



**Australian
Universities Accord
Discussion Paper
Response**

Contents

Introduction

Table of recommendations

1. Learning and Teaching: A focus on equity and inclusion

2. A system that delivers new knowledge, innovation, and capability

3. The role of international education

4. Investment and affordability

Introduction

Griffith University welcomes the opportunity to provide a submission to the Australian Universities Accord Discussion Paper and supports the work of the panel in creating a new Accord that supports a resilient and world-leading higher education system that provides a better future for all.

Griffith endorses the submissions of the Innovative Research Universities (IRU) and Universities Australia and includes this submission as supplementary to them.

What will Australia need from higher education in the coming decades?

The coming decades are likely to present significant challenges and opportunities for Australia which a fit-for-purpose higher education sector can assist the nation to meet. Climate change, geo-political tensions, the need for an energy revolution, the increasing fragility of democracy and declining trust in institutions, growing social and economic inequality, economic volatility, and skills shortages are some of the most prominent of the complex challenges that will face Australia.

In response, it will become more critical than ever that Australia's higher education system is a valuable resource to support innovative solutions to these problems.

What would some of the key ingredients of such a system look like? It is important to recognise what is working well at present and deserves to be maintained – a system that is highly efficient and cost-effective by international standards, reasonably high degrees of participation, a focus on increasing inclusion of traditionally under-represented groups, external quality assurance, research of globally recognised standards, and sufficient autonomy to allow reasonably rapid responses to changing conditions.

There would, however, be some significant differences in a fit-for-purpose system. Such a system would:

- Allow for greater distinctiveness and focus on mission by decreasing heavy-handed regulation and making funding more flexible. This would allow universities to be more responsive to local needs, more specialised in certain areas, and more innovative – important qualities given the rapid pace of social change.
- Have a more sophisticated approach to equity and be more successful in ensuring that those who are educationally disadvantaged are able to graduate with appropriate qualifications. With an ageing workforce, it will be critical to ensure that everyone is provided with the education and training that suits their abilities and interests. We cannot afford to leave people behind on the basis of their postcode, disability, career responsibilities or race.
- Use universities better to drive innovation and impact through industry partnerships, recognising their unique role in undertaking fundamental and blue-sky research. Future prosperity in Australia will depend on increasing productivity and diversifying our economy (current incentives for both universities and industry do not maximise this opportunity).
- Provide appropriate and predictable financial support to ensure that universities are not as financially reliant on international students as they now are and to provide additional funding for those who serve areas where it is harder to attract international students or have thin markets

for domestic students. Greater financial certainty of this kind would decrease some perverse behaviours (e.g., universities setting up in different states and cities to access international students) and allow for greater job security by being less dependent on a volatile market. It would also allow Australia to focus on the wider benefits of international students (and international experiences for Australian students) rather than having a narrow financial lens through which international education is viewed.

In this submission, Griffith focuses on the following areas of reform, providing recommendations and discussion in response to specific questions within the Review's Terms of Reference. In addressing the key challenges and opportunities for the higher education system, Griffith has responded to questions on the following:

- 3.2.4 Collaboration with industry
- 3.4 A system that delivers new knowledge, innovation and capability
- 3.5 Creating opportunity for all Australians
- 3.8 The role of international education
- 3.9 Investment and affordability

Table of recommendations

1.1	Changing the Job-Ready Graduates (JRG) package (in line with work undertaken by the IRU) to a model that is fairer to students and better covers the costs of teaching.
1.2	The removal of the JRG low completion rule that disproportionately disadvantages students from equity backgrounds.
1.3	The re-evaluation of enabling programs, with consideration given to funding a set of universities to offer student contribution-free enabling courses to provide pathways for equity groups into higher education.
1.4	Increase financial support to students to cover living expenses, placement, and course material costs, preferably through government support but, if not, to allow an increased capacity to extend HECS loans.
1.5	Consider a more flexible approach to equity funding that allows universities to focus on specialist support for relevant groups.
1.6	Expand the Higher Education Disability Support Program funding to recognise the increasing number of students studying that experience a disability.
2.1	Government funding for small and ineffective 'micro' programs be reinvested into the Research Block Grant.
2.2	University research funded by Australian Government departments not responsible for RBG provide an agreed rate of support for indirect costs or contribute appropriately to RBG.
2.3	Increase the RBG over time to a rate of 50 cents for each dollar.
2.4	Support mission and place-aligned research investment.
2.5	Recast the R&D tax credit scheme to provide increased credits for R&D undertaken with an Australian university.
2.6	Consolidate and simplify the proliferation of research translation and commercialisation programs across government.
2.7	Provision of wage subsidies and incentives to research end-users to incorporate HDR candidates and recent graduates in their organisations.
3.1	Enable greater flexibility in CRICOS registration and visa settings to accommodate multi-model program delivery and program length both on and offshore.
3.2	Extend the required period of study for student visa holders in their program with a single provider from six to twelve months.
3.3	Modify and promote flexible policy settings around student visas, post-study work visas and migration to increase appeal to international students from a range of countries.
3.4	Ensure cross-body, cohesive government agency investment to support the development of emerging markets and in-market program delivery.
3.5	Offer government scholarships to enhance Australia's reputation as a quality education destination in new and emerging markets.
3.6	Secure the future direction of the New Colombo Plan to facilitate engagement and partnerships across the Asia-Pacific, positioning Australia as a connected and collaborative nation.

3.7	Align policy settings to provide post-study employment and citizenship opportunities with desirable migration outcomes.
4.1	Extend the Maximum Basic Grant Amount (MBGA) until such time as a more sustainable financial model is agreed upon under the Accord.
4.2	Ensure that MBGA indexation arrangements are legislated and aligned to contribution amounts.
4.3	Reduce the two-year lag in Commonwealth Grant Scheme (CGS) indexation to match the prior year, with a one-time catch-up in the year of implementation.
4.4	Reduce the complexity and compliance costs of existing university funding schemes and minimise the regulatory overlay on such funding to allow for greater variation in university vision and focus.
4.5	Eliminate smaller funding schemes such as Performance Based Funding (PBF) and National Priorities and Industry Linkage Fund (NPILF) and return this funding to the Commonwealth Supported Places scheme.
4.6	Modify the Indigenous, Regional and Low-SES Attainment Fund (IRLSAF) so that universities may receive full equity funding by specialising in supporting one or more diversity groups to an excellent standard.
4.7	Undertake a systematic review of the regulatory environment for universities with a view to a reduction in the regulatory burden.
4.8	Restore funding previously removed from the CSP (under the JRG) to provide additional discretionary funding.
4.9	Establish a new Educational Futures Fund to which universities may make bids to support major physical and digital infrastructure, with priority given to universities less able to subsidise this infrastructure (i.e., those receiving less international student fees).
4.10	Introduce minimum base grants in addition to maximum grants to provide greater financial certainty and support transitioning more staff to permanent positions.

