



VICTORIAN
GOVERNMENT
SUBMISSION IN
RESPONSE TO THE
AUSTRALIAN
UNIVERSITIES ACCORD
DISCUSSION PAPER

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Victorian Government Submission in response to the Australian Universities Accord Discussion Paper

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Executive summary

The Victorian Government is committed to developing a shared, long-term plan with the Commonwealth Government to address major challenges and opportunities facing Australia's higher education system and the economy.

The Australian Universities Accord presents a unique opportunity for a collaborative effort between governments and key stakeholders to build a vision for Australia's universities and the higher education sector that is more responsive and adaptable to the needs of the communities in which they exist to serve.


This response to the Accord Discussion Paper is the Victorian Government's contribution to the reimagining of Australia's higher education system. It is a whole-of-Victorian Government submission, reflecting the Government's priorities across the community and the economy.

This submission advocates for policy, governance, funding and regulatory reform of the Australian higher education system to support the following Victorian Government priorities:

- Ensuring the higher education system is aligned to meet the state's **workforce priorities**, delivering a world class student experience while producing the skilled graduates needed for Victoria's future workforce challenges
- Improving **connection and coherence across the tertiary education system** – supporting a lifelong learning model where pathways between higher education and vocational education and training (VET) are the norm
- Improving **access and participation** in higher education among under-represented cohorts, unlocking the potential of all Victorians to contribute to civil society and the state's economy
- **Research and innovation** that translates into commercial outcomes leading to more jobs for Victorians, with universities acting as gateways for Australian (and Victorian) global engagement priorities
- Supporting global competitiveness, innovation, quality and inclusion in the **international education sector**, and
- Promoting **universities as community anchor points** in the precincts and suburbs of metropolitan Melbourne and in regional Victorian towns and cities.

The key enablers to support the delivery of these priorities include:

- Reform to **higher education funding** and the **Job-Ready Graduates** package to provide a sustainable model, which:
 - Promotes student enrolments aligned with current and future labour market demand
 - Improves graduate outcomes, including career readiness
 - Increases participation and attainment, including among under-represented cohorts
 - Supports lifelong learning in a dynamic labour market
 - Improves labour productivity over time

- 
- Invests in the higher education workforce with secure employment, and
 - Diversifies universities' revenue streams to make them more resilient to economic disruption.
 - Commonwealth **higher education data sharing** to support timely and coordinated policy-making across a range of Victorian Government priorities, including workforce planning, research and development, and international education, and
 - Reformed **governance and regulatory responsibilities** shared across Commonwealth and state and territory governments and delivering increased accountability among universities.

This submission is presented in line with the themes identified in the Discussion Paper. Each theme identifies key issues of relevance to the Victorian Government, describes the outcomes the Government is seeking and proposes recommendations for the Accord Panel to consider.

These recommendations are aimed at improving the quality, accessibility, affordability and sustainability of higher education and its important role in contributing to Victoria's social and economic priorities.

Recommendations

Theme 1: Quality teaching and delivering quality learning

Recommendation 1

That the Commonwealth considers policy, funding and regulatory reforms in higher education to support quality outcomes, including:

- a. Employment of highly skilled, ongoing teaching staff.
- b. Effective and efficient provision of teaching resources.
- c. More flexible and modular approaches to higher education and a better-connected post-secondary system.
- d. Encouraging greater participation and diversity in science, technology, engineering and mathematics (STEM)-related higher education courses.
- e. Improving graduate outcomes including career readiness for local and international students.
- f. Implementing a data sharing agreement with states and territories that provides real-time data and recognises the genuine role both levels of government play in managing the university sector.

Theme 2: Meeting Australia's knowledge and skills needs

Recommendation 2.1

That the Commonwealth Government considers policy, funding and regulatory reform to better align Commonwealth Grant Scheme (CGS) funding and other higher education policy settings to the workforce priorities of states and territories, including:

- a. Improved coordination between Commonwealth and state and territory governments, through Jobs and Skills Australia (JSA) and other relevant bodies, on national workforce planning and decisions about funding for teaching and learning at our universities.
- b. Alignment of CGS funding models and course delivery with national and state-based skills plans.
- c. Regular reporting and data sharing to monitor progress towards achieving agreed targets to all levels of government.

Recommendation 2.2

That the Commonwealth Government considers policy, funding and regulatory reform to better support the use of work-integrated learning (WIL), practical placements and earn and learn models in higher education, including:

- a. Arrangements for financial support and more equitable access for students undertaking WIL and other forms of practical experience.
- b. Incentives and supports for increased industry participation in WIL.
- c. Encouraging new placement delivery modes, including through virtual learning opportunities and simulation technology.

Recommendation 2.3

That the Commonwealth Government considers policy, funding and regulatory reform to support the development of national models for higher apprenticeships and degree apprenticeships coordinated across vocational education and training (VET) and higher education sectors, including:

- a. Reform of the Australian Qualifications Framework (AQF) that supports higher and degree apprenticeships qualification pathways.
- b. Working with state and territory governments to develop a cohesive national strategy and policy architecture for higher and degree apprenticeships across Australia.
- c. Reviewing qualification attainment arrangements to better recognise learning and completion of the practical course components of higher and degree apprenticeships through employment arrangements.

Recommendation 2.4

That the Commonwealth Government expedite the review of the National Microcredentials Framework and engage with state and territory governments, industry and the education sector to assess and refine the Framework.

Theme 3: Connections between the VET and higher education systems

Recommendation 3

That the Commonwealth Government considers policy, funding and regulatory reform to better support connections between the VET and higher education sectors, including:

- a. Supporting careers advice, including through the admissions process, for students in the two sectors to promote advantageous pathways between them.
- b. Further integrating and centralising VET and higher education admissions processes to support a more holistic experience for students transitioning to post-secondary education.
- c. Broadening and streamlining credit recognition within and between VET and higher education courses in line with the findings of the AQF Review in 2019.
- d. Through the new National Skills Agreement (NSA) and through the Universities Accord, supporting greater two-directional pathways between the VET and higher education systems.
- e. Continuing to work with state and territory governments on national skills reform that places TAFEs at the centre of the VET system.
- f. Introducing Provider Category Standards in the VET sector, distinguishing the role of TAFE as the public VET provider to mirror (in the VET sector) the role of universities as the public higher education provider.
- g. Delivering parity of income-contingent loans for students in the two sectors.

Theme 4: A system that delivers new knowledge, innovation and capability

Recommendation 4

That the Commonwealth Government considers reform initiatives in the national research system, including:

- a. Improved access for industry stakeholders and state and territory governments to shared and collaborative advanced research technologies through the National Collaborative Research Infrastructure Strategy (NCRIS) and Medical Research Future Fund (MRFF) programs.
- b. Adjustments to funding streams to improve incentives for translation and commercialisation.
- c. Industrial and innovation policy models that support stakeholders to tackle the 'grand challenges' facing modern societies - i.e. mission-guided entrepreneurial self-discovery.
- d. Improved support for regional universities to undertake nationally significant research, including encouraging metro-headquartered universities to stimulate more research activity and income at regional campuses.
- e. Increased support for early-career researchers to undertake industry-based placements and other professional development to build capacity for research translation and expand other financial support for the sustainability of researchers' careers.

Theme 5: Creating opportunity for all Australians

Recommendation 5.1

That the Commonwealth Government works with state and territory governments to establish agreed targets for participation and completion of higher education among under-represented cohorts.

Recommendation 5.2

That the Commonwealth Government considers policy, funding and regulatory reform to increase access and participation in higher education among under-represented cohorts including:

- a. Improved alignment and coordination with comparable Victorian Government programs and policies supporting under-represented cohorts.
- b. Increased culturally appropriate and cohort specific supports to enable students to successfully complete studies leading to employment and/or further education outcomes.
- c. Review the Jobs-Ready Graduates (JRG) rules relating to low completion rates that disadvantage students from under-represented cohorts.
- d. Consider expanding the eligibility criteria for Commonwealth Supported Places (CSP) and Higher Education Loan Program (HELP) funding for all persons currently residing in Australia who have applied for a protection or a humanitarian visa in Australia and those already granted with a protection or humanitarian visa who are not prohibited from studying.

- e. Adding young people presenting with an out of home care experience as an additional category under the Higher Education Participation and Partnerships Program (HEPPP) to ensure universities can apply for targeted funding to support this specific cohort of vulnerable students.

Theme 6: Governance, accountability and community

Recommendation 6.1

- a. That the Commonwealth Government establish, through the Australian Universities Accord, formal and permanent roundtable forums for dialogue and shared decision making on higher education matters among Commonwealth, state and territory governments at the ministerial and senior official level.
- b. That the Commonwealth Minister for Education and the Commonwealth Minister for Skills and Training with their state and territory counterparts, actively connect work on the Universities Accord and the National Skills Agreement.

Recommendation 6.2

That the Commonwealth Government continues to work with state and territory governments to support the transition to more secure employment practices in the university sector, including:

- a. Alignment of relevant state and federal industrial laws.
- b. Improved higher education workforce data sharing.

Recommendation 6.3

That the Commonwealth Government coordinates closely with state and territory governments in long-term integrated planning for the provision of transport and other services to support the future growth of university campuses aligned with local plans in urban precincts and regions.

Theme 7: Quality and sustainability

Recommendation 7

That the Commonwealth Government:

- a. In consultation with state and territory governments, reviews universities' early offer practices in the context of national policies supporting senior secondary student transitions to post-secondary education.
- b. Continues to lead reform to promote the safety of staff and students on campus and online.
- c. Strengthens the role of the Tertiary Education Quality and Standards Agency (TEQSA) to investigate the use of online program management companies (OPMs) by Australian universities to ensure courses delivered by OPMs meet the same quality standards as other higher education courses delivered by universities.

Theme 8: The role of international education

Recommendation 8.1

That the Commonwealth Government improves data sharing, including jurisdictional-level data, with state and territory governments, with a focus on data that facilitates a greater understanding of online and offshore international education service delivery, and onshore trends, patterns, growth and declines.

Recommendation 8.2

That the Commonwealth Government:

- a. Streamlines Temporary Graduate Visa (TGV) settings to introduce efficiency and simplicity to current policy settings, making Australia's TGV offering more attractive to global talent.
- b. Improves the effectiveness and impact of the Second TGV stream for regional settings by relaxing eligibility so that graduates only need live in a regional area for their studies or first TGV, rather than both.

Recommendation 8.3

That the Commonwealth Government reviews the Genuine Temporary Entry (GTE) requirement and replaces it with a simpler test removing intention to stay temporarily as a measure of whether an international student is genuine.

Theme 9: Investment and affordability

Recommendation 9

That the Commonwealth Government:

- a. Reviews student contribution levels as a priority considering the financial burden on students and efficient delivery cost.
- b. Reviews the Commonwealth Grant Scheme to meet future demand in priority sectors.
- c. Retains equity funding under the JRG Package settings and considers expanding to additional underrepresented cohorts to improve access and participation.
- d. Reviews the performance-based funding model and considers alternative financial rewards to drive graduate and industry outcomes.
- e. Reviews current funding arrangements to clinical placements to support additional growth in placement capacity.

Introduction

Victoria is Australia's most educated state, producing highly skilled graduates who connect and promote our institutions on a global scale. Seven of Victoria's universities rank among the top 500 in the world, and we are home to Australia's top ranked university.

These universities operate within a complex and inter-connected tertiary education ecosystem within our state, delivering education alongside other providers including the 12 public TAFEs, 25 private institutes of higher education, and more than 780 registered training providers (RTOs). Four of our public universities operate as dual sector institutions, delivering both VET and higher education courses and offering integrated tertiary pathways for students. Together, these institutions trained and educated more than 1.2 million Victorian students in 2021, providing a critical pipeline of skilled workers for Victoria's rapidly growing economy.

Universities are engaged as partners in Victorian Government infrastructure projects (such as the Suburban Rail Loop and the Metro Tunnel), advanced manufacturing initiatives (such as the mRNA facility at Monash University), and as providers of expert advice to Government across a range of portfolios, including agriculture, health, education, community services, transport and regional development.

In May 2020, in response to the coronavirus (COVID-19) pandemic, the Victorian Government recognised the valuable role played by the state's universities through the Victorian Universities Support Package (VUSP), delivering investment funding to support universities through the financial impact of the pandemic. The \$350 million Victorian Higher Education State Investment Fund (VHESIF), part of the VUSP, has supported universities with capital works, applied research and research infrastructure focused on boosting Victoria's productivity and the economy as the State recovered from the impacts of the pandemic. Other significant examples of financial support and engagement with Victorian universities include the \$50 million International Education Resilience Fund.

In this context, the Victorian Government seeks universities to be responsive to government priorities and use taxpayer-funded research to engage with industry, government and the community to develop solutions to local, national and global problems.

Universities generate vital research, support technology transfer and commercialisation, seed the industries of the future, provide significant employment opportunities, and attract skilled migration and international investment to the state.

However, if Victoria and indeed Australia are to meet the workforce skills needs of the future, genuine, long-term reform of the higher education sector is required to ensure universities meet both state and national workforce priorities.

As the global economy is shifting, the delivery of relevant skills will ensure a pipeline of workers to meet future needs. The Victorian Skills Plan¹ published in August 2022 estimates the state will need **373,000** additional workers by 2025 to meet growing demand from new jobs and replace retiring workers, and that universities will educate around 50% of our future workforce. It is estimated that, by 2025:

¹ Victorian Skills Authority, *Victorian Skills Plan for 2022 into 2023*, 2022, accessed 17 April 2023.

- The construction sector will require **34,000** new workers, including **18,000** for the *Big Build*
- The professional, financial and information services sector will require **64,000** new workers
- The health and community services sector will require **65,000** new workers
- Early childhood education, including the Best Start, Best Life initiative, requires **11,000** new workers
- The state will need **11,000** new schoolteachers, and
- The social services sector will require **6,100** workers to fill Government-funded vacancies alone.

Victoria's renewable energy transition, including delivery of the State Electricity Commission, is also estimated to support **59,000** new jobs through to 2035.

The Universities Accord provides a unique opportunity to review the higher education sector and design reforms that ensure the sector is equipped to address these critical social and economic priorities.

The Accord seeks to drive lasting alignment between the higher education system and national needs. It is an opportunity to strengthen system governance and regulatory reform to ensure universities align graduate outcomes to workforce needs.

Concurrently, states and territories are negotiating National Agreements to address skills shortages through reform of the VET sector. These efforts must be coordinated and aligned with reform initiatives in higher education, ensuring connection and coherence across the post-secondary education system.

