

NSW Government submission

Australian Universities Accord Discussion Paper

April 2023

The NSW submission to the Commonwealth's Australian Universities Accord Discussion Paper (released February 2023) focuses on areas where national action to support and strengthen outcomes in higher education will benefit students, education organisations, the State's economic prosperity and community wellbeing.

The NSW Government acknowledges the contributions of organisations and individuals, including public service officials, university representatives, and students, in preparing this submission.

Table of contents

Table of contents	1
Executive summary	2
Recommendations from NSW's submission to the Australian Universities Accord Discussion Paper	5
Investment, affordability, and sustainability	7
Alignment of universities, governments, and communities for greater impact	10
Achieve equity in access, participation, and outcomes for all students, regardless of background	13
Strengthening links between VET, industry and higher education	16

Executive summary

As the state that is home to Australia's largest economy, and with a population of over 8.1 million people, NSW recognises the critical importance of quality higher education in achieving economic prosperity and social wellbeing, both now and in the future. The higher education system brings together undergraduate education for our skilled workforce, academic experts on the cutting edge of knowledge and application, industry expertise, and translation of research and development findings for new ways of doing things.

NSW is increasingly investing in the sector through research, infrastructure and education innovation. This is in addition to NSW's significant in-kind investments through gifted lands and practicum placements for future workforce development. This submission is focused on identifying areas where coordinated, committed national action could yield benefits for current and future students, industry and employers, education systems, and our capacity to leverage the opportunities of new innovations. The NSW Government's recommendations are aligned with four thematic areas of the Discussion Paper.

1. Funding and policy settings that reflect demand for highly skilled graduates

NSW is already a highly skilled state, with 47.1% of the 25-34 year old population holding a bachelor's degree or higher¹, above the national average. Although more NSW students than ever before are going to university, there are signs that growth is slowing with increases in Year 12 transitions to university flatlining in recent years.

While NSW is in a strong position for any new participation targets the Accord might set, there is still a need to maintain a steady pipeline of graduates to meet workforce challenges. More than half (52.6%) of the million jobs expected to be created in Australia by November 2026 will require a bachelor's degree or above². To meet increased industry demand, more focus is needed on pathways outside the school leaver cohort, particularly from vocational education and training and through better recognition of on-the-job learning.

To support higher attainment levels, governments and providers will need to match increased participation to the right funding and policy settings. A new funding model needs to support a system that is sustainable, equitable and responsive to changing and emerging needs from industry. The challenges and perverse incentives with the Job-ready Graduates policy settings are well documented. A new model will need to more sufficiently account for regional specific population growth, provide for fairer student contributions, and be better aligned with a more robust model of current and emerging skilled workforce needs.

¹ ABS 6227.0 Education and Work, Australia 2022 (Table 34)

² National Skills Commission's [Employment Outlook to November 2026 report](#)

2. Better alignment of effort by universities, governments, and communities

To meet State critical workforce challenges, consultation and engagement between the Commonwealth, State and Territory governments and higher education providers is crucial. As Australia's largest employer, the NSW Government has a direct stake in the skilled workforce being educated in the State's universities, including critical teaching and health professionals.

Overall, the NSW Government employs a workforce of more than 400,000 people who deliver critical, productivity-enabling services. Workforce Compacts can create a stronger role for governments as the major employers in health and education to advise on the direction of investment and Commonwealth Supported Places. This will help secure a sustainable workforce pipeline, particularly across NSW diverse regions.

Commonwealth investments should better account for states' goals to ensure strategic alignment and co-investment opportunities at every level and partnership. Significant collaboration and progress to achieve shared goals has occurred between NSW agencies and the universities in recent years through the NSW Higher Education Strategy. Coordination of state and national policy priorities through formal consultative mechanisms would support stronger outcomes at every level.

