UNIVERSITY of TASMANIA

University of Tasmania: Responses to Questions on Notice

Senate Standing Committee on Education and Employment
Higher Education Support Amendment (Response to the Australian Universities Accord Interim Report) Bill 2023

Date of Hearing: Fri, 08 Sep 2023
Panel Session: Professor Ian Anderson (UTAS) and Professor Clare Pollock (WSU)

Topic: Uncapping Indigenous CSP

Our student profile for 2023 (YTD) shows that of 27,000 students currently enrolled, 3% of domestic students have an Indigenous background (n= 862). The previous 5 years of enrolment data indicates that the Indigenous student cohort annually enrolled at our university is consistently 3% of the total student population.

The direct impact of this funding change on Tasmanian Indigenous students will be minimal because CSP funding is already available for students in regional and remote areas. We support the proposal to uncap CSP funding for Indigenous students nationally to support all Indigenous students to access university education, regardless of their location.

In our submission to the Universities Accord Interim Report consultation (*refer Attachment One*) we have proposed the design of a funding model for universities which includes equitable success funding to support participation for particular cohorts, including Indigenous students. We noted, “for Indigenous students to participate and achieve at equivalent levels to other students, it is necessary for universities to provide dedicated programs and support, with funding linked to Indigenous student enrolments”.

The model we have proposed also includes equitable access funding including enabling load funding to increase participation. We believe that an equitable funding model will complement uncapped CSP places for Indigenous students nationally.

Topic: Commonwealth Supported Places

Over the period 2018 – 2022 we have consistently utilised between 90% and 93% of our CSP Allocation, except for 2020. In 2020, we were 3% over our cap for CSP enrolments after seeing a spike in enrolments during the Covid-19 pandemic.

The number of Indigenous students enrolled in a CSP for each year has been provided below.

Number of Indigenous Students enrolled in a CSP:

Year	2018	2019	2020	2021	2022
Students (headcount)	681	754	920	828	818

Topic: 50% pass rule

We strongly support the removal of the 50% pass rule and agree with commentary from across the sector that this rule has resulted in negative outcomes for students, particularly those from educationally disadvantaged backgrounds.

At the University of Tasmania, we have taken a different approach to the implementation of the 50% pass rule. We have supported students who have been impacted by this rule, and who wish to continue their studies, by providing a fee waiver to students to enable them to continue to study without incurring the full fee cost of their degree. This has been managed on a case-by-case basis with impacted students.

Two thirds of the students who were identified as likely to fall below the 50% pass rate in 2023 are sub-Bachelor level, a vulnerable cohort with a traditionally high attrition rate. These are the students who we want to continue to support in their educational attainment, and we believe the 50% pass rule as it currently stands is creating an unnecessary barrier for these students to succeed at university.

Implementing a fee waiver for those students who have chosen to continue studying has resulted in the university supporting 60 students in Semester 1, with an approximate cost to the university (of lost CSP income) of $350,000. During the Senate Committee Hearing, Professor Anderson noted that “For semester 2, we estimate that approximately 140 enrolled students are impacted and are expected to cost the university $1.2 million”. Post-census data for Semester 2 enrolments is now available so we can confirm the number of impacted students as 124 enrolled students, at an approximate cost to the university of $679,000 based on current unit enrolments.

There are 5 more result releases between now and the end of 2023, and we anticipate the number of impacted students will increase, thus increasing the total value of the fee waiver and cost to the university for 2023.

Topic: Student Support Policy

In 2023, there are 27,000+ domestic students enrolled at the University of Tasmania. Our current student profile includes 19% with a low SES background, 3% indigenous, 9% with a disability and 42% are the first in their family to go to university. These student cohorts often face barriers in accessing education and require greater support to succeed in their study. To address educational inequality, we need to enable these students to attend university, and we need to enable them to participate as fully as students who do not face these educational barriers. In our September 2023 submission to the Universities Accord Interim Report consultation (*refer Attachment One)*, we proposed an equitable funding model which incentivises student completions.

There are examples internationally of universities who have successfully implemented strategies to improve outcomes for all students – such as Georgia State University. Over a 10-year period, Georgia State University have increased their graduation rate by 24 percentage points (a 75% increase); grown the number of degrees awarded annually by 84%; reduced the average completion time by a semester; and eliminated historical educational achievement gaps based on race, ethnicity, or income.

We provided this example, and suggestions on how this approach could be adopted for the Australian tertiary sector, in our April 2023 submission to the Universities Accord consultation (*refer Attachment Two)*.

Australian Universities Accord: Interim Report Consultation

University of Tasmania Submission

1 September 2023

UNIVERSITY of TASMANIA

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Image: University of Tasmania students at the West Park campus in Burnie

UNIVERSITY of TASMANIA

Professor Mary O'Kane AC
Chair, Australian Universities Accord Panel

Dear Professor O'Kane and colleagues

Congratulations on the Universities Accord Interim Report, a thought-provoking document which has prompted national conversation and discussions about the future of higher education in Australia.

At the University of Tasmania, we are pleased to see that the Interim Report provides a place-based approach to improving educational access and equity for those who are educationally disadvantaged. We support the key priority actions identified within the Interim Report and appreciate the extension of the Higher Education Continuity Guarantee for a further two years. We welcome the commitment to additional University Study Hubs and look forward to further detail on how we can support more Study Hubs to be established in Tasmania. We strongly agree with the Interim Report's focus on increased participation from groups with lower participation rates and propose a model by which that could occur in our attached submission.

We agree with the Interim Report's suggestion that Australia would benefit from institutions with strong, unique missions supported by place-based compacts. However, we do not support the establishment of a National Regional University as we consider it would undermine our efforts to anchor our university in place with a stronger base in the local community. As an alternative we propose that universities in both regional and metropolitan settings be incentivized to diversify and partner to form university systems based on shared strengths and mutual intent. The proposed Tertiary Education Commission will be critical to strengthening the integration of the tertiary sector.

We are pleased that the Panel signalled the need for a clear national research roadmap with an appropriate research funding system, which recognises the full cost of research. This will protect research basics and for university research to be more effectively translated for societal benefit.

We recognise the need to expand the sources of funding for research. A significant opportunity that doesn't seem to have been considered is the use of social bonds and the opportunity for universities to access them for major impact-oriented research. We suggest the Panel recommend analysis on a nationally agreed social bond framework and a social bond seed capital fund to initiate impact-geared research, so the work can start to be delivered before the benefit is realised.

We would welcome the opportunity to engage with the Accord Panel and the Government to further discuss and develop any of the ideas in our submission.

Yours sincerely

Professor Rufus Black
Vice-Chancellor

1 September 2023

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The University of Tasmania's Response to the Accord Panel's Interim Report

Our contribution in response to the Interim Report is to offer solutions on two key issues:

1. the design of a sustainable future funding model that meets the objectives of greater equity, significant growth in student numbers, improved student experience and greater national productivity; and
2. a strategy to diversify the sector while managing the increase in scale.

Designing a sustainable future funding model

To meet the objectives of the Interim Accord Report, we propose the Tertiary Education Commission develop a funding model with three student components and three institutional components. We envisage this would replace the current ad hoc and partial measures. Our proposed model incentivises student completions, creates the grounds for social mobility for equity cohorts, promotes regional social and economic equity, and encourages a more diversified system while retaining student choice. The proposed approach is detailed below, and a visual model is provided in Appendix 1.

Student funding components

Our proposed funding model features three components pegged to student numbers: base level funding, equitable access funding and equitable participation funding.

Base Level Funding: The system requires a base level of per student funding to cover the average cost of delivering higher education. This can be determined from a set of universities that represent a medium case in terms of size, mix of students, and diversity of offering. These averages should be normalised for university performance eg retention and student outcomes. We consider that this base funding should be deployed by universities flexibly to meet the offerings required by the communities they serve, including micro-credentials. Agreeing pricing policy for micro-credentials is key if the tertiary sector is to respond in an agile way to the needs of industry, business and local communities (refer Appendix 2).

This base level funding should determine the split between the student and government contribution. The existing HELP scheme is underpinned by principles of equity. The relative contribution split should be based on an estimation of the public and private benefit of higher education. This requires a complete overhaul of the current cluster rates. Our view is that all students in any category should make the same HELP contribution regardless of equity or regional payments that may result in government contributions to a student's education being effectively higher. This avoids the unfair burden of disadvantaged students carrying the cost of overcoming their own disadvantage.

Equitable Access Funding: We propose that the base funding is supplemented by equitable access funding based on targeted participation rates and/or with the following aspects:

1. *Engagement funding*. Successful efforts to increase participation requires university staff to engage with school students and adults from under-represented backgrounds at events in their community. The cost of these initiatives across the sector needs to be modelled to provide a baseline. Adjustments from that baseline would best be done through a formula based on participation levels in their catchments, regional/remote status, the relative cost of delivery, and anticipated increases in participation.
2. *Enabling load*. Enabling load refers to pathways program which have proven to be an effective means to increase participation and should be available to universities through a compact structure with reference to their catchments.
3. *Living costs*. The cost to students supporting themselves while studying remains a major barrier to access and completion. This is especially the case where students are required to undertake placements during which they are often on placement full time and unable to undertake their regular paid work. Providing scholarships is one potential measure to address this barrier and another is reform of the income support system which may include the uplift of Youth Allowance, or the creation of a means tested payment to cover the additional costs associated with educational placements and internships.

Equitable Success Funding: We propose further funding to support participation based on:

1. *Preparedness funding*. Students from educationally disadvantaged circumstances are under-prepared to complete and succeed. Typical strategies to address this require additional tutorial support or small group learning. Preparedness of students is not evenly distributed across the system. Funding adjustments for universities with a higher proportion of less prepared students, using SES background as a proxy for preparedness and need, is required to enable them to provide an equivalent level of support across their student body, creating stronger pathways for completion.
2. *Funding for student wellbeing*. There is a strong correlation between student wellbeing and mental health and educational outcomes. To support students, universities need to provide primary prevention, early intervention, and coordination with other social and health services to manage more complex needs. The funding adjustment for the provision of these services should be weighted against public health need drawing on documented Australian standards and relativities. The development of this measure could draw on the recently introduced QILT program for student wellbeing and belonging.
3. *Indigenous student funding*. For Indigenous students to participate and achieve at equivalent levels to other students, it is necessary for universities to provide dedicated programs and support, with funding linked to Indigenous student enrolments.
4. *Disability and neurodiversity funding.* Physical and intellectual disabilities and neurodiverse students like those with dyslexia or autism require additional assistance or adjustments to participate and achieve at the same levels as other students. The 'Gonski' scheme provides such adjustments to school students. Universities are sufficiently similar to schools in this regard that it would be equitable to continue the same scheme of support provided in school into higher education.

Institutional funding components

Our funding model also includes three components related to the nature of institutions and the communities they serve: regional equity funding, place and mission based funding, and capital equalisation funding.

Regional Equity Adjustments: To deliver courses in Australia's socio-economically disadvantaged regions (rural and remote Australia, outer metropolitan areas) costs more because the costs per student are higher on smaller campuses where class sizes are on average substantially lower and the fixed overheads of running a campus are spread over a much smaller number of students. Total costs are ultimately driven by the number of campuses and the courses offered, which means there is no simple formula. The funding level will need to be determined by broader policy decisions about the value of having a higher education offering in particular areas. The return on the investment needs to be central to the calculation. In Tasmania, our university makes a significant investment in our smaller regional campuses located in Launceston and Burnie. Modelling the economic return and health benefits just from the additional students that obtain a degree through being able to study locally shows the return on regional education is over three times the value of the investment (refer Appendix 3). In our view, determining the level of funding should reflect the economic uplift that derives from having universities in these regions.

Place and Mission Based Funding: To support universities to deliver the needs of their communities, there should be a specific place and mission-based funding stream. This will enable universities to become a sustained source of competitive advantage, to attract students and/or resources, and to provide unique community benefits and social impact. Funding could be directed to either, or both, a distinctive place-based or a mission-based offering, where mission-based funding is the ability to support national research priorities or regional capability building. This funding could be provided not just to a single university but to a consortium of universities delivering on aligned missions or capabilities. Such funding should complement and leverage investments by universities and other funding partners such as industry or philanthropy to enable universities to cross the threshold to sustained competitive advantage.

