

ATN submission: response to the Australian Universities Accord discussion paper

April 2023

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1. Introduction

Australian universities are central to building modern Australia.

The Accord is a once-in-a-lifetime opportunity to shape higher education for our next generations and build a legacy together, based on lasting reform. We must set our sights beyond the Dawkins reforms and the Bradley Review, as important as they were, if we are to create universities which will thrive over the next 30 years.

A universal and lifelong system of post-secondary education, including universities and TAFEs as key public anchor institutions, is fundamental to improving our skills, research, international engagement, industry cooperation and cultural development.

Affordable and sustainable access to the possibilities provided by world-class lifelong learning will build the necessary scaffold for skilled work, high-quality healthcare, appropriate housing, adequate social protections and services and national security.

Universities should be seeking to maximise the economic, social and cultural benefits they deliver to their local communities. They can play a significant role in transforming regional economies, particularly those undergoing structural change.

The research capability of our universities and their global reach are significant national assets which should be retained and enhanced.

Achievement of the Accord's objective will require cooperation between federal, state and territory governments, education and training providers, the research community, schools, unions, employers, industry and community organisations. It must underpin the strong social contract that exists between universities and the Australian people.

We need diverse institutions for a diverse society. We envisage a system which allows universities to have the confidence, wherewithal, resourcing and community backing to be their best.

We make the following recommendations not just for ATN universities, but in the national interest of the higher education system.

ATN recommends:

A system of universal participation

1. We should provide universal and lifelong access to education for all Australians post-secondary education, through an integrated higher education and vocational education system
2. Australia's participation rate in post-secondary education should lead the OECD

An Accord of accords – mission, place and purpose-based agreements

3. The goals of the national Accord should be achieved through the development and implementation of individual university accords
4. Individual university accords should include a simplified block funding system supported by activity-based funding to enable growth
5. Funding mechanisms for teaching of domestic students should be simplified

Serving global, national and community needs

6. The system should support new and innovative ways for students to acquire skills and knowledge throughout their lives
7. Lifelong learning should be enabled and encouraged through work-integrated and work-based learning
8. There should be a new approach to the provision of growth funding for student places linked to skills in demand
9. Cooperative Skills Centres should be developed to kickstart tertiary integration with industry

First Nations participation across all university activity

10. First Nations knowledge, skills and connections should be embedded in all facets of our work across teaching, research and engagement
11. All First Nations Australians should have guaranteed access to both undergraduate and postgraduate education regardless of where they live

Equity at the centre of our system

12. A National Participation Fund should be created to help students with the cost of living
13. There should be mission-based funding for universities to ensure quality, excellence and success for all students
14. That there should be better recognition of enabling pathways and programs into university

Sustainable sovereign research

15. There should be a review of the national research and innovation ecosystem, covering all directly funded Commonwealth research and agencies including CSIRO and others, to drive balanced growth of medical translation and non-medical research
16. Critical research should be securely and fully funded
17. Universities should be funded to pursue their research missions and strengths

Global by nature

18. That the Federal Government extensively consult the sector on all strategic and foreign policy developments to ensure benefits of international education are experienced at a national, regional and local level
19. To remain globally competitive, we must support high quality higher education delivery onshore and offshore and encourage diversification of markets at an institutional level
20. The Federal Government in partnership with the sector and key allies should strengthen the social licence for international education with the Australian community

Transition - creation of a new dedicated authority

21. There should be a dedicated independent authority with responsibility for individual university accords
22. There should be transitional assistance in 2024 and beyond to ensure funding stability and security while the Accord is implemented.

2. Implementing a meaningful Accord

A system of universal participation

1. **ATN recommends we should provide universal and lifelong access to education for all Australians post-secondary education, through an integrated higher education and vocational education system**

All Australians will need access to lifelong learning post-secondary so they can fully participate in society, the workforce and secure the new and emerging jobs being created.

The solution to Australia's future skills needs does not lie with just higher education or vocational education and training (VET), but with both, and in cooperation with industry and governments at all levels.

2. **ATN recommends Australia's participation rate in post-secondary education should lead the OECD**

Participation in university has improved over recent decades, but more needs to be done to ensure the benefits are shared across all communities and regions in Australia. Despite some success at the national level, there remains a significant number of students who are educationally disadvantaged and need support to develop their academic capabilities.

