

# Executive Summary

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Australia faces a critical moment in the history of higher education. There is an international consensus that the reach, quality and performance of a nation's higher education system will be key determinants of its economic and social progress. If we are to maintain our high standard of living, underpinned by a robust democracy and a civil and just society, we need an outstanding, internationally competitive higher education system.

As the world becomes more interconnected and global markets for skills and innovation develop even further, it will be crucial for Australia to have enough highly skilled people able to adapt to the uncertainties of a rapidly changing future. Higher education will clearly be a major contributor to the development of a skilled workforce but, as never before, we must address the rights of all citizens to share in its benefits. Higher education will continue to be a cornerstone of our legal, economic, social and cultural institutions and it lies at the heart of Australia's research and innovation system.

The review was established to address the question of whether this critical sector of education is structured, organised and financed to position Australia to compete effectively in the new globalised economy. The panel has concluded that, while the system has great strengths, it faces significant, emerging threats which require decisive action. To address these, major reforms are recommended to the financing and regulatory frameworks for higher education.

Higher education has changed dramatically over the last 30 years or so. It once comprised a small number of publicly-funded institutions. This is no longer the case. There are now 37 public universities, two private universities and 150 or so other providers of higher education. The public universities derive significant proportions of their income from non-government sources and some private providers receive government subsidies. The public-private divide is no longer a sensible distinction.

## *The Challenges for Australia*

Australia is falling behind other countries in performance and investment in higher education. Developed and developing countries alike accept there are strong links between their productivity and the proportion of the population with high-level skills. These countries have concluded that they must invest not only to encourage a major increase in the numbers of the population with degree-level qualifications but also to improve the quality of graduates.

Australia is losing ground. Within the OECD we are now 9<sup>th</sup> out of 30 in the proportion of our population aged 25 to 34 years with such qualifications, down from 7<sup>th</sup> a decade ago. Twenty nine per cent of our 25- to 34-year-olds have degree-level qualifications but in other OECD countries targets of up to 50 per cent have already been set. These policy decisions elsewhere place us at a great competitive disadvantage unless immediate action is taken.

The nation will need more well-qualified people if it is to anticipate and meet the demands of a rapidly moving global economy. Work by Access Economics predicts that from 2010 the supply of people with undergraduate qualifications will not keep up with demand. To increase the numbers participating we must also look to members of groups currently under-represented within the system, that is, those disadvantaged by the circumstances of their birth: Indigenous people, people with low socio-economic status, and those from regional and remote areas.

Participation by these groups has been static or falling over the last decade. But we will also need to take account of what is happening among those already in the workforce. We need to turn the rhetoric of lifelong learning into a reality. A well-coordinated, systematic approach to addressing these complex issues and increasing the numbers gaining qualifications is vital.

We also face difficulties with provision of higher education in regional areas where there are thin markets which will not sustain a viable higher education presence. These problems will be exacerbated by projections of further decreases in the 15- to 24-year age group in many regional areas. Current arrangements provide no clear incentives to set up education programs in areas of need nor to work collaboratively with other providers to address problems of provision, and they mask signals that provision in some areas may need review. It is in regional areas that some of the difficulties, blockages and inefficiencies which derive from the structures of tertiary provision in our federal system are most evident.

Twenty years ago Australia was one of the first countries to restructure to enable wider participation in higher education. The results of those changes made it a leader internationally in the movement from elite to mass systems. With the increase in numbers has come much greater diversity in the student body. Full-time students straight from school studying on campus are now a minority in many institutions. There was concern at the time about the possible effects of this restructure and a range of measures was introduced to monitor and assure quality of the new system. There are now clear signs that the quality of the educational experience is declining; the established mechanisms for assuring quality nationally need updating; and student-to-staff ratios are unacceptably high.

Our educational institutions and, in particular, our universities have built Australia's third-largest export industry – in education services – in the last two decades. A quarter of our higher education students are from other countries and they make an enormous contribution to our economy, our relationships with the region and our demand for graduates. However, their concentration in a relatively narrow range of subject fields, in levels of study and by country of origin poses significant challenges both to institutions and to the long-term viability of the industry. As well, we are not making the most of all the opportunities they present to be ambassadors for Australia and to be part of the solution to some of our more intractable problems in renewal of the academic and research workforce.

Our universities lie at the heart of the national strategy for research and innovation – itself a critical foundation of our response to a globalised world. There is abundant evidence that government provision of funds for underlying infrastructure to support research in universities is very significantly below the real costs. This is leading to a pattern of quite unacceptable levels of cross-subsidy from funds for teaching, adversely affecting the quality of the student experience.

