

Australian Universities Accord

Flinders University submission

Acknowledgement of Country

Flinders University acknowledges the Traditional Owners and Custodians of the lands on which its campuses are located. These are the Traditional Lands of the Arrernte, Dagoman, First Nations of the South East, First Peoples of the River Murray & Mallee region, Jawoyn, Kurna, Larrakia, Ngadjuri, Ngarrindjeri, Ramindjeri, Warumungu, Wardaman and Yolngu people.

We honour their Elders past, present and emerging.

Introduction

Flinders University welcomes the opportunity to respond to the Australian Universities Accord Discussion Paper.

Education is essential for us to rise to our full potential, both as individuals and as a nation.

Fair and equitable access to education will improve the life prospects of Australians and their families. A highly educated workforce will enable the nation to compete strongly in the knowledge economy and tackle the many serious challenges we face including climate change, decarbonisation, food security, cyber security, and health and wellbeing among others.

Universities have a critical role to play in developing the graduates we need and delivering the research outcomes we require to ensure economic strength, social cohesion and the defence of our values as a liberal democracy.

Our response to the Accord Discussion Paper focuses on three of the questions posed, starting with the major national challenges and opportunities the sector should be focussed on meeting (question four). These challenges and opportunities provide the framework for the reform of the sector that we recommend in our subsequent responses to questions five and two of the Discussion Paper.

In relation to other matters pertaining to the Accord, Flinders University endorses the submissions made by Universities Australia on behalf of the sector, and by the Innovative Research Universities on behalf of our mission group.

Question Four - Looking from now to 2030 and 2040, what major national challenges and opportunities should Australian higher education be focused on meeting?

1. Targeted growth to meet increasing demand for university-level education in the knowledge economy.

Measures must be put in place to encourage student participation from historically under-represented groups, and to ensure that growth in student numbers is aligned with industry demand, national priorities and key sovereign capabilities.

2. Securing the strongest possible university sector in Australia by enabling diversity in university missions and meaningful student choice.

A more diverse sector would be inherently stronger, offer greater access to opportunity and would better meet the needs and priorities of communities and society at large.

3. Australian universities must remain competitive on the international stage.

This requires the capacity to invest in capital infrastructure (both physical and digital) to maintain the reputation for excellence that the Australian sector currently enjoys. The Job Ready Graduates package inadequately recognised the capital requirements for teaching and represents a ticking time-bomb.

4. University research represents a vital sovereign capability.

The university sector is home to the majority of Australia's researchers and research capability. These vital assets should be supported by funding reform, career pathways and opportunities for early and mid-career researchers, and mechanisms that encourage innovative research collaborations with industry.

5. Leveraging our international partnerships to grow Australia's soft diplomacy.

Through our networks of international students, programs and partnerships, all universities can play a critical role in building capacity and people-to-people links, helping Australia navigate increasing geopolitical tensions.

6. Respecting Indigenous knowledge systems and perspectives, and progressing Indigenous advancement in education, research, employment and wellbeing.

Our collective vision is for equal engagement and participation of Aboriginal and Torres Strait Islander peoples in higher education through the recognition of, and respect for, Indigenous peoples and their knowledge and culture.

Question Five - How do the current structures of institutions, regulation and funding in higher education help or hinder Australia's ability to meet these challenges? What needs to change?

Flinders University recommendations:

1. Reform of the block grant mechanism to cover the full cost of research.
2. Implement R&D tax incentives reform.
3. Review higher degree research students scholarship stipends.
4. Implement a seed funding model to encourage research with commercialisation potential.
5. Establish an independent commission to oversee sector funding.
6. Prioritise Indigenous self-determination and invest in Indigenous success.
7. Re-write the Australian international education narrative.
8. Create a connected international education value chain across government.
9. Increase global learning opportunities for domestic students.

1. Reform of the block grant mechanism to cover the full cost of research.

A key distortion in Australian higher education is the nature of the funding system for university research. It is widely understood that the funding provided through the block grant mechanism does not cover the full cost of research with, over the past decade, the amount of block grant having halved relative to the amount of external research income to an organisation.

This real decrease in research funding has been accompanied by growing pressure and often requirement for a contribution from universities to fund research. Examples range from Personnel and Salary Support Package gaps in National Health and Medical Research Council (NHMRC) schemes, to commitments expected of universities in a range of Australian Research Council (ARC) schemes, and onerous co-funding for major schemes such as the Trailblazer initiative. At the same time, it is common for philanthropic organisations to seek matched funding from universities.

This growing trend has put enormous strain and strategic limitations on universities to develop their research capabilities and directions.

A related issue concerns expectations of contributions from industry when the SME base of Australian industry is large. Many SMEs simply do not have the cash-flow to invest in research as they strive to become high-growth companies. Given the significant flow on effects to the Australian economy and society of research, government investment is needed, as well as less expectation that universities and partners financially contribute to industry-based research programs.

The Accord is an opportunity to correct this systemic distortion of research funding.

