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**Universities Accord Submission**

1 April 2023

Dear Universities Accord Panel,

Thank you for the opportunity to provide feedback to the discussion paper. My submission is made in a personal capacity and is not affiliated nor representative of any organisation.

My response to consultation questions is grounded in three observations that emerged from doctoral study into Australian higher education policy-making [[1]](#footnote-2).

1. **Australia is internationally distinctive for the frequency with which it amends higher education financing and regulation.**

Between the date of assent and the 1st of April 2023, the Higher Education Support Act 2003 (HESA) has been amended 83 times[[2]](#footnote-3). This represents an amendment being made to HESA, on average, **every 85 days**. In addition, the 742 policy instruments enabled by HESA and produced, on average **every nine days**.[[3]](#footnote-4)

These are imperfect indicators that attempt to quantify the level of policy activity associated with Australian higher education. The utility or otherwise of this frequency of amendment will depend on one’s values. The success of Australian higher education might be attributed to this high frequency of well-targeted reform. Conversely, and in my opinion, there are at a minimum, substantial opportunity costs associated with consuming finite parliamentary and sector time on this level of policy reform.

Not all higher education legislation demonstrates HESA rates of policy amendment. Enabling legislation for the University of Melbourne[[4]](#footnote-5), has been amended 11 times over the life of HESA, every 640 days on average.

Policy can be made that is more stable and which allows for resources to be more effectively focused on the core purposes of higher education. This core purpose is not to employ a surfeit of staff in policy-making, policy-advice, policy-advocacy or policy-implementation. The Accord provides an opportunity for better higher education policy making.

***In keeping with the spirit of asking for ‘big ideas’, the Accord Panel is encouraged to move away from a pattern of near constant policy reform to more stable and effective framework for higher education financing and regulation.***

1. **Australian higher education policy operates in a long term cycle where new activities are legislated, that contribute to unmanageable policy complexity, and which is intermittently consolidated into new policy frameworks.**

The high frequency of policy amendment is not restricted to HESA nor the Commonwealth’s approach to policy making. There is a tradition of higher education policy tinkering in Australia that emerged in the nineteenth century. As higher education expands its reach and demonstrates ever more ‘positional centrality’ in social and economic affairs[[5]](#footnote-6), there is continued pressure to fund and regulate new activities. In the Australian context this sees higher education financing legislation become more complex across time, subject to intermittent consolidation within streamlined policy frameworks, combined with more stringent governance and accountability provisions.

The trend towards complexity clear within HESA. When first introduced, HESA filled 220 pages and now spans 624[[6]](#footnote-7). The growth in policy text is linked to the proliferation of loan programs. Australia led the world with the introduction of the Higher Education Contribution Scheme (HECS). The singular HECS established under the Higher Education Funding Act 1988 has evolved to encompass reference to HECS-HELP, FEE-HELP, OS-HELP, SA FEE-HELP and VET-FEE HELP[[7]](#footnote-8). Legislation to establish STARTUP-HELP was recently passed[[8]](#footnote-9) (a development specifically predicted in my doctorate[[9]](#footnote-10)). One might ask, as Andrew Norton has, if proliferation in HELP programs is good policy[[10]](#footnote-11). In my opinion, it is not. It ties up an already complicated sector with more complicated red tape.

The proliferation of HELP repeats historic policy cycles. For example, the first State Grants (Universities) Act 1951[[11]](#footnote-12) comprised one funding schedule and five pages of text. The 1984 States Grants Act included 28 funding schedules and 162 pages of text[[12]](#footnote-13). The complexity of States Grants was consolidated through the Higher Education Funding Act 1988[[13]](#footnote-14), which repealed funding schedules and established HECS as a new funding model.

HESA has accumulated unhelpful and unmanageable complexity that devotes time from the core purposes of higher education. It is time for this complexity be consolidated in a new funding mechanism that accommodates system growth without necessitating the fortnightly production of new policy documents or amendments.

***The Accord Panel is encouraged to consolidate higher education financing legislation into a new funding model that can accommodate anticipated future system growth.***

1. **As the Australian higher education continues its long-term expansion, problems associated with tight Commonwealth control incentivising larger institutions will become more acute. Diversity in institutional form and financing should be pursued.**

A key driver of the observed high frequency of policy amendment is the position that governments have taken in mediating expansion of the higher education system. Governments have played an influential role in funding and supporting new places, new buildings, new disciplines, and new research grants. Even the growth of self-funded international students in Australian higher education has been mediated by governments through establishing and maintaining regulation of the international student market. Since the referral of powers in the early 1970s, the Commonwealth has been the central mediator, at times pejoratively referred to as ‘Moscow on the Molonglo’[[14]](#footnote-15) given a tendency to tightly control and micro-manage allocation of places.