This is more than an attainment target for foundational qualifications – there is a need to provide ongoing, accessible and meaningful education throughout Australians' lives. Post-secondary education needs to give learners the opportunity to keep building on their initial foundational education.

Universities need to inspire and engage all their students and proactively engage with new and changing cohorts with different educational needs. We are not just serving school leavers – more than half of all commencing students now come to us from a different pathway. We must work with everyone with the potential, capability and need to succeed in their education journey.

Our teaching methods and courses must grow and adapt with changing needs and demands. School leavers, career changers, career improvers, career restarters and international students are among some of the groups that seek different outcomes and engage differently with university.

An effective system of universal participation and lifelong learning must be open and offer relevant choices to all.

An Accord of accords - mission, place and purpose-based agreements

3. **ATN recommends** the goals of the national Accord should be achieved through the development and implementation of individual university accords

- *There should be a national level accord; and*
- *Individual accords attached to five year funding for each university that:*
 - *detail their expected contribution to national needs;*
 - *provide the funding or agree on the revenue sources to deliver that contribution; and*
 - *outline indicators of expected performance.*

The outcome of the review should include broad agreement on **the national needs** to which universities should be making a major contribution. Many of these arise directly from the challenges and opportunities for Australia outlined in Section 2 of the Discussion Paper.

This is an ongoing conversation, as these needs are likely to change over time depending on social, economic and geopolitical developments. While the Federal Government would play a lead role in the formulation of these needs, the review should recommend a process of consultation for updating these needs with the involvement of other levels of government, universities and communities.

The review also needs to settle **the mechanism** by which the contribution of individual universities to meeting these national needs is articulated and supported. This mechanism needs to include the funding, accountability and governance framework under which universities will operate. This will require change to current funding arrangements, new resources and an appropriate balancing of institutional autonomy and government regulation.

National Accord

University mission-based accords

Place based agreements with TAFEs, state governments and industry

Collective agreements based on shared missions or geography

The current legislation provides for both institutional compacts and funding agreements. Compacts have not significantly guided university activity and have not delivered funding with accountability requirements.

There is no real rationale for the Commonwealth to have two separate agreements with universities. There should be a single accord with each institution which provides a stable level of funding for a period of five years and details what is expected of the university in return.

Many universities are required by their founding legislation to have regard to the needs and aspirations of residents of a particular region. All universities, through their community and industry engagement, have developed and adopted different missions, specialisations and roles within Australia's higher education sector. Current funding arrangements do not sufficiently recognise or foster this diversity of activity.

A single accord with each university would be the mechanism for providing secure funding to support the mission of a university and, over time, to enable greater differentiation in the missions of universities. These accords would encompass a university's:

- contributions to meeting national, state, local community and industry needs (including education delivery, skills acquisition, research, research translation and local community and economic development)
- collaborative activity with other universities and the VET sector, particularly TAFEs; and
- approaches to international education and global engagement.

Individual accords should allocate government resources for the delivery of national outcomes and university missions. In doing so, they should consider the resources each university has available to it.

Metropolitan universities can attract additional revenue from international students whereas regional universities are less able to do so. Older universities have greater levels of endowment than younger ones.

Universities which are appropriately resourced can focus their efforts on activities that contribute to national needs and pursue their unique missions, rather than chasing revenue.

4. ATN recommends individual university accords should include a simplified block funding system supported by activity-based funding to enable growth

- *University funding should shift to a mixture of volume funding which scales with activity and block funding for agreed purposes and priorities which are consistent with:*
 - *national needs;*
 - *the particular missions of each university; and*
 - *the overall development of Australia's post-secondary education system.*

The current funding arrangements for universities are complex, with the level of support from some funding streams uncertain. Currently, Australia's universities receive about \$20 billion in funding from the Commonwealth Government, including that from HELP student loan programs. The major funding sources are:

- volume-based teaching funding of between \$14 and \$15 billion (Commonwealth and student contributions);
- other grants of about \$1 billion, including about \$300 million for various equity purposes;
- volume-based research project grants - about \$800 million in ARC grants and a larger amount from the \$1.5 billion in current health and medical research funding, shared with medical research institutes and hospitals; and
- research block grants of about \$2 billion and research capacity grants of about \$300 million.

