

AUSTRALIAN UNIVERSITIES ACCORD

Response by University of Canberra

April 2023

The Minister for Education has issued a great challenge in the review that will underpin an Australian Universities Accord, to consider a bold and long-term view of Australia's higher education sector.

University of Canberra welcomes consultation on the Universities Accord and is keen to participate in discussion.

We refer to the *Australian Universities Accord Discussion Paper* and its broad and comprehensive set of questions. We also refer to the *Job-ready Graduates Preliminary Paper* summarising the successive funding policy changes in recent years.

Some have questioned the extent to which the sector is broken. We are not convinced that this is the right question.

Instead, we note the Panel Chair's foreword that the "Australian Universities Accord process provides a unique opportunity to capture the abilities and achievements of the sector, and to re-imagine it for the future over a 10, 20 and 30-year horizon".

Australian universities are world-class and there is much to be preserved and celebrated and the global reputation of the Australian higher education sector is strong.

Yet it is also clear that as the sector has grown, gaps around access and outcomes for equity groups have become even more pronounced.

Revisiting the report of the *Bradley Review of Higher Education*, from well over a decade ago, we observe that there are recommendations that were not realised and targets that were not met. Many of these around equity, access, and participation, are still pertinent today. An Australian Universities Accord must address this as a matter of priority.

An Accord will then need to consider the long-term context for universities and anticipate the needs of the nation.

University of Canberra staff have participated in Accord consultation through a wide range of sector networks.

We are a member of the Innovative Research Universities (IRU) and our Vice-Chancellor Professor Paddy Nixon commenced as Chair of the network from January 2023. We strongly support positions presented in the IRU submission and its focus on five key areas for reform, including calls for a more equitable higher education system, to improve social cohesion and provide opportunity for all.

We are a member of Universities Australia and support the principles set out in its submission on the Accord. Our Vice-Chancellor is a member of the UA Accord working group.

We have had input to an additional Universities Australia submission prepared by the Deputy Vice-Chancellor Academic subgroup and strongly support the recommendations and discussion presented.

In this submission we present context for an Accord then comments on some aspects of Australia's higher education system that are of particular concern to the University of Canberra.

Our comments are by no means exhaustive, and we have intentionally not replicated feedback that we have provided through other channels. We agree with the sector on many matters. This includes the deficiencies in Job-ready Graduates.

We look forward to ongoing consultation as design of the Accord progresses.

A - An Australian Universities Accord (questions 1,4)

The high-level context for an Australian Universities Accord is clear.

- Australian universities are essential to the nation's future **sovereign capability**. This includes domestic education and meeting requirements for skilled graduates. International education is a key export and furthers diplomacy and cultural exchange. Through research and translation universities will continue to provide solutions to industry partners and across all government portfolios and departments. Universities play a critical role in understanding the grand challenges the nation is facing, including around climate and natural disasters.
- A combination of population growth, the changing nature of work, and lifelong learning means that Australian university **enrolment numbers in 20-30 years are likely to be more than double those now**. The Australian Bureau of Statistics has projected that the population of Australia will be between 34.8 million and 42.2 million by 2053 ¹. In its recent publication *Advancing Prosperity* the Productivity Commission has indicated that in the next five years nine out of ten jobs will require tertiary education ².
- With the majority of future jobs requiring post-secondary education, it is even more imperative that **barriers to access and participation** are identified and addressed. This is particularly important for Aboriginal and Torres Strait Islander peoples.
- Australia has a global reputation for its world class higher education sector. Our recognition in world rankings appeals to international students, enables recruitment of leading academics, and attracts international collaborative partnerships. Australian universities must be **globally competitive** to ensure resilience and continued success of the sector.
- **Emerging technologies** are both a challenge and an opportunity for Australian universities responding to the evolving nature of learning and acquiring skills. An accord with a long-term view must not underestimate the impact that rapid advancements in artificial intelligence might have on ways of learning, working and researching.

On a practical level, an Australian Universities Accord is also about

- understanding the **operating environment** of higher education providers and a “resetting” of the working relationship between universities and government.
- a strong need for a **whole-of-government approach** around national goals for the medium to long-term and how these might best be achieved.