The Commonwealth Government must commit to restoring the value of the block grant or, at least, commit to either proportionately increase the block grant when any new initiative (e.g., the Medical Research Future Fund or Trailblazer) is instituted, or excluding them from the block grant calculations and adopting a more US-style approach of including a funding component to support the indirect costs associated with the activity.

2. Implement R&D tax incentives reform.

Another systemic factor holding back university research and university-business interactions is the failure to implement proposals to reform the R&D tax incentives that directly encourage industry to partner with universities and research organisations to undertake research.

3. Review higher degree research students scholarship stipends.

Increasing financial stress on higher degree research (HDR) students is negatively impacting on research training in Australia. The level of financial support currently available for HDR students is such that many seek employment to top up their scholarship income. In some cases, additional work is taken out of dire financial need, reducing time spent on their doctoral research and risking HDR students contravening the rules on maximum work while on a scholarship and going over time for their scholarship and/or candidacy.

These constraints disproportionately impact older students with existing financial commitments, parents, those with caring responsibilities, and students from low socio-economic backgrounds.

This is also a critically important issue in the recruitment of Indigenous higher degree research students. The Accord is an opportunity to recognise the special demands of Indigenous students by providing them with a higher stipend. It would also support an Indigenous academic pipeline.

It is suggested that the stipend level for HDR scholarships be reviewed in light of changes to the cost of living to ensure it is sufficient to support the basic living costs of a higher degree research student.

4. Implement a seed funding model that encourages research with commercialisation potential.

There is a need for a funding model that encourages industry and universities to better 'seed fund' research to potential commercialisation. Generally, the conversion of research to commercialisation will only attract joint venture-type funding once it has a proven 'revenue stream' in the market.

The gap is funding to translate research with an identified commercial opportunity and developing this to a 'proof of concept' stage with an identified product and market. This is the high-risk aspect of commercialisation and very difficult to attract funding for.

A new funding model to support commercialisation of research and innovation will help the Australian economy to become more innovative, more productive, and more diverse. Finding a better way to fund this commercialising opportunity is also a means for universities to diversify revenue streams away from the traditional approach of growth in student numbers.

5. Establish an independent commission to oversee sector funding.

Funding models need to ensure they have no adverse impact or inequity issues. For example, the Job-Ready Graduate (JRG) scheme was positioned to encourage students to study STEM at a tertiary level through reducing the costs for students studying these STEM-related subjects.

In reality, the funding model made it more financially viable for universities to recruit non-STEM students (e.g. Business and Law disciplines) into their organisations as the finances were more beneficial. The outcome was that student preferences did not shift as subject choice is not steered by cost for students.

For universities to continue to be able to innovate as educators and avoid becoming redundant, funding models need to be able to adapt to new offerings, for example degree apprenticeship funding models or microcredential funding.

The ongoing proposals and changes to funding the sector can be very disruptive and cause a great amount of internal work in universities. Achieving more consistent funding models with appropriate levels of reporting would be beneficial to the sector.

An example of this is the annual tied funding for many support roles at the university (e.g., Indigenous Student Success Program (ISSP), and Higher Education Participation and Partnerships Program (HEPPP)) causing lack of job security and disruption from churn for the university. Expanding the funding cycle whilst maintaining reporting would be highly beneficial.

Removing the political agenda from the funding model would be ideal, adopting a commission to oversee funding arrangements and monitoring, for example Israel's Council for Higher Education, New Zealand's Tertiary Education Commission/Te Amorangi Mātauranga Matua, or even the previous Commonwealth Tertiary Education Commission.

6. Prioritise Indigenous self-determination and invest in Indigenous success.

The Australian higher education sector can contribute to Indigenous advancement and success through an Indigenous higher education plan that prioritises self-determination. Indigenous self-determination within an education agenda strengthens Indigenous peoples right to cultural, social, and economic autonomy.

Investing in Indigenous people will have broader social, cultural, economic and health/wellbeing benefits to Aboriginal and Torres Strait Islander communities and the nation. A self-determination lens supports educational initiatives beyond an equity agenda and a framework for policy development and program settings into the future.

In line with the recommendations in the IRU submission to the Panel, Flinders University supports changes to the JRG policy package relating to Indigenous success – specifically:

- Extending uncapped funding to all Indigenous students studying bachelor degrees beyond the current model for rural and remote.
- Reviewing student contribution bands and the potential disproportionate effect on Indigenous students and Indigenous workforce.
- Reviewing the impact of the JRG rule on underrepresented cohorts, in particular Indigenous students, if Commonwealth supported places are lost as a result of failing 50 percent of units.

7. Re-write the Australian international education narrative.

Whilst a large part of Australia's international education industry is focused on attracting international students to Australia, the current narrative is too focused on economic and financial benefits alone and, more recently, on plugging a skills gap, making motives seem overtly transactional.

