

19 December 2022

Australian Universities Accord Panel
Department of Education
GPO Box 9880
Canberra ACT 2601
Australia

Dear Professor O'Kane and the Australian Universities Accord Panel,

The Regional Universities Network (RUN) welcomes the opportunity to comment on the Australian Universities Accord Terms of Reference.

RUN is a national collaborative group of seven regional Australian universities: Charles Sturt University, CQUniversity Australia, Federation University Australia, Southern Cross University, University of New England, University of Southern Queensland, and University of the Sunshine Coast. RUN member universities may also make their own submissions to address in detail any specific issues they wish to explore with the Terms of Reference.

This submission reflects the positions of RUN institutions, and in doing so, also aims to represent the views of those students and communities which RUN universities serve; the one-third of Australians who live outside of metropolitan centres in regional, rural and remote locations. The below response outlines the Terms of Reference priorities for RUN with brief rationales for why these are important.

In summary RUN's priorities are as follows:

- The challenges associated with diseconomies of scale;
- supporting the educational needs of regional students;
- the need for access to dedicated university infrastructure funding;
- increasing flexible pathways between sectors of Australia's post-school ecosystem; and,
- the need for comprehensive regional universities.

The benefits of the Australian higher education ecosystem

The Australian higher education system remains one of the world's leading systems and while there is opportunity to rectify aspects of the ecosystem which may be operating ineffectively through the process of the Australian Universities Accord, it is vital that elements of the system which have been a resounding success are acknowledged and preserved.

The HECS-HELP income contingent loan system has been replicated across the world. It provides Australians with the opportunity to access world class education without the need to take out private loans and reduces the upfront burden to students by ensuring they only begin to repay their Government subsidised loans when they are able.

Our higher education system also involves research and teaching excellence across all providers. While there are differences in terms of graduate outcomes, with regional universities leading the way in graduate starting salaries and employments outcomes, across the sector employers report 85 per cent employment satisfaction with graduate attributes¹. The Australian Research Councils Excellence in Research Australia and Engagement and Impact initiatives have demonstrated that excellence and impact from Government funded research occurs across Australia.

¹ Quality Indicators for Learning and Teaching, Employer Satisfaction Survey, accessed 08 December 2022 at [https://www.qilt.edu.au/surveys/employer-satisfaction-survey-\(ess\)](https://www.qilt.edu.au/surveys/employer-satisfaction-survey-(ess))

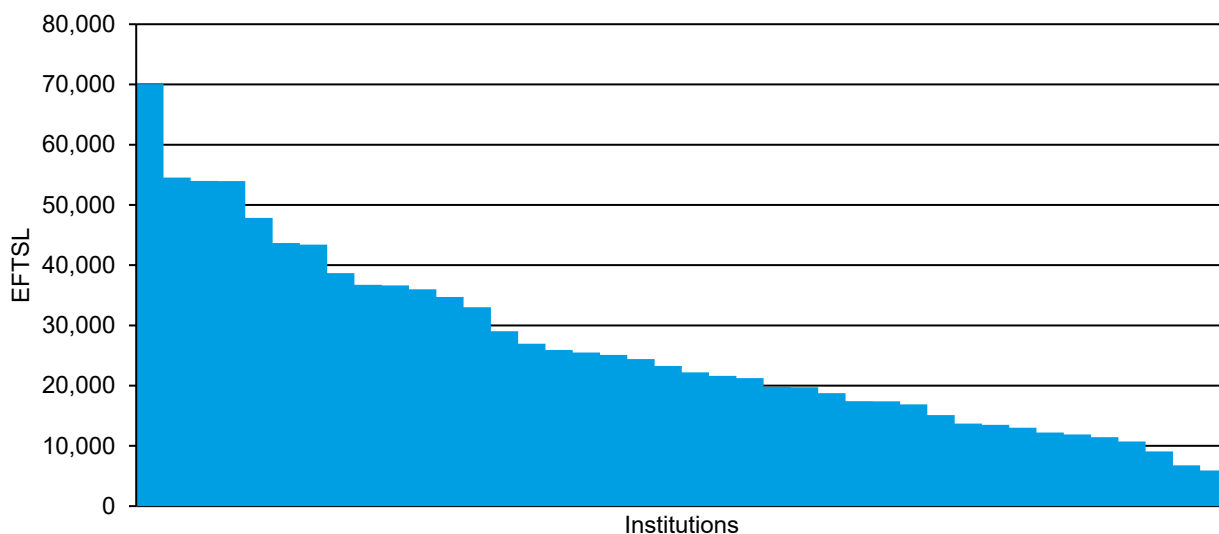
Another strength of Australia’s universities system is that universities are autonomous, self-accrediting and governed by a regulatory environment that utilises the regulatory principles of necessity, proportionately and risk. This results in universities responding quickly to the needs of their students, communities, and industry. As a result, Australia’s universities - and in particular Australia’s regional universities – observe high student satisfaction results, high graduate employment rates and starting salaries, and reflect high-quality teaching and learning delivered within Australia’s universities.

