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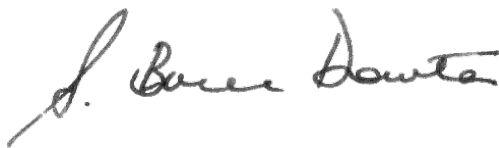
Dear Professor O'Kane

**Australian Universities Accord: Discussion Paper  
Submission from Macquarie University**

Thank you for the opportunity to respond to the February 2023 *Discussion Paper* on the Universities Accord.

I look forward to continuing to engage with you and the Accord Panel and wish you every success in your work.

Sincerely



S Bruce Dowton MD

## **Australian Universities Accord: February 2023 Discussion Paper**

### **Submission from Macquarie University**

Macquarie University welcomes the opportunity to make this submission to the Universities Accord Panel. It is now time, as the Minister for Education noted in announcing the inquiry, to revisit and to go beyond the last major review—the Bradley *Review of Higher Education* which reported in 2008.<sup>1</sup>

Much has happened since then, including shifts in policy which urgently need to be re-examined. At the same time, higher education must play *an increasing and key role* in any effective response to the longer-term issues which confront the nation. This will mean partnering with government, with industry, and with other stakeholders to ensure prosperity. An accord—‘a shared long term commitment among the stakeholders in Australian higher education’—is the way to mobilise the sector to this end.

#### ***Responses to change***

The *Discussion Paper* identifies major changes underway in Australia’s society, economy, and environment (Q4-Q7):

- Population and community structure;
- Impact of new and emerging technologies;
- Equality, participation and democracy;
- International engagement, global security and geopolitical competition;
- Sustainability, environmental challenges and biosecurity; and
- Economic transformation, changing jobs, industries and capabilities.<sup>2</sup>

The task in preparing this submission could be summarised as trying to identify conditions which will enable the higher education sector as a whole to make its best possible contributions to Australia’s future and to dealing with these changes.

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<sup>1</sup> The Hon Jason Clare MP, 2022.

<sup>2</sup> Australian Government, 2023a, pp. 9-11.

## ***A summary of proposals***

The Accord Panel *Discussion Paper* asks for:

input on the kind of higher education system Australia needs in two and three decades time, and the actions and solutions that are needed to achieve this as well as to address immediate challenges.<sup>3</sup>

The submission develops the following set of proposals for the future of Australian higher education:

- Students—a continuing focus on participation and attainment, particularly for underrepresented groups, as well as the development of new entry pathways for the neurodivergent, and a greater focus on lifelong learning (pp. 3-5);
- Quality teaching—more attention to equity and student support as well as to student wellbeing and to the work rights of international students (pp. 6-8);
- Connections between VET and higher education—increased collaboration with the VET sector and the establishment of a coordinating council to promote this collaboration (pp. 8-9);
- Innovation—increased funding for research training together with efforts to promote greater collaboration with industry, and incentives to support more interdisciplinary work (pp. 9-13);
- Infrastructure—a rolling program for infrastructure development, together with an enhanced NCRIS (pp. 13-14);
- Funding—new arrangements to promote flexibility and innovation, a return to demand-driven funding, and a review of student contributions (pp. 14-17); and
- Accountability—the development of a nation-wide framework (p. 17).

These proposals are far from exhaustive. Nor, unfortunately, do they always rest on strong data. (Lack of solid information is an ongoing problem in the development of higher education policy.) Nevertheless, they do indicate areas which the University believes should be of long-term focus and where, consistent with a point made in the *Discussion Paper*, aspirations are ‘continually developed over time as the needs of our nation change’.<sup>4</sup>

The proposals are identified as key themes for inclusion in any future compact between universities and government. They should be the basis for accountability with universities asked to demonstrate impacts on the changes facing the nation.

This submission often refers to proposals made by other universities and peak bodies. There are whole areas of higher education policy where the work is already done or

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<sup>3</sup> Australian Government, 2023a, p. 6.

<sup>4</sup> Australian Government, 2023a, p. 5.

being capably done by other institutions and where it isn't necessary to argue the case again.

The submission also refers at different points to the Bradley Report and to a series of excellent reports on aspects of higher education policy prepared for the former Government. Fifteen years after the Bradley Report, much has changed. Yet the Report still proves to be a useful starting point for considering some of the issues facing the sector, particularly of course for considering how to increase participation.

## Students

### ***A continuing focus on participation and attainment (Q3)***

One of the great achievements of the Bradley Review was its focus on 'providing opportunities for all capable students to participate.'<sup>5</sup> The overall attainment target set by Bradley has been achieved—that Review set a figure of 'at least 40 per cent' for bachelor degree attainment for people aged 25 to 34,<sup>6</sup> and the rate of attainment in 2021 was 41.5 per cent.

The Government has now specifically asked for new attainment targets. In the same way that the 40 per cent figure was an important reference point for policy, new targets are now needed as the basis for planning the sector's future.