Capital Equalisation Funding: The costs of capital renewal create significant inequalities that require weighting. Universities in advantaged settings, with historically strong brands, leverage to create surpluses. This supports both capital maintenance and capital renewal to drive improvement in research productivity, the student experience and to build the type of contemporary facilities designed to improve learning outcomes for a more diverse student cohort.

Universities without these advantages are faced with the choice of covering capital renewal costs at the expense of teaching quality, student experiences and retention of academic staff of global calibre. As the cost of research equipment inflates, this gap will increase, undercutting our national ambition to be globally competitive. The University of Tasmania is a clear case of this where an ageing capital infrastructure across the city of Hobart campus has created a very large backlog of maintenance with an associated bill. In Launceston and Burnie, we required additional government investment in new campuses for the University of Tasmania to sustain a viable presence. We propose the Tertiary Education Commission develop an appropriated adjustment factor that bakes in capital renewal to university funding.

Realising the benefits

To shorten the timeframe between agreement of a new funding model and the full realisation of it impact, we propose adjusting downwards the level of base student funding to universities with historic advantages or whose particular circumstances enable them to generate large international student revenues. Targeted at the right level, this would not disincentivise those universities from increasing their additional sources of revenue, but it would create the funds to progress a more equitable system. This would also be in line with the Gonski approach to school funding.

Creating diverse higher education systems to serve growing student numbers

Secondly, we offer a proposal in response to the reality that catering for significantly larger number of students over time will require larger universities, more universities, increased international campuses of leading foreign universities, or the growth of non-university higher education providers (NUHEPs). Australian universities are very large by global standards which creates diseconomies of scale from a student experience perspective. Creating new universities is a high risk strategy. They will have to create education brands, build staff and institutional machinery from scratch in a highly competitive environment. Increased international campuses would risk undermining national capability. A dramatic growth in NUHEPs would carry a range of risks.

An alternative would be to incentivise existing universities to become university systems comprised of largely autonomous entities supported by central shared services. They could exist across regional settings where, for example, a system could include a research-intensive sciences college, a liberal arts college, a professional college, and a pathways college. In a metropolitan setting, Group of Eight universities could create entities ranging from a globally leading research-intensive medical science university, which might include a number of medical research institutes, all the way through to small liberal arts entities, perhaps built around some of their residential colleges. A funding stream should be created to encourage the inclusion of TAFEs into the systems which would respect their identity and autonomy but allow them to be better integrated and to be self-accrediting.

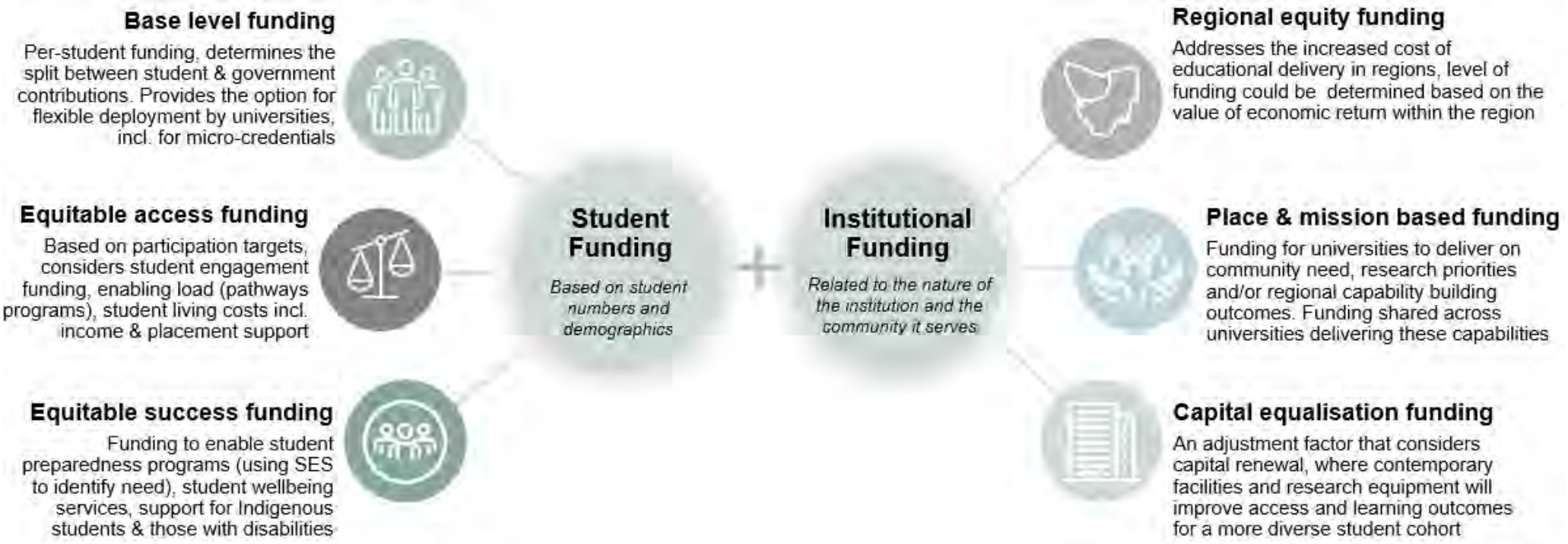
The advantage of this approach is that existing brand advantages are leveraged, overheads like shared services are distributed rather than duplicated, and the organisational capabilities of autonomous entities can be built in a collaborative and evolutionary way. The overarching shared services would not just provide a reduced overhead structure but could play a very valuable role strategically in steering the system to meet key equity and impact targets. In a national system with a growing number of entities, the proposed Tertiary Education Commission would only need to deal with university systems, not every entity.

As new entities evolve, they would require different funding structures. Funding liberal arts is a very different proposition to medical science. It should be the task of the Commission to evolve new models out of the existing structure. The basic framework provided in the previous section should be able to support that evolution by developing new base level funding for the different types of universities that emerge, using the institution-based funding levers. A regional and metropolitan pilot could further de-risk this evolution to a more equitable, student centric, diverse, and globally competitive system.

Appendix 1: A sustainable future funding model

The funding model proposed by the University of Tasmania is comprised of both student funding components and institutional funding components. This model has been designed to achieve the Accord Interim Report objectives of a more equitable and diversified tertiary education system.

Figure One: Proposed higher education funding model

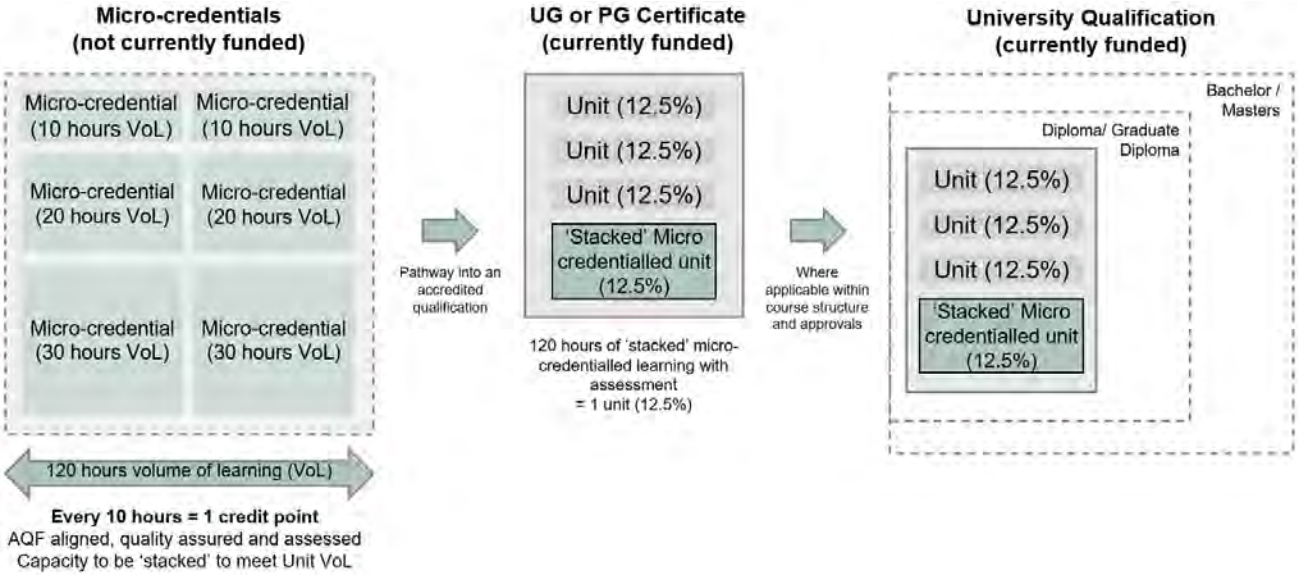


Appendix 2: Proposed micro-credential funding framework

The University of Tasmania's stackable micro-credentialling framework is designed to be responsive to industry demand and non-traditional student needs, and to support increased access to tertiary qualifications through shorter-form offerings (see Figure One).

This model is aligned to the National Micro-credentials Framework - Final Framework *(Department of Education, Skills and Employment, PWC, November 2021),* and demonstrates how micro-credentials can be designed as stackable pathways into accredited qualifications.

Figure One: University of Tasmania micro-credentialling framework



This model supports the Accord interim report's objective of improved access to education and contributes to the development of a skilled and more productive Australian workforce.

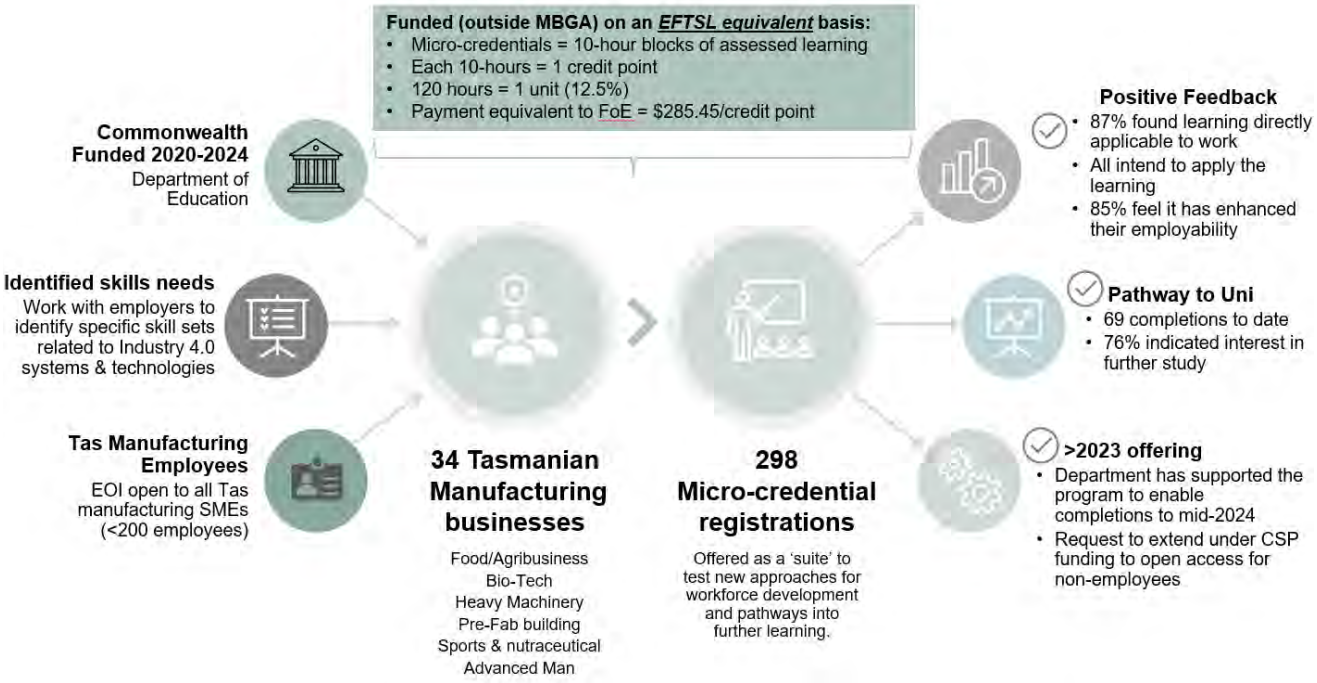
At the University of Tasmania our experience in delivering short courses shows there is a strong appetite for shorter form learning, with 12,500+ short course participants, 2,474 enrolments in Undergraduate Certificates and 7,758 enrolments in Graduate Certificates between 2020 and 2022. Mapping details of short course participants to university enrolment data (n = 1,500), indicates that approximately 70% are female with an average age of 39, and 75% are likely first in family to attend university.