3. A more ambitious and integrated approach to achieve equity outcomes

While the 40% attainment target set by the Bradley Review has been reached nationally and in NSW, the participation rates of students from equity cohorts are still well below their population share. Some gains have been made for students from low SES backgrounds, but these gains recently stalled. Students from regional and remote areas and students with a disability continue to be significantly underrepresented despite historical trends of strong academic results. Within NSW there are significant differences around how equity students are enrolled between regional and metro areas and institutions.

Students from equity cohorts experience additional and compounding challenges while studying and are at higher risk of non-completion. Whilst universities receive funding loadings to support these students, there is little transparency on how that funding is used to support best practice models. To meet new population share targets, providers need funding certainty to support access and a more holistic wrap-around services model that is well integrated with welfare and income services to support success. Innovative delivery models such as NSW Country Universities Centres provide opportunities to test new approaches in close partnership with the school system.

4. Better links between higher education, industry and vocational education to support student-centred delivery

Current funding and regulatory settings limit the ability of vocational and higher education providers to collaborate with one another and with industry partners in the design and delivery of new education offerings. NSW Government has invested in several provider-led education pilots to meet increasing demand for flexible and adaptive lifelong learning opportunities. These models are testing new stackable and blended education offerings outside of the traditional three-year degree, and include elements of theory, applied learning, and on-the-job experience. To be sustainable longer-term, national regulatory and funding settings will need to adapt to be more student-centred and support tertiary education providers and industry to collaborate.

The NSW Government notes several significant reviews which will likely inform the final shape of the Australian Universities Accord, including of Job-ready Graduates, the Australian Research Council, and the National Science and Research Priorities. In addition there will be the development of the National School Reform Agreement and the National Skills Agreement, alongside the work of Jobs and Skills Australia and the Teacher Education Expert Panel. The NSW Government is committed to working with the sector and the Commonwealth on the continuing development of the new Australian Universities Accord throughout 2023.

Recommendations from NSW's submission to the Australian Universities Accord Discussion Paper

Investment, affordability, and sustainability

The Commonwealth Government should commit to a holistic, sustainable, and adaptive funding model for undergraduate education.

Recommendation 1:

Growth in funding should be in line with projected population growth that accounts for regional and state differences, sustainably based on the real cost of teaching and learning delivery, and in line with inflation.

Recommendation 2:

Demand driven funding should be re-introduced for students from equity backgrounds, to increase access, participation, and success.

Recommendation 3:

Fairer student course contributions should be set to predicted future earnings and future capacity to repay HECS-HELP income-contingent loans.

Recommendation 4:

A simplified, streamlined composite funding model should be introduced, maintaining a funding envelope structure with the addition of a flexible/skills priority funding component, and which includes incentives to meet State-critical workforce demands.

Alignment of universities, governments, and communities for greater impact

The Commonwealth Government should facilitate cooperation, coordination, and commitment by all parties to solving State-critical challenges.

Recommendation 5:

Create stronger consultation and engagement mechanisms for State and Commonwealth governments to consider education to workforce policy settings as a pipeline, including broad higher education policy settings affecting providers, accrediting and regulatory bodies, and employers in key sectors including State-critical workforces

Recommendation 6:

Collaboratively develop a formal engagement framework to ensure alignment and identification of key shared priorities between Commonwealth policy and State needs that build on rather than duplicate effort.

Recommendation 7:

Establish enabling national policy that incentivises collaboration and co-investment between Commonwealth agencies, universities, and State partners on significant investments.

Recommendation 8:

Invest in a revitalised Education Infrastructure Fund to support critical teaching and learning infrastructure opportunities.

Achieve equity in access, participation and outcomes for all students, regardless of background

The Commonwealth Government should work with providers and education agencies to define and implement a minimum standard for funding and support mechanisms for both domestic and international students at universities.

Recommendation 9:

Targets developed for access and participation in higher education should be aligned to population share and should enable universities to deliver for their students in their local contexts, irrespective of location.

Recommendation 10:

The Commonwealth should support the development of best-practice wrap-around support models for school to university transitions and continuing student success, especially for disadvantaged and under-represented students, in consultation with state education evidence and policy experts, and with the Australian Education Research Organisation.