The University doesn't have the modelling to say what those figures should be for 2030 and 2040. However, the net increase in supply of graduates is already insufficient to meet employer demand.<sup>7</sup> Combine this demand with population growth and the kinds of challenges confronting Australia, and the figures should be high ones.

To model demand and identify targets for 2030 and 2040, sector-wide engagement with Jobs and Skills Australia is recommended.

### ***Targets for underrepresented groups (Q28-Q29)***

The Government has also asked the Panel to revisit the Bradley recommendations on under-represented groups.<sup>8</sup> Here, as the *Discussion Paper* shows, much less has been achieved.<sup>9</sup> It is only students with disabilities who are participating in higher education in proportion to their numbers in the population as a whole. First Nations student numbers are rising but are still nowhere near parity. And numbers of students from low SES backgrounds, from regional areas, and from remote areas are declining. Targets are needed here too.

At the very least, there needs to be an aim for parity in both participation and attainment. That principle was established in the Behrendt *Review of Higher Education Access and Outcomes for Aboriginal and Torres Strait Islander People*, where it was

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<sup>5</sup> Australian Government, 2008, p. 27.

<sup>6</sup> Australian Government, 2008, p. 21, Recommendation 2.

<sup>7</sup> Australian Government, 2023d, vol. 8, pp. 10-11 and p. 55.

<sup>8</sup> The Hon Jason Clare, MP, 2022.

<sup>9</sup> Australian Government, 2023a, p. 24.

defined as “equality” or “equivalence” of participation and outcomes in higher education between Aboriginal and Torres Strait Islander and non-Indigenous Australians’.<sup>10</sup>

To achieve parity, particularly for students from low SES backgrounds and from regional and remote areas, given that their numbers are declining, one strategy would be to establish a scholarship pool. To ensure impact, significant university investment, matched by government funding would be needed here with continuing government investment dependent on achievement of success measures. Those measures should include evidence of innovation, attainment, and employability outcomes.

The scholarship pool should be organised to ensure that students from regional, rural, and remote areas have equitable access to high quality education at both regional and metropolitan universities.

However, any action of this kind will only work if the ground is properly prepared. The sector needs to ensure that new university students from underrepresented groups can make informed choices about their futures, are properly prepared to achieve entry, and are properly prepared to succeed at their studies. Therefore, it is imperative that the sector does more outreach work with both schools and communities as well as in collaboration with relevant government agencies.

### ***Entry pathways for the neurodivergent (Q28-Q29)***

In considering the needs of underrepresented groups, the sector should now also be paying particular attention to neurodivergence as part of its responsibility to help students of different abilities to thrive.

Neurodiverse people are a significant portion of the Australian population. Neurodiverse children, adolescents and young adults can experience major difficulties at school, difficulties which extend into higher education and lead to low levels of participation and attainment.

For example, attention deficit hyperactivity disorder (ADHD), affects an estimated 533,300 people aged 20 years or over in Australia. Deloitte Access Economics has estimated that in 2019 the financial costs of ADHD to Australia totalled \$12.8 billion, of which 81% resulted from ‘reduced workforce participation, absences from work and reduced productivity while at work’.<sup>11</sup>

Another form of neurodivergence, autism, according to the most recent ABS figures, affected 205,200 people in Australia in 2018. Yet only 8.1% have ‘a bachelor degree or higher, compared with 16.1% of those with a disability and 31.2% of those without disability’. Labour force participation rates were similarly much lower, at 38%, as against 53.4% and 84.1%.<sup>12</sup>

A significant starting point for developing new forms of entry is the December 2022 decision of the Federal Government to develop a National Autism Strategy and its request to the Equity in Higher Education Panel to ‘consider the needs of autistic

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<sup>10</sup> Australian Government, 2012, p. 10.

<sup>11</sup> Deloitte, 2019, pp. ii-iii and p. 27.

<sup>12</sup> ABS, 2019.

students as part of their ongoing work on a national student equity in higher education strategy'.<sup>13</sup>

The challenge for the higher education sector is to improve both access to and success within the higher education sector for neurodiverse younger and older people as well as to develop their readiness for meaningful and preferred employment in the workforce (and in academia) following university.

There is existing, but not always connected, expertise and initiatives around the country in support of neurodiverse people. (This includes at Macquarie, where there is a focus on treating people with reading difficulties and with autism.) That expertise should be coordinated to increase the participation of neurodiverse people in higher education.

As a starting point, consideration should be given to the development of better training material for university staff. There is a need to improve on a lot of the material that is currently available, and which perpetuates harmful stereotypes and narratives.

