



## **Bond University Submission**

### **Australian Universities Accord Panel Discussion Paper Consultation**

11 April 2023

## **Executive Summary**

The expansion of a diverse, high-quality higher education sector that puts students first and allows research, ideas and innovation to foster is core to the intellectual, cultural, community and economic development of the nation. In this submission, Bond University has focussed on three themes that run across the broad set of issues that have been identified within the Discussion Paper. An investigation of these themes provides some broad principles to guide a coherent and future-focussed policy framework and leads to six broad recommendations.

### **Theme 1: Driving a diverse sector**

To respond adequately to the needs of our expanding and increasingly diverse student body, Australia must create a higher education system that offers sufficient breadth and depth of opportunities for learners from every background, and at each stage in their careers, to access knowledge and skills that are relevant and build prosperity for the individual.

This will be achieved through the creation of a more diverse, competitive and innovative sector that is made up of institutions of different shapes, sizes, structures and missions, and underpinned by coherent policy settings that assure quality while supporting institutional autonomy and mission-focus.

### **Theme 2: A perspective through the student lens**

A view of policy through the eyes of the students who are the intended beneficiaries suggests a more coherent approach framework for improving participation rates, increasing opportunity, and achieving government priorities.

The social, cultural, financial and opportunity barriers that stand in the way of participation for students from under-represented groups are complex. Successful solutions will focus on outcomes first, respect student choice, and harness the capabilities of the whole of the public and private sectors to provide solutions relevant to the individual.

Australia's HELP scheme has been exceptionally successful in supporting students to gain access to higher education for the first time, and to extend their knowledge to adapt to new technologies or retrain for new industries. The scheme can be made even more effective by careful and responsible expansion to remove current limitations that inhibit or prevent further study.

Opportunities to improve student affordability, through adjustments in HELP policy and a review of student income support policies and mechanisms, will create a consistent and targeted approach for supporting under-represented student groups.

The role that international students have played in enhancing the depth, breadth and capacity of our higher education system has been substantial. A review of current immigration settings that recognises the qualities in our system that attracts those students will build a stronger system in the increasingly globalised and competitive post-pandemic environment.

### **Theme 3: A multi-tiered approach to research**

An open and transparent research system that recognises the full cost of research and research training is important to support sustainable, high quality and impactful research and research training. Excellence in research and research training is not only the domain of large public universities. Policies that support a diverse sector will add to the richness, creativity and innovation of the Australian system.

## Recommendations

### **Recommendation 1: Create sector diversity**

That an enduring outcome of the Universities Accord be an Australian higher education sector with a sufficient diversity of institutions, offerings, and learning opportunities required to meet the needs of a student body that will continue to grow in diversity, and range of educational need. This requires an aligned, coherent and consistent set of policy measures, funding schemes and regulation.

### **Recommendation 2: View policy through the student lens**

That, as a near-term objective, Commonwealth targeted funding schemes that are intended to progress government priorities, support identified student groups, facilitate specified learning activities, or support innovation or capacity in areas of priority, be reviewed, and eligibility extended to all registered providers that have the demonstrated capacity to deliver the policy objectives being targeted.

### **Recommendation 3: Further strengthen and expand HELP**

- a. That the HELP scheme be recognised as an important and fair mechanism for expanding opportunities, furthering educational ambitions, and supporting continual learning throughout careers, and that its role be strengthened by careful and responsible expansion to remove current limitations that inhibit or prevent further study.
- b. That HELP debt indexation be set at a maximum (or constant) long-term rate to provide more certainty and assurance for students.
- c. That as an immediate objective, the so-called HELP 50% rule be abolished.

### **Recommendation 4: Tackle student affordability**

That the Panel recommend a broad review of student income support policies and mechanisms, guided by principles that underpin an enduring commitment to student support through a consistent, aligned, targeted approach for under-represented student groups.

