

Department for Industry, Innovation and Science

Australian Universities Accord

Submission from the South Australian Government

April 2023



South Australian Government Submission to the Australian Universities Accord Discussion Paper

Introduction

The South Australian Government commends the Australian Government for establishing the Universities Accord and welcomes its intent to build a visionary, long-term plan for higher education which meets Australia's economic, cultural and social aspirations.

South Australia understands the importance of having a higher education system that meets the needs of the nation, however, it is equally important and valuable for policies and funding to consider the unique needs of each jurisdiction.

There are four universities and more than 30 higher education institutions delivering qualifications to students in South Australia. The state's university sector educates more than 90,000 domestic students and 34,000 international students. Around 94,000 of these are in our three public universities.

The South Australian Government has set an ambitious agenda to bolster the capacity of the State's public university system to serve the social and economic needs of the State, with particular emphasis on driving greater excellence, engagement and equity.

An exciting opportunity exists for South Australia's higher education sector through the Statement of Cooperation between the South Australian Government, the Australian Government, the University of South Australia and the University of Adelaide which provides a formal pathway to pursue the potential creation of a new university. The universities have agreed to undertake a feasibility assessment and develop a business case and financial plan to inform the potential creation of a new university.

There is a shared ambition from all parties to create a new university that will strive for excellence in delivering accessibility and contemporary teaching and learning experiences, drive world-leading and impactful research, and foster deep connections with local, national and global communities.

If progressed, and with appropriate long-term higher education reforms, a new university will support the rest of the sector in South Australia to drive positive participation and attainment rates for the state. As a state, it took until 2022 to

achieve the Bradley Review targets of 40% of 25-34 year olds with a bachelor level qualification or above. Whilst this has been achieved at the state level, there are a number of suburbs in South Australia that are still far from meeting this target. Nationally, the target was reached in 2018, however, outside of the eastern seaboard it took far longer for this target to be reached and indeed, in 2022 there were still two states yet to achieve it. This reiterates the need for a future higher education system to be underpinned by policies and funding flexibility that meet local needs, contribute to economic growth and deliver the critical skills for our workforce priorities.

This becomes even more important for the state with the recent announcement that South Australia will lead the construction of Australian nuclear-powered submarines under the AUKUS agreement, requiring a highly skilled workforce to deliver on this project.

The South Australian Government recommends the Australian University Accord consider reforms that strengthen the higher education system to meet both national and state priorities and develop a pathway for long-term improvements that address the challenges and opportunities for a sustainable and responsive university sector that contributes to the nation's wellbeing and prosperity.

Meeting Australia's knowledge and skills needs

Q13 – How could an Accord support cooperation between providers, accreditation bodies, government and industry to ensure graduates have relevant skills for the workforce?

Higher education is critical for enabling South Australia to meet the skilled workforce the state needs to grow creative, innovative and productive industries and businesses. Increasingly, there is a growing need for highly skilled workers with higher education qualifications, with jobs requiring a bachelor degree or higher increasing by 85% since the start of the COVID-19 pandemic. The higher education system has the dual challenge of meeting existing skills shortages across a range of industries and sectors, while adapting to meet the skills and research needs of emerging industries, disciplines, and technologies.

Key emerging and evolving sectors of importance to South Australia include renewable energy and hydrogen production (and the industries powered by these technologies including, for example, green steel production), defence and space, advanced manufacturing, and enabling capabilities like artificial intelligence, automation, digital technologies, photonics and quantum. Increasing the number of STEM graduates, researchers and entrepreneurs is vital for the growth and success of these industries in South Australia.

Meeting the skills and research needs of these industries and capabilities will require the Accord to introduce new ways of rapidly introducing both new educational courses and establishing research partnerships with industry in areas of national priority. Enhanced engagement with industry will improve the quality of the curriculum and ensure graduates are career-ready with industry-relevant experience.