In recent years, there have been no specific funding programs providing capital for infrastructure. A number of specific projects have been funded, with approvals based largely on ministerial discretion.

Capacity for maintenance and renewal of critical infrastructure has largely depended on ability to generate additional revenue (e.g., from international education) and private joint ventures and partnerships (e.g., student accommodation).

Block funding provided as part of accords would seek to provide a stable level of baseline funding. This would enable universities to make investment decisions concerning their contribution to national goals and their particular missions within an environment of reasonable financial certainty.

This block funding component should be a priority for future additional investment by government. These funds should provide substantial support for:

- the education and training of under-represented and disadvantaged cohorts;
- projects to address short and medium-term skills shortages;
- capital for related new developments and infrastructure; and
- the maintenance of capability in disciplines that would be uneconomic if funding were based simply on student numbers.

These issues are discussed in further detail below.

ATN supports the major features of the current system of volume-based teaching funding. This includes the current roughly even split of Commonwealth and student contributions for most domestic undergraduate programs.

The ATN also broadly supports retention of the volume-based research project grants with improvements as outlined below, under sustainable sovereign research.

5. ATN recommends funding mechanisms for teaching of domestic students be simplified

- *Starting with a single student contribution rate for all courses; and*
- *With the fair cost of delivery covered by the Commonwealth contribution and loadings.*

There are aspects of the funding arrangements for teaching which have been introduced or exacerbated by Job-Ready Graduates (JRG) and need to be addressed to ensure a fair, equitable and functional system, including:

- large disparities in student contributions and the impact this has had on student debt repayments and timeframes;
- complexities and inequities in the student loan system which do not adequately capture the ability to repay;
- many STEM disciplines have had their overall funding rates substantially reduced, jeopardising their viability; and
- there are also a variety of critical disciplines/specialities, such as languages, geology and some allied health areas, which are of substantial economic or social importance, but which universities find uneconomic when funding is based solely on student numbers.

A simplified funding system will make it easier for students to understand their commitments and obligations. It will also be a precursor to any system of lifelong learning and ease the integration with the funding system of vocational education.

Serving global, national and community needs

6. ATN recommends the system should support new and innovative ways for students to acquire skills and knowledge throughout their lives

Many of the future workers Australia will need in the health care, technology and manufacturing sectors are likely to have existing skills and experience. It is important we recognise this background appropriately and provide more than the traditional offerings - three-year undergraduate degrees or two-year postgraduate courses. Local businesses cannot afford to wait that long in a competitive global environment. We will need to offer more flexible, adaptive and innovative education options.

The need for recognised and credible pathways for upskilling and reskilling has been reinforced by numerous short-term challenges such as disruptions to skilled migration, remote and flexible working arrangements, disruption to face-to-face service industries, increased and unpredictable demand for workers and supply chain and freight restrictions.

Such pathways have the potential to minimise critical skills shortages and prepare Australia for long-term challenges such as industrial transformation, regional development and the changing demographics of the workforce. This is not, however, a quick fix.

The development and accreditation of reputable and fit-for-purpose education and training courses, including short courses, is resource intensive and requires detailed work. Lasting progress will require close attention to the priority areas for development work, commitment from relevant industry stakeholders (i.e., professional bodies, regulatory authorities, industry and employer representatives) and adequate resources and planning.

Shorter and more flexible courses must be part of a system that encourages and enables all Australians and international students to continue accessing high-quality and relevant education and training throughout their lives. They need to capture, support and develop individual aspirations and be highly relevant to local economic and community development goals. They also need to enable students who are educationally disadvantaged the opportunity to develop their academic capabilities.

7. ATN recommends lifelong learning should be enabled and encouraged through work-integrated and workbased learning

- Assist universities to incorporate work-integrated learning into the student experience; and
- Remove clinical placement bottlenecks which are an impediment to reducing skills shortages.

Lifelong learning relies upon developing and improving our skills, when and where it works best. For many this is going to be work-based and work-integrated learning involving authentic assessment. Industry engaged universities are vital to shortening and improving the connection between skills development and acquisition and skills practice and mastery.

For students undertaking their first tertiary qualification, work-integrated learning should be a highly sought-after and valued cornerstone. This will engage students with purpose and practice of the knowledge and skills they are developing and give them an opportunity to build a professional identity.