### **Recommendation 5: Recognise the role of international students**

That current student visa types, conditions and assessment processes be reviewed with the objective to streamlining visa applications and creating visa conditions that are coordinated, aligned and consistent with the recognition that international students are an essential component of Australia's global engagement strategy.

### **Recommendation 6: Support quality research**

- a. That the full cost of research be addressed, initially prioritised by funding the full cost of employment of research staff.
- b. That the Research Block Grants (RGB) formulas be reviewed to accommodate smaller and developing universities that are disadvantaged by scale and the lagging nature of existing funding drivers.

## **Theme 1: Driving a diverse sector**

### The importance of sector diversity

The broad and dynamic set of challenges facing higher education is well established within the Panel's Discussion Paper. If Australia is to respond adequately to the needs of our expanding and increasingly diverse student body, we must create a higher education system that offers sufficient breadth and depth of opportunities for learners from every background, and at each stage in their careers, to access knowledge and skills that are relevant and build prosperity for the individual.

This will require a more diverse range of higher education providers and offerings than we currently have. To achieve this, we need a system that supports institutions of different shapes, sizes, structures and missions, and policy settings that support institutional autonomy, innovation, and continuous improvement.

The Australian higher education sector is notable for the prominence of its large public universities, which enrol 91% of the higher education students in the country, including 93% of the country's 1.2 million domestic students. The domestic undergraduate students that make up around three-quarters of this number are supported by Commonwealth Grant Scheme (CGS) funding. Our public universities are, in essence, all comprehensive universities that deliver mostly the same scope of activities and operate under the same core funding regime. Australia's public universities have served the nation well and they are likely to continue to dominate higher education provision going forward, but the common framework they operate within creates an unavoidable homogeneity.

As we look to the future, there will be an increasing number of students, from every background and at each stage in their career, for whom the dominant public model will not necessarily provide the best experience or outcome.

Of note, the profile of the Australian sector is not typical in the international context. For example, in the USA there are 4,500 higher education institutions which comprise public and private universities, community colleges, and liberal arts colleges. It includes historically black colleges and universities (HBCUs), Hispanic-serving institutions (HSIs), tribal colleges and universities (TCUs), women's colleges, and religiously affiliated institutions, among others. These institutions vary in size, mission, funding sources, and educational programs offered, and offer choice to students. In 2022, 28% of the students enrolled in degree-granting colleges in the USA were studying at private institutions.

### **Recommendation 1:**

That an enduring outcome of the Universities Accord be an Australian higher education sector with a sufficient diversity of institutions, offerings, and learning opportunities required to meet the needs of a student body that will continue to grow in diversity, and range of educational need. This requires an aligned, coherent and consistent set of policy measures, funding schemes and regulation.

## Theme 2: A perspective through the student lens

### Measures to increase participation and achieve government priorities

The students' perspective should be front of mind for policy makers in higher education. As the recent Productivity Report recognised, students are the best judges of the institution that is most likely to support their ambition, whether that be by virtue of the provider's program offering, location, culture, teaching model, support systems, or any other factor.

"Students appear to make good choices of their own volition. They have the best information about their own abilities and interests, making them well placed to make decisions about what they will enjoy — and benefit from — studying." (Productivity Commission: Interim Report 5, From Learning to Growth, pg. 56).

A view through the student lens means developing higher education policy settings that give primacy to achieving positive outcomes for the student population. Policies should respect the Competitive Principles Agreement, to which all Australian governments have committed, and not favour some sections of the sector over others. Regulatory oversight should remain vigilant, but be sensitive to the missions, operating environments and governance models of the institutions.

Achieving such a system will be challenging, but creating a system that levels the playing field and allows more providers to contribute will provide students with greater choice, greater possibilities, and a higher chance of success. Greater competition will drive innovation and improve outcomes, and student outcomes are paramount.

The core government funding grants for students in the current system has generally been designed to match the complexity and scale of activities undertaken, or expected, within large, public universities. Designing core funding models that recognise the different missions and approaches of a broader range of providers must be pursued but will take time. However, there are areas where change could be achieved more simply, and benefits realised more quickly.

