**Submission to Consultation on the Accord Terms of Reference**

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The Accord is an opportunity for the Panel to address some of the major structural and policy issues to be resolved to achieve a coherent vision for the higher and tertiary education sector that will be sufficiently adaptable to meet changing needs. In responding to the consultation on the Terms of Reference for the Universities Accord (ToR) this submission focuses on principles and considerations that might assist in refining the ToR and scope of the Accord, rather than offering detailed suggestions for change in specific areas.

The proposed ToR set out broad priorities, suggesting that in framing the Accord the Government aspires to achieve major change in the higher and tertiary education system. Priority areas such as *meeting Australia’s knowledge and skills needs, now and in the future*, *access and opportunity* and *Investment and affordability* are clearly important. Yet these are broad to a degree that interpretation may vary significantly between stakeholders, and hence provide little guidance on where to focus the resources that the Accord Panel have at their disposal. There are specific but discrete issues that need to be resolved, that also compete for resources and attention in the policy reform process.

Refining the focus areas for the Accord that are specified and achievable would benefit from the application of principles and considerations, such as those set out here. These are offered in acknowledgement of what is likely the central question facing Australian higher education in the immediate term: In a resource constrained environment, with natural growth in student numbers likely to require tens of thousands of extra places in the near future, how can Australia best provide the widest availability of higher education to those who can benefit from study, while meaningfully addressing structural disadvantage, as well as sustaining university research efforts without relying on international fee revenue?

This submission details the following principles and considerations that might assist in refining the ToR and scope of the Accord:

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| * In designing an Accord structure, the perfect should not be the enemy of the good, and given the constraints of the current process getting the structural changes largely right should be prioritised, even if this leaves some issues unaddressed.
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| * Design of any proposed changes must be holistic and include attention to policy areas in addition to those directly aimed at universities and other higher education providers.
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| * Explicit consideration needs to be given to the ways changes to national policies incentivise higher education providers to respond, especially where this is contrary to the intentions of the policy.
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| * The Accord process should examine how expert and technical advice will be provided through the full reform process, especially during implementation.
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| * There are urgent issues with the Job-ready Graduates package that can be fixed without affecting more substantive, longer term changes.
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1. **In designing an Accord structure, the perfect should not be the enemy of the good, and given the constraints of the current process getting the structural changes largely right should be prioritised, even if this leaves some issues unaddressed.**

Given the scope for the Accord process, greater weight might be given to addressing system level issues that will have significant effects on Australia’s higher education and university research effort, rather than seeking to address all areas where there is aspiration for change.

It is worth noting that the full set of recommendations of any major national higher education review have not been fully implemented since the Murray and Martin reviews of the 1950s and 1960s, with subsequent reviews either being effectively ignored or only delivered partially, such as the Bradley Review.

Where higher education policy changes have been made, they have often been piecemeal to address a perceived current problem but have proven longer lasting than intended, often despite agreement for periodic review and adjustment. For example, the CGS funding rates and permissible student contribution still echo assumptions about the cost of education that were made during the process that established the ‘relative funding model’ in the early 1990s. A major revision of the funding rates was not fully attempted until 2020, with pervious changes being incremental, and despite surveys of the cost of education being commissioned several times during the last decade.

To ensure that the lasting outcomes from the Accord process are those deemed most essential for Australian higher education, the process might focus on system level reforms, such as those aimed at promoting a diverse system that is flexible enough to meet changing needs. Priority should be given to changes such as funding formulas and institutional remits, over seeking modest but important reforms, such as better supporting university innovation efforts or links to industry.

For example, if the Accord prioritises driving greater specialisation of institutions, a careful conversation is needed around the full dimensions of this, especially ensuring that student and community are the first and foremost concern. It would need to consider different models for structure and governance, alongside approaches for funding, rather than a fragmentary approach of smaller programs or incentive schemes.

Additionally, if attempts to seek greater specialisation become only about the use of the term ‘university’, change may not come fast, especially if it excludes any possibility for the creation of new universities. More importantly for the long-term success of an Accord that seeks greater specialisation, is how there can be certainty that it is not quickly undone. For instance, once universities agree to deliver something, such as a full suite of research with majority teaching and research academics, how will they be held to account? While if others focus on teaching with more modest research outputs what mechanisms will be used to hold them to account for their offerings?

This suggests (a) that there is a need for an evidence base to support structural changes and their implications, and (b) that it might be made clear in the Accord that some areas will be left for future reforms, especially where these suggest smaller programs or more modest financial or structural impacts.

1. **Design of any proposed changes must be holistic and include attention to policy areas in addition to those directly aimed at universities and other higher education providers.**

Where the Accord focuses on structural and governance issues, it must do so in with a holistic approach that will lead to a new system that is fit for purpose and capable of adaptation. This will likely require an expansive approach with careful consideration of policy dimensions that go beyond those directed are universities and other higher education providers.