For students already working or seeking to return to work, a different approach is needed which recognises their commitment to careers, families and their workplace. In this case, work-based learning is needed so they can maintain, or forge, links with their employer, earn a living wage and develop the skills they need.

To expand work-based learning beyond the traditional apprenticeships and traineeships will require a cultural shift and new national framework of recognition and subsidies. This will form one of the pillars of a new integrated post-secondary system where a higher education qualification can effectively be combined with work and will allow students access to the additional technical, practical and vocational skills they need.

Ongoing issues related to the availability of clinical placements in health areas need urgent attention. Clinical placement bottlenecks that are an impediment to reducing skills shortages in critical areas should be addressed collaboratively by governments, universities and relevant industry players.

Public and private organisations in receipt of public funds should accept a reasonable share of responsibility for training the next generation of workers. Clinical placements should not be commodified with universities engaged in competitive financial bidding and territorial behaviours that may impede needed progress to reduce skills shortages.

8. ATN recommends there should be a new approach to the provision of growth funding for student places linked to skills in demand

- Enable all universities to teach enough students to supply local and regional businesses with the skilled graduates they need to create more jobs across the country

ATN recognises that in the current fiscal environment the Government will wish to avoid uncontrolled expansion. An option for reducing the potential for this to occur is the development of a system of consistent, national standards for university entry.

These standards would provide evidence of a student's capability to succeed with reasonable levels of study support. Excess demand for entry by students reaching such standards would provide prima facie evidence of the need for future student place growth funds.

The existing policy for funding growth, based on campus location, was not grounded in any evidence of student demand or the need for skills, upgrading of skills or reskilling within any particular region. It also ignores the primacy of student choice and the reality that many students relocate, commute or go online to study at the university that is right for them.

The challenge is to enable controlled expansion that facilitates the removal of skills shortages and provides all students with the opportunity to participate in post-secondary education, consistent with their aspirations and capabilities.

Ai Group and ATN have previously called on the Federal Government to support the creation of a tripartite Skills Forum as a way of developing strategy and coordinating action on Australia's skills development. This would include the role of international education and skilled migration as complements to local education and training.

The Skills Forum would establish a three-way partnership between industry, universities and government to drive the national skills agenda. It would help secure Australia's skills future and realise Australia's potential through practical and sustainable actions and reforms.

Australia's workers and businesses need a coherent skills strategy that can quickly plug urgent and persistent skills gaps in the economy with a balanced and fair pipeline of domestic and international workers.

9. ATN recommends Cooperative Skills Centres should be developed to kickstart tertiary integration with industry

- Focus on reducing education and skills shortages in areas of national priority; and
- Develop shorter flexible accredited courses in conjunction with industry and TAFEs

Priority growth sectors, including health care, manufacturing and defence, will depend heavily on university educated workforces. But workforce shortages and the development of new industries will require technicians, potentially trained in either the higher education or VET sectors, as well as a range of complementary VET trained workers.

The development of new and updated training packages in the VET sector can be slow and there is a need to trial new approaches which increase the 'speed to market' of new packages of knowledge and skills. The self-accrediting nature of universities should be utilised to assist in this process.

Working together - industry, universities, TAFEs and government - can ensure that Australians and international students have the education and skills to meet national challenges. ATN universities have long understood the importance of listening to and partnering with industry to ensure they have a stake to ensure Australians have the skills they need now and into the future.

This would be used as a stepping-stone and test bed for greater collaboration and integration of higher education and VET and building cooperative networks across federal, state and territory governments, universities, TAFEs and industry.

Cooperative Skills Centres would have a particular focus on reducing the enrolment, funding and credit barriers that face students for whom a combination of VET and higher education study is most appropriate. One of the major goals of Cooperative Skills Centres should be trialling and testing approaches in this area.

There are also other intermediary steps and actions that can lay the groundwork for an integrated post-secondary system, including:

- Provisions for an integrated system as part of the new National Agreement for Skills and Workforce Development currently being negotiated to ensure there is buy-in by states and territories;
- Piloting integration at the 'cross-over' between higher education and VET – diplomas, advanced diplomas and associate degrees – to explore issues of pedagogy, recognition and funding; and
- Piloting integration through the mutually shared interest in work-based and work-integrated learning, particularly for occupations that already have a VET-HE pathway like nursing and early childhood education.