An Australian Universities Accord might then

1. **Acknowledge the context**
2. **recognise perspectives across government, universities and their staff and students, industry, and communities**
3. **articulate shared goals and commitment**
4. **outline agreement on ways to achieve them**

It is our expectation that the Accord will contain a shared mission and national goals for universities, government, and the Australian people. It is also our hope that that the Accord will contain agreement on the high-level approaches to working together to achieve the mission and goals. These should be bipartisan and well beyond any term of government.

Policy setting and programs could then sit beneath the Accord, to realistically allow change over time, however, always in the context of the broader agreement.

B - Equity, Access, Participation and Success

B1 - Barriers and the need for strengthened student support (questions 1, 16, 28, 30, 31, 33)

Recommendation 1

Commission a comprehensive review of higher education student support, particularly financial. This should ascertain the true costs of fully participating in higher education and opportunity for students from various socio-economic backgrounds to participate. This should investigate reports of cost-of-living poverty, and the variety of support available from government, employment, and directly from universities (including scholarships from endowments).

Recommendation 2

Consider the role and work of the Regional Education Commissioner as a model for establishing ongoing advocacy of other disadvantaged groups.

University of Canberra was ranked **first in the world against SDG10 Reduced Inequalities** in the Times Higher Education Impact Rankings for the last two years in a row. Our record in this area includes high proportions of first-generation students, international students from low-income nations, and students with disabilities. It also includes high proportions of staff with disabilities, gender equality, and mentoring and counselling services for staff and students. The University's employment of Aboriginal and Torres Strait Islander peoples is above the sector rate.

We are committed to equity, diversity, inclusion, and access, and aim to be a university of choice for underrepresented groups. We provide the full range of support services that most Australian universities do for enrolled students. We accept applications through a wide range of admission pathways and use HEPPP funding to deliver programs into regional schools to raise aspirations for going to university.

However, we understand that improving access and outcomes for those from disadvantaged backgrounds is complex.

We suggest that simply allocating more Commonwealth Supported Places will not be sufficient to shift the dial. More student support is needed, and this is a national responsibility. Factors affecting a person's likelihood of attending university begin at a young age. Economic, socio-cultural and wellbeing determinants beyond the control of the university may impact on student progression and completion.

A comprehensive review of higher education student support would take into account student views and case studies, from school-leavers to PhD students. This would allow understanding of the FULL cost of participation, other than student contribution fees.

University of Canberra would ask that such a review include investigating issues like 'placement poverty' and the link between retention and lengthy unpaid periods of work-integrated learning.

The demographic profile of the University of Canberra shows that a significant proportion of undergraduates are non-school-leavers, aged mid-twenties. These students seek employment and establish independence before attending university. The National Union of Students is running a campaign³, calling on the Government to lower the Centrelink 'age of independence' to 18 years of age to support school-leavers attending university. The 'bank of mum and dad' is not available to all young adults. We suggest there is merit in investigating this further.

In December 2021, following the Napthine and Halsey Reviews, the government appointed Australia's first Regional Education Commissioner. This role provides a national and sustained focus on regional, rural, and remote education outcomes. Such a role demonstrates commitment on behalf of government and enables ongoing advocacy that is visible to the wider population. We note that the Regional Education Commissioner is on the Accord panel. We recommend government explore a similar official role to elevate bridging the educational gaps for other disadvantaged groups.

B2 - Measuring socio-economic disadvantage – a case for Canberra (questions 28, 33)

Recommendation 3

Regularly review metrics used to best understand socio-economic disadvantage in relation to access and participation in higher education. In the Australian Capital Territory, the SA1 indicator used by the Australian Bureau of Statistics is a poor measure to drive improvements in equity, access, and participation.

Following the Bradley Review, the Government set a national goal to see 20 percent of all university enrolments filled by low SES students by 2020. This was not achieved, and the current Minister for Education has made it clear that Australia's Universities Accord must address this as a matter of priority and set new targets within a reform agenda.

Once new targets are established it will be essential for the government and universities to know how effective they are at driving improvements. This will involve selecting and monitoring indicators that best identify and measure socio-economic disadvantage.