The Commonwealth could continue to exert considerable control over the sector, negotiating student places and special grants on a case-by-case basis, increasing risks of politicised funding disconnected from the systems core purposes[[15]](#footnote-16). As the sector grows in scale and complexity the coherence and utility of this approach is being eroded.

We already see States compensating for limitations of a centralised approach. New South Wales[[16]](#footnote-17) and Victoria[[17]](#footnote-18) have announced targeted funding to incentivise students to enrol, complete and then work in specific occupations and regions. States are active in a policy domain for which they referred responsibility to the Commonwealth decades ago. This logic can be extended to industry groups, who are grappling with skills shortages and insufficient numbers of graduates to meet their human resource needs.

Australian higher education financing and regulation has yet to find a sustainable resolution to accommodating growth in the scale and complexity of the system. Policy has favoured large comprehensive public universities. Developments in South Australia and Western Australia suggest we will have fewer public universities that are larger on average. Some universities are on trajectories to soon enrol over 100,000+ students.

Policy and institutional practice see the Commonwealth and some institutions, trying to be all things to all people. Whilst there is much to celebrate about the quality of Australian higher education, there are legitimate questions about whether the combination of central control and increasing institutional scale is the best mechanism for accommodating an increasing proportion of the Australian population whilst simultaneously being world class across every field of research.

Institutions operating at a large scale make it difficult to cater effectively for the specific needs of population sub-groups, particularly those underrepresented in higher education, or marginalised in large institutional settings. Institutional attention in large institutions will always be segmented across a wide range of legitimate interests, and the needs of smaller population sub-groups can be crowded out by other concerns.

Regulatory focus on equity and diversity is also diluted to the detriment of smaller marginalised cohorts. Equity policy measures participation only on nationally relevant groups. The Higher Education Standards Framework requires that all higher education providers meet diversity and equity standards, but these standards have never been core to provider registration processes. Equity data demonstrates that some institutions establish considerable barriers to access, whilst others that may be more accessible, have challenges with student success. No university (to the best of my knowledge) has had conditions placed on its registration for these equity related shortcomings. A regulatory environment that renders aspects of equity invisible and which fails to interrogate equity performance serves to ease regulatory pressure on large institutions to address equity and diversity matters with anything approximating full gusto.

This is troubling for many, but also personal reasons. I am the child of Deaf adults, and my first language is sign-language (hence some of the imperfections in how this submission is phrased). I have always had an interest in making higher education more accessible to people like my parents. I have also had an interest in the institutional diversity evident in American higher education. Institutions like Gallaudet University and Rochester Institute of Technology - National Technical Institute specialise in programs for Deaf students in ways that Australia has never come close to emulating. A short-lived National Institute for Deaf Studies and Sign Language Research highlights that there was once some policy interest in this domain, but the light has now faded.

Australia’s Deaf community may never be large enough to sustain an institution of a Gallaudet-like focus, but if this is true for the Deaf, is it true for all? Must every population sub-group find their way within large institutions whose attention is fragmented by scale and complexity? This should not be read as a need for segregationist policy. We should be opening to questioning now larger institutions might be all things to all people, and whether there is space for different institutional forms.

We do have smaller institutions operating with a sharp disciplinary focus. Fast growing private providers have done so on the basis of occupying disciplinary niches[[18]](#footnote-19). We also have the Batchelor Institute of Indigenous Tertiary Education[[19]](#footnote-20) specialising in the unique combination of vocational training and research degrees. Some institutional specificity is possible, but it is the exception rather than the norm given we have: a funding model that incentivises scale; a policy bureaucracy centralised in Canberra; and, regulatory environment that gives limited attention to the needs of smaller cohorts.

