

SUBMISSION

Submission to the Australian Universities Accord Panel

# Submission to the Australian Universities Accord Interim Report Consultation

1 September 2023

**The Australian Academy of Technological Sciences and Engineering (ATSE) is a Learned Academy of independent, non-political experts helping Australians understand and use technology to solve complex problems. Bringing together Australia's leading thinkers in applied science, technology and engineering, ATSE provides impartial, practical and evidence-based advice on how to achieve sustainable solutions and advance prosperity.**

The Australian Universities Accord provides an opportunity to rethink the role of Australian universities and how they might be better supported to provide the education and skills needed to create a sustainable and robust society, economy, and environment. It should also be an opportunity to review how research is funded across Australia and where universities are best positioned within this ecosystem. ATSE wants to see a tertiary education sector which is well integrated, supported, world-class and accessible to all.

The Australian Universities Accord Interim Report provided five vital recommendations, that the Australian Government has adopted, and dozens of ideas for reforming the higher education sector. ATSE supports the interim recommendations and many of the proposed ideas for reform. ATSE was pleased to see that the Panel has raised several of our [previous recommendations](#) as possible changes and continue to advocate for their inclusion in the final report, including:

- Improving cross-institutional pathways and integration and cooperation with vocational education.
- Updating metrics to better reflect engagement, collaboration, and industry experience.
- A needs-based funding model, like the Schools Resourcing Standard.
- Ensuring research grants cover the full cost of research.

ATSE reiterates its support for these proposals, in the hopes of a fully funded tertiary education sector, where students can easily move between VET and university studies to best suit their needs. ATSE also notes its support for the Interim Report's proposals to enhance First Nations research capability and partnerships, institute a universal learning entitlement, improve prior learning recognition and recognition of overseas qualifications, and improve university pathways for disadvantaged students. Due to the large volume of proposals suggested in the Interim Report, this submission will focus on those proposals where ATSE has concerns or can provide advice on implementation.

ATSE makes the following recommendations:

**Recommendation 1:** Ensure that a core focus of a new Tertiary Education Commission is on reducing regulatory and administrative burdens on universities.

**Recommendation 2:** Ensure funding mechanisms do not place a levy on international student fees.

**Recommendation 3:** Develop a dedicated Higher Education Fund to ensure long-term financial support for the sector.

**Recommendation 4:** Conduct an independent review of Australia's research sector, with a view to raising sector-wide funding to an internationally competitive level of 3% of GDP.

**Recommendation 5:** Include additional income support for research students as a part of reforms to student income support.

## Refining the role of a Tertiary Education Commission

The suggestion of a new Tertiary Education Commission (TEC) in the Interim Report recognises the need for greater cooperation and sector-wide strategic planning. ATSE welcomes the Panel's consideration of an Australian Tertiary Education Commission, based on the principles of independence and expertise, which would take a national view of how teaching and research programs are advancing Australia's interests. This Commission needs to be student-focused and evidence-based and draw on broad representation from across the tertiary education sector. ATSE, along with the other Learned Academies, would be well placed to contribute to such a body to inform national coordination and planning – allowing the TEC to draw on a range of independent expert voices within and across disciplines. However, as noted in the Interim Report, higher education is already subject to a complex set of diverse and sometimes overlapping regulatory and administrative requirements. A TEC must not become an additional regulator of the higher education sector.

The addition of a new TEC could see an increase in the bureaucratic load on universities, taking time and resources away from teaching and research. For example, the TEC would require significant amounts of data to be provided by universities on an ongoing basis to assess and adjust resourcing requirements. This may create issues analogous to those of the Excellence in Research for Australia exercise, which the Australian Government has committed to discontinuing in its current form. These additional burdens must be weighed carefully to ensure that additional requirements result in better outcomes. One of the proposed

roles of the TEC would be to review regulatory frameworks for TEQSA and ASQA<sup>1</sup> to reduce regulatory burdens. The TEC should focus on this role to help free up university resources for teaching, research, and student support.

**Recommendation 1:** Ensure that the focus of a new Tertiary Education Commission is on reducing regulatory and administrative burdens on universities.

### **Building a more effective sector-wide international student fund**

One of the more contentious proposals from the Interim Report suggests that a proportion of international student fees could be diverted into a fund that is split across the whole sector. While this proposal could have benefits to the sector, it would be counterproductive to attracting international students. International students' fees commonly cross-subsidise university research – allowing universities to climb in international rankings and attract future international students. Redirecting this funding to subsidise domestic education could make it harder for universities to rise in international rankings and thus, make it harder for universities to attract international students. Alternatively, it could lead to universities raising fees for international students - making Australian universities less competitive for these students, compared with other nations. A funding model built on international student fees would also tie domestic education funding to fluctuating international student numbers – potentially creating boom and bust cycles for the whole university sector.

International students bring in an enormous amount of indirect income into Australia, via accommodation, living costs and family tourism, and form the backbone of Australia's future migrant workforce. The impacts of this are felt across the economy, with international education contributing nearly \$2 billion each year in indirect benefits to local industry and \$3 billion per year in added GDP from living expenses (Deloitte Access Economics 2016). Given this economy-wide benefit and the risks this model poses to both domestic and international education in Australia, a government-supported model to deliver higher education for Australians would be more appropriate.