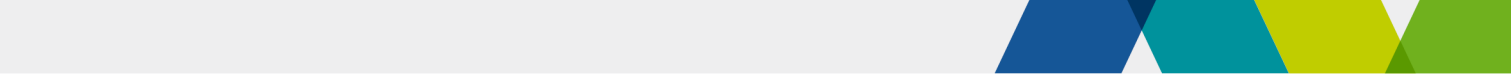
Ultimately, the Victorian Government considers that the Accord provides the impetus to ensure better preparation of individuals for careers and alignment of skills to jobs to achieve long-term security and prosperity for the sector, Victoria, and the nation. It is also about creating opportunity for all Victorians to have access to, and successful participation in, higher education.

Aligning the delivery of skills with the needs of the economy will ensure a pipeline of highly qualified workers to meet future needs, including in areas of Victorian Government priority such as the clean economy and renewable energy transition, infrastructure, social services, health technologies, advanced manufacturing, defence and aerospace industries.

The return to growth of the state's international education sector – after the impacts of the COVID-19 pandemic – is also a key priority for the Victorian Government.

The Victorian Government lacks the legal, regulatory and policy levers – underpinned by data held by the Commonwealth – to support more effective integration and cooperation of the sector. The Victorian Government recommends the Commonwealth Government collaborate to identify reform priorities and address key barriers and constraints impacting the sector.

The Victorian Government recognises the focus of the Accord is on the higher education sector broadly, with a particular emphasis on our publicly funded universities. Victoria benefits from a range of non-university specialised higher education providers, including TAFEs, and the Victorian Government urges the Accord Panel to consider their continued inclusion and appropriate role within the higher education sector.



Given the Accord Panel's tight timeline for submissions, there has been limited opportunity to consult widely across government and external stakeholder groups in Victoria.

However, the Accord is a framework supporting ongoing engagement and the Victorian Government looks forward to future opportunities to further contribute to this higher education review process, particularly in the second half of 2023 after the publication of the Panel's interim report.

Challenges and opportunities for the higher education system

Theme 1: Quality teaching and delivering quality learning

a. Quality teaching and learning aligned to workforce needs

Quality teachers inspire students and encourage a commitment to lifelong learning. Quality learning requires innovative teaching models and delivery tailored to students' preferred mode of learning and cultural background.

Australians need access to a quality education and the skills they will need to participate in the workforces of tomorrow.

The National Skills Commission estimates nine out of 10 new jobs created in the next five years will require skills developed through post-school education and training.²

These include skills to innovate and adopt new technologies, best practice and global growth opportunities.

Publicly-funded universities have a responsibility to produce graduates who can actively contribute to economic and social prosperity – national and state.

The Victorian Government considers that quality teaching and learning belongs at the centre of universities' priorities, with curriculum and graduate outcomes that are aligned to the workforce needs of the state.

The Victorian Government supports education that develops curious, skilled and empathetic global citizens. Victorian university graduates should enter the labour market as well-rounded employees, with relevant technical skills and knowledge, including the 'soft' skills that are valued by employers, such as collaboration, communication, critical thinking and problem-solving. Graduates should be equipped for a knowledge and skills economy and able to confront future challenges while embracing the values of social responsibility, inclusiveness and sustainability.

The Victorian Government understands that teaching quality and learning resources play a critical role in the overall student experience. The 2021 Student Experience Survey (SES) Report found that, while slightly recovered from the first year of the COVID-19 pandemic in 2020, the overall education experience in Australia has not recovered from the impacts of COVID-19.³

Levels of student engagement, teaching quality and learning resources are at their lowest levels since 2017.⁴ The SES also consistently demonstrates that international students have lower satisfaction with their student experience than their domestic peers, with learner engagement having more influence on international students' overall experience.⁵

The Victorian Government believes high-quality learning experiences create a competitive advantage for Australia and Australian universities - in the short-term (while students are enrolled at universities) and in the long-term for the economy. As the *Future Skills for Victoria*:

² National Skills Commission (NSC), *Employment Projections*, NSC, 2022, accessed 4 April 2023.

³ Australian Government Department of Education, *2021 Student Experience Survey*, Australian Government Department of Education, 2022, accessed 4 April 2023.

⁴ Australian Government Department of Education, *2021 Student Experience Survey*, accessed 4 April 2023.

⁵ Australian Government Department of Education, *2021 Student Experience Survey*, accessed 4 April 2023.

Driving collaboration and innovation in post-secondary education and training noted, “jobs are created and businesses grow when Victorians learn new skills and apply these skills in the workforce.”⁶

Quality teaching and access to relevant resources are vital to unlocking this potential advantage.

The Victorian Government also notes the increasing rates of casualisation of teaching staff at universities. This is discussed in detail under Theme 6: *Governance, accountability and community*. This is aligned with TEQSA’s observation in the Higher Education Standards Framework (Threshold Standards) 2021, which states that “*unusually high reliance on casual staff poses risks for the quality of the student experience*”.⁷ There is ample evidence indicating that increased precarity in employment, exacerbated in some cases by the systemic underpayment of staff by universities, has led to an erosion of quality teaching and learning and impacted the student experience. Given the extensive shift to the use of online/hybrid teaching models, especially since the COVID-19 pandemic, university teaching staff are under increasing pressure to deliver without compromising quality.

Opportunities and areas for reform

The Victorian Government recommends TEQSA’s Higher Education Standard Framework be used when a university is reviewing and/or restructuring the staffing of teaching positions with longer-term contracts. Casual teaching staff should be an anomaly, rather than the norm.

TEQSA should be commissioned to review and update teaching resources available to university teaching staff. The curriculum and associated learning resources used by students must reflect changing economic and industry demands. Greater opportunities should be supported for work-integrated learning (WIL), practical and professional placements, beyond those that are compulsory for accreditation. There is ample evidence for the importance of well-structured and resourced WIL in developing work-ready graduates. This is discussed in depth in Theme 2: *Meeting Australia’s knowledge and skills needs*.

While the traditional full-time three or four-year university degree remains an attractive proposition and worthwhile investment for millions of Australian students and their families, there is an argument that this is an inflexible, expensive and time-intensive model for contemporary learning and skills acquisition across a lifetime.

As discussed in Theme 3: *Connections between the VET and higher education systems*, the Victorian Government recommends reforms to support a better-connected post-secondary system, with improved student pathways, recognition of new and emerging classifications of learners (such as the *knowledgeable practitioner*) and opportunities for more flexible learning across the higher education system, including microcredentials and short courses. WIL and short courses provide an immediate uplift in skills required to meet short and long-term workforce needs.

The Victorian Government also recommends that the Commonwealth Government continues developing initiatives to encourage greater participation and diversity in STEM-related higher education courses.

⁶ J Macklin, *Future Skills for Victoria: Driving collaboration and innovation in post-secondary education and training*, Department of Education, Victorian Government, 2021, accessed 4 April 2023.

⁷ TEQSA (Tertiary Education Quality and Standards Agency), *HESF (Higher Education Standards Framework) Domain 3: Teaching*, 2022, accessed 4 April 2023.

Women make up just 31% of workers in the technology workforce compared to 48% of the Australian workforce as a whole and 46% in professional services.

The Victorian Government's partnership with the Australian Women in Security Network on the Women in Security Pathways program is one such initiative, combining coaching, mentoring and training with specialist technical training, certification, career coaching and industry placements.

Results from the 2021 Quality Indicators for Learning and Teaching (QILT) surveys indicate bachelor degree graduates of Victorian universities lag behind other states in a number of key metrics, including full time employment rates, labour force participation, and median full-time salaries.⁸

While it is likely that these figures may reflect the impacts of COVID-19 in Victoria during 2020-2022, this data nonetheless highlights an issue for further attention and indicates that more work needs to be done to address outcomes for graduates of Victorian universities.

International students and graduates make an important contribution to Victoria's skills base and business needs. However, there is a disparity in graduate outcomes between international and domestic students: 57% of Australia's international undergraduates are in full-time employment 4-6 months after graduation, compared to 78% of domestic graduates.⁹ This disparity is explored further in Theme 8: *The role of international education*.

The Victorian Government recommends that a data sharing agreement be developed and implemented between universities, the Commonwealth Department of Education and state and territory counterparts. This will support improved coordination and collaboration in the shared responsibility of planning and management of a joined-up post-secondary system.

Universities currently report activity data only to the Commonwealth Government, with a significant time lag before it is published – and then not in sufficient detail to be meaningful to meet states' needs.

Recommendation 1

That the Commonwealth considers policy, funding and regulatory reforms in higher education that support quality outcomes, including:

- a. Employment of highly skilled, ongoing teaching staff.
- b. Effective and efficient provision of teaching resources.
- c. More flexible and modular approaches to higher education and a better-connected post-secondary system.
- d. Encouraging greater participation and diversity in science, technology, engineering and mathematics (STEM)-related higher education courses.
- e. Improving graduate outcomes including career readiness for local and international students.
- f. Implementing a data sharing agreement with states and territories that provides real-time data and recognises the genuine role both levels of government play in managing the university sector.

⁸ Australian Government Department of Education, *2021 Student Experience Survey*, Australian Government Department of Education, 2023, accessed 4 April 2023.

⁹ Australian Government Department of Education, *2022 Graduate Outcomes Survey*, Australian Government Department of Education, 2023, accessed 4 April 2023.

Theme 2: Meeting Australia's knowledge and skills needs

a. Ensuring the higher education system delivers the graduates for Victoria's priority workforce needs – with better alignment of universities' course delivery

The Discussion Paper includes data from Jobs and Skills Australia (JSA) indicating that, from 2021 to 2026, more than 90% of new jobs will require post-school qualifications. This includes over 50% requiring bachelor degree or higher qualifications. This data is consistent with findings in a recent Productivity Commission report, *Advancing Prosperity*, released on 17 March 2023.¹⁰

The success of the Victorian Government's reform agenda and the continued successful delivery of the State's investment in the clean economy, renewable energy transition, infrastructure, and health and community services, will be underpinned by the post-secondary system's capacity to foster a pipeline of qualified workers.

Universities are an integral part of this system, for example:

- Preparing engineers, project managers and strategic communications professionals to deliver 165 projects under Victoria's Big Build, and
- Skilling social services professionals to deliver on Victoria's mental health and wellbeing reform.

Universities are also uniquely positioned to translate their research output to support Government priorities for social and economic prosperity.

Given this critical role that universities play in supporting future skills needs, state and territory governments must be engaged in a systematic way in higher education and workforce planning.

It is critical the education delivered by Victoria's universities aligns with the state's priority workforce needs. In particular, the state anticipates critical shortages of skilled workers in fields such as education, early childhood, nursing, social work, transport and infrastructure, information technology (IT) and the emerging needs of renewable energy transition and the clean economy.

The Victorian Government has made significant direct investments in the higher education sector to address critical workforce gaps. Initiatives have included offering incentives and support for Victorians to undertake undergraduate and postgraduate studies in priority fields, including:

- **Nursing and midwifery scholarships:** The Victorian Department of Health is offering more than 10,000 scholarships of up to \$16,500 to train and upskill nurses and midwives who will help respond to current healthcare demands and increase future capacity, recognising the cost of study is a financial burden for prospective and existing nurses.
- **Teacher workforce incentives:** Through the Targeted Financial Incentives program, the Victorian Government is providing an initial payment of between \$9,000 and \$50,000 (before-tax) to attract more teachers to fill hard-to-staff positions in Government schools across the state and support those teachers settling into their new roles. The program

¹⁰ Australian Government Productivity Commission, *Volumes 1-9 – Advancing Prosperity – Inquiry Report*, 2023, accessed 4 April 2023.

filled 50 positions in 2019-2020, 150 positions in 2020-2021 and 250 positions in 2021-2022, and 150 applications are in progress for 2022-2023.

- **Early childhood workforce incentives:** The Victorian Department of Education is delivering the Early Childhood Scholarships and Incentives program, providing early childhood workers with support to undertake approved bachelor or postgraduate qualifications, with recipients receiving up to \$25,000 towards a bachelor's degree, \$12,000 towards a graduate diploma or \$18,000 towards a master's qualification.

The connection between national and state-level skills and workforce planning and universities' course delivery has been historically weak. Under current higher education funding arrangements, the Commonwealth Government provides public universities with block funding through the Commonwealth Grant Scheme (CGS). Under this arrangement, universities have the flexibility to allocate CGS funding to support Commonwealth Supported Places (CSPs) without reference to workforce priorities, with few limited exceptions.

The Victorian Government acknowledges the flexibility afforded to universities in their decisions on allocation of CGS funding, noting that there is a complex inter-play between student choice and the levels of student and Commonwealth contributions for courses. In this context, it is difficult to rely on CSPs as a basis to inform the state's planning for its workforce and skills priorities, both presently and in the future.

The current funding of university places is highly responsive to student preferences but does not reliably meet the supply needs of the economy. The higher education system could intervene more actively and flexibly so that CSPs are allocated in a way that responds to anticipated workforce demand, particularly to support the delivery of essential services, like health, schools and early childhood education.

An extended discussion of the existing funding settings under the Jobs-Ready Graduates (JRG) Package, including the misalignment of universities' incentives and workforce priorities, is included under Theme 9 below. The discussion includes ideas for potential reforms of the CGS to better align course delivery with workforce priorities as well as addressing equity considerations.

Theme 9 also includes discussion of the potential expansion of CSPs in a targeted way to TAFEs, particularly to address equity issues and improved collaboration and pathways between VET and higher education.

Opportunities and areas for reform

The establishment of the Commonwealth Government's Jobs and Skills Councils (JSCs) and Jobs and Skills Australia (JSA) aims to provide industry with a stronger, more strategic voice

In response to the Royal Commission recommendations in relation to family violence, minimum qualifications for specialist family violence practitioners at Bachelor degree or above are being introduced. Many practitioners are undertaking a pathway using their existing Diploma of Community Services to gain a Graduate Certificate in family violence to meet the policy, typically after gaining two or more years of professional experience.

The cost of a 6-month full time Graduate Certificate in family violence can vary from \$8,000 to over \$13,400. This can be a barrier for encouraging more people to specialist family violence practitioners at a time when the need for workers is national critical and family violence is a major national priority.

