

Submission on priorities for the *Universities Accord*

from Mark Warburton

This submission identifies five priority areas for the *Universities Accord*. It is not intended to be a comprehensive list. It has not attempted to identify priorities related to university research. The latter is likely to be adequately covered in other submissions.

(1) Meeting Australia's skills needs

The review should consider immediate priority actions to alleviate critical **current** skills shortages. In doing so, it should distinguish between supply and demand issues.

- It should recommend specific actions to remove supply-side problems. These may include actions to increase the supply of clinical and industry placements and/or to ensure that funding for student places is able to meet demand in disciplines where shortages are critical.
- It should recommend against dealing with demand-side problems through funding arrangements for university places. Measures such as HECS-HELP benefits are complicated and inefficient, and reducing student contributions has insufficient impact and is not cost effective. More appropriate measures to improve demand for qualifications in skill shortage areas include improving the provision of reliable and quality information on job opportunities; improving remuneration in manifestly undervalued occupations and improving the esteem in which particular careers are held.

To ensure the ongoing supply of all **medium and long-term** skills needs, the review should focus primarily on recommending the most appropriate funding levels and arrangements. Fundamental to this objective is adequate stable financing of student places.

- The major issue is about total rates of funding (i.e., CGS subsidy plus student contribution) for various teaching disciplines. It is not about 'student contributions' which should be viewed primarily as a financing mechanism and be the subject of separate consideration as described in priority (3) below.
- Total funding rates need to recognise obvious and significant differences in the teaching costs of disciplines. To meet knowledge and skills needs, critical disciplines should not be underfunded. Other factors affecting supply that have cost implications also need consideration, in particular the provision of clinical and industry placements.
- There is insufficient accuracy in determining teaching costs to justify a proliferation of total funding rates with minor differences. Fewer rates should be regarded as preferable. This could improve universities' ability to respond to changes in student demand. The demand driven system demonstrated that responsiveness to student demand helps reduce skill shortages.

Consideration should be given to whether industry engagement is likely to be more effective when undertaken at the local level and when done in collaboration with TAFE/VET/training providers. This form of community engagement might be required of universities.

- The committee should consider the potential to foster partnerships between public universities and TAFES to jointly develop contemporary qualifications, outside the bureaucratic strictures associated with competency-based training packages, for delivery primarily by TAFES and where appropriate by universities.
- In particular, the development of diplomas and advanced diplomas for delivery by TAFES offers a potentially fruitful means of meeting some of Australia's critical future skill needs. Diplomas and advanced diplomas allow for some depth of training but usually can be completed in one year of full-time study or training, increasing the speed with which skilled labour may be available to industry. As well as meeting local industry needs, joint development by universities and TAFES should aim to provide successful students with a guaranteed pathway to a bachelor's degree

qualification. The VET FEE-HELP debacle derailed a previous effort to increase the supply and use of these qualifications. Efforts to increase their prevalence and use should be reinvigorated.

- The review should not make recommendations which would result in universities assuming responsibility for training more appropriately delivered through TAFEs and reputable VET providers.
- Micro-credentials are likely to be more appropriately provided through TAFEs, VET providers or commercial entities (such as software or equipment vendors), than universities. There does not appear to be a strong argument for micro-credentials to receive public subsidies or for people doing them to have access to income contingent loans to pay fees.

(2) Promoting excellence in teaching

This subject should receive significant attention during the review. The review should consider making recommendations which raise the value placed on teaching and student's learning experience at university.

Consideration should be given to recommending the creation of a high-profile national council to provide strong independent advice to government and public universities on priorities for the improvement of university teaching and increasing the supply of professionals / university graduates necessary for Australia to meet emerging technological and cultural challenges.

- Membership should be primarily from current Deputy Vice-Chancellors (academic / education) and they should have the support of / be selected by senior academics. Participation on the council should be regarded as part of a nominated DVC's job and not attract additional remuneration. The cost impost on the Commonwealth should be restricted to the provision of secretariat and research support services, similar to those provided to Australia's chief scientist.

The provision of quality teaching should be one of the major 'lenses' through which the review examines the governance of universities, their regulation and workplace relations. While universities are critical to Australia's research efforts, pursuit of research excellence often dominates the pursuit of teaching excellence and the student experience.