A broadening of the narrative – both for national and international audiences – to also highlight the social, cultural and community value international education brings to Australia, its role in soft diplomacy, capacity building and people-to-people links in the Asia Pacific and beyond, would position Australia well for the future. For example, the current narrative has the potential to prevent the development of impactful and valuable international partnerships, due to the real or perceived lack of commitment to the principle of mutual benefit.

To put substance behind such a narrative, an organisation akin to the British Council or Alliance Française could be considered - focused on promoting links between Australia and the world in education and research, arts, tourism, culture, development, and diplomacy.

Such an organisation could also play a role in building a stronger national brand and unify the current fragmented state and territory (or even region) based destination marketing. It would also provide the economy of scale towards a more expanded international physical footprint into emerging international education markets than Austrade currently has, providing explicit government support towards the international diversification agenda.

8. Create a connected international education value chain across government.

There is currently a disconnect between the government's international education, migration, and workforce objectives. With the current skills shortage in Australia, an aligned international education sector with industry demand supported by an enabling visa policy would help grow the talent pool in Australia at scale and faster than any skilled migration program.

An internationally sourced, but educated in Australia, future workforce would have the requisite skills, but also understanding and awareness of workplace culture, social norms and familiarity with Australia to a greater extent than direct skilled migration. Australia's higher education sector is well placed to facilitate that transition and adjustment period.

Specifically, the Genuine Temporary Entrant (GTE) visa rules require international students to prove that they do not intend to remain in Australia permanently after their study. Government should consider removing the GTE criteria, whilst retaining the existing Genuine Student visa requirement, to ensure that the student visa is not used by non-genuine students to enter the country, without putting any emphasis on what students intend to do once they graduate.

This would enable universities to encourage international students to choose courses that produce graduates that meet skills demand.

9. Increase global learning opportunities for domestic students.

International education is also about offering opportunities for Australian students to have an international learning or internship experience, and meaningful and impactful international partnerships across education and research.

Opportunities for domestic students to have an international learning experience should be enhanced through the development of the next generation New Colombo Plan. Such an enhanced flagship program should see the both the Scholarship Program and Mobility Program expanded to beyond the Asia Pacific region and allow for postgraduate course work and HDR students to be eligible.

Question Two - How can the diverse missions of Australian higher education providers be supported, taking into account their different operating contexts and communities they serve (for example regional universities)?

Flinders University recommends:

- 1. Institute compact funding to support greater university diversification.**
- 2. Establish a Higher Education infrastructure loan fund.**
- 3. Support to develop high-end skills pathways.**

1. Institute compact funding to support greater university diversification.

The higher education sector would achieve greater diversity of institutions if institutions could self-define their direction and target national value proposition.

Universities could negotiate compacts as individual institutions and achieve agreement and funding support from government to pursue our missions over a long enough term to achieve results.

Flinders suggests five-year compacts with milestones within the five years. This would involve some base line requirements with the opportunity for unique measures.

Compact negotiation could be a function of the independent higher education commission discussed above.

2. Establish a Higher Education infrastructure loan fund.

Until 2015, the Australian higher education sector had an Education Infrastructure Fund (EIF) that allowed universities to fund (or partly fund) capital projects that were needed for their specific research and teaching growth. EIF was ended without a replacement, reducing the overall capital reinvestment by the sector.

In Northern Australia a similar fund exists now for capital projects called the Northern Australia Infrastructure Facility (NAIF). The NAIF allows for capital equity grants of up to \$50 million as well as reduced interest rate loan funds for selected capital projects.

With a similar nationwide grant/loan capital fund, the higher education sector would be more able to respond to the nation's skills and research needs. The fund could also have criteria that reflect national priorities like:

- supporting highly sustainable buildings
- supporting regional/equity-based teaching expansion
- focusing on sovereign capability building projects, and
- supporting specific public benefit like improving health, aged or disability care.

Such a facility would not need to fully fund capital projects – it might, by design, require higher education institutions or industry partners to participate with a portion of capital.

While most projects would be domestic, such a funding program could also promote the expansion of Australian higher education institutions overseas, aligning with export goals and building international connectivity.

This fund might be a subset of existing national funding sources, functioning as a set aside for the higher education sector that fits into other national programs and/or goals already contemplated by government.

3. Support to develop high-end skills pathways.

Skilling Australia's future workforce requires collaborative partnership between higher education and tertiary sectors, government, secondary schools, and industry to develop and deliver high-end skills pathways.

At the Tonsley Innovation District, Flinders University is working in partnership with the South Australian Government to establish such a pathway in support of naval shipbuilding. This is possible through the co-location of the State Government's new technical college with the university's *Factory of the Future* - Australia's first industrial-scale advanced manufacturing accelerator developed in partnership with BAE Systems Maritime Australia. It will be a world first in providing secondary students with both visibility and pathways for a wide range of employment opportunities available in support of naval shipbuilding.

This innovative model of learning could be adapted to support skills development in areas of industry demand and for nationally significant projects.

For further information:

Jayne Flaherty

Chief of Staff
Office of the Vice-Chancellor
0478 335 544
jayne.flaherty@flinders.edu.au