### ***Lifelong learning (Q15-Q16)***

If Australia is to meet both expanding and changing labour market needs, people will have to enrol and re-enrol in universities later in life. Yet, at the moment, higher education is focused on the young. As the *Discussion Paper* notes, 85 per cent of domestic enrolments in 2021 were from people under the age of 35.<sup>14</sup>

The Productivity Commission's report on *Advancing Prosperity* calls for 'consolidated support for lifelong learning,' and its starting point is rightly the changing economy:

Labour market trends suggest a growing need for upskilling and reskilling given changes in the nature of work and structural shifts in the economy, particularly the rising importance of digital, dynamic, and service-oriented skills.<sup>15</sup>

This is particularly evident in the ever-increasing demand for digital skills—in big data, artificial intelligence, and cyber security, for example—across Australia.

At the same time, the Commission recognises the barriers to ongoing training, particularly family and work responsibilities and calls for trial and evaluation of including support targeted at 'employed lower-income people' and extension to the self-education deductions.<sup>16</sup>

These recommendations should be considered in the context of proposals, which the University supports, to develop a National Lifelong Learning Strategy designed to reshape Australian education.

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<sup>13</sup> Australian Government, 2022a, pp. 3 and 39.

<sup>14</sup> Australian Government, 2023a, p. 17.

<sup>15</sup> Australian Government, 2023d, vol. 8, p. 85.

<sup>16</sup> Australian Government, 2023d, vol. 1, p. 75

## Quality Teaching

Among the ways in which the sector can ensure a quality student experience in coming years is to give greater attention to promoting equity and securing student wellbeing, as well as to improving work rights for international students.

### ***Equity and student support (Q39-Q40)***

The policy debate must be reframed so that equity—having a fair distribution of resources and opportunities—is as important as access. The sector needs to be able to provide adequate support services to *all* students in need, at whatever point in their study. That means paying more attention to the intersectionalities that students experience and developing more personalised forms of support. The sector should also, in the light of evidence about the difficulties they are experiencing in their early years of work, be looking to develop ways of preparing graduates for life after university.

At the moment, the widespread view in the sector is that the higher education funding model is having a deleterious effect on students from equity cohorts and on universities aiming to increase access. Equity programs are supplementary to education, rather than as embedded. The funding is typically short-term, which can deter any significant innovation and creates difficulties with developing and retaining expert staff. Targets continue to be unduly focused on participation. And (a point already made in the earlier discussion of targets for underrepresented groups), real impacts will only come when action goes beyond the higher education sector and reaches into schools and communities.

### ***Student wellbeing (Q39-Q40)***

Wellbeing issues for students (and staff) at Macquarie and all other Australian universities were amplified by the COVID lockdowns. The QILT survey of Student Experience reports that ‘19 per cent of undergraduate students indicated that they had considered leaving [their current institution] in 2021,’ half of them because of their health or experience of stress.<sup>17</sup> Even with the end to lockdowns, rates of mental health problems have remained high in the “post-acute” COVID world.

Students are commencing tertiary education with variable levels of resilience. They may have vulnerabilities or mental health problems which can be accelerated by the life transition from secondary schooling to tertiary study and by accompanying changes such as moving away from home, changes in friendship groups, part-time work, and financial pressures.

The issue of mental health problems is further complicated because, despite national campaigns, it is still associated with stigma. This may be a particularly sensitive topic for students from non-Western cultures. Even for students from Western cultures, research shows there is still some stigma associated with these problems. Research

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<sup>17</sup> Australian Government, 2022b, p. 28.

further shows that the uptake of professional mental health services by vulnerable groups is not high.

Even when young adults who are keen to seek help, the wait lists are increasing, and realistically the mental health services available at tertiary institutions could not cater for the needs of all students with vulnerabilities.

The sector now needs to move beyond reactive and towards more preventative strategies to strengthen resiliency for the next generation of graduates. This could be embedded in a variety of ways, including introductory online training modules, which might be voluntary and part of induction/orientation packages for both undergraduates and postgraduates.

With this shift in focus, the sector needs a mechanism for sharing good strategies. Each institution should be looking to learn from and improve on the best.

The benefits of a stronger focus on student wellbeing would be considerable and go beyond students themselves. More resilient students will ease some of the pressure experienced by academic and professional staff, given all the administrative scaffolding that is currently required to address student problems that in part may be perpetuated (irrespective of cause) by poor coping skills. And the benefits extend beyond the campus. More resilient students and graduates will make for a healthier and more sustainable workforce.

### ***International students (Q39-Q40)***

The University supports Government efforts in recent years to diversify and rebuild the international student market. As other countries develop better offerings for their own students and for international students, key competitive advantages for Australia can be to ensure timely and efficient immigration settings, quality offerings, and a safe environment.

International students are very important as contributors to the liveliness and diversity of university campuses, as a source of revenue for both the sector and the larger economy, as potential skilled migrants, and as “people to people links” (soft power) around the world. In addition, as the *Australian Strategy for International Education* observes, it is ‘through these deep relationships that Australia can continue education and research exchanges in areas of mutual benefit, strengthening our many successful partnerships across the Indo-Pacific and the world.’<sup>18</sup> For all these reasons, it is necessary to address a significant risk to the attractiveness of this country in overseas education markets. The problem of wage theft needs particular attention in coming years.