Given these participation rates and typical student demographic, we propose that flexible funding which can be applied to micro-credentials in addition to degree level qualifications will enable increased participation from a more diverse population.

We suggest an approach which breaks down cluster funding at a unit level into a funding rate per hour, so the per hour rate can then be applied to micro-credentials based on the prescribed volume of learning hours. In this approach the cluster rate assigned at a unit level would need to be the university's equity adjusted rate, rather than the base rate, to support the higher enrolments from educationally disadvantaged students that short form courses attract.

Micro-credentials, in addition to providing an alternative pathway to university qualifications, can be designed to respond to skills needs or gaps within industry. Even when participants do not continue to further tertiary study, we have received positive feedback on the short form learning experience particularly in relation to flexibility of study and direct relevance to required skills within the industry. An example of this approach in practice is provided in Figure Two.

Figure Two: Building future skills for Tasmanian Manufacturing businesses using micro-credentials as alternative learning pathways to university – a pilot.



We are currently participating in the Micro-credentials Pilot in Higher Education program, with three University of Tasmania proposals funded under Stage One. We strongly support this program's approach to micro-credentials developed in partnership with industry to meet skills needs and gaps, and which contribute credit towards further study to enhance student outcomes.

We would encourage the Accord Panel's consideration of a flexible funding model which would enable Universities to deliver short form education where beneficial, to meet student and industry needs.

Appendix 3: Modelling the economic return and health benefits of regional campuses

Model Overview

An economic impact estimation model has been developed for estimating the marginal economic implications of the uplift that is achieved in student attainment through the University of Tasmania providing students with access to regional campuses in Burnie and Launceston.

The model is based on a range of relevant data sources, including the Australian Bureau of Statistics (ABS) data on median salaries, underlying qualifications by region at Statistical Level 4 region level, Australian tax rates, welfare rates, research into health outcomes and UTAS completions and enrolment data. The model focuses on estimating the economic impact through the Net Present Value (NPV) framework, encompassing impacts on government revenue and welfare payments, individual incomes and the value of their improved health outcomes, and the value to the broader economy.

Variables

The model integrates a range of key variables that influence economic impact, including:

1. Savings Rate: The proportion of income saved for future investments or consumption vs the proportion that is spent directly and multiplies through the economy.
2. Number of Additional Degrees Completed: The annual quantity of educational degrees that are completed due to the presence of the Northern Campuses.
3. Discount Rate: The rate used to discount future cash flows to present value.
4. Value of a Statistical Life Year: The assigned economic value to extending one's life by a year.
5. Age-Related Discount: Adjustment for the impact of age on the economic value of life years.
6. Wage While Studying: Income earned while pursuing education.
7. Life Expectancy Other Post Secondary (at 25 Years Old) and Life Expectancy No Post Secondary (at 25 Years Old): Life expectancies for individuals with and without post-secondary education.
8. Life Expectancy for 25-Year-Old, 2021: Base life expectancy for a 25-year-old in the year 2021.
9. Long Term Health Benefits/Lifetime Earnings Ratio: The ratio of long-term health benefits to lifetime earnings.

Methodology

The general methodology of the model estimates the various economic impact measures as follows:

1. Use completions data for Launceston and Burnie campuses, adjusted by comparing student numbers before and after new offerings are taught at those campuses, to estimate how many additional tertiary qualifications on average are being completed due to the presence of the regional campus locations.
2. Calculate the proportions of the underlying populations with specific qualifications. Use this information to infer the type of qualifications those additional students would otherwise be assumed to complete if they weren’t competing a tertiary degree.
3. Look at the Median Salary of the alternative qualifications vs degrees for these additional completions and calculate the differences in:
    a. Tax Revenue
    b. Net Income
    c. Welfare (if applicable)
4. Calculate the Government benefit as Increase in Tax Revenue + Decrease in Welfare Expenditure
5. Calculate the Individual benefit as Increase in Net Income – Decrease in Welfare
6. Calculate the Economic benefit as the individual benefit divided by the savings rate.
7. Calculate the Perpetual Health Benefit by multiplying the lifetime earnings by the Long-Term Health Benefits Ratio.
8. Calculate the Longevity value of additional average lifespan derived from the model inputs on life expectancy, Value of a Statistical Life Year, and age-related discount.

The final model produces estimated values for Steps 5-9 above. The sum of these provide an estimate of the net present economic value from uplift in education outcomes from having Launceston and Burnie campuses, including increases in health outcomes and government revenue.

Note that this model is focussed solely on the benefits from additional student completions associated with a regional campus presence. It does not account for additional benefits from having campuses located in regional areas, such as uplifts to local economies from have staff situated in the Northern regions, economic benefits from the creation of new enterprises arising from research conducted in the regional, nor other broader social and community benefits.

Table One: Key Model Parameters

Editable Parameters	Value	Source
Savings Rate	25.66%	World Bank Final Consumption of 74.34% over 5-year average, for Australia, 2017 - 2021
Discount Rate	4.00%	Department of Treasury and Finance, NSW (DTF) Technical Guidelines on Economic Evaluation
Value of a Statistical Life Year	$222,000	Department of Prime minister and Cabinet Best Practices
Age Related Discount	59%	Abelson (2007)[1]
Wage while studying	$16,758	Universities Australia (2017)[2]
Life Expectancy Other Post Secondary (at 25 Years old)	1.8	"Inequalities in life expectancy in Australia according to education level: a whole-of population record linkage study" Average across Gender and Year 12 Status
Life Expectancy No Post Secondary (at 25 Years old)	5.2	As above
Life expectancy for 25-Year-Old, 2021	84	ABS Life Tables, 2021
Long Term Health Benefits/ Lifetime Earnings Ratio	40%	Deloitte Access Economics (2016)[3]

[1] Abelson, P. (2007). *Establishing a Monetary Value for Lives Saved: Issues and Controversies* (Working Paper No. 2008-02). Department of Prime Minister and Cabinet. https://oia.pmc.gov.au/sites/default/files/2021-06/Working_paper_2_Peter_Abelson.pdf

[2] Universities Australia. (2018). *2017 Universities Australia Student Finances Survey*. https://www.universitiesaustralia.edu.au/wp-content/uploads/2019/06/180713-2017-UA-Student-Finance-Survey-Report.pdf

[3] Deloitte Access Economics 2017, Estimating the public and private benefits of higher education, Department of Education and Training, Canberra, https://www.dese.gov.au/higher-education-reviews-and-consultations/resources/estimating-public-and-private-benefits-higher-education.

Australian Universities Accord

University of Tasmania submission

6 April 2023

Acknowledgment of Country

The University of Tasmania pays its respects to elders past, present and emerging and to the many Aboriginal people that did not make elder status and to the Tasmanian Aboriginal community that continues to care for Country. We acknowledge the profound effect of climate change on this Country and seek to work alongside Tasmanian Aboriginal communities, with their deep wisdom and knowledge, to address climate change and its impacts.

The Palawa people belong to one of the world's oldest living cultures, continually resident on this Country for over 40,000 years. They have survived and adapted to significant changes in climate over this time, such as sea-level rise and extreme rainfall variability, and as such embody thousands of generations of intimate place-based knowledge.

We acknowledge with deep respect that this knowledge represents a range of cultural practices, wisdom, traditions, and ways of knowing the world.

The University of Tasmania recognises a history based on truth that acknowledges the impacts of invasion and colonisation upon Aboriginal people, resulting in forcible removal from their lands.

Our island is deeply unique, with cities and towns surrounded by spectacular landscapes of forests, waterways, mountain ranges, and coasts.

The University of Tasmania stands for a future that profoundly respects and acknowledges Aboriginal perspectives, culture, language, and history, and a continued effort to fight for Aboriginal justice and rights paving the way for a strong future.

Contents

Executive Summary

The opportunity for substantial reform that the Australian Universities Accord presents comes at a critical time, as the nation faces three future-defining adaptive challenges between now and 2050. These include:

- **The challenge to prosperity** – after a long-era of economic tailwinds we need to adapt to an era characterised by economic headwinds driven by demographic challenges, rising resource costs, falling productivity and weakening international order;
- **The challenge of sustainability** – in a very short period of time we have to transition to a zero-carbon and circular economy from one built on extraction and emissions; and
- **The challenge to security** – we face unprecedented geo-political challenges which require a step-change in national capability.

Our best opportunity to meet these challenges is to harness the transition to a more sustainable and inclusive economy and society. Doing so will create new pathways to prosperity and security. Universities, together with VET and non-university higher education providers, can play a critical role in helping Australia to successfully make that transition. We can do this by:

- **Tackling inequality and improving productivity through increasing access and student success**
    - Reform the student income support system to reduce cost of living challenges and remove barriers to attending higher education;
    - Implement a sector-wide universal equity and success model that determines the equity-based adjustment to per-student funding required;
    - Support the expansion of university-led health and mental-health clinics to reduce the burden on essential services; and
    - Provide assurance and flexibility in university funding throughout 2024 and 2025 to reduce uncertainty.
- **Lifting national adaptive capacity and competitiveness through a mission focused research funding system**
    - Develop and support 8-12 mission driven programs within the long-term national research agenda, to tackle Australia's major adaptive challenges;
    - Direct research funding through industry bodies to create intellectual property that delivers technological advances that enable scalable and sustainable growth in key sectors and regions;
    - Direct research funding into funding instruments such as social bonds, that deliver not only improved productivity and employment but broader societal

benefit, such as improved health, environmental and education outcomes and other social benefits.

- **Ensuring national cohesion and equity through regionally adjusted higher education funding and initiatives**
    - Adapt the higher education funding model to include a regional delivery adjustment based on higher cost of regional delivery
    - Fund a pilot to enable regional universities to provide internet access in remote areas to enable access to higher education;
    - Create regional excellence scholarships to attract and retain talented students in regional areas of Australia;
    - Direct funding allocated to the National Reconstruction Fund and similar sources into regional areas to ensure increased, sustainable productivity growth;
    - Create a specific regional research grant scheme to provide regions with equitable access to funding to tackle issues and opportunities that are specific in their region and/or to regional Australia; and
    - Ensure research capability is continually replenished, via HDR candidates, within a very strong, strategically focused, and long-term national research agenda that is deployed across all of our regions.

Meeting the adaptive challenges we face as a nation, and across the world, will require sustained and coordinated partnerships between governments, universities, industries and the communities we serve across our regions. Our submission provides a pathway to meeting these challenges.

Why Higher Education reform is needed to meet Australia's major national adaptive challenges

The Australian Universities Accord Process comes during a critical but narrow window of time when the policy choice we make now will determine the shape the nation and world is in by 2050. The organising idea for reform should be the changes needed to enable the sector to play a pivotal role to address the unprecedented adaptive challenges the nation faces collectively and in each of its regions.

Australia's adaptive challenges

There are three interlinked parts to our national adaptive challenge:

The challenge to prosperity

The first is that the tailwinds of the extraordinary growth in post-war economic prosperity and all of the social change that made possible have turned to headwinds.

Demographics: Where we benefitted from the baby boom through until the early 2000s, we now face an aging population with all its implications for increased welfare/medical expenditure, reduced productivity, and downward pressure on government revenue[1];

Resources: While the cost of non-energy resources fell in real terms by over 40% between the 1950s and the early 2000s, they have since progressively risen by almost the same amount in real terms[2]. While that has benefitted Australian national income, it has also created long-term cost pressures for any industrial or construction activity;

Productivity: The very strong post-war productivity rates that underpinned real income increases have fallen across the world and especially in developed countries like Australia[3] for hard to reverse structural reasons; and

Connectivity: As we became more connected, through falling trade barriers, dramatic reductions in the cost of transport and electronic connectivity and the end of the Cold War, we now face increased geo-political competition and breakdown of international civil order[4].

With all four major forces working against us, we are now in a very different era which will require a far more coordinated national response to turn around than we have seen in recent decades.