The challenges associated with diseconomies of scale

The current system – both research and teaching – has been disproportionately rewarding institutions that operate at scale in densely populated urban markets. There is evidence of an emerging two-tier system of educational outcomes that has the potential to undermine the reputation of Australia’s higher education ecosystem. While at present, educational and research outcomes are relatively comparable, Australia’s higher education ecosystem is rapidly approaching a turning point where it will be impossible for smaller and regional institutions to provide the same level of internal investment into educational infrastructure as larger metropolitan institutions.

Figure 1, below, shows the sectoral discrepancies of equivalent full-time student load (EFTSL) across Australia’s institutions. This clearly shows that EFTSL is skewed to a select few institutions. With student funding being largely correlated with EFTSL, this is creating significant operating challenges for institutions unable to operate at scale given the geographic and/or demographic communities they serve.

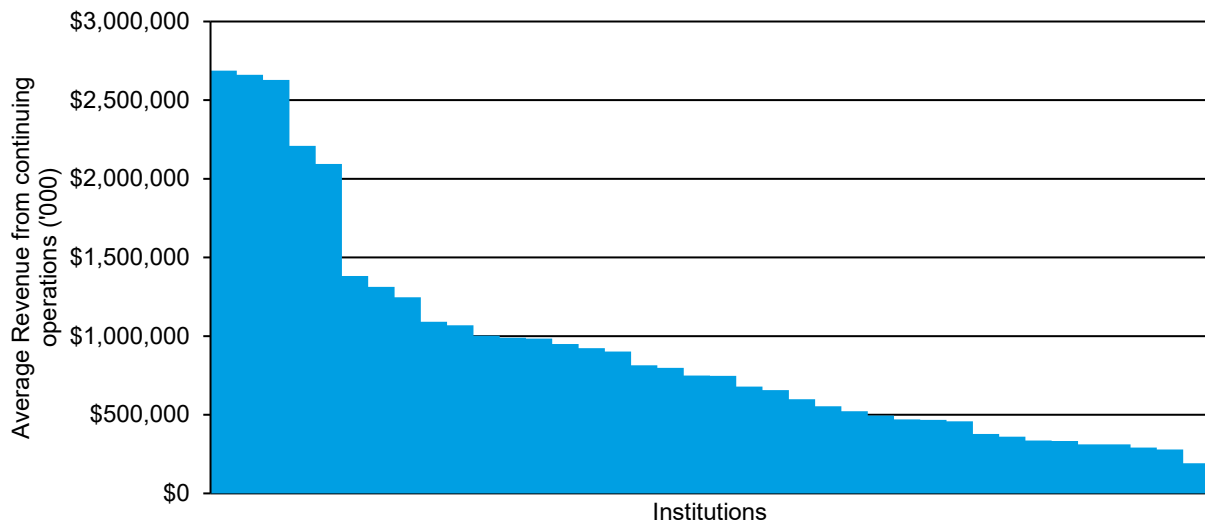
Figure 1. EFTSL by Australian institutions, 2019²



When examining EFTSL, 11 institutions account for approximately 50 per cent of all student load, with 22 institutions accounting for 30 per cent of student load. This skew is also reflected in university revenues as shown below in **Figure 2** with nine institutions accounting for 50 per cent of total sector revenue. Such is the discrepancy; 25 institutions have lower *total* revenues than revenues received from fee paying overseas students alone at each of the top nine universities.

