



# Australian Universities Accord

UTS's submission in response to the Interim Report

# Executive Summary

The University of Technology Sydney (UTS) welcomes the opportunity to make this final submission on the considerations for change outlined in the *Australian Universities Accord Interim Report* (the Interim Report). This is UTS's third and final submission as part of the Accord process and follows the structure suggested by the Department of Education, followed by appendices for:

- Feedback regarding the areas for further consideration (Appendix A).
- Feedback regarding the 5 immediate actions (Appendix B).

UTS is also a member of the Australian Technology Network of Universities, the Business Council of Australia, a Foundation Partner of the NSW Institute of Applied Technology - Digital, and Universities Australia. UTS has contributed to the feedback put forward by these groups and is broadly supportive of their final reflections on the Interim Report.

## Three biggest reflections on the Interim Report

Charting a roadmap for change: UTS welcomes the finding in the Interim Report that a 'high-quality and equitable higher education system' is essential to Australia's future prosperity (page 1). UTS has consistently maintained throughout its submissions that Australia's higher education system is world class and there is much to be celebrated and nurtured. Nevertheless, there is room for improvement as demonstrated by the extensive list of proposals put forward by the sector and others as detailed in each of the 12 areas for reform. The Final Report must endeavour to sort these proposals in such a way to chart a path toward the 2035 vision.

A decisive step forward: UTS welcomes the proposal for a Tertiary Education Commission to facilitate the proposed system shifts outlined in the Interim Report (page 20), there is no doubt that system-wide change must get underway as soon as possible. The proposal featured strongly in many submissions from across the sector, including UTS's, and we maintain that it should not be a regulatory agency to displace or subsume the Tertiary Education Quality and Standards Agency.

Balancing institutional autonomy and regulation: The Interim Report's vision statement (pages 18-19) meticulously captures the enormous array of activities expected of the university sector by 2035. A shared view – between governments, universities, students, industry, unions and community – is critical to the success of the Accord. However, the vision statement contains an inherent contradiction between moving towards harmonisation, or commonality, and a desire for a diverse and autonomous sector. The Final Report must resolve this tension and UTS's position is that a balance can be struck between institutional autonomy and government regulation.

## Areas of substantive agreement or disagreement.

UTS is pleased that equity and placing First Nations at the heart of the Australian higher education sector feature strongly in the Interim Report. In this final round of submissions, UTS takes the opportunity to comment further on equity, skills, new knowledge and sustainable funding.

### 1.1 Equity – creating opportunity for all Australians

UTS agrees with the finding in the Interim Report that 'Australia needs to grow skills through greater equity' (page 32). Discussed over two sections of the Interim Report (Parts 2.1 and 2.3), it proposes setting higher targets for higher education participation and equity groups as well as supporting students to succeed.

However, UTS believes that targets alone will be insufficient to achieve the level of participation sought even if places are made available. UTS reiterates its **recommendation** for a National Equity and Diversity Strategy to build equity and access as core principles across the lifetime of learning (page 4 of UTS's second submission). Additionally, it will be critical to implement, as a minimum, three components together to achieve the desired outcome. UTS also supports the creation of an Equity Commissioner to sit within the Tertiary Education Commission as proposed in the Interim Report.

#### 1.1.1 Ensuring the availability of places and targets

UTS welcomes the proposal in the Interim Report to review student contribution amounts and HELP repayment arrangements (page 68, pinpoint (h)). Noting data in the Interim Report that enrolments under the demand driven system were flattening out, it is timely to conduct a review to ensure that reasonable HECS-HELP debts can be maintained by both government and students. To ensure the availability of places and targets, **UTS recommends:**

- Increasing load for Commonwealth Supported Places over time, subject to ensuring those places are aligned with agreed institutional strategies and include commitments to agreed success rates/targets.

- Choosing a point of time prior to the current cap and raising the cap for the target equity groups (perhaps to 110%) to accommodate and stimulate early progress. This arrangement could be introduced ahead of the new funding system, or separate to the new funding system, subject to agreed institutional strategies and commitments to those equity groups.

In addition, alternative funding mechanisms (e.g. student support and pathways) other than the per-student funding need to be considered to ensure consistent contextual support for study and to develop ways of managing supply and demand in a constrained budget. Should there be support for a needs-based funding model (page 68, pinpoint (f)) then it will also require significant intervention and oversight to maintain the public budget.