A significant number of recommendations are made throughout this paper. Some are relatively self-contained and short-term but would nonetheless be useful. Others have the potential to be more transformative and significant; these recommendations are in bold above.

1. Learning and Teaching: A focus on equity and inclusion

Incorporating questions: 13-14, 28-33

Griffith conducted a set of surveys and interviews to inform this response.

- Barriers to access: over 300 phone interviews with non-enrolled commencing students.
- Barriers to retention: over 300 phone interviews with yet-to-re-enrol continuing students.
- Confidence in completion: a web-based survey completed by over 300 enrolled students from equity groups and a smaller control population from non-equity groups to explore their opinions of some of the recommendations from the Accord discussion paper.

Recommendations and discussion

Griffith University recommends:

- 1.1 Changing the Job-Ready Graduates (JRG) package (in line with work undertaken by the IRU) to a model that is fairer to students and better covers the costs of teaching.
- 1.2 The removal of the JRG low completion rule that disproportionately disadvantages students from equity backgrounds.
- 1.3 The re-evaluation of enabling programs, with consideration given to funding a set of universities to offer student contribution-free enabling courses to provide pathways for equity groups into higher education.
- 1.4 Increase financial support to students to cover living expenses, placement, and course material costs, preferably through government support but, if not, to allow an increased capacity to extend HECS loans.
- 1.5 Consider a more flexible approach to equity funding that allows universities to focus on specialist support for relevant groups.
- 1.6 Expand the Higher Education Disability Support Program funding to recognise the increasing number of students studying that experience a disability.

The impact of the Job-Ready Graduates (JRG) low completion rate on certain equity groups

- Some students, most frequently from equity groups, take more time to transition into higher education. This barrier can be reduced by removing the JRG low completion rate requirement.
- Higher education institutions have been encouraged to remove enabling programs and instead offer credit-based pathways for students who would have traditionally used these routes to higher education. Institutions have typically replaced enabling courses with undergraduate diplomas. This change disadvantages students by requiring them to pay fees through the application of the low completion rule, which disproportionately impacts shorter-duration courses. The JRG low completion rule means that a diploma student must pass at least 50% of their first full term of study to continue, whereas students enrolled in degree programs do not need to meet this requirement until they complete a full year of study.

- Griffith's low completion rate data shows that students from First Peoples and linguistically diverse backgrounds have twice the likelihood of students from non-equity backgrounds of being impacted by low completion rates.
- Students impacted by this rule may enrol in a new program, but this typically increases their loan debt (i.e., through losing successfully completed credit) and can result in them enrolling in programs of lower personal interest.

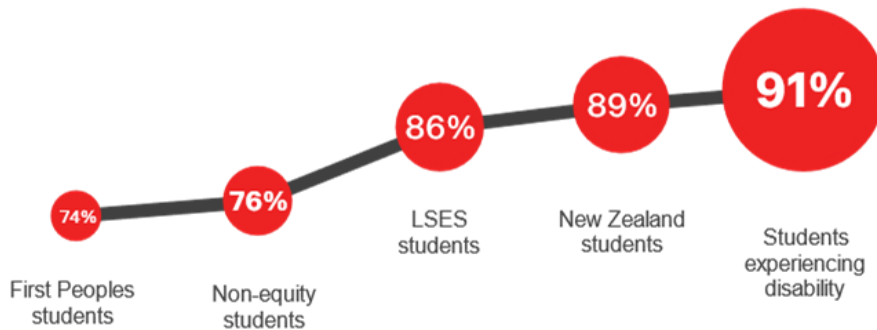
The cost of study beyond course fees

- Providing HECS loans for living/course expenses will improve student access and retention within higher education.
- Students work for a complex set of reasons that vary between different equity groups. Our survey results indicate that one-third of enrolled students from the non-equity group were likely to work over 20 hours per week, compared to one-quarter of students from the equity group. In addition, the non-equity group were far more likely to work for enjoyment or to promote their future career prospects (+12%). In contrast, equity group students were more likely to work for financial needs. The right balance and type of work can help build a student's social capital and help them develop career opportunities. However, students from equity groups were less likely to work at all (26%) — heavily influenced by those who experience disability (36%) — compared to non-equity students (16%). Providing alternative ways for students to financially support their studies will enable fairer access to higher education.
- Changing fee structures is unlikely to influence a student's choice of study but the very high fees in some courses at present may be a barrier to some. In surveying students on barriers to enrolment, it was found that commencing students are more likely to express concerns over course fees, especially those from low socioeconomic status (SES) backgrounds. However, very few continuing students expressed the same concern. One explanation for this difference is that cost is an actual barrier; students who are worried about incurring debts may never enrol. Our survey findings indicate that changing course fee structures is unlikely to influence the choice of discipline for those students committed to accessing higher education. Still, for some equity groups, cost does appear to be a barrier to participating at all.
- Students generally welcomed the proposed ability to access funds beyond fees to support the cost of living. Just over two-thirds of enrolled students indicated they would appreciate and access a loan to support living expenses if available. Students who experience a disability most frequently confirmed this would result in them reducing their hours of paid employment. The remaining third indicated they had concerns regarding taking on further debt. Those from the low SES community most frequently expressed this concern and this should be taken into account when considering whether it would be better to extend government support for students rather than extending access to HECS.
- Students also expressed financial stress with associated study costs. For example, in our survey of enrolled students, a high proportion of those from equity groups commented that attendance at placements prevented them from continuing their paid employment. This poses a

significant barrier for some. In addition, some students raised the costs of extraordinary course materials, such as art supplies, which further limited their academic engagement.

Percentage of enrolled students working due to financial need

Working to financially support themselves, their family or their study expenses.



“If I work less, I can focus more on my studies, and I’ll have a higher chance of completing my studies. There is a lot of pressure to fit in work, my studies, personal time and social time into my schedule; it would be a lot easier if I was more financially stable.”

Felix | LSES student working up to 36 hours a week and studying full-time

Fig. 1: Percentage of enrolled students in paid work

“Not having to worry about how food gets on the table and being able to decrease the mental load by not having to work as many hours would make the biggest difference to me being able to complete my studies.”

Salem | Student experiencing disability working up to 19 hours a week

“If all students could access the student start up loan without having to get any ab/Austudy. That way I could purchase textbooks, pay for vaccinations needed for placement and so on.”