² Australian Department of Education, Higher Education Statistics, accessed 08 December 2022 at <https://highereducationstatistics.education.gov.au/>

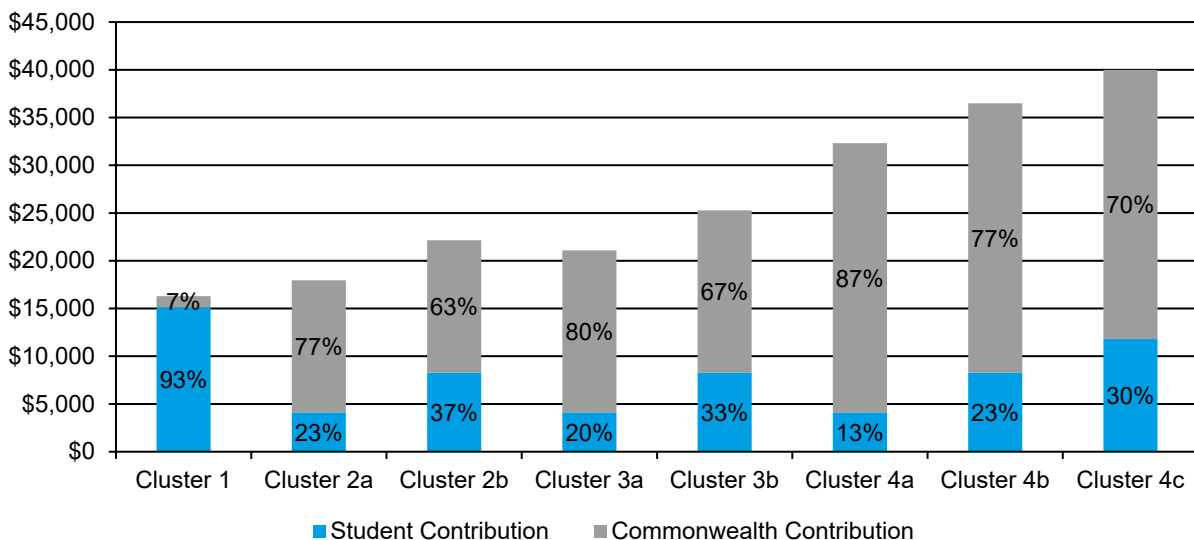
Figure 2. Averaged university revenues, 2018-2020³



Note 1. Financial results averaged over three years to remove any single year volatility

Regional universities, who enrol distinctly different student cohorts, frequently with multiple campus models in thin markets, are institutions that have lower EFTSL and lower average revenues than single campus metropolitan universities. With the current funding model utilising clusters of funding divided between Commonwealth and student funding allocations (shown below in **Figure 3**), in a capped funding environment, regional universities in particular are disadvantaged due the preferences of regional students who tend to study clusters with lower student contributions and higher delivery costs.

Figure 3. University funding clusters, 2023⁴



³ Australian Department of Education, Financial Reports of Higher Education Providers, accessed 08 December 2022 at <https://www.education.gov.au/higher-education-publications/finance-publication>

⁴ Australian Department of Education, 2023 Allocation of units of study to funding clusters, accessed 08 December 2022 at <https://www.education.gov.au/higher-education-loan-program/resources/2023-allocation-units-study-funding-clusters>

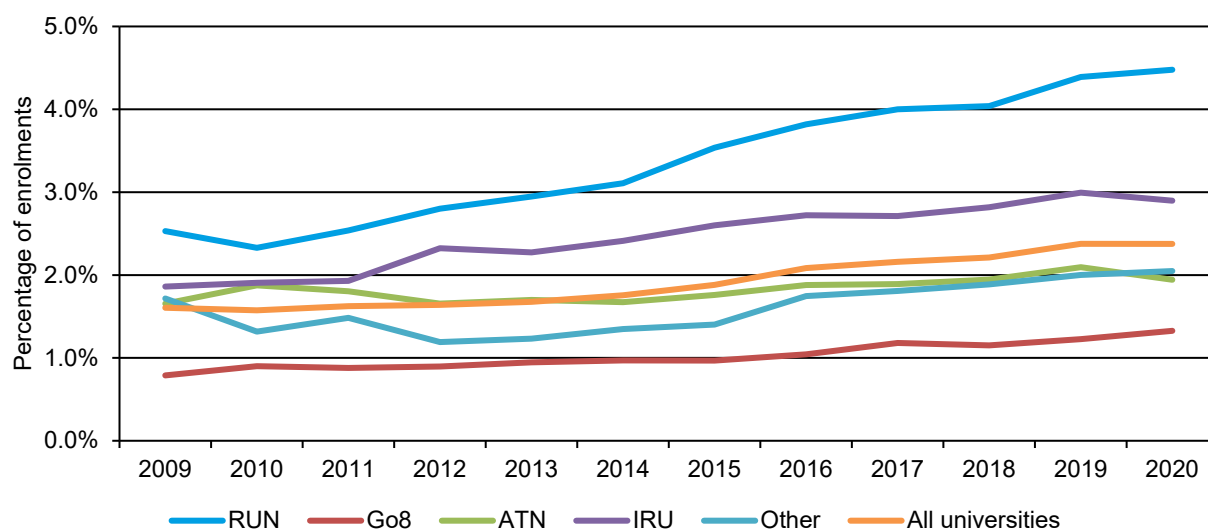
The distribution of Australian Research Council National Competitive Grant Program funding is even more distorted. In 2021, the Group of Eight received approximately two thirds of all administered funding, with RUN universities combined receiving just over one per cent⁵. Similarly, the Group of Eight receives approximately two thirds of the nation’s research and development income⁶. This distortion sustains inequities in opportunity for regional Australia.