### 1.1.2 Student support

Given the current financial challenges, access to HECS-HELP alone is inadequate for students struggling with the cost of living. Student support must be available to relevant student groups, at the very least to relieve obligations to undertake internships, clinical placement/practicum and work integrated learning. Clearly, the introduction of such support must also account for students within the existing system, so an initial step change in student support will be required. In this respect, **UTS recommends** bringing forward the potential proposals aimed at reducing barriers and increasing access to financial support (page 69 of the Interim Report).

### 1.1.3 Pathways

UTS supports the Interim Report's proposal to encourage students from underrepresented groups to aspire to higher education and fulfil their potential (page 68, pinpoint (a)). Aspiration and academic preparation are critical to their success. However, UTS believes that these must be in place early in the introduction of the new system and **recommends** bringing forward the potential proposals to support aspiration and potential (page 69 of the Interim Report).

Enabling education was also identified as a consideration for change in the Interim Report (page 68, pinpoint (c)), but policy changes to CGS arrangements in 2020 limited their availability and distribution across the system where it was needed. **UTS recommends:**

- Allowing universities to allocate a proportion of their CSP to enabling places by agreement. At no cost to government and subject to a maximum allowable percentage, this will allow universities to plan future allocations based on need.
- Allowing universities to use enabling places in conjunction with schools (or TAFE) to create integrated pathways.
- Addressing the postgraduate affordability issue as identified in UTS's second submission as an equity issue, at no cost to government and reduced cost to students in key discipline areas.

## 1.2 Meeting Australia's future skills needs and growing a culture of lifelong learning

UTS is encouraged by the Interim Report's focus on how to support Australia's skills and workforce needs and is generally supportive of all the proposals (proposals (a) to (i)) including the potential proposals outlined on page 58.

However, achieving a fully integrated tertiary system will require commitment and coordinated effort across the sectors (e.g. recognition of prior learning); government (extending to the States and Territories) and other key stakeholders (e.g. professional bodies). Clearly, models will have to be piloted (e.g. NSW Institutes of Applied Technology) and sustainable funding models aligned with resources to support the transition to an integrated tertiary education system. These tensions are described in detail in the Interim Report and government must recognise that resolution will take considerable time and effort, while Australia is already at risk of falling behind. **UTS recommends:**

- Consider testing this interface at the intersection of university and VET in the first instance (while the AQF structure is considered further). The IAT model identified in UTS's second submission (and showcased on page 54 of the Interim Report) should be considered further for expansion into other sectors, including dual sector institution offerings, given its focus on co-developing and co-delivering microcredentials with industry.
- Pilot the lifetime learning entitlement in specific sectors through a fund made available to joint university/TAFE programs with industry support and clear demand, ensuring that students enrolled through either system have access to the same funding mechanism and that all learning can be formally articulated to either a university or TAFE award (or both).
- Increase support for stackable micro-credentials integrated into a digital skills sharing system.

To fundamentally change Australian society in an increasingly complex world, education must be viewed as something that people take part in throughout their lives. People must be encouraged to take advantage of the many benefits that accrue from a pervasion culture of lifelong learning – both private and social.

## 1.3 New knowledge

UTS agrees with public commentary that the Interim Report has potentially missed the opportunity to reframe the national research and innovation system, and the significant role of higher education in that broader remit. UTS's second submission called for enabling impactful research (page 17), recognising that Australia needs to develop a complex, knowledge-based economy. This issue was also highlighted in the recently released Intergenerational Report 2023. In our view, national targets must be set first, and appropriate incentives for research investment made consistent with the structure and complexity of the economy the research will support. In the absence of those policy settings, UTS is concerned that expectations of the higher education sector to contribute to the national research and innovation effort will not be met at all and certainly not at the scale required for Australia to stay globally viable or competitive.

For example, this is particularly acute in non-medical research fields where we know, as a nation, Australia must invest in national priorities to support and grow our economic complexity. As a baseline, it is well known that expenditure on R&D in Australia is low by OECD standards and government investment has been static for many years (Interim Report, page 92). The size of the funding pool must grow in response to national strategic needs and challenges.