The university sector needs long-term certainty to allow for investment and improvement in education quality. Creating a dedicated Higher Education Fund would provide a yearly dividend to support the sector to fund infrastructure and other sector priorities that traditional funding streams fail to appropriately cover – a role that the international student fee levy proposal was designed to fulfil. To enable the continued growth of the fund – allowing it to account for growing student populations – the government could divert income from student visa fees. Student visa applicants pay a base fee of \$710 for their visas<sup>2</sup> (Department of Home Affairs 2023), which could generate around \$250 million in revenue per year for a higher education fund<sup>3</sup>. Unlike a levy on international student fees, diverting these funds would not impact university teaching and research funding, while still providing greater revenues as international student numbers increase.

**Recommendation 2:** Ensure funding mechanisms do not place a levy on international student fees.

**Recommendation 3:** Develop a dedicated Higher Education Fund to ensure long-term financial support for the sector.

### **Fully funding the cost of research**

ATSE welcomes and strongly endorses the proposal in the Interim Report for a bold uplift in direct research funding through the Accord process, with a move towards fully funding the cost of Government funded research, as previously recommended to the Panel. While not every project can be funded, Australia's competitive grant system does not cover the full research costs of successful applicants, forcing cross subsidisation of research from other funding sources – often international students' fees. The proposal to fully fund the cost of Government-funded research should be a part of a broader initiative that aims to bring our national research and development spend to a comparable level to world leaders in research. The most recent available figures place Australia's total funding across the R&D sector at approximately 1.68% of Australia's GDP (Australian Bureau of Statistics 2023). This figure is well below the most recent OECD average of 2.67% of GDP and falls well below world leaders in research such as the United States, Germany and Japan who all spend more than 3% of their GDP on R&D (OECD 2022). The final report

<sup>1</sup> The Tertiary Education Quality and Standards Authority and the Australian Skills Quality Authority, respectively.

<sup>2</sup> Except for Foreign Affairs or Defence sector and Secondary Exchange student visas.

<sup>3</sup> Based on 2019 international student commencements in Higher Education and VET (Department of Education Skills and Employment 2019) and excluding Additional Applicant Charges and Subsequent Temporary Application Charges.

should recommend that the Australian Government formally sets a timeframe to lift R&D investment to 3% of GDP.

The recent Australian Research Council (ARC) Impact Assessment found that every \$1 of government investment in research leverages \$3.32 for the Australian economy, raises whole-of-economy activity and incomes, as well as generating new jobs (ACIL Allen 2023). Stable, ongoing and at-scale investment in research and development is also crucial if Australia is to achieve its (necessary) ambitions for a green and resilient economy transformation.

ATSE has [previously called](#) on the Australian government to conduct an independent review of Australian research led by sectoral experts with a view to raising sector-wide funding to an internationally comparable level. This will require additional investment from both governments and industry partners, across the breadth of research and development in this country. Such a review may also help to find areas where Australian researchers can better pool resources and increase research collaboration to using investments more efficiently, and help develop a stronger focus on research commercialisation and translation outcomes. This position has also been expressed by other peak bodies, including by the Australian Academy of Science, and Science and Technology Australia (Australian Academy of Science 2023; Science and Technology Australia 2023). The Australian Universities Accord should echo this call to help build a stronger research and development sector, underpinned by Australia's world-class universities.

**Recommendation 3:** Conduct an independent review of Australia's research sector, with a view to raising sector-wide funding to an internationally competitive level of 3% of GDP.

### Developing a secure pipeline for the research workforce

A stable research workforce is the foundation for better research outcomes in the long term. As highlighted by ATSE's [previous submission](#) to this review, there are weaknesses in the pipeline of research students and early- and mid-career researchers. ATSE welcomes the Interim Report's proposal to enhance staff wellbeing and develop appropriate workforce arrangements. The final report must outlay a plan for job security for researchers early in their careers.

The Interim Report also highlights the needs for change in student support payments to reduce the cost of living and barriers to education. ATSE fully supports efforts to expand access to student support payments as a core measure to increasing equity across the higher education sector. However, the focus of the changes discussed in the Interim Report has been on undergraduate and coursework students. The final report should also consider supporting research students, particularly those from underrepresented groups. Australia's research students contribute to the next generation of leaders in academia, industry and government and are responsible for most research hours conducted in Australia (Australian Bureau of Statistics 2020).

Income support for research students usually comes in the form of competitive scholarships delivered through the Research Training Program or university run scholarship schemes. As they are competitive, students who have already had greater opportunities and support have a better chance, widening the divide with underrepresented groups. Some universities do not allow students to enrol without securing a scholarship, recognising that this income support is vital to students completing their degrees. Domestic students at universities that do allow enrolment in research degrees without this financial backing are not eligible for other forms of income support (e.g., Austudy). For those receiving a scholarship, the base rate is only 65% of minimum wage<sup>4</sup>, with some universities opting to reduce the number of scholarships to provide top-up funding. Possible solutions would include extending Austudy eligibility to research degrees, increasing Research Block Grant funding (which funds the Research Training Program), or providing additional federally funded scholarships for research students from underrepresented groups, similar to those delivered through [ATSE's Elevate Program](#). Eligible applications for undergraduate scholarships in the pilot year of Elevate outstripped availability of scholarships by 47:1.

**Recommendation 4:** Include additional income support for research students as a part of reforms to student income support.

<sup>4</sup> The minimum Research Training Program Stipend is \$29,863 in 2023 (Department of Education 2023), compared to a pre-tax minimum wage of \$45,905.60 (Fair Work Commission 2023). Accounting for tax on the minimum wage, the minimum RTP stipend rate is 74% of minimum wage.

*ATSE thanks Australian Universities Accord Panel for the opportunity to respond to the Australian Universities Accord Interim Report. For further information, please contact [academypolicyteam@atse.org.au](mailto:academypolicyteam@atse.org.au).*

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