The challenge to sustainability

What adds to the challenge is that the model of economic development that has enabled the great period of post-war prosperity has two deeply unsustainable features at its core:

[1] United Nations - Population Division (2022), OurWorldInData.org/world-population-growth
[2] World Bank Commodity Price Data (The Pink Sheet), Non-Energy Price Index, annual indices, 2010=100, real 2010 US dollars;
[3] Conference Board; Penn World Table; World Bank, World Development Indicators.
[4] The Organized Crime Index. (2021) Global Initiative Against Transnational Organized Crime. https://ocindex.net/

Ecologically unsustainable:

- We are extracting natural resources from the planet and consuming the natural world at an unsustainable rate[5];
- We are emitting greenhouse gases, other pollutants, and waste like plastics back into the environment in ways that are endangering the planet and its species[6].

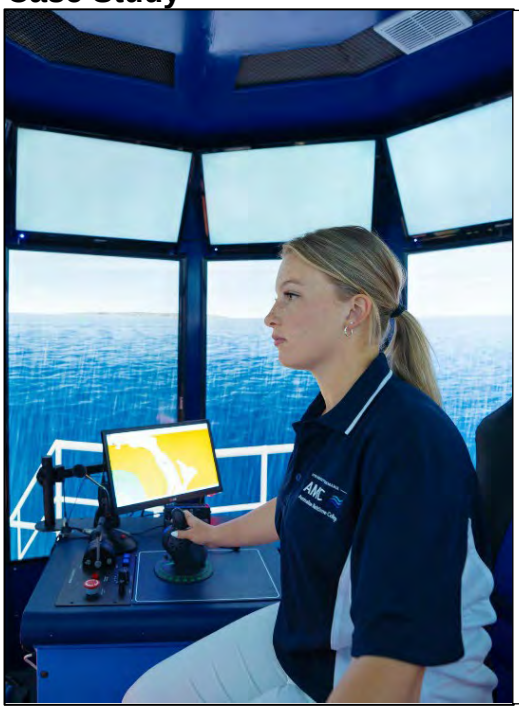
Socially unsustainable:

- Our current model of economic growth is systemically causing inequality between people and places with inequality growing for more than 70% of the global population, including in Australia and especially in its regions[7];
- Integral to the form this inequality is taking, is that productivity gains are only translating weakly or not at all into real income increases for most people and especially in terms of net wealth[8]. There are whole quartiles going backwards. This is a long-term threat to social cohesion and a heightened risk of the corrosive populism that similar circumstances have created in many developed and developing countries.

The challenge to security

We have entered an era of strategic competition globally. For Australia, that competition is playing out powerfully in Asia, but also in the Southern Ocean and Antarctica. Australia is resetting its defence posture and creating a step-change in capability to help secure a rules-based international order and protect our national interests should there ever be a military challenge[9].

Case Study



To enhance Australia's sovereign capability, in 2019 the Federal Government awarded the University of Tasmania's Australian Maritime College $30 million. This funding is being used to build research in maritime engineering and hydrodynamics, including through the development of autonomous platforms and undersea collision research, electrical simulation, and work on the development of a propulsor laboratory and new towing tank.

These facilities will support defence efforts into the future design and construction of the AUKUS SSN and will underpin many of the technical components that comprise Australia's contribution to the AUKUS partnership.

This research is also building the future workforce for Defence and Australian industry, with AMC's students forming an integral part of the workforce to deliver sovereign capability. Our students will contribute to the building of these submarines over the next 20 to 30 years.

[5] United Nations Environment Programme (2011). Decoupling Natural Resource Use and Environmental Impacts from Economic Growth.
[6] IPCC, Climate change 2022: Mitigation of climate change
[7] https://www.oecd.org/social/
[8] World Bank Poverty and Inequality Platform
[9] https://www.defence.gov.au/news-events/releases/2023-03-30/updated-publication-address-evolving-global-challenges

Meeting the adaptive challenge by harnessing the transition to a more sustainable economy and society to create new pathways to prosperity and security

Our best opportunity to meet these challenges is to harness the transition to a more sustainable and inclusive economy and society and in doing so create new pathways to prosperity and security.

We can do this by:

- Meeting the inequality/inclusion, demographic, and productivity challenges by lifting educational attainment to build the human and social capital required to enable greater social mobility;
- Finding new sources of productivity and over the long run lowering the cost of resources by decoupling economic growth from the natural world, while restoring lost eco-system functioning;
- Finding high productivity forms of agricultural production and protein sources from land and sea so we require no further land clearance, where we sustainably use water and soil and do not generate greenhouse gases like methane in the process;
- Ensuring national competitiveness and security by building sovereign capability in critical areas where we need to act independently, and by providing integral components of critical technologies to our allies; and
- Strengthening the civic capacity of Australia to engage in the large scale social and economic changes that will be required.

The higher education system including the VET sector and its partner research agencies like the CSIRO, need to be incentivised to work together to meet these adaptive challenges. This will require creating the right policy settings, regulatory reform, and evolution of the current funding model.

Higher Education and research will be at the core of creating Australia's adaptive capacity in the timeframe required

To create this adaptive capacity will require leveraging the policy settings recommended in the 2008 Bradley review, but going much further to create the new skills and knowledge to deliver:

- A significant increase in higher education participation and completion;
- A significant skills transformation so people have the new skills and knowledge required to create and run a zero-carbon, circular economy;
- A bold, strategically focused and long-term national research agenda that is deployed across all of our regions; and
- Universities that are strong civic institutions that strengthen capacity to be responsive to local communities and contribute to impactful knowledge creation and human capital production. This requires Universities to:

- foster debate and discussion for major social, economic and environment change;
- deliberatively lift productivity agendas in their region; and
- drive transformation of key sectors in ways that strengthen social cohesion.

Our biggest challenge is the timeframe

It is clearest in the case of climate change that we need to have transformed the technological base of our economy and society from a carbon generating one, to a zero-carbon model by 2050. The timeframe to change over to a sustainable and inclusive economic and social model is essentially the same. The model might not be completely implemented by 2050, but we need to be far enough down the track that there is a close to unstoppable trend towards a sustainable society and environment.

In historical terms, we have a very short period of time to make this adaptive change.

How three critical reforms can help meet Australia's adaptive challenges

To enable Australia to meet its adaptive challenges by 2050 there are three reforms that are critical:

1. Tackling inequality and improving productivity through increased access and student success in Higher Education

Increasing both higher education participation and completion rates is critical to tackling both inequality and to lifting productivity.

To lift participation and success we need to address the financial support students need to access and stay in higher education, provide education to overcome disadvantage, and provide the mental health services to enable continued participation.

Student financial support and the cost-of-living crisis

We know that the direct and indirect financial support students receive is critical to participation.

Financial stress is a well-established problem in Australian higher education[10], and has only been exacerbated during COVID-19. In the last year, more than 33% of Australian[11] and 50% of Tasmanian households struggled to meet their food needs[12]. CPI has increased by 7.8%[13]. At the same time, fuel, gas and electricity, groceries and rent have all increased in price[14]. If we do not address these problems with urgency, we will unwittingly drive students back into the labour market, at the point in time in human history where we cannot wait for

[10] https://melbourne-cshe.unimelb.edu.au/__data/assets/pdf_file/0008/1714715/StudentFinances2012.pdf
[11] https://reports.foodbank.org.au/foodbank-hunger-report-2022/?state=tas
[12] https://www.utas.edu.au/__data/assets/pdf_file/0006/1630662/TTP8-Food-insecurity.pdf
[13] https://www.abs.gov.au/
[14] https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/pubs/BriefingBook47p/CostOfLiving

another economic cycle to address the human capital challenges of our current 'adaptive environment'.

Importantly, living costs are not currently covered by the Australian government fee support scheme. Despite a robust and equitable student loan and fee assistance system, which removes the initial tuition fee costs for each subject for domestic students, economic disadvantage and financial strain remain central concerns for many low SES students,[15] particularly of mature age and contribute to attrition[16]. At the same time, recent policies to reduce the cost of living have inadvertently resulted in vulnerable households in the lowest income brackets not being the primary beneficiaries[17]. Instead, households in the highest income bracket appear to capture most of the benefits.

We know too that the national income support system is only able to help so much. Currently, income support for students is well below the poverty line, at between $48-51 dollars per day for Austudy[18], and between $23-51 dollars per day for Youth Allowance[19]. Further, although students can access financial support from universities, any more than $9,000 per year begins to affect their income support eligibility[20]. This compels students to weigh up the pros and cons of applying for financial aid from their higher education institute or risk their ongoing income support. Income support funding for students is also not currently treated equally, with indexation occurring twice a year for Jobseeker, Disability Support Pension and Aged Care but only once a year for Austudy, Abstudy and Youth Allowance[21].

Our university, like many, is trying to ease this burden for students. In 2022, we provided more than 1,700 scholarships and bursaries to assist students to meet the rising costs of living, in order for them to undertake and complete their studies successfully.

We know that we could be doing more. Last year alone, we had almost 5,000 students submit 6,700 applications for a scholarship, but unfortunately more than 75% of these students did not receive support[22]. Further to this, we know too that more than 1,300 students completed applications for scholarships but withdrew their applications and did not enrol.

Critical to our ability to improve access is a deep understanding of the barriers to entry to university. We annually survey students who applied to our university but did not enrol, or withdrew before census date. In 2021 and 2022, 45% of Tasmanian adult learners cited cost as a barrier, 54% of lost students worried about balancing work/life/study balance and 55% of part time students chose part time study so they could also work[23].

We saw a very similar pattern and numbers even before COVID-19. That suggests to us that there are well over 1000 people in Tasmania every year who while qualified to participate in

[15] Bexley et al.,2013; Devlin & McKay,2017
[16] Edwards & McMillan,2015
[17] https://csrm.cass.anu.edu.au/sites/default/files/docs/2022/4/A_FAIRER_TAX_AND_WELFARE_SYSTEM.pdf
[18] https://www.servicesaustralia.gov.au/how-much-austudy-you-can-get?context=22441
[19] https://www.servicesaustralia.gov.au/how-much-youth-allowance-for-students-and-apprentices-you-can-get?context=43916
[20] https://www.servicesaustralia.gov.au/income-from-scholarships-for-students-and-apprentices?context=22441
[21] https://www.dss.gov.au/about-the-department/benefits-payments/previous-indexation-rates
[22] 2022 Scholarships and prize data, PowerBI
[23] 2021 and 2022 Commencing and Lost Student Survey

higher education, are not able do so for financial reasons. That is a loss of human capability the State can ill afford, and a lost opportunity for each one of those people. Critically, we are missing the opportunity to activate the most powerful force we have to reduce inequality.

Even as we increase participation, our data shows that too many students are only able to attend part time. If student support only enables a person to attend part time, but their higher SES peers are able to attend full time, those higher SES students will receive a life-time income advantage over those only able to attend part time. This means that education is not playing the role it should, even for those attending, to correct the systemic inequality that our current economy is creating.

To address inequality, we need to do more than just enable low SES people to attend the university in some form. We need them to be able to participate as fully as those in higher SES brackets.

Recommendations:

The University of Tasmania proposes that the Accord Panel consider recommending that:

- Income support through Austudy and Youth Allowance be increased to an amount that enables students to live above the poverty line; and
- Unintended barriers to university students meeting their financial needs be addressed, for example by increasing the income support financial threshold from $9,000 per year.

Case Study

In 2020, in partnership with the State Government the University of Tasmania developed a 'Schools Recommendation Program' to help reduce barriers to university. Together, we designed a rubric which considered not what ATAR a student achieved at the end of Year 12, but rather the student's *suitability* to attend University.

Across Tasmania, school teachers assess and provide a recommendation for each of their students, based on 7 key criteria. University offers are then made based on these recommendations.

This program has been successful and has become the main path of entry for Tasmanian Year 12s, with 93% of applications applying through the program in 2022. Further, this model is also providing successful with interstate applicants with 84% of our applicants (excluding quota course such as Medicine also utilising the program.

And this program is not affecting our student success rates, with the SRP cohort comparable to previous ATAR cohorts. This is just one example of the innovative ways we are reducing barriers to higher education.

Learning and Teaching for Universal Equity and Success

If we are to adequately address inequality and improve student success, then students who come to the university with various forms of disadvantage need to be able to complete, and achieve, at the same rate as those without those disadvantages.

In 2019, the Productivity Commission identified that while we have seen significant improvements in the number of students attending university from disadvantaged backgrounds, they are still much less likely to succeed at university[24].