The focus of CSPs on Bachelor degrees is failing to keep up with the need for more agile education options for this cohort of workers. There is a need for universities to use CGS funding to support more dedicated CSPs for Graduate Certificates, Graduate Diplomas and coursework Masters degrees to meet the demand for this critical workforce and support the implementation of Victorian Government policies in relation to family violence.

in ensuring Australia's VET and higher education sectors deliver better outcomes for learners and employers.

Their establishment presents an important opportunity to strengthen the linkages between VET and higher education and facilitate more coordinated workforce planning functions requiring the identification of current and future skills needs, including the mapping of career pathways across education sectors.

Moreover, the inclusion of universities within the scope of the JSA through amendments to the Jobs and Skills Australia Act in October 2022 presents an opportunity for a more integrated approach to skills and workforce planning at the national level, including the alignment of universities' course delivery with workforce priorities.

The Victorian Government recommends the Commonwealth Government consider options and mechanisms for improved workforce planning in priority areas identified by state and territory governments, ensuring the higher education sector is responsive to state workforce needs.

The Victorian Government, through the Victorian Skills Authority (VSA), is engaging with the state's universities to inform the development of the next iteration of the Victorian Skills Plan, due in August 2023. The VSA will collect industry and other data to support seven localised workforce development plans and seek to map identified workforce development needs to the required course delivery.

The Victorian Government recommends the Commonwealth Government consider the opportunity to introduce greater requirements on universities to align their distribution of CGS funding and course delivery with national and state-based skills plans and report progress towards achieving agreed targets to all levels of government. For example, universities' reporting could include data on student enrolments, retention and completions, shared in a timely manner. Graduate outcomes reporting, which currently relies on students voluntarily completing a survey post-graduation, could also be enhanced through alternative data collection mechanisms to inform a deeper national understanding of the links between course delivery, funding settings and national and state employment objectives.

In relation to initial teacher education (ITE), it is recommended that CSPs should reflect the supply needs of the economy, even if that means not all places are filled each year. As well as incentivising students to take up places in ITE, the availability of CSPs incentivises universities to attract ITE enrolments.

There is substantial benefit in consulting states and territories on incentives and other initiatives directed at supporting the supply of essential, productivity-enhancing workforces, such as teachers. For example, while additional CSPs in education courses in 2023 and 2024 were welcomed, in school education the greatest demand is in secondary education, yet no additional places were allocated to secondary school teaching degrees. Victoria would welcome close consultation to ensure Commonwealth investment has the greatest impact on school and early childhood workforce pressures.

b. Work integrated learning (WIL), professional placements and 'learn and earn' models for higher education

WIL supports the integration of theoretical knowledge with practical experience through workplace-based learning and is important across a variety of sectors, providing students with valuable practical experience. WIL opportunities for students are critical to improving the industry-ready skillset of graduates entering the workforce.

The recent Victorian Legislative Assembly Economy and Infrastructure *Committee Inquiry into Victorian Universities' Investment in Skills* Report recognised that well-planned and meaningful WIL opportunities improve outcomes for learners by increasing their job-readiness, easing the transition from study to employment and leading to better career outcomes.¹¹ It also increases productivity and employment retention for industry and businesses.

'Learn and earn' WIL models enable students to reduce the cost burden of unpaid placements, including relocation and living expenses. Increasing learn and earn placement opportunities in priority workforce areas could help encourage enrolments while also directly supporting gaps in the labour market.

Barriers to the quality and quantity of WIL and professional placement opportunities should be addressed to increase placement opportunities.

There is limited industry engagement, due to the time and resources required to train and supervise students, and uneven access to WIL across regions and industries. A lack of consistency in WIL models leads to variations in quality and makes it difficult for students, educators and industry partners to understand and participate in the process. Evaluation and assessment requirements should be consistent across WIL opportunities.

Students undertaking mandatory placements in fields such as in health and education courses often have to stop paid employment to do so, while not receiving income support to meet costs such as travel, accommodation and food.

Clinical placements are an essential component of professional entry qualifications for health students, providing a breadth of practical experiences and preparing students for future work. Ensuring that sufficient and appropriate placements are available for health students is vital to ensuring we have a reliable workforce to meet the needs of the Victorian community. The Victorian Government currently funds more than 930,000 placements across medical, nursing and midwifery and allied health disciplines.

Additional growth in placement capacity is essential to support increased undergraduate student placement numbers. Many health services already offer placements over weekends, after hours or during university holiday periods, and have limited ability to increase placements. In many instances it is the professional accrediting bodies that determine the scale and type of placements required for graduation and employment in the sector.

Feminised industries are particularly affected by unpaid work obligations through mandatory placements.¹² A teaching bachelor's degree, for example, mandates four months of unpaid full-time hours to qualify. A nursing bachelor's degree

The Victorian Government has invested in several programs that promote WIL opportunities and encourages universities, industry stakeholders and individual employers to look for ways to expand their involvement in WIL opportunities. For example, Victoria's successful SummerTech LIVE program matches digital tech students with Victorian SMEs to solve tech challenges over a 10–12-week summer studentship, boosting businesses' digital capabilities and helping students gain valuable work experience. Over the last four rounds, the SummerTech LIVE has supported more than 320 students, including international students, across 13 Victorian tertiary institutes to work on 180 projects with around 200 Victorian SMEs. These types of initiatives uplift the job-readiness of graduates as well as boost the digital journey of SMEs.

¹¹ Parliament of Victoria Legislative Assembly Economy and Infrastructure Committee, *Inquiry into Victorian universities' investment in skills*, 2022, accessed 4 April 2023.

¹² G Marchant, "*Unpaid work placements stopping single mums from completing higher education, advocates say*", ABC News, 2022, accessed 4 April 2023.

mandates five months of unpaid placement, and social workers require more than six months. Early education diploma-level qualifications also require six weeks of unpaid placements.

Social security payments such as Youth Allowance and Austudy, along with ancillary payments like rent assistance, have failed to keep pace with the increasing cost of living. This is particularly acute for female-dominated courses, where many women already have caring responsibilities and lower-than-average wages for people working in the sector while studying. These payments fail to account for the significant financial impost of lengthy, unpaid WIL components such as practical placements in these female-dominated courses.

Compared to male-dominated industries such as traditional trades, there is very little support. For example, the Commonwealth Government recognises the need for financial support to grow the number of apprentices through payments like the Australian Apprentice Training Support Payment. This provides two years of support to full-time apprentices of \$1,250 per six months to help offset the costs of everyday living. This payment supplements the training wage for the work they are undertaking as part of their apprenticeship.

There are no similar opportunities available for female-dominated courses where, taking social work as an example, students must undertake 1,000 hours of unpaid practical placements with little opportunity to undertake paid work.

Victoria has developed and invested in employment-based pathways to school teaching in partnership with seven universities, which attract mid-career professionals and post-graduates into school teaching (where there is significant workforce demand).

Employment-based pathways into teaching address some of the identified barriers specific to mandatory placements, by removing the need for ITE students to complete unpaid placements and providing meaningful work experience and employment.

More recent partnerships have also been developed with universities to upskill early childhood educators to become teachers to help meet the demand for this workforce arising from Victoria's 3-Year-Old Kindergarten and Pre-Prep reforms. Three universities are currently receiving support to provide Innovative Initial Teacher Education (ITE) courses to upskill early childhood educators to become early childhood teachers. Educators can stay in the workforce while they learn and have access to financial support. Programs provide wraparound supports, including facilitating paid study and placement leave.

Opportunities and areas for reforms

The Victorian Government recommends an increase in financial support for students undertaking WIL/practical placements. Further, there is a need to encourage industry participation including through incentives. There is also an opportunity for the Commonwealth to create more equitable access to WIL opportunities by addressing issues in access, quality, consistency and assessment, including by improving data collection to support ongoing analysis of the effectiveness of WIL models and programs.

There are opportunities for innovation available, whether this be in new placement settings or via new opportunities, including through high-quality simulation and technology enabled immersive environments (such as augmented reality), which should be encouraged alongside traditional placement models to help ease system constraints.

For clinical placements, new placement settings create opportunities for students to experience alternative models of care outside the public health system, aligning with the future of healthcare delivery.

c. Higher Apprenticeships and Degree Apprenticeships

The use of **higher apprenticeship** education and training models in Australia recognises the need to adapt established models of education and training to ensure priority sectors have an appropriately skilled workforce.

Higher apprenticeships combine a workplace-embedded program of ongoing, structured on-the-job training with formal study. The study component leads to a qualification at an AQF level 5 (diploma), level 6 (advanced diploma/associate degree) or higher.

A higher apprenticeship delivers training that is contextualised to an industry's needs. It may or may not be undertaken as a contract of training, but roles and responsibilities, and time release arrangements must be formalised.¹³

In 2018, the National Centre for Vocational Education Research reported that higher apprenticeships present a solution to identified labour market demand in highly technical industries, such as engineering, information technology and advanced manufacturing, as well as in industries where practical experience is as valuable as technical skills, such as in human services and health.^{14,15}

These models support education and industry-specific skills attainment with the recognised benefits of workplace-based learning, such as a more seamless transition from study into work for learners, productivity gains for employers from 'work-ready' recruits, and improved relationships between training providers and employers.

In 2019, the Victorian Government introduced higher apprenticeship pilots in the civil construction and social services industries, including the "Big Build" pilot delivered by Swinburne University and the "Social Sector" pilot delivered by RMIT. Both programs seek to respond to identified workforce needs and provide these sectors with skilled workers while they undertake formal study and on-the-job training.

The pilots are ongoing. However, preliminary analysis suggests the social services higher apprenticeship delivery has increased significantly since early 2022. Evaluation of these pilots will enable the identification of specific features needed for the successful delivery of higher and degree apprenticeships.

Victoria is also working towards the delivery of '**degree apprenticeships**' through an additional pilot, in which high school graduates and new industry entrants work towards an undergraduate degree through an employed model of education.

Dual-sector universities are well-placed to deliver higher and degree apprenticeships. As these universities offer both VET and higher education qualifications, learners may be able to progress from VET to higher education studies more seamlessly. Victoria is home to four of the six dual-sector universities in Australia and is well-placed to progress this model.

Higher apprenticeships are increasingly being viewed as a practical skills and workforce solution and are used successfully in other countries. However, this pathway is currently underdeveloped in Australia. Several Australian jurisdictions are undertaking higher

¹³ Note this is Victoria's definition of Higher Apprenticeship, building on the [2018 National Partnership Agreement on Skilling Australians Fund](#) definition of Higher Apprenticeships.

¹⁴ National Centre for Vocational Education Research, [Higher apprenticeships in Australia: what are we talking about?](#), 2019, accessed 4 April 2023.

¹⁵ K Osborne, M Ackhurst, L Chan and R-A Polvere. [Work-based education in VET](#), 2020, accessed 4 April 2023.

apprenticeships.¹⁶ While this reflects the significant interest and potential of this response to skills gaps, a cohesive national strategy and policy architecture for higher apprenticeships across Australia would be beneficial.

Another model of on-the-job training and formal education is the Registered Undergraduate Student of Nursing and Midwifery (RUSON/M) model. This model allows currently enrolled undergraduate nursing and midwifery students to work in Victorian health services while they are undertaking formal study. The conditions of employment, governance and implementation of this models follow the requirements of the Nurses and Midwives (VPS) Enterprise Agreement 2020-2024.¹⁷

Opportunities and areas for reform

Barriers that exist in the provision of higher and degree apprenticeships include:

- A lack of clear definition and understanding from industry, learners, and the broader community around what constitutes a “higher apprenticeship” and which AQF levels interact with these models.
- A lack of a clear policy framework to enable a cohesive national strategy regarding the content and structure of these apprenticeships.

The Victorian Government recommends the Commonwealth Government work with state and territory governments to develop a cohesive national strategy and policy architecture for higher and degree apprenticeships across Australia.

The Victorian Government further recommends changing qualification attainment arrangements to better recognise learning and completion of practical course components through employment arrangements. This includes:


- Seeking better articulation between VET and higher education degrees in line with AQF ethos.
- More consistent higher education qualifications to allow portability (similar to Training Packages for traineeships and apprenticeships) while maintaining benefits of self-accrediting functions and flexibility to adapt qualifications to local need (for example a regionally-based university adapting an education degree to meet the needs of regional or remote students).

d. Microcredentials and non-formal qualifications

Microcredentials (accredited and non-accredited) and other non-formal qualifications offer flexible and responsive opportunities for workers and other learners to rapidly re-skill to meet workforce needs, particularly where an industry sector (for example energy) is undergoing major transformation. These new and emerging forms of learning are becoming increasingly popular in both the VET and higher education sectors and support lifelong learning, integrated with industry knowledge and skills development.

¹⁶ For example, the Commonwealth Government’s *Women in STEM Cadetships and Advanced Apprenticeships program*, South Australia’s *Higher Education Apprenticeships and Traineeships* and the Queensland Government *Higher Level Apprenticeship pilot*.

¹⁷ Victorian Government Department of Health, *Undergraduate student employment*, 2022, accessed 23 March 2023.



Victoria plays a national leadership role in the emerging online education and microcredential segment of the education system. Some Victorian education providers have developed new revenue streams and leveraged their globally recognised brand power to deliver training that is more responsive to industry needs, encouraging a greater focus on lifelong learning and mid-career re/upskilling. *RMIT Creds*, for example, is an innovative suite of industry-relevant digital certifications that offer short and stackable career-ready skills and capabilities.

The Commonwealth's Microcredentials Pilot in higher education is a welcome opportunity to expand industry-focused microcredentials, but it is important that existing barriers of standards and consistency are addressed.

The National Microcredentials Framework was published by the former Commonwealth Department of Education, Skills and Employment in March 2022 in order to address the lack of a national framework. It is understood the Framework will be reviewed 12 months after its implementation. Revisions to the Microcredentials Framework will provide the opportunity to apply common standards and consistency in microcredentials and will ensure the Framework meets industry standards.

Recommendation 2.1

That the Commonwealth Government considers policy, funding and regulatory reform to better align Commonwealth Grant Scheme (CGS) funding and other higher education policy settings to the workforce priorities of states and territories, including:

- a. Improved coordination between Commonwealth and state and territory governments, through Jobs and Skills Australia (JSA) and other relevant bodies, on national workforce planning and decisions about funding for teaching and learning at our universities.
- b. Alignment of CGS funding models and course delivery with national and state-based skills plans.
- c. Regular reporting and data sharing to monitor progress towards achieving agreed targets to all levels of government.