Recommendation 11:

Design a holistic and simplified approach to student supports and welfare policies to better account for cost-of-living while undertaking higher education.

Recommendation 12:

Incentivise alternative delivery models for regional, remote, and other equity cohorts including through sustainable funding of Country Universities Centres in partnership with universities whose students use these facilities.

Strengthen links between higher education, industry, and vocational education

The Commonwealth Government should promote innovation and flexibility in the tertiary education system through funding and regulatory alignment and program incentives for collaboration, co-design and delivery with industry employers.

Recommendation 13:

Development of a more integrated national regulatory and funding framework for tertiary education, which provides the flexibility to support blended education models across vocational and higher education.

Recommendation 14:

Funding and support for high quality, innovative education models developed collaboratively with government and industry.

Recommendation 15:

Stronger, clearer and simpler articulation between school, vocational, and higher education settings, including expediting work to improve consistency in recognition of prior learning standards to ensure these pathways are visible and accessible to all students.

Investment, affordability, and sustainability

The higher education sector is critical to meeting national and state skilled workforce priorities and human capital. Rising skill levels have contributed to Australia's productivity growth in recent decades, and demand for highly skilled graduates is increasing. More than half of the million new jobs expected to be created by 2026 will require a bachelor's degree or above³. According to the latest Jobs and Skills Australia Labour Market Update, around 36 per cent of total employment growth over the year to November 2022 was in occupations requiring qualifications of a bachelor's degree or higher⁴. However, many job vacancies were not matched by the skill levels of job seekers⁵. In NSW, a 2022 Workforce Skills Survey found 93 per cent of businesses are experiencing skills shortage – a 73 per cent *increase* from 2021⁶.

The current growth funding model inadequately accounts for population increases, and is based on campus location. Growth funding set by campus location is not aligned to high levels of population growth and demand in some metropolitan areas, or to universities' catchment areas. In Greater Western Sydney, where growth funding is capped at 2.5 per cent annually, population growth is expected to increase by one million people in the next 20 years.⁷ Under current settings, universities may not be able to meet growth in student demand.

Demand for highly skilled graduates is increasing with population growth and industry expectations, but higher education funding has been largely capped in recent years. Small pools of performance funding and equity loading fail to account for growth in population and industry demand. Current settings are the result of multiple layers of legacy changes to a funding system that was designed two decades ago to support demand-driven funding. In 2017, funding was capped, and in 2021 changes to the funding mix were introduced as part of Job-ready Graduates. Funding received by universities is not linked to the real cost of teaching and learning.

The Accord Discussion Paper asks whether a target should be set for higher education attainment by 2030 and 2040. With NSW approaching 50 per cent degree attainment for young people aged 25-34, the more pressing issue is insufficient overall funding, which constrains the sector's ability to meet student and employer demand. If a target is introduced, funding must increase to support its achievement.

³ National Skills Commission's Employment Outlook to November 2026 report

⁴ Jobs and Skills Australia, *Labour Market Update* <https://www.jobsandskills.gov.au/reports/labour-market-update-december-2022>

⁵ Productivity Commission's 5-year Productivity Inquiry: From Learning to growth (vol 8)

⁶ Business NSW, *Workforce Skills Survey: The workforce challenge facing business*, <https://www.businessnsw.com/advocacy/surveys/other-surveys/workforce-skills-survey>

⁷ NSW Department of Planning and Environment population growth projections:

<https://www.planning.nsw.gov.au/~media/510E1962E5AD403392315A6AAA8A5E8D.ashx#:~:text=The%20population%20of%20Western%20Sydney,up%20from%2047%25%20in%202011.>

Recommendation 1:

Growth in funding should be in line with projected population growth that accounts for regional and state differences, sustainably based on the real cost of teaching and learning delivery, and in line with inflation.