Sarah | First Peoples student working up to 19 hours a week

Percentage of enrolled equity group students amenable to accessing a loan for living expenses

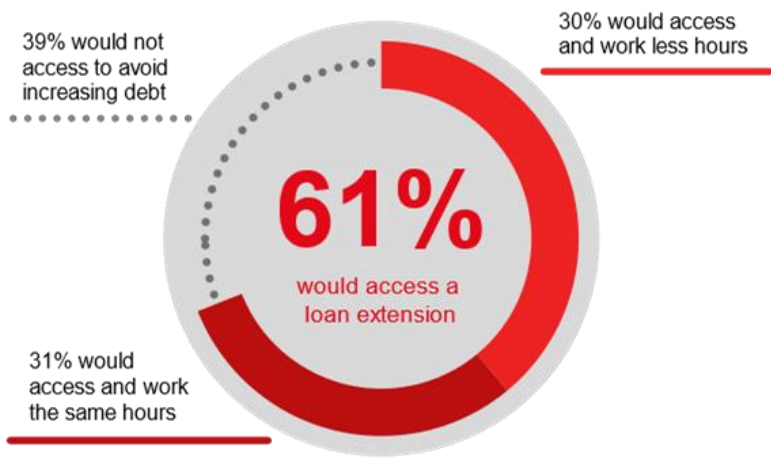


Fig. 2: Student feedback on additional financial aid

Personalised support for the success of students who experience a disability

- ABS data shows an increase in high school leavers experiencing a disability. Griffith has increased the proportion of students experiencing a disability from 4.6% in 2017 to 9.2% in 2022, an increase of over 2000 students. However, despite this increase, Griffith DSP funding has decreased. Those who experience a disability often have multiple barriers to access and success. For instance, our barriers to access survey identified that those experiencing a disability were considerably more likely to express physical health as a reason for not accepting their offer. Within the continuing cohort, they were twice as likely as others to cite these concerns as likely to impact their continued enrolment. Currently enrolled students who experience a disability were almost twice as likely as others to express concerns that they may be unable to complete their studies due to health reasons.

Percentage of students citing health concerns as a barrier to study

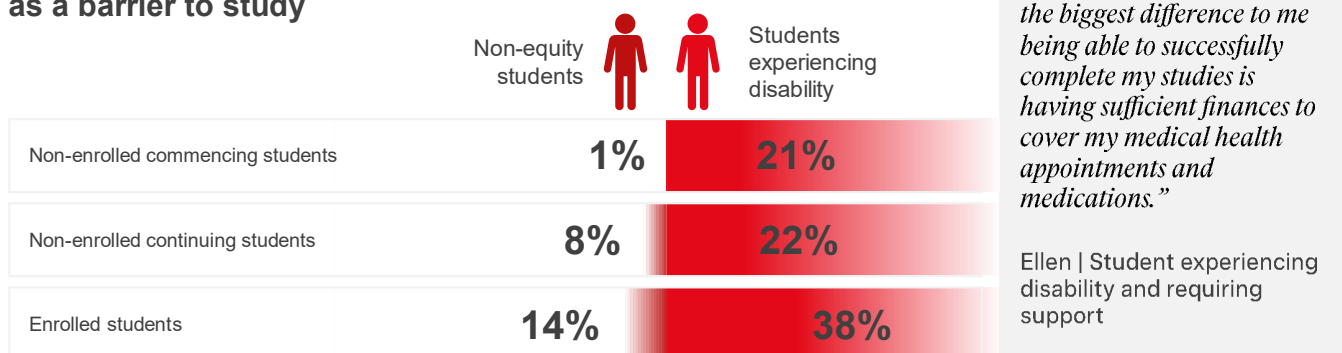


Fig. 3: Student health concerns

- The need to maintain similar per-student levels of financial support is essential to eliminate barriers to access, retention, and success.

The importance of equity funding

While we recommend a more flexible approach to equity funding, including allowing for some specialisation for universities, it is important to note that existing schemes have allowed for the development of successful initiatives that have demonstrated impacts against student equity targets. The sharing of good practices between institutions will be important in helping to ensure that public funding is spent in the most effective way (without discouraging further innovation).

Examples of successful use of funding schemes at Griffith include:

- Use of ISSP for more personalised support for Aboriginal and Torres Strait Islander students which led to 91% of students who participated in the program successfully completing their course of study compared to 73% of students who did not access the scheme.
- Creating a learning platform for IRLSAF-eligible students that allows students to access online learning materials, workshops and personal consultations.
- IRLSAF funding has been used to establish a tailored Academic Preparation Program with partner Loganlea State High to address barriers to participation, building on students' capabilities before starting a university degree and familiarity with the support services.

As the IRU analysis shows, however, expecting all universities to carry the same equity load is not the most effective policy response to increasing participation in higher education. Students generally attend university in their local areas, and equity students may have less capacity to move for study. Allowing universities to develop an equity profile that reflects local communities and the needs of the people in their communities who have been under-represented in education would be preferable to a model that imposes the same expectations on all universities.

The financial demands of placements on students and universities

Increasing work-integrated learning (WIL) has been an aim of both governments and universities in recent years. WIL allows students a valuable opportunity to develop their skills in real-life settings, engage with potential employers, and enhance their readiness to enter the workforce post-graduation. For many professional disciplines, including those critical to Australia's future, accreditation bodies require substantial placements as part of the degree. Such requirements are prevalent (and understandable) in the health context, which is used as an example here, but a number of the points apply to other professional degrees as well.

At the federal government level, health disciplines are required to meet regulatory obligations from both the Education and Health portfolios. They are also required to meet obligations from state and territory entities. This multi-layered approach often gives rise to competing tensions that make it difficult to meet the requirements for more highly trained staff across Australia's healthcare settings. For example, regulatory tensions can arise when universities increase places in certain health disciplines to meet national health workforce shortages. Although universities have the capacity to increase student numbers, graduations are restricted by the availability (and at times, the quality) of clinical placements offered by states/territories and the settings in which they can be carried out.

A further example of the tension between federal and state/territory requirements is evident in the current funding model for clinical placements. Commonwealth funding to universities does not consider the state-based costs imposed on universities that range from \$67 per student per day in Victoria to more than \$92 per student per day in Queensland. Clinical placement costs account for 26% of Commonwealth Supported Places (CSP) income per nursing student in Queensland. In addition, administrative staff are needed to arrange placements and process invoicing, placing an administrative burden on universities that could be better delivered through a more standardised approach. The overall cost of securing external clinical placements for Griffith University is \$14.8m per annum, including disciplines such as Medicine, Nursing, Midwifery, Allied Health, Social Work, and Psychology, and excluding the provision of clinical placements internally within Griffith clinics.

