

16 December 2022

Professor M. O’Kane
Chair
Australian Universities Accord Panel

Website: <https://www.education.gov.au/australian-universities-accord/consultation>

Dear Professor O’Kane,

**Review of Australia’s Higher Education System
Feedback on Priorities**

Thank you for your letter of 24 November and for the opportunity to suggest possible priorities against each of the seven key areas outlined in the terms of reference for your Review of Australian Higher Education.

These suggestions are attached. To pursue many of these proposals, starting points are also identified in good work already done across the sector.

I very much welcome the Government’s call, which you echo in your letter, for this Review to take an ambitious approach. Given all the disruptions of recent years, it would be understandable if the higher education sector were to focus too much on the short term in responding to the Government’s offer to ‘reset the relationship.’ But we should be eager to take up that offer and to propose a stronger role for the sector in responding to ‘the current and future needs of the nation.’

I look forward to engaging with you and the Accord Panel and wish you every success in your work.

Yours sincerely

A handwritten signature in black ink, appearing to read "S. Bruce Dowton". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

S. Bruce Dowton

The Australian Universities Accord: Feedback on Possible Priorities

Macquarie University welcomes the opportunity to suggest possible priorities against each of the seven key areas outlined in the terms of reference for the Review of Australian Higher Education.

1. Meeting Australia's knowledge and skill needs, now and in the future

The nation's needs for the next decade and beyond are starkly set out in the latest version of the [CSIRO megatrends](#). Australia must adapt to a changing climate as well as to emerging green technologies, an escalating health imperative, geopolitical shifts, digitisation and an 'explosion' in artificial intelligence, and public demand for new forms of governance. If Australia is to respond effectively to these challenges, universities must play a central role. Therefore, we would propose that an overarching theme of the Review should be to establish the contribution of Australia's universities not just to labour market outcomes but to the shaping of Australia's future and especially to establishing a trajectory of sustainable economic prosperity for the nation.

A way to proceed is by preparing a ten-year implementation plan for change and there is already considerable work to draw on developing a strategy for the sector as a whole. To take two key examples:

- I. [The National Digital Health Capability Action Plan, 2022](#) is designed to coordinate work already going on 'between governments, healthcare providers, consumers, innovators and the technology industry' in consultation with the sector; and
- II. The NSW Productivity Commission's 2022 report on [Adaptive NSW: How embracing tech could recharge our prosperity](#), sets out workforce training needs for both tech professionals and 'all workers' in a 'system of continuous upskilling.'

Underlying these, and a host of similar reports released in recent years, are recommendations about the importance of industry contributions to curriculum development and to building better links with a revitalised VET sector. These reports have also called for new opportunities for lifelong learning and for a far more vigorous approach to developing micro credentials that stack together and are formally recognised. In this context, it's not surprising that the [Review of the Australian Qualifications Framework](#) is so often cited and its recommendations repeated.

2. Access and Opportunity

Among the great achievements of the Bradley Review was its focus on 'providing opportunities for all capable students to participate' in higher education and the incoming Government is rightly concerned that Bradley targets on participation by

under-represented groups are not being met. We would point to Macquarie's experience as having potentially wider applications.

Macquarie's approach to students with disabilities is proving effective because of the support services the University has introduced and because of advice we've been able to draw on from the Hearing Hub and from Next Sense. The goal now is to redesign all teaching so that it supports *universal* access. These are just some of the many examples of corporate engagement that should be a strong feature of a redesigned higher education system of articulation with corporations, NGO's and government agencies onshore and offshore. The University's approach to First Nations students is again proving successful, with an emphasis on the development of study and recreational spaces as well as the provision of tutoring support.

A related issue is the need for labour market interventions to address misalignments which result in students from rural and regional areas and low-SES backgrounds not ending up in work which receives the same kind of pay as their metropolitan and higher SES background peers, even though their educational results are similar.