Importantly, South Australian universities have rapidly established new courses to help build a skilled workforce to support the AUKUS agreement and other defence projects. The University of South Australia recently launched a new global executive MBA in defence and space, to be delivered with UK and US partners which are closely connected with industry. The MBA is designed to equip managers and leaders to deal with the complexity of Australia's growing number of defence and space projects. Flinders University has recently announced new partnerships with UK and US universities to boost its nuclear education and research. Flinders will partner with University of Manchester (the lead university in the UK's Nuclear Technology Education Consortium) to deliver a nuclear masters program and PhD level research training, and has signed an agreement for a research partnership with the University of Rhode Island which has strong defence industry links, including collaboration with the US Navy.

Q14 – How should placement arrangements and work-integrated learning (WIL) in higher education change in the decades ahead?

While work-integrated learning approaches such as placements, projects and internships can be scaled up, there are also opportunities to develop innovative courses and programs which are designed and delivered in partnership with industry. As an example, the South Australian Government has recently partnered with the University of South Australia, the defence industry and the Australian Industry Group (Ai Group) to develop a university degree apprenticeship pilot program for the growing defence sector. The South Australian Government has committed funding to support the establishment of a software engineering degree apprenticeship that will enable students to earn while they learn and prepare for defence careers. UniSA will design, develop and co-deliver the course with host employers, design and implement host employer supervisor training plans, and provide ongoing support for host employers and

apprentices throughout the program. Degree apprenticeships for the defence industry are currently delivered with success in the United Kingdom, with very high graduate retention and completion. They have also increased diversity, attracting more women and candidates who may not have considered a traditional degree pathway.

Innovative design and delivery that embeds industry and work-based learning into courses should be a central pillar of degree offerings. Universities should also be encouraged to develop centralised processes to facilitate work-based learning, including sourcing placements and internships where possible, so that all students have equal opportunity to undertake work-based learning, regardless of their background and individual networks.

Creating opportunity for all Australians

Q30 – How can governments, institutions and employers assist students, widen opportunities and remove barriers to higher education?

One of the greatest barriers to participation in higher education is cost – the cost of participation at the individual level and the cost of providing support to underrepresented cohorts at the institution level. In Australia, and South Australia in particular, First Nations Australians, people with disability, people from low socio-economic backgrounds, people in regional areas, and refugees and asylum seekers, are underrepresented in universities. There are a number of measures that should be considered to remove barriers and increase participation in higher education.

The recently implemented guarantee of a Commonwealth supported place for Aboriginal and Torres Strait Islander students from regional and remote communities is a welcome initiative, but it does not go far enough. In order to see a sizable and sustained increase in participation from underrepresented groups, this initiative should not only be extended to all Aboriginal and Torres Strait Islander students (regardless of location), but to other underrepresented cohorts, including regional and remote students, students with disability, and students from low socio-economic backgrounds.

Appropriate funding is required to ensure that students from underrepresented cohorts have the best chance of success at university. Funding to universities to support these students should be based on headcount, not Equivalent Full Time Student Load (EFTSL). Students in these cohorts are more likely to juggle part-time study with work and caring commitments, but providing important services such as disability support, counselling and access to culturally safe spaces cost a university the same amount, whether a student is studying full-time or part-time. Providing this funding per student rather than per EFTSL would enable universities to provide more targeted support to ensure these students not only participate in higher education, but are supported to attain a higher education qualification.

Another important consideration is accessibility of higher education to new arrivals in Australia, particularly those on temporary visas. Refugees and asylum seekers on temporary visas who want to study at university are required to pay the same fees as international students as they are not considered domestic students and are therefore ineligible for a Commonwealth supported place. A truly equitable approach would be to follow the lead of countries like Germany where this cohort is treated the same as domestic students. Although relatively small in number, giving these students on temporary visas access to Commonwealth supported places would improve settlement outcomes and pathways into employment.