Recommendation 2.2

That the Commonwealth Government considers policy, funding and regulatory reform to better support the use of work-integrated learning (WIL), practical placements and earn and learn models in higher education, including:

- a. Arrangements for financial support and more equitable access for students undertaking WIL and other forms of practical experience.
- b. Incentives and supports for increased industry participation in WIL.
- c. Encouraging new placement delivery modes, including through virtual learning opportunities and simulation technology.

Recommendation 2.3

That the Commonwealth Government considers policy, funding and regulatory reform to support the development of national models for higher apprenticeships and degree apprenticeships coordinated across vocational education and training (VET) and higher education sectors, including:

- a. Reform of the Australian Qualifications Framework (AQF) that supports higher and degree apprenticeships qualification pathways.
- b. Working with state and territory governments to develop a cohesive national strategy and policy architecture for higher and degree apprenticeships across Australia.
- c. Reviewing qualification attainment arrangements to better recognise learning and completion of the practical course components of higher and degree apprenticeships through employment arrangements.

Recommendation 2.4

That the Commonwealth Government expedite the review of the National Microcredentials Framework and engage with state and territory governments, industry and the education sector to assess and refine the Framework.

Theme 3: Connections between the VET and higher education systems

a. Re-defining relationships between the sectors and leveling the playing field

Australia needs a new approach to the connections between VET and higher education. Both systems are vital to meeting future skills needs, and both offer students a pathway to meaningful careers and strong employment outcomes.

The National Skills Commission, in its last report as an entity on the state of skills, highlighted the ongoing shortage of skilled workers at the trade and technician level.¹⁸ Not only do ongoing shortages in this area present a significant risk to Australia's renewable energy ambitions, but they symbolise a hollowing out of capability in workforces that need to operate at higher skill levels. This was reflected in the report of the Hon Jenny Macklin on *Future Skills for Victoria*, which highlighted Australia's poor international standing in relation to our levels of genuine tertiary education.¹⁹

The overarching objective for Victoria is to provide education that meets students' needs at all stages of their career and learning journeys. This requires open access to both VET (including community education) and higher education, with a clear student pathway between them.

Several challenges hinder opportunities for successful integration and collaboration. Too often systems to collaborate on course design and delivery do not align. This can be due to misunderstandings of the attributes and merits of education models and the philosophy of each sector and hinders credit recognition. Overall, students suffer inconvenience and loss of prior learning.

This is reflected within the current Australian Qualifications Framework (AQF), where guaranteed credit is limited to level one to three and thereafter complex credit arrangements apply and rely on the cooperation of individual institutions, often in a way that is unclear to students and those wishing to pursue further learning.

Opportunities and areas for reform

Increasing the connection and relationship between the VET and higher education systems provides strategic opportunities for reform. Sector reform needs to consider re-defining the existing relationships between the sectors and leveling the playing field.

The negotiation of a new National Skills Agreement (NSA), and the parallel engagement by state and territories with the Commonwealth on higher education reform through the Universities Accord process, provides an opportunity to support greater two-directional movement between VET and higher education. Victoria's move to broaden eligibility settings that were approved in 2022, removing the requirement for individuals to "upskill" to access subsidised vocational training, has introduced greater flexibility to study across the sectors. The Victorian Government will continue to advocate through the NSA for sufficient funding to ensure that the state can maintain these broader eligibility settings.

The Victorian Government supports actions that will lead to better integration of the VET and higher education systems, including:

¹⁸ Australian Government Department of Employment and Workplace Relations, *Australia's current, emerging and future workforce skills needs 2022*, 2022, accessed 4 April 2023.

¹⁹ J Macklin, *Future Skills for Victoria: Driving collaboration and innovation in post-secondary education and training*, Figure 4, October 2020, accessed 4 April 2023.

- Streamlining the approach to career planning and post-secondary admissions

The Victorian Government's aim is to put students at the centre of the education and skills ecosystem and to provide potential students with education options that lead to their preferred occupation, regardless of whether this is via higher education or VET courses.

Currently, career planning tools require a VET versus university choice to be made upfront to access information. There is an opportunity to establish a consistent application process for VET and higher education, ensuring sector-neutral, industry-rich career advice is converted into action by the potential student.

The Victorian Tertiary Admissions Centre (VTAC) currently allows potential university students to research courses and apply to multiple institutions through one process, whereas potential VET students are typically required to contact each TAFE or Registered Training Organisation (RTO) individually, in different ways and at different times.

A refreshed and integrated application system and admissions process for school leavers and adult learners would allow learners to focus on their professional purpose and occupational goals and be confident they will get advice on the best pathway, whether it be VET or higher education, while leveling the playing field for VET providers.

- Implementing the findings from the AQF review

Professor Peter Noonan's 2019 Review of the Australian Qualifications Framework highlighted a number of problems with the existing approach. This included the overly rigid structure of the AQF that hampers the distinction between qualification types at the same level. This structure also imposes definitions that may undervalue some VET qualification types.

The Victorian Government agrees with the findings from this review that AQF reform could be used as a tool to address the underlying 'perception barrier' that tends to discourage tertiary students from enrolling in VET courses, by highlighting the role and value of individual qualifications, rather than their place in a levels-based hierarchy. For example, examining courses on the basis of complexity and volume of learning (in hours) would see a Certificate 3 in Electrotechnology be grouped with a bachelor's degree. AQF reform could also be used as an effective way to communicate to VET students their ability to transfer credits towards a higher education qualification.

Of more significance, a revised AQF could provide a platform that reflects the skills needs of the 'knowledgeable practitioner' – the blend of knowledge and skills. This is explained by Professor Valerie Braithwaite in her report on regulation for vocational education: "*As boundaries (between sectors) blur, the common elements of learning and teaching across sectors become clearer; discovering and imparting knowledge, discovering and sharing applications of knowledge, and serving students through building their confidence and interest in lifelong learning.*"²⁰ It would mean the best attributes of vocational education and higher education are reflected in high quality and relevant learning and skilling suited to future skills.

The Victorian Government is keen to work with the Commonwealth to implement a revised AQF as recommended by the review panel.

²⁰ Australian Government Department of Employment and Workplace Relations, *Review of the National Vocational Education and Training Regulator Act 2011 report*, 2018, accessed 3 April 2023.

- Increasing flexibility to support cross-system enrolments

The Victorian Government aims to create a two-directional pathway between VET and higher education, encouraging students completing VET studies to build on their knowledge and skills through pursuing higher education and also encouraging higher education graduates to diversify their skills and employability through undertaking VET courses. Greater flexibility in pathways between VET and higher education creates opportunities for university graduates to undertake further vocationally oriented training that aligns with their career objectives or their employer's needs, or even 'reverse articulation' as part of a pattern of life-long education.

A place-based approach, with partnerships between local TAFEs and universities particularly in regional areas, has been shown to support entry by under-represented cohorts and increase graduate supply to meet regional skills and workforce needs. The Victorian Government would welcome further consideration of opportunities to formalise such partnerships, including through dual enrolments in related VET and higher education courses, and to resolve any funding issues raised by such approaches.

A practical way to achieve increased flexibility to support cross-system enrolments could be via the new National Skills Agreement (NSA). A constraint on seamless transition between VET and higher education is that while prior vocational learning can be recognised and credited in a higher education course, the reverse does not apply. For example, a student may complete two years of a three-year bachelor program but receive no recognition of this prior learning when transitioning to a VET course.

- Putting TAFEs at the centre of the VET system and better integrating VET and higher education

The Victorian Government welcomes the Commonwealth Government's commitment to put TAFEs at the centre of the VET system and better integrate VET and higher education.

An example of Victoria's efforts to create a more integrated VET and higher education system is observed through recent reforms making it easier for Victorians to reskill regardless of their previous studies or qualifications. From 1 January 2023, the state removed the previous 'upskilling' eligibility requirement to access Free TAFE and other government subsidised training. We also removed the once-in-a-lifetime limit on Free TAFE, allowing Victorians to undertake multiple Free TAFE courses, provided they are continuing their studies within priority training pathways. These changes to the eligibility rules are in line with the *2021 Skills for Victoria's Growing Economy Review*.²¹

Relaxing the eligibility requirements for VET supports greater flexibility in pathways between VET and higher education. This creates opportunities for university graduates to undertake further vocationally-oriented education and training that aligns with their career objectives or their employer's needs,

One approach to putting TAFE at the centre of the VET system would be to establish TAFE as a distinct category of training provider through the introduction of Provider Category Standards in the VET sector, corresponding to that of universities. This change could make way for a clearer recognition of the role of TAFE as the public VET provider and more strategic and structured collaboration between the two public provider categories, on products, pathways and delivery.

²¹ J Macklin, *Future Skills for Victoria: Driving collaboration and innovation in post-secondary education and training*, October 2020, accessed 4 April 2023.

Recommendation 3

That the Commonwealth Government considers policy funding and regulatory reform to better support connections between the VET and higher education sectors, including:

- a. Supporting careers advice, including through the admissions process, for students in the two sectors, promoting advantageous pathways between them.
- b. Further integrating and centralising VET and higher education admissions processes to support a more holistic experience for students transitioning to post-secondary education.
- c. Broadening and streamlining credit recognition within and between VET and higher education courses in line with the findings of the AQF Review in 2019.
- d. Through the new National Skills Agreement (NSA) and through the Universities Accord, supporting greater two-directional pathways between the VET and higher education systems..
- e. Continuing to work with state and territory governments on national skills reform that places TAFEs at the centre of the VET system.
- f. Introducing Provider Category Standards in the VET sector, distinguishing the role of TAFE as the public VET provider to mirror (in the VET sector) the role of universities as the public higher education provider
- g. Delivering parity of income-contingent loans for students in the two sectors.

Theme 4: A system that delivers new knowledge, innovation and capability

a. Investment in industry-relevant research promoting commercialisation

Victoria's universities play a key role delivering research and innovation with potential to translate into commercial outcomes and lead to more jobs for Victorians. Further, through their international research partnerships, universities act as gateways for Australian (and Victorian) global engagement priorities.

Victoria is home to some of the world's leading scientific, digital and knowledge institutes, with important research connections across the globe. Large-scale research and development (R&D) infrastructure in Victoria includes major research facilities such as the Australian Synchrotron, the Australian Nanofabrication Facility, Carbon Nexus, Data 61, Oceana Cyber Security Centre and the CSIRO Food Innovation Centre.²² Melbourne is the world's third most innovative city according to the Intelligent Community Forum (ICF) Innovation Ranking and home to a booming ecosystem of multi-sector research institutes and networks.

Victoria's universities operate within this strong R&D ecosystem, with the Victorian Government providing the most funding support of any Australian state or territory. The Victorian Government and its universities have collaborated on large-scale R&D infrastructure and facilities such as the Doherty Institute, the Australian Nanofabrication Facility and mRNA Innovation Hub.

The Victorian Government looks forward to working with the State's universities to address the key challenges facing the state and to contribute towards delivering the Government's priorities. This includes research in areas such as health, pandemic preparedness, advanced manufacturing, clean economy and renewable energy transition, as well as technology transfer and commercialisation.

Greater Commonwealth support is needed for research funding, technology transfer and commercialisation.

As the discussion paper notes, on measures of successful research translation, commercialisation and academic entrepreneurship, the Australian system benchmarks poorly, underachieving significantly compared to OECD peers. There are significant market failures,

Breakthrough Victoria – Investing in innovation for impact

Independent investment fund manager Breakthrough Victoria (BV) was established in 2021 to manage the Victorian Government's \$2 billion *Breakthrough Victoria Fund*. BV supports companies to commercialise new technologies and innovations that will create jobs and investment in Victoria.


Innovation arising from the university and research sector is key to the innovative companies of the future. Recent BV investments include:

US quantum leader Infleqion (formerly ColdQuanta) to establish Infleqion's Asia Pacific headquarters, generate workforce skills in cold atom quantum technology and turbocharge quantum discoveries at the new Infleqion–Swinburne Quantum Technology Centre.

Kite Magnetics, an early-stage Victorian company spun out of Monash University. Kite Magnetics is developing groundbreaking materials for low weight, high efficiency electric motors which could revolutionise motors for vehicles and aircraft.

University Innovation Platform (UIP): BV has committed up to \$100M to establish pre-seed funds with Victorian universities, enabling university-driven translational research to access early-stage capital for proof of concept and prototyping. BV, in partnership with the University of Melbourne, launched the \$15M Genesis Pre-Seed Fund, the first fund announced under the UIP.

²² Invest Victoria, *Victorian Research & Development*, 2022, accessed 4 April 2023.



capability and Commonwealth funding gaps and high transaction costs impacting industry's access to and use of cutting-edge research infrastructure, resulting in low rates of business investment in R&D and relatively low rates of commercialisation.

Current funding mechanisms incentivise the pursuit of research rankings over innovation. Performance drivers need to be recalibrated to better incentivise and reward collaborative partnerships with industry and the public sector. The Australian venture capital, commercialisation and technology investment systems are somewhat less mature and smaller scale than other markets (e.g. US, Singapore). Improved incentives for the commercialisation of Australian research innovations need to accommodate this reality. The \$2 billion Breakthrough Victoria Fund is one ambitious response to this challenge.

In many disciplines there is no 'halfway house' in which academics can develop new technologies to the point where they begin to become commercially viable while staying in research.

While most Victorian universities have campuses in regional areas, research activity in these locations is not commensurate with regional Victoria's economic output and expectations for the development of new industries.

Opportunities and areas for reform

Increasing collaboration between industry, government and universities is critical to a national research strategy. To support and enhance successful research translation and commercialisation by sector, key opportunities and areas for reform include:

- *Continuous Commonwealth investment to underpin cutting edge research and development that can translate into industry development*

The Commonwealth Government is the largest source of research infrastructure funding, driving the national model requiring co-investment from research institutions and state and territory governments through the National Collaborative Research Infrastructure Strategy (NCRIS) fund and Medical Research Future Fund (MRFF).

One lever to enhance industry-research collaboration is providing greater access to shared advanced research technologies through the NCRIS and MRFF programs creating powerful drivers for industry to use the technologies through meaningful collaboration, rather than simply on a fee-for-service basis. The Victorian Government notes that setting leverage as a key performance indicator in the NCRIS program distorts merit-based decision making. Greater coordination with states is required to optimise industry engagement.

- *Incentives for researchers to engage with technology transfer, commercialisation and industry need to be enhanced*

Incentives for researchers, both as individuals and within the academic progression model of their own institution, are critical to stimulating a change in the balance of researcher focus. The emphasis on publication output and impact (as measured by citations) used in the Excellence in Research for Australia (ERA) initiative and various international ranking systems has reinforced the importance of those measures amongst institutions and individual academics. It is noted that the 2023 round of the ERA is not being conducted while the review of the ARC Act is underway.

