



THE UNIVERSITY OF
SYDNEY

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29 March 2018

The Hon. Tanya Plibersek MP
Deputy Leader of the Opposition
Shadow Minister for Education
PO Box 2676 Strawberry Hills NSW 2012

By email: tanya.plibersek.mp@aph.gov.au

Dear Tanya,

Thank you for your email of 9 March inviting input on the terms of reference for the Australian Labor Party's proposed national post-secondary education inquiry.

The University of Sydney strongly welcomes Labor's commitment to establish a once in a generation national inquiry into the post-secondary education system. We agree that Australia's future prosperity depends largely on the quality and accessibility of education and training opportunities available to individuals throughout their lives.

We welcome your consultative approach and are very keen to work with you and other stakeholders to ensure the scope of the review is appropriate. This will be achieved if Labor takes a holistic approach, which builds on past reviews and reforms, and recognises the complex linkages and interdependencies between education, research, research training and other key elements of the national innovation system.

In our attached feedback we have highlighted, and discussed briefly, ten interrelated policy themes we think a comprehensive review of the type proposed will need to cover. Please do not hesitate to contact me should you wish to discuss any of these suggestions or any other issues relevant to your proposed review.

Yours sincerely,

(signature removed)

Michael Spence

Attachment University of Sydney response to the Australian Labor Party's call for feedback on the terms of reference for its proposed National Inquiry into Australia's Post-Secondary Education System, March 2018



University of Sydney response to the Australian Labor Party's call for feedback on the terms of reference for its proposed National Inquiry into Australia's Post-Secondary Education System, March 2018

The University of Sydney welcomes Labor's commitment to establish a national inquiry into the post-secondary education system. In our comments below we have highlighted ten interlinked policy themes we believe a review of this scale and ambition will need to cover. These are:

- A vision and principles-based approach to reform;
- System governance, objective research and advice;
- System financing;
- Equity of access, participation and outcomes;
- Lifelong learning to help people prepare for and respond to disruption;
- Educational pathways and enhancing levels of collaboration between VET and HE providers;
- Research and research training;
- International education;
- Educational innovation and diversity of provider types; and
- Infrastructure.

We would be happy to discuss these or any other issues of interest to Labor as it prepares the terms of reference for this proposed major review.

1. A vision and principles-based approach to reform

December 2018 will mark a decade since the release of the *Bradley Review of Australian Higher Education* and of *Venturous Australia — Building Strength in Innovation: Review of the National Innovation System*. Next year it will be 10 years since Labor, in Government, released its ambitious responses through its *Transforming Australia's Higher Education System* and *Powering Ideas* reform packages.

While the Bradley Review was primarily concerned with higher education (HE) it did consider in some detail how to improve the performance of Australia's broader post-secondary education system, making various recommendations that remain highly relevant today. If Labor forms government after the next federal election it will be timely to take stock of progress against the vision and aspirations for post-school education proposed by the Bradley Review and largely embraced by Labor through its policy response from 2009-13. Therefore, our first suggestion on the scope of the terms of reference for the proposed review is that the review panel should be required to:

- draw on the visions and principles of past major reviews and policy statements, including the Bradley Review (2008) and *Transforming Australia's Higher Education System* (2009), to recommend a new vision for the future of the post-secondary education system and an integrated set of policy design principles essential to realising that vision;
- provide an evidence-based assessment of the current performance of Australia's post-secondary education system against the recommended vision and policy principles, identifying key areas of strength and weakness;
- objectively consider all available options for reform of Australia's post-secondary education system capable of delivering the recommended vision and recommend a preferred integrated package of reforms; and



- develop and recommend an implementation plan and timetable, including recommended key measures against which the performance of the post-secondary education system should be reviewed at regular intervals.

The proposed review should be asked to develop a clear vision for the place the post-secondary education sector should take in Australia's society and economy, and as part of increasingly global and interconnected tertiary education, research and innovation system. Are the contributions our vocational education and training (VET) and HE sectors currently make to education, skills development and research appropriate – locally, regionally and globally? Should the sectors be contributing more toward Australia's foreign policy goals, particularly in the Asia-Pacific region, but also in North America, Europe and other parts of the world? If so, which countries or geographic regions should be our priorities for engagement? In which fields of education, training and research does Australia have unique strengths to contribute to help address the most pressing challenges facing our region and humanity? How can the sector's capacities be mobilised and directed most effectively towards agreed national priorities at home and abroad?

2. System governance, objective research and advice

The Bradley Review highlighted the complexity and fragmentation of governance arrangements for the VET and HE sectors, recommending the establishment of single Council of Australian Governments' Ministerial Council covering all post-secondary education and, long-term, the adoption of a national framework for regulating, quality assuring and funding the entire post-secondary education system. Ten years on, responsibility for strategic national policy development for VET and HE remains split between two COAG councils. Australia's post-school education and training system urgently requires much greater levels of policy and funding coherence, and improved levels of bi-partisan and jurisdictional cooperation in relation to its governance, regulation, funding and administration.