The Commonwealth by definition plays a role for all Australians and has taxation powers that make it the logical choice as the dominant funder and regulator. The Commonwealth, should however, be willing to relinquish the reins of full control and be open to sharing power. We should be striving for diverse system that: serves national interests; integrates the legitimate interests of the States; is responsive to the market; recognises and adapts to market failure; nurtures strong independent and diverse institutions; and, adds value to a multitude of end users. This might be achieved through more effective financing and regulatory mechanisms that integrate these diverse perspectives. This mechanism might be established through the Accord process and might even be called “*The Universities Accord*”.

***The Acord Panel is encouraged to devise a more open and diverse regulatory environment that moves away from Commonwealth control, or excessive central coordination, adopting a model that accommodates growth in scale, complexity and diversity of the Australian higher (and potentially tertiary) education sectors. Elements of a new approach should include[[20]](#footnote-21):***

* ***Recalibrating the role of States for Tertiary and Higher Education***

The States are already playing a more active role in higher education, and in some cases where dual-sector institutions are operating, play a more substantive role in institutional funding arrangements. The current engagement of States in higher education policy is not based on any unifying policy framework. There is scope to clarify and cement the role of the States in funding with particular emphasis on targeted scholarships and research funding to address specific localised needs that are not readily accommodated in national policy formulation.

* ***Establishing New Public Higher Education Institutions Backed by Public Financing***

Diversity of provision could be enabled by creating diversity in public supply. Any new institution would likely adopt similar strategic orientations to existing institutions if subject to the same financing and regulatory regime of today. Diversity in institutions should be nurtured by diversity in funding appropriate for new institutional forms rather than extending a one size fits all funding model.

* **Building a National Higher Education Endowment Fund**

The continued expansion of higher education participation and research activity means that the funding of today will be inadequate to meet the needs of the future. Funding pressures will be more acute given social and economic headwinds. A greater proportion of GDP is being allocated to servicing higher interest rates. An aging population places increasing demands on health systems and pensions. A more tense geopolitical environment sees increasing expenditure on defence. Mental health challenges show no sign of abating.

As the best universities in the world have proven, considerable public good can be derived from returns on large endowments. A national higher education endowment fund, perhaps funded by a levy on international student income, or mineral exports could within the horizon of the Accord’s thinking generate considerable annual returns. The funding of new places, novel research, or industry needs could be managed through endowment interest rather than vagaries of recurrent expenditure. There may be opportunities to do this collaboratively through multi-level governance mechanisms involving the Commonwealth, States, and institutions.

**Responses to Accord Discussion Paper Questions (Grouped where appropriate)**

***Q1  How should an Accord be structured and focused to meet the challenges facing Australia’s higher education system? What is needed to overcome limitations in the current approach to Australian higher education?***

***Q2  How can the diverse missions of Australian higher education providers be supported, taking into account their different operating contexts and communities they serve (for example regional universities)?***

***Q45 How should the contribution of different institutions and providers to key national objectives specific to their location, specialist expertise or community focus be appropriately financed?***

An indicative model for the Accord (or other suitable descriptor) is depicted below and could provide a structured collaborative mechanism that brings together all levels of Government with institutions and key end-user groups.

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This Accord minimises centralised control over place and resource allocations, and activates institutions, student representative bodies, State governments and industry in the sustainable mediation dynamic social and economic needs. Under this model the Commonwealth retains key financing and regulatory power but relinquishes some control over funding distributions to the Accord. Institutions will have certainty over basic grants but can achieve a level of fee flexibility if they can satisfy the expectations of accord participants. Student representative bodies have a seat at the Accord table, as does industry that co-invests in the system. States will refine their role in targeting scholarships and research to localised social and economic needs.

***Q3  What should the long-term target/s be for Australia’s higher education attainment by 2030 and 2040, and how should these be set and adjusted over time?***

There should be no long-term target for attainment. An entitlement for a place in tertiary education should be in place for all Australians. This aspiration is included in a recent Higher Education Standards Panel Discussion Paper[[21]](#footnote-22). Not everyone will take up this entitlement, and under current labour market conditions many institutions are operating below their theoretical maximum basic grant amount. People are choosing work over study. The Accord could monitor should demand and supply for skills and capabilities, and moving to underwrite particular activities where appropriate.

***Q4 Looking from now to 2030 and 2040, what major national challenges and opportunities should Australian higher education be focused on meeting?***

There should be no 2040 target beyond establishing a universal entitlement for post-school tertiary education that is mediated and managed via an ongoing multi-level and multi-stakeholder Accord mechanism.