There is evidence that theft of wages from international students and skilled migrants is widespread. A quarter of respondents to surveys in 2016 and 2019 said that they were being paid half the minimum wage for casual workers or less. That figure is \$12 or less an hour.<sup>19</sup>

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<sup>18</sup> Australian Government, 2021, p. 16.

<sup>19</sup> Farenblum & Berg, 2020, p. 8.



At the least, more rigorous enforcement of laws is needed to protect vulnerable workers. It would be useful to return to the 2021 report of the Senate Select Committee on Temporary Migration. That report's recommendations included proposals for a 'comprehensive worker rights education plan' as well as an increase in penalties for wage theft and its possible criminalisation.<sup>20</sup>

## **Connections between VET and Higher Education (Q17-Q22)**

There has long been a need to improve connections between VET and higher education. As the *Discussion Paper* notes, 30,000 students entered universities in 2021 on the basis of a VET qualification, while 265,390 students enrolled in VET in 2021 after completing a bachelor or higher degree at university.<sup>21</sup> VET is an entry point to higher education for First Nations people (as well as for low SES and many female students), and there is a need to develop articulation arrangements between VET and universities in support of Closing the Gap targets for educational achievement which call for 70 per cent of the First Nations population to have qualifications at or higher than Cert 111 by 2031. Finally, VET will be an important element in any proposal for a coherent system of lifelong learning.

Macquarie is currently engaged in a unique and important experiment in developing these connections. The University is working, together with TAFE NSW, UTS and Microsoft, in a four-year pilot to develop an Institute of Applied Technology-Digital at Meadowbank. That Institute has its origins in a 2020 report on the New South Wales VET system which recommended that the NSW Government establish:

an entirely new form of Australian tertiary institution. [To] deliver fully integrated theoretical and practical employability skills, . . . , with curriculums designed in collaboration with industry and focused on the State's emerging labour market needs.<sup>22</sup>

Early endorsement of the work of the Institutes (there is a second one being developed at Kingswood and focusing on construction), comes from the Productivity Commission Report, *Advancing Prosperity*:

The Australian Government, together with State and Territory governments, should continue to improve pathways between VET, higher education and industry.

Other State and Territory governments should monitor and follow the example set by the New South Wales Government's Institutes of Applied Technology, and support local models of vocationally oriented tertiary education that deliver qualifications combining VET and higher education content together with industry expertise.<sup>23</sup>

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<sup>20</sup> Commonwealth of Australia, 2021, recs 22 & 33.

<sup>21</sup> Australian Government, 2023a, p. 19.

<sup>22</sup> Gonski & Shergold, 2021.

<sup>23</sup> Australian Government, 2023d, vol. 8, p. 132, Recommendation 8.6.

The relationship between the four founding partners in the IAT-Digital has been strong and has enabled the development of a distinctive education model, based on stackable micro credentials which are clearly oriented to employment opportunities. Teaching began recently and (relevant to the earlier point about providing opportunities for lifelong learning), many of the learners are aged in their thirties or forties and appreciate the opportunity to study in short periods, with online as well as face-to-face teaching.

Yet, the partnership has had to address difficult problems and the two universities are publicly calling for governments, State and Federal, to work together to incentivise collaboration, co-design and innovation across industry and education providers and to provide students with a smoother transition across different loan and fee settings.

The two universities are also publicly calling for a formal coordinating council to address issues at the intersection of VET and higher education. These issues would include qualifications, reciprocal recognition of prior learning, collaborative courses, provider funding models and student funding, preferably with a commitment to Commonwealth Supported Places for joint courses like those on offer from the Institute.<sup>24</sup>

All of this points to the need to make every effort to integrate the work of the VET and higher education sectors. Policy must be comprehensive and focused on tertiary education as a whole. The University supports the notion being advanced by some universities to conceptualise a tertiary education sector rather than a higher education sector and a separate state-based VET system. Strong Federal and State collaboration is sorely needed in meeting the nation's workforce needs to ensure long term economic prosperity for all Australians.

## **Innovation**

### ***A fundamental principle***

The starting point for considering the future of innovation in Australia must be a continuing commitment to the principle that a good university is one with a strong research capacity.

Having a link between teaching and research ensures that curriculum changes with discovery. The result is a graduate or postgraduate who has been exposed to and acquired research skills—*inquiry, analysis, critique, hypothesis-testing, etc*—and is able to bring these into the workforce. At the same time, a strong research capacity means that an institution is responsive to local and regional as well as national needs.