Here we raise an issue, most specific to Canberra. The metric currently used by the Department of Education in relation to low SES is not highly suitable as an indicator of disadvantage in the ACT. The ACT is largely composed of areas classified as high and medium socio-economic status. This reflects social policy and suburban planning, with public housing embedded across all areas of Canberra, rather than clustered as is the case in other metropolitan centres.

This issue is compounded for the University of Canberra with the Department using a student's permanent address. We know that many students provide an ACT 'permanent' address after moving to Canberra to attend university.

While there are no low SES areas in Canberra, forms of disadvantage do exist, with many students overcoming barriers to enter university. More than a third of our students are 'first in family' to attend university, and one in five domestic undergraduate students are from regional areas. Our proportion of students with a disability is higher than the sector average. Aboriginal and Torres Strait Islander students make up 2.5% of our domestic undergraduates. This is greater than the proportion of the Aboriginal and Torres Strait Islanders living in the Australian Capital Territory (1.86%).

More accurate measurement of low SES was in fact the third recommendation from the Bradley Review.

Prior to the Bradley Review, postcode was used against the Australian Bureau of Statistics Socio-Economic Indexes for Areas (SEIFA) Index of Education and Occupation to measure socio-economic status.

In 2010 then Minister for Education Julia Gillard announced the Higher Education Participation and Partnerships Program (HEPPP) and a new, more robust, interim indicator of low SES. The new indicator moved away from broader postcodes and used a combination of smaller census district level and data from Centrelink.

At present the Department of Education uses the Australian Bureau of Statistics 2016 Statistical Area Level 1 (SA1) Index of Education and Occupation⁴. SA1s represent an area smaller than postcode, and generally have a population of 200 to 800 people. This is a more precise indicator than postcode. However, due to suburban planning, this is not appropriate in identifying socio-economic disadvantage in the ACT.

The current SA1 (permanent address) measure is used by the Department to report on equity outcomes, and for allocating HEPPP funding. It has been used in recent years to allocate additional Commonwealth supported places across the sector and for Performance-based Funding.

We note the formula for HEPPP allocation has recently been changed to use a combination of equity measures, rather than simply SA1 low SES. These changes have resulted in an increase of more than 44% for funding for University of Canberra. This demonstrates the significance of reporting accurately on disadvantage in the ACT.

C – Research

C1 - Research expenditure as a percentage of GDP (questions 6, 25, 41)

Recommendation 4

Adopt a GERD goal that aligns with the OECD average, and a timeline to reach that goal.

Australia demonstrably underspends in research and development as a percentage of GDP compared with the OECD nations⁵.

While the OECD's Gross expenditure on R&D (GERD) grew from 2.18 percent in 2010 to 2.68 percent in 2020, Australia's GERD has dropped from a three-decade high of 2.25 percent in 2008 (when it almost matched the OECD average) to 1.80 percent in 2019.

In the years since 2008 when the OECD countries have lifted their investment in R&D, and the world's economy has shifted even further to one based on knowledge, Australia's investment in R&D has dropped away. That Australia's position in the Global Complexity Index has also fallen is hardly surprising given this lack of investment in new knowledge and ideas.

The drop is attributable to a fall in both business expenditure in R&D (BERD) and Government expenditure in R&D (GovERD). Australia's BERD has dropped from 1.37 percent in 2008 (when it was just under the OECD average) to 0.92 percent in 2019, half the OECD average of 1.81 percent.

GovERD has dropped from equal to the OECD average in 2010 at 0.27 percent of GDP to 0.17 percent in 2020, while the OECD average has been maintained, sitting at 0.26 percent in 2020.

C2- Industry collaboration with universities (questions 23, 25, 26, 41)

Recommendation 5

Government work with industry to lift the industry collaboration with universities, and the capacity of Australian businesses to absorb and translate the ideas that are generated by university research.

The University of Canberra is keen that commercialisation of research is part of a balanced approach to research in Australia, across the cycle of basic, applied and translational research, and across disciplines. Too strong a focus on commercialisation is not a sound long-term strategy, given the need for renewal of ideas. It is important that non-commercial ideas are also translated for the benefit of society, for example into Government policy, health care practices, or teaching methods.