People in regional areas experience a range of barriers to higher education. The attainment rate of people in regional Australia falls well behind that of the overall population. In 2021, just 26.9% of people in inner regional areas, 21.1% in outer regional areas and 16.6% in remote areas had a bachelor degree or higher. The regional profile of South Australia differs to its eastern state counterparts, with the majority of the state considered outer regional, remote or very remote. The size and geographic spread of regional towns in South Australia means there is not the population in regional cities and hubs to sustain standalone regional universities. However, South Australian regional areas are serviced through regional campuses, hubs, study centres and Regional University Centres.

In regional South Australia, even high achieving school leavers are less likely to transition to university than those in metropolitan areas and are less likely to complete their degrees. Barriers include costs involved with relocating (given there are limited degree options available in regional South Australia), concerns about leaving the local area, and inadequate knowledge about financial support options.

Adequate funding needs to be provided to both regional students and universities offering degrees in regional areas. In South Australia in particular, the small number of degree offerings at regional campuses mean regional students are more likely to move to the city to study. Funding such as the Tertiary Access Payment plays an important role in supporting students with the costs of relocating, but expanding this funding to support non-school leavers would ensure greater access to education for all people from regional areas, including those wishing to reskill later in life.

The provision of tertiary education offerings in South Australia's regions is critical if we are to service emerging industries such as renewable energy and hydrogen. However, degrees delivered in regional areas are more expensive for providers; indeed, it costs up to a fifth more to deliver degrees in regional areas compared to metropolitan areas. The additional Commonwealth Grant Scheme funding for regional campuses is a step in the right direction, however, more funding is needed to incentivise and subsidise universities to increase their subject and degree options at these campuses, in recognition of the substantial costs of delivering offerings to smaller numbers of students in regional settings. Without such incentives, it will be difficult to attract, train and retain the highly skilled workforce needed in regional areas.

A system that delivers new knowledge, innovation and capability

Q24 – What reforms will enable Australian research institutions to achieve excellence, scale and impact in particular fields?

A strong, vibrant and high-quality research and innovation ecosystem is vital for driving future economic growth, productivity and wellbeing in South Australia. The South Australian Government prioritises opportunities to be a partner in initiatives that strengthen the State's research capabilities and encourage the translation and commercialisation of research through industry, research and government collaboration. However, in order to strengthen the capacity and capability of the research sector in South Australia, greater investment in research funding is needed.

It is well established that current Government research funding does not cover the full costs of undertaking research, with universities required to find other income sources, most notably revenue from international student fees, to subsidise the indirect costs of research. Funding the full costs of research will remove the vulnerabilities associated with cross-subsidisation from other sources and allow for

greater investment in attracting and retaining world-class research talent, research infrastructure and other strategic research priorities, ensuring research undertaken in Australian universities continues to be at the cutting edge, pushing boundaries and addressing critical issues of national interest that can be translated into commercial application and industry adoption.

In addition, the Australian Government's investment in research has been steadily declining and is now well below the OECD average. Funding for research – from basic through to translational – needs to be increased to ensure Australia remains competitive and our research continues to drive innovation and productivity.

The role of international education

Q43 – How should the current recovery in international education be managed to increase the resilience and sustainability of Australia's higher education system, including through diversification of student enrolments from source countries?

International education underpins the economic, population, skills and education reform aspirations of South Australia. Beyond the economic contribution, the sector also contributes to the wider growth and future transformation of the economy. International graduates form an important component of the overarching workforce planning and skills needs of industries spanning health, IT, renewable energy, childcare, aged care, space, tourism, and hospitality. International Higher Degree by Research students also bring research talent, global connections, and capability into South Australia's research and innovation system.

COVID-19 highlighted not only the vulnerabilities but also the benefits of the international education sector. Source countries are only one area of focus for diversification. With students from over 190 countries currently studying in Australia, there already exists a level of diversity in the overall student body, albeit with concentration in the top source markets. A strategic way to boost diversification would be to increase the scale of the Australia Awards program, with a focus on increasing students from markets not represented in the top 25 markets for Australia. Australia Awards play a key role in developing strong diplomatic, soft power and education linkages with partner countries, driving growth and sustainability in our region and providing long term benefits to Australia and its neighbours.