Analysis of our current performance points to an urgent need for both structural reforms and significant additional investment. In 2020 Australia will not be where we aspire to be – in the top group of OECD countries in terms of participation and performance – unless we act, and act now.

## *The way forward*

We must increase the proportion of the population which has attained a higher education qualification. To do this we need to reach agreement on where we need to be; provide sufficient funds to support the numbers we agree should be participating; ensure that the benefits of higher education are genuinely available to all; establish arrangements which will assure us that the education provided is of high quality; and be confident that the national governance structures we have in place will assist us to meet these goals.

Briefly, the panel recommends a package of reforms which if adopted will achieve the following outcomes:

### **Targets**

- national targets for attainment of degree qualifications and for participation of low socio-economic status students will be set and institution-specific targets for participation and performance established and monitored;
- targets will be set to enable national benchmarking against other OECD countries to track system quality and performance;

### **Students**

- all qualified students will receive an entitlement for a Commonwealth subsidised higher education place;
- students will have a choice of where to study at recognised institutions;
- funding will follow the student;
- institutions will have freedom to enrol as many students as they wish;
- funding for teaching will be increased;
- funding for low socio-economic status students will be significantly increased;
- funding for provision in regional and rural areas will be increased;
- levels of student financial support will be increased and eligibility made fairer based on need;

### **Institutions**

- all higher education institutions, including universities, will be accredited;
- criteria for the title of university and for the right to offer research degrees will be tightened;
- a proportion of the funds allocated to institutions will be allocated on the basis of performance against specific targets for teaching and equity;
- funds for research will be increased to more fairly reflect costs;
- funds will be made available to assist institutions to make structural changes;

### **The national framework**

- accountability will be simplified and streamlined to allow each institution to play to its strengths;
- the Australian Government will assume the primary funding and overall regulatory responsibility for tertiary education;
- the Australian Government will establish an independent national tertiary education regulatory body; and

- the Australian Government will progressively extend the tertiary entitlement to the vocational education and training (VET) sector commencing with higher level VET qualifications.

Some of the broader implications of this approach are outlined below.

## *Targets*

An agreed target for the proportion of the population that has attained a higher education qualification by 2020 will provide a focus for action. There is already a target set by the Council of Australian Governments to halve the proportion of Australians aged 20- to 64-years without a certificate level III qualification by 2020. The target proposed for higher education is that 40 per cent of 25- to 34-year-olds will have attained at least a bachelor-level qualification by 2020. This will be quite testing for Australia as current attainment is 29 per cent.

Another important target is one to ensure that those from disadvantaged backgrounds aspire to and are able to participate in higher education. By 2020, 20 per cent of undergraduate enrolments in higher education should be students from low socio-economic backgrounds.

### **Meeting the targets – a student entitlement**

In order to meet these targets the panel considers a more deregulated system is necessary. It proposes that, in a staged process, access to Commonwealth funds be made available to a wider range of eligible providers. But these funds will follow the student, not be allocated to the institution. All qualified individuals will have an entitlement to undertake an undergraduate qualification unlimited in duration or value. This is consistent with the need to broaden the base of higher education qualifications in the population and the need for skills upgrading over the life cycle.

Such a system allows institutions flexibility to decide the courses they will offer and the number of students they will admit. This, combined with an entitlement for all qualified students, is the most responsive and appropriate policy option in circumstances where we must raise participation urgently and do so from among groups which have traditionally failed to participate.

To support the achievement of the target to increase the proportion of students from disadvantaged groups to 20 per cent by 2020, 4 per cent of all funds for teaching will be directed to outreach and retention initiatives. All institutions in receipt of Commonwealth funds for teaching will be expected to establish initiatives to increase both the enrolment of, and success of, students from disadvantaged backgrounds. Part of this allocation will be directed to the support of outreach activities in communities with poor higher education participation rates. In partnership with schools and other education providers, higher education institutions will work to raise aspirations as well as provide academic mentoring and support. The bulk of the allocation will be distributed to institutions on the basis of their success in enrolling and graduating students from low socio-economic backgrounds.

### **Higher education provision in regional and remote Australia**

Provision of higher education in regional areas needs serious attention to increase participation. After a process of review of current patterns of provision, an additional allocation of \$80 million per year to develop innovative, collaborative, local solutions to provision of higher education in regional and remote areas is recommended. As well, serious consideration should be given to the development of a university with special expertise in provision of higher education across regional and remote Australia.