A national pricing model for clinical placements would establish consistent funding across Australian jurisdictions and should be linked to the funding provided by the Commonwealth to university providers in relevant disciplines.

There have been several studies indicating the financial hardships that extensive clinical placements have on students.¹ Not only do the financial imposts on universities need to be considered, but support for placements for students is critical, especially when demonstrable financial hardship arises. For instance, 40 hour/week WIL plus concurrent study typically means that students are unable to earn a living. This situation is exacerbated when the placement is located away from home; in these instances, students are not only restricted in earning but have the added expenses of travel, accommodation and subsistence, while at the same time maintaining their home expenses. There are few scholarships available to support non-medical students. Education students experience similar difficulties when placed in regional or rural schools. Universities do their best to support students in need but have limited resources to do so.

One possible solution to alleviate this burden would be to allow an extension of the HECS loan to support students who are required to undertake placements in order to meet professional accreditation requirements (or, more expansively, any student undertaking unpaid WIL over a specified threshold of hours).

¹ See Oke, N., Hodge, L., McIntyre, H., & Turner, S. (2022). 'I Had to take a casual contract and work one day a week': Students' experiences of lengthy university placements as drivers of precarity. *Work, Employment and Society*, 1–17; Caitlin Cassidy, 'Urgent calls to end compulsory unpaid internships as students forced to quit due to cost of living,' *The Guardian*, 5 March 2023; <<https://tinyurl.com/4nvv94ws>> accessed 3 Apr 2023.

2. A system that delivers new knowledge, innovation, and capability

Accord questions 23-27, 41, 45

Recommendations and discussion

The consultation paper recognises the key role of universities as generators of research and innovation in Australia, accounting for 36% of national research and development (R&D) expenditure, which is high by OECD norms. In terms of innovation, Australia scores poorly compared to OECD peers, ranking only 37th in knowledge and technology outputs, suggesting that much more could be done to translate our world-leading research into high-impact innovation outputs for the benefit of government, industry, and society.

Various sector groupings, including Universities Australia and the Innovative Research Universities (IRU), have outlined that Australia must invest more than it does now (1.79% of GDP in 2020) by matching OECD levels of investment in R&D (2.67% of GDP in 2020). To achieve and sustain OECD levels of investment and to solve the grand challenges, Australia needs to support research scale, excellence and impact through sustainable funding; concentration of investment into priority research areas; recognition of universities' unique missions and 'place'; and, better collaboration between universities, government, industry, and the not-for-profit sector to ensure adoption of innovative technologies and approaches.

Griffith University, therefore, proposes three guiding principles as the starting point for Accord conversations around university research:

1. Scaled-up and sustainable research funding;
2. Investment that aligns better with university missions and place; and
3. Support for stronger collaboration with government, industry, and the not-for-profit sector.

Griffith University recommends:

- 2.1 Government funding for small and ineffective 'micro' programs be reinvested into the Research Block Grant.
- 2.2 University research funded by Australian Government departments not responsible for RBG provide an agreed rate of support for indirect costs or contribute appropriately to RBG.
- 2.3 Increase the RBG over time to a rate of 50 cents for each dollar.
- 2.4 Support mission and place-aligned research investment.
- 2.5 Recast the R&D tax credit scheme to provide increased credits for R&D undertaken with an Australian university.
- 2.6 Consolidate and simplify the proliferation of research translation and commercialisation programs across government.

2.7 Provision of wage subsidies and incentives to research end-users to incorporate HDR candidates and recent graduates in their organisations.

As outlined by the IRU, the Research Block Grant (RBG), which supports the indirect costs of research, has halved in proportion to external research income over the past 20 years from almost 80% in 2001 to around 40% in 2020. This erosion of the 'dual funding system' for university research has led to an overdependence on fee-paying overseas student income to support research and this should be addressed as a priority in the Accord.

The rapid growth of 'micro' research programs, often driven by short-term objectives, has further exacerbated the financial sustainability of research. These programs often lack the scale and excellence to achieve ongoing impact and benefit and are costly to administer. This is compounded by large research programs funded by other Australian Government departments (health, defence, agriculture) and by state/territory governments that have not been matched by commensurate increases to the RBG. Increasingly, these programs require universities to provide cash contributions, further exacerbating the funding shortfall.

The Accord Discussion Paper raises the question of how research quality and impact should be supported and prioritised. Griffith University supports the discontinuation of ERA in its current form and replacing it with more efficient methods to assess research quality in Commonwealth funded and supported research. The Australian Research Council (ARC) has built up expertise in this area over the past decade and has the capability to undertake valuable deep-dive analysis into areas of national research priority to better direct funding and recognise the contribution of individual universities in specific fields (e.g., quantum technologies, water security, clean energy, climate action, drug discovery and development). In terms of assessing the research impact of individual universities, Griffith University recommends a light-touch approach that uses relevant metrics but incorporates economic, social, and environmental returns, as opposed to solely commercial outcomes in Accord agreements. Such an approach would build trust in the sector and prepare it to deliver against future societal expectations of universities.

Concentration of investment to align better with university missions

As a university with five campuses in the high-growth Brisbane to Gold Coast corridor, Griffith University provides bespoke research and knowledge transfer services that meet the specific needs of all partners from industry and community. Griffith's mission to create a future that benefits all can be achieved through the concentration of research efforts bespoke to the needs of the University's diverse communities, and through the creation of distinctive facilities and infrastructure that will drive economic and social improvement within those communities.

Examples of this include:

- The Pathways in Place research hub at Logan that works with local communities to create better outcomes for children in the early years.
- The Gold Coast Health and Knowledge Precinct, developed in partnership with the Queensland State Government, draws upon the University, Gold Coast University Hospital, and industry partners, acting as a force for economic and social change in Australia's sixth-largest city.

The other three campuses at Logan City and Nathan/Mount Gravatt in Brisbane offer similarly distinctive research services in fields where Griffith is a national leader, such as criminology, quantum technologies, disaster resilience, environmental sciences, disability and rehabilitation, and nursing. However, funds such as the RBG are blunt in their intent, often not recognising the value of complex 'place-based' research partnerships and mission-orientated investments.

Collaboration with purpose – solving the big challenges in partnership with industry

Research collaboration between universities and industry takes time and effort, requires reciprocal benefits, and entails mutual understanding and respect from all parties to be successful.

