

19 December 2022

Professor Mary O’Kane AC  
Chair, Australian Universities Accord Panel  
Via online submission form

Dear Professor O’Kane

Thank you for the opportunity to identify the key priorities for the Universities Accord (the Accord) process. The Business Council of Australia (BCA) believes that the Accord provides a welcome opportunity for a reset on our university system.

The broad Terms of Reference underscore the scope of the challenge, with a need to consider the role, aims and functions of our university system. In particular, it will need to fundamentally consider what role universities will play in preparing Australia, and Australians, for the economy and the community of the future.

We believe the key priorities are as follows:

## **1) The role of Australian universities**

Perhaps the most fundamental questions for the Accord are to determine what the appropriate role of the higher education sector is, what it needs to achieve, and whether all universities in the country need to have the same purpose. Universities are central to Australia’s economic and social wellbeing. At an economic level, universities have a key part in training Australia’s future workforce and driving new industries through innovative research, noting that research also has a key discovery purpose that goes beyond commercial application.

They also play an important role in our relationship with other countries, through their collaborations with overseas institutions and education of international students. Similarly, industry partnerships through Work Integrated Learning and research collaboration are important.

The challenge for the Accord will be determining the relative priority of these (and other) roles that universities play and ensuring that appropriate incentives (both financial and non-financial) are in place to ensure that universities act in the desired way and that students take advantage of the opportunities afforded them.

We acknowledge the value of learning and research as essential for skills development, innovation and productivity growth. Universities have a key role in fostering the sense of discovery to find the new big ideas and to encourage the quest for knowledge.

Universities also play a key role in creating a culture of learning. This enhances the value of learning throughout a person’s life, breaking down the perception that the ongoing attainment of knowledge is only through school and directly post-secondary education. The jobs of the future will require ongoing adaptation and learning, and this will be best achieved by a university system which promotes this pattern of renewed learning.

## **2) Sustainable funding and the right business model**

Once a clear purpose has been identified, it will be possible to design transparent, stable and sustainable funding models for teaching and research that will deliver that purpose and remove the distortions that are currently in the system. It is clear that improved funding models for both teaching and research can transform the system's responsiveness to the changing needs of learners and businesses. When the right funding settings are in place, they will flow through to a better performing and more viable sector.

For teaching, this will involve considering issues such as understanding the efficient cost of delivering courses to the required standard, the nature of caps on funded enrolments, as well as the appropriate fee structures for students and the role and value of international education (to the university system's funding, to the broader economy and to relations in the Asia-Pacific and beyond).

For research, this will involve considering the adequacy of Commonwealth funding for research and development compared to OECD benchmarks, as well as the risks to sovereign capability of Australia continuing to rely so heavily on fees from international student to support university research and teaching.

The key is ensuring not just that there is enough funding for the system, but that it is designed to incentivise the right actions and is provided in a sustainable way. This means understanding the current interdependencies between funding for university teaching and research, and the degree of cross-subsidisation embedded in the system that will need to be addressed if the incentives are to be fixed.

It will also need to consider the role and responsibilities of various layers of government, particularly given that the Accord needs to consider the role of universities as part of the broader tertiary education system and in relation to the role of the vocational education and training (VET) sector.

## **3) Interoperability with vocational education and training**

The BCA greatly welcomes the focus on the connectivity between higher education and VET in the Terms of Reference. It is crucial that we take this opportunity to create a genuinely joined up and interoperable post-secondary system that will be able to support Australian learners, businesses and industry, and build a culture of lifelong learning. The goal should be to expand the learning and career options available to Australians and provide more choice and control in the skills and education pathways they take.

The Accord will need to consider the design of a more level funding system between higher education and VET. Furthermore, it will also have to consider the best way of delivering short courses and micro-credentials in a way that can be properly recognised, recorded and rewarded. This should include the ability to 'stack' micro-credentials within the Australian Qualifications Framework (AQF).

## **4) Equity of access**

The BCA welcomes the inclusion of access and opportunity within the Accord's Terms of Reference. Given the focus of the Government's economic agenda, including through the Employment White Paper, on increasing labour force participation among those who face challenges in employment, improving access to higher education for disadvantaged groups such as Indigenous Australians, Australians with a disability, those who live in rural and remote regions or those from lower socio-economic backgrounds, is vital.

It is also critical though that the focus is not limited to access to higher education. There must be a focus on success and excellence for these cohorts as well, ensuring that once reaching university they are able to achieve the same high grades as other cohorts, and then find appropriate employment upon graduation. We need to ensure a system, and processes such as wraparound support, that will lead to

increased completion and achievement, not just attendance, including through a successful transition to the workforce.

**5) A focus on excellence in teaching as well as research**

As mentioned in the discussion of the roles for universities above, one of the key functions of higher education is their part in training Australia's future workforce. While there can, and should, be a broader debate around whether the aim of university training should be focussed on delivering key competencies and skills for learners rather than ensuring that a graduate is 'job ready', in either case there is a need for excellent teachers to be providing the guidance.

A well-trained workforce requires the best quality teachers, and that requires teachers to be focussed on delivering the best quality education. As such, there should be a focus on ensuring that the incentives in place for university teachers, lecturers and Professors are designed to reward (both financially as well as non-financially – promotion or other advancement opportunities etc.) quality teaching as well as quality research.

While these priorities are crucial, the BCA does welcome the breadth of the Terms of Reference and is keen to play a role throughout the Accord process to assist on all matters, not just those nominated above. To assist the Panel, please find attached the BCA's policy paper to the Jobs and Skills Summit on 'Addressing skills shortages and getting our skills mix right over the long-term'.

Yours sincerely



**Jennifer Westacott AO**  
Chief Executive  
Business Council of Australia