More equity students than ever before are enrolling at NSW universities. In 2021, more than 155,000 students from disadvantaged backgrounds were enrolled at NSW universities⁸. Students who have a regional or remote background, or who identify as Aboriginal, represent less than 20 per cent of the undergraduate cohort, but account for more than 26 per cent of the NSW population share⁹. However, growth funding for universities is capped at a maximum of 3.5 per cent for regional campuses, which enrol larger shares of equity students.

Introducing demand driven funding for students from equity backgrounds would better enable regional universities to deliver local skills experiencing critical workforce shortages, and better allow these students to benefit from higher education.

Recommendation 2:

Demand driven funding should be re-introduced for students from equity backgrounds, to increase access, participation, and success.

Fairer student course contributions need to be reintroduced. The funding clusters set under Job Ready Graduates have meant significant increases in student contribution amounts for some courses with reductions in others. The intention of these changes was to encourage students to enrol in courses with lower prices. Student contributions decreased in areas the Commonwealth identified as in high demand, including teaching, nursing science, environmental science, and engineering¹⁰, with the intent of sending a 'price signal' to students to incentivise enrolments.

Overall, the effect has been cost-shifting from the Commonwealth to undergraduates. Analysis of these changes shows that overall funding has *declined* in some areas of skills demand, including in Engineering, Education, Health, Science and Environmental Studies. Applying these changes to the pre-pandemic 2018 enrolment profile for NSW undergraduate students shows that the Commonwealth would pay \$61 million less for NSW higher education, while students would pay \$91 million more. This creates perverse incentives for universities to increase enrolments in high-cost courses. Based on analysis of University Admissions Centre preferences and acceptances, there is no evidence to suggest that NSW enrolment data from 2021 and 2022 varies significantly

⁸ Higher Education Statistics Student Data, 2021. Note the dataset uses 2016 Census data in its calculations of population share

⁹ Ibid

¹⁰ Ibid

from previous years' enrolment patterns. Many students will end up paying larger income-contingent loans off for longer, with the compounding impact of annual indexation on those loans.

Recommendation 3:

Fairer student course contributions should be set to predicted future earnings and future capacity to repay HECS-HELP income-contingent loans.

Competitive pools of funding for a range of programs (National Priority Places, National Innovation Places, the 20,000 additional Commonwealth Supported Places, and Short Courses) reveal the need for an adaptive funding component that can address innovation and workforce priorities. However, this range of programs is not informed by any articulated strategy and has no underpinning guiding principles. Policy design consideration to incentivise collaboration and leverage state government commitments and priorities has not been considered. These programs are highly differentiated in their eligibility, as well as in funding allocations and decision making, with no long-term rationale or agenda.

A simplified and consolidated funding model, which appropriately accounts for changing skills priorities and includes incentives to address state-critical workforce demands, would complement and build on the sector's capacity to deliver the skilled qualifications sought by both students and employers.

The higher education system requires fit-for-purpose funding settings to meet national and state skills needs, encourage sustained productivity, and facilitate social and economic mobility. The system should be holistic, sustainable, and adaptive in order to best support undergraduate education needs of students and providers in the context of a rapidly changing economy and culture. Consideration should be given to a mix of a base funding envelope for all undergraduate education, combined with a flexible priority funding stream. Better funding incentives should be built into the system for universities to meet state-critical workforce needs through traditional and innovative models.

Recommendation 4:

A simplified, streamlined composite funding model should be introduced, maintaining a funding envelope structure with the addition of a flexible/skills priority funding component, and which includes incentives to meet State-critical workforce demands.

Alignment of universities, governments, and communities for greater impact

In order to drive the future prosperity of NSW and Australia, it is vital that higher education policy priorities incentivise collaborations aligned to State priorities. Under current settings, formal mechanisms to set national and state skills priorities occur as a part of bilateral funding agreements for vocational education and training, but these mechanisms are not in place for the higher education sector.