Barriers for industry, especially SMEs, need to be reduced including the high transaction costs for access to infrastructure, low grant success rates, the speed of funding decisions, the inability to commit long-term, cultural differences, and intellectual property. Industry also finds the proliferation of research commercialisation programs quite complex, requiring advice from trusted partner such as universities.

Measures that work to support university-industry research collaboration include support for co-location of industry alongside universities, reduced complexity in government innovation programs, close engagement with Higher Degree by Research (HDR) candidates, and more flexible approaches to reducing the cost of R&D activities, such as R&D tax credits for working with universities. Examples of international best practice include the 100% deduction of R&D expenses to gazetted Indian universities, the 30% credit granted for joint R&D with a Japanese university, and Finland's tax relief scheme for R&D expenditure with local universities.

Success is frequently founded on place-based approaches to innovation and regional development that build on the advantages of local economies. One example of a successful place-based approach is the European Union Smart Specialisation Platform:

"Smart Specialisation is a place-based approach characterised by the identification of strategic areas for intervention based both on the analysis of the strengths and potential of the economy and on an 'Entrepreneurial Discovery Process' with wide stakeholder involvement. It is outward-looking and embraces a broad view of innovation including but certainly not limited to technology-driven approaches, supported by effective monitoring mechanisms."

Placement of HDR candidates within industry research programs provides accessible low-cost expertise to industry, improves doctoral employment prospects, increases university-industry collaboration, and works in the national interest. The best example of industrial professional placements for HDR candidates is in the UK, which has offered support programs since the mid-1990s and provides benefits and financial support for industry partners, HDR candidates and their supervisors. Other international examples include Japan's new 20% tax credit for new hires of HDR graduates and Brazil linking mining approvals to required investment in local R&D activities including funding of HDR candidates at home and abroad.

3. The role of international education

Accord questions 43-44

Recommendations and discussion

Griffith University recommends:

- 3.1 Enable greater flexibility in CRICOS registration and visa settings to accommodate multi-model program delivery and program length both on and offshore.
- 3.2 Extend the required period of study for student visa holders in their program with a single provider from six to twelve months.
- 3.3 Modify and promote flexible policy settings around student visas, post-study work visas and migration to increase appeal to international students from a range of countries.
- 3.4 Ensure cross-body, cohesive government agency investment to support the development of emerging markets and in-market program delivery.
- 3.5 Offer government scholarships to enhance Australia's reputation as a quality education destination in new and emerging markets.
- 3.6 Secure the future direction of the New Colombo Plan to facilitate engagement and partnerships across the Asia-Pacific, positioning Australia as a connected and collaborative nation.
- 3.7 Align policy settings to provide post-study employment opportunities with migration outcomes.

Diversification of student cohorts

International education is an integral component of Australian universities and their local communities, both in terms of generating revenue that supports institutional development and research capacity that contributes economic benefits to host communities, but, of equal importance, is the development of cross-cultural perspectives and global networks that Australian students will require when they graduate. At a national level, international education makes a significant contribution to Australia's soft power and influence, both regionally and globally, including through Australian universities' cultivation of an extensive international alumni network.

While it is not surprising that the largest cohorts of students in Australian universities come from countries with large and growing middle class populations such as China and India, diversity is a key focus for many universities, including Griffith. For Griffith University, diversification is defined in terms of both the source of international students but also the range of academic programs in which they enrol. This has been a long-term priority at Griffith and supported through the strategic allocation of marketing resources, including a number of in-market representatives, as well as strong partnerships with other education providers and sending organisations.

The government could further support the growth and the diversification of universities' student cohorts through:

- Flexibility in CRICOS registration and visa settings to accommodate multi-modal program delivery, enabling students to spend periods of time both on and offshore during their university studies;
- Changes to CRICOS registration program lengths to provide greater flexibility for international students in relation to enrolment load and degree progression, thus avoiding unnecessary visa extensions, which would both enhance the attractiveness of Australia as a study destination for students and reduce the burden of international student compliance reporting and revision of student visa documentation by both institutions and the Department of Home Affairs;
- Extending the required period of study per provider for student visa holders from six to twelve months, thus supporting quality outcomes for institutions and students, and reducing the student compliance administrative burden for both universities and the Department of Home Affairs;
- The provision of student visas, post-study work visas, and migration settings that appeal to international students from a range of countries and are well understood and supported by employers and industry organisations. This includes the need for visa and migration settings that do not skew enrolment into a narrow range of programs or into a small number of destinations and providers;
- Cross-body, cohesive government support (including supporting the financial investment required) to explore and build new markets that contribute to diversity and sustainability, including through the leveraging of government-to-government links (Department of Foreign Affairs and Trade), mutual qualification recognition (Department of Education), promotion (Austrade), clarity regarding visa settings, processing and communication with institutions and education recruitment partners (Department of Home Affairs), and funding Austrade to undertake the necessary market feasibility studies; and
- The offering of government scholarship opportunities in a range of discipline areas to support the building of Australia's reputation as a quality education destination in new and emerging markets.

Of the above, the critical area that drives student demand patterns and is beyond the control of universities is the capacity and performance of the Department of Home Affairs in relation to student visa processing. To ensure long-term sustainability and resilience of international student recruitment activities, we must ensure that visa processing is undertaken with transparency and efficiency, with appropriate resourcing to meet the needs of the sector in an increasingly competitive global environment.

Similarly, while individual institutions are investing in new modes of in-market delivery and the development of emerging markets, support from the Department of Education and DFAT is critical to ensuring Australian university qualifications are recognised and that our higher education system is perceived as a quality one. The capacity required to build awareness in a new market of Australian university offerings is beyond the scope of individual institutions; therefore, it is important that Austrade is appropriately funded to support new market development and share relevant information with education providers.

Enhancing internationalisation for Australian students

In terms of enhancing the international education of Australian students, in addition to the benefits gained from studying in a multinational and multicultural classroom, the support provided to outbound mobility through the New Colombo Plan (NCP) has been much appreciated. While students themselves have benefited from the funding provided, the range of opportunities and activities supported by the NCP has enabled Australian universities to broaden their engagement with existing institutional partners across the Asia-Pacific, as well as develop new ones with universities and community organisations. The profile and high-level support provided to the program has helped mitigate the perception that Australian universities are solely focused on one-way international education activities.

Clarity regarding the future of the program and assurances of the medium to longer-term direction and focus of the NCP would assist in being able to work with partners, as well as to promote opportunities to prospective university students so that they build in the time to undertake a mobility experience during their degree study. While the NCP is valued for the contribution it makes to the development of Australian graduates who are equipped to work in the region, research collaborations and student exchange with other parts of the world are also important, and increased government investment in these areas would support Australian universities in the work they are undertaking to build partnerships that position Australia globally as a connected and collaborative nation.