Further, there are few incentives in place for universities to appropriately support these students once they have commenced their studies.

While many student success and retention models have focused on single equity groups (for example, Indigenous students), these models are often costly and difficult to scale[25]. We know though that there is no meaningful difference between students in equity groups and non-equity groups when it comes to student engagement at university, access to resources and the experience of quality teaching, which narrows the focus of attention for support measures[26].

There are many international examples of well designed, scalable interventions that have succeeded in lifting student success which is both good for economic productivity and has a differential impact on equity groups. Georgia State University is an international exemplar for how to build a model to achieve student success, and the model has been replicated successfully across multiple institutions. Since launching their model in 2003, Georgia State has increased their graduation rate by 24 percentage points (a 75% increase); improved the number of degrees awarded annually by 84%; reduced the average completion time by a semester; and eliminated achievement gaps based on race, ethnicity or income[27]. Georgia State now graduates more African American students than any other university in the U.S. And there are many other models like this[28]. The New Zealand tertiary education commission are currently working with Georgia State's National Institute for Student Success to evolve their own student success and equity models.

An Australian-wide approach is needed, which builds on the fact that many of the most powerful interventions that assist disadvantaged students will also help improve outcomes for all students. These whole-of-institution redevelopments to lift success and have a differential impact on equity include:

- Adopting Universal Design for Learning (sometimes also called Universal Design in Education) curriculum and delivery to be accessible to all from the start so that adjustments for the needs of individual students isn't required;

[24] https://www.pc.gov.au/research/completed/university-report-card/university-report-card.pdf
[25] https://universityservices.wiley.com/student-retention-strategies/
[26] https://www.ncsehe.edu.au/wp-content/uploads/2017/07/NCSEHE-Focus-low-SES.pdf
[27] https://success.gsu.edu/
[28] https://www.hanoverresearch.com/media/Strategies-for-Improving-Student-Retention.pdf

- Leveraging predictive student data and analytics in order to drive a whole-of-university systems reform, with scalable interventions that improve outcomes for all students but have a differential outcome for disadvantaged students; and
- Implementing early intervention initiatives for all students;

The end-state of reform for a system that is aiming for increased participation and reduced inequality should see these sorts of approaches being integral to higher education delivery in Australia.

We suggest a three-stage reform pathway as follows:

1. *Targeted support to address disadvantage now*

Until we have a universal equity and success model, we need to provide students with various forms of individualised assistance to address their disadvantage. Often students are dealing with complex disadvantage, where as one challenge is addressed, another emerges. To respond to this, each of these students needs a form of individualised learning plan. The kind of adjustments for these plans include, for example:

- learning support;
- counselling;
- study support;
- peer-to-peer mentoring;
- financial services;
- career and employment support; and
- accessibility services.

To provide these services effectively requires significant investments in staff. Providing assistance like study support or accessibility services requires specialised forms of training like trauma informed practice training to be effective.

Existing funding schemes such as HEPPP, SSAF and IRLSAF are highly regulated and inflexible and are not sufficient to adequately provide the sort of student supports required for disadvantaged students. For example, a recent analysis by Devlin *et al* indicates that supporting low SES students costs six times more (approximately $109,000 per year) than supporting medium or high SES students (approximately $17,300 per year)[29]. Current Government funding to support regional and disadvantaged students equates to approximately $1,500 per year, for an equivalent full-time student[30]. At the University of Tasmania, we know that it requires significant funding from our operating grant in addition to HEPPP, Regional and Enabling Loading to make any real difference. As a result, the current funding approach leads to significant under-provision of what is required.

[29] https://www.tandfonline.com/doi/epdf/10.1080/07294360.2022.2057450?needAccess=true&role=button
[30] Higher education support (other grants) guidelines 2022

The result is that these students are 10% more likely to have not completed or succeed at the same level as middle to high SES counterparts[31], and their university experience is often a far more challenging and unhappy one than need to be the case[32].

To improve this situation, there is a pressing need for funding to be differentially allocated to enable these students to participate equally in higher education.

We propose an equity-based adjustment to per student funding, to reflect the level of disadvantaged students who are being taught in a university. We are currently conducting the analysis of overcoming different types of disadvantage in our student population, and we would be pleased to supply that data to the Accord Panel. In the meantime, we would advocate equity adjusted per student funding to be embraced in-principle.

2. Pilot a universal model for equity and success

We need to pilot scalable applications of models that enable equity and success. That requires piloting and validating these interventions in an Australian university setting, including developing models that would enable the affordable rollout of these interventions in the system, and to understand the return on investment they would provide.

We propose this model would leverage the Universal Design for Learning (UDL) framework to maximise learning outcomes for all students, as it usefully considers multiple learning styles, strengths and needs. UDL operates across the entirety of the learning experience[33], namely:

- Engagement – stimulating interest in learning;
- Representation – presenting information and content in different ways; and
- Action and Expression – providing multiple ways in which students can demonstrate their understanding of what they know.

Further, the UDL framework recognises there is no 'average' learner. Learners come with a wide variety of prior experiences, abilities, preferences and needs[34]. Thus, it requires institutions to adopt a whole-of-systems approach to ensure the built environment, technology, curriculum, and organisational processes align more closely with a learner-centred approach to pedagogy[35]. UDL is particularly beneficial for students with disability because it provides a more inclusive learning environment and directly improves educational outcomes, but the benefits are also felt more widely. For example, whilst closed captioning of recorded lectures supports deaf students, it also enhances learning for other groups, such as many from non-English speaking backgrounds[36].

[31] https://www.pc.gov.au/inquiries/completed/productivity/report/productivity-volume3-future.pdf
[32] https://www.ncsehe.edu.au/wp-content/uploads/2017/07/NCSEHE-Focus-low-SES.pdf
[33] Center for Applied Special Technology, 2022.
[34] Australian Disability Clearinghouse for Education and Training, 2022
[35] Moriña, 2017; Bel & Bradburn, 2008
[36] Kent *et al*., 2017

In addition to adopting the UDL framework, our model will also leverage international approaches to lifting student success and equity that apply whole of institution redevelopment to lift success and have a differential impact on equity including, for example:

- Targeted communication to students: This whole of system change would focus on creating appropriate communications, including digital communications (i.e. chatbots), that use data to tailor messages to each student's individual requirements at that point in time and that have the capability to respond automatically to commonly asked questions. This learnable system leverages the benefits of digital technologies.
- Administrative system reforms: Reducing the unnecessary enrolment administration burden faced by all students, but particularly low SES students who often struggle to source and provide evidence of administrative records, financial statements etc.
- Use predictive student data and analytics to better understand student cohorts and to identify individual student struggles more quickly: For example, this provides key information for student risk points, including throughout the application, course design, duration and support systems. This can then be used to develop scalable initiatives – such as engaging with students as changes are being made, not retrospectively, to lift success and retention across the whole student cohort, but importantly for lower SES students. This would then lead to the development of data platforms that systematise risks of students and allow for early intervention and supports.
- Radically reformed course advising: Students would be evaluated and proactively engaged throughout the life of their studies, not just in Year 1, with advisors leveraging insights from the predictive student data. This would require an institution-wide approach and increased ratio of course advisors to approximately 1:300 students. At the University of Tasmania, this will require our student advisory support to increase by a factor of 3.
- Transition pedagogy: Supported by an institution-wide framework, each discipline will develop the support required for first-year student groups (i.e. additional maths and chemistry tutoring etc) to reduce early attrition. This will then be reinforced by cross-discipline student support and mentoring groups, led by academics, to provide additional information to enable success (i.e. how to use the library, how to access financial supports etc).

To develop and deliver this model, we would encourage targeted funding to be provided to a small number of universities to work together to pilot and refine these interventions.

We would anticipate this would take about 5 years to have a suite of evidence-based initiatives ready for wide-spread deployment in the sector.

3. Scale the universal access model

The pilot would involve moving away from ‘single-focus’ programs to more whole-of-cohort and institutional changing initiatives. This will assist in identifying the most successful, cost effective and high impact initiatives and scale them up.

Recommendations:

The University of Tasmania recommends that the Accord Panel endorse this proposed transition, leveraging international models and measures to incentivise the development of a three-stage reform pathway, including specifically:

- The development of a universal equity and success model, that demonstrates the equity-based adjustment required to per-student funding;
- Increased equity-based per-student funding based on that model; and
- Roll-out of a pilot by 2025 to 5-7 Australian universities, for a 5-year period, to test and refine a universal model for student success.

Increased psychological support to strengthen resilience and address mental ill-health

Even once we can eliminate the financial barriers to access, and address the challenges of disadvantaged students, we need to ensure they stay in higher education.

One of the biggest challenges to sustainable participation is to address the very high burden of mental ill health especially amongst young people in universities. Indeed, university students are considered a very high-risk population for psychological distress and mental disorders, with both prevalence and severity of poor mental health rising within student populations worldwide[37].

During 2020, between 32% and 39% of Australian university students reported feeling psychological distress[38]. In addition to this, the 2020 Australian Productivity Commission Inquiry Report on Mental Health highlighted elevated levels of distress and other mental health problems; as well as elevated risk of suicidal behaviours, and barriers to accessing mental health services, particularly for international students[39]. Further, the 2020 Orygin report outlined the impact of psychological distress by location, and proposed setting-based strategies were required to strengthen primary prevention, early intervention and clinical response[40].

With widespread ongoing psychological distress amongst the university population, there is increased risk of developing more severe and longer-lasting mental health episodes[41]. Further, students' have also indicated that they expect their university to better prepare them to meet their needs into the future[42]. While universities currently provide a range of mental health supports to students, the increasing demand for these services will lead to students accessing support from existing health services.

As has been well documented, access to existing health services, particularly mental health support, is already a significant challenge. Currently, 8.8% of Australians (~2.3M) reported a long-term mental health condition[43]. In Tasmania, this challenge is even higher with 11.5% of people (~64,000) having a mental health condition.

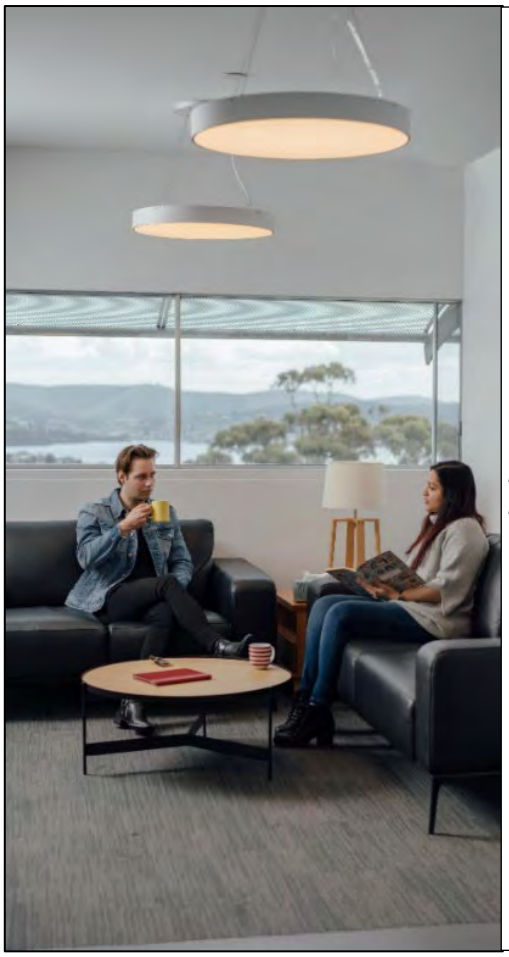
Depression is also the second-highest ranked reason to see a GP, private psychology clinics have an average wait time of three months, and Tasmania has less than half the number of psychologists per head of population than the rest of Australia. There is insufficient support in the community to meet these needs and universities are not funded to meet the level of need that is present. Further, as the lack of adequate support for students, and the number requiring mental health support increases, this is placing an unreasonable burden on significant numbers of teaching staff to provide assistance. This is even more pronounced in

[37] See Hughes & Spanner, 2019; Larcombe et al., 2016; Orygen, 2017
[38] Vernon, Modecki and Austin, 2022
[39] https://www.pc.gov.au/inquiries/completed/mental-health/report
[40] https://www.orygen.org.au/About/Annual-reports/2020/Orygen_Annual-report-2019-2020-pdf.aspx
[41] Pierce et al., 2020
[42] https://www.ncsehe.edu.au/wp-content/uploads/2022/03/Vernon_ECU_FormattedFinal.pdf
[43] ABS 2022c

regional settings, where the supply of primary care and specialist mental health services is significantly lower than in metropolitan settings.