In initial teacher education (ITE), several strategies are being implemented at both a state and national level to ensure a strong pipeline for the teaching workforce. This includes the National Teacher Workforce Action Plan and the work of the Teacher Education Expert Panel. The NSW Department of Education is also rolling out initiatives in relation to its supply of teachers. In the health sector, the absence of an overarching strategy for clinical placements has created a highly localised and variable system, leading to concerns around equity and transparency. The sector also faces strain on infrastructure, capacity, and the ability to deliver quality learning experiences as it attempts to accommodate the growing number of placements¹¹.

It is critically important that any proposed changes to funding for teaching and learning take account of the importance of state-critical workforce pipelines in education and healthcare. Stronger consultation and engagement mechanisms between governments that take into account higher education policy settings in the design and delivery of workforce strategies would help to address some issues around attraction, training, placements, and retention, and holistically consider the roles of both governments and universities as employers and education partners for future workforce.

Recommendation 5:

Create stronger consultation and engagement mechanisms for State and Commonwealth governments to consider education to workforce policy settings as a pipeline, including broad higher education policy settings affecting providers, accrediting and regulatory bodies, and employers in key sectors including State-critical workforces.

Governments are currently working towards the next National Skills Agreement, which look at the needs of the VET sector for the next five years while setting it up for the longer term. This work will be supported by the newly-formed Jobs and Skills Australia. It is important these initiatives align

¹¹ In 2022 there were 352,694 requests for placements by students, and 108,773 placements allocated by NSW Health. Between 2011-2018, enrolments in higher education institutions for health-related disciplines increased by 43% in Australia, compared to an increase of only 15% in the number of healthcare workers for NSW Health.

with, support and promote further collaboration and integration across both Commonwealth and State governments, rather than duplicate or dilute effort.

NSW has been increasing investments in universities significantly in recent years, including through the NSW Higher Education Strategy. In 2021, the NSW State and local government invested \$149 million into universities through seed funded projects, research and infrastructure grants. In addition to this the State provided around \$106.8 million in-kind support and over \$2.1 billion, when last valued, in gifted lands.

Education has a significant impact on the wellbeing of regional communities, and pathways from higher education to employment are especially important to meet skills needs. NSW investments in regional education pathways and industry attraction are significant. Many NSW special activation precincts are centred around universities and research-intensive local health districts.

Any national initiatives, including those targeting rural, regional and remote areas, should include state and territory consultation to ensure alignment of priorities to reflect actual skills needs in jurisdictions. This will ensure consideration of the demand and projected workforce needs of communities.

Recommendation 6:

Collaboratively develop a formal engagement framework to ensure alignment and identification of key shared priorities between Commonwealth policy and State needs that build on rather than duplicate effort.

State governments invest significantly in research and development translation and commercialisation, however state priorities are not routinely considered by the Commonwealth in its program design and implementation. For example, the Commonwealth's recent Trailblazer Universities Program was not developed consultatively with state governments, and state investment in submissions was not considered. Significant investments by the NSW Government include the RNA Research and Pilot Manufacturing Facility and Advanced Manufacturing Research Facility, and the Ambassador Schools Research Centre.

Many of these investments are supported by the statewide NSW Higher Education Strategy, which identifies high level priorities for cross-sector collaboration and impact. At present, there is no formal mechanism for states to engage with federal counterparts to target shared investments against identified priorities. Given that state governments have responsibility for huge investment aligned to economic strategies, this is a missed opportunity.

NSW invests at least \$400 million in research and development and enabling activity annually, including significant and increasing investments in the university sector. State investment in research and development and enabling activity should be re-categorised in research block grant funding allocations to universities, to better recognise the significant aggregating potential impact of shared investment priorities. This would more strongly incentivise universities to collaborate with state governments. If combined with a formal Commonwealth priority agenda, the potential compounding benefits would be very strong.

Recommendation 7:

Establish enabling national policy that incentivises collaboration and co-investment between Commonwealth agencies, universities, and State partners on significant investments.