Post-study employment opportunities

Australia is engaged in international competition for highly-educated workers, particularly in areas of shortage including health, engineering and IT. The students educated in Australian universities have outstanding potential as migrants – they have qualifications recognised in Australia, sufficient English to complete their degrees, existing attachments to the country, and most are of an age where they will provide the maximum period of economic contribution. Yet under current migration settings, students must demonstrate that they are 'genuine temporary entrants' despite the fact that many of them will be allowed and encouraged to undertake many years of work after the completion of their studies.

The current test should be abolished in favour of a 'genuine student' test for students undertaking full degrees who can demonstrate good character and an ability to find relevant employment. Upon degree completion, such students would benefit from streamlined pathways to citizenship. Employers at present are risk averse in most industries about taking on employees who only have the right to stay in the country for a limited number of years. If Australia is to reach its ambitions in areas such as the energy transition, AUKUS, and providing quality health services, it will need to rethink its approach to tackling the global scarcity of qualified employees.

4. Investment and affordability

Accord questions 45-49

Recommendations and discussion

Short term recommendations

- 4.1 Extend the Maximum Basic Grant Amount (MBGA) until such time as a more sustainable financial model is agreed upon under the Accord.
- 4.2 Ensure that MBGA indexation arrangements are legislated and aligned to contribution amounts.
- 4.3 Reduce the two-year lag in Commonwealth Grant Scheme (CGS) indexation to match the prior year, with a one-time catch-up in the year of implementation.

Longer term recommendations: Cost neutral

- 4.4 Reduce the complexity and compliance costs of existing university funding schemes and minimise the regulatory overlay on such funding to allow for greater variation in university vision and focus.
- 4.5 Eliminate smaller funding schemes such as Performance Based Funding (PBF) and National Priorities and Industry Linkage Fund (NPILF) and return this funding to the Commonwealth Supported Places scheme.
- 4.6 Modify the Indigenous, Regional and Low-SES Attainment Fund (IRLSAF) so that universities may receive full equity funding by specialising in supporting one or more diversity groups to an excellent standard.
- 4.7 Undertake a systematic review of the regulatory environment for universities with a view to a reduction in the regulatory burden.

Longer term recommendations: Additional expenditure

- 4.8 Restore funding previously removed from the CSP (under the JRG) to provide additional discretionary funding.
- 4.9 Establish a new Educational Futures Fund to which universities may make bids to support major physical and digital infrastructure, with priority given to universities less able to subsidise this infrastructure (i.e., those receiving less international student fees).
- 4.10 Introduce minimum base grants in addition to maximum grants to provide greater financial certainty and support transitioning more staff to permanent positions.

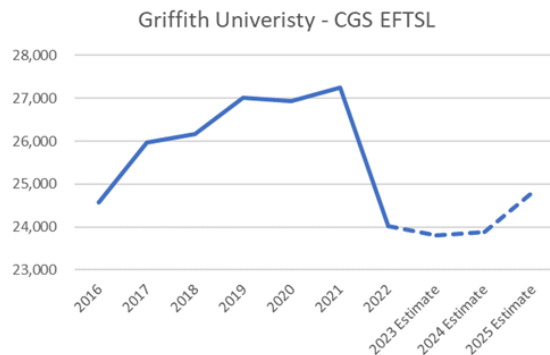


Fig. 4: Commonwealth Grant Scheme EFTSL

Finance as an inhibitor of innovation and distinction

The current way in which universities are funded and regulated discourages innovation and distinctive missions. While universities have doubtlessly been able to both find innovative ways of operating and of distinguishing themselves from one another, a different approach to funding would make universities both more sustainable and better able to serve their communities by developing distinctive missions.

The current funding model, particularly in a post-JRG, high-inflation environment, means that many universities are highly constrained financially. This is particularly so for universities that are based in rural and regional areas, universities that have multiple campuses to serve a wider variety of communities (e.g., underserved urban and suburban communities) and universities where a substantial portion of the student population is from equity backgrounds.

There are several elements of the problem that this creates, some of which are set out in more detail below, using Griffith as an example.

- While a degree of financial constraint can encourage innovation, many types of innovation that suit the needs of the current environment require a capacity to invest (e.g., the digital transformation of learning or services; physical infrastructure that supports more authentic learning; or interdisciplinary research). The combination of suppressed domestic student demand during the current economic cycle, the ongoing impacts of COVID on international numbers, increases in inflation, the lack of funding for end-of-life buildings, and the decrease in costs per student under the JRG means that universities have limited funding to invest in the innovation that will be required to make them globally competitive.
- Funding is currently broken into segments with uniform requirements and often heavy administrative overlay to obtain specific funding elements. Given the constrained funding environment, universities need to participate in all elements of the funding process to ensure consistency across strategies pursued. For example, funding for diversity groups does not encourage universities to specialise in working with particular communities but rather to try to work with all the mandated equity groups (and not with those not recognised under the current funding scheme). Even if it is agreed that it is important for all universities to have equity mandates, it may be that one university is better suited to serving regional students, another to working with Aboriginal and Torres Strait Islander students, and another to recent migrant communities in their local area. More consolidation of funding with a clarity of mission agreed upon with universities that included high-quality teaching, research, community engagement

and support for equity groups would allow for greater diversity of mission and less time on meeting the needs of overlapping schemes such as PBF and NPILF.

- The sector has an increasing number of unfunded mandates with increasing government (and public) expectations but no corresponding funding uplift. Examples include work on tackling foreign interference, cybersecurity, increased focus on work-integrated learning (WIL) and employability, and community engagement. All of these are important, and universities have willingly embraced them, but each has a significant financial overhead. This has been exacerbated by the post-COVID expectation from many students that teaching will be provided both in-person and online, placing additional pressure on both physical and digital infrastructure. There appears to rarely be the appropriate focus on the costs (both in time and dollar terms) of additional regulatory burdens through devices such as regulatory impact statements, nor any sense that these additional costs could be shared with government.
- While the provision of funding for the JRG currently has a minimum guaranteed base, that is not usually the case - universities that outperform in terms of student recruitment reaching their cap are effectively penalised for any additional load, while those whose performance drops (which can be attributable to external macro-economic factors) are not given any protection. At least for the period of the Accord discussions, we submit that it would be appropriate to have a continuation of the guarantee and that consideration be given in the future to a minimum base grant, at least for a period of some years, to allow for better planning and investment decisions during a turbulent and unpredictable period.