We have been trialling a solution. In 2021, to respond to the significant shortage in our community for allied health professionals, particularly psychologists, pharmacists and nurses, we developed a model to deliver more services in the communities they are most needed. In addition to expanding our offerings to both the North and North West of Tasmania, we opened additional student clinics that both train more psychologists as well as service the community. These clinics enable students, under supervision of fully qualified psychologists, to see patients and assist them with their health needs. We seek to do more of this.

Case Study



With depression the second-highest ranked reason to see a GP in Tasmania, and a three-month wait time for private psychology clinics, the need for more professionals and services is high.

To respond to this need, the University has recently expanded its psychology offerings, opening its second psychology clinic. This allows Masters students, as provisionally registered psychologists, to assist clients under supervision. *"We have very long wait lists – there are people trying to access services in a timely manner but can't see a psychologist to get help,"* Psychologist Olivia Boer said. As well as timeliness, Olivia says the other issue is financial. *"A large proportion of the population can't access private psychology services because of the cost,"* she said.

There has been strong uptake already, with Masters students seeing up to 30 clients a week. Demand is strong in the southern clinic too, with 120-150 clients visiting the clinic each week, up from 20-30 clients per week previously.

"As a university, we are committed to helping our community meet challenges like the continuing high demand for psychological services across Tasmania," Vice-Chancellor Professor Rufus Black said. *"We have expanded access to psychology education so we can train more psychologists, and expand the community's access to much needed services."*

A key learning from adopting these models is that there are critical funding efficiencies that can be gained by investing in university clinics. For example, our clinics have enabled work at a population health level, to create interventions to increase resilience. We have also developed expertise in the issues that are disproportionately reflected in university students' populations and are using this to directly inform our learning pedagogy – so students graduate with the skills required to support the community they are serving. Finally, these clinical placements are easily accessed by students, reducing the burden of risk (financial, attrition, locational etc) associated with work-integrated learning.

Directing health funding through universities is an effective and efficient way to meet the increasing health and mental health needs. Scaling this model will also help increase the number of psychologists we train in Australia to help meet the overall national challenge.

Recommendation:

The University of Tasmania proposes that the Accord Panel recommends the Australian Government work with State Governments to allocate funding to universities to operate health and mental health clinics to serve their communities and increase the number of trained psychologists.

Increased participation will require funding a larger cohort of students, but increased flexibility will improve the efficiency of current funding

While the current funding caps are sufficient to meet the near-term participation objectives, there is a need to plan for the expansion in the total number of places.

How we fund universities to ensure they provide access and equity and meet the future skills demands, without significantly increasing the financial inputs required from governments or taxpayers, is perhaps the more critical and compelling question to be addressed throughout the Accord review process.

As stated most recently in the Productivity Commission's 2023 'Advancing Prosperity' report, the current funding model for universities is not efficient[44]. Further funding will not be sufficient to meet Australia's needs, with forecast jobs growth for university-qualified roles exceeding the forecast growth for additional university places by a factor of 8:1 by 2026[45].

Increased flexibility will improve efficiency

An important way to improve the efficiency of the expenditure of higher education funding is to enable a better matching of the qualifications people require with what is funded. We have found that better matching not only creates a more rapid ability to meet skills gaps but increases access to higher education – all developments that improve productivity.

At the University of Tasmania since the start of COVID, we have seen strong demand in short-term skills and education, with 12,500+ short course participants, 2,474 enrolments in undergraduate certificates and 7,758 enrolments in Grad Certs from 2020-2022. These offerings have quickly become a pathway into higher education for students with no prior educational attainment, and we continue to attract more than the national average (22.4% in UGC vs 13.2%, and 4.9% in UG Bachelors vs 3.2% nationally). Offering these micro-credentials is successfully breaking down barriers to higher education to upskill or retrain our high proportion of regional and disadvantaged communities and enhancing life-long learning for all Tasmanians.

Further, we have more than 1,500 students enrolled this year across our suite of undergraduate certificates in agribusiness, ICT, community support, education support and sustainable living, demonstrating how we are leveraging government policy changes to inject skilled professionals into the Tasmanian workforce..

We know though that price is a significant barrier for our students, particularly our non-school leaver cohorts who additionally worry about finding a balance with study and life commitments.

Despite this picture, the current funding model prioritises and rewards completion of entire degrees rather than meeting actual student and industry needs. It is a supply constraint that actually forces a measure of overqualification and unnecessary cost into the system.

[44] www.pc.gov.au/inquiries/completed/productivity/report/productivity-volume8-education-skills.pdf
[45] NSC, 2022b; and Warburton, 2021

A more adaptable funding model that encourages flexible use of CGS funding would enable a university like the University of Tasmania to leverage our credentialling framework to build university qualifications through shorter-form offerings. This would enable us to deliver more education and upskilling to professionalise emerging industries and build a more sustainable workforce for Tasmania.

While other submissions will address it, we do note for the record that another serious inefficiency and inequity in the current funding scheme are the rates relative to HECs vs CGS in the current funding clusters.

The importance of certainty

The current funding model included a CGS guarantee to universities, in response to the significant level of uncertainty created by the introduction of the Job Ready Graduates package. This funding is due to expire in 2024 (and has ceased for a number of universities in 2023) and is causing an increasingly competitive and volatile environment across the sector, effectively a two-speed economy which significantly disadvantages regional universities, and their higher proportion of disadvantaged students. This is very detrimental to the sector. The likelihood of these second order effects being even more severe in the next 12 months if the CGS guarantee is removed as planned is very high. The Accord process has created a welcome opportunity to review how the sector operates and is funded, but has resulted in further uncertainty.

We propose continuing the CGS guarantee into the next budget cycle, to create certainty for universities and reduce the very disruptive effects the removal of the CGS guarantee will have, while also allowing the government time to appropriately consider recommended changes to the higher education funding model.

Recommendation:

The University of Tasmania proposes that the Accord Panel consider recommending:

- Flexibility in how Universities use their funding cap to fund a full range of formal qualifications from micro-credentials through to PhDs, so we can more strongly align places to university pathways, and address the national skills shortage; and
- Continuing the CGS guarantee into 2025, to provide certainty to universities until a new funding model is developed.

2. Lifting national adaptive capacity and competitiveness through a mission focused research funding system

To meet the major adaptive challenges Australia faces, we need a very different approach to research funding than the one we have today. While a healthy research ecosystem needs to fund a range of types of research from discovery through to application, the system is significantly overweight in short-term, competitive funding relative to the large scale of adaptive challenges we have.

Delivering a system that addresses the adaptive challenges we have outlined above requires sufficient long-term programmatic work, supporting infrastructure and monitoring programs to respond to the challenges. These are not currently sustainably funded.

Developing a rebalanced system that redistributes current national research funding into areas of highest impact and need – those that are mission driven, drive innovation and maintain healthy competitive funding - will enable us to lift the national adaptive capacity of Australia.

A rebalanced system would have three major components:

1. Mission driven funding to meet long-term adaptive challenges

To meet our national challenges and contribute to tackling global problems in the timeframes required, we need a long-term and strategic approach to funding. That will require:

- A funding model with three-time horizons; and
- A different approach to research governance of this mission.

Importantly, these won't necessarily require increased total research funding. Rather, they will require consolidation of research funding diffused across government, so it is better coordinated.

Funding model

A mission-driven funding model operates across three time horizons:

Long-Term Horizon: 20-30+ years.

- The time horizon is governed by the length of the adaptive challenge and the life-cycle of the research infrastructure it depends on; and
- The infrastructure, data collection, and long-term programmatic work needed should be funded to ensure the program or facility has the foundational capacity needed.

Strategic Horizon: 10 years

Rolling decadal plans that target key strategic objectives and require sustained coordinated programs and funding to achieve them.

Innovative Horizon: 2-5 years

Shorter term competitive funding programs (2-5 years) to drive innovation and maintain competitive excellence and renewal.

Governance and coordination model

- We need mission oriented, specialist funding governance bodies with appropriate knowledge and capabilities to develop and sustain long-term funding horizon programs and develop decadal strategic plans;
- This will need to be supported by small management functions that have a strong commissioning capability to develop and have oversight of long-term programmatic research which combines the national research capabilities, whether they are in universities, government agencies like CSIRO, the Bureau of Meteorology, Geosciences Australia, or industry; and
- Where research requires access to significant research infrastructure, the management function needs to ensure the alignment of the research programs with access to the infrastructure. The actual manager of the infrastructure should be a separate organisation. If the infrastructure is Australian government owned or funded, preference should be given to its use but the mission-funding agencies should be able to procure access to industry or international infrastructure if that is required to deliver the national mission.

To illustrate how this model could work, we have provided an example below of how decadal-long funding, supported by infrastructure investment and a long-term monitoring framework, is working to deliver state and national priorities in Tasmania.

The Sustainable Marine Research Collaboration Agreement[46] is an example of long-term mission-driven research funding, provided by the Tasmanian State Government, which has delivered sustainability of research, industry development and productivity for Tasmania.

First, there is long-term horizon funding. The backbone of this program, entering its third decade, has been systematic monitoring of the Tasmanian marine environment including fish, crustaceans, and mollusc stocks, ecosystem health and water quality.

That monitoring has enabled evidence-based policies for the management of these marine resources over the 20+ year horizon.

Second, there is strategic horizon funding. Built on a deep understanding of the marine ecosystem, this has included work on critical issues in the salmon industry, the restoration of ecosystems that have largely been destroyed by climate change, and the quest for uniquely valuable compounds in seaweeds.

Third, is the innovation horizon. Researchers have also been able to access other competitive funding schemes and philanthropic funding to pursue discovery agendas and innovative ideas outside the strategic funding horizon. Inevitably, this work and the

[46] https://fishing.tas.gov.au/news-events/sustainable-research-agreement-renewed

researchers who prove their unique talents in these competitive processes end up informing and enriching the strategic and long-term horizon funding agendas.

As a result, this research eco-system has informed stakeholders beyond Tasmania, and has been central to building research work of national and global significance.

Importantly, the governance of this funding system involves representatives from the university, government, and industry. It is a body that has continuity of membership and objectives, which has created both the necessary stability and capability that these sorts of mission-driven programs require, as well as the levels of trust needed to deal with complex or controversial issues such as those that have occurred around the salmon industry in Tasmania.

Recommendation:

The University of Tasmania proposes that the Accord Panel consider recommending the development and support of 8-12 mission driven programs within the long-term national research agenda, to tackle Australia's major adaptive challenges.

2. Innovative Commercialisation and Impact Funding

Rebalancing the system requires consideration of how commercialisation and impact funding can best be harnessed.

Commercialisation

There have been significant positive changes to commercialisation funding in recent years. In particular, the University Research Commercialisation Action Plan is a $2.2 billion investment to place university innovation and industry collaboration front and centre of Australia's economic recovery. This is a very deliberate policy intervention to reverse the fall in productivity in Australia and challenges the perceived view that the 30+ year Co-operative Research Centres (CRC) Program has delivered on its policy objectives.

There is no doubt that CRCs have been successful in establishing collaborations between industry and the research sector, however the lack of productivity invites a reconsideration of a more effective collaboration and commercialisation framework.

A key differentiator in the University Research Commercialisation Action Plan is a very lean governance and coordination model compared to that found in CRCs, which has significant overheads, high transaction costs and duplicates many of the core functions already in place in universities. This results in less of the limited resources being deployable to actual work that will drive commercialisation.

As outlined above, the current research ecosystem is highly fragmented, and well-intentioned governance frameworks have been over-engineered, leading to increased friction and transaction costs which has stifled the unlocking of productivity gains.

Further, there is a need for an additional category to address commercialising IP, that creates sectoral or regional advantage. That is particularly important for regional Australia, where Small to Medium Enterprises (SMEs) are dominant.

Small to Medium Enterprises (SMEs) currently contribute more than half our national GDP, employing 68% of Australia's population and making up 99.8% of all Australian businesses, including 97% of all businesses in Tasmania[47]. Many of these businesses are located in regional areas: 57% of SMEs in Tasmania are located outside of Hobart. It is essential therefore that commercialisation funding is structured to serve not just large metropolitan contexts, but also enables our regional enterprises to capitalise on the opportunities to grow and innovate.