Options are needed, such as the intermediate research laboratory concept - as practiced in Germany and elsewhere – focused on emerging technology areas, partly core funded by

government and partly funded through R&D contracts for customers, where staff are motivated to work flexibly across different projects and to commercialise rather than publish and teach.

- *Better integrating industry work experience in postgraduate and postdoctoral programs will support greater industry engagement*

Programs that better integrate industry work experience in graduate and postgraduate degrees and postdoctoral programs are needed, to support greater industry engagement.

The Victorian Government notes that timing is just as important as the types of incentives used to encourage industry research. Early-stage career researchers whose attitudes, behaviours and desire to participate in new experiences may be more receptive to incentives and opportunities to work with industry. For example, The Advanced Genomics Collaboration (TAGC), a joint initiative between Illumina and the University of Melbourne that is supported through the Victorian Higher Education State Investment Fund, funds the participation of 114 interns and higher degree students over five years to work with Illumina platforms. This will accelerate the commercialisation of biomedical research into a cluster of high-growth, high-tech start-ups within the Melbourne Biomedical Precinct.

- *Commercialisation and tech transfer resourcing needs to be lifted and standardised*

Having experienced and capable technology transfer professionals is instrumental to the success of a university's tech-transfer office, whether that be managing intellectual property or licensing.

Knowledge Commercialisation Australia (KCA) is the peak body leading best practice in industry engagement, commercialisation and entrepreneurship for Australian research organisations. KCA has developed a detailed Technology Transfer Professionals (TTP) Capability Framework that would assist individual TTPs to assess their performance as well as organisations to more accurately assess the overall level of their organisational outcomes.

- *Moving from technology push to effective transfer*

Commonwealth programs have largely focused on supporting universities and other research organisations to “push” their discoveries into the commercialisation process in the hope that by increasing the pipeline of valuable Intellectual Property (IP), they will attract investment and become commercialised.

Some programs such as the Cooperative Research Centre grants have assisted large companies to jointly work with researchers to deliver large industry-led R&D programs. These

The Canadian Industrial R&D Internship Program (IRDI): matches graduate students and post-doctoral fellows with private sector host organisations for private sector research internships. The interns work on research projects jointly developed by the private sector host organization and their academic supervisor.

The European Research Council: offers European Industrial Doctorates, where a research student spends at least 50% of the research program in the private sector and Innovative Doctoral programs, where the research institution offers innovative research training with international, public-private sector or interdisciplinary dimensions in partnership with other organisations.

The Australian Postgraduate Research Intern (APR.Intern): the Australian Mathematical Science Institute provides the only Australian national industry internship program for PhD, other Doctoral and Masters by Research students that spans all sectors and disciplines. Intermediaries like APR.Intern play a critical role in strengthening industry-university collaboration and accelerating STEM innovation. The program streamlines the process of matching industry challenges with suitable research students.

programs, however, are not suited to small SMEs who are resource-poor, potentially limiting participation to small R&D projects that can be completed relatively quickly. Funding is needed for startups and small businesses across technology areas and markets to stimulate technological innovation, meet federal research and development needs and increase commercialisation to transition research and development into impact.

Public investments are most effective when they assume the risk as first-movers and sufficiently lower the risks for the private capital markets to follow suit. However, involving the private sector early is key. Through its lead foreign direct investment agency, Invest Victoria, the Victorian Government notes large international companies are attracted to invest capital and talent through R&D partnerships with higher education offering mutual benefits. Without private sector investment and involvement, no amount of public investment can support the innovation ecosystem; it would simply be unsustainable.

- Increased support for universities and university campuses in regional Victoria

Victoria's regional economies have unique strengths and face skill shortages. They also face high expectations, particularly in the chosen Renewable Energy Zones, to generate, store and transmit most of Victoria's energy in the coming decades from renewable sources, using various, emerging technologies.

Investing in research at universities located in these areas will help develop the skills and innovation required to help these fledgling industries succeed.

- Support for sustainable career development for researchers

A key piece of infrastructure in Australia's research and commercialisation ecosystem is open-ended funding for early career researchers not tied to project proposals. While the Commonwealth funds around 200 Discovery Early Career Research Awards (DECRA) annually, these are still tied to project proposals.

This promotes academic research but provides limited incentive for early career researchers to pursue research commercialisation. Without reward or recognition, research translation is discouraged. Research commercialisation can be seen as a distraction from fulfilling requirements for academic promotions based on research and teaching.


To run a company, an early career researcher must write fewer papers, but in a system where academic research determines promotions, commercialisation can be considered risky for an academic career. This creates structural disadvantage for early career researchers, thereby limiting their participation in research commercialisation.

The Victorian Government supports the NTEU proposal in its submission to the ARC review that early career researchers be allowed to draw salary from Discovery grants and recommends the Commonwealth consider expanding support for early career researchers.

Recommendation 4

That the Commonwealth Government considers reform initiatives in the national research system including:

- a. Improved access for industry stakeholders and state and territory governments to shared and collaborative advanced research technologies through the National Collaborative Research Infrastructure Strategy (NCRIS) and Medical Research Future Fund (MRFF) programs.

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- b. Adjustments to funding streams to improve incentives for translation and commercialisation.
 - c. Industrial and innovation policy models that support stakeholders to tackle the 'grand challenges' facing modern societies - i.e. mission-guided entrepreneurial self-discovery.
 - d. Improved support for regional universities to undertake nationally significant research, including encouraging metro-headquartered universities to stimulate more research activity and income at regional campuses.
 - e. Increased support for early-career researchers to undertake industry-based placements and other professional development to build capacity for research translation and expand other financial support for the sustainability of researchers' careers.

Theme 5: Creating opportunity for all Australians

a. Improving access and participation in higher education among under-represented cohorts.

Tertiary education is a key driver of employment and income, with graduates enjoying incomes around 60% higher than those without tertiary qualifications.²³ The 2019 *National Regional, Rural and Remote Tertiary Education Strategy* also recognized that improving tertiary education outcomes in regional, rural and remote areas provides substantial benefits to individuals, regional and remote communities and the nation as a whole, leading to increases in productivity.²⁴ More recently, the Productivity Commission's interim report "*From Learning to Growth*", had a strong focus on the value that education provides not only to students but to the broader community.²⁵

The Accord Panel's discussion paper notes that 17% of higher education students across all Australian universities were from a low SES background, 2.4% were First Nations Australians, 21% were from regional or remote areas, and 9% were students with disability. The data for the Victorian higher education sector indicates similar percentages of students from low SES backgrounds (13%) and students with disability (9.8% compared to 17% of all Victorians) accessing higher education. However, the Victorian percentage of students from Indigenous backgrounds (1.13%) and regional or remote areas (16.06% compared to 23% of all Victorians) were both lower than the national average.²⁶

The rates of Indigenous students enrolling in and completing higher education, both nationally and in Victoria, has been increasing over the last decade. At the time of the 2021 Census, 8.1% of Australia's indigenous population was living in Victoria and 1% of Victoria's population was indigenous.²⁷ Indigenous students enrolled in HE as a percentage of all Victorian domestic students was 1.02% in 2021, compared to 0.64% in 2009, and Indigenous students completing a higher education qualification as a percentage of all Victorian domestic students was 0.71% in 2020, compared to 0.32% in 2009.²⁸

The Victorian Government supports reducing barriers that prevent under-represented cohorts from accessing and successfully completing higher education studies. The State has a strong commitment to equity and access to education and proposes that a coherent approach which offers targeted and culturally specifically supports should be led nationally in order to have the greatest impact.

Inequity in accessing and successfully completing higher education continues to exist for certain groups of students, including those from Indigenous backgrounds, regional and remote communities and students with disability. Data for 2021 enrolments confirms that, while the numbers of students engaged in higher education has increased at the national level for

²³ Australian Government Department of Education, *Job Ready Graduates Package*, 2022, accessed 4 April 2023.

²⁴ D Napthine, *The National Regional, Rural and Remote Tertiary Education Strategy - final report*, Australian Government Department of Education, 2019, accessed 4 April 2023.

²⁵ Australian Government Productivity Commission, *5 Year Productivity Inquiry: From learning to grown – Interim report 5*, 2022, accessed 4 April 2023.

²⁶ Australian Bureau of Statistics, *Australia: Aboriginal and Torres Strait Islander population summary*, 2021, accessed 4 April 2023.

²⁷ Australian Bureau of Statistics, *Australia: Aboriginal and Torres Strait Islander population summary*, 2021, accessed 4 April 2023.

²⁸ Australian Government Department of Education, *Higher Education Statistics, Section 6 Indigenous students*, 2021, accessed 4 April 2023.

Indigenous students and students with disability, it has decreased for those from low SES backgrounds and those from regional and remote areas.²⁹

Opportunities and areas for reform

Submissions to the Universities Accord suggested a variety of mechanisms to support access for underrepresented cohorts' entry into higher education.³⁰ The submissions also acknowledged that, while previous policy changes have led to increases in students from under-represented cohorts accessing higher education, this has not resulted in higher rates of completion by these groups.

Victoria strongly supports national initiatives that increase access, participation and completion among under-represented cohorts, including initiatives to support:

- ***Aboriginal Victorians***

The Victorian Government is committed to working collaboratively to understand the priorities and aspirations of Victorian Aboriginal communities and ensuring that community and government are working towards shared goals. The Government's approach to Aboriginal affairs is guided by the Victorian Aboriginal Affairs Framework 2018-2023 (VAAF). The Framework is underpinned by self-determination. Treaty is Victoria's key vehicle to embed self-determination. This is a process that recognises the sovereignty of First Peoples – providing a path to negotiate the transfer of power and resources for First Peoples to control matters which impact their lives. The Victorian Government is now legally bound to negotiate Statewide and Traditional Owner treaties over a variety of subject matter, in accordance with the Treaty Negotiation Framework.

The Government supports the following measures reflected in a range of national agreements and Victorian Government policies:

- Target 6 in the National Agreement on Closing the Gap: By 2031, increase the proportion of Aboriginal and Torres Strait Islander people aged 25-34 years who have completed a tertiary qualification to 70%.³¹
- Objective 7.1 under the under the Victorian Aboriginal Affairs Framework 2018-2023: Increase the proportion of Aboriginal young people in work or further education.³²
- Commitments included in the Victorian Government's Marrung: Aboriginal Education Plan 2016-2026.³³ Through this plan, the Victorian Government aims to increase the percentage of Aboriginal and Torres Strait Islander people in work and tertiary education and aims to achieve a range of outcomes including:

²⁹ Australian Government Department of Education, *Higher Education Trends – Chart Pack*, Indigenous; Non-English Speaking Background; Disability, and Low Socio-Economic Status (SES); Regional and Remote data sets, 2022, accessed 4 April 2023.

³⁰ Nous Group, *Nous Group consultation report*, Australian Government Department of Education, 2023, accessed 22 February 2023.

³¹ Australian Government Productivity Commission, *Socioeconomic outcome area 6*, 2022, accessed 4 April 2023.

³² Victorian Government First Peoples – State Relations, *Victorian Aboriginal Affairs Framework 2018-2023*, 2019, accessed 4 April 2023.

³³ Victorian Government Department of Education and Training, *Marrung – Aboriginal Education Plan 2016-2026*, 2016, accessed 4 April 2023.

- Koorie learners transition successfully into further education and employment.
- Koorie people have opportunities to access education at all stages of life.

In addition, the Toorong Marnong Higher Education Accord is jointly auspiced by the Victorian Aboriginal Education Association (VAEAI) and the Victorian Vice-Chancellors' Committee (VCCC). It aims to develop ways in which the nine Victorian universities can co-operate to enhance their engagement with Koorie communities. The Accord was initiated to improve higher education retention rates and outcomes for Indigenous students. Through the Toorong Marnong Accord, the key program areas focus on increasing participation, increasing retention, celebrating success and monitoring effectiveness.

The Victorian Government notes that all Victorian universities provide Aboriginal students with dedicated supports, including culturally safe campus spaces, and recognises the critical importance of these practices. Victorian TAFEs also provide culturally specific and appropriate supports via Indigenous Education Centres.

- *Students with disability*

Inclusive Victoria is Victoria's disability plan (2022-2026).³⁴ It sets out actions to allow the Victorian Government to meet its obligations under the United Nations Convention on the Rights of Persons with Disabilities. It is also Victoria's implementation plan for achieving outcomes under Australia's disability strategy (2021–2031).

One of the key priorities of the plan is to ensure that learners with disability have access to training and job-based education and that supports focus on inclusiveness instead of barriers to access.

- *Regional and remote students*

Notwithstanding the view that the current number and distribution of university campuses and course offerings across the state is reasonably strong, accessibility to higher education remains a barrier for many regional Victorians. According to the *On Track* report of the Victorian Department of Education, having to leave home has been cited as a significant reason for delaying post-school education in regional Victoria.³⁵ For example, in 2018 in East Gippsland and Wellington Shire, of those who deferred university, 56% did so because they would have to move towns.

Victoria currently provides funding for regional and remote students to attend VCE revision lectures, for secondary schools to work together to strengthen senior secondary curriculum delivery and outreach and virtual programs that enable students to undertake placements or work integrated learning within their communities.

- *Young people in out of home care*

Young people currently in or transitioning from out-of-home care (OoHC) represent some of the most marginalised in our community, often presenting with a history of abuse, suffering from loss of belonging, experiencing family breakdown, mental health problems, drug and alcohol abuse and many other difficulties. Young people with an OoHC experience often have a higher likelihood of encountering physical and mental health challenges that are linked to poorer social, educational and employment outcomes. An average of 10,300 young people in

³⁴Victorian Government, Department of Families Fairness and Housing, *Inclusive Victoria: state disability plan (2022–2026)*, March 2022, accessed 4 April 2023.

³⁵Victorian Government, Department of Education, *On Track survey*, accessed 4 April 2023.

Victoria encounter the OoHC system at any given time. Of this total, around 2,000 are younger than five. Moreover, only a fraction of young people with an OoHC experience will engage in post-secondary education.

This cohort of young people are currently not listed as an equity category recognised by the Commonwealth Government. As such, universities do not receive targeted funding under the Higher Education Participation and Partnerships Program (HEPPP) to support this vulnerable cohort of students.