Assuming that the university sector, in the short term, will carry the current proportion of research investment and expenditure, there are a number of short to medium term approaches that might be considered. **UTS recommends** consideration of the following:

- Adjusting the allocation of the Research Block Grants Research Support Program (RSP) to cover indirect costs of those funding sources that at present require considerable indirect costs to be cross subsidised by universities (i.e. HERDC Category 1 national competitive grant programs). This will of necessity require that the costing of other research activity includes contributions to the indirect cost (e.g. Commonwealth, State and Local government commissioned research and funding programs, such as HERDC Categories 2 and 4, and industry funded research, such as HERDC Category 3).
- Reforming national competitive grant (NCG) programs to remove the problematic requirement for cash contributions from universities. Collaboration and the quality of proposals should outweigh co-contributions. Further, NHMRC competitive grants programs should fully fund the direct salary and salary on-costs for NHMRC funded positions. Current salary rates for NHMRC funding are only for a proportion of the direct salary and do not allow salary on-costs, so universities have to subsidise the direct salary and the salary on-costs, which can be 40-60% of the total salary.
- Ensuring that there remains an acknowledged connection between teaching and research in the funding model recognises that teaching should be research-informed and that there are spill over reputational benefits from research into teaching. Specifically, the CSP/HECS-HELP funding and research capacity through academic staffing that reflects a balance between teaching and research in order to leverage growth driven by the expansion of student participation to increase the baseline academic staffing required to undertake research.

Higher Degree Research (HDR) education also requires priority attention, especially with fewer Australian students seeing the value of HDR programs, fewer students with STEM qualifications to undertake HDR and low industry engagement with HDR. UTS supports the proposals for change in the Interim Report (page 101) but **recommends** bringing forward the potential proposals relevant to HDR students as a matter of priority, with the intent of:

- Reforming the Research Training Program (RTP) to allow higher stipends to be paid, thus lowering the barrier for students forced to choose between HDR study and employment to make a living. While this action may not of itself result in increased enrolment of Australian HDR students, it promotes the value of advanced research training to potential students, the community and employers.
- Considering mechanisms and models for ensuring PhD programs can be completed in a timely manner through improved supervision provisions, time allocations and structure while allowing access to complementary research training opportunities (i.e. industry placements).
- Incentivising industry and government to support their staff to undertake PhD programs. This could be achieved by providing additional incentive funding to employers via the R&D Tax Incentive to partly compensate for time commitments by staff undertaking HDR study.

## 1.4 Sustainable funding

UTS acknowledges the complexity of the funding system as recognised in the funding principles set out in the Interim Report (page 124). It may prove difficult, and perhaps a distraction, to disaggregate the funding sources to explicitly align with all of the functions expected from universities (refer to the proposed 2035 vision statement), however, in aggregate the system should be able to deliver those functions without recourse to counterproductive choices.

As such, UTS reiterates its **recommendation** for a block plus growth model of funding, with agreement on the block component made on a rolling three- to five-year basis in consultation with government through the proposed Tertiary Education Commission. Replacing the current combination of government funding recognises the following realities and conclusions (in italics):

- Overall funding to the sector is a complex arrangement but there is a clear expectation for the sector to work as a system to deliver the priorities identified now and on an ongoing basis through the Accord process. *This leads to some form of compact or agreement with the Australian Government in relation to agreeing to priorities and expectations.*
- The Interim Report acknowledged that funding is derived from a variety of sources and, subject to meeting the expectations of that funding, to deliver the expected outcomes. Universities should be free to choose cross subsidisations that best suit their mission. *This leads to a need for increased transparency around expenditure on various activities to ensure accountability.*
- Universities should conduct both education and research and may be differentiated not only by the proportion of education and research they do, but also by other factors such specialisation, work at the interface with TAFE and in the skills agenda, connections to place (including regionality and industry precincts) among others. *This leads to a funding model that should be sufficiently adaptable to allow universities to make choices in relation to their specific mission without being locked into specific funding streams or reliant on student growth alone to fund their sustained operations. Models that incentivise growth to ensure sustainability are inherently problematic in relation to ensuring the system as a whole delivers the expected outcomes.*
- An enhanced system will require greater incentives to drive collaboration and innovation – across universities and with other providers and partners (including TAFE, schools, industry and others). *This leads to funding models that incentivise collaboration will need to be developed to ensure a healthy balance between competition and collaboration is maintained.*
- If Indigenous education and research is to be a centrepiece of Australia’s university system it has to be properly funded and coordinated. *This leads to funding models that specifically target outcomes for First Nations people, and communities have to be developed that suit the specific needs of and priorities of First Nations education and research.*

## Contact details

UTS takes this opportunity to thank the Australian Universities Accord Panel and the Australian Department of Education for their deep engagement with the university sector and we look forward to viewing the recommendations of the Final Report.