### **Third phase of internationalisation**

Education services are now Australia's third-largest export industry. The efforts of higher education providers underpin 60 per cent of the earnings from this industry. It is time to rethink the underlying industry strategy and restructure the way it is governed and supported by government. The panel recommends establishment of a whole-of-government approach, in partnership with the providers in the industry and the movement of regulation of the industry to an independent body.

### **Achieving and assuring high-quality provision – investing in the future**

Australia is the only OECD country where the public contribution to higher education remained at the same level in 2005 as it had been in 1995. Over that time the private contribution increased significantly. A significant increase in public investment and funding for higher education is warranted. An increase of 10 per cent to the base grants from the Commonwealth for teaching will begin to reduce student-to-staff ratios to a more reasonable level and have some effect upon casualisation of the academic workforce. Such changes will have an effect upon the quality of provision and, thus, on the student experience.

There is no general case to increase the investment in Australia's higher education system by increasing the private, student contribution.

At the same time, both a more appropriate rate of indexation and regular triennial review of the adequacy of funding for higher education are required to ensure that the country's efforts in this area remain competitive internationally over time.

As well, more appropriate funds to support the indirect costs of research – a move from 22 cents to 50 cents in the dollar – will benefit not just the research enterprise but should also redirect resources to teaching. There is evidence of substantial cross-subsidy to research from funds for teaching domestic and international students.

### **Financial support for students**

Current levels of income support are inadequate to support the participation and success of students from low socio-economic backgrounds. Reforms to, and better targeting of, income support should enable such students to attain better qualifications in a more timely fashion and are urgently required. This will require significant reforms to elements of Australia's welfare and income support system.

### **Strengthening accreditation and quality assurance – a national approach**

The more demand-driven, student-entitlement system will require a greater focus on accreditation, quality assurance, evaluation of standards and use of outcomes measures. Placing more choice in the hands of students requires a different approach to quality assurance and accreditation. A national system for accreditation of all higher education providers – both public and private – on a regular cycle is necessary to assure the quality of the deregulated system. More rigorous application of revised and strengthened National Protocols for Higher Education Approval Processes, coupled with a quality assurance framework based on externally validated standards and rigorous measures of performance reported publicly will ensure careful oversight of this more flexible system. An independent, national regulatory agency, with responsibility for all aspects of regulation including that for international students is necessary.

As part of this new approach to quality assurance, targets relating to quality of teaching will be agreed with each higher education provider in receipt of Commonwealth Government funds. Some 2.5 per cent of the grant for teaching and learning annually will be quarantined for payment on achievement of these targets.

### **Addressing Australia's looming shortage of academics**

Greater incentives and more support for high performing international students to undertake research degrees in Australia and more places and better support for domestic research degree students will assist us to deal with a looming shortage of academics and researchers. This is necessary to ensure we have enough well-qualified staff to manage the proposed increases in participation and to maintain the stock of researchers in the innovation system.

### **Changing structures**

The institutional arrangements governing tertiary education need significant reform. Tertiary qualifications are offered in two sectors with what have been, historically, very different roles and approaches to educational provision. But the move to a mass higher education system together with the growth of a credentials-driven employment environment has seen a blurring of the boundaries between the two sectors. However, each still has a critical role to play in meeting Australia's future skills needs. While it is important to maintain the integrity of the VET system and its provision of distinct qualifications in which the content is strongly driven by the advice of industry, the time has come for a more coherent approach to tertiary educational provision.

If we are to meet the ambitious tertiary participation targets necessary for Australia to remain internationally competitive, a more holistic approach to planning and provision is vital. What is needed is a continuum of tertiary skills provision primarily funded by a single level of government and nationally regulated rather than two sectors configured as at present. Such a model would deliver skills development in ways that are efficient and fit for purpose to meet the needs of both individuals and the economy.

Responsibility for the funding and regulation of the tertiary education and training system should rest with the Australian Government and the independent regulatory agency should consolidate all regulatory functions across this tertiary system.

### **Conclusion**

The measures supported in this report are designed to reshape the higher education system to assist Australia to adapt to the challenges that it will inevitably face in the future. However, because the world is in a period of rapid and unpredictable change, it is not clear if they will be sufficient to enable the higher education system to meet these challenges adequately.

Because other countries have already moved to address participation and investment in tertiary education, as a means of assisting them to remain internationally competitive, the recommendations in this report, if fully implemented, are likely to do no more than maintain the relative international performance and position of the Australian higher education sector.

Australia's higher education sector is losing ground against a number of its competitor countries on a range of indicators. Greater recognition is needed in government and among members of the Australian community about the need to enhance our competitive position.

