to address a key problem. New delivery models such as these promise considerable benefits relating to teaching and learning outcomes, for example around graduate employability. As a further example, the University's planned Melbourne Connect precinct will act as a meeting point for industry and research, and will expose interested students to the innovation ecosystem.

None of this suggests that non-research academics cannot be effective teachers, or that non-research institutions cannot provide quality education. There may be significant benefits to specialist teaching institutions playing a bigger role in Australia's higher education system. The key point is that this should be seen in the context of sector diversity, i.e. the aim should be to ensure that students are in a position to choose from a range of institutions that include both research-intensive universities and specialist teaching institutions.

³ Department of Education and Training, Higher Education Statistics (U-Cube).

Recommendations

The University of Melbourne recommends that:

- The Government consider whether the PCS is the best means of driving greater diversity in Australia's tertiary education system, or whether this is better achieved through funding reform.
- The Government leave the restrictions on the use of the title 'university' in place, since relaxing these restrictions would be unlikely to drive greater institutional differentiation, and would entail considerable risks for the reputation of Australia's higher education sector.
- The Government recognise the various ways in which university research activity supports student learning outcomes.

Appendix

Chart 1: Aggregate ARWU scores of Australian universities against overseas, higher education enrolments: 2004 - 2017

Aggregate ARWU scores of Australian universities against overseas, higher education enrolments: 2004 - 2017

Sources: Academic Ranking of World Universities; Department of Education and Training, Higher Education Statistics (U-Cube)
Note: The "ARWU aggregate score" is the sum of 'Total Scores' of Australian universities for a given year.