***Q5 How do the current structures of institutions, regulation and funding in higher education help or hinder Australia’s ability to meet these challenges? What needs to change?***

See introductory comments on pages 1 to 5.

***Q6 What are the best ways to achieve and sustain future growth in Australian higher education, given the changing needs of the population and the current pressures on public funding?***

An endowment fund should be established and managed by the Future Fund. The endowment fund could be capitalised though a modest levy on mineral exports, and/or private investment in higher education, supplemented with Commonwealth investment. Once sufficient capitalisation is achieved (>$100 billion), future funding pressures would be eased by disbursement of endowment returns.

***Q7 How should the mix of providers evolve, considering the size and location of existing institutions and the future needs of communities?***

The mix of providers should evolve, with new public higher education providers established to establish more diversity in institution form and orientation. New providers may grow market share by a specialised focus and lower cost model, recognising that larger universities may condense in scale through earned autonomy linked to fee flexibility.

***Q8 What reforms are needed to promote a quality learning environment and to ensure graduates are entering the labour market with the skills and knowledge they need?***

***Q9 How should Australia ensure enough students are studying courses that align with the changing needs of the economy and society?***

***Q10 What role should higher education play in helping to develop high quality general learning capabilities across all age groups and industries?***

***Q39 What reforms are needed to ensure that all students have a quality student experience?***

Teaching quality and the quality of the student experience is a function of the focus and quantum of resourcing. Most universities have pursued research quality over teaching quality, with large productivity gains evident in research[[22]](#footnote-23). The system needs a more flexible approach to funding that reduces reliance on cross-subsidisation from fee paying overseas students (to fund primarily research).

Any fee flexibility should be conditional on reaching threshold benchmarks for teaching quality, student experience and social equity. Large institutions that rank high on research rankings and derive substantial international student fee revenue, might for example, be excluded from fee flexibility until such time that they can sustainably resolve persistently low student satisfaction and improve accessibility to a wider social demography.

Industry engagement could also be made as a condition of fee flexibility and increase the probability that higher education delivers both long term employability capabilities and skills that can ne be deployed to meet more immediate industry needs.

Students should continue to pursue their interests. Where there is market failure, the Accord can negotiate with States and industry to fund targeted scholarships, and/or inform eligibility criteria for skilled migration programs.

***Q11 How should Australia boost demand from people to study in the higher education system?***

The only substantive rise in low socioeconomic status participation evident over recent decades was the combined effects of demand driven funding and a targeted equity program[[23]](#footnote-24). If there were to be a target for wider participation, elements of these policy settings could be reintroduced. As per responses to questions 8, 9 and 10, fee flexibility tied to teaching quality and social demography might also catalyse supply side responses that lead to a widening of participation.

***Q12 How should an adequate supply of CSPs be sustained and funded, as population and demand increase?***

***Q46 How can infrastructure development for higher education be financed, especially in regional and outer urban locations?***

***Q47 What structure of Commonwealth funding is needed for the higher education sector for the system to be sustainable over the next two decades?***

See also responses to questions 6, 8, 9 and 10.

Labour governments have not been the strongest proponents of fee flexibility. There are moral hazard risks of introducing fee flexibility if all the risks are borne by the tax-payer via income contingent loans. If CSP availability is to meet what can be reasonably anticipated to be larger future demand a number of changes to CSP design should be considered. These include:

* Universal entitlement to a fixed Commonwealth subsidy and capped student contribution amount that can be deferred to a consolidated loan program. Some might call this a voucher.
* The entitlement would be open to any higher education provider that can satisfy quality thresholds and can navigate Accord expectations.
* Institutions with claims for offering programs of higher quality at a student contribution amount above caps could do so in context of:
	+ additional accountability requirements (quality and social equity)
	+ disincentives for students to accumulate excessive amounts e.g. minimum annual payments that are not income contingent
	+ disincentives for institutions to levy excessive amounts, e.g. revocation of rights to levy student contributions above caps
	+ opportunities to leverage co-investment from employers via sponsored places
	+ opportunities to leverage co-investment from families via parental contributions
	+ receipts from targeted scholarships and/or disbursements from the endowment fund to offset student contribution amounts.

The net effect of these changes would be to unlock lower cost supply, increase quality for those providers that can earn and sustain trust to do so, and limit the long-term impact on loan program sustainability. This would also establish a sustainable resourcing model for the system as a whole, including specific needs of regional and outer suburban areas.