The University is also keen that the responsibility for making the most of ideas generated by universities is shared with Australia's industry sectors and individual businesses and organisations.

The *University Research Commercialisation Action Plan* is an important initiative that focuses on the role of universities. A matching piece of work on the role of industry provide businesses and the Australian community with a stronger understanding of the business sector's responsibilities and opportunities in the innovation landscape.

The Research and Development Tax Incentive is a major investment by taxpayers and should be focussed on restoring the participation of industry sectors and individual businesses in research and development. We recommend this work be underpinned by a BERD target to reach at least the average OECD level within a reasonable period of time.

C3 – Balance between competitive grants and block grants (questions 6, 24, 25, 41)

Recommendation 6

Consider the balance between competitive grants and block grants, with a commitment to increasing the quantum of funds in both categories. This would provide increased opportunities for good ideas to flourish and provide more certain employment for high quality researchers.

We support balance between competitive and allocated funds for research to ensure that the future of Australia's research effort is not simply based on the past, but also on the future potential of institutions and their communities.

In allocating Government funding for research, the system should reward excellence in context. Some universities in the sector have been more able to earn external income than others, which has enabled greater success in national competitive grants. University of Canberra supports the rewarding of excellence, but currently the foundations for that excellence are not evenly distributed, it is difficult for newer universities to establish them, and there is a danger of concentration due to history rather than potential.

We would like to see the Accord raise the ambition for research across the whole university sector and consider how critical mass and excellence can be supported long-term in a larger number of universities.

Part of this will require supporting the research workforce. The precarity of employment, particularly for early career researchers, is an acknowledged issue. There are a number of possible solutions – for example successful DECRA's could not only fund a specific project but provide a longer-term salary component to extend employment into further project developments.

In principle, UC supports national competitive grants awarding longer-term support, based on ideas and potential. This will help to reduce the amount of time spent on grant application writing and reviewing, whilst providing opportunities for good ideas to flourish.

D - Work-integrated Learning and Placements

D1 - Clinical placements in health (questions 14, 23, 29, 30)

Recommendation 7

Recognise that availability and cost of clinical placements in health are barriers to meeting critical workforce shortages. Consider a whole-of-government and tripartite approach to solutions. Federally this might be across Health, Education, Industry, Jobs and Skills, Migration, as well as considering tax incentives. State and Territories should be involved.

Recommendation 8

Commission a comprehensive review of the overall costs of delivering allied health degrees at the undergraduate and postgraduate level that are situated in scholarly environments, where evidence-based practice, research informed teaching, and research active academics are present.

This is a matter of particular concern to us as the dominant provider of health and nursing graduates in Canberra, and of these courses to both domestic and international students.

Our campus includes a health precinct comprising the University of Canberra Hospital, the Icon Specialist Medical Centre, and the Faculty of Health Clinical Hub. These provide public facing health services for the community, in addition to research opportunities and some availability of clinical placements for University of Canberra students.

The strong current and future demand for nurses and health professionals is well known. This also extends to the aged care and disability sectors. The challenge of filling this critical workforce is compounded by high proportions of workers exiting or citing burnout following the COVID pandemic. The National Skills Commission has found that the Health Care and Social Assistance industry accounted for the largest share of people who changed jobs in the year ending February 2022.

The need to enrol more students in health and nursing courses is clear, and demand for university places is strong. However, the availability and cost of clinical placements is preventing universities from offering more places.

Clinical placements are both essential and beneficial to students. They are a requirement for accreditation and a core component of courses at the University. However, places are scarce, and universities struggle to find enough providers, especially in proximity to campuses. This also exacerbates cost of living pressures on students. We have mentioned 'placement poverty' in section B1 on student support.

Employers are reluctant to provide more places, supervision, and support for students by a workforce that is already under resourced, stressed and burnout. Some Commonwealth funding policies actively discourage the inclusion of nursing and allied health student delivered services for example in primary health care and aged care, so that providers receive no or reduced income when supervising students providing services. Offering tax incentives for student placements is one potential solution to removing barriers.

Most providers seek to replace this revenue by charging universities directly for student placements. Daily charges range from \$30 to \$110 per student per day. Some allied health placements continue to be offered for no charge by some providers while others charge well above reasonable daily rates.