- *Asylum seekers and refugees*

The Victorian Government is committed to helping asylum seekers who have significant challenges, including limited resources, to reconnect with education and training.

The Asylum Seeker Vocational Education and Training (ASVET) program provides eligible asylum seekers and refugees granted temporary residence an exemption from the citizenship or residency eligibility criteria required for participation in a Victorian Government-subsidised Skills First training course.³⁶ They are also eligible to enroll in Free TAFE courses.

It is recommended that consideration be given to expanding the eligibility criteria for CSP and HELP funding for all persons residing in Australia who have applied for a protection or a humanitarian visa in Australia and those already granted with a protection or humanitarian visa who are not prohibited from studying. Specifically, consideration should be given to extending access to:

- Refugee holders subclass 866, 200, 201, 202, 203, 204 visas
- Asylum seeker holders of TPV, SHEV, Temporary Humanitarian Stay (subclass 449) visa
- Temporary Humanitarian Concern (subclass 786) visa or those who have made an application under s.417 or s.48b of the Migration Act 1958 (CT) which is yet to be determined and holds a bridging visa.
- Exemptions are offered to asylum seekers on all bridging visas (A-F), aligning with arrangements in NSW.

Recommendation 5.1


That the Commonwealth Government works with state and territory governments to establish agreed targets for participation and completion of higher education among under-represented cohorts.

Recommendation 5.2

That the Commonwealth Government considers policy, funding and regulatory reform to increase access and participation in higher education among under-represented cohorts, including:

- a. Improved alignment and coordination with comparable Victorian Government programs and policies supporting under-represented cohorts.
- b. Increased culturally appropriate and cohort specific supports to enable students to successfully complete studies leading to employment and/or further education outcomes.

³⁶ Victorian Government, Department of Education, *Asylum Seeker VET program*, accessed 4 April 2023.

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- c. Review the Jobs Ready Graduates (JRG) rules relating to low completion rates that disadvantage students from under-represented cohorts.
 - d. Consider expanding the eligibility criteria for Commonwealth Supported Places (CSP) and Higher Education Loan Program (HELP) funding for all persons currently residing in Australia who have applied for a protection or a humanitarian visa in Australia and those already granted with a protection or humanitarian visa who are not prohibited from studying.
 - e. Adding young people presenting with an out of home care experience as an additional category under the Higher Education Participation and Partnerships Program (HEPPP) to ensure universities can apply for targeted funding to support this specific cohort of vulnerable students.

Theme 6: Governance, accountability and community

a. Shared decision making between the Commonwealth and state and territory governments on higher education matters

The Commonwealth and Victorian Governments each have legislation governing the higher education sector but perform quite different functions. Victoria's public universities are formed under their own individual Acts of Parliament. Under the enabling legislation, the Victorian Government has a range of powers and responsibilities, including:

- Making appointments to university councils
- Tabling universities' annual reports in Parliament
- Ensuring enduring public benefit from land owned by universities
- Achieving fiscal sustainability through prudent borrowing approvals, and
- Approving university statutes made by university councils.

The Victorian Government notes that, under current arrangements, there is no ability for the state to hold universities to account for matters such as employment outcomes, or ensuring universities meet Government and community expectations.

Despite this, the Victorian Government has been engaging with universities on higher education workforce issues, including underpayment and insecure work and seeking assurances on how each institution is addressing these matters. The government has also engaged with universities with respect to student safety, particularly considering the results reported in the 2021 National Student Safety Survey.

Moreover, the absence of any formal powers or evidence-based mechanism that aligns university course delivery with Victorian Government workforce priorities - both current and emerging –limits Victoria's engagement with the post-secondary sector to address these important issues.

The Victorian Government is committed to increased diversity and representation of people with relevant lived experience on university councils. Diversity of skills and expertise, and the perspectives and lived experiences of people from different backgrounds, contribute to good governance and help ensure that boards are making decisions in the interests of the community. Through the Victorian Government's legislative powers to make government appointments to university councils and the commitment to increasing diversity on public boards, the Government is working with the state's universities to promote more diverse appointments and welcomes the cooperation of the Commonwealth Government in these efforts.

Opportunities and areas for reform

The Accord provides an opportunity to explore how the Australian higher education governance and regulatory system can more effectively hold universities to account while assisting to meet the needs of the state in which they serve as critical contributors to and leaders in society and the economy.

The Victorian Government recommends the Commonwealth Government establish, through the Australian Universities Accord, formal and permanent roundtable forums for dialogue and

shared decision making on higher education matters among Commonwealth, state and territory governments at the ministerial and senior official level.

The Victorian Government does not support the referral of its powers relating to universities and supports the current shared responsibilities for governance and regulation between the Commonwealth and the states and territories.

b. Improving universities' accountability as employers

The issues of wage underpayments and casualisation of staff in the higher education sector are long standing.

The Discussion Paper notes that the numbers of casual staff employed at universities have continued to trend upwards and highlights stakeholder concerns about insecure work and underpayment in the higher education sector, particularly for casual or sessional staff.

The lack of stable funding for the higher education sector from the Commonwealth Government has contributed to increased casualisation, with universities seeking reduced overall labor costs and increased flexibility to respond to changing student numbers.

Following regular self-reports from universities of significant underpayments, the university sector was added to the Fair Work Ombudsman's 2022-23 compliance and enforcement priorities.³⁷

The *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022* introduced limits on the use of fixed term contracts that may have implications for the use of these arrangements in the university sector. Further planned changes to workplace laws announced by the Commonwealth Government for the second half of 2023, including a statutory definition of casual employment, may also have implications for the sector.

The Victorian Government has engaged regularly with Victorian Vice-Chancellors on these issues, highlighting the Government's concerns and expectations of universities' compliance with their legal obligations while noting the regulation of university employment, including casual work, is the responsibility of the Commonwealth Government.

Opportunities and areas for reform

Responding to insecure work and ensuring compliance with employment obligations is a priority for the Victorian Government with recent Victorian Government initiatives, including:

- New wage theft laws and the establishment of Wage Inspectorate Victoria³⁸
- Fair Conduct and Accountability Standards and Gig Worker Support Service³⁹
- The pilot Sick Pay Guarantee⁴⁰
- A new labor hire licensing scheme and establishment of the Labor Hire Authority⁴¹
- The Victorian Fair Jobs Code.⁴²

³⁷ Australian Government, *FWO announces 2022-23 priorities*, Fairwork Ombudsman, 22 June 2022, accessed 4 April 2023.


³⁸ Victorian Government, Department of Premier and Cabinet, *Victoria's wage theft laws*, 13 December 2022, accessed 4 April 2023.

³⁹ Victorian Government, Department of Premier and Cabinet, *Inquiry into the Victorian On-Demand Workforce* October 2022, accessed 4 April 2023.

⁴⁰ Victorian Government, *Sick Pay Guarantee*, accessed 4 April 2023.

⁴¹ Victorian Government, *Labour Hire Licensing Authority*, accessed 4 April 2023.

⁴² Victorian Government, Department of Jobs, Skills, Industry and Regions, *Fair Jobs Code*, August 2022, accessed 4 April 2023.



The Victorian Government's expectations extend beyond institutions' narrow legal obligations and include an understanding that universities will demonstrate the highest ethical standards as leaders and major employers in the Victorian community.

The Victorian Government recommends as an initial measure that the Accord process be used to secure a commitment from the university sector to adopt more secure employment practices and prioritise compliance with workplace laws.

The Victorian Government also recommends the Commonwealth Government address these workforce issues through stable funding sources for the sector, good governance and increased accountability, including through the collection of workforce data in university reporting mechanisms.

c. National regulation of TAFE and universities

Australian providers operating in both VET and higher education pay a high price of regulation duplication, when both sectors seek out high quality education outcomes through providers operating with integrity and with student and industry interests at the core of their operation.

Skills and learning needed for the future is a mix of deep knowledge and applied learning, often drawing on the best of the VET and higher education approaches. While maintaining safeguards for high quality training and education, a revised approach to assuring quality in post-secondary education and training could be contemplated. This would not diminish the specific needs for quality oversight of dedicated higher education learning, nor skills attained through VET that often must ensure public safety and safety of VET qualified workers through regulation.

Opportunities and areas for reform

In the case of TAFEs as entities of the state, consideration could be given to one oversight body. The self-assurance model that is being rolled-out in the VET sector, including for TAFEs, sets a precedent for one body assuring all TAFE quality education outcomes. Through self-assurance, the one body can satisfy itself that measures expected of quality VET are in place, in addition to the higher education standards it administers.

Proposals for an elevated role for TAFE at the centre of the national VET sector and implementing the principles for the National Skills Agreement will require a different approach to regulation, supplemented by revised governance of TAFEs. The reform of regulatory approaches in the VET sector will potentially provide efficiencies and encourage working relationships to be built with universities including to recognise credit between TAFEs and higher education, which could be extended to other providers as the model matures.

A national regulatory system in which RTOs have Provider Category Standards comparable to those for higher education providers would formally recognise the distinct role of TAFE relative to other RTOs and could be the first step in revised regulatory approaches.

d. Promoting universities as community anchor-points in precincts, regions and suburban growth areas

The higher education sector in Victoria has evolved over more than 160 years, responding to a range of historical, economic and social forces. There are 10 universities operating under Victorian legislation including eight public universities, one private university and one multi-jurisdictional university. Four of the State's universities are dual-sector institutions, offering VET and higher education qualifications. There are also around 25 non-university providers of

higher education including Institutes of Higher Education and University Colleges. The state's TAFEs are also increasingly diversifying their course delivery and becoming significant providers of higher education in Victoria.

The Victorian Government considers the current range of universities and other higher education providers operating in the state is appropriate to meet the future economic and social needs. It also presents Australian and international students with access to an appropriate choice of institutions in terms of course offerings, specialisation, size, location and accessibility.

With campuses of Deakin, Federation, La Trobe and Monash Universities as well as the University of Melbourne located in regional centres such as Geelong, Ballarat, Bendigo, Wodonga, Shepparton, Mildura, Warrnambool and Traralgon, there is a reasonable coverage across most areas of the state, with the exception of the far eastern areas of Gippsland. Regional centres benefit greatly from the presence of universities and, in some instances, campuses are co-located with local TAFEs and engage with local industry for professional placements and work-integrated learning opportunities.

In the context of the rapid growth of some areas of metropolitan Melbourne and in Victoria's' regions, the state anticipates provision may need to be made to plan for growth of some existing campuses and transport.

The Victorian Government's investment in the Suburban Rail Loop (SRL) is expected to play a significant role in connecting students and other travelers to suburban campuses in Clayton, Burwood, Bundoora, Sunshine and Werribee. Other services may need focused and coordinated planning measures between the Commonwealth and State Governments over a 10-, 20- and 30-year time horizon.

In many locations across the state, universities act as anchor-points in Victorian Government precinct development plans. For example, the University of Melbourne will be a major presence in the Fisherman's Bend Innovation Precinct on the former General Motors Holden site. The site is being transformed to create an investment-ready, world-class, advanced manufacturing, engineering and design precinct with the university confirmed to relocate its Engineering and Design Campus to the site in 2025.

Innovation-led precincts are increasingly recognised as engines of growth that create quality, high paying jobs. Universities support and partner with leading-edge institutions, clustering and connecting with startups, business incubators, accelerators and investors, to spur new ideas for products and services. For biomedicine particularly, in places such as Parkville, universities contribute to rich innovation ecosystems by attracting companies, research institutes and health services. This helps to attract researchers and research funding and translate ideas into practice. Universities also serve a crucial role in suburban and regional precinct locations, reinforcing the combination of skills, sector and industry development in place as a critical enabler for future economic growth and opportunity.

Universities are critically important in creating and supporting innovation as part of regional innovation ecosystems.

- a. Deakin University's Geelong Future Economy Precinct in Waurn Ponds is home to a range of hubs supporting industry and innovation. Hubs include ManuFutures, an advanced manufacturing hub and the Future Fibres Hub, which develops novel fibre technologies to facilitate more sustainable advanced manufacturing of fibre materials.
- b. The Mallee Regional Innovation Centre (MRIC) which is a joint venture between Melbourne University, La Trobe University and SuniTAFE. MRIC provides a service whereby local industry problems (in Mildura and Swan Hill) are matched to researchers in either of the two universities to support collaborative solutions

Opportunities and areas for reform

Universities and TAFEs support workforce development, participation and higher incomes in regional Victoria. Regions with large universities are more likely to have more educated workforces. This has broader impacts on the economy of the region. People who have completed undergraduate degrees and above are more likely to have higher incomes and to participate in the labour force. Furthermore, the Quality Indicators for Learning and Teaching survey (2022) suggests people in the regions are more likely to use their skills and education from university in their careers than people living in Melbourne.⁴³

Moreover, universities have a responsibility to connect with their local communities, providing opportunities for cultural engagement and other activities. Victoria University, which has a strong focus on serving the needs of communities in the western metropolitan areas of Melbourne, has worked with local councils and community organisations to develop the VU in the Community outreach programs, connecting with communities around its campuses in Footscray, Sunshine, St Albans, Werribee and Melton.

In regional Victoria, universities can also help meet immediate and longer-term community needs. For example, Gippsland has an identified shortage of allied health professionals. With the support of Government, Federation University has established bachelor level courses in allied health (including occupational therapy and physiotherapy) delivered in the region. This will support 30-60 qualified professionals within four years and an immediate beneficiary will be the Latrobe Regional Hospital, with students undertaking training and local placement hours there over the course of their studies. The presence of regional universities to meet the skills needs of regional areas is especially important, as 80% of students who leave regional areas for study never return, whereas roughly three-quarters of students who stayed in regional areas to study continued to live in regional areas five years after the completion of their studies.⁴⁴

Recommendation 6.1

- a. That the Commonwealth Government establish, through the Australian Universities Accord, formal and permanent roundtable forums for dialogue and shared decision making on higher education matters among Commonwealth, state and territory governments at the ministerial and senior official level.
- b. That the Commonwealth Minister for Education and the Commonwealth Minister for Skills and Training with their state and territory counterparts, actively connect work on the Universities Accord and the National Skills Agreement.

Recommendation 6.2

That the Commonwealth Government continues to work with state and territory governments to support the transition to more secure employment practices in the university sector, including:

- a. Alignment of relevant state and federal industrial laws.
- b. Improved higher education workforce data sharing.

⁴³ Australian Government Department of Education, *2022 Graduate Outcomes Survey*, 2023, accessed 4 April 2023.