First Nations participation across all university activity

10. ATN recommends First Nations knowledge, skills and connections should be embedded in all facets of our work across teaching, research and engagement

First Nations people should be represented in higher education in a holistic and inclusive way reflective of their own background. We do everyone a disservice when First Nations initiatives are constructed solely through a deficit lens and focused exclusively on raising participation metrics.

In an inclusive and modern Australia, all graduates will ought to confidently engage with and understand First Nations people, culture, knowledge systems and ways of working.

Some of this work has been started at a national level and there are excellent examples at individual universities, but little in the way of coordinated and systemic action. We need to build on initiatives like the ARC's recognition of Indigenous studies and Discovery Indigenous program and the acknowledgement of the value of First Nations intellectual property in the IP Framework.

This year is a momentous one for First Nations constitutional recognition and listening to the voices of First Nations people – regardless of the outcome of the referendum, the momentum of change must be maintained. The national Accord and individual university accords should provide an anchor point for our First Nations community and recognise their place in all our endeavours.

11. ATN recommends all First Nations Australians should have guaranteed access to both undergraduate and postgraduate education regardless of where they live

Under the current system, a First Nations Australian is only eligible for a demand driven undergraduate place “if, at the time the person first enrolls in a course of study with that provider, the person's permanent residential address is in a regional area or a remote area”.

We should ensure that all First Nations Australians can access a place in post-secondary education. Their success in their learning journey is fundamental to achieving the Closing the Gap target of 67 per cent of Aboriginal and Torres Strait Islander youth (15-24 years) in employment, education or training by 2031.

This should apply regardless of their choice of course, whether in vocational education or university, and regardless of where they live at the time of their enrolment.

Providing a place for these students is just one part of the action we all must take to Close the Gap. The Government should also support universities that demonstrate a genuine commitment to cultural support for inclusion and success.

Equity at the centre of our system

Equity needs to be a fundamental feature of the Accord. It should be integral to Australia's post-secondary education system, not an additional, optional component.

Many students face complex educational disadvantage and must navigate systemic barriers and intersecting inequities. Rates of post-secondary education attainment vary considerably across the country and there is still a lot to be done to ensure equity of access across geographic regions and socio-economic divides.

12. ATN recommends a National Participation Fund should be created to help students with the cost of living

- *Allow students to focus on study, improve retention and completion rates, and help accelerate students' career entry*

A critical factor affecting a student's likelihood to complete is their ability to meet the costs of living while studying. There are higher rates of non-completion among students studying part-time which is likely to result, at least in part, from the competing demands associated with needing to earn a living. The level of income support for students is inadequate to allow a student to live in a manner conducive to full-time study.

Many students face daily challenges - personal and family obligations, illness and disability, housing stress, juggling of work commitments and study, navigating university as a first-in-family student and, often, long commutes to campus. These challenges often coincide and have a compounding effect especially for students who experience multiple educational disadvantages.

Australia's world class income contingent loan system generally removes the tuition cost impediment to study, but students are still faced with immediate and unavoidable study and living costs are not covered by the system. Students deserve help to stay at university and make the most of their opportunities.

One possible model for the scale and function of the National Participation Fund is the Medical Research Future Fund (MRFF). Recognising that the increased participation and success of students will lead to higher productivity, higher earnings and greater wellbeing, the Government could make progressive contributions to the Fund until it reaches its target capital. Careful thought and design will be required so that eligibility and application requirements do not stigmatise recipients.

13. ATN recommends there should be mission-based funding for universities to ensure quality, excellence and success for all students

- *Recognise not all students come to higher education directly from secondary school;*
- *Our system needs to accommodate and cater for everyone with capability and need;*
- *The 50 per cent completion rate rule for Commonwealth support should be removed;*
- *Universities should be provided with adequate support to enable high completion rates for students from underrepresented backgrounds;*
- *Support should account for the level of educational disadvantage of a universities' students; and*
- *Funding should be delivered as a block grant with details to be negotiated in the context of a universities' accord.*

Improving the equity performance of universities will not be achieved under the current approach which relies heavily on a formula driven allocation of a limited quantum of funds. The priority for future funding should be universities that are serving a broader, more diverse range of students like regional, first-in-family and poorer students.