To ensure sustainable economic growth is enabled in our regions, research commercialisation funding should encourage partnerships directly with regional SMEs, minimising intermediary's costs, when appropriate, or between large corporations and regional SMEs that focus on the design needs of the SMEs to lift productivity in the sector. This may, for example, include addressing shared opportunities in industry value chains (e.g. addressing bottlenecks in distribution networks), developing new types of products (e.g.

[47] https://www.business.tas.gov.au/__data/assets/pdf_file/0004/369382/Business_Statistics_Snapshot_June_2021.pdf

repurposing waste streams into new products) or new processes to address inefficiency in common production practices (e.g. redesigning food processing facilities to make use of new technologies). These would be explored with the explicit intention of creating opportunities that could be utilised by SMEs across the State to increase productivity, demand and exports.

In Tasmania, which has the largest proportion of regionally located SMEs in Australia[48], this would mean prioritising industries such as agriculture, forestry, aquaculture, critical minerals, and construction in partnerships with large organisations such as the University of Tasmania to co-design and deliver the technological advances that will enable scalable and sustainable growth.

There is a current and growing need for direct funding through industry bodies to work with universities to create IP that specific regions can use to lift competitiveness.

Impact funding

Within the large adaptive challenges there are a range of social and impact improvements that are needed, for example, reduced chronic disease, or better waste management. These large, societal changes would see significant benefit to communities and governments, including increased productivity, sustainability, and cost efficiencies.

Achieving these benefits would provide government with the opportunity to use novel funding instruments like social bonds to increase the funding available to drive collaborative research with industry, government and non-government organisations to tackle these challenges. Social bonds could be used to incentivise University research to deliver not only employment outcomes but contribute to health, the environment, education and other social benefits.

A scheme of this kind would encourage collaborations between education institutes such as universities and TAFE, industry and government to deliver applied research aimed at improving societal outcomes. Return on Investment measures should focus on societal impact and could leverage existing frameworks such as the United Nations Sustainability Development Goals which focus on the end-user economic, social, environmental and cultural benefits.

Recommendations:

The University of Tasmania proposes that the Accord Panel consider recommending that the Australian Government:

- Direct research funding through industry bodies to create IP that delivers technological advances that will enable scalable and sustainable growth in key sectors and regions; and
- Direct research funding into funding instruments such as social bonds, that deliver not only improved productivity and employment but broader societal benefit such as improved health, environmental and education outcomes and other social benefits.

[48] https://www.business.tas.gov.au/__data/assets/pdf_file/0004/369382/Business_Statistics_Snapshot_June_2021.pdf

3. Competitive Discovery and Innovation Funding

There is still a need to reform the Australian Research Council (ARC), so it operates on a long-term scale, and better utilises limited resources.

Accepting that the ARC provides a small, but critically important amount of total Australian R&D expenditure (funding), to ensure that regions across the nation remain knowledge-generators, there needs to be a component of ARC funding that is quarantined/allocated for fundamental, discovery-based research across all disciplines at universities.

There is a base requirement for new knowledge to enter a knowledge pipeline so that it can have impact now and over the long term. If this discovery-based research function is not supported, the nation and regions across the country risk being knowledge importers and will never realise the immense value that goes with knowledge generation via new enterprises, processes, products and services, many of which will be exported globally.

Universities are the biggest contributors of new knowledge and understand the huge privilege and responsibility that goes with this investment – it is a core function that defines a university that should be framed as a ratio question for each university within a research model that allows both discovery and impactful research to flourish.

The ARC should continue to support Linkage programs with external partners to better connect fundamental/discovery-based research that also has easily understood impact embedded elements in the shorter term and/or longer term, as part of the funding portfolio to universities, that helps connect work to the non-ARC research funding ecosystem.

As described earlier, ARC funding plays a key role in the 2–5-year innovative horizon in a healthy national research agenda that values and recognises the intrinsic value of new knowledge and appreciates that this new knowledge will be deployable now and/or into the future for increased impact.

Recommendations:

The University of Tasmania proposes that the Accord Panel recommend to the Australian Government that it:

- Direct specific ARC funding to support fundamental, discovery-based research across disciplines to ensure Australia remains a knowledge-generating nation; and
- Continue to support Linkage programs that contain fundamental/discovery-based research, as a conduit to the non-ARC research funding ecosystem.

3. Ensuring national cohesion and equity through regionally adjusted higher education funding and initiatives

It is a feature of the current global economy that large metropolitan areas have agglomeration advantages that see them grow significantly faster than regional areas. In Australia, and around the world, we see the divide continuing to grow.

Tasmania provides a very typical illustration of that challenge. Tasmania has a disproportionately high number of people facing disadvantage in all its forms, including those living in rural and remote areas, and First Nations people. In addition, people in Tasmania face unique and complex health challenges and the lowest digital literacy in Australia. Tasmania has the highest proportion of people living in the most disadvantages areas (37%)[49]. We have the highest rate of disability (26.8% compared with 17.7% nationally),[50] and we have some of the poorest health outcomes in the country. Tasmania also has the lowest proportion of people with a university degree at 16.2%, compared with 22% nationally[51], and 48% of adults are functionally illiterate[52].

Further to this, regional universities such as the University of Tasmania disproportionally attract, support and retain students from disadvantaged backgrounds. Indeed, the University of Tasmania is one of the 15 universities of 41 nationally that attracts almost 60% of low SES students, and one of the 11 universities that attract 60% of rural and regional students[53].

To ensure Australia's regions do not fall behind, which will drive increased inequality between places, there is a need to ensure that Australia's regionally based universities can play a powerful role in countering that trend.

That role involves a higher cost structure than in metropolitan universities for four reasons; and there is a need for specific regional loadings to enable regions to receive the same benefit of higher education as metropolitan areas. The four reasons it costs more to provide regional education and increased productivity are:

1. Physical presence is required across regions to enable access;
2. A breadth of courses is needed;
3. Regionally focussed research is required; and
4. Measures to prevent the talent drain to metropolitan areas.

Further details about each of these cost challenges is provided below.

[49] ABS 2016 Census, Index of Relative Socio-Economic Disadvantage
[50] Survey of Disability, Ageing and Carers 2018
[51] https://www.abs.gov.au/census/find-census-data/quickstats/2021/6
[52] ABS (2018), 2016 Census QuickStats
[53] https://www.education.gov.au/higher-education-statistics/resources/2021-section-11-equity-groups

1. Physical presence is required across regions to enable access

It is well documented that educational attainment declines the further from a metropolitan centre you live. In Tasmania, we see this play out both at a state level (with 16.2% of Tasmanians, compared to 22% of Australians with a Bachelor level qualification or above in 2021[54]), but also specifically in our regions. For example, Glenorchy, Huonville and Sorell, despite being less than 40 minutes away from Hobart, have significantly lower educational outcomes, at 18.2%, 16.7% and 12.7% respectively compared to Hobart's 42.5%. Similarly in Launceston, Bachelor level qualifications and above are at 18.2%, but drop significantly as you move away from the city centre, such as for Break O'Day (11.6%), George Town (8.3%) and Dorset (8.2%).

The most predominate reasons for this locational divide include:

- The disruption of having to move away from regional locations to continue higher education. This is particularly important for the generally older learner cohort in regions, who are less able to move to access education due to their commitments;
- The cost of relocation, living away from home and being away from family and friendship support networks;
- The real and perceived deterrent of University Higher Education Contribution Scheme (HECS) contribution. While not typically a consideration for school-leaver cohorts, we know that the accumulation of debt is a critical factor for adult learners (aged 19 and above), which form 80% of our student cohort; and for those needing to relocate to study;
- Lack of perceived relevance of university studies and lack of experience and confidence with higher education;
- Historically low educational exposure, aspiration and peer examples; and
- Poor digital connectivity, costs of connectivity and low digital literacy.

The consequences of these barriers to higher education are profound for individuals, their families and for communities and regions. Regional people have less ability to gain skilled employment and to gain jobs in the emerging future economy. Stable career entry employment is a key social determinant of health and wellbeing. In Tasmania, we see how this poor educational attainment magnifies our economic challenges, with unemployment in Tasmania consistently higher than nationally at 3.7%, compared to the national 3.4% for July 2022, and we have the lowest level of workforce participation at 60.6% compared with the national average of 66.4%.

Our geographic remoteness adds further complexity, with Tasmania being the least digitally inclusive state, recording an average score of 66 compared to the national average of 71.1[55]. What these numbers mean in reality is large numbers of disadvantaged Tasmanians do not have internet access, or if they do they have speeds that make using university learning management systems with their video and graphic based content virtually impossible. This means students cannot access online offerings, and those with campus

[54] ABS, 2021
[55] https://www.digitalinclusionindex.org.au/dashboard/National.aspx

programs cannot access from home the digital content that is integral to delivery of contemporary education.

The impact goes beyond just accessing learning content to being able to complete basic administrative tasks associated with being at university. Within less than 60 kms of Hobart internet speeds can be so slow that students cannot even use the internet to enrol online.

Equitable access to higher education requires this issue to be addressed. We propose that government could pilot a funding scheme to enable universities to provide internet access to students in areas where it is not currently available, or adequate, for learning. For example, the best current option in Tasmania would be the provision of Starlink. The University could be funded to provide a set number of these units as part of an access package, that includes a subscription, and then test the difference made to accessing education. If the pilot proved successful, a future funding source for ongoing delivery of the initiative could be derived by an additional charge or levy on telecommunications providers not meeting their community service obligations to provide adequate access to students.

Higher education being more available in regions is crucial to stimulate economic development and to uplift regions adjusting to new economic opportunities. Training regional people locally also means that graduates are already embedded in remote and regional locations. This not only enhances access to education, but graduates are far more likely to remain as qualified teachers, nurses, allied health practitioners and so forth in their community. So, the return on regional productivity far outweighs the investment required[56].

To meet this challenge, we have established regional campuses in our North and North-West regions, to provide learning close to where people live, and where services are needed when they graduate. These campuses, placed in the heart of their respective CBDs, also contribute to the social, cultural and economic welfare of the community. This can be seen for example through projects such as the West Coast Education Project, the Community Learning Pathways project and DreamBig; community education and economic development groups; Aboriginal engagement and community events and seminars; and community gardening learning programs.

We are also supporting community-based models of learning access in remote areas including the Study Hub West Coast (Zeehan) and the Circular Head Study Centre (Smithton) to help increase exposure to and experience and confidence in higher education.

[56] https://www.oecd-ilibrary.org/sites/9789264293137-4-en/index.html?itemId=/content/component/9789264293137-4-en

Case Study

Proudly from Burnie, Bonita Raimondo has overcome self-doubt in her ability to succeed and a series of life challenges, to be undertaking the final year of a Bachelor of Social Work with Honours

"I came from a low-income family that did it pretty tough at times, and I'd left school after finishing Year 10," Boni said

Moving away to study wasn't an option, but the ability to study different units in health and social work at the Cradle Coast Campus enabled Boni to embark on a university journey without having to leave the region.

"I don't think I would have pursued university if the course and campus had not been here. The leap of faith of doing study was big enough, let alone moving away," Boni said.

Significant capital infrastructure has enabled universities to expand their regional reach and has been strongly supported by investment at all levels - Federal, State and University funding. However, this investment covers only the initial cost of building and does not allow for the ongoing maintenance, depreciation and ultimately replacement of the buildings. The cost of this activity equates to approximately 5% of the original building investment each year.

As we set out below, the current university funding model does not cover the higher costs of regional delivery caused by issues like this, and reform is needed to address that challenge.

Recommendation:

To support the increased productivity and growth in our regions, the University of Tasmania proposes that the Accord Panel recommend to the Australian Government that it:

- Adapt the higher education funding model to include a regional delivery adjustment based on higher cost of regional delivery. There are a range of ways to make that adjustment, and we welcome the opportunity to discuss further with the Panel the options to make this calculation, and for managing its interaction with a per-student equity adjustment scheme to avoid any double-counting; and
- Fund a pilot to enable regional universities to provide internet access in remote areas to enable access to higher education.

2. A breadth of courses is needed

To meet both regional skill needs and to create equitable opportunity, a breadth of professional courses are needed.