Australia's large and relatively homogenous public university system is strong and will continue to play the dominant role in our sector. However, as the Panel has identified, there are groups of students who are less likely to participate in higher education, either because of their personal or social circumstances or because the learning opportunities on offer are not suited to their needs or available in their location.

It is normal, and appropriate, for governments to provide targeted funding to achieve outcomes in areas of priority. In the higher education sector this has meant the creation of schemes designed to support specific student groups, including the Disability Support Program, Indigenous support Program, OS-HELP, and Higher Education Participation and Partnerships Programs. There are also mechanisms that incentivise particular activities with the aim of raising educational standards in ways consistent with national priorities, such as the Work Integrated Learning incentives.

However, the eligibility criteria for these funds vary and often exclude institutions that have genuine capacity to contribute to the objectives for which the scheme has been established. In many cases, funding eligibility is defined by the Higher Education Support Act (HESA) tables and restricted exclusively to institutions listed in Table A, but the HESA tables are an administrative construct that do not reflect institutional capacity or quality with respect to the purpose of the scheme.

Private institutions are typically smaller, allowing them to give greater focus to the needs of individual students. There is also a simple argument based on provider numbers. If there are a greater number and wider range of providers participating in accessibility and government priority agendas, there is a greater chance that students will find the model that meets their needs and best helps them to succeed.

The need to raise aspiration and participation amongst under-represented student groups is a strong theme that runs through the Discussion Paper. The social, cultural, financial and opportunity barriers that stand in the way of participation for these groups are complex but well documented. When viewed through the student lens, this complex set of factors suggests a need for solutions that focus on outcomes first and harness the capabilities of all current 238 registered providers. The inclusion of independent providers, which are excluded from many of the current priority schemes, would provide an immediate increase in capacity.

**Recommendation 2:**

That, as a near-term objective, Commonwealth targeted funding schemes that are intended to progress government priorities, support identified student groups, facilitate specified learning activities, or support innovation or capacity in areas of priority, be reviewed, and eligibility extended to all registered providers that have the demonstrated capacity to deliver the policy objectives being targeted.

The role of HELP in supporting student opportunity and choice

Australia has led the world in establishing the income-contingent HELP loan scheme as a mechanism that removes the financial barrier of upfront fees for students, while still encouraging responsible choice and creating a reasonable obligation for repayment. It is a core element of our higher education funding scheme, promoting access to higher education that is critical for the development of a highly skilled and productive workforce.

The HELP scheme also plays a critical role in supporting students who wish to extend their education by expanding their knowledge, adapting to new technologies or retraining for new industries. For many students from under-represented groups, who have struggled in their first attempts to enter the system, it can also provide a lifeline to continuous learning and self-improvement.

Throughout this submission, we have argued for mechanisms that create more options for students and respect their choices. The HELP program provides an effective mechanism for achieving these aims. Accordingly, we encourage the Panel to recognise the merits of the income-contingent loan scheme and consider options for expanding or extending it, such that more students can benefit, and in a wider set of circumstances. Specifically, the Panel might explore how a bona-fide student who has

reached the cap on their HELP account might pursue further and higher levels of study, but in a financially responsible way.

However, we are conscious that any such extension should not result in students incurring high levels of long-term debt with limited prospects of repayment. As such, extensions of the cap might be granted in circumstances where the student has previously proved their ability to succeed through completion of a prior qualification.

We are also conscious of the scheme's cost to government. The HELP scheme is appropriately moderated by restricting the type of program that funds can be applied to. As we move towards a wider set of award-type options, we should similarly expand the parameters of the scheme, but the expansion must be regulated carefully to avoid the sort of misuse that plagued the expansion of the VET FEE-HELP scheme a decade ago. Critically, any regulation of the scheme should not preference sections within the sector. All students should receive equal access, and on equal terms, irrespective of their choice of (accredited) institution.