This situation is challenging for universities who struggle to predict and budget for placements costs. It is not unusual for placement costs per student to exceed the Commonwealth contribution plus student contribution paid for the clinical unit the student is enrolled in. This is not sustainable.

Under Job-ready graduates per EFTSL funding for allied health was cut by \$2,045 and nursing by \$1,729.

In Commonwealth Grant Scheme funding agreements for 2021-2023 it is not clear how clinical places are notionally funded.

D2 - University of Canberra Work-integrated Learning (WIL) best practice (question 14)

Recommendation 9

Recognise the importance of Work-integrated Learning and provide program funding, such as the NPILF, in addition to base funding.

University of Canberra is sector leading for work-integrated learning. We are a university with a civic mission for Canberra and a focus on professions. Our graduates across all study areas enjoy high employment rates and we are proud to meet the workforce needs of Canberra and beyond. We facilitate work-integrated learning across all levels at the University, including internships for PHD candidates through our *PhD Plus* program.

In this submission we are pleased to provide information on our undergraduate work-integrated learning framework as a 'best practice' example for the Panel.

Over recent years we have undertaken revisions to our bachelor degree programs with the intention to improve student outcomes, student satisfaction and course coherence. A key element of these revisions has been embedding of work-integrated learning in what we call our *Professional Practice Core Framework*.

Under the framework our goal is to embed work-integrated learning into every undergraduate course for every student.

Professional Practice Core

The Professional Practice Core consists of four units (one semester equivalent) covering professional orientation, practice, and evaluation. Through these units, students integrate learning through curriculum with learning through WIL to prepare for the world of work.

The Core is a cohesive and scaffolded stream of professional education units that enables students to integrate theoretical learning with practice throughout their degrees through authentic, real-world learning experiences.

Through the Core, students are equipped to succeed in the new world of work that requires agile, multiskilled professionals with the transferable employability skills and critical and creative abilities to work across their industries and to craft diverse and new employment paths.

Academics and industry work together to facilitate a range of diverse opportunities for students – from internships and placements to industry projects and competitions, exhibitions, study tours, virtual real world learning experiences to ensure an iterative and fully integrated professional and academic education. Through this dedicated focus our students will be professional, career-ready graduates.

These units are taken across the timespan of a bachelor degree. Courses that have professional accreditation adapt the Core to suit the requirements of their professional bodies.

The Professional Practice Core is supported by our Careers UC unit, which works with industry, supports students, and supports teaching staff to develop and implement authentic WIL experiences, especially internships and placements.

The services of Careers UC span all stages of the student journey, from part time work, internships and work integrated learning, and access to graduate positions. In addition, students are offered a range of career development services, delivered both in curriculum and one to one. This model is unique in the sector.

During 2022 Careers UC delivered 949,070 internship and placement hours.

E - Place-based Missions and Civic Universities (questions 2, 34, 35)

Recommendation 10

Review the purpose of Mission-based Compacts and consider how these might best be used to reflect diversity in the sector.

Recommendation 11

Recognise that universities play a critical role in the uplift of regions, places, and communities. Consider how the civic university movement might apply in Australia.

Recommendation 12

Recognise the work of Engagement Australia in promoting the public good of Australian universities. Consider funding all universities to participate in a year or two of an Australian version of the Carnegie Community Classification.

There has been much discussion on the need to recognise diversity of Australian universities in age, profile, and flagship disciplines across both teaching and research. More importantly, to recognise that universities are a reflection of the communities they serve.

We are in agreement with others calling for a review of the purpose of mission-based compacts to cater for diversity in the sector. This could extend to bespoke performance targets.

Like many Australian universities, we have been exploring our place-based identity and considering the civic universities movement. Similar terminology of this is universities as ‘anchor institutions’.

The idea of the public good of universities is not new. However, the civic universities movement is a renewed expression of the ways in which universities can partner with, and contribute to, the uplift of a city or place.

In 2019 and 2020 TEQSA and Professor Peter Coaldrake undertook extensive consultation on the Provider Category Standards within the *Higher Education Standards Framework (Threshold Standards)*. One outcome was a revised definition of ‘Australian University’, that came into effect mid-2021.