To ensure the sustainability of the Australian higher education ecosystem in meeting the skilling needs of Australia’s diverse future workforces, and to ensure that all Australian’s – regardless of their location or background – are able to pursue their desired study at the institution of their choice, RUN believes that it is vital the Australian Universities Accord examines the disproportionate challenges that entrenched diseconomies of scale present for regional universities and how the funding operate system can be sustainability set up to meet future student need

Supporting the educational needs of students

The current system does not currently appropriately fund student support for students from under-represented backgrounds. To improve the outcomes for students, RUN universities provide comprehensive wrap-around support services to all students enabling them to succeed at university. RUN universities enrol significantly different students than metropolitan universities and educate the largest shares of Australia’s under-represented university student cohorts. For example, while RUN universities host 15 per cent of total domestic undergraduate enrolments, RUN enrolls 28 per cent of Australia’s Indigenous students, 23 per cent of Australia’s low socio-economic students 31 per cent of Australia’s regional and remote students and 15 per cent of students with a disability. **Figure 4, Figure 5** and **Figure 6** below show the percentage of Indigenous enrolments, low socio-economic enrolments, and regional and remote enrolments respectively by universities networks.

Figure 4. Percentage of Indigenous enrolments by university networks, 2009-2020⁷



⁵ Australian Research Council, NCGP Trends: Administering Organisations, accessed 08 December 2022 at <https://www.arc.gov.au/funding-research/funding-outcome/grants-dataset/trend-visualisation/ncgp-trends-administering-organisations>

⁶ Department of Education, Research Income Time Series, accessed 12 December 2022 at <https://www.education.gov.au/research-block-grants/resources/research-income-time-series>

⁷ Australian Department of Education, Higher Education Statistics – 2020 Section 16 Equity performance data, accessed 08 December 2022 at <https://www.education.gov.au/higher-education-statistics/resources/2020-section-16-equity-performance-data>

Figure 5. Percentage of low socio-economic enrolments by university networks, 2016-2020⁸

