



Review of the Higher Education Provider Category Standards
Emeritus Professor Peter Coaldrake AO
Higher Education Standards Panel
Department of Education and Training
PCSReview@education.gov.au

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Dear Emeritus Professor Coaldrake

Thank you for the opportunity to provide input to the Review of the Higher Education Provider Category Standards.

Deakin University sees the Provider Category Standards as an important aspect of Australian higher education system design that is interlocked with institutional registration, financing and qualifications.

Deakin encourages the Review to place the public interest at the centre of deliberations, ensuring that the Australian higher education and broader tertiary education systems are attuned to dynamic social and economic needs.

Deakin notes that consultation on provider categories coincides with other reviews and encourages the Department to be mindful of interdependencies across these consultation processes. A summary of Deakin's positions across current reviews is provided in Appendix A.

I commend this submission to the Review and welcome opportunities for Deakin representatives to speak to this submission should the need arise.

Yours sincerely

A handwritten signature in blue ink that reads 'Jane den Hollander'.

Professor Jane den Hollander AO
Vice-Chancellor



Deakin University

Submission

Review of the Higher Education Provider Category Standards

February 2019

PREAMBLE

The Provider Category Standards (PCS) have not played a significant role in shaping Australian higher education. The more substantive influence on Australian higher education has been exerted by financing policy and strategic choices made and successfully implemented by higher education institutions.

Deakin University's outstanding performance in student experience, employability, digital and blended delivery, regional economic development and research excellence have been the product of sustained good governance, leadership, strategy, management and the hard work of staff.

Relative stability in provider-related policies, spanning the National Protocols for Higher Education Approval Processors to current Threshold Standards, have been no impediment to the successes of Deakin or other institutions. These successes include the numbers of Australian universities included in credible global rankings and the volume of international students who choose Australia over other higher education systems. One can question in this context the relevance of the PCS, indeed some stakeholders have called for them to be revoked.

Deakin sees value in provider categories that can distinguish between different forms of delivery and supports the Review of PCS. There is, however, limited evidence of the need for major reform. Deakin suggests focus instead be on strengthening the contributions that higher education can make to resolving the social and economic challenges facing Australia. These challenges include but are not limited to:

- adapting to digital disruption by adequately preparing Australia's youth, and reskilling and upskilling the existing workforce for full participation in social, civic and economic life
- sustaining social cohesion, by minimising disparities in life outcomes across regions and social groups
- adapting to the effects of internationalisation and globalisation
- ensuring investment in higher education can accommodate rising demand of sufficient quality.

Provider category reforms will not solve these problems. Institutional strategy and Commonwealth financing policy play a more instrumental role. However, if provider categories are revised in an integrated fashion with financing and regulation, a more resilient and effective system is more likely.

DEAKIN UNIVERSITY'S RESPONSES TO CONSULTATION QUESTIONS

1 What characteristics should define a 'higher education provider' and a 'university' in the PCS?

The characteristics of higher education providers and universities are defined in a number of ways across multiple policy instruments. The PCS are reflective of a broader ecosystem of higher education policy, but do not drive policy. This hierarchy should be retained and reflect the distinguishing characteristics that separate higher education providers and universities, specifically legislation and research:

- Deakin University is established by the *Deakin University Act (2009)* with objects that include offering higher education to an international standard, scholarship, pure and applied research, invention, innovation, and consultancy of international standing.
- Deakin is registered by the Tertiary Education Quality and Standards Agency against the *Higher Education Standards Framework (Threshold Standards) 2015* which includes assessments of compliance with higher education and research-related standards.
- Deakin derives more than half of its revenue through the *Higher Education Support Act (2003)* (HESA). Consistent with the objects of HESA and in recognition of the distinctive purposes of universities, Deakin receives HESA-based research funding.

The PCS should align with these policy reference points, acknowledging that various policies define higher education providers and universities differently. These differences are best integrated in PCS at a high level using broad definitions consistent with international convention.

The two categories of provider that dominate the PCS, the Australian University and Higher Education Provider, encompass considerable variety in orientation, quality, mission and performance. Any temptation to define higher education providers and universities with greater specificity within the PCS should be avoided. It would exert an unproductive, homogenising influence on the system and inhibit institutional diversity and innovation.

2 Are the PCS fit for purpose in terms of current and emerging needs? Why?

3 Should some categories be eliminated or new categories be introduced? What should be the features of any new categories?

4 Do specific categories need to be revised? How?

The PCS are sufficient for their primary regulatory purpose of registration with TEQSA. Deakin recommends the architecture of provider categories should be retained, with refinements described below.

Clarification of existing provider categories

The PCS specify research activity across fields of research, but not the quantum of activity necessary to be identified as research active. This has implications for how universities approach research, the utilisation of intermediary university categories, and regulation of other providers.

There is strong competition for research funding that contributes to recurrent calls for teaching-only universities. The absence of research activity in some universities arguably allows research effort to be better concentrated and improve the efficiency of teaching. This position is not supported by Deakin. Teaching cannot be assumed to be better or cheaper if disconnected from research. Research is already highly concentrated and further concentration is likely to detract from research activity relevant to more localised or regional development needs.

Research should continue to be synonymous with the category of university. There is value in articulating the threshold of research activity necessary to warrant university status. Clarity on the research intensity threshold may support research capacity across a diversity of universities capable of answering questions of global and local relevance. This does not require new categories of provider: a transparent, explicit definition of minimum research activity generated through a consultative process is sufficient.