Maintaining quality, success and excellence must be at the heart of the system if we are to create genuine opportunities for all students. The Accord must recognise that building capability and culture in a disadvantaged community is a long-term project that requires stable and dedicated funding.

The community role of these equity-driven universities should be recognised as a formal part of their mission and in the context of agreeing to their individual university accord. As diversification of universities is pursued, those with a specialised focus on equity and the expertise and capacity to deliver on community needs should be recognised and funded appropriately.

ATN recommends the 50 per cent completion rate rule for Commonwealth support be removed. This rule disproportionately affects the very students which equity policies aim to support. The transition into post-secondary education can be tough for many students.

The rule prevents universities from being able to properly support these students. Universities have progression policies which aim to ensure that students who have been admitted but who have little prospect of completing do not continue. Universities are better placed to make judgements about students' prospects of completing than the Government through the application of a centrally mandated rule.

The challenge is to improve completion rates for all equity groups, support their participation in work-integrated and work-related learning, and ensure a positive post-graduation outcome. This goes beyond the number of students starting post-secondary education – around which so many announcements and funding initiatives are based.

14. ATN recommends that there should be better recognition of enabling pathways and programs into university

- *Greater recognition of enabling pathways to higher education; and*
- *Appropriate funding for these pathways*

One of the keys to improving the success rates of educationally disadvantaged groups is adequate preparation for higher education study. This may occur through successful completion of a vocational course, or a dedicated enabling program provided by a university, or both.

Such programs play a role in exposing students to the nature and expectations entailed in higher education study and in developing and assessing the capabilities of students.

Under JRG, funding for enabling programs was reduced and the worth and the role of such programs was largely disregarded. Government policy has appeared to be directed towards reducing the number of enabling places. This situation requires correction.

Enabling programs, under a national framework, provide people with the skills, support, resources and confidence to succeed in higher education, and can help people to both begin and complete a qualification. Changes should be made to enshrine enabling courses and funding in legislation, and also provide for national recognition of those courses as an entry into university. Universities should be able to adjust their number of enabling places as circumstances warrant without being penalised through reduced funding support.

Our post-secondary education system should seek to develop the capabilities of people to participate and succeed. It is desirable that people exit with a qualification which reflects the extent of their achievement, rather than an indication of what has not been achieved.

Sustainable sovereign research

Universities currently contribute \$13 billion per year (0.61 per cent of GDP) to Australia's expenditure on research and development (R&D). Overall, Australia spends about 1.8 per cent of its GDP on R&D.

For Australia to reach the Government's R&D target of 3.0 per cent of GDP, which would place Australia within the top quartile of OECD countries, universities will need to expand their R&D as part of the Government's plans.

15. ATN recommends there should be a review of the national research and innovation ecosystem, covering all directly funded Commonwealth research and agencies, including CSIRO and others, to drive balanced growth of medical translation and non-medical research

Current funding available for research projects is skewed towards medical research with not enough dedicated to translating those medical discoveries or exploring non-medical research. There is almost twice as much funding available for medical research projects as other research projects.

Over the past decade, medical research funding generally increased while ARC research funding declined. For each of the 2012 to 2015 calendar years, the amount of ARC research funding reported in university financial statements exceeded \$750 million, with the peak being \$856 million in 2014. In each of 2020 and 2021, only around \$600 million was reported. ARC research funding has since recovered but remains below its 2014 peak.

To meet emerging economic, industrial and geopolitical challenges there will need to more emphasis on new technologies and sovereign capability. The significance of these challenges, combined with the proposal to enable greater differentiation in the missions of universities, means that it would be appropriate for there to be a review of national research capability.

Australia's public universities provide much of Australia's research ecosystem but important roles are also played by medical research institutes and a variety of public sector agencies such as Australia's national science agency (CSIRO), the Australian Nuclear Science and Technology Organisation (ANSTO) and the Defence Science and Technology Group (DSTG).

This ecosystem has developed over time. Changes have been made to various component parts and it is not clear that the system as a whole is operating optimally to meet challenges and take advantage of emerging opportunities. It is important that this ecosystem is:

- fit for purpose;
- that there is appropriate coverage of, and balance between, all significant research areas; and
- clarity about what is being done, how it is being done and who is doing it.