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

A condition of fee flexibility might be greater transparency and engagement with end users. The sector already has requirements to establish industry informed course advisory boards. These mechanisms could be made more effective through more stringent governance and accountability measures. Fit and proper person tests and expertise could be a requirement of being a paid member of such a mechanism, combined with enhanced transparency requirements that made advisory board deliberations publicly accessible. Concerns about the cost of such measures might dissipate if they provide a pathway to student contributions that exceed caps.

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

There are significant costs incurred by students who engage in placements and WIL. Reasonable living and travel costs should be included in amounts that students can legitimately defer to the loan program. Where specific industries still confront skills-shortages there may be Accord based mechanisms to incentivise engagement with additional targeted scholarships.

***Q15 What changes are needed to grow a culture of lifelong learning in Australia?***

***Q16 What practical barriers are inhibiting lifelong learning, and how can they be fixed?***

Cost is a major disincentive to life-long learning. The tax-payer cannot be expected to cover the costs of all learning activities, and individuals have varying capacity to invest at differing points in the life course. Industry sentiment often criticises the availability of skills, without fully recognising the role it can and should play in supporting staff to translate skills they have into a new industry context. In this context, the Commonwealth’s primary role is to establish a universal entitlement to Commonwealth subsidised participation in education and training, with limits on how much students can defer to a consolidated loan program.

Individuals should be encouraged to transition from school to post-compulsory education and obtain skills that provide a platform for life-long learning. The ability to dip in and out of training in future might be managed by providing repayment flexibility to accommodate key life stages where up-front payment becomes problematic. For example, someone working full time at median wage and studying part time whilst supporting dependent family members would see an immediate reduction in day to day earnings to repay fees currently deferred for study whilst facing cost of living pressures in supporting. Some provision to delay repayments until the benefits of study are realised should be possible. These circumstances could be further ameliorated if industry were incentivised to co-invest in relevant accredited high-quality training. This can be achieved by widening eligibility of claims through the Skills and Training Boost for larger businesses and non-technology related training.

***Q17 How should better alignment and connection across Australia’s tertiary education system be achieved?***

***Q18 What role should reform of the AQF play in creating this alignment?***

***Q20 How can pathways between VET and higher education be improved, and how can students be helped to navigate these pathways?***

***Q21 How can current examples of successful linkages between VET and higher education be integrated across the tertiary education system?***

Implementation of recommendations from the AQF review would support collaboration between sectors. A barrier to collaboration relates to assessment cultures and quality of delivery across the sectors. There is potential to fund more reputable RTOs and public TAFES to work with more established universities in advancing the quality of assessment practices.

***Q19 What would a more effective and collaborative national governance approach to tertiary education look like?***

*See schematic in question 2.*

***Q22 What role do tertiary entrance and admissions systems play in matching learners to pathways and supporting a sustained increase in participation and tertiary success?***

Many of the problems associated with tertiary admissions are a product of sorting mechanisms put in place to manage a fixed number of places in higher education. ATAR anxiety combined with pandemic challenges are seeing mores students choosing an ungraded year 12 option.

A universal entitlement for post-compulsory education would go some way to resolving this issue, noting that there will always be a need to select students in programs where there is more demand than supply.

If the pathway into higher education was less competitive, and students had greater confidence that completing year 12, rather than completing year 12 and getting a high ATAR, we should see a smoother transition into tertiary education.

There is a considerable amount of work occurring in schools to develop alternative assessment methodologies. There is also a significant amount of activity occurring in schools by universities to establish customer-like relationships and a more robust enrolment pipeline. It is not clear whether this work is having a net positive or negative effect given the structural and cultural emphasis on ATAR and competition for scarce places. My personal view is that the security afforded by an entitlement to a place will trump these other factors and allow for a less fraught transition to tertiary education.

***Q23 How should an Accord help Australia increase collaboration between industry, government and universities to solve big challenges?***

See schematic in question 2 and response to question 4.

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

***Q25 How should Australia leverage its research capacity overall and use it more effectively to develop new capabilities and solve wicked problems?***

***Q41 How should research quality be prioritised and supported most effectively over the next decade?***

The current funding model incentivises institutions to undertake research in internationally relevant areas to drive rankings improvement to drive recruitment of higher margin fee-paying international students to invest in more internationally relevant research. Science based ranking performance has been generally underpinned by international revenue in business courses (although this pattern has shifted somewhat in recent times). This model has emerged from funding constraint for domestic operations, and lack of full funding for research grants.