The HELP scheme has provided tremendous benefit by removing barriers to higher education for low-SES students and others who would not otherwise have the means to cover tuition costs. However, the debt incurred through the scheme can still be a deterrent for some students. People from backgrounds that are commonly less exposed to lending practices are typically more debt averse and, in many cases, these are the same groups that are under-represented in higher education.

Moreover, the recent and rapid increase in inflation, and consequent indexation of student debt, has had a distorting impact on the public perception of the scheme. The indexation of HELP debts has been modest for over a decade, with loan indexation averaging 2.6% per annum over the period 2000-2022. However, the direct link to CPI can cause large annual fluctuations, with indexation around 4% in 2022 and exceeding 7% in 2023. There is a risk that these high headline rates, while topical, may be repeated in the long-term, and hence deter students from disadvantaged and low SES backgrounds, who would benefit most from accessing the scheme.

It is critically important that the current negative public and social media address the emerging myth that university education is not a good option. We submit that the perceived risk of high indexation and debt burdens has a disproportionate and negative influence on potential learners who are more debt-averse and/or exposed to increases in the cost of living. This cohort of students, who generally are the target of increased equity and access schemes, need simplicity and certainty.

The government could mitigate this risk, simplify the message, and deliver certainty by capping the rate of indexation so that it never rises above the long-term average inflation.

Finally, the recent introduction of the so-called 50% rule, which requires students to pass 50% of the subjects in every semester in order to continue to access the HELP scheme, is a very blunt instrument that is causing unintended consequences.

Students fail for many reasons, sometimes due to circumstances beyond their control. This does not necessarily mean that these students are not capable of academic success in the future. The 50% rule

is elevating the fear of failure amongst students leading to increased anxiety and reduced mental health. Moreover, we have case studies of students who have passed in previous semesters only to fail the rule in one semester and then dropping out of university altogether with an unfinished qualification and HELP debt.

Further, implementation of the 50% rule itself is also blunt. For instance, in the case of a part-time student studying one subject in a semester, the rule leads to an all-or-nothing scenario.

### **Recommendation 3:**

- a. That the HELP scheme be recognised as an important and fair mechanism for expanding opportunities, furthering educational ambitions, and supporting continual learning throughout careers, and that its role be strengthened by careful and responsible expansion to remove current limitations which inhibit or prevent further study.
- b. That HELP debt indexation be set at a maximum (or constant) long-term rate to provide more certainty and assurance for students.
- c. That as an immediate objective, the so-called 50% rule be abolished.

### Supporting students' cost-of-living

The current inflationary pressures that are driving increases in HELP debt are, at the same time, driving cost-of-living pressures and reducing the affordability of education for students, which impacts equity and access, both real and perceived. While this is temporary in the current economic climate, adverse signalling will persist, and will inevitably arise again in the long run.

There is often a public perception that students are young, have few financial responsibilities, live cheaply with the support of their parents until they graduate and then enter the workplace, but this stereotype is much less common in reality. Financial hardship presents a significant hurdle for many students and is often felt most keenly by those cohorts that are under-represented.

The current system is more complex than necessary, with multiple schemes targeted at different student cohorts, apply different rules, and are administered by different parts of government. They have lost effectiveness due to the impact of inconsistent policy treatment over continual policy changes and the lack of evidence-based reviews.

It is critical to address the financial barriers for students particularly from disadvantaged backgrounds and support them with targeted programs that sit within a coherent, consistent and long-term framework.

### **Recommendation 4:**

That the Panel recommend a broad review of student income support policies and mechanisms, guided by principles that underpin an enduring commitment to student support through a consistent, aligned, targeted approach for under-represented student groups.



## The true value of international students

International students enrich our cultural diversity and broaden our global perspectives. They bring unique perspectives and experiences to our classrooms and workplaces, fostering an inclusive and multicultural environment. Their presence creates a more vibrant and welcoming society that benefits everyone, and the relationships subsequently forged at government, business and social levels strengthen Australia's global ties and influence.