Financial sustainability challenges

Difficulty in maintaining sustainability in the current environment is outlined below with respect to the Griffith operational earnings and net result. At present Griffith, unlike some universities, has a strong balance sheet but that is in part because of a recent inability to invest in necessary physical and digital infrastructure. These investments will need to be made for the long-term benefit of the University, but the current circumstances make that a challenge.

- Five-year trend (2018-2022) at Griffith shows decreasing ability to invest in innovation and infrastructure.

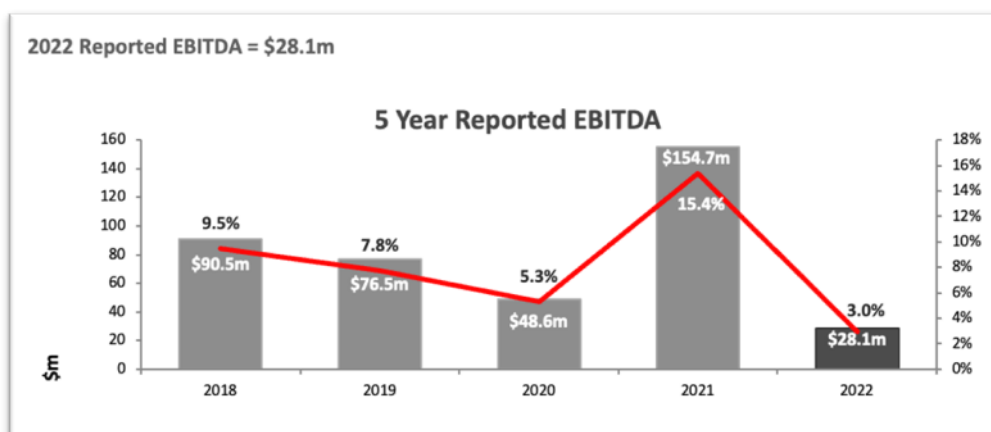


Fig 5: Griffith University Reported EBITDA

Teaching multiple modes and at many campuses adds cost

- One of the most significant unfunded mandates in the higher education system is the provision of university education for geographical areas where there is currently insufficient demand to

justify a campus on purely economic grounds. This is particularly the case for some regional and rural campuses, which can also suffer from a lack of international student interest, but it is also true for some campuses based in lower SES postcodes, such as Griffith's Logan campus.

- Teaching at Logan is important for the local community, whose population is under-represented in higher education, but costs run at a higher dollar per EFTSL (30% higher) than other campuses. This results in the campus being unsustainable as a stand-alone campus, requiring subsidisation by teaching at other campuses.
- The shift to online learning during COVID added work into the system as teachers were required to deliver in all modes – synchronous in person and online, as well as asynchronous online. This can mean similar costs for teaching even when there is lower EFTSL. In other words, multi-modal delivery and increasing compliance has soaked up capacity even in cases where there has been lower EFTSL.
- The result is less money to cover increasing operational costs such as cyber security, compliance, higher IT costs, meeting community, government and social expectations (e.g., sustainable development goals, modern slavery, ethical supplier mandates) and increasing costs of student placements.

Research income covers half its cost

- For every \$1 of research income, Griffith spends over \$2 (see Fig.6 below) – with the difference funded from teaching and learning (principally international student) income. Research income (~\$130m in 2020) consists of income reported to HERDC ~\$90m (industry, government and philanthropy) and research block grants (RSP and RTP) ~ \$40m. Research expenditure in 2020 was ~\$300m in total.
- Research costs are increasing at a much higher rate than research income thus increasing the reliance on cross-subsidisation from other activities including international student income. This is not a sustainable platform for ensuring Australia's innovation pipeline drives growth.
- International student income, unsurprisingly, declined from 2019 with Griffith experiencing a 7% decrease, or 18% decrease in real terms. With added costs of delivery and supporting these students through this tumultuous period, availability of funding to support research delivery and investment in infrastructure continues to reduce. University-based research investment needs a more certain funding source to ensure the country keeps pace.

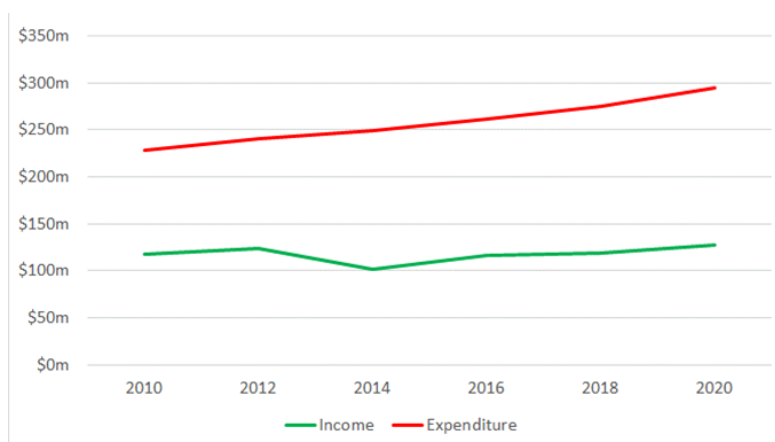


Fig. 6: Griffith University research income and expenditure (HERD)

Growing cost of infrastructure replacement and reinvestment

- A decade ago, learning and teaching was largely supported by on-campus physical infrastructure. The acceleration of hybrid and fully online teaching has meant setting up and maintaining physical and virtual campuses as well as multiplying the number of courses that are required to be taught, all while student numbers were flat or declining. This has increased technical complexity, challenged legacy workload / IR models, and significantly eroded teaching margins required to support the student experience, underpin the viability of education breadth and the delivery of post-graduate programs.
- The rapid shift to digital technologies to support learning and teaching and advances in research and innovation has also quickly expanded Griffith and higher education digital footprints. This, coupled with expensive and unwieldy legacy enterprise systems and escalating cyber and information management maturity requirements, has ballooned digital estate operating costs.