Locally oriented research that may have relevance to smaller population sub-groups is not well supported, nor something that is actively cultivated via the cross subsidisation implicit in the rankings/international student revenue model. The now defunct National Institute for Deaf Studies and Sign Language Research referenced earlier, is not about to be re-funded on the back of the return of international students to Australia.

A solution to this problem is ensuring there are sufficient resources to fund higher education operations without requiring an international fee revenue cross subsidy. Options outlined in response to question 12 may go some way to ensuring resource sufficiency, recognising that cross-subsidies should be an accepted feature of teaching funding.

To avoid the worse of Bowen’s revenue theory of costs (universities make as much money as they can and spend it all – with a preference for research[[24]](#footnote-25)) accountability requirements for fee flexibility outlined earlier should be augmented with requirements for research, both in terms of its world-class-ness, and in terms of its relevance to Australian needs, national and local.

***Q26 How can Australia stimulate greater industry investment in research and more effective collaboration?***

***Q27 How can we improve research training in Australia including improving pathways for researchers to gain experience and develop high-impact careers in government and industry?***

As a recent research training graduate key learnings from research training include aphorisms that the key to completion is ‘time on task’ and ‘distraction is the enemy of completion’. Efforts to build in industry relevance, industry impact, or real-life experience run the risk of magnifying distractions and reducing time on task.

***Q28 What is needed to increase the number of people from under-represented groups applying to and prepared for higher education, both from school and from other pathways?***

See response to Question 11, augmented with insights from an Equity Fellowship report with the National Centre for Student Equity in Higher Education on Equity Performance and Accountability[[25]](#footnote-26). The relationship between base funding and targeted equity funding needs to be optimised in sync with appropriate accountability measures. There are few meaningful consequences of sub-optimal equity performance in current policy, and our conceptions of equity in policy do not sufficiently appreciate the nuances presenting for small cohorts or at a local level. An Accord like funding model described in question 12 might go some way to galvanising institutional engagement in equity.

***Q29 What changes in provider practices and offerings are necessary to ensure all potential students can succeed in their chosen area of study?***

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

See responses to question 10, 12, 25 and 28. The adequacy and focus of resourcing is key. At this point resources are insufficient, they are not well targeted, and there are few meaningful consequences for poor performance. Differential levels of access and success correlate with equity characteristics, suggesting need to better incentivise institutional equity performance.

***Q31 How can the costs of participation, including living expenses, be most effectively alleviated?***

The loan program is currently restricted to tuition and services fees, and overseas study. Consideration should be given to extending loans to living expenses, whilst not incentivising students to borrow excessively. This might be piloted first with placement and work integrated learning expenses before being rolled out more broadly.

There are opportunities to reduce costs for students living away from home. There are a high number of vacant properties[[26]](#footnote-27) and underutilised space in occupied properties which might be unlocked for student use with appropriate incentives.

***Q32 How can best practice learning and teaching for students from under-represented groups be embedded across the higher education system, including the use of remote learning?***

There is scope to broaden the take up of universal design for learning[[27]](#footnote-28) and embed open education resources[[28]](#footnote-29).

***Q33 What changes to funding and regulatory settings would enable providers to better support students from under-represented groups in higher education?***

See responses to questions 3, 10, 12 and 28.

***Q34 How should the contribution of higher education providers to community engagement be encouraged and promoted?***

The Accord model and schematic outlined in question 2 would provide a clearer structure for community engagement and relevance.

***Q35 Where providers make a distinctive contribution to national objectives through community, location-based or specialised economic development, how should this contribution be identified and invested in?***

The endowment fund described in question 6, disbursing funds through the Accord model outlined in question 2 would provide a mechanism for supporting community, location or specialised activities. If underpinned by a levy on private investment in higher education (ie. international fees, domestic fees, industry co-investment) a virtuous cycle of cross-subsidisation would be achieved. A small proportion of the benefits currently accrued by major city elite universities who generate hundreds of millions in annual revenue from international student fees would be redistributed to address the needs of a broader geography.