- University governance should, wherever possible, be open and transparent. Universities are not commercial corporations. They are major public institutions expected to pursue public goals. It is generally in the public interest that they operate independently of the government of the day, albeit within an open and transparent framework that is developed with government.
- The salaries of many Vice-Chancellors are excessive, and consideration should be given to how they are transitioned over time to a reasonable level. Excessive salaries in the private sector and the obscene remuneration of many private sector CEOs does not provide an adequate justification for the status quo.
- The working conditions of young people in the early stages of an academic career require substantial improvement to ensure a highly skilled and pedagogically competent future academic workforce. This requires consideration of complex issues and considerable attention to detail. There are some entrenched positions held by industrial parties which might best be resolved through tripartite negotiations to secure a better national outcome.
- While most universities need to offer standard professional qualifications necessary for Australia's health and education systems and major industries, the review should consider how best to promote diverse, excellent and specialist offerings by universities. These may be in cultural areas (music, drama, art), areas of specialist industrial training or critically important specialist research areas. There may need to be special consideration of how 'specialist schools' are made financially viable, particularly where demand will be relatively low or high costs limit the supply of places.
- The review **should not** consider whether there should be 'teaching only' universities. The debates on this topic are a largely futile discussion of an outcome no-one could accept. No public university should be precluded from research and no public university's status as a university should be threatened by it focusing primarily on teaching. In Australia, it is ultimately government's that

decide which institutions use the term university. It would ideal if the terms use was restricted to Australian public institutions and TEQSA's role was modified to reflect this.

(3) Ensuring student financing arrangements, particularly HELP repayment arrangements, are fair and equitable

The most important aspect of student financing arrangements is the income contingent repayment arrangement which traditionally receives scant consideration in higher education reviews. It should be considered as part of the *Universities Accord*.

- There has been substantial change to the patterns of tertiary education attainment since income contingent loans were introduced. Today, 72 per cent of people aged 25-34 years have a Certificate III or higher and over 40 per cent have a bachelor's degree or above. Women are more likely to obtain a higher education qualification than a VET qualification. Men are more evenly distributed between the two systems. Higher education is no longer the preserve of a small, privileged and elite group. It has a broader economic and social role. It does not guarantee affluence.
- Governments have increased student contributions so that students now complete their degrees with debts averaging around \$60,000. Repayments continue until people are well into their 30s. The repayment threshold has been lowered to 70 per cent of average weekly earnings. No allowance is made for people who are required to financially support their partner or children. There are substantial adverse interactions with other aspects of the tax-transfer system.
- The repayment arrangements are unacceptable, and the review should consider changing how repayments are calculated. Calculation of repayment amounts should be based on a single rate applied to marginal dollars over a threshold which varies according to a person's family circumstances. Thresholds should be set to ensure that former students are only required to make repayments when they have the capacity to do so.

A single annual student contribution rate with fair and equitable repayment arrangements is likely to produce better overall outcomes than the current scheme. Student contribution rates are a device for setting the maximum to be repaid through what is, in effect, a tax surcharge. Whether the system is fair and equitable depends on how that tax surcharge affects people's lives.

- Evidence suggests that reducing student contributions for disciplines to encourage demand for particular courses is not a cost-effective way to increase the supply of people with particular qualifications. Seeking to 'discourage' the study of disciplines by increasing student contributions has the same problem and may be inappropriately punitive. Student contribution rates are currently applied inconsistently, sometimes to units of study and at other times to courses (i.e., professional pathways).
- Factors other than annual student contribution rates also have a significant impact on the total debt that a student may have to repay. These factors include course length, what postgraduate study may be required for professional entry and whether that postgraduate study is Commonwealth supported or full fee paying. Whether a student changes course midstream or fails some units of study will also affect their final debt amount.
- Labour is highly mobile, and it is difficult to predict where people will be subsequently employed and what their income will be. Many teachers leave the profession for better paying jobs. Nurses may become high paid managers of health services. People with law degrees undertake modestly paid work in the not-for-profit sector.
- Overall, the current structure of student contributions is an inequitable mess. Fairness and equity in student contributions is most likely to be achieved by reliance on HELP's income contingent repayment arrangement. Contributions to the cost of tertiary education should be made by those who have the financial capacity to contribute. This will generally be those with incomes near or above average earnings, regardless of what disciplines they have studied.

Australia's system of income contingent loans plays a vital role in financing tertiary education. It is not an appropriate mechanism for seeking to create a 'competitive market' or the basis on which an unequivocal 'user pays' approach can be built. It is a socially progressive method to obtain revenue to

support government subsidies for tertiary education. The nature of the scheme is such that it should not be used in circumstances in which government subsidies would not otherwise be available.