3. Investment and affordability

In recent times, too much has been let slide. We need to grow. But first we need to rebuild and while this will require significant additional investment, comparison with universities in many overseas countries shows the Australian higher education sector can be relied on to teach innovatively and to produce research of very high quality.

There are other equally reasonable demands on the public purse. However, many of those demands—take improvements to public health for example—overlap with and will benefit from the work in universities.

Beyond this argument for investment because of synergies with other Government priorities, there is a more fundamental argument which the [Federal Productivity Commission](#) is currently exploring in its review of education. Subject to 'careful management' of programs for domestic places, the Commission suggests that:

From an economy-wide perspective, short-term fiscal constraints alone are not a strong rationale for limiting places in tertiary education. Limiting places reduces long-term human capital development, productivity growth and the economic opportunities of some—for the short-term benefit of the taxpayer (2022, p.46).

Analogous arguments can be made for deciding on the best level of investment to make in research.

If there are to be changes to funding arrangements, they also need to remove disincentives to the long-term planning that would support innovation in teaching and investment in ambitious research. Current arrangements have also led to an undue reliance on casual workers across the sector. An overseas

example of long-term planning and funding for research is the [German approach](#) which is built around ‘a new decade of transformation’ and links research, for example, to 2030 goals for reducing greenhouse-gas emissions. Similarly, the current round of the EU ‘key funding programme for research and innovation,’ [Horizon Europe](#), has a seven-year timeframe.

We note that Minister’s request that your Panel review the Jobs-Ready Graduates program. That program must be regarded as an unsuccessful attempt to modify the HECS system. While the 2020 changes seem very unlikely to have much influence on the direction of student demand, they have reduced the overall Government contribution, created unjustified differences in costs for different courses, and appear to have established a larger potential for unpaid debt.

Major reforms are now clearly needed if Australia is to have a system of funding for teaching which is both sustainable for the sector and fair to students. The Productivity Commission’s Interim Report, [From Learning to Growth](#), and the work of the IRU on [Job-Ready Graduates: principles and options for reform](#) are obvious starting points here. They are particularly useful for establishing ways to narrow or flatten the rate of student contributions.

However, any new system which charges students for the costs of teaching will encounter what [Andrew Norton](#) has rightly identified as the ‘nurses and lawyers problem.’ For example, it is neither politically viable, nor in the public interest to start charging nursing students for the high cost of their training, charges that would be higher than for law students. Better ways out of the current situation would seem to be a move to a flatter fee structure and where needed a larger than current government contribution.

When approaches to funding for the higher education sector are considered, the panel would do well to examine alternative arrangements which might move universities to a position of greater funding stability/predictability year to year.

4. Governance, accountability, and community

The sector works in a system of accountability which only grows ever larger and more onerous. And the [Group of Eight](#) has found that ‘the cost of compliance-based reporting by Australia’s universities is estimated to be in excess of \$500 million per annum.’ That is a system which promotes bureaucratisation and goal displacement.

Some of the current reporting requirements are undoubtedly necessary to ensure probity and some function as incentives to good practice. However, very little in the current system would actually demonstrate to the Australian community that the sector is helping to address the problems the nation faces. Higher education should be accountable for its contributions to the nation’s response to the megatrends identified earlier and more broadly for its contribution to the common good.

5. *The connection between the vocational education and training and higher education systems*

Establishing strong connections between universities and VET means both cultural and regulatory change on both sides. Importantly, different approaches to teaching need to be reconciled and reforms needed to income-contingent loans for VET students.

A potential model for establishing that strong connection can be found in the work currently underway in New South Wales to set up Institutes of Applied Technology. These follow a proposal from David Gonski and Peter Shergold, in their report [In the same sentence: Bringing higher and vocational education together](#), to establish:

an entirely new form of Australian tertiary institution. [To] deliver fully integrated theoretical and practical employability skills, . . . , with curriculums designed in collaboration with industry and focused on the State's emerging labour market needs (2021, p. 7).