By way of example, CSIRO was created when Australia had state-based and state-funded universities focussed primarily on pure discovery research and with a relatively small capacity for translation and transformation. Its role was to coordinate Australia's research efforts and spur collaboration with industry.

Since CSIRO was created, the Commonwealth has become the primary funder of university teaching and research and new universities have been founded with missions focused on applied research and industry engagement. Universities are close collaborators with CSIRO and are now undertaking much of the role once envisioned for it.

Major government investment will be needed in research and skills development for the transition to clean and renewable energy, to improve sovereign manufacturing capability and to support the AUKUS partnership. Australia may need to explore new ways of coordinating and managing its investment in innovation.

Among the potential models for a new way of agencies like CSIRO working with universities could be:

- Australian Institute of Sport (AIS) which has moved to a model where sports development programs and facilities are run by the national bodies responsible for each sport and the AIS focuses on talent identification, coach development and innovation; and
- Defense Advanced Research Projects Agency (DARPA) which has a relatively light overhead organisation managing temporary project teams of external experts working on ambitious, mission-based projects.

Similar principles applied to mission-based research in Australia could see CSIRO, for example, managing teams of university and industry-based experts on targeted research projects. Co-located and embedded within universities, CSIRO could focus on researcher development and training and building connections with industry.

16. ATN recommends critical research should be securely and fully funded

- *Particularly where it relates to sovereign capability; and*
- *Australia requires a level of base research capability that is not exposed to external factors such as fluctuations in international student numbers or the actions of foreign parties.*

Research funding does not align with the need and demand for critical and strategically important research. The expertise, industry and community connections and local industrial capacity and demand exists outside of the universities with the domestic funding sources needed to support this research. Critical research should not be reliant upon external resourcing.

The Job-Ready Graduates funding scheme generally lowered per student revenue for universities, removing funding that had been used to cross-subsidise other activities, such as research, infrastructure development and replacement, and community engagement. Funding that may have been used to support ‘principal researchers’ of ARC or NHMRC research grants was effectively removed. The policy position of decoupling education delivery and knowledge generation implies it is time to reconsider the appropriateness of requiring principal researchers to be funded from sources other than research project grant funds.

17. ATN recommends universities should be funded to pursue their research missions and strengths

- *Universities with restricted capacity to meet indirect research costs or provide matched funding should have some capacity to draw on a pool of funds to meet such expenses; and*
- *These funds would be available for approved research projects that are not fully-funded critical research.*

It is common for research funding programs to require matching funds or substantial contributions from universities and/or industry. There are major differences in the ability of universities to meet these requirements which is one factor that contributes to the concentration of research in older, research-focussed universities. These requirements place constraints on newer universities developing research specialisations related to their particular geographic location or the unique circumstances of their local economy and/or communities.

Older research-focussed universities generally have more diverse revenue sources from which they can source matching funds. They are also based in major metropolitan areas making them more attractive to international students from whom additional revenue can be derived.

Regional universities often organise for a metropolitan presence in an attempt to attract foreign students and additional revenue. From an overall system perspective, these ventures are likely to be an inefficient use of resources and may also result in less-than-optimal educational experiences for international students, potentially causing some reputational damage to Australia’s overall education exports.

Global by nature

Australian universities, through international engagement and internationalisation efforts, provide a critical national pillar that supports Australia's economic and social development and complements its diplomatic, security, trade and investment activity.

Global engagement is intrinsically intertwined with the core activities of universities and should be recognised as a fundamental attribute of Australia's higher education system.

18. ATN recommends the Federal Government extensively consult the sector on all strategic and foreign policy developments to ensure benefits of international education are experienced at a national, regional and local level.

- *Enact government-to-government programs, particularly in development assistance across Asia Pacific region, to lift the capacity of Australia's neighbours;*
- *Negotiate frameworks of mutual recognition of qualifications across the region to enhance mobility for students and staff;*
- *Funding for bilateral research funds in EU, UK, ASEAN, China, India and other key markets as they arise; and*
- *Create an international education ambassador.*

Refreshed policy settings for our international education sector will be needed to see a more sustainable, adaptive approach to the real challenges the nation faces.

We suggest action be taken in enabling government-to-government programs, especially in development assistance within the Asia Pacific region that is focused on lifting capacity across our neighbours. A rolling program of frameworks of mutual recognition of qualifications across the region is needed to ensure greater mobility of students and staff within our region.