The Bradley Review provides perspective and offers, as one reason for retaining the current approach, the likely impact of change on the international student market:

The link between teaching and research is a common feature of respected universities internationally. While it is difficult to find compelling research evidence which unequivocally supports the argument that graduates with

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<sup>24</sup> Downton & Parfitt, 2023.

degrees from such institutions are demonstrably better than those from teaching-only institutions, it would not be in Australia's best interests to ignore the weight of international opinion and practice on this issue. The panel has concluded that this link should be strengthened as a defining feature of higher education in universities in Australia.

The reputation of Australia as a quality provider of international education depends on it being able to provide a clear and unequivocal statement about its intention to maintain a world-class university system. Retaining and strengthening the teaching and research nexus as a cornerstone of university accreditation provides that clear and unequivocal statement of intent.<sup>25</sup>

The University supports this position.

### ***Research training (Q27)***

As the *Discussion Paper* acknowledges, Australia is now seeing a decline in HDR commencements.<sup>26</sup> A key factor here is the rate of the PhD stipend.

Universities currently have the flexibility to set the Research Training Program (RTP) stipend rate anywhere between \$29,863 and \$46,653. This flexibility is welcome and enables universities to award scholarships at, or above, the current minimum wage. The key challenge in utilising this flexibility is that any increase in the stipend rate, in the absence of additional RTP funding, will reduce the number of scholarships available across the sector. This, in turn, will make it more challenging to arrest the ongoing decline in domestic candidates applying for research training programs.

RTP funds have remained relatively static over the past 10 years and an uplift in RTP funding is needed to support growth of HDR recruitment to enable universities to more readily and flexibly implement higher stipend rates. That would facilitate the attraction of excellent HDR candidates in areas of identified research need and priority.

There would also be advantage in allowing greater flexibility in the guidelines for the use of RTP funds. These are currently restricted to fulltime, predominantly domestic, candidates. To take an overseas example, research councils in the United Kingdom allow doctoral training grants to be used flexibly to support international and industry collaboration through joint PhDs. A more flexible model of this kind would contribute to increasing global and industry engagement.

### ***Collaboration with industry (Q23, Q26)***

Australia has a problem with research translation. It fails to translate high-quality research into new processes, products, and services. The *Accord Discussion Paper* concludes that, despite efforts over many years, 'the synergies between industries and universities are not extensive.'<sup>27</sup>

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<sup>25</sup> Australian Government, 2008, p. 124.

<sup>26</sup> Australian Government, 2023a, p. 22.

<sup>27</sup> Australian Government, 2023a, p. 20.

An outward-facing university sector that is deeply engaged in the critical issues facing both employers and the broader community is essential.

In the current system, each University establishes its own mechanisms for industry engagement. There are few, if any, incentives for doing so, either for industry or for the universities involved. Each university trades on its own internal connections, brand reputation, and areas of research excellence to bring industry partners to the table. This makes it difficult to develop a cohesive approach to sector-wide engagement with industry and results in multiplies inefficiencies across the sector as universities duplicate effort in designing programs that are all targeting the same outcome.

Both the Federal and State Governments have crucial roles to play in bringing industry to the table and in developing funding mechanisms that incentivise a sectoral approach to course design with industry input and engaged research.

Further, the Federal Government could lead a change in national R&D culture and reverse negative messaging and perceptions of universities within industry by engaging in a high-profile and active communications campaign to explain the benefits accruing from collaboration with university researchers. The Government could also offer financial incentives to industries that collaborate with university researchers in projects, research centres and research training.

Universities could do more to show industry, and particularly Australia's many small and medium enterprises, how to search for talent (including by encouraging companies to hire talented university graduates and to engage university staff in research projects), how to invest in R&D, and how to identify opportunities to licence IP.

The R&D Tax Incentive draws a great deal of the total innovation investment provided by the Australian Government. What is not clear is the level of R&D investment initiated relative to the investment that would have been made without any incentive in place. In addition, a proportion of activity claimed appears to have no connection with research and development institutions, nor with advancing knowledge or generating new products or services.

It would be useful to revisit the recommendations of the Ferris, Finkel & Fraser Review of the R&D Tax Incentive, and in particular its recommendation for a premium rate for the component of a project's total R&D expenditure that is undertaken in collaboration between recipients of the non-refundable tax offset of the Incentive and publicly funded research organisations.<sup>28</sup> This would assist with the 'additionality' argument of such indirect support measures, provide a direct incentive for greater collaboration and focus the incentive scheme more directly on new knowledge, products and services.

More generally, the ratio of funding for research has for many years been trending away from the Commonwealth towards industry and other private sources. There remains huge potential for increased philanthropy for research, particularly in disciplines that receive relatively less support from major funding agencies but are causes of interest to donors, for example, those in the humanities, arts, and social

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<sup>28</sup> Ferris, B., Finkel, A., & Fraser, J., 2016, p. 3.

sciences. Tax incentives that specifically support giving to the education and research sectors would promote a culture of philanthropic support in Australia.