Since the Bradley Review's findings and recommendations, we have also continued to observe a great and growing need for governments to receive expert, independent and objective policy advice regarding all aspects of post-secondary education. The post-secondary education and research policy landscape is arguably even more complex than it was a decade ago, due to the further incremental policy changes that have been made to VET and HE by successive governments. While the National Centre for Vocational Education Research plays a critical role in providing sound, evidence-based advice to governments and publicly about VET sector issues, there is no similarly objective and authoritative body for higher education.

If Australia is to move to a single post-secondary education system, consideration should be given to expanding the remit of the NCVET to include HE and be renamed as appropriate. A new '*National Centre for Tertiary Education Research and Policy*' (sic) would have a formal role (with funding and potentially statutory status as a Tertiary Education Commission) recognised in any new governance structure. It would become the key expert and independent source of advice to governments on all aspects of tertiary education policy.

We recommend that the terms of reference for Labor's new review require it to consider and advise on the effectiveness of the current national governance and research/planning/advice arrangements for the post-secondary education system. The review panel should also be asked to recommend a preferred alternative governance framework capable of delivering a strong and coherent national post-school education system.

3. System financing

Notwithstanding recent efforts to address anomalies in the funding of VET and HE, the continuing inconsistent treatment of different post-secondary education and training options



entrenches perverse financial incentives for students when making study choices. Perverse financial drivers also continue to influence the behavior of education providers in both VET and HE. The current funding model for higher education remains based on cost assumptions and relativities developed three decades ago. These were recognised as weak then and were intended to be temporary. As confirmed by the Base Funding Review of 2011, in many disciplines funding levels and relativities bear little relationship to the actual costs of provision (including base research) of sustainable, high-quality provision in many disciplines.

The Bradley Review recommended shifting financing for all registered post-secondary education courses to a consistent funding model, including a common loan scheme, to remove distortions in student decisions about what and where to study. We recommend that the terms of reference for Labor's new review require it to consider the strengths and weaknesses of the current funding arrangements for all levels of post-secondary education. This should include a mandate to consider the merits of moving to a single national system of post-secondary education financing and costed options for making the transition to such a framework.

4. Equity of access, participation and outcomes

Raising levels of participation and attainment in higher education was another key objective of the Bradley Review and of Labor's resulting reform agenda. While some significant gains in access have been made for some equity groups since 2009 (most notably students from low socio-economic backgrounds as currently defined, and Aboriginal and Torres Strait Islander students) levels of participation have not improved markedly for some disadvantaged groups relative to the broader population. They have deteriorated for students from rural and remote areas and there have been challenges with levels of attrition. The new review's terms of reference should require it to take a fresh, evidence-based, look at equity of participation in post-school education, and to recommend the long-term strategies that should be pursued to reach parity in post-secondary educational outcomes.

The Bradley Review and subsequently the Review of Higher Education Access and Outcomes for Aboriginal and Torres Strait Islander People completed in 2012 identified the significant barriers to post-secondary education faced by Aboriginal and Torres Strait Islander people. While Year 12 attainment rates for Aboriginal and Torres Strait Islander students have improved over the last decade, there is still much work to be done to address the barriers to post-secondary education experienced by both recent and non-recent Aboriginal and Torres Strait Island school leavers. It will be essential for Labor's proposed review to have a separate term of reference requiring the review panel to take stock of progress in Aboriginal and Torres Strait Islander access to post-secondary education and to make recommendations about priorities for action.

The review should also be asked to consider the adequacy of student income support. Our experience is that inability to meet basic living costs while studying continues to represent a major barrier to participation for far too many students, and particularly those from rural and regional areas who may need to move away from home to study. The continuing validity of postcode-based measures of socio-economic status should also be within scope, noting advances in data that can provide a far more accurate picture of the individual students' levels of disadvantage.

5. Lifelong learning to help people prepare for and respond to disruption

We are pleased to see Labor's commitment to ensuring the review considers how best to ensure all Australians have access to high quality and affordable opportunities for lifelong learning. With most developed economies facing similar jobs challenges (and opportunities) due to globalisation and advances in technology, the review should be asked to look locally and internationally for examples of innovative policy approaches delivering strong reskilling and employment outcomes. This should include an examination in leading approaches to tax, industrial relations and industry policy designed to support individuals to retrain and take advantages of the new job opportunities that will be created. The review should consider not



only how regular upskilling will be incentivised for already well-qualified and skilled workers of means, but also how to ensure that people of limited means impacted adversely by disruption have ready access to a high quality educational safety net.