***Q36 What regulatory and governance reforms would enable the higher education sector to better meet contemporary demands?***

***Q37 How could a more coherent and dynamic national governance system for higher education be achieved?***

Universities operate as peculiar organisations[[29]](#footnote-30) in what is a complex higher education system. Governance of universities is usually subject to a ‘fit and proper person test’ but this does not extend to any specific knowledge of higher education operations. Australian Institute of Company Directors training may go some way to building skills and knowledge around institutional governance, but this does not in my opinion give sufficient exposure to the governance of universities. Consideration should be given to making participation on university and higher education governance bodies as conditional on completing accredited qualifications relevant to higher education governance.

As per earlier comments, despite there being philosophical opposition to fee flexibility in Labor circles, fee flexibility is important to addressing higher education challenges. Enhanced and more transparent governance practice might enhance trust in the system and provide a pathway to a more flexible approach.

As per responses to question 2, an Accord mechanism might bring together sector interest groups to achieve a more coherent and dynamic approach to governance of the system. The big idea that the Accord Panel is encouraged to grapple with is whether we are stuck with the referral of powers made in the early 70s and tight Commonwealth control of the system that emerged from the Dawkins reforms of the late 80s. Change would require the Commonwealth to share power and relinquish control. With State and Commonwealth governments (barring Tasmania) all of the same political hue there is a tremendous opportunity to introduce major reforms. The success of a new approach might require an effective consultation and governance model set by the Commonwealth, that integrates the legitimate interests of the States, and which penetrates deeply into those universities prepared to earn greater autonomy and flexibility by operating in high quality and inclusive manner with better and more transparent governance.

***Q38 How can the Accord support higher education providers to adopt sector-leading employment practices?***

No comment.

***Q40 What changes are needed to ensure all students are physically and culturally safe while studying?***

Consistent with observations made about the lack of meaningful consequences for equity performance, the Higher Education Standards Panel and Productivity Commission have recommended that every university had a mental health strategy. About half of Australian universities have publicly available mental health strategy, less than half have a publicly accessible and current mental health strategy. The Accord might consider what might be required to ensure physical and cultural safety when the sector has been so resistant to respond to advice from the Standards Panel. A pathway to fee flexibility combined with meaningful quality, experience and equity performance thresholds provides a more realistic catalyst for inclusion than un-enforced policy expectations.

***Q42 What settings are needed to ensure academic integrity, and how can new technologies and innovative assessment practices be leveraged to improve academic integrity?***

No comment

***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?***

See response to question 6. An endowment fund, partly capitalised by a levy on international student fees could see returns reinvested in new products targeting new and emerging markets.

***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?***

See response to question 35. A levy on international student revenue could support cross subsidy across the system. This could for example be allocated towards PhD scholarships for international students in regional universities, bringing the benefits of international education to the region but acknowledging that the international student market remains hesitant in embracing regional areas.

***Q48 What principles should underpin the setting of student contributions and Higher Education Loan Program arrangements?***

The loan program has been operating well for many years, although funding cluster rates and repayment thresholds have been a focal point for policy tinkering. There are others with more expertise on this topic, but the following ideas may push the boundaries of what is possible with the higher education loan program. This framework may enable a safer means of achieving fee flexibility than other options explored in the past.

1. All Australian have an entitlement to defer legitimate education expenses to a national loan program.
2. Students should only be able to defer payments to the loan program for legitimate educational purposes that meet quality thresholds defined through the Accord.
3. Entitlements are capped at a reasonable level commensurate with successful completion of education at a threshold standard.
4. Debts accrued up to the entitlement cap are income contingent.
5. Debts may be accrued above the entitlement cap through institutions approved to operate with fee flexibility, or through participating in lifelong learning.
6. Debts above the entitlement cap will not be income contingent and will require minimum annual payment.
7. Non-repayment of the minimum annual payment will revoke access to further accrual of debt.
8. The legislative framework for debt accrual and legitimate educational purposes should be positioned as a matter for higher education policy informed by the Accord.
9. The legislative framework for loan program repayments should be treated as a matter of taxation policy and removed as a component of higher education policy.

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

There is little to commend in the JRG package. Governance accountability measures were a step forward and sharpen focus on the consequences of poor conduct or poor institutional performance. Other matters including funding cluster changes, and penalties for students that fail should be remade and repealed through the accord process.

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2. Federal Register of Legislation, [Higher Education Support Act 2003, Amendments](https://www.legislation.gov.au/Series/C2004A01234/Amendments) [↑](#footnote-ref-3)
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