There has been no identified, ongoing capital funding program for teaching and learning infrastructure for higher education since the end of the Education Investment Fund in 2014. This program provided competitive grants for capital investment in research and teaching infrastructure, and some universities have since moved to fill this gap in funding through revenue from international student fees. Commonwealth commitment to higher education infrastructure investment had, until relatively recently, been long-standing¹².

The Commonwealth should consider investing in a program of a similar style to the Education Investment Fund to ensure that all institutions are able to offer students and researchers a high standard of teaching and learning infrastructure. This would also encourage universities away from over-reliance on revenue from international students to plug funding gaps.

Recommendation 8:

Investment in a revitalised Education Infrastructure Fund to support critical teaching and learning infrastructure opportunities.

¹²https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/FlagPost/2018/November/Education_Investment_Fund

Achieve equity in access, participation, and outcomes for all students, regardless of background

Lifting access, participation and completion rates for under-represented cohorts is essential for a more inclusive education system that ensures all students are given the opportunity to succeed at each stage of their educational journey. The Accord Discussion Paper asks whether new targets should be set to better support under-represented cohorts in higher education. If targets are to be introduced, with the goal of achieving equity in access, participation, and outcomes for all students regardless of background, then these targets must be differentiated.

More students are accessing and participating in higher education now than ever before, however the data available on many equity groups – those experiencing greater socioeconomic disadvantage, learners from Aboriginal and Torres Strait Islander backgrounds, culturally and linguistically diverse backgrounds, and regional and rural Australians – shows they remain underrepresented. While the NSW population share of regional and remote students was 23 per cent in the 2021 Census, the undergraduate share of regional and remote students in NSW universities was only 16 per cent¹³. Students from low socio-economic backgrounds represent 25 per cent of the NSW population, but their higher education share is 17.5 per cent.

The Bradley Review set a target that 40 per cent of young people aged 25-34 have a university degree by 2020. The Commonwealth also introduced demand-driven funding in 2012 to widen participation in higher education. These policies succeeded in increasing the total number of undergraduate students by 34.7 per cent between 2008 and 2015, with even more dramatic increases in attendance of students from equity backgrounds¹⁴. However, overall enrolment shares increased only marginally¹⁵.

Universities can set their own targets for improving access and participation from different cohorts through their enrolment policies, and in line with their local community contexts. However, it is possible that some universities, particularly those in metro areas, ‘compete’ for high potential students from disadvantaged backgrounds, rather than widening access and opportunity for *more* students. Developing differentiated targets for access and participation in higher education would be an effective way to increase the representation of equity groups and drive genuine change across the system. It is important to ensure any targets are appropriately flexible and nuanced to account for the complex nature of disadvantage.

Recommendation 9:

¹³ Higher Education Statistics Student Data 2021, Accessed March 2023. Note that this dataset references the 2016 census in its reporting.

¹⁴ National Centre for Student Equity in Higher Education (2020), [“NCSHE Briefing Note – Equity student participation in Australian higher education: 2014-2019”](#)

¹⁵ Kemp & Norton (2014), [Review of the Demand Driven Funding System Report](#)

Targets developed for access and participation in higher education should be aligned to population share and should enable universities to deliver for their students in their local contexts, irrespective of location.

Equity students are more underrepresented in the completing cohort than the commencing one, with a persistent gap between access and attainment rates that has generally not improved since 2009. For low-SES students, the gap between access and attainment rates was 2.48 percentage points in 2009, and this widened marginally to 2.74 percentage points in 2021¹⁶. This suggests that in addition to increasing access rates, more needs to be done to support these students to succeed once they have enrolled. Regional universities enrol a higher proportion of equity students compared to metropolitan universities, and are likely to have examples of successful support programs in place that help students from equity backgrounds to succeed.

Disadvantage is often intergenerational, cyclical and compounding. It is present across the education continuum and impacts students' lives even before they have started school. Support for pathways with multiple access points, and holistic wraparound programs, are important for student success. School-university partnerships that support student success, including for students with disadvantage, are not coordinated and may not be scaled even if they are successful. The Commonwealth should encourage universities to share innovative solutions, and foster collaborative partnerships, including with State governments, to scale up evidence-based best practice.