Improving transparency of requirements is an important policy value, described in more detail for Australian providers below. Transparency is also important for the Category of Overseas University, and the requirements acceptable to TEQSA for an Overseas University to be registered should be more explicit.

A statement of eligibility for public subsidy

The Higher Education Standards Framework should be augmented with a statement of eligibility for public subsidy. The purposes of existing public subsidies could be made more transparent, which in turn would allow them to be applied with greater consistency and reduce ad hoc policy decisions. The distribution of Commonwealth Supported Places across course levels and providers is now the focal point for a potentially difficult resolution for sub-bachelor and postgraduate places. There is scope to improve transparency in the policy rationale driving eligibility for other subsidies such as loan fees, additional grants and research funding.

A statement of eligibility for public subsidy would generate a de facto classification of providers based on the subsidies they may access. This statement would form an integrated policy reference point supporting the review and redesign of public subsidies across time.

5 How would the needs of providers, students, industry, regulator and broader public interest be served by your suggested changes to the PCS?

Student, industry and the broader public interest should take priority over any specific provider or regulator needs. The public interest is served by improved transparency about the design of higher education public subsidies. This would allow for better public engagement with policy design, and allow providers to compete more efficiently for the public subsidies for which they may be eligible.

The demands of Australian society and the labour market are changing. There is continuing need to ensure strong pathways to traditional programs. There is also growth in demand for micro- and stackable credentials for those looking to reskill and upskill. Better ways of recognising existing skills and prior learning are required. Demand for specialised postgraduate qualifications is also growing. The future of higher education will likely involve online delivery that is individualised and with stackable credentials.

Public subsidies are not optimally aligned with social and economic demand, but remain deterministic in the functioning of higher education. Universities have a stronger market share where they have access to subsidies (e.g. undergraduate 96%) and lower market share where subsidies are low, or where they are not able to offer full fee places (e.g. sub-bachelor 80%).

This misalignment poses significant challenges at an institutional level. Higher education attainment in Melbourne's inner-east (Burwood campus) is double that of Geelong (Waterfront and Waurin Ponds Campuses), and triple that of Warrnambool¹. The pathway into higher education for disadvantaged regions and communities through sub-bachelor or enabling places is capped or closed, and disparities will continue.

The PCS are not the cause or solution to these problems. Deakin believes a more responsive higher education system would result from maintaining broad categories of provider for registration purposes, combined with greater transparency around eligibility for public subsidies.

¹ Statistical Area Level 4, Australian citizens aged 20-39.

APPENDIX A: SUMMARY OF DEAKIN UNIVERSITY'S RESPONSES TO CURRENT CONSULTATIONS

PROVIDER CATEGORY STANDARDS

The Provider Category Standards should be maintained as broadly as possible as a reference point for registration by TEQSA, with minor amendments that specify research intensity thresholds, and the standing and standards that apply to the category of overseas university.

The Higher Education Standards Framework could be augmented with a statement of provider attributes relevant to eligibility for public subsidy. A more stable and effective policy context would arise by making explicit the rationale that drives public subsidy, and alignment of institutions with this rationale.

AUSTRALIAN QUALIFICATIONS FRAMEWORK REVIEW

The AQF is not currently fit for purpose, nor likely to support adaptation to the social and economic challenges facing Australia. The AQF embeds outdated notions of a linear pathways from school to higher levels of higher education that does not recognise contemporary and evolving career and learning trajectories, industry and community demands, nor the opportunities presented by digital technologies.

A more nuanced approach would segment foundational and transferable skills from discipline-specific skills and recognise that the form of learning will vary according to individual circumstance. This can be achieved through stackable credentials and better recognition of shorter, more agile credentials. Deakin notes that sub-bachelor and postgraduate courses have restricted access to Commonwealth subsidy, and credentials attract no Commonwealth subsidy. Reform of the AQF can normalise a better approach and ensure better targeting of Commonwealth subsidies. The interaction between a qualification, institutional quality assurance and assessment processes is critically important in supporting any change in approach.

PERFORMANCE-BASED FUNDING

Deakin believes the CGS should address public expectations around student access, success, quality, completions and graduate outcomes. These public expectations also extend to research and community development and should be included as performance measures.

Deakin recommends that performance-based funding be combined with a place-allocation mechanism that aligns supply with demand. Deakin holds reservations about the impact of performance-funding and caps to the Maximum Basic Grant Amount on sector agility.

The problem of CGS growth has been superseded by challenges of repositioning the Australian economy to embrace opportunities of digital disruption. The need to upskill and reskill whilst maintaining social cohesion requires an agile and flexible higher education system.

REALLOCATION OF COMMONWEALTH SUPPORTED PLACES

The reallocation process should produce a statement of principle that informs the rationale for public subsidy across course levels, with reference to both the logic of public subsidy and regulation of full fee places by provider category.

Deakin argues that a clear and consistently applied policy is a pre-condition for a more responsive high-quality system. Any statement of principle should include distinct reference both to economic need (such as supporting the booming Melbourne economy) and social need (such as mitigating disadvantage in specific communities). Whatever mechanism is introduced for place reallocation, it should include provision for cyclical review such that allocations can be adjusted to future changes in social and economic need.