6. Educational pathways and enhancing levels of collaboration between VET and HE providers

We fully support Labor's commitment that the review will explore options to improve levels of collaboration between VET and HE providers, and to strengthen pathways for students to move seamlessly between different types of providers. Ensuring school leavers make the best possible initial post-school education and training choices is also critical. We are concerned that some students are not making these choices with a sound appreciation of the comparative merits of different post-school education and training options, or of the pathways to further study and careers that are available. Poor initial post-school study decisions can be costly for students and government. The proposed review should be asked to consider the quality of the information and career advice currently available to students and their families when considering post-secondary education options.

7. Research and research training

We cannot have a strong and internationally competitive post-school education system without the strongest possible policy and funding settings for research and research training. Assuming Labor's proposed review will be asked to consider the merits of, and options for, shifting funding for VET and HE to a simpler, more consistent and transparent framework, it will be critical that the terms of reference cover current and future funding arrangements for research and research training.

The continuing large shortfall in funding for Commonwealth nationally competitive research grants and the true costs faced by universities in supporting this research remains a major challenge to the long-term quality and sustainability of Australia's research and innovation system. For research-intensive universities it is also a key driver of their efforts to increase revenue from other sources, including from international students. Labor has previously recognised the vital importance of addressing this issue through the establishment, in 2009, of the now defunct Sustainable Research Excellence (SRE) initiative, designed to progressively increase funding for the indirect costs of nationally competitive research grants from around 20 cents in the dollar to 50 cents.

The proposed review should be asked to consolidate the work that has been done on indirect research costs since the *Venturous Australia* review and to consider global trends and benchmarks for how competitor countries are approaching this critical issue. Domestically, the findings and outcomes from the recent Watt Review of Research Policy and Funding and of the Australian Council of Learned Academies (ACOLA) review of the research training system should serve as good starting points for this aspect of Labor's proposed comprehensive new review.

8. International education

International education enriches VET and HE campus life across Australia, while many post-secondary education providers are increasingly delivering education to international students off-shore and through on-line platforms. International education delivers many well publicised benefits for the economy and society. Long-term, the people-to-people linkages created by international education strengthen Australia's place in the world. There are, however, various looming challenges and risks to the future strength and sustainability of Australia's international education sector that must be managed carefully. With global growth in demand for international education predicted to climb strongly over the next 15 years, Australia should be well placed to



capitalise on opportunities for further growth. We recommend that the terms of reference for Labor's new review require the review panel to consider and advise on any reforms required to ensure secure sustainable growth in international education across Australia's post-secondary education sector.

9. Educational innovation and diversity of provider types

Globally, the leading and most innovative post-secondary education systems are characterised by the diversity of their provider types, the variety and flexibility of the study modes and options on offer, and the strength of the pathways enabling students to move between levels of education and providers. Australia's current regulatory and funding arrangements for HE and research promote and reward homogeneity. In some circumstances, regulatory inconsistencies and funding distortions encourage providers to register as HE rather than VET providers. It will be important for Labor's proposed review to consider the extent to which current policy settings and any proposals for major reform compare with international benchmarks for provider diversity and levels of educational innovation. This should include consideration of the continuing appropriateness of the Australian Qualifications Framework (AQF) and the Provider Category Standards drawn under the Higher Education Standards Framework (Threshold Standards) 2015.

10. Infrastructure

Australia's future post-secondary education system will only be 'fit for purpose' and remain internationally competitive if providers have access to adequate resources to invest in new and existing support infrastructure (buildings, information technology, education and research equipment, human capital operating costs and utility service costs).

In the university sector, cuts made or proposed to federal sources of infrastructure funding (e.g. the Capital Development Pool and Education and Investment Fund) mean universities no longer have access to any substantial public funding to support transformational education and research infrastructure. Meanwhile, at the University of Sydney, our non-labour related costs now represent 45 percent of our total costs, up from 28 percent 25 years ago, while our infrastructure backlog maintenance liability stands at around \$380 million. To remain competitive internationally we must invest in infrastructure renewal over the long-term. To do this we have cut costs in other areas, taken out substantial loans, and sought to raise additional revenue from areas where we can such as full-fee paying domestic and international students.

The National Commission of Audit in 2014 found that quality research infrastructure is a critical component of Australia's research, education and innovation system. In 2015, a review of Australia's funding for research infrastructure (the Clark Review) commissioned by the Federal Government found there was a strong case for public investment in major national research infrastructure but concluded current arrangements for planning and funding such infrastructure are not working well. The Clark Review recommended the Government adopt a new long-term strategic re-investment model to provide the sector with certainty and sustainability.

While some welcome certainty has been provided in relation to short-term funding to sustain recognised nationally significant research infrastructure, no long-term plan has been established. The result is that our national capacity to invest efficiently and strategically in cutting-edge educational and research infrastructure remains seriously challenged. We therefore believe that the terms of reference for Labor's proposed review must include an assessment of the adequacy of current funding arrangements to support infrastructure in the VET and HE sectors, and fiscally responsible options to address any weaknesses identified.