⁴⁴ W. Mackey. *More regional Australians are moving to the city to study. Few return when finished*, Grattan Institute, 20 April 2019, accessed 4 April 2023.

Recommendation 6.3

That the Commonwealth Government coordinates closely with state and territory governments in long-term integrated planning for the provision of transport and other services to support the future growth of university campuses aligned with local plans in urban precincts and regions.

Theme 7: Quality and sustainability

Both the quality of the student experience – on campus and online - and the quality of education provided are paramount.

In addition, the Victorian Government reinforces the importance of senior secondary education as preparation for – and entry to – undergraduate degrees to ensure the sustainability of a quality university sector.

a. Transition from school to post-secondary education

Victoria is pursuing significant reform in senior secondary education, including to the senior secondary certificate framework and the approach to more broadly recognise student achievement after 13 years of schooling.

The Victorian Government supports diverse pathways into university and a diversification of approaches to recognising student achievement. We understand universities will, over time, review and amend selection requirements with the aim of enrolling students who have the attributes that will lead to successful course completion and employment outcomes.

However, it is important that these processes are transparent, publicised, do not undermine Year 12 completion or achievement, are available equally to all students and are aligned to curriculum taught in schools. In particular:

- Universities should work with jurisdictional curriculum authorities to ensure students are given opportunities to develop these desired attributes through their school education.
- Year 12 outcomes should be a key factor guiding university's undergraduate admissions decisions. Some universities appear to be trending away from the ATAR as a determinant of university entry for some degrees and are admitting students based on in-school results or choices prior to completion of Year 12 (including school subject choice, VET completion or NAPLAN scores). It is important to emphasise that university entrance requirements should be informed by the outcome of 13 years of schooling – including Year 12 – and unconditional prior offers that could undermine completion of, or achievement in, Year 12 should be actively discouraged.
- Access to university selection processes should be available equally to all students, regardless of which school they attend. For reasons of fairness and equity, it is important that universities' selection requirements are transparent, communicated clearly and applied consistently, and that universities do not enter special or favourable arrangements with schools or school sectors that reduce opportunities for other students.
- There is an opportunity to improve coherence across the higher education and training systems through a common approach to post-secondary entrance into universities and other training organisations, for example via a VTAC admissions process that includes a more comprehensive presentation of options that includes VET training through TAFE and other providers.

Opportunities and areas for reform

The Victorian Government recommends a review of universities' early offer practices in the context of national policies supporting senior secondary transitions to post-secondary education.

b. Staff and student safety – on campus and online

The Victorian Government has clear policies and targets to support and ensure the safety of all Victorians in the areas of human rights, family violence, multiculturalism and diverse communities and inclusivity for Victorians who identify as LGBTIQ+.

Ending Family Violence: Victoria's 10 Year plan for change is a key driver for state-wide family violence system reform in response to the recommendations and findings of the Royal Commission into Family Violence.⁴⁵

Victoria has a whole-of-government LGBTIQ+ strategy that provides a vision and plan to drive equality and inclusivity for Victoria's diverse communities.⁴⁶

The Victorian Government is also committed to ensuring Victoria's universities are inclusive environments, where people of all genders, sexualities and cultures are supported to thrive and feel safe. This is evidenced by programs that promote inclusiveness both on Victoria's campuses and in the broader community.

Victorian universities have policies, programs and charters to encourage student safety and diversity. They have clear expectations of what are considered appropriate behaviors from staff and students, and resources that contain this information are available online and in print. As part of their induction into Victorian universities, students are provided with details about the mechanisms and support available to report unsafe or discriminatory behaviors.

Victorian universities are committed to providing opportunities and eliminating discrimination for women and those identifying as LGBTIQ+. They are also committed to improving the safety of sexuality and gender-diverse students and have implemented a range of initiatives including awareness training, safe spaces for LGBTIQ+ students and Pride networks for staff and students. Universities also support international students experiencing financial hardship, accommodation issues, mental health issues and visa uncertainty. Victoria provides welfare and support services to onshore international students through the Study Melbourne Hub, Victoria.

However, the prevention and elimination of sexual misconduct and assault is a key challenge for the higher education sector. Legislative changes at both the Commonwealth and state level mean Victorian universities have strong imperatives to implement measures to prevent sexual harassment, discrimination and victimisation.

The 2021 National Student Safety Survey Results (NSSS) show sexual assault and harassment occur both on campus and in other non-university settings (such as casual jobs,

The Victorian Government has supported a range of initiatives for women in STEM and LGBTIQ+ students at Victorian universities through the Victorian Higher Education State Investment Fund, an unprecedented \$350 million investment in local universities.

- Projects that support women in STEM include the Victorian Hydrogen Hub at Swinburne University of Technology, the Zero Emissions Energy Lab at the University of Melbourne and the Hycel Technology Hub at Deakin University. All of these projects provide scholarships, research learning opportunities and internships for women.
- Projects that support LGBTIQ+ people include the Future of Work Lab at the University of Melbourne, which will research the implications of digital technologies for work and upskill women, Indigenous, CALD and LGBTIQ+ Victorians in STEM.

⁴⁵ Victorian Government, *Ending family violence - Victoria's 10-year plan for change*, December 2020, accessed 4 April 2023.

⁴⁶ Victorian Government, *Pride in our future: Victoria's LGBTIQ+ strategy 2022–32*, December 2022, accessed 4 April 2023.

public transport, social settings). The report found a high prevalence of sexual assault and harassment which was being under-reported by Australia's university students.

Based on the NSSS results, the Victorian university average in relation to the prevalence of sexual harassment (13.7%) and sexual assault (3.7%) was below the national average found in the report. (16.1% and 4.5%).

According to the NSSS, gender-diverse students were more likely to experience sexual harassment and assault than their male, female and heterosexual peers. Once again, Victoria's average (13%) was lower than the national average (22.4%).

Victoria's universities have been working collaboratively as well as taking individual steps to address instances of sexual violence on university campuses and among student cohorts. In the University of Melbourne's *Sexual Misconduct Annual Report 2022*, the university noted that while there had been an increase from four complaints made in 2021 to 20 in 2022, the NSSS data suggests under-reporting is still occurring and that greater communication is needed regarding the mechanisms and processes available to make reports.⁴⁷

The Victorian Equal Opportunity Act 2010 places a positive duty on education providers to eliminate discrimination, sexual harassment and victimisation. A person who discriminates or sexually harasses someone else is primarily responsible for their behavior, but there are instances in which schools or education providers may be held responsible for the actions of their staff.

Opportunities and areas for reform

In its response to the 2021 NSSS, Universities Australia (UA) highlighted the key areas it would commit to making changes in as well as areas for reform. Proposed commitments included continuing UA's partnership with *Our Watch* and the *Educating for Equality Program*. UA also committed to working with the office of the eSafety Commissioner to develop its toolkit for eSafety and programs to support universities develop whole-of-institution approaches to preventing and responding to cyber abuse.

c. Outsourcing to third-parties

Recent media reports indicate Australian universities have increasingly outsourced course delivery to third-party online program management companies (OPMs) that provide digital platforms for delivering courses and course management and support. Thirty-three of Australia's 43 universities employ OPMs to offer more than 850 online courses.

Course materials are often designed by university academic staff, but courses are delivered by the OPMs. Employees of the OPMs manage courses, and low-paid casual employees answer student emails and respond to online discussion boards.

Opportunities and areas for reform

The Victorian Government is committed to safeguarding students' interests and seeks assurances regarding the quality of education offered via OPMs, particularly as the higher education sector is a major pillar of the Victorian and Australian economies and the quality of Victorian and Australian higher education is a major drawcard for students.

The Commonwealth, through the Tertiary Education Quality and Standards Agency (TEQSA), has a role as the quality regulator of the sector.

⁴⁷ University of Melbourne, *Sexual Misconduct Annual Report*, 2022, accessed 4 April 2023.

Recommendation 7

That the Commonwealth Government:

- a. In consultation with state and territory governments, reviews universities' early offer practices in the context of national policies supporting senior secondary student transitions to post-secondary education.
- b. Continues to lead reform to promoting the safety of staff and students on campus and online.
- c. Strengthens the role of the Tertiary Education Quality and Standards Agency (TEQSA) to investigate the use of online program management companies (OPMs) by Australian universities to ensure courses delivered by OPMs meet the same quality standards as other higher education courses delivered by universities.

Theme 8: The role of international education

a. Supporting global competitiveness, innovation, quality and inclusion in the international education sector.

International education is Victoria's third largest export sector and largest services export. In 2019, prior to COVID-19, the sector generated \$13.7 billion in export revenue, comprised around half of Victoria's services exports, and contributed around 63,000 full-time equivalent (FTE) jobs in Victoria. In 2022, Victoria had around 223,000 international student enrolments. Universities have accounted for around 40% of Victoria's international enrolments over the past decade.

In addition to revenue and jobs creation, international education has many flow-on benefits for the Victorian economy. For example, the sector supports Victoria's aviation, accommodation and hospitality industries through goods and services consumption. International students are also critical to Victoria's cities and regions, bringing vibrancy and diversity to places and supporting more inclusive communities. International students and graduates are a pool of high-calibre talent that can make an important contribution to Australia's skills base and business needs.

International education is a global marketplace, with Australian universities in competition with countries such as the US, the UK, and Canada. If Australia's universities are to remain competitive over the next 20- to 30-years, it is essential the right policy settings are in place. The Australian Government holds many of the levers with potential to impact Australia's international education sector, including migration and border settings, education and skills policy including regulation, Australian bilateral relations, and management of the *Study Australia* national brand. As such, the Australian Government has a central role to play in ensuring the preconditions for a competitive and successful international education sector are realised.


Victoria's International Education Recovery Plan 2025 (the Recovery Plan) released in September 2022, outlines the Victorian Government's strategy to drive international education sector recovery and growth. Supported by \$52.9 million in funding over four years, the Recovery Plan articulates a vision of Victoria as a global leader in education, recognised for quality, innovation and inclusion. This vision is supported by three goals, five pillars, and 19 actions. Informed by extensive consultation across the international education sector, Victoria's International Education Advisory Council, and multiple tiers of government, the Recovery Plan reflects the Victorian Government's vision and strategy for the sector, including initiatives that will build Victoria's performance as a leader in education excellence and student experience in a post-pandemic context.

The impacts of COVID-19 on the international education sector were significant. In 2021, Victoria's education exports dropped to \$6.9 billion, a decline of 34% compared to 2020 and a decline of 50% compared to 2019.

In response to the impacts of the pandemic, the Victorian Government provided the largest support package of any Australian state or territory. Notable investments included the \$50 million International Education Resilience Fund and the \$350 million Victorian Higher Education State Investment Fund.^{48,49} Between 2020-2022, the Victorian Government also

⁴⁸ Victorian Government Press Release, *Backing Victorian Universities When They Need It Most*, 6 September 2021, accessed 4 April 2023

⁴⁹ Victorian Government, *Support package for universities*, accessed 4 April 2023.



provided \$2.5 million in food relief and, through the Study Melbourne Hub Victoria, supported more than 10,000 students with case work, legal aid, financial relief and referrals.

There are positive signs that Victoria is well positioned to return to growth. As at 13 March 2023, 89% of Victorian primary student visa holders were located onshore (around 142,500 students), and 11% offshore (around 16,900 students). Compared with data prior to Australia's borders re-opening to international students (15 December 2021), the number of international students onshore in Victoria is up 109% since borders reopened, or 74,100 additional students onshore.

However, the recovery trajectory for Victoria and Australia's international sector is still uncertain. Reputational damage because of the perceived lack of support for international students during the pandemic, limited aviation supply and affordability; visa issues; and increased international competition may continue to impact the sector. Further, multiple missed intakes of international students because of the pandemic and prolonged border closures will require years to flow through the system. This disruption to the international student pipeline will continue to impact the pace of recovery, with declines in student commencements since the beginning of the pandemic impacting overall student enrolment numbers. One example of this is the flow on effects of a significant reduction in students enrolled in English Language Intensive Courses for Overseas Students (ELICOS). Victoria's ELICOS providers, which rely heavily on international student enrolments, saw a drop of 77% in student numbers between 2019 and 2021.⁵⁰ The drop in ELICOS enrolments is likely to impact the recovery of the sector, given around 70% of ELICOS students on student visas have historically transitioned to further studies in the schools, vocational education and higher education sectors.⁵¹

Further, as outlined in the Recovery Plan, recovery does not mean replicating the past, or a return to how things were. The expansion of borderless digital education has been accelerated in response to COVID-19. Transnational education models have risen in prominence, and student expectations for flexibility and choice have increased. This has brought new opportunities for innovation and best practice in teaching and learning, and how the sector supports the international student experience.

As also recognised in the Recovery Plan, positive international student experience and post-study outcomes increase the propensity of alumni to recommend Victoria and Australia to prospective students, supporting the international education sector's long-term sustainability. As such, ensuring that the international student experience, which was heavily impacted by COVID-19, can recover, is a critical focus. Another area of focus is international student graduate outcomes. Currently, there is disparity in graduate outcomes between international and domestic students. 57% of Australia's international undergraduates are in full-time employment 4-6 months after graduation, compared to 78% for domestic graduates.⁵² International students are highly capable and, with the same qualifications as their domestic graduate peers, can help to fill Victoria's current and future knowledge and skills gaps across a range of industry sectors.

⁵⁰ English Australia report, *Economic impact of COVID-19 on the ELICOS sector in Victoria*, 2022, accessed 4 April 2023.

⁵¹ Australian Government Department of Education, *Education pathways of international students while on a student visa*, accessed 4 April 2023.

⁵² Australian Government Department of Education, *2022 Graduate Outcomes Survey*, Australian Government Department of Education, 2023, accessed 4 April 2023.

Opportunities and areas for reform

Victoria's International Education Recovery Plan 2025, released in September 2022, provides a clear roadmap to realise the Victorian Government's goals for the international education sector, to be delivered in partnership with sector stakeholders, by 2025. Backed by \$52.9 million in funding over four years, the Recovery Plan articulates a vision of Victoria as a global leader in education, recognised for quality, innovation and inclusion.

Improved data sharing, including jurisdictional-level data with state and territory governments, would ensure state and territory governments a holistic, accurate evidence-base for understanding the current position of the international education sector. It also helps to respond to critical issues facing the international education sector and its students, leading to improved public policy and program development. This is of particular interest to the Victorian Government in the context of diversity. A more diverse international education sector would be more resilient to shocks or downturns affecting a particular sector, market, region or mode of delivery. As flagged in the Recovery Plan, diversification is not just viewed through the lens of diverse source countries for enrolments, but also in terms of diverse international partnerships, diverse education offerings (including by sector/geographical location) education products and delivery models.