Diversification and resilience will also be enhanced by greater connectivity and focus on international education in key Government departments. Increasing support for Austrade to undertake international marketing and promotion in emerging markets by matching levels of investment in Tourism and other sectors will yield significant returns given the known economic, workforce and social benefits of international education and the need to build awareness in new and emerging markets.

Likewise, increasing consistency in messaging and decision making between the Department of Home Affairs and the Department of Education will improve Australia's ability to attract the highest calibre international students across all nationalities to fill talent and skills gaps in our workplaces. Removing the requirement for students to prove their intention to return home at the end of their studies, while upholding the need to evidence their genuine intention to study and progress academically would better attract talented international students, to study and contribute to areas of workforce skills need after graduation.

Q44 – How can the benefits of international education be shared broadly across the system, including in regional areas, and what level of reporting should there be?

One of the most consistent and influential decision-making drivers for destination choice is the connection to work opportunities and career advantages both during study and post-graduation. To attract quality international students to Australia this needs to be an area of increased national focus with sustained investment in promoting international graduates as a talent pool for Australian businesses and industry, to complement the local skills profile. This, coupled with considered migration pathways for international graduates in areas of skills need will be required to retain international graduates at the level required by our businesses. With regional areas likely to have a high proportion of SMEs, rather than corporate head offices, greater communication from the Commonwealth government on the 485 visa to businesses in these regions will help facilitate the pathway to employment for international students.

Students from diverse backgrounds also need to be supported through their higher education providers, and accepted into communities and workplaces. The latest Graduate Outcomes Survey shows the employment rates for international students were 20% lower than those of their domestic peers. More work needs to be done to educate employers on the benefits of hiring international graduates. Providing international students with more opportunities for work-integrated learning will not only improve their work-readiness, but will also provide employers with first-hand experience of the skills, expertise and broader value of these students.

International graduates play a significant role in meeting demand in areas of critical skills shortage. To build this pipeline, consideration should be given to developing pathways to incentivise international students to study in areas of skills need, for example through reduced fees, placements in regional areas, and favourable migration settings. This is particularly pertinent in South Australia following the recent announcement of a two-year extension to post-study work rights across Australia in areas of verified skills shortage. This change erodes a key attractor that South Australia and other regional areas had previously and is likely to concentrate graduates with most in demand qualifications in the eastern states' capital cities. In the wake of this change, there is a need to implement further regional incentives to ensure smaller cities and regional areas remain competitive in the international education sector.

Investment and affordability

Q49 – Which aspects of the JRG package should be altered, and which should be retained?

While some features of the Job-ready Graduates (JRG) package are commendable, others have been shown to be unsuccessful and even inequitable. Retaining additional funding for regional campuses, demand driven funding for regional Aboriginal and Torres Strait Islander students, and Tertiary Access Payments for relocating students will be important in addressing underrepresentation, but as outlined in other parts of this submission, in order to effect significant, lasting change, these initiatives should be expanded to support greater participation.

The JRG changes aimed at increasing the number of graduates in areas of expected employment growth were built on the assumption that students would base their enrolment choices on the student contribution charged. However, enrolment data since the introduction of these changes has confirmed that student

preferences are based on their areas of interest and capability, not on the level of student contribution. Unfortunately, these changes have disproportionately affected some cohorts, such as Aboriginal and Torres Strait Islander students and females, who have higher levels of enrolment in the funding clusters that have seen the largest fee increases. Likewise, the introduction of the requirement to pass more than 50% of units of study in order to retain Commonwealth assistance will have a greater effect on students from underrepresented groups who have lower success rates. These aspects of the JRG package should be replaced with a more equitable and pragmatic approach to university fees.