As part of the consultation, University of Canberra was pleased to advocate for inclusion of ‘civic engagement’ within the definition. This was legislated and the expanded *Threshold Standards* now state that an Australian university “demonstrates strong civic leadership, engagement with its local and regional communities, and a commitment to social responsibility.”

The University has a strong commitment to civic engagement and its role in the advancement of Canberra. Our Vice-Chancellor is a member of the Chief Minister’s Canberra Economic Advisory Group (CEAG) and our disciplines align heavily with the ACT workforce needs both now and into the future. The University of Canberra is a popular choice for local students, enrolling more ACT school-leavers than any other university.

It is fair to say that the University is ingrained in the very fabric of the Canberra community, with alumni of around 100,000 in a city of just over 450,000 people. All who live in Canberra know someone who has either studied or worked at the University and all will encounter our graduates as serving professionals.

We are a member of Engagement Australia, a network that support universities to broaden connections beyond the confines of the institution, essentially around ‘public good’. This covers a full range of engagement from social responsibility, service and volunteering, government affairs, to research development and industry collaboration.

Engagement Australia is leading an Australian pilot of the Carnegie Community Classification. Mirroring the Carnegie Classifications in the United States, Ireland, and Canada, this will allow universities to demonstrate the impact and extent of their engagement.

F - International Education (question 43)

Recommendation 13

Continue to recognise the benefits of international education and work with universities to build the value proposition for international students in Australia.

Recommendation 14

Support Australian universities to develop and maintain global links, particularly across the Asia-Pacific, to deliver both in-country and transnational education.

We are a university with a civic mission for Canberra and exist first and foremost for the uplift of our local community. However, a crucial part of this involves attracting others to take up their studies in Canberra, with a mutual benefit of cultural exchange for both international and domestic students. Although Canberra is our home, the impact and consequence of our teaching and research extends beyond our regional and national borders. We have students from more than 120 countries and alumni all over the world. This diversity enriches us all.

‘International education services’ continues to be the largest export for the Australian Capital Territory, worth over \$1 billion a year directly to the local economy.

Many will already recognise the economic benefit of international education. However, the importance of international education is much broader than economic contributions. International students bring new ideas and experiences, building our cross-cultural awareness and adding value to the learning experience at universities. They also allow our community and individual students to build global alumni networks.

The University of Canberra encourages the Panel to consider three broad themes that we see as a priority for international education sector.

- 1. Building the value proposition for international students in Australia** - a unique combination of:
 - the in-country immersive ‘Australian experience’, providing students’ exposure to new understandings of society, culture, language, and place.
 - the strength of the relationships and networks they build while they are here, with their institutions, their peers, their employers and the with the broader Australian community.
 - the high-quality teaching and learning environment and the currency of Australian qualifications globally.
 - career readiness - including embedded work-integrated learning and industry experience as a core component of many university degrees; and
 - post-study work rights.
- 2. Career readiness and graduate outcomes** - an emerging need to recognise and strengthen career readiness and graduate outcomes as they relate to international students. There is a current focus on industry engagement and work-integrated learning for domestic higher education students in Australia and there is considerable scope to make this a more distinctive feature of the international student experience.
- 3. Mobility and cross-cultural exchange** as complementing international education. International education has long contributed to soft diplomacy in Australia and the benefits of exchange both within and without are enormous. Focusing on Australia’s place within the broader Asia-Pacific also opens many opportunities to connect to education and research partners and industry beyond our borders. We welcome support from Government in expanding multilateral partnerships that connect international students in the broader region.

G - Funding

G1 – Funding security and higher education policy ‘churn’ (questions 5, 12, 38, 47, 49)

Recommendation 15

Recognise the length of university planning and budgeting cycles needed to ensure quality teaching and research, and good employment practices. Consider timeliness of funding announcements.

Recommendation 16

Extend current CSP funding arrangements until 2024, including the Higher Education Continuity Guarantee.

Recommendation 17

Discontinue the Performance-based Funding policy that was introduced from 2020 yet never fully implemented. Consider an alternative for performance and accountability reporting, not attached to base funding.

We raise the need for long-term funding security to allow education providers to plan responsibly into the future. This is particularly the case for young, smaller universities, like the University of Canberra.