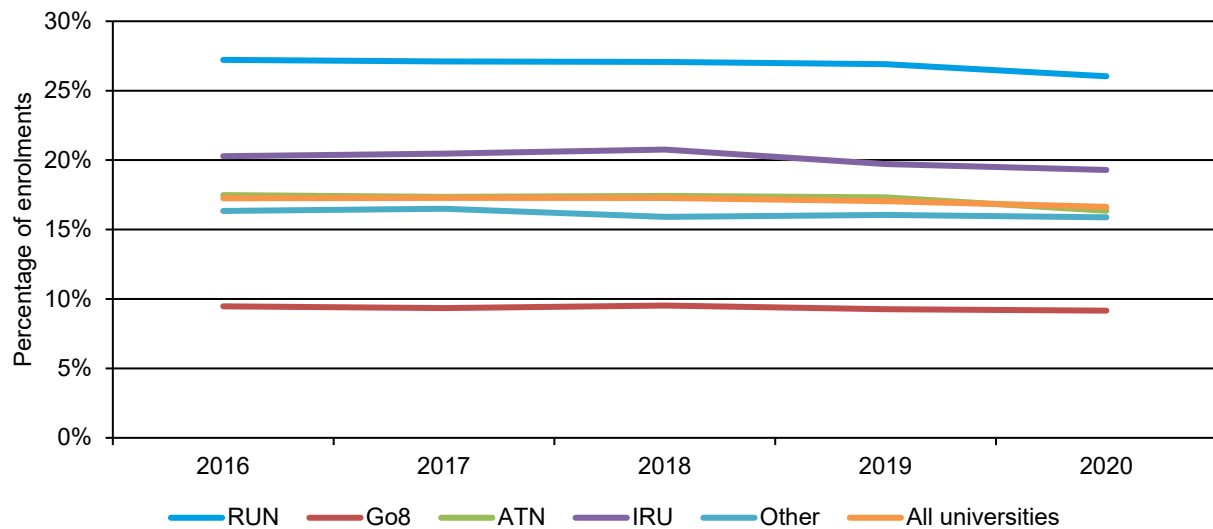
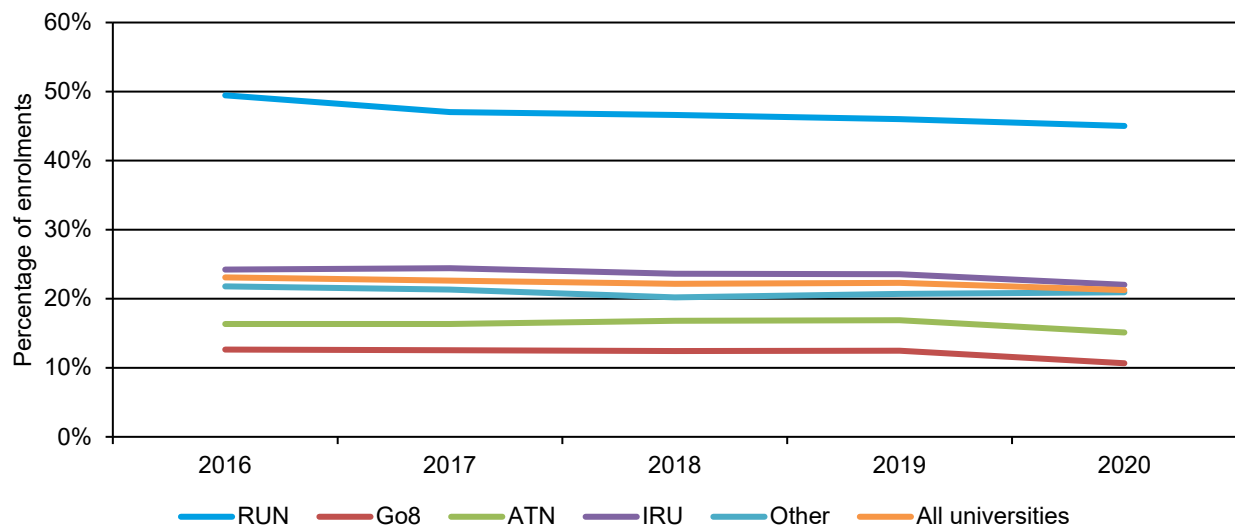


Figure 6. Percentage of regional and remote enrolments by university networks, 2016-2020⁹



Regional universities observe first-hand the current shortcomings of student support funding especially for Indigenous, low socio-economic, disabled and regional and remote students. Most student support funding is allocated on a EFTSL basis, however with a larger share of regional students being part-time this model is inequitable and inadequate in meeting the true cost of providing this support. For instance, the national EFTSL-to-student number ratio is 69 per cent, however many RUN universities are closer to 50 per cent. Evidence suggests however that just because a student is part-time, they require no less support to succeed at university than a full-time student. Costs associated with supporting part-time students are often equivalent to the costs associated with supporting full-time students. Not to mention the practicalities of ensuring vital

⁸ Ibid

⁹ Ibid

university services (i.e. libraries, laboratories etc.) are accessible at extended hours to ensure students who have life commitments are still able to access these services.

If Australia is serious about increasing participation and attainments rates of Australia's non-traditional university cohorts, the Australian Universities Accord needs to investigate student support funding mechanisms and ensure that they are appropriate both to the needs of students from these backgrounds, and for the universities that host the majority of these students.

The need for dedicated university infrastructure

It has been almost a decade since the last wave of investment in Australia's higher education infrastructure, weakening our global competitiveness in both higher education, and research/innovation. Even before the closure of the Education Infrastructure Fund (EIF) in 2019, universities have lacked dedicated infrastructure funding as no funding was released from EIF for the final years of its operation.