Recommendation 10:

The Commonwealth should support the development of best-practice wrap-around support models for school to university transitions and continuing student success, especially for disadvantaged and under-represented students, in consultation with state education evidence and policy experts, and with the Australian Education Research Organisation.

Addressing student financial stability is a critical step in ensuring equity in access. Student representatives who were consulted unanimously identified upfront living cost, particularly the cost of housing, as the biggest barrier to attending university. "Cost is the biggest barrier," one student said, observing that if students "don't live in range [of universities you] need a lot of money to start with."

While some universities do offer interest free loans, they are usually not substantial enough to cover rent in a major city. These barriers are amplified for students from regional, rural and remote communities, who often have to contend with logistical and financial challenges if relocating for

¹⁶ Higher Education Statistics Student Data 2021, Accessed March 2023. Access rate is defined as equity student commencements as a percentage of all domestic onshore commencements. Attainment rate is defined as award course completions by equity students as a percentage of all award completions by domestic onshore students.

their studies. Further, these students may face difficult decisions about leaving their families and communities in order to study.

In improving access and participation, it is critical to consider the important role of financial and welfare services in reducing barriers, particularly in access to housing assistance and financial support. This is an area the Commonwealth is uniquely positioned to address.

Recommendation 11:

Design a holistic and simplified approach to student supports and welfare policies to better account for cost-of-living while undertaking higher education.

In NSW, the geographic spread of population and service access across the state present difficult challenges. High-performing, high-potential students from regional and remote backgrounds are less likely to transition to university than their metropolitan counterparts. 40 per cent of students in regional NSW with an ATAR of 75 or more do not directly transition from school to university, compared to only 26 per cent in metropolitan areas¹⁷. Several programs in NSW support regional students' access and transitions to university, and success beyond their studies, including to support and strengthen regional transitions to university and universities' involvement in regional precinct planning.

To reduce the need for regional students to physically relocate, the NSW Government has invested in Country Universities Centres, which provide campus-like facilities more readily accessible to students across regional NSW. Most of these centres receive co-investment from the Commonwealth. However, funding availability and consistency, policy settings, and sustainability for the Commonwealth's Regional University Centre program are uncertain.

The establishment of a Regional Education Commissioner is a significant step forward. An evidence-based policy and funding program for future sustainable access to quality facilities in regional areas should be a priority, but must be considered as an essential part of the Australian Universities Accord.

Recommendation 12:

Incentivise alternative delivery models for regional, remote, and other equity cohorts including through sustainable funding of Country Universities Centres in partnership with universities whose students use these facilities.

¹⁷ National Centre for Student Equity in Higher Education for the NSW Department of Education (2017), *Regional Transitions to University*

Strengthening links between VET, industry and higher education

Demand for higher level qualifications that combine theoretical knowledge and practical skills is rising as the nature of work becomes more complex. Lifelong learning, upskilling and reskilling are also becoming important for career advancement. A more connected and student-centred tertiary education system will better respond to the workforce needs of new and emerging industries, support participation targets and lead to stronger student outcomes.

Case Study: Institute of Applied Technology (IAT)

NSW is leading tertiary education reform through its investment in innovative forms of tertiary education, such as the TAFE-led NSW Institute of Applied Technology (IAT). The IAT was a key recommendation from the 2021 review on the NSW VET sector – *In the same sentence: Bringing VET and Higher Education together*.

This pilot program addresses challenges in the VET and higher education sectors by:

- Blending the best of VET and higher education to give students the optimal mix of practical skills and theoretical knowledge
- Bringing together VET, higher education and industry as equal partners
- Putting the student at the centre of the education model and allowing them to stack training based on their personal skills needs and interests
- Developing innovative solutions to address current and future skills needs in priority industries.