In recent years, decisions around funding and CSP allocations have been announced well after university planning and student recruitment activities have taken place and often close to commencement of teaching.

This is at odds with quality controls and processes in Australian public universities. A new course might take at least 18 months to develop and be approved through academic boards. It might take even longer to become established with a good-sized cohort.

In the MYEFO December 2017 then Education Minister Simon Birmingham capped Commonwealth Grant Scheme funding for universities and introduced a freeze on indexing, including any CPI. This effectively pulled the brakes on the demand-driven system.

Since that time universities have experienced higher education sector policy churn. Many programs are in a pilot stage, some are in a transition phase, and some are still hanging around yet never fully implemented.

Some measures under the Job-ready Graduates (JRG) Package have yet to be worked through. JRG replaced Performance-based Funding, introduced by then Education Minister Dan Tehan to reignite some increase in funding, albeit below CPI.

Performance-based funding is technically still in place but appears as ‘at -risk’ amounts in the appendices of current funding agreements. This was not the policy intent. In future years, total ‘at risk’ funding for the university sector will reach more than half a billion dollars, or 7.5% of CGS funding. There has never been a legislative basis for this policy and this matter is of concern and unresolved.

There has been successive reworking of legislation, particularly disallowable instruments.

We recognise that there have been good intentions behind the Government’s higher education programs. Many have followed reviews and consultations led by panels of eminent persons including vice-chancellors.

However, this reactive environment is not conducive to long-term planning and viability of any business, let alone a large enterprise such as a university. Long-term funding security is essential to maintaining an academic and professional workforce.

A significant amount of Commonwealth funding is allocated to support the higher education sector.

The Government’s policy objectives for the nation must be delivered in a sustainable way for universities.

G2 – Commonwealth Grant Scheme and Job-ready Graduates (questions 12, 47, 48, 49)

Recommendation 18

Legislate to ensure Maximum Basic Grant Amounts are indexed in line with indexing of Commonwealth and student contribution amounts.

Recommendation 19

Review per EFTSL cluster rates for both Commonwealth and student contribution amounts. Total funding per EFTSL should more accurately reflect the true cost to the university.

Recommendation 20

Review student contribution amounts against both course cost and capacity to repay debt from expected future earnings.

Under the Higher Education Support Act Commonwealth contribution amounts for Commonwealth Supported Places are indexed by the December quarter change in CPI. However, the total of these Commonwealth contributions, the Maximum Basic Grant Amount (MBGA), is set by the Minister and may not have the same indexing applied.

In 2018 and 2019 MBGAs were frozen, with no indexing on 2017 amounts applied. During this time Commonwealth contribution rates per EFTSL continued to be indexed by CPI, effectively reducing the number of students that universities were funded for. Universities argued that the freeze was in fact a cut.

In 2020, under the Performance-based Funding policy, MBGAs were increased slightly in line with population growth. This increase was less than CPI and less than the indexing applied to Commonwealth contribution rates per EFTSL. Again, the effect was reducing the number of students that universities were funded for.

From 2021, under the Job-ready Graduates package, CPI indexing was notionally applied. However, MBGAs were substantially reduced for most universities as per EFTSL Commonwealth contribution rates were reduced.

In 2024 Commonwealth contributions rates will be increased by 7.8%. If MBGAs are not increased accordingly then universities will be once again funded for fewer students.

When Job-ready Graduates was first announced the University of Canberra expressed concerns regarding the policy. These concerns were around funding as well as inequity.

Job-ready graduates saw reduction of per EFTSL base funding with 'savings' redirected to programs including the National Priorities and Industry Linkage Fund (NPILF) and the Indigenous, Regional and Low SES Attainment Fund (IRLSAF). Funding for NPILF and IRLSAF was important and welcome, but not from reducing per EFTSL base funding.

Redirected savings resulted in the drastic underfunding of some disciplines, most notably in STEM subjects. Science had total of Commonwealth and student contributions reduced by \$4,758 per EFTSL in 2021. Per EFTSL amounts for engineering were also reduced by \$4,758 and amounts for maths reduced by \$3,513 per EFTSL. University of Canberra was impacted by per EFTSL reductions of \$2,045 in allied health and \$1,729 in nursing, particularly at a time when the pandemic resulted in unexpected education cost increases and higher placement charges.