Please do not hesitate to contact Amy Persson, Head of Government Affairs and External Engagement ([amy.persson@uts.edu.au](mailto:amy.persson@uts.edu.au)), should you wish to discuss this submission further.

# Appendix A: UTS's responses to the areas for further consideration

This section of UTS's submission responds in turn to each of the major sections of the Interim Report not dealt with in the body of this submission.

## 1. **Putting First Nations at the heart of Australia's higher education system**

UTS supports the Interim Report's proposals putting First Nations at the heart of Australia's higher education system. However, as mentioned above, if Indigenous education and research is to be the centrepiece of Australia's higher education sector then it must be properly coordinated and funded.

The proposal for a First Nations Higher Education Council (proposal (a)) is supported and UTS recommends it be located within the proposed TEC and be staffed by a combination of Indigenous education experts and sector professionals who are well equipped to advise the Minister. There would also have to be clarity regarding existing organisations (e.g. NATSIHEC) and accountability mechanisms and what it would do differently.

UTS's specific proposals for earlier intervention in schools; flexible and affordable short courses/micros; review of Abstudy, and research initiatives could build on the Interim Report's proposals for attainment targets, policy and funding settings and research capability (proposals (b) to (d)). But the fact remains that the Interim Report made no specific funding allowance for such activities and requisite infrastructure.

## 2. **A fairer, larger system**

UTS supports the Interim Report's proposals, but targets and availability of funding alone (proposals (a) to (c)) are unlikely to achieve growth given prior evidence that enrolments under the demand driven system were flattening out. The proposals for developing a universal learning entitlement (proposals (d) to (e)) are also welcome but need more work in terms of what this means and identifying the appropriate target groups.

As discussed above, a key element will be how demand can be created from the target groups, and how those groups can be supported for success. A noticeable policy gap in the Interim Report is the absence of an overarching strategy with a clear link to resources because the overall objective (growing skills through greater equity) extends well beyond what universities can do in the lifelong learning continuum.

To achieve this, UTS re-recommends a National Equity and Diversity Strategy and for equity interventions to occur at every stage of the education continuum. UTS also supports the creation of an Equity Commissioner to sit within the Tertiary Education Commission as proposed in the Interim Report (page 113).

## 3. **Meeting Australia's future skills needs**

Refer to discussion above under the heading 'Meeting Australia's future skills needs and growing a culture of lifelong learning'.

## 4. **Equity in participation, access and opportunity**

Refer to discussion above under the heading 'Equity – creating opportunity for all Australians'.

## 5. **Excellence in learning, teaching and student experience**

UTS supports the Interim Report's proposals, but cautions that there seems to be an underlying assumption made in the narrative here that universities are not doing this.

## 6. **Fostering international engagement**

UTS supports the Interim Report's aspiration to create a sustainable and globally connected international education sector that benefits Australia and its regions. Though, in our view, the primary driver should be providing a high-quality education and mobility opportunities to students rather than supporting Australia's foreign policy objectives.

## 7. **Serving our communities**

UTS supports the Interim Report's view that community engagement classification measures should be considered by higher education institutions so that universities can better demonstrate engagement with their unique communities, and build internal capability to partner. Accordingly, UTS recommends the panel focus on the first area given the major role this will play for the Accord: recognising and formalising community roles through mission-based compacts. The other two areas are incidental to articulating the overall role of universities (links between industry and education / alumni networks). UTS supports the Interim Report's view that community engagement classification measures should be considered by higher education institutions so that universities can better demonstrate engagement with their unique communities, and build internal capability to partner.

8. **Research, innovation and research training**

In addition to the discussion above under the heading 'New knowledge', UTS supports the Interim Report's preference for a diversity of research in recognition of the world-class research undertaken by all Australian universities in line with their distinctive missions.