For Australia to improve its relative performance against other nations, additional, ongoing and significant public investment in higher education will be required.

A set of public performance indicators to allow assessment of how well the Australian tertiary education system is performing against other countries would assist public understanding of where we are internationally. The OECD countries whose systems are of the best quality and with highest performance are the appropriate reference point for Australia.

Such an initiative would also make it less likely that Australia would fall far behind other countries. It would keep this major issue of maintaining the real wealth of the nation – the capacity of its people – permanently on the public agenda.

# Recommendations

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## Recommendation 1

That the Australian Government adopt the vision, strategic goals and principles for the higher education system set out in this report. (*Chapter 1*)

## Recommendation 2

That the Australian Government set a national target of at least 40 per cent of 25- to 34-year-olds having attained a qualification at bachelor level or above by 2020. (*Chapter 3.1*)

## Recommendation 3

That the Australian Government commission work on the measurement of the socio-economic status of students in higher education with a view to moving from the current postcode methodology to one based on the individual circumstances of each student. (*Chapter 3.2*)

## Recommendation 4

That the Australian Government set a national target that, by 2020, 20 per cent of higher education enrolments at undergraduate level are people from low socio-economic status backgrounds. (*Chapter 3.2*)

## Recommendation 5

That the Australian Government introduce the following package of reforms to the student income support system. (*Chapter 3.3*)

Item	Nature of the reform
Parental Income Test threshold	Increase threshold for Parental Income Test to \$42,559, consistent with the value used for the Family Tax Benefit.
Parental Income Test indexation	Change the indexation rate to be consistent with the Family Tax Benefit index, a combination of CPI and Male Total Average Weekly Earnings (MTAWE).
Parental Income Test taper rate	Change the taper rate for reduction in benefits for each child in the family on income support benefits to 20 per cent.  Apply the new taper rate only once as is the case for the Family Tax Benefit rather than for every child in the family receiving benefits.
Personal Income Test threshold	Increase the personal income threshold for Youth Allowance and Austudy to \$400 per fortnight.
Personal Income Test indexation	Change the indexation of the personal income threshold from zero to a wage basis (for example, Male Total Average Weekly Earnings).
Age of independence	Reduce the age of independence for Austudy from 25 to 22 years.
Change to eligibility conditions for independence	Remove the workforce participation criteria for independence of:  (a) working part-time for at least 15 hours per week for at least 2 years; and  (b) earning a specified amount in an 18-month period since leaving school.  Introduce 'grandfathering' arrangements for existing students who have already satisfied these criteria for independence.

Item	Nature of the reform
Eligibility of masters coursework students	Extend eligibility for benefits to students enrolled in all masters by coursework programs.
Enhance the Commonwealth Scholarships program	Continue and enhance the Commonwealth Scholarships program by providing benefits to all eligible students on Austudy or Youth Allowance for education costs and accommodation costs (for those who need to leave home) and by transferring responsibility for the payment of benefits to Centrelink.

### Recommendation 6

That the Australian Government undertake a regular process of triennial review of the income support system to assess the overall effectiveness of the support payments in reducing financial barriers to participation of students in need. (*Chapter 3.3*)

### Recommendation 7

That the Australian Government require all accredited higher education providers to administer the Graduate Destination Survey, Course Experience Questionnaire and the Australasian Survey of Student Engagement from 2009 and report annually on the findings. (*Chapter 3.4*)

### Recommendation 8

That the Australian Government increase the total funding allocation for the Research Infrastructure Block Grants program by about \$300 million per year. This represents an increase from about 20 cents to 50 cents in the dollar for each dollar provided through competitive grants. (*Chapter 3.5*)

### Recommendation 9

That the Australian Government commission research into future demand for, and supply of, people with higher degree by research qualifications and that it increase the number of Research Training Scheme places on the basis of the findings of the research. (*Chapter 3.5*)

### Recommendation 10

That the Australian Government increase the value of Australian Postgraduate Awards to \$25,000 per year and increase the length of support to four years, as recommended by the National Innovation Review, to provide greater incentives for high-achieving graduates to consider a research career. (*Chapter 3.5*)

### Recommendation 11

That the regulatory and other functions of Australian Education International be separated, with the regulatory functions becoming the responsibility of an independent national regulatory body. (*Chapter 3.6*)

### Recommendation 12

That the industry development responsibilities of Australian Education International be revised and be undertaken by an independent agency which is accountable to Commonwealth and state and territory governments and education providers. (*Chapter 3.6*)