International education also delivers significant economic benefits, providing invaluable skills and talent to our workforce. Many international students choose to stay in Australia after completing their studies, helping to fill critical skill gaps in our workforce and contributing to our nation's long-term economic growth.

There has been an unfortunate trend in public commentary over recent years to focus on international students as an export commodity, without recognising the broader set of benefits that international education brings to the nation. Further, the sharp policy changes instigated during the pandemic have led to poor messaging, inconsistency in policy between various government agencies, and confusion.

### **Recommendation 5:**

That current student visa types, conditions and assessment processes be reviewed with the objective to streamlining visa applications and creating visa conditions that are coordinated, aligned and consistent with the recognition that international students are an essential component of Australia's global engagement strategy.

## **Theme 3: A multi-tiered approach to research**

### Supporting research and research training in a diverse sector

An open and transparent research system that recognises the full cost of research and research training is important to support sustainable, high quality and impactful research and research training. Excellence in research and research training is not only the domain of large public universities and there are numerous examples of smaller institutions making world class contributions to research in specific areas. A diverse sector adds to the richness, creativity and innovation of the Australian system.

Government funded research grants do not cover the full cost of the work to be undertaken. The RBG provide the universities with a level of autonomy to support research students, research projects, researchers, equipment and infrastructure. However, the level of RBG is insufficient to cover the shortfall in grant funding.

Further, the block grant formulae support the status quo by benefiting the established providers. Due to the lagged nature of the funding drivers and the benefit of size and scale in performance calculations, it is more difficult for universities that are smaller and/or at earlier stages of research

development to compete for RBG funds. This in turn creates a circularity as these grants take many years to build-up requiring greater up-front investment.

These issues are similar for Research Training, where lagged indicators are used to support the receipt of RBGs. Any strategy to increase the share of Research Training Program (RTP) is difficult to achieve for smaller institutions which lack the capacity to invest up-front compared to the larger research universities that operate with economies of scale.

**Recommendation 6:**

- a. That the full cost of research be addressed, initially prioritised by funding the full cost of employment of research staff.
- b. That the Research Block Grants formulas be reviewed to accommodate smaller and developing universities that are disadvantaged by scale and the lagging nature of existing funding drivers.

## Appendix: Overview of Bond University

As Australia's first non-profit, private University, Bond University seeks to be recognised internationally as a leading independent university, imbued with a spirit to innovate, a commitment to influence and a dedication to inspire tomorrow's professionals who share a personalised and transformational student experience.

The establishment of Bond University, under an Act of the Queensland Parliament in 1987, was a significant milestone in the history of higher education in Australia. Bond remains the only non-profit university in Australia where no enrolled student benefits from the CGS. We are student funded and student focused. Our unique position in the sector has allowed us to pioneer a distinctive approach, embedding excellence throughout our teaching, research and engagement activities:

- Bond University is **non-profit** and any surplus generated by the University is reinvested to enhance student learning, experience and infrastructure.
- Bond is the highest rated **university for undergraduate student experience** in the latest Good Universities Guide Australian university ratings and rankings 2022/2023
- Our scale and high-touch teaching philosophy allows us to deliver **intensive employability skills** and development programs, such as the *Beyond Bond program*, that requires all undergraduate students to complete employability focused extra-curricular activities to complement their academic studies, and the *Transformer* innovation and business development program.
- Bond University is committed to providing a **supportive learning environment for indigenous students**. Bond's 2021 Indigenous student success rate of 88% is well above the sector average of 74%. In 2022, 41% of Indigenous students at Bond received privately funded scholarships to support their studies.
- Our **research is of high-quality and aligned to our core strengths**. We are innovative and entrepreneurial.
- Each domestic undergraduate student at Bond **has forgone access to CGS funding** to subsidise their tuition, thereby delivering a direct saving to Government.