For us to meet the emerging workforce needs, we must focus on the distinctive assets and resources in place, including natural assets, local capabilities, and existing competitive advantage. This requires us to address specific skills needs in each region. The types of opportunities, and how these will be progressed will vary by industry structure and the distinctive areas of competitive advantage that exist.

To meet the needs of our community, the University of Tasmania has developed new, regionally distinctive courses that align to professional need. These courses, such as Marine and Antarctic Sciences in Hobart, Agricultural Science, Allied Health and Food Innovation in Launceston, and Equipment Design and Technology in Burnie, leverage connection with the environment, proximity to industry and community, as well as field trips to unique locations and experiences that can only be found on the island. Our distinctive curricula also include partnering with industry and other research bodies such as the Australian Antarctic Division and CSIRO which maximise the unique opportunities found here.

These courses are not only training the future professionals needed, in the region in which they live, but also create opportunities for us to meet increasing community need for essential services. For example, we have established Mission Health, a partnership with City Mission whereby nursing staff and students provides free primary care to the disadvantaged and homeless of Launceston (a total of 426 presentations were reported including 174 individuals experiencing homelessness over 26 months).

We have also opened an Exercise Physiology Clinic which provides free (Medicare funded) exercise programs to the community; our psychology clinics are providing much needed mental health care to the community and will grow to provide a range of other allied health services; as well as a tax clinic in situ, that provides free assistance for those with low levels of literacy to lodge tax returns. We must continue to offer the programs that build and maintain a healthy society through our humanities, social science and creative arts offerings.

Delivering these courses to our regionally specific cohort requires regionally specific courses to be created, smaller class sizes, support for travelling academic staff, and a level of pastoral care not required in metropolitan campuses. Indeed, we know from teaching in both regional and city locations that the cost to deliver is vastly different. The Transparency in Higher Education Expenditure report in 2019 articulated that overall, the cost per EFTSL for regional universities was found to be 9.6% higher than metropolitan universities generally, and 13.6% higher for Bachelor degree students[57]. At our own campuses, we know that courses offered in Burnie are 25% more expensive to run than they are in Hobart[58].

The consequence of it being more expensive to deliver education in regional settings by between ~10-25% is that universities like the University of Tasmania are unable to invest in

[57] https://www.education.gov.au/higher-education-publications/resources/2019-transparency-higher-education-expenditure-publication
[58] University of Tasmania Finance database

sufficient infrastructure renewal, or long-term facilities maintenance. The result of this for us was that our Northern campus became so aged, and the facilities so poor that the campus' viability came into question. This was only resolved by a $300m+ investment by the Commonwealth and State government, which we explain further in the case study below.

The University's campus in Hobart is the most aged in Australasia, with a huge backlog maintenance liability. As a result, the University needs to invest some hundreds of millions in new facilities, which it can only feasibly afford by realising value from some its campus land.

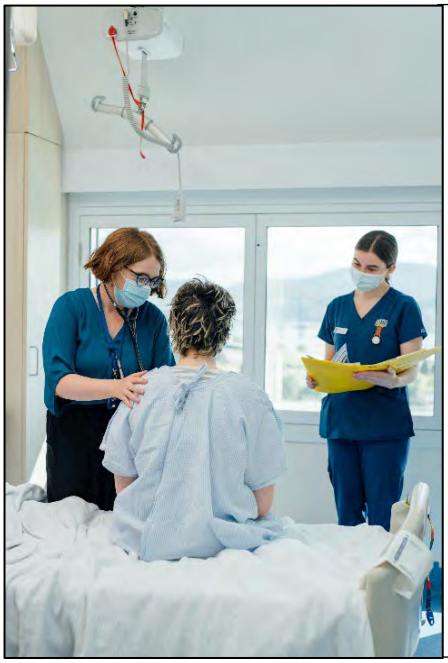
The failure to fund the true cost of regional education means that either services are under-provided, or universities are forced to provide what is required in the near term but at the cost of serious pressures on long-term viability. Regional universities need to be funded for the true cost of delivering a higher education offering in regional areas that will provide the same opportunities, skills, productivity and adaptive capacity available in metropolitan areas. It is an investment in long-term equity to ensure broad based national productivity improvements.

Recommendation:

To support the increased productivity and growth in our regions, the University of Tasmania proposes that the Accord Panel recommend to the Australian Government that it:

- Adapt the higher education funding model to include a regional delivery adjustment based on higher cost of regional delivery; and
- Direct current funding allocated to National Reconstruction Fund and similar sources into regional areas to ensure increased, sustainable productivity and growth;

Case Study



In December 2022, to address both a severe shortage of nurses, and to enable students to learn in the regions they live in, the North West Coast welcomed a new team of front-line healthcare professionals to the region, the first cohort to begin and finish their degree in the region in which they reside.

This offering was delivered following completion of the $52 million co-designed West Park campus in Burnie. Which is enabling training and skill building to be provided in the areas of highest need.

"The School of Nursing introduced the full degree program to the region in 2020 to help increase access and opportunity for people on the North-West Coast to study and train locally." Professor Christine Stirling, Head of the School of Nursing, said.

"The move also helped to build health workforce capacity at a local level, where our graduates will contribute to supporting local healthcare in the community across a range of sectors."

3. Regionally focused research

Metropolitan areas and their issues receive significant research attention because they are the home of the large research-intensive institutions and their programs.

For regional communities to benefit from research, there is a need for specific programs because the narrower and more specific focus of regional work is often not competitive in large national research schemes. This can be easily accommodated within a long-term national research agenda that is coordinated, planned and deployed across all our regions.

Some recent examples of key regional issues in Tasmania include:

- Reducing the incidence of chronic disease in North-West Tasmania– In partnership with the Tasmanian Department of Health, industry partners such as local pharmacists, and the community, this research seeks to raise awareness to Tasmanians in the North-West of the breadth, severity, and prevalence of hypertension as a driver of chronic disease. Working together the partners will co-design prevention methods to create measurable impact in the short and long-term. Once delivered as a pilot in the North-West region, it is anticipated that this approach could be scaled across Tasmania and nationally;
- Retention of young people in schools – Bringing together educational attainment, sociological, and cultural and heritage perspectives, this research examines the unique local conditions affecting Tasmanian Grade 10 students who chose to leave school early. These findings emphasise how a localised form of social and cultural capital was associated with feelings of failure and anxiety about future learning, whereas a broader form of social and cultural capital was linked with more optimistic perceptions of being a self-directed learner. This work is then informing local teaching pedagogy to improve retention for that school; and
- Environmental sustainability of regional businesses – working across Burnie's agribusiness, niche manufacturing and tourism sectors, this research considers the influencing factors to improved environmental practices to assist businesses to transition to environmentally sustainable practices and leverage competitive advantage through creating long-term value.

Recommendation:

The University of Tasmania proposes that the Accord Panel recommend to the Australian Government that it create a specific regional research grant scheme to provide regions with equitable access to funding to tackle issues and opportunities that are specific in their region and/or to regional Australia.

4. Reversing the talent drain

One of the most significant and largely undiscussed issues for regional Australia in a competitive higher education market is the draining of talent from regional Australia.

When the brightest and most able students are attracted to metropolitan universities and there is not equivalent flow to the regions, which currently there isn't, then regions are progressively drained of their most talented young people. For example, in 2018, 18% of Tasmanians enrolled in other universities, and this number has increased 8 percentage points over the past five years to 26% in 2021[59].

Regional universities have sought to provide scholarships to retain talented regional students or even attract talented students from beyond the regions, but they are regularly outbid by large metropolitan universities with far deeper pockets.

This is a major form of market failure, that needs correcting. We need a very strong regional excellence scholarship scheme for regionally based universities to use for any areas where they have demonstrated excellence e.g. Field of Research with Excellence of Research for Australia (ERA) ratings of 4 or 5 (or equivalence in ERA successor assessment).

This is increasingly evident with declining Higher Degree Research (HDR) candidate enrolments, particularly from domestic students, across the country and particularly in regions.

To ensure continual knowledge generation from research, the funding model needs to attract research capability for the nation and regions at the beginning of a research career – the HDR candidate. Currently, it is not financially attractive for a student to consider undertaking an HDR program, as the stipend is not sufficient to cover the cost of living. Talented individuals have increased choice for well paid jobs in the current market.

Further, it is not financially attractive for universities to enrol HDR candidates, as the funds of HDR completion are in the order of ~$70,000 (high-cost PhD) and ~$30,000 (low-cost PhD)[60] which is much lower than the cost of a PhD stipend over 3.5 years, which is well over $100,000[61]. Current approaches around changing multipliers for different types of HDR completions are tweaking at the margins of a broken HDR funding model.

[59] HEIMS 2015-2021

[60] Higher education support guidelines 2022

[61] University of Tasmania Finance database

In the absence of a transformed HDR funding model, universities will be very limited in producing the required future sovereign research capability needed for a knowledge-generating nation or will need to subsidise this function from other income streams.

Recommendation:

To support the increased productivity and growth in our regions, the University of Tasmania proposes that the Accord Panel recommend to the Australian Government that it:

- Create regional excellence scholarships to attract and retain talented students in regional areas of Australia; and
- Ensure research capability is continually replenished, via HDR candidates with an appropriate stipend funding mechanism that is attractive to both HDR candidates and the university sector.

How we can apply these three critical reforms to help meet Australia's adaptive challenges – a practical case study

Our Northern Transformation Project provides a practical case study for the ways in which universities can play a critical role in tackling inequality and improving productivity; lifting national adaptive capacity and competitiveness; and ensuring national cohesion and equity.

Between 2013 and 2018, the number of local student enrolments at the University's northern campuses fell at a rate of 4% per year in Launceston, and 6% per year in Burnie. At the same time, economic growth, labour market outcomes and productivity in Tasmania were all below the national average, and unemployment 0.7% higher than the national average in 2018[62]. The existing campuses were also nearing the end of their usable lives, were poorly located for students and staff, and constrained the university's ability to deliver the technology-enhanced learning environments that students need[63].

In 2016, the University, in partnership with local, State and Federal governments, conceived a plan to relocate its existing Launceston campus from suburban Newnham to inner city Inveresk, and its Burnie campus from suburban Mooreville Road to West Park next to the Burnie CBD. These regional partnerships led to a proposal to deliver vibrant, accessible and flexible campuses to attract more students, while also enabling the University to develop courses that better respond to existing skills shortages and the social, economic and technical needs of communities. The partners committed $300 million aimed at improving educational attainment and maximising economic growth through strategic investments, development and land use.

The new campuses have been designed to:

- support the distinctive offerings in their region, the contemporary and distinctive modes of course delivery and our place-based sustainability focused brand identity;
- enhance access through improved locations close to CBDs, building design and programming all aimed to support increased higher education participation in Tasmania;
- deliver impact through the ability to engage with teaching and research partners and to accelerate commercialisation and new enterprise creation; and
- reduce our carbon footprint in low energy buildings with high utilisation.

In addition, these partnerships have been lifting national adaptive capacity, for example through upskilling in the building and engineering professions. These skills are being utilised in other construction projects in these regions, as well as embedding this knowledge into a new generation of builders with these skills through apprenticeship programs. This learning has also enabled the development of a new timber design specialisation being offered through our Master of Professional Engineering course.

[62] ABS 2016
[63] https://www.infrastructureaustralia.gov.au/sites/default/files/2019-08/utas_project_evaluation_summary.pdf

The Northern Transformation Project has also built national cohesion by increasing the number of regional students participating in higher education, the number of courses developed and delivered to serve the region where those skills are needed; and through enhanced industry-led research.

The success of the campus transformations would not be possible without the continued commitment of the partnership across all levels of Government. Indeed, regional compacts of this type provide a unique opportunity to respond to the adaptive challenges we face.

Despite all that we are achieving through our new campus designs, without the critical reforms we propose throughout this submission we will continue to face challenges in meeting the needs for Tasmania and Australia. Indeed, many of our rural and regional students who live outside the CBD can still not afford to travel to and from our university campuses. Psychological stress and burden continues to grow for our staff and student cohorts, and we are still constrained in the extent to which we can redistribute funding to address these challenges.

We once again sincerely thank the Accord Panel for the opportunity to respond to the discussion paper for how we can reshape and reform Australia's Higher Education sector to better serve Australia and Australians.

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