### Recommendation 13

That the Australian Government provide up to 1,000 tuition subsidy scholarships per year for international students in higher degree by research programs targeted to areas of skills shortage. The scholarships would give the recipients the benefit of being enrolled on the same basis as domestic students. (*Chapter 3.6*)

### **Recommendation 14**

That higher education providers use a proportion of their international student income to match the Australian Government tuition scholarships by providing financial assistance for living expenses for international students in higher degrees by research. (*Chapter 3.6*)

### **Recommendation 15**

That the Australian Government liaise with states and territories to ensure consistent policies for school-fee waivers for the dependants of international research students in government-subsidised places and examine its visa arrangements to improve the conditions for spouse work visas. (*Chapter 3.6*)

### **Recommendation 16**

That, after further consideration of current problems with regional provision, the Australian Government provide an additional \$80 million per year from 2012 in funding for sustainable higher education provision in regional areas to replace the existing regional loading. This should include funding to develop innovative local solutions through a range of flexible and collaborative delivery arrangements in partnership with other providers such as TAFE. (*Chapter 3.7*)

### **Recommendation 17**

That the Australian Government commission a study to examine the feasibility of a new national university for regional areas and, if the study indicates that a new national regional university is feasible, the Australian Government provide appropriate funding for its establishment and operation. (*Chapter 3.7*)

### **Recommendation 18**

That the Australian Government initiate a process with key stakeholders to determine the needs of outer metropolitan and regional areas for higher education and the best ways to respond to those needs. (*Chapter 3.7*)

### **Recommendation 19**

That the Australian Government adopt a framework for higher education accreditation, quality assurance and regulation featuring:

- accreditation of all providers based on their capacity to deliver on core requirements including:
  - an Australian Qualifications Framework with enhanced architecture and updated and more coherent descriptors of learning outcomes;
  - strengthened requirements for universities to carry out research in the fields in which they teach so that they can contribute fully to the knowledge economy and produce graduates who embody the distinctive value of teaching that is informed by research;
  - new quality assurance arrangements involving the development of standards and implementation of a transparent process for assuring the quality of learning outcomes across all providers of higher education; and
- an independent national regulatory body responsible for regulating all types of tertiary education. In the higher education sector it would:
  - accredit new providers including new universities;

- periodically reaccredit all providers including the existing universities on a cycle of up to 10 years depending on an assessment of risk;
- carry out quality audits of all providers focused on the institution's academic standards and the processes for setting, monitoring and maintaining them. This would include auditing the adoption of outcomes and standards-based arrangements for assuring the quality of higher education;
- register and audit providers for the purpose of legislation protecting overseas students studying in Australia and assuring the quality of their education;
- provide advice to government on higher education issues referred to it or on its own initiative; and
- supervise price capping arrangements in courses offered only on a full-fee basis where public subsidies do not apply. (*Chapter 4.1*)

### Recommendation 20

That the Australian Government establish by 2010, after consultation with the states and territories, a national regulatory body to be responsible for:

- accrediting and reaccrediting all providers of higher education and accrediting their courses where the provider is not authorised to do so;
- conducting regular quality audits of higher education providers;
- providing advice on quality, effectiveness and efficiency; and
- registering and auditing providers for the purposes of the *Education Services for Overseas Students (ESOS) Act 2000*. (*Chapter 4.1*)

### Recommendation 21

That the Australian Government, after consultation with the states and territories, revise the processes for higher education accreditation and audit to provide for:

- periodic reaccreditation of all higher education providers on a cycle of up to 10 years by a national regulatory body with the authority to impose conditions on reaccreditation, to require follow-up action or to remove a provider's right to operate if necessary; and
- a shorter-cycle quality audit focused on their academic standards and processes for setting, monitoring and maintaining them with the results to be publicly released and a process for follow-up on action required. (*Chapter 4.1*)

### Recommendation 22

That the Australian Government, after consultation with the states and territories, develop more rigorous criteria for accrediting universities and other higher education providers based around strengthening the link between teaching and research as a defining characteristic of university accreditation and reaccreditation. In particular, universities should be required to:

- deliver higher education qualifications including research higher degrees in at least three broad fields of education initially and a larger number over time;
- undertake sufficient research in at least three broad fields initially and over time in all broad fields in which coursework degrees are offered; and
- undertake sufficient research in all narrow fields in which research higher degrees are offered. (*Chapter 4.1*)

### Recommendation 23

That the Australian Government commission and appropriately fund work on the development of new quality assurance arrangements for higher education as part of the new framework set out in Recommendation 19. This would involve:

- a set of indicators and instruments to directly assess and compare learning outcomes; and
- a set of formal statements of academic standards by discipline along with processes for applying those standards. (*Chapter 4.1*)