9. **National governance, towards a coherent tertiary system**

UTS supports the establishment of a Tertiary Education Commission, but made it clear in its submission to the discussion paper that it should not be a regulatory body and not replace TEQSA. The other considerations for change (facilitating change to encourage diversity / role of TEQSA / achieving a genuine tertiary education system) require more work. UTS's position (page 2 of UTS's second submission) is that clarity and re-articulation of purpose is what the sector needs, as quoted in the interim report (page 104).

Some of the potential proposals (page 114) are concerning in their overreach. In particular, revising the Provider Categories to remove the requirement that all universities will carry out research undermines the very ideal of academic endeavours. The potential proposal regarding collaboration between universities is supported.

10. **Institutional and collaborative governance**

UTS supports good institutional and collaborative governance, but questions the proposed mechanisms (national codes etc) in the context where institutional diversity should be encouraged (e.g. student and staff profile, geography etc). There needs to be more clarity about what issues are trying to be addressed and why.

11. **Sustainable funding and financing**

Refer to discussion above under the heading 'Sustainable funding'.

12. **Implementing an ambitious, enduring Accord**

UTS supports an ongoing dialogue for the development of a 2035 vision for Australia's higher education sector. The proposals for forums and collaborative opportunities with stakeholders is supported. However, there are outstanding issues of governance, policy implementation, funding sustainability, funding priorities, standards, expectations and values etc that leads to the conclusion that the Final Report should prioritise and chart out an implementation roadmap.

## Appendix B: UTS's responses to the Immediate actions

UTS supports the AUA Panel's focus on a limited number of proposals that address immediate problems that can be implemented, while larger-scale and system-wide governance and funding issues are being resolved.

UTS notes that the *Higher Education Support Amendment (Response to the Australian Universities Accord Interim Report) Bill 2023* has been referred to the Education and Employment Legislation Committee for inquiry and report, and the Department of Education is consulting the sector on the proposed *Support for Students Policy* arising from priority action number 2. As such, UTS provides the following broad feedback and recommendations regarding the five priority actions and supports the Australian Technology Network (ATN) of Universities' submission to the Senate Inquiry.

Regarding **Priority Action 1**, UTS welcomed the Australian Government's announcement that it will invest \$66.9 million in infrastructure funding for up to 20 new Regional University Study Hubs (formerly Regional University Centres) and up to 14 new Suburban University Study Hubs in outer suburbs of major cities. The governance of these hubs is critical to the success of the model, including viewing the hubs as part of the broader education ecosystem (perhaps in collaboration with VET such as TAFEs).

It is worth noting that UTS and the Country Universities Centre are co-leading the Eastern Australia Regional University Centre Partnership (EARUCP) to redesign regional outreach. Announced in December 2022, EARUCP received \$5.1m in government funding and brings together 16 Regional and Country University Centres and 25 universities across Queensland, NSW, ACT, and Victoria to develop sustainable partnerships with communities currently underserved by existing outreach initiatives and where cumulative barriers to higher education exist.

Noting that a component of the funding for EARUCP includes evaluating the effectiveness of the Regional University Centres in delivering outcomes for communities and students, it is vital that these findings inform the implementation of the new Tertiary Study Hubs. For reference, EARUCP's first progress report is due in September 2023 and **UTS recommends** government timelines for the new Tertiary Study Hubs reflect this program of work. Initial feedback includes the need to resource professional development for staff in RUCs in areas such as transition pedagogy, academic support, and community engagement.

UTS also supports **Priority Actions 2** (removal of the low completion rate) **and 3** (demand driven CSPs for First Nations students regardless of location). These proposals were put forward by the ATN and were strongly supported by UTS in our response to the Discussion Paper (page 5). While Priority Action 2 is easily achieved through a legislative change, UTS is considering preparing a response to the proposed *Support for Students Policy*. Regarding Priority Action 3, this calls for the setting of a nominal baseline (as discussed above) or discreet allocation within the CGS. UTS also supports the intent of **Priority Actions 4** (CGS guarantee) **and 5** (institutional governance) and defers to the recommendations made by ATN given that more work is required in these areas to clarify effective periods and problem definition respectively.