In addition to the student contribution rate structure and the HELP repayment arrangements, the committee should consider:

- How to ensure that the time taken to obtain qualifications is not excessive. Students should have options that enable them to complete their qualifications quickly, minimising their future repayment obligations.
- Whether the amount of fees for domestic postgraduate 'full-fee' students should be restricted, so that it is essentially be the same as the total funding for a commonwealth supported student. It is not appropriate for universities to raise funds for research through student financing arrangements.
- The review should consider how to ensure that government subsidies for teaching and student fees are not diverted to research.

(4) Improving protections for international students to enhance Australia's reputation as a provider of international education

The review should consider whether further regulation is necessary to protect the reputation of Australia's international education sector. Currently, there are few restrictions on the fees which universities may charge international students. Greater transparency in fee setting would help ensure that Australian universities are not perceived as exploiting international students.

- Consideration should be given to requiring universities to explicitly itemise the three major components of international student fees being (1) a base fee that reflects course costs (which should essentially be the same as the total funding for a commonwealth supported student) (2) an amount charged for any specific support services for international students, and (3) a contribution to supporting research at their chosen university.
- There should be a maximum limit placed on any required contribution to research. This could be expressed, for example, as a percentage of the basic fee covering course costs. There should be no compulsion for a university to require a contribution to research, but if it does it the contribution should be a reasonable amount and transparent.
- The rationale for the research contribution is that domestic students contribute to Australia's research efforts throughout their working lives by paying taxes which governments allocate to research. International students generally would not contribute in this way. It is reasonable for a university to levy such a charge as it supports the quality and reputation of the university and, indirectly, the broader Australian higher education sector from which international students generally benefit.

(5) Improving support for people from disadvantaged backgrounds to obtain a higher education

Over the past decade there has been a proliferation of equity programs that are poorly targeted, with disproportionate levels of assistance devoted to people from rural and regional areas and substantially lower levels of support available to people from low SES backgrounds.

The review should focus on making recommendations related to adequate resourcing for the major programs of support for people from disadvantaged backgrounds and the efficient, effective and equitable operation of these programs. Not all major programs are administered through universities and the review should consider what is appropriately delivered by them and what is not.

The review should reinforce the fundamental importance of income support as the most effective form of assistance to support disadvantaged people to gain a higher education. The adequacy of both the base rate of payment and rent assistance are particularly critical for people from disadvantaged backgrounds. Stable and affordable housing for people from disadvantaged backgrounds is likely to be critical to their ability to succeed. The review should consider

- the potential to rationalise the array of supplementary programs (e.g., Student Start-up loans, Relocations Scholarships and Tertiary Access Payment);

- what needs to be done to ensure that funding is directed equitably to those most in need; and
- in what circumstances a student loan, rather than direct financial assistance, may be appropriate.

In the case of programs appropriately delivered through universities, the review should consider what is best supported through block funding for general equity purposes (e.g., the current HEPPP program which is scheduled to end in 2023), block funding for specific equity groups (Disability Support Program and Indigenous Student Success Program) and specific grants (e.g., National Disability Co-ordination Officers, the Australian Disability Clearing House and the National Centre for the Study of Equity in Higher Education, as well as the enabling and regional loading programs). The review should:

- clarify the major objective of general equity block grant funding. Universities have a limited capacity to get young people to aspire to higher education where they come from communities that undervalue it. Schools are likely to be more influential and effective in this regard. In contrast, universities can and should be expected to play a significant role in making higher education available to Australians and in the provision of additional support and pastoral care services to those they admit to a course (i.e., those they have assessed as capable of attaining a qualification).
- consider articulating a set of reasonable expectations of universities, as a condition of receiving general equity block grant funding, in respect of (1) their efforts to facilitate access to higher education and (2) the services and supports which should be made available to students from equity groups. The extent of universities' role in facilitating/supporting the availability of low-cost student accommodation for young people from low-income families warrants special consideration.
- consider how block grant funding for general equity purposes should be distributed to universities. In particular, the review should propose a distribution methodology which ensures that students from disadvantaged backgrounds have equitable access to the services and supports which general equity block grant funding is intended to support.

Mark Warburton
Honorary Senior Fellow
Centre for the Study of Higher Education
The University of Melbourne
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