### Recommendation 24

That the Australian Government, in consultation with the states and territories, review the Australian Qualifications Framework to improve and clarify its structure and qualifications descriptors. Ongoing responsibility for a revised qualifications framework should rest with the national regulatory body. (*Chapter 4.1*)

### Recommendation 25

That the higher education financing system be designed around the following principles to:

- provide students with increased opportunities to decide for themselves what and where they will study through an entitlement;
- maintain the existing income contingent loans schemes that overcome up-front barriers to study;
- allocate government funding through an approach that is:
  - driven by student demand and so largely formula-based with fewer separate, small components of funding;
  - fair, transparent and as simple as possible to understand and administer while retaining the integrity of the policy framework;
- reward providers for performance against agreed outcomes by containing a component which is based on achievement of targets; and
- ensure that Australia remains competitive in the provision of higher education compared with other countries by:
  - providing adequate levels of funding for each of the core activities of teaching and research;
  - supporting growth in higher education participation as part of achieving attainment targets; and
  - preserving the real value of the government's public investment in the sector over time. (*Chapter 4.2*)

### Recommendation 26

That the Australian Government increase the base funding for teaching and learning in higher education by 10 per cent from 2010. (*Chapter 4.2*)

### Recommendation 27

That the Australian Government maintain the future value of increased base funding for higher education by an indexation formula that is based on 90 per cent of the Labour Price Index (Professional) plus the Consumer Price Index with weightings of 75 per cent and 25 per cent respectively. (*Chapter 4.2*)

### Recommendation 28

That the Australian Government commission an independent triennial review of the base funding levels for learning and teaching in higher education to ensure that funding levels remain internationally competitive and appropriate for the sector. (*Chapter 4.2*)

### Recommendation 29

That the Australian Government introduce a demand-driven entitlement system for domestic higher education students, in which recognised providers are free to enrol as many eligible students as they wish in eligible higher education courses and receive corresponding government subsidies for those students. The arrangements would:

- apply initially to undergraduate courses but then be extended to postgraduate coursework level courses subject to further work on the balance of public and private benefits at that level of study;
- apply initially only to public universities (Table A providers under the *Higher Education Support Act 2003*), but would be extended to other approved providers when new regulatory arrangements are in place;
- set no time or dollar limit on the value of the entitlement;
- allow eligible providers to set their own entry standards, and determine which, and how many, students to enrol;
- allow providers to change the mix of student load by discipline cluster in response to demand; and
- allow the government to exclude a course of study from the demand-driven system if it wished to regulate student or graduate numbers.

### Recommendation 30

That the Australian Government regularly review the effectiveness of measures to improve higher education access and outcomes for Indigenous people in consultation with the Indigenous Higher Education Advisory Council. (*Chapter 4.2*)

### Recommendation 31

That the Australian Government increase the funding for the access and participation of under-represented groups of students to a level equivalent to 4 per cent of the total grants for teaching. This would be allocated through a new program for outreach activities and a loading paid to institutions enrolling students from low socio-economic backgrounds. Funding for the Disability Support Program would be increased to \$20 million per year. (*Chapter 4.2*)

### Recommendation 32

That the Australian Government quarantine 2.5 per cent of the total government funding for teaching and learning for each provider to be allocated on the basis of achievement against a set of institutional performance targets which would be negotiated annually. (*Chapter 4.2*)

### Recommendation 33

That the Australian Government commission work on options for achieving a more rational and consistent sharing of costs between students and across discipline clusters in the context of triennial reviews of base funding for learning and teaching. (*Chapter 4.2*)

### Recommendation 34

That the Australian Government implement an approach to tuition fees in which maximum student contribution amounts (price caps) apply for any domestic undergraduate or coursework postgraduate students for whom the provider receives a public subsidy for their course. (*Chapter 4.2*)

### Recommendation 35

That the Australian Government implement an approach to tuition fees for domestic undergraduate students in which all providers are able to offer courses on a full-fee basis where public subsidies are not received for any students in that particular course. *(Chapter 4.2)*

### Recommendation 36

That the Australian Government:

- increase the maximum student contribution amount for nursing and education units of study for students commencing from 2010 to the band 1 rate; and
- encourage people to enrol and work in nursing and teaching by reducing HELP debts for graduates who work in those professions by \$1,500 per annum for each of five years, at the same time as their HELP repayment requirements are forgiven to an equivalent amount. *(Chapter 4.2)*

### Recommendation 37

That the Australian Government:

- increase the loan fee for FEE-HELP for fee-paying undergraduate students to 25 per cent; and
- remove the loan fee on OS-HELP loans to encourage more Australian students to undertake part of their studies overseas. *(Chapter 4.2)*

### Recommendation 38

That the Australian Government establish a new Structural Adjustment Fund amounting to about \$400 million in funding over a four-year period from 2009-10 to assist the sector to adapt to the reforms recommended in this report. *(Chapter 4.2)*

### Recommendation 39

That the Australian Government provide funds to match new philanthropic donations received in the sector as a means of stimulating an additional revenue stream from this source with the cost capped per institution, and in total at \$200 million over three years. *(Chapter 4.2)*

### Recommendation 40

That Australian Government legislation and guidelines contain clear and objective criteria for determining access to different types of funding and assistance for higher education.

These criteria should:

- reflect the public nature of the purposes for which funding is provided;
- ensure that funds for learning and teaching are directed only to institutions with the capacity to deliver courses of the requisite standard; and
- ensure that funds for research and research training are directed only to those higher education institutions which are accredited and have appropriately qualified and suitable researchers and the capability to achieve an acceptable return on public investment. *(Chapter 4.2)*

### Recommendation 41

That the Australian Government provide funds of \$130 million over four years towards the costs of implementing these reforms. *(Chapter 4.2)*

### Recommendation 42

That the Australian Government develop and implement an accountability framework for the new higher education funding system that is consistent with the broader funding, governance and regulatory framework. In particular it should:

- place primary accountability for performance with the provider's governing body;
- provide for accountability that is simple, clear and transparent where funding follows student demand;
- reflect negotiated targets in relation to performance-based funding; and
- ensure that accountability for other specific-purpose funding occurs under transparent guidelines and is administered through contracts in relation to each program.

*(Chapter 4.2)*

### Recommendation 43

That the Australian Government negotiate with the states and territories to expand the national regulatory and quality assurance agency (Recommendation 20) to cover the entire tertiary sector (including vocational education and training and higher education) and that the Australian Government assume full responsibility for the regulation of tertiary education and training in Australia by 2010. *(Chapter 4.3)*

### Recommendation 44

That the Australian Government negotiate with the states and territories to introduce a tertiary entitlement funding model across higher education and vocational education and training (VET) commencing with the upper levels of VET (diplomas and advanced diplomas) and progressing to the other levels as soon as practicable. *(Chapter 4.3)*

### Recommendation 45

That the Australian Government negotiate with the states and territories to extend income contingent loans to students enrolled in VET diplomas and advanced diplomas. *(Chapter 4.3)*

### Recommendation 46

That the Australian Government and the governments of the states and territories agree to:

- establish a single ministerial council with responsibility for all tertiary education and training;
- improve the scope and coordination of labour market intelligence so that it covers the whole tertiary sector and supports a more responsive and dynamic role for both vocational education and training and higher education; and
- expand the purpose and role of the National Centre for Vocational Education Research so that it covers the whole tertiary sector. *(Chapter 4.3)*

# Findings

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## Completion rates

Further work should be undertaken on the reasons why students fail to complete their studies. (Chapter 3.1)

## Admission and selection processes

There should be trials of alternative approaches to the selection of students which use a broader range of criteria, in addition to, or replacing tertiary entrance scores (TER) and which recognise structural disadvantage. (Chapter 3.2)

## Indigenous knowledge

Higher Education providers should ensure that the institutional culture, the cultural competence of staff and the nature of the curriculum recognises and supports the participation of Indigenous students. (Chapter 3.2)

Indigenous knowledge should be embedded into the curriculum to ensure that all students have an understanding of Indigenous culture. (Chapter 3.2)

## Public reporting of participation

The reporting, monitoring and accountability processes for the participation of under-represented groups should be strengthened. Information about institutional performance should be made public. (Chapter 3.2)

## International benchmarks of participation

The Department of Education, Employment and Workplace Relations should develop a set of benchmarks which provide comparable data with the United Kingdom, United States, Canada and other countries so that Australia's performance can be regularly compared with that of other developed nations.