### ***Interdisciplinarity (Q25)***

If Australia is to address the major changes underway in our society, economy, and environment—and the wicked problems they present—then universities need an interdisciplinary approach, one that leads to high quality and impactful results. However, incentive structures don't support this approach.

There are structural barriers to interdisciplinary education and research activity. The frequent distinction between STEM and humanities disciplines in education and research, and the funding that derives from these distinctions, is an important example. For interdisciplinary work that addresses wicked problems to be incentivised, it is crucial to remove these distinctions and instead reward high quality and impactful interdisciplinary work.

In considering interdisciplinary research, it must also be recognised that basic research plays a vital role in industry-relevant translation. When comparing Australia's investment in basic research to other jurisdictions it is important to understand investment in terms of how higher education is funded. For example, the European Research Council weights track record lower than in Australia and has a higher tolerance for innovative blue-sky projects. Modelling funding decisions on these exemplars may better support innovation in Australia, which has been declining.

To address wicked problems, the research funding landscape in Australia needs to be more imaginative in offering funding schemes and programs that support interdisciplinary research that combines STEM and HASS, and basic and translational research. Problems such as climate change, AI, population growth, population decline, and the threat of war cannot be dealt with if their social and ethical dimensions are overlooked.

For some research, for example the COVID vaccination research mentioned in the *Discussion Paper*, translation needed to be rapid and direct.<sup>29</sup> For some 'basic' research, such as sociological, philosophical, and anthropological investigations into the social impacts of COVID, that translation will be slower and less direct but equally vital for planning toward future health crises.

A related way to support the development of high-quality research outputs would be to increase funding support for research centres at universities that have clear aims and strengths that differentiate them from elsewhere and attract high quality researchers and HDR. This support could range from large centres such as the ARC Centres of Excellence through to smaller but highly targeted centres with strong potential for excellence and industry linkage and a wicked-problems fund focused on social change.

Additionally, one of the most effective means of solving wicked problems is through international collaboration—Australia can seldom achieve such success without connecting with work that is being done elsewhere. As such, greater government and

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<sup>29</sup> Australian Government, 2023a, p. 22.

institutional funding for multi-jurisdictional projects and initiatives to support international collaboration would be useful.

## **Infrastructure**

### ***A rolling program for infrastructure (Q46)***

Instead of Universities pitching for individual building infrastructure grants/funding, it would be better to have a process by which Universities demonstrate broader needs and seek funding for a 10-year infrastructure plan. Such a plan could include agreed deliverables and targets such as growth rates for particular student cohorts, research outputs, and commercialisation strategies.

With agreed University infrastructure plans in place with part government funding and with targeted outcomes, it then becomes much easier to attract partners for co-investment, due to the certainty around the plan.

A significant part of any infrastructure planning should be to enable equitable education. For example, universities need to look at establishing more culturally safe spaces on campus and at either providing or facilitating low-cost student (and staff) accommodation for First Nations people and for other under-represented groups. Recent findings on the unsatisfactory accommodation experiences of a sizeable proportion of international students reinforce the importance of this point.<sup>30</sup>

### ***An enhanced NCRIS (Q24)***

The National Collaborative Research Infrastructure Strategy (NCRIS) is the Government's primary mechanism for ensuring that Australian researchers have access to cutting edge infrastructure across 24 projects.<sup>31</sup> The strategy now needs to be enhanced to achieve its aim of long-term national benefit.

This 'patient capital' for national-level infrastructure is critical for ensuring that research in Australia remains world-leading. NCRIS should continue, with attention given to building a sustainable workforce of specialist support staff and maximising sovereign capabilities (more broadly defined than now) in critical technologies.

Important drivers for maintaining quality research output are Australia's ability to generate and analyse data as well as to improve the digital skills of researchers. Long-term investment in a coordinated approach to digital research infrastructure is fundamental to Australia's research effort. This should grow and integrate the national digital research infrastructure ecosystem and underpin collaboration at scale.

Consideration should also be given to the specialised infrastructure needs of HASS disciplines. Research use of business, consumer and government administrative data is vital for understanding and addressing economic and productivity challenges. (At the moment, for example, much of Australia's public sector data is underutilised.)

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<sup>30</sup> Morris, Ashton & Wilson, 2022.

<sup>31</sup> Australian Government, 2023c.

Finally, consideration should be given to ways of furthering the collaborative nature of key infrastructure investments. Not every university requires the same suite of research infrastructure, and a more economical strategy could be to develop national facilities to promote collaboration between universities and reduce costs of duplication.

## **Funding**

### ***A new approach to funding (Q47)***

If the proposals contained in this submission are to be implemented effectively, they need enough time to allow for experiment and evaluation as well as funding arrangements which allow for flexibility. That will lead to both greater responsiveness and greater differentiation across the sector, based on the locations and distinctive capacities of different universities.