The EIF was an \$11 billion fund building upon the success of the Higher Education Endowment Fund and was designed to ensure that Australian higher education providers had the requisite funding to meet their infrastructure needs¹⁰. The EIF was not focussed solely on research infrastructure but funded a wide range of infrastructure needs including infrastructure for teaching. Over the active life of the fund, \$4.2 billion was spent on vital education infrastructure across the country including \$312.6 million in a dedicated 2011 regional priority round¹¹. With the cessation of EIF, universities have not had access to dedicated infrastructure funding. This is a particularly challenging issue for many regional universities who cannot operate at scale while also lacking the sizeable endowments enjoyed by larger universities.

As previously identified, university funding models disproportionately reward institutions that operate at scale for both domestic and international students. To ensure that Australia's higher education providers can meet the skilling and research needs of *all* Australians into the future, it is paramount that the Australian Universities Accord explores how to re-establish dedicated infrastructure funding, not only for new university infrastructure but also the maintaining and or upgrading of existing infrastructure. This is especially vital for those institutions that perform vital services for smaller markets, those that cannot depend on revenues from international students, and/or those that do not enjoy historically favourable Government-provided endowments. Such measures will help mitigate the emergence of a two-tiered system of educational outcomes in Australia.

Increasing flexible pathways between sectors of Australia's post-school ecosystem

To meet Australia's skilling needs of the future, RUN supports increased focus on developing flexible, transparent pathways between all elements of Australia's post-school ecosystem. This will require all segments of the ecosystem to come together to better recognise prior learning, and to co-create pathways for those looking to upskill, reskill or transition to other elements of the sector.

The pathway between sectors must also include the use of short-courses and micro-credentials developed in conjunction between providers and industry to ensure that Australians can quickly engage with the learning required in an ever-changing technology driven workforce. This will require significant consideration regarding administration, regulation, and funding to ensure that

¹⁰ Parliament of Australia Parliamentary Library, Will the new Future Drought Fund leave the Education Investment Fund high and dry?, accessed on 08 December 2022 at

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/FlagPost/2018/November/Education_Investment_Fund

¹¹ Department of Finance, Education Investment Fund – Approved Projects, accessed 08 December 2022 at

<https://www.finance.gov.au/sites/default/files/2019-11/eif-live-list-of-infrastructure-projects.xlsx>

the policy settings are correctly aligned to enable the quality provision of learning, while not inhibiting innovation, flexibility, and the development of courses that meet the needs of all.

The need for comprehensive regional universities

While we acknowledge that universities have different missions, scale, communities and focus, that does not dictate that universities (in particular regional universities) should be limited in their research and teaching ambition and scope. It is vital for regional communities that their universities remain comprehensive in their offerings. For many regional students, relocating to pursue their studies is simply not an option. It is essential that regional universities are able to provide a full suite of subject offerings to ensure that regional Australians are provided the same opportunities as metropolitan students. Similarly, regional universities are vital to meeting the distinct needs of regional communities and industries through impactful research and innovation.

Regional universities are not a 'nice to have', they are essential to the regional communities in which they operate. It is vitally important for Australia's ongoing economic prosperity that regional communities can benefit from a highly skilled regional workforce. We know that 70 per cent of regional students who study at a regional campus remain in Australia's regions post-graduation. Unfortunately, the inverse is also true: regional students who move away to study are less likely to return to Australia's regions. Regional universities are not just large employers, they also ensure that regional communities have the much-needed pipeline of vital service industry workforce, especially in education and in health, to continue to meet the needs of regional citizens. There would be a considerable risk of compounding the already-entrenched city-rural inequities and social division if regional Australians were to miss out on the education, health and other vital services underpinned by regional education due to regional university closures.

Finally, regional universities provide significant benefits to regional communities through their social and community functions. Recently, regional universities have supported their communities through natural disasters, and have played a prominent role in administering vaccination roll outs to regional communities in the face of the Covid-19 pandemic. While those two examples are large undertakings to support regional Australia, it should not be forgotten that regional universities play fundamental roles in supporting and meeting the social needs of Australia's regional communities. If a regional university was to close or be forced to limit its scope of operation this would present a significant loss to regional Australia and regional Australians.

Please do not hesitate to contact the RUN Secretariat on 0408 482 736 or via e-mail at execdir@run.edu.au to discuss any elements of this submission further.

Yours sincerely,

Alec Webb
Executive Director