Retaining highly skilled international graduates is also a priority, through ensuring clarity in migration processes and a simple pathway from a student visa to a temporary graduate visa. The Victorian Government notes the Australian Government's recent release of the 'Review of the Migration System Final Report 2023', and the accompanying Migration Review strategy 'A Migration System for a More Prosperous and Secure Australia' and welcomes the opportunity for further consultation on the reform directions proposed. The Victorian Government also welcomes the Australian Government's February 2023 announcement around the expansion of the Temporary Graduate Visa (TGV), for graduates of specific fields of study relating to skills shortages. Expansions of the TGV support building a strong pipeline of young, highly skilled, locally qualified talent in Australia, and increase the global competitiveness of Australia's international education offering, as positive international student experience and post-study outcomes increase the propensity of alumni to recommend Victoria and Australia to prospective students.

Victorian Government and independent research show that TGV holders are highly skilled in areas of critical skills need. For example, three of the top four fields of study for international higher education students in 2021 align with areas of skills shortage (Information Technology, Engineering and Related Technologies, and Health). TGV holders report facing barriers to gaining employment, such as a lack of understanding of the TGV, inflexibility in visa extensions, and a lack of support from related stakeholders. Supporting this cohort could both relieve immediate skills shortages and create a pipeline of highly skilled future permanent residents. For example, with appropriate supervision and permissions, there may be opportunities for medical students who have completed their course requirements to work in the primary care sector while waiting for their final qualification to be signed off and awarded.

The TGV visa is also extremely complex, with three streams, two of which offer different lengths of stay and one which is open to graduates who lived, worked and/or studied in a regional area while holding their first post-study work visa, with additional allowances for graduates in specific fields of study linked to skilled shortages. This complexity and variety of outcomes for students is difficult for global talent to navigate, does not support clear messaging when promoting Australia as a study destination internationally, and is also difficult for employers to understand, reducing employment opportunities for TGV holders.

Further, the policy intention behind the recent expansion of the TGV conflicts with the Genuine Temporary Entry (GTE) requirement, in which ‘applicants for a student visa must show they are coming to Australia temporarily to gain a quality education’. International competitors such as Canada highlight the permanent pathways available to International Students and do not focus on a Genuine Temporary Entry requirement. The Victorian Government notes that the GTE requirement has been raised in the ‘Review of the Migration System Final Report 2023’ and welcomes the opportunity to consult with the Australian Government on reforms to the GTE requirement.

Victoria’s Commitment to Action – improving international student and graduate employment outcomes.

In October 2022, the Victorian Government launched *Victoria’s Commitment to Action: Improving international student employment outcomes*. The Commitment was a key outcome of an industry roundtable on international student employment convened by DJSIR in May 2022 at the recommendation of Victoria’s International Education Advisory Council.

Informed by insights from leaders across local and international businesses, industry peak bodies and education providers, the Commitment outlined five straightforward actions employers can take to improve pathways to relevant and quality employment opportunities for international students and graduates in Victoria:

- **Employ more** – Employ more international students and graduates in their fields of expertise.
- **Offer more work experience** – Facilitate international students’ access to quality and relevant work experience to build your talent pipeline and organisational diversity.
- **Set targets** – Make it part of your organisation’s goals by setting targets, or better still make an individual or team accountable for it.
- **Remove barriers** – Identify and resolve any real or perceived barriers within the organisation and seek professional legal/migration advice as necessary.
- **Share success stories** – Publicly share employment statistics, stories of success and/or advice for other employers.

The full list of participating organisations to date can be found on the Study Melbourne Industry page.

Recommendation 8.1

That the Commonwealth Government improves data sharing, including jurisdictional-level data, with state and territory governments, with a focus on data that facilitates a greater understanding of online and offshore international education service delivery, and onshore trends, patterns, growth and declines.

Recommendation 8.2

That the Commonwealth Government:

- a. Streamlines Temporary Graduate Visa (TGV) settings to introduce efficiency and simplicity to current policy settings, making Australia’s TGV offering more attractive to global talent.
- b. Improves the effectiveness and impact of the Second TGV stream for regional settings by relaxing eligibility so that graduates only need live in a regional area for their studies or first TGV, rather than both.



Recommendation 8.3

That the Commonwealth Government reviews the Genuine Temporary Entry (GTE) requirement and replaces it with a simpler test removing intention to stay temporarily as a measure of whether an international student is genuine.

Theme 9: Investment and affordability

a. Funding reform is required to deliver on demand skills and improve student outcomes.

Funding higher education remains a core responsibility of the Commonwealth Government. The Victorian Government recommends the Commonwealth Government consider resetting higher education funding arrangements to better align incentives across the system, while retaining favourable aspects of the JRG Package. The following key objectives should underpin funding reforms:

- promote student enrolments aligned with current and future labour market demand.
- improve graduate outcomes.
- increase participation and attainment, including among underrepresented cohorts.
- support lifelong learning in a dynamic labour market.
- improve labour productivity over time.


In the first major change since 2005, the JRG Package revised Commonwealth and student contributions based on new course priority levels. The reforms were intended to promote student enrolment in areas of high future employment growth and focus the Commonwealth's subsidy on priority areas.

Students did not respond to the JRG financial incentives as intended, and enrolments in priority areas remain unchanged. The JRG Package increased student costs for non-priority courses as an incentive to re-direct students toward priority courses, leaving many students aspiring to pursue higher education facing unacceptably high costs (albeit deferred for those students receiving a HELP loan).

Evidence suggests student course choice is primarily driven by interests and future job prospects (including employability, employment conditions and earning potential) and is not sensitive to changes in course costs.⁵³ In effect, the JRG Package led to many students with the lowest earning potential paying the highest costs. It decoupled debt from capacity to repay, creating equity concerns, extending repayment timeframes and increasing risk of non-repayment to the Commonwealth, without influencing student choice. It is more likely that student choice will be influenced by financial supports that address immediate cost of living pressures, especially in relation to undertaking WIL, clinical or accreditation placements. These pressures range from the need to give up part time employment while undertaking a placement, to the high cost of parking at a hospital during a clinical placement. Victorian Government initiatives to address these constraints, such as scholarships to support studies in nursing and midwifery are discussed under Theme 2 above.

Universities also did not respond as intended. The JRG Package maintained a cap on total CGS amounts, while student contribution revenue remained uncapped. Once universities reach the cap, they can increase enrolments but only earn student contribution revenue. This creates perverse incentives for universities to 'over-enrol' students in lower cost, non-priority areas where student contributions account for a higher proportion of revenue (e.g. communications where student contributions account for 93% of maximum university revenue).

⁵³ A. Norton, Professor in the Practice of Higher Education Policy ANU Centre for Social Research and Methods The Australian National University, *Submission on priority student funding policy issues for the Universities Accord*, December 2022, accessed 18 April 2023.



The Victorian Government commends the Commonwealth Government's effort to address skills shortages and ensure Australia has the right skills to lift productivity into the future. However, more can be done, particularly to better align funding models with the workforce development priorities identified by states and territories and achieve other system objectives such as access, affordability and quality.

Opportunities and areas for reform

- **Commonwealth Grant Scheme**

The Victorian Government recommends the Commonwealth review the CGS with consideration given to:

- Urgently reviewing student contributions considering financial burden on students (including expected future earnings, capacity to repay and repayment time), efficient cost to deliver high quality courses and cost and risk to the Commonwealth Government – including from bad debt through unpaid loans. Victoria also considers student contributions could be higher on average to better align with a user pays model.
 - Expected higher future demand for higher level skills and the Accord's objective to lift participation and attainment rates. Annual funding growth should be based on demand rather than campus location. The JRG Package directs more funding to universities with regional campuses where demand is lowest, while metropolitan campuses receive a smaller share of extra funding despite higher demand. There is limited evidence of increased enrolments in regional universities and it is at odds with demographic trends that show growth in university-aged people in metropolitan areas and ageing populations in the regions and trends around regional students relocating to the city for university.⁵⁴
 - Enabling universities to adapt more readily to student and labour market demand – for example by narrowing student and Commonwealth contributions across different courses and aligning them with the efficient cost of course delivery. In areas such as arts and law, the student contribution covers more than 90% of the university's maximum revenue per enrolment. In priority areas such as nursing and engineering, the student contribution accounts for only around 20-30%. While this represents a cost saving for students, pricing signals are weakened by the availability of HELP, and it deters universities from accepting extra enrolments in priority courses to meet demand, as they are likely to be loss-making above the CGS cap.
- **Non-financial incentives to influence student choice**

The Victorian Government recommends the Commonwealth consider non-financial levers to influence student choice. This could include cost-effective measures such as targeted marketing campaigns, improved information provision and career counselling, for example via the National Careers Institute, to boost the profile and attractiveness of priority sectors.

⁵⁴ Eleven regional universities experienced a decline in student enrolments from 2019 to 2021. Only three regional universities experienced an increase in enrolments – University of Newcastle (NSW), University of the Sunshine Coast (QLD) and the University of Notre Dame (WA).

- Equity funding

The Victorian Government welcomes the Commonwealth's effort to improve equity and support for underrepresented cohorts to participate in higher education. This recognises the benefits of participation – both for the individual and the economy.

The Victorian Government recommends retaining the JRG Package's increased equity funding for First Peoples students and regional and remote students.⁵⁵ Higher education participation and attainment rates for these cohorts continue to lag. Equity funding has been successful in increasing retention and success rates among underrepresented cohorts. For example, the introduction of the Higher Education Participation and Partnerships Program improved outcomes for First Peoples students.⁵⁶

The Victorian Government also recommends considering extending equity funding to additional underrepresented cohorts to lift participation (for example, youth people with experience in the child protection system, students with disability, women in male-dominated fields and men in female-dominated fields). Any expansion should complement university-led equity initiatives to support underrepresented cohorts including first-in-family students, students from refugee backgrounds and LGBTIQ+ students.

The Victorian Government considers equity funding should focus on driving social outcomes and not be tied to other criteria. In 2022, the Commonwealth Government committed 20,000 additional CSPs for students from equity groups who enrolled in priority areas. Universities struggled to attract students who satisfied both equity and course criteria and some of these places went unfilled.

- Performance-based funding and other incentives

The Victorian Government recommends the Commonwealth review the effectiveness of the PBF model given the Productivity Commission's (PC's) recommendation to delay the commencement of the PBF.

If the PBF model is retained, Victoria considers student contributions and CGS amounts should continue to account for most revenue to maintain operational stability. Consideration should also be given to better managing risks through flexible performance indicators that account for external factors (for example, labour market conditions) and university differences (such as mission).

The Victorian Government recommends exploring alternative financial rewards to improve quality, such as increased incentives for universities to be more innovative (such as WIL models) and engaging with industry to produce more employable graduates in priority areas. This could also support regional universities that have limited ability to grow under the current enrolment-based funding model.

⁵⁵ Standard equity funding refers to the Indigenous, Regional and Low SES Attainment Fund, the Regional First Nations Demand Driven Funding and Relocation Equity Measures.

⁵⁶ Increased equity funding under the 2010 Higher Education Participation and Partnerships Program led to a marked increase in equity initiatives. Focused support to First Peoples students has been effective, with higher retention and success rates by 2015.

- Targeted expansion of CSP funding to TAFEs

In respect of lifting participation in higher education, especially for under-represented Australians, the panel should consider expanding CSPs in a targeted way to TAFEs. TAFEs have campuses across Victoria in more locations than universities and can be the first contact and engagement with higher learning. With access to CSPs in a targeted way, TAFEs can open up channels for more students to engage in tertiary learning for the first time through an inclusive, welcoming education environment. Importantly, TAFEs can extend learning from VET into higher education for those industries in need of skills across their workforce profile.

This reform would have several benefits:

- Students unprepared for higher learning can commence in TAFE but with the assurance of a continuing learning journey, rather than needing to navigate the dislocation and cost of changing sectors and institutions, at which point many drop-out.
- A coherent learning journey within the TAFE environment would suit many students by providing educational support and physical access to learning, with the potential to lift participation of underrepresented cohorts.
- With a range of campuses across Victoria, especially in the regions, students could participate in higher education and stay close to home and local work opportunities.
- With access to CSPs, genuine partnerships could operate with universities to create the best learning programs for the industry and/or region.

The Victorian Government does not consider that this proposal poses any substantial additional risks, noting that several TAFEs already deliver higher education without access to CSPs – and in doing so meet TESQA requirements. However, through their exclusion from CSP funding, students, their employers and the providers may be disadvantaged.

- Funding for clinical placements

Current funding arrangements to clinical placements are a barrier for universities expanding capacity. The strict requirements of accreditation bodies, including for direct professional supervision and mandatory workplace attendance by students, can also impact the availability and completion of clinical placements.

The Independent Hospital Pricing Authority (IHPA) determines the classification of teaching, training, and research grants for the National Health Reform Agreement. Teaching and training activities provided by in-scope public hospital services under the National Health Reform Agreement, is defined in the Australian Teaching and Training Classification User manual, which includes:

- Services delivered by public hospitals.
- Services delivered by, or on behalf of, Local Health Networks managed or funded by state and territory health authorities.

To ensure Victoria is eligible for the Commonwealth contribution that accurately reflect funding decisions in the Victorian budget, all grants paid to organisations must meet the IHPA's classification of teaching, training and research grants and are charged against fund 111 – National Health Reform Agreement block funding (State Managed Fund).

Funding provided outside of this scope (including placements in private or not-for-profit organisations) does not attract the \$0.45c co-contribution from the Commonwealth.

This makes it difficult for states and territories to fund clinical placement activities outside acute settings, as they are in effect financially unsupported outside of state providers (i.e. the exclusion of the private and not-for-profit health sectors from the clinical placements pipeline greatly reduces capacity in the system).

Recommendation 9

That the Commonwealth Government:

- a. Reviews student contribution levels as a priority considering the financial burden on students and efficient delivery cost.
- b. Reviews the Commonwealth Grant Scheme to meet future demand in priority sectors.
- c. Retains equity funding under the JRG Package settings and considers expanding to additional underrepresented cohorts to improve access and participation.
- d. Reviews the performance-based funding model and considers alternative financial rewards to drive graduate and industry outcomes.
- e. Reviews current funding arrangements to clinical placements to support additional growth in placement capacity.