One of the most important things we could try to achieve through the Accord process is to get more predictability and more flexibility in funding. With that, universities can plan more effectively, can pursue more long-term innovation in teaching, and invest more in ambitious research, and can increase security in employment. That last point is vital—significant numbers of both casual and fixed term employees are being hired with temporary funding and being able to offer more of them secure employment would be a major contributor to ensuring and improving staff wellbeing.

Therefore, the University supports proposals for universities and government to establish mission- and place-based partnerships with a flexible funding envelope. Because the current three-year period for most funding is a significant constraint on real change, those agreements should be for periods of five years. That will allow sufficient time to implement and evaluate major initiatives.

### ***Targets and a demand-driven system***

Consideration should be given to returning to demand-driven funding.

As a starting point, Macquarie University strongly supports the proposal that uncapped Commonwealth Supported Places should be extended to all First Nations students studying bachelor degrees, regardless of where they live. A rightly welcomed aspect of the Job-ready Graduate program was the former Government's response to the proposal in the Napthine Report that 'to further encourage Indigenous enrolments' the Commonwealth should uncap funding for students in rural, regional and remote areas.<sup>32</sup> To achieve parity, that uncapping should now be extended to students in metropolitan areas.

The Bradley Review proposals for participation and attainment targets were linked to a call for demand-driven funding, an argument worth quoting at length:

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<sup>32</sup> Commonwealth of Australia, 2019, p. 51.

All qualified individuals will have an entitlement to undertake an undergraduate qualification unlimited in duration or value. This is consistent with the need to broaden the base of higher education qualifications in the population and the need for skills upgrading over the life cycle.

Such a system allows institutions flexibility to decide the courses they will offer and the number of students they will admit. This, combined with an entitlement for all qualified students, is the most responsive and appropriate policy option in circumstances where we must raise participation urgently and do so from among groups which have traditionally failed to participate.<sup>33</sup>

The scheme operated between 2012 and 2017 but the difficulty, from the Turnbull Government's point of view was the call on the Budget. In 2017, as part of 'returning the Budget to balance by living within our means' and specifically as part of 'reforms to improve sustainability, transparency and accountability to students and taxpayers,' the Government put 'a [two-year] freeze on total Commonwealth Grant Scheme funding from 1 January 2018, set at 2017 funding levels.'<sup>34</sup> In effect, this ended demand-driven funding and did not foresee the nation's shortage of appropriate workforce.

In reviving arguments for demand-driven funding, the Productivity Commission, in its report on *Advancing Prosperity*, argues, quite correctly, that this is more effective in boosting participation than various schemes, such as skills lists and provider funding caps, which have tried to influence student choice.<sup>35</sup> At the same time, the Commission seems to be understandably, but in this context overly, focused on budget neutrality at the expense of other principles:

Fiscal costs do need to be controlled, but this can be better achieved by recalibrating subsidy and loan settings so that more of the costs are borne by students rather than reducing overall funding below the level that is needed to deliver a high-quality education. If done well, this can equitably share the costs of expanding access to education without deterring potential students from study or distorting student choice within or between VET and higher education.<sup>36</sup>

The concern here is that, given the current settings, a focus on 'recalibration' through an average increase in contributions may only reinforce inequities. An additional consideration is that, as the IRU concludes, 'a primary focus on budget neutrality may not be sufficient to gain support from any of the key stakeholder groups'.<sup>37</sup>

### ***A new approach to student contributions (Q48-Q49)***

It is time for a complete review of the Job-ready Graduate program so that it finances *participation*. Central to such a review must be an overhaul of the student contribution. As the *Discussion Paper* observes, there has been an extraordinary

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<sup>33</sup> Australian Government, 2008, p. xiv.

<sup>34</sup> Commonwealth of Australia, 2017, p. 9.

<sup>35</sup> Australian Government, 2023d, vol. 8, p. 51.

<sup>36</sup> Australian Government, 2023d, vol. 8, p. 56.

<sup>37</sup> IRU, 2022, p. 7.



increase in what students are being asked to pay for and at the same time a reduction in Government spending. At the beginning of HECS in 1989, the student contribution amounted to 20 per cent of education costs—next year it is forecast to be 47 per cent.<sup>38</sup> That alone requires examination.

In addition, current pricing arrangements are having a distorting effect on the choices of some students. Certainly, it has been true in the past that, as the Productivity Commission Report concludes, ‘for the most part, these [kinds of] efforts are ineffective’.<sup>39</sup> (Though they are objectionable when what should matter is the quality and value of programs.) However, Macquarie has found, like other universities, that price rises for humanities and social sciences subjects have been a disincentive for First Nations people to study their own culture or other subjects where their communities want to build expertise.

