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The Australian Universities Accord Panel
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Dear Panel

Australian Universities Accord: La Trobe University's proposals for higher education reform

La Trobe University welcomes the launch of the Australian Universities Accord (the Accord) and its TORs and this opportunity to outline our vision for higher education reform in Australia.

Section A of this letter outlines the key priorities for the O'Kane Review highlighting the objectives that should underpin the Accord while identifying the successes and the challenges of the current 'Dawkins-era' higher education system. Section B outlines a bold proposal for substantial reform of Australia's higher education sector.

Vision for higher education reform

The priorities for the Accord should reflect a shared vision for higher education in Australia, which in our view should be for a sector that: offers increased educational opportunities for underrepresented groups; offers an outstanding quality student experience for all students; maintains and enhances its global impact in research and translation; maintains its global leadership in international education and helps build stronger regional partnerships and connections; and supports Australia to achieve its economic, social and environmental policy objectives.

Section A: Objectives for the O'Kane Review

- How best to simultaneously achieve the goals of quality, accessibility, and affordability (for both the nation and the students)
- How best to promote greater diversity in the higher education system including wider diversity in the size, scale, focus and function of higher education institutions than at present
- Achieving greater integration of Australia's post-secondary education system with more easily navigable and consistently-funded pathways between vocational education and higher education
- Further strengthening Australia's research system with improved funding for basic research, less reliance on international student revenue, and better support for research translation and commercialisation
- Demonstrating greater agility and capability in meeting the nation's critical skills and knowledge shortages (especially in nursing and teaching) thus contributing to building sustained economic prosperity.

A.1. The successes and challenges of the current system

Current higher education settings are based on the so-called Dawkins reforms of the late 1980s and early 1990s. The main elements of these reforms were an expansion in the number of universities through the conversion of existing institutions to university status, the introduction of a 'user pays scheme' (HECS) which enabled an expansion in the number of domestic places, the creation of the 'unified national system' and an unrestricted capacity to charge international students. There is no doubt that this system has served the country extremely well and has supported Australia's universities to achieve considerable success.

The Accord presents an opportunity to build on the successes of the Dawkins era and to support Australia's higher education system to better realise the vision outlined above.

Successes of the Dawkins system	Challenges of the Dawkins system
<ul style="list-style-type: none"> ○ High domestic participation rates achieved through significant growth in student numbers ○ Australian universities punch well above their weight in international rankings and in underlying research performance ○ Australian universities have developed a world leading international education sector competing with the best in the world, bringing significant soft power benefits to the nation ○ Australia's HECS scheme has been emulated around the world ○ Student satisfaction scores have steadily improved since surveys began ○ Australian universities are highly efficient by international standards with significant productivity gains achieved in the last two decades¹ ○ Universities are well-regulated and the system is of a uniformly high-quality 	<ul style="list-style-type: none"> ○ Universities are heavily reliant on cross-subsidy from international student revenue to sustain research, teaching and infrastructure and are therefore vulnerable to external shocks such as the COVID-19 pandemic ○ The higher education system is not well supported to address national priorities in workforce development and in addressing skills shortages ○ Participation targets for key equity groups have not been achieved, and there remain significant gaps between participation rates of regional and metro students ○ The system has become very large, and therefore costly - leading to further pressures to reduce public expenditure ○ The university system has come to consist of large institutions with little diversity of mission, driven mostly by the need to maintain a comprehensive offering to enable cross-subsidy, and to chase rankings because of the need to attract international students ○ NUHEPs are disfavoured by the funding system ○ Tinkering with the cluster funding and HECS systems over the years has produced inequitable outcomes for students and created underfunded disciplines within universities and perverse incentives ○ Seamless pathways between VET and higher ed are haphazard, over-reliant on local initiatives and vulnerable to the whim of misaligned State and Federal government policies

¹ Higher Education and Research Group (HERG) Explainer – Productivity Growth in Australian Universities: 2009 to 2019 ©2020

This leads us to suggest the following specific priorities for the Accord process:

- Reform of the student contribution system (currently governed by the Job Ready Graduates legislation)
- Reform of funding for research in universities to ensure greater certainty of funding for basic research and for research translation, and to reduce reliance on international student revenue
- Improved funding for infrastructure to support high quality teaching and research
- Support for better alignment of HE provision with skills shortage and national workforce development
- Improved integration of VET and HE systems
- Introduction of an HE regulator and a revised system for planning and funding HE provision (see below)

Section B: La Trobe University's proposal for Higher Education Reform: Diversity within an integrated system of Higher Education

Beyond achieving the objectives and the specific priorities for the O'Kane review which we have highlighted in Section A, we take this opportunity to outline a bold proposal for higher education reform.

We believe that it is possible to build on the strengths of the current system while addressing some of the shortcomings that have become apparent over the 30 years since its inception. Chief among these is the underfunding of teaching, research and infrastructure that has necessitated over reliance on international student income. This has been associated with a sector consisting of very large institutions that are dependent on continued growth in revenue and margin, and which are largely undifferentiated in mission and character. The challenge is to find a way that removes the incentives to convergence while preserving and building on the strengths of what we already have.

The starting point for this proposal is to conceive of the 'higher education system' as encompassing more than the university sector – i.e., as including TAFEs offering higher education awards, private providers and institutions currently holding 'University College' status. In Australia, at present, non-university higher education providers (NUHEPs) significantly outnumber universities².

Within this framework, we believe that it is possible to preserve the positives of the current system and to address its shortcomings, as follows:

- Improve funding for teaching, research and infrastructure in universities to reduce reliance on international student revenue, while limiting the size of universities in favour of growth elsewhere in the HE system
- Develop a funding model that applies to all forms of HE provision, removing elements of the current system that favour universities (such as up front charges), but which recognises that universities have research and community obligations that NUHEPs do not (i.e., NUHEPs receive 80% of the university rate)
- Simplify funding arrangements by funding on outcomes enforceable through funding agreements or compacts, allowing HE providers to deploy funding as they see fit across all levels of higher education provision (i.e., enabling programs, short courses/micro credentials, certificates, diplomas and bachelors, masters, and PhDs), and agreeing with institutions how international student revenue will be used

² Under the new Higher Education Standards Framework (Threshold Standards) 2021, there are 185 providers of higher education in Australia - 42 universities, 1 overseas university, 3 university colleges and 139 institutes of higher education.

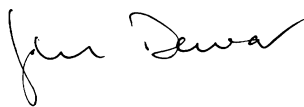
- A new, unified HE regulator to take responsibility for negotiating compacts with funded institutions (universities and NUHEPs) and to absorb responsibility for regulation and quality assurance. The regulator would have a mandate to promote diversity across the sector, to ensure better alignment of the HE system with the priority skills needs in the national workforce, to apply increased research requirements for the maintenance of the title 'university' and to ensure that equity targets are achieved across the HE system

The benefits of this model of reform would be:

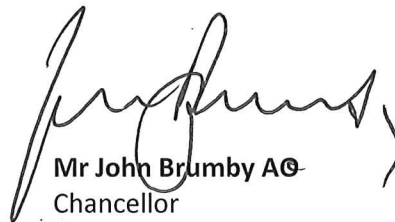
- Concerted focus on improving equity outcomes through Compacts and oversight of the new HE regulator
- Decreased reliance of Universities on international revenue
- Reduction of barriers to diversification within the university sector; diversity encouraged and supported amongst NUHEPs
- Growth in HE provision and equity targets achieved by placing some future growth in the NUHEP sector
- Better integration of the VET and HE systems through protected funding arrangements for diploma to degree pathways
- Improved capacity of the higher education system to respond to skills shortages in those professions requiring Bachelor degrees or higher

We thank you for the opportunity to provide these comments and proposals, which we would be happy to elaborate further on if needed. Please do not hesitate to contact my office should any further clarification on the points raised in this proposal be required.

Yours sincerely



Professor John Dewar AO
Vice-Chancellor and President



Mr John Brumby AO
Chancellor