Two pilot Institutes will open next year. One focused on information technology, with TAFE NSW and Microsoft in partnership with UTS and Macquarie. Another, focused on construction with TAFE NSW and CPB in partnership with Western Sydney University.

As the partners have worked on a new educational model as well as the design of micro skills and micro credentials, what is already strikingly apparent is that bringing the stakeholders together results in much stronger perspectives on both industry needs and how these can best be met.

6. *Quality and sustainability*

Better tests of *quality* in both teaching and research would come from more robust relationships with governments at federal, state, and territory level as well as with the VET sector and industry and with international counterparts, relationships that promote ongoing dialogue and collaboration. What is needed is a system in which all stakeholders are motivated to test and retest the effectiveness of outcomes.

One important contribution the Review Panel could make to ensuring the *sustainability* of the sector is increase the attractiveness of Australia as a destination for international students by investigating possible changes to post study work rights. The University has proposed to the Review of the Australian Migration System which is currently underway that Australia should increase post study work rights for graduates of Bachelor degree programs to at least three years. This would be consistent with the recent increase in duration for postgraduate international students.

A second contribution to sustainability would be to address ways of preventing wage theft among international students. A survey of about 2,500 international students across Australia in 2019, as reported in [International](#)

[Students and Wage Theft in Australia](#), prepared by staff at UTS, UNSW, and the Migrant Worker Justice Initiative, found that:

over a quarter (26%) of all respondents earned \$12 or less per hour in their lowest paid job (approximately half of the minimum wage for a casual employee). This figure has remained unchanged since the 2016 NTMW Survey, in which 25% of the 2,392 international student participants earned \$12 or less in their lowest paid job. This figure has remained static despite increases in the statutory minimum wages since 2016, the introduction of legislative protections for vulnerable workers, and an increased focus on international students by the Fair Work Ombudsman (2020, p. 8).

Not surprisingly, few respondents were prepared to complain and of course by the time the *Report* was published in 2020, lockdowns buried these findings which should be a major concern for the sector.

7. *Delivering new knowledge, innovation and capability*

We note the intention of the Review Panel to ‘synchronise with the ARC review’ currently underway.

If universities are to play an effective part in responding to the nation’s future needs, the starting point must be to rebuild the research system. The [Group of Eight](#) reports that ‘on conservative estimates, [they] make a 45 per cent loss conducting public research commissioned through Government funding.’ Since the days of relying on students, domestic or international, to fund this are over, the peak body’s proposal of a Full Economic Cost model is an obvious starting point for investigation.

The issue of full funding for indirect costs of conducting research will doubtless be raised and validly so. Consideration of full funding of indirect costs of research should carefully assess any implication on other research funding programs. For long term economic growth for the nation, we cannot afford to pillage one research funding mechanism to fund full funding of the indirect costs of conducting research to the small number of universities that receive the large share of government research funding.

A new approach is also needed to developing PhD students as central players in the research ecosystem. Following [ACOLA recommendations](#) in 2016 which called for an alternative to the Honours year such as an HDR training Masters degree which would better prepare candidates to undertake research, an option to explore is the already successful [MRes system operating at Macquarie](#). This would ensure that students are fully training before they begin their thesis work.

The trade-off for significant investment in research could come in part from reform to the R&D tax incentive which has not always worked as it should as an incentive to industry-university collaboration. It should not come from the centralisation of research in a small group of universities. That would limit the

ability of universities in different parts of Australia to respond creatively to local and regional needs.

Centralisation of research would also break the link between teaching and research in many universities. That link ensures curriculum changes with discovery. And it also ensures, following the literature in educational psychology, that undergraduate as well as postgraduate students learn when they are exposed to research strategies as a key part of their education. Inquiring, analysing, critiquing, hypothesis-testing, and continually looking beyond the status quo are taught via research and promote skills which are fundamental attributes of any good graduate.
