



UNIVERSITIES
AUSTRALIA

a smarter australia

POLICY ADVICE FOR AN INCOMING GOVERNMENT

2013–2016

*Universities power Australia's economy, productivity, research and innovation. A university education **transforms lives**. A university degree gives Australians the foundation they need for the careers of the future. Universities enable people to achieve their potential and lead more **prosperous** and **productive** lives.*

Drivers for change

Four trends are driving change in Australia and in Australian higher education.

The digital economy and technology are transforming higher education, and universities are poised to take advantage of sophisticated digital technologies supported by widespread access to high-speed broadband services to change their teaching, research, structures and business models.

Australian universities are leaders in a **global higher education market**, with half or more of Australia's universities consistently ranked among the top 5 per cent worldwide according to leading ranking systems. Universities are well placed to respond to the **Asian century**; however, they face increased competition as **many countries develop and expand their own world-class capacity** in domestic and international higher education.

Australia's economic dependence on the resources sector has reshaped its economy and industry, presenting economic challenges, particularly to trade-exposed industries. Universities are responding to the **economy's changing need for skilled workers**. Australia needs to **diversify its economy and industry to sustain long-term economic and social progress**, and universities are central to this goal.

Australia needs to **improve its productivity** in response to global competition, increased pressure on resources within Australia and the opportunities provided by technological change. Universities make an **important contribution to national innovation and productivity**, but universities themselves must become more productive in the face of fiscal pressures.

Universities are critical pillars that support Australia's economic and industrial transformation and growth.

The Australian economy must make better use of the infinite talents and abilities of our people. University education gives graduates the high-level workforce skills they need for businesses to thrive, for higher productivity and for better living standards.

But the world is changing. Countries that were once our market are now competitors. The digital economy is changing the way we teach and learn. Public budgets are under increasing pressure.

High returns on the public investment in higher education are spread across the nation, transcending the effects of a two-speed or patchwork economy.

If Australia consciously builds on the achievements of its university sector, there will be tremendous opportunities to expand the contribution that universities make to this nation's economic, social and cultural wellbeing.

Four factors will determine the magnitude of this contribution: increasing the level of university participation; expanding the global engagement of universities; securing a powerful research and innovation system that drives economic and social progress; and providing sustainable investment and regulation.

Education is the nation's fourth largest export. To maintain this important market and sustain Australia's competitive advantage in higher education, universities must pursue excellence in teaching and learning and in producing high-quality, high-impact research.

Realising the long-term potential of the Australian university sector requires the effort of both universities and government in partnership.

This short document accompanies *A Smarter Australia*, which outlines Universities Australia's commitment to actions under four themes, complemented by recommendations to government.

These two documents represent an active demonstration of universities' continual improvement—providing a high-quality education to Australian and international students, conducting world-class research, applying the latest technology to improve performance and the quality of their programs, and efficiently allocating resources.

The advice provided in Universities Australia's policy statement, *A Smarter Australia*, provides the basis for a joint approach to achieving the shared vision of a university system characterised by quality, accessibility and performance that supports Australia as a world-leading nation.

Five-point higher education plan for an incoming government

Increasing Australians' participation at university

Maintaining the demand-driven system and providing programs to support under-represented groups in our society to complete a university qualification are vital for the sector to meet the projected demand in Australia's economy for highly skilled graduates.

Universities Australia recommends that an incoming government:

- retain the demand-driven system
- review the Higher Education Participation and Partnerships Program to ensure that it is meeting its objectives and incorporate the program into the *Higher Education Support Act 2003*
- support the implementation of the recommendations of the Behrendt review of higher education access and outcomes for Aboriginal and Torres Strait Islander people.

Expanding the global engagement of universities

Education is Australia's fourth largest export, generating approximately \$15 billion in revenue annually and supporting 127,000 jobs, of which 88,000 are outside the education sector. Australia's exports are being challenged by the strength of the Australian dollar, rapidly developing university systems in countries that have typically constituted our market and a renewed focus on international education from established competitors (such as the United States and the United Kingdom). Australia's prosperity in the Asian century will largely depend on the capacity of our universities to build 'Asia-relevant' capabilities, including encouraging our university students to complete at least part of their qualifications overseas, particularly in Asia.

Universities Australia recommends that an incoming government:

- continue to implement the Knight review recommendations and in particular, the provision of work rights for international students and streamlined visa processing
- adopt the International Education Advisory Council's recommended five-year strategy for international education
- support programs that provide incentives to both universities and students to encourage more students to study overseas and particularly in Asia and the Pacific
- work with the sector to develop a national strategy for the welfare of international students.

Supporting Australia's research effort

Investment in research and research infrastructure has increased over the last decade. Recent program cuts including reductions to forward estimates and a 'stop-start' approach to funding programs are undermining efficiency, eroding Australia's research capability and compromising the potential impact that our research effort (including scientific, humanities, social sciences, health and medical research) can make to national productivity, economic diversification and industrial renewal.

Universities Australia recommends that an incoming government:

- adopt the National Research Investment Plan and develop and legislate for a long-term, sustainable funding model for national research infrastructure and for meeting the indirect costs of research
- support the expansion and development of Australia's research workforce by extending the Future Fellowships Program
- quarantine both National Health and Medical Research Council and Australian Research Council grants programs from funding cuts
- work closely with the sector to develop a practical approach to assessing both the quality and impact of Australian research.



Five-point higher education plan for an incoming government (continued)

Ensuring sustainable and targeted investment

Sustainable, targeted investment in universities is essential to their ability to continue to provide high-quality education, to attract international students, to maintain our international reputation as a world-leading university sector, and to ensure that our future needs for a more highly qualified workforce can be met. Central to every successful nation is a successful university system. Australia currently ranks in the bottom 20 per cent (25th out of 29) of advanced economies for public investment in higher education. Despite recent, significant, and much-welcomed increases, base funding per student has fallen in real terms from 2008 to 2013 by 1.6 per cent, and has fallen 22 per cent since 1995. Without arresting this decline, Australia will continue to fall behind.

Universities Australia recommends that an incoming government:

- maintain the indexation formula for per student funding legislated in 2010
- in responding to reports recommending an urgent need to increase the level of base funding for universities, work with the sector on developing a funding model that incorporates at least a public contribution increase to base funding of 2.5 per cent per year over five years
- consider further targeted investment in university infrastructure, including digital capability
- maintain the Higher Education Loan Program — the foundation of an affordable university education.

Reducing red tape

Universities are self-accrediting, autonomous institutions, yet the sector is one of the most heavily regulated in the country. Universities report on numerous fronts to multiple authorities and jurisdictions, and much of this is in relation to regulations and requirements aimed at other sectors. The problem is getting worse. Servicing these obligations diverts resources that would otherwise be directed to teaching, learning and research.

Universities Australia recommends that an incoming government:

- appoint the Productivity Commission to review the regulatory burden placed on the university sector, with special attention to removing duplication between jurisdictions and excluding universities from regulatory regimes where a strong public interest rationale and benefit cannot be identified. This could build upon work recently completed to identify regulatory reporting burdens and set out opportunities to streamline reporting
- monitor, and amend if necessary, the Tertiary Education Quality and Standards Agency's operation to ensure adherence to principles of proportionate and necessary regulation.