Diversification of markets could be encouraged by the re-establishment of bilateral research funds that delivered research of mutual importance to both countries like the Australia China Research Fund and the Australia India Research Fund. This model could be expanded across the Asia Pacific region and to Europe and the UK.

Appointing an international education ambassador will ensure a dedicated, high profile government spokesperson continually advocates the sectors benefits both domestically and internationally.

19. ATN recommends that to remain globally competitive, we must support high quality higher education delivery onshore and offshore and encourage diversification of markets at an institutional level

- *Encourage transnational education throughout Asia Pacific region; and*
- *Ensure the regulatory system is flexible, agile and fit for purpose.*

Australia's universities have been at the forefront of internationalisation since the opening up of universities to full-fee paying students in the 1980s. In order to meet the increasing demand internationally, many of our universities – led by ATN universities – have opened international campuses which have gone a long way in meeting regional demand for higher education.

Transnational education strengthens the formal and informal connections between Australia and the world and helps build capacity and meet development goals around the world. We should encourage and support transnational education through the region – particularly as demand will continue to grow for the foreseeable future.

It is therefore important that Australia's regulatory system continues to remain flexible and responsive to the growing demand for new types of educational delivery within the Australian system, particularly transnational education.

20. ATN recommends the Government in partnership with the sector and key allies should strengthen the social licence for international education with the Australian community

- *Work closely to maintain workable migration settings that remain fit for purpose; and*
- *Facilitate greater and deeper opportunities for international students in Australia's labour market.*

While the economic impact of international education is well known, many parts of the Australian community remain unaware or unsure of the benefits of international education and international students coming to Australia to study.

If Australia is to solve its current and future labour shortages, we need to better recognise the role of international education and international graduates as a potential pool of talent to support our local economic growth.

In order to ensure Australians have confidence that our system is delivering for the whole community, greater effort is required to ensure that the social licence for international education is both more widely understood and supported right across the Australian community.

3. Transition – creation of a new dedicated authority

Implementation of the significant changes required for a meaningful Universities Accord will require a high level of expert knowledge of the higher education sector, good processes of consultation and negotiation, and reasonable transition arrangements.

21. ATN recommends there should be a dedicated independent authority with responsibility for individual university accords

It would be difficult for a Department of State to adequately deliver the proposals outlined for the Accord in this submission. It is likely to require a dedicated authority with responsibility for ensuring that the sector meets national needs and delivers consistently with the agreed Accord.

The role and functions of this authority require a level of detailed consideration that is beyond this submission, but it would appear appropriate for the authority to be responsible for matters such as:

- consulting with the higher education sector on the best approaches to delivering the national needs identified by government and to which universities should be making a major contribution;
- managing the Government's strategic investments in the delivery of those national needs;
- ensuring that significant areas of national capability are maintained as greater differentiation in the missions of universities is pursued;
- coordination and planning with relevant government agencies (Jobs and Skills Australia, ARC, NHMRC, MRFF and national security agencies);
- negotiating individual university accords and ensuring alignment of deliverables and resources within the context of university missions;
- monitoring university performance against individual accord deliverables, including being accountable for funding associated with the Government's strategic investments; and
- the provision of advice to government on the above matters.

This dedicated authority should not duplicate the regulatory functions of TEQSA or the Department of Education.

22. ATN recommends there should be transitional assistance in 2024 and beyond to ensure funding stability and security while the Accord is implemented

- *New transitional assistance to be provided until a new funding system comes into operation;*
- *Appropriately funded transition arrangements also be provided during the move to the new system.*

The full impact of the Job-Ready Graduates reforms will be felt in 2024. Several universities are experiencing financial pressure from the JRG changes and will potentially be driven to consider changes that may be inconsistent with the desired directions of the current government.

The interim report of the review should recommend that this issue be further examined with a view to the extension of transitional assistance to universities. The basis on which this transitional assistance is provided may differ from the current Transition Funding. The current funding mechanism provides reduced or no assistance to universities that were affected by the previous Government's funding freeze and have increased their enrolments to match demand.

The objective would be to ensure stability and security for universities while any new funding system is devised and implemented. There would also need to be a managed and staged transition to any new funding system to ensure continuity of delivery and financial stability for all universities.

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For further information on this submission please contact

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