The following table provides an indicative list of suggested targets for groups of students that are currently under-represented in the higher education system. (Chapter 3.2)

### Suggested targets for under-represented groups of students in higher education

Student group	Measure	Target
Low SES students	Access rate	20% based on current postcode methodology or representative of the population share for the new low SES measure developed
	Completion rate	At least 95% of the rate for high SES students.
Regional students	Access rate	Proportion of the population aged 15 to 64 years in this group as defined by the ARIA classification in the 2006 census
	Success rate	Same rates as for metropolitan students
	Retention rate	Same rates as for metropolitan students
	Completion rate	Same rates as for metropolitan students

Student group	Measure	Target
Remote students	Access rate	Proportion of the population aged 15 to 64 years in this group as defined by the ARIA classification in the 2006 census
	Success rate	Same rates as for metropolitan students
	Retention rate	At least 90% of that for metropolitan students
	Completion rate	At least 90% of that for metropolitan students
Indigenous students	Access rate	Proportion that the Indigenous population aged 15 to 64 years represents of the general population in this age group in the 2006 census
	Success rate	At least 95% of the rates for non-Indigenous students
	Retention rate	At least 90% of the rate for non-Indigenous students
	Completion rate	At least 90% of the rate for non-Indigenous students

### Income support payments

The level of income support benefits paid to eligible students should be considered in the context of the findings of the Harmer review of pensions. (*Chapter 3.3*)

### Indigenous scholarships

Indigenous scholarships should be kept separate from other types of Commonwealth Scholarships with the responsibility for the assessment and payment of these scholarships resting with individual higher education providers. The existing arrangements for Indigenous students who receive Indigenous Enabling Scholarships to be eligible for ordinary Commonwealth Scholarships should continue. Likewise, Indigenous staff scholarships should continue in their current form. (*Chapter 3.3*)

### Further changes to income support arrangements

Further work should be undertaken on the feasibility and impact on students of introducing a loans supplement scheme or using FEE-HELP as an instrument for income support. (*Chapter 3.3*)

### Student engagement

Comparative information about institutional performance on the Course Experience Questionnaire and the Australasian Survey of Student Engagement should be published on the Going to Uni website as well as broad details of actions taken by institutions to address issues identified through student feedback. (*Chapter 3.4*)

### The Australian Learning and Teaching Council

The Australian Learning and Teaching Council should continue to play a significant role in the further improvement of teaching and learning in higher education. There is no need for any major change to its mode of operation or focus. (*Chapter 3.4*)

### Governance arrangements for research

Policy on, and decisions about, the funding of research and research training in universities should be made jointly by the Minister for Innovation, Industry, Science and Research and the Minister for Education, Employment and Workplace Relations. (*Chapter 3.5*)

### Protections for international students

The Australian Government should commission, by 2012, an independent review of the implementation of the amendments made in 2007 to the *Education Services for Overseas Students Act 2000*. The review should also take account of developments in other countries. (Chapter 3.6)

### Measuring learning outcomes

Australia should participate in any program resulting from the OECD's Assessment of Higher Education Learning Outcomes if the feasibility study currently underway produces a workable model. (Chapter 4.1)

### Student data

Higher education providers should be required to provide annual data on student numbers and characteristics as a condition of their accreditation. (Chapter 4.1)

### Funding for postgraduate coursework

Commonwealth supported students in postgraduate coursework programs should continue to be funded at the same rate as those in undergraduate programs as there is insufficient evidence at this stage to justify a general, higher rate of funding. However, this should be kept under review in the proposed independent triennial reviews of funding for teaching to be commissioned by the Australian Government. In particular, institutions should be encouraged to develop better data on costs of delivery within a robust activity-based costing system before this issue is progressed. (Chapter 4.2)

### Funding for the creative arts

There are inconsistent arrangements for the funding of the creative arts across government portfolios and this should be considered as part of setting new funding rates by discipline. (Chapter 4.2)

### HELP schemes

The distribution of subsidies across the various HELP schemes should be periodically reviewed to ensure that they continue to meet the ongoing requirements of the higher education system and the government. (Chapter 4.2)

Further work should be undertaken on the options for collecting HELP repayments from students while they are living overseas. (Chapter 4.2)

### Funding for community engagement

A separate stream of funding should not be provided for community engagement or 'third stream' activities given that these activities are an integral part of an institution's teaching and research activities. The funding recommended in this report for support of teaching and research should be sufficient to sustain these activities without a separate stream of funding. (Chapter 4.2)

### Funding for infrastructure

The Education Investment Fund should be sufficient to meet the major infrastructure needs of the sector over the coming years, provided that the capital is not drawn down at a rapid rate (ie not quicker than 20 years). The Capital Development Pool should continue in its current form to assist in meeting the needs of institutions for more modest capital projects. Funding for ongoing maintenance should be the responsibility of individual institutions to manage within their general resources. (Chapter 4.2)

### **Credit transfer**

Vocational education and training and higher education providers should continue to enhance pathways for students through the development and implementation of common terminology and graded assessment in the upper levels of vocational education and training. (*Chapter 4.3*)