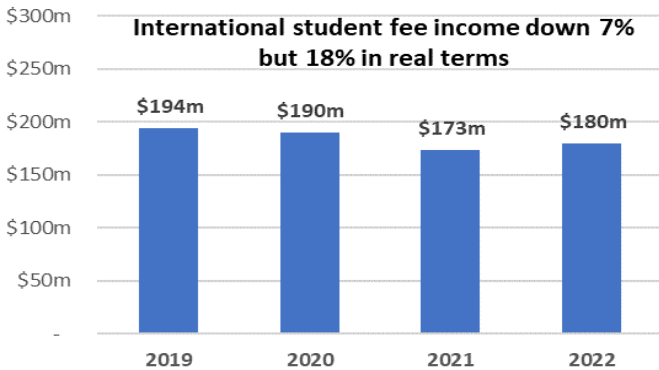


Fig. 8: Griffith University international student income (\$m)

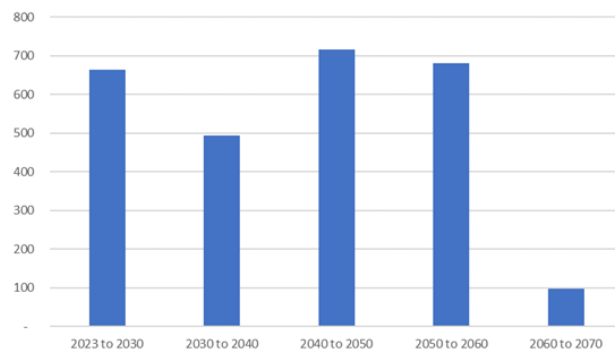


Fig. 7: Griffith University required building renewal and digital investment timeline (\$m)

- Escalating construction costs mean asset replacement values are increasing along with depreciation and maintenance backlog which are exacerbating infrastructure debt burdens.
- Infrastructure investment funding into higher education from state and federal governments have been removed. For universities such as Griffith, established in the 1970s, a lot of original infrastructure (now 50 years old and originally funded by government) now requires replacement. Current funding structures simply do not compensate for this, particularly for universities with more limited access to international student cohorts.

Commonwealth Grants Scheme (CGS)

- Short-term CGS funding minimisation (i.e., the MBGA which has a ceiling but no floor (apart from the temporary COVID support guarantee 2021-23)) means university savings are used to minimise the impact on the workforce in the current economic cycle (international recovering and domestic decline due to economic forces). This affects financial sustainability and depletes savings which are usually used for infrastructure (IT and built estate) upgrade or replacement.

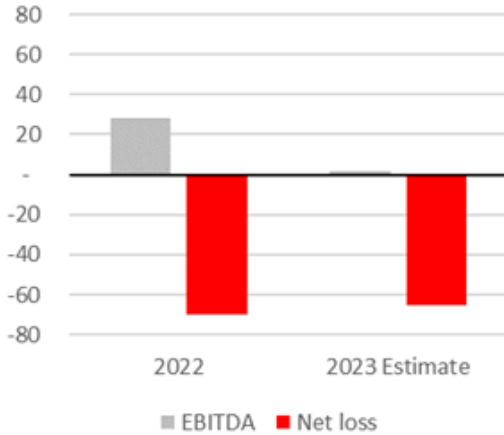


Fig. 10: Griffith financial performance (\$m)

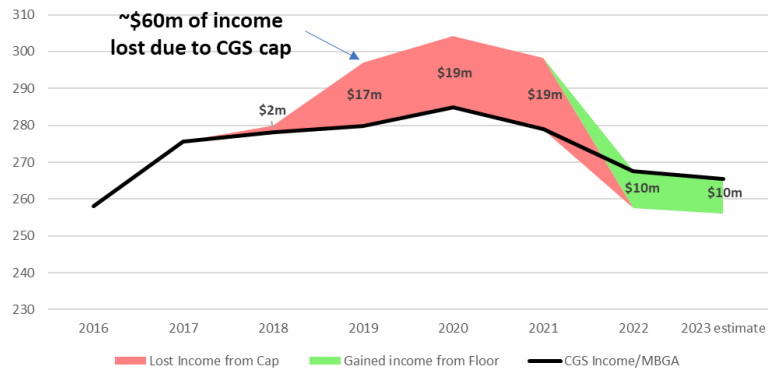


Fig. 10: Griffith University CGS income vs MBGA

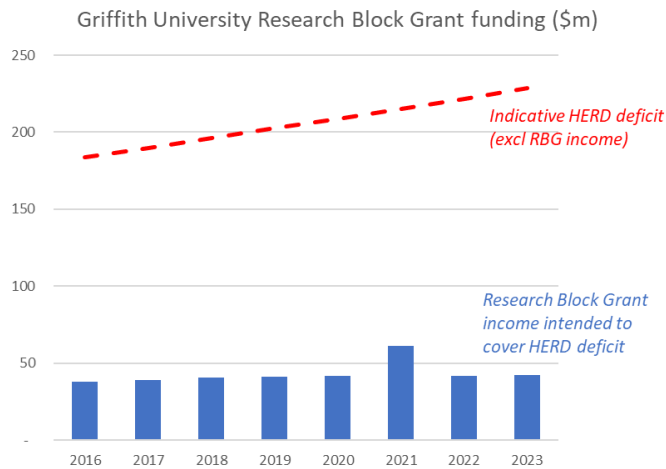


Fig. 11: Griffith University Research Block Grant funding (\$m)

- Using the government cost of teaching approach and results to inform fields of education (FOE) funding and student fees assumes every university is making optimal decisions to ensure a good student experience (and indeed an assumption that the student experience for one group of students is right for all), and that the average cost is the right benchmark. As is discussed in the sector submissions, the JRG, with its extreme differences in the costs of degrees to students and the revenue per student for universities, encourages universities to over-enrol in some disciplines and makes it very hard to justify additional load in areas of significant need including in STEM, Education, and elements of Health.
- Prior to JRG it was implied the CGS income scheme covered a part of research expenditure supporting related teaching activities. However, under JRG this implied research support was detached from CGS funding with total FOE funding and student fees informed by the cost of teaching (which excludes any related research components). Research Block Grant funding has not increased to cover the gap.
- Inflation is impacting universities across all cost categories: salaries, broader operating costs, and capital and infrastructure. However, CGS indexation is lagged by two years. The lag was less

significant when the Australian economy was operating in a very low inflationary environment but presently this lag is generating a permanent dividend to the Australian government at the expense of higher education (and a time of significant financial pressure for the sector).

- There is currently no automatic or legislatively required indexation of the MBGA. The current MBGAs include an allowance based on estimated future CPI rates for 2021 to 2023 (which differ from the Commonwealth contribution indexation, though are broadly in line over the two-year period of 2022-23).
- While (outdated) estimates of indexation from 2024-25 exist, these are not currently locked in. If these (low) estimates are maintained, a large disparity would emerge between MBGA indexation and Commonwealth contribution indexation (in line with CPI – albeit with a two-year lag). Over the next few years, this means that fewer places are estimated to be funded by the MBGA (if an MBGA still is in the 2024+ funding agreements).