For example, policy interventions seeking to increase the proportion of students from a low socio-economic status (SES) background accessing higher education have only delivered meagre progress over the last several decades, and it strains credibility to argue that Australia has been fully successful despite much effort and good will. Investment in major policy interventions to address this, such as the Higher Education Participation and Partnerships Program (HEPPP) and its forerunners for the better part of a two decades, show little evidence they have fulfilled their promise to significantly increase access for low SES students.

If the Accord is to succeed in addressing this as a priority, it will likely not be sufficient to simply put additional funds into HEPPP to support a series of piecemeal and to an extent unevaluated interventions. The Accord is an opportunity to craft a systematic approach to addressing this challenge, that will necessarily need to address the different dimensions of the issues, many of which are outside the direct control of universities. In this example, any policy intervention proposed by the Accord would need to include programs to reach into secondary school and earlier schooling to foster aspiration to study, address the cost-of-living issues for low SES students and look at how systematic support is provided to students once enrolled to ensure the best environment for success in the crucial first and second years. These are interventions that universities might partner on, but are often outside their control. The implication of taking a holistic approach to the issues of increasing low SES access is that it might direct funds away from universities to have the greatest impact. If the Accord is constrained by the need for it to deal solely with that which higher education providers directly control, we may continue with only slow progress for greater access for low SES students.

Where change is intended through the Accord, it should be sought through an expansive approach not limited to policies directly for universities.

1. **Explicit consideration needs to be given to the ways changes to national policies incentivise higher education providers to respond, especially where this is contrary to the intentions of the policy**.

When policy changes are examined, explicit consideration should be given to the way that national policies, rules and regulations incentivise higher education providers to respond in a particular way. Even when universities are not acting strategically, the manner in which Australia funds higher education and research support programs affects and guides their behaviour, often in ways not intended or foreseen in the policy design.

For example, this goes to one of the structural issues with research funding and the indirect costs of doing research. Universities, and in particular the large research-intensive universities, are incentivised to use general funds to address the fact that most government research grants do not cover the full indirect costs. With the Research Support Scheme only covering part of this, additional funds come from elsewhere, such as student charges and fees from international students. While it might ultimately be decided that this is a desirable feature of how university research should be funded, it should be made an explicit element of the design, noting such a decision would disregard approaches shown to succeed in other countries where research is funded fully, even if the number of grants must be reduced to meet the size of the funding pool.

The effect of incentives can also arguably be seen in the funding of domestic student education, where different student contribution rates through HELP have not changed student course preferences, but tend to incentivise university behaviour to offer places where the funding is more favourable, especially where the current funding agreements restrict CGS. For instance, lower funding overall for Engineering puts some universities in a difficult bind, especially where Humanities, Commerce and Law provide a very high student contribution that allows additional resourcing with minimal effect on the permitted CGS envelope.

Policy proposals should explicitly be designed with consideration of how they might incentivise higher education providers to react.

1. **The Accord process should examine how expert and technical advice will be provided through the full reform process, especially during implementation.**

While the Accord process is set up to seek expert and technical advice to inform the work of the Panel, consideration needs to be given to how independent advice can be sought during the implementation phase and beyond. If the Accord is to achieve the aspirations for lasting and substantive positive change in higher education, it must be viewed as the beginning of a new phase for Australian higher education, rather than a discrete process that makes a number of adjustments.

A standing group could be established to provide expert and technical advice in the lead up to implementation and beyond. The optimal constitution of such a group depends on what the Panel ultimately decides to focus on for the Accord process, though members should be engaged for their expertise not who they represent.

Ultimately, if there is to be an Accord between government and each university or group of universities that establishes the funding to be allocated for the negotiated outcomes, there will need to be experts who are able to support negotiation with universities on the government’s behalf. This will require that negotiators have access to a deep understanding of the system and its capacities, and it may be that this task could also be given to the standing group referred to above.

In the longer term there is a need for a standing expert, independent advisory body that is able to maintain a watching brief over the system and the country’s needs and advise government on structural as well as education and research funding issues, as well as quality assurance. Despite the best intentions of successive ministers and governments, the persistent loss of expertise in government since the abolition of the Commonwealth Tertiary Education Commission has been evident, including through diminishing policy coherence.

1. **There are urgent issues with the Job-ready Graduates package that can be fixed without affecting more substantive, longer term changes.**

While structural issues should be the priority, there are some issues with the Job-ready Graduates (JRG) package that can be fixed quickly. A central issue with the JRG lies in the conflicting purposes of some settings, the overall aim of the new arrangements and the lack of clarity around why we are funding the system in this way. The reduction in both student contributions and government support in some courses has led to their being too expensive to teach. As has been widely noted, differential rates and funding agreements will not move student preferences in the way claimed but while they have added major and unnecessary complexity.

There is also a proliferation of HELP programs with different rules and different effects with no unifying rationale for the differences. The approach is less than ideal as it complicates the system while producing inequalities between users of different schemes and for students accessing multiple schemes. Some settings, such as a flatter structure for student charges and a consolidation of HELP schemes, would mean that the most egregious problems with JRG can be resolved to enable greater focus on other areas of reform.