It is widely agreed that the Job-ready Graduate package has been ineffective in meeting its objectives around incentivising course choice. It then stands to reason that cluster rates should be reviewed. Student contribution amounts by cluster must be understood in the context of the Higher Education Loan Program (HELP), Australia's income-contingent loan program that is the envy of the world. A good rationale for rate setting is against both course cost and capacity to repay debt from expected future earnings. Student contribution rates should also be viewed through an equity lens, so they do not disproportionately impact any group.

G3 – Future Fund for universities (questions 5, 46, 47)

Recommendation 21

Commit to a long-term investment in Australian University campuses and technology. Consider reinstating a Future Fund to support university infrastructure and maintain world class facilities.

We argue that it is critical for the Government to fund university infrastructure into the future.

In late 2019, the Government at the time legislated to close the Education Investment Fund (EIF) and divert the remaining balance of around \$4 billion to an Emergency Response Fund to pay for emergency response and recovery following natural disasters in Australia.

This was disappointing and ironic that just months later the university sector faced its own emergency with the COVID pandemic and closure of campuses and borders.

Emergency response following natural disaster is a government's responsibility and should be funded. It should not, however, be at the expense of higher education infrastructure and facilities.

The EIF was built on the foundation of the Higher Education Endowment Fund (HEEF), a future fund initiative under a Coalition Government. Establishment of the HEEF was announced by Treasurer Peter Costello as a key feature in the 2007-2008 Budget.

With an initial investment of \$5 billion, the HEEF was established as a perpetual fund, to generate earnings specifically for capital works and key infrastructure. The Government at that time recognised the ongoing and long-term imperative to invest in building universities that are first class by global standards.

It was envisioned that the HEEF would future-proof the need for capital investment in universities. By its very definition this future fund was designed as a long-term investment. HEEF would secure the future for universities and young Australians.

“We do not want to limit the future chances of young Australians, we want to build them. So tonight I announce another investment in the future. For the first time ever, the Australian Government will establish an endowment fund — the Higher Education Endowment Fund (HEEF) — as a perpetual fund to generate earnings for capital works and research facilities in our institutions of higher learning. The earnings generated by this investment will be dedicated to building first class institutes of learning — first class by world standards — and put our Institutes of Higher Learning on a secure footing forever.”

Peter Costello, 2007-08 Budget Speech, 8 May 2007⁶

In 2009 the Higher Education Endowment Fund (HEEF) was re-formed by the Labor Government as the Education Investment Fund (EIF). Its purpose remained to provide a stream of capital funding for university infrastructure.

Since established, the HEEF/EIF funded over 100 nation-building projects in higher education with a total investment of \$4.2 billion. These public investments enabled Australian universities to update campus infrastructure and build selected world class facilities.

Closure of the EIF contravened the very idea of a perpetual future fund and the express intentions of why it was established.

Australian higher education facilities must continue to meet global standards. There is no other funding stream dedicated for this purpose.

¹ Australia Bureau of Statistics, Population size and change table, *Population Projections, Australia*, released 22/11/2018, <https://www.abs.gov.au/statistics/people/population/population-projections-australia/latest-release>

² Australian Government Productivity Commission, Factsheet 8: Tertiary Education, *Advancing Prosperity 5-year Productivity Inquiry report*, 2023, <https://www.pc.gov.au/inquiries/completed/productivity/report/productivity-factsheet8-tertiary-education.pdf>

³ National Union of Students, *Change the Age*, <https://nus.asn.au/index.php/campaigns/change-the-age/>

⁴ Australian Bureau of Statistics, *Socio-economic indexes for areas (SEIFA) 2016*, <https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/2033.0.55.001Main+Features12016?OpenDocument>

⁵ The Organisation for Economic Co-operation and Development (OECD), *Main Science and Technology Indicators (OECD)*, 2022, <https://www.oecd.org/sti/msti.htm>

⁶ Costello, Peter (2007), *Budget Speech 2007-08*, <https://archive.budget.gov.au/2007-08/speech/speech.pdf>