It may be too that, as Andrew Norton suggests, the large price gap introduced by the Job-ready Graduates program—\$10,550 between the most and least expensive courses—‘might influence student choices in ways a small price gap did not.’<sup>40</sup> If so, the cost will be to the social sciences and humanities in Australia and also to the interdisciplinary perspectives urged earlier in this submission.

Finally, there is a clear need to review the first repayment threshold which is currently set at \$46,000. As Mark Warburton has recently shown, this is causing real difficulties for low-paid workers and particularly women workers in the health and education professions. It is also ‘reducing work incentives and creating poverty traps in some families.’ Warburton concludes that:

there is growing evidence that student loan schemes may be contributing to structural inequalities in Australia’s taxation system, intergenerational unfairness and reinforcing women’s economic disadvantage.<sup>41</sup>

If that is so, then the goals which led to the funding of the income-contingent loan scheme have been compromised.

Given these kinds of findings, the likely outcome of a complete review would be something close to a single level of student contribution with, as the IRU argues, ‘any differentiation based on clear evidence,’<sup>42</sup> That would need to be accompanied by a higher threshold for repayment. (Careful attention would also have to be given to the implications of these kinds of changes for government contributions and transitional funding arrangements would be needed to reduce impacts on particular universities.)

In the context of changes to student funding, the University also supports the widespread view that the 50 per cent rule,<sup>43</sup> an associated savings measure designed to exclude students who fail half their units, should be abandoned. Although the intent was apparently to weed out those who are unsuited to higher education, the effect

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<sup>38</sup> Australian Government, 2023a, p. 34.

<sup>39</sup> Australian Government, 2023d, vol. 1, p. 15.

<sup>40</sup> Norton, 2022, p. 29; the different contributions are set out at Australian Government, 2023b, p. 6.

<sup>41</sup> Warburton, 2023, pp. 5-6.

<sup>42</sup> IRU, 2022, p. 6.

<sup>43</sup> Australian Government, 2023b, p. 4.

has usually been to penalise students from low SES backgrounds where they may well respond to ongoing efforts at support.

### ***Research funding***

No one would dispute that funding the indirect costs of research is a major problem and a potentially significant risk for universities. Success in competitive grants isn't matched by block grant funding and so universities have come to rely on international student fees to make up the difference.

The risk arises because improvements in offerings from home countries as well as geopolitical shifts mean that international student revenue could vary greatly across coming decades. Such shifts in income would have a distorting effect on the whole higher education system and particularly on Australia's ability to undertake significant research.

There has already been considerable work done on the need to establish and act on a full economic cost model for the sector. As the Group of Eight argues, Australia now needs 'to ensure our sovereign research capacity is not subject to the variabilities of the international student market, as we have experienced as a result of COVID-19 and associated border closures.'<sup>44</sup>

The University supports proposals to set a target for paying the indirect costs of research at 50 cents in the dollar by 2025. That would be the first step in moving to funding the full cost of research (including salary costs) by 2030.

## **Accountability**

### ***A nation-wide framework (Q36-Q37)***

Governance and accountability arrangements in the higher education sector are burdensome and, because of both Federal and State Government involvement, overlapping. Reporting student data, for example, is very resource intensive and it is not clear that much of the information that is gathered ever gets used. The Group of Eight has estimated that 'the costs of compliance-based funding by Australian universities is . . . in excess of \$450 million per annum'.<sup>45</sup> This is a system which is more than likely to promote bureaucratisation and goal displacement. There would be obvious advantages in developing a nation-wide framework which reduces the burden of overlapping and unnecessary accountability arrangements.

To this end, the University supports proposals to conduct a detailed regulatory stock and flow analysis to determine areas of overlap, inefficiency, and red tape across tertiary education.

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<sup>44</sup> Group of Eight, 2022b, p. 6.

<sup>45</sup> Group of Eight, 2022a.

## Conclusion

It will be obvious that the proposals developed in this submission involve changes which will be costly and that therefore, given the current budgetary environment, will only be possible if implemented over time. But it is fair to ask whether the sector is too apologetic about its needs? Too diffident about what can be achieved.

Government funding for universities must be based on a clear understanding of what the sector can contribute. That impact is potentially great. Graduates have considerable and increasing advantages in employment participation;<sup>46</sup> local and overseas findings indicate that there is a significant value-add in earnings for graduates, even after accounting for their individual characteristics;<sup>47</sup> and a better educated workforce contributes to greater productivity.<sup>48</sup> Beyond this, there can be no doubt that a better educated workforce together with stronger research capacity leads to an increased likelihood of good solutions to the major changes underway in Australia's society, economy, and environment; and that above all, education contributes to a better-informed and more vital community.

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<sup>46</sup> Australian Government, 2023d, vol. 8, p. 4.

<sup>47</sup> Australian Government, 2023d, vol. 8, p. 4; Social Mobility Commission, 2023.

<sup>48</sup> Australian Government, 2023d, vol. 8, pp. 2-8.

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