The NSW Government committed to trialling two pilots in priority industries: the IAT Digital at Meadowbank (partners: Microsoft, Macquarie University and the University of Technology Sydney) and IAT Construction at Kingswood (partners: CPB contractors, Western Sydney University).

The IAT education model offers short courses (microcredentials and microskills) co-designed and co-delivered by TAFE NSW, universities and industry partners. All partners collaboratively designed the education model, course content and wraparound support. The industry engagement model also means students will be exposed to valuable workplace learning and employment opportunities.

The current regulatory framework lacks the flexibility to support innovative forms of tertiary education, even where the overarching policy intent aligns with the objectives of the model.

Many education providers are unwilling to take on risks associated with developing content that may not directly align with existing TEQSA and ASQA requirements. Improvements could be made to the regulatory environment to support greater innovation. Some options to consider could include:

- Providing greater regulatory flexibility and support for universities partnering with VET and industry within current regulatory settings, or updating these settings to account for these new models.

- Investing in dedicated resources within TEQSA and ASQA to be responsible for identifying opportunities for greater flexibility for innovative and blended forms of tertiary education like the IAT.
- TEQSA and ASQA combining their approvals process for blended courses and institutions.

Recommendation 13:

Development of a more integrated national regulatory and funding framework for tertiary education, which provides the flexibility to support blended education models across vocational and higher education.

Government support and investment can incentivise the development of education models that are outside of business-as-usual approaches and encourage education providers and industry to work together at scale.

The IAT and New Education Training Model (NETM) are two pilots that are bringing together education providers, industry and government to co-design and co-deliver cutting edge education and training. These pilots have been funded by the NSW Government, with \$108.5 million over four years for the IAT and \$37.4 million over four years for the NETM. NSW has also been providing policy enablement at the State-level to support these models. However, there are policy and funding settings that fall within the remit of the Commonwealth.

Support for innovative blended education models from the Commonwealth Government could lead to a range of benefits such as productivity gains, meeting current and future workforce needs in national and state priority industries, as well as upskilling or reskilling workers into these industries. Leveraging existing and tested models in lieu of new options would result in a cost-benefit to the Commonwealth as existing models have existing infrastructure and intellectual property.

Recommendation 14:

Funding and support for high quality, innovative education models developed collaboratively with government and industry.

Students must be at the centre of any cohesive tertiary education system. Improving the understanding of pathways between VET and higher education has benefits for students and for workforces that require re-skilling and upskilling. Many VET students may not be aware of the pathways available to them, so clearly articulating these pathways is important at school level and beyond. The Commonwealth and universities should work collaboratively to better engage with prospective students and their families to support stronger access and engagement opportunities.

As the speed of technological change advances, it is predicted that people will increasingly move between formal education and the workforce. Strong recognition of prior learning (RPL) is essential for students who want to move seamlessly between the VET and higher education sectors. This ensures students do not have to repeat content they have already learned and is crucial for students in making study decisions and progressing to higher education at their own pace. However, students find that RPL is inconsistent across universities. It is time and resource

intensive for universities, who must map VET content to higher education curriculum while also ensuring that students will be able to meet course requirements.

Work at the IAT has highlighted the role of guaranteed RPL to allow students to 'stack' course content and have a clear line of sight to make important study decisions. This will become even more important as short courses, microcredentials and part qualifications become more prevalent as people up-skill and reskill throughout their lives. However, it has also revealed the onus on universities, with their self-accrediting status, to do significant work to develop robust RPL arrangements that meet regulatory requirements and the rigorous standards of academic boards.

The Commonwealth should consider strengthened support for and guidance on RPL between VET and universities, as well as opportunities to incentivise institutions to grant RPL where appropriate. This could include targeted grants to fund dedicated resources within institutions to map content across from VET to higher education curriculum or through a possible RPL subsidy paid to institutions.

Recommendation 15:

Stronger, clearer and simpler articulation between school, vocational, and higher education settings, including expediting work to improve consistency in recognition of prior learning standards to ensure these pathways are visible and accessible to all students.