

12 March 2019

Emeritus Professor Peter Coaldrake AO  
Reviewer, Higher Education Provider Category Standards  
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Via email: [PCSReview@education.gov.au](mailto:PCSReview@education.gov.au)

Dear Professor Coaldrake

I am writing on behalf of the Group of Eight (Go8) in response to the Government's Discussion Paper on the *Review of the Higher Education Provider Category Standards* that was issued in late 2018.

The Go8 is closely engaged on issues relating to the quality, reputation and standards of Australian higher education. We note that the Provider Category Standards (PCS) were not specifically reviewed in the revision of the Threshold Standards and it is therefore timely that they be reviewed and examined to ensure they are relevant to current higher education settings.

Please note that Go8 member universities may each make their own, more detailed contributions to this Review.

In summary the Go8 recommends and notes the following:

- To protect the interests of students and other consumers of services offered by Australian higher education providers, the maintenance of **the highest and most robust quality standards as well as regulatory balance must continue to underpin the Provider Category Standards;**
- **Any amendment to the Provider Category Standards cannot be undertaken in isolation of revision to the Australian Qualification Framework or of the current funding distortions experienced by Australian universities,** not limited to teaching and learning, and experienced across Australian post-secondary education;
- **For the benefit of students and the community, the Provider Category Standards need to accurately describe the diversity of provider types operating in Australia while they could also encourage further provider innovation and diversity to meet Australia's current and emerging educational and research needs;** and
- Within the Provider Category Standards, **the Australian University College category is underutilised and should be considered for removal,** while the ongoing utility of historically underutilised categories more broadly should be reconsidered.

## Context – Performance of the Go8

As Australia’s leading research-intensive universities, the Go8 are significant net contributors to the Australian economy: **in 2016 the Go8 generated a total economic impact of \$66.4 billion to the Australian economy<sup>1</sup>.**

**The most significant component of this total impact comes from the impact of research activities of Go8 universities: over \$24.5 billion in 2016.**

Complementing this, **Go8 universities’ impact associated with educational exports was approximately \$18 billion in the same period.** There is a clear link between research performance, international standing, often measure through rankings – where Go8 universities are routinely Australia’s leading institutions – and attractiveness to overseas students and international research collaborators.

- Go8 universities also place in the top 100 universities worldwide for every broad subject area of the 2018 QS World University Rankings.

While much of the overall Go8 impact is delivered through our world-class research activity, Go8 universities are consistently the first choice for applications to Australian universities, with close to 74,000 applications in 2018 comprising 22.3 per cent of all applications to Australian universities<sup>2</sup>. In 2016 our **teaching and learning activities delivered over \$4.9 billion to the Australian economy<sup>3</sup>.**

- This includes **approximately \$1.5 billion in net benefit accrued by the Commonwealth Treasury (in 2016 alone).**

Each year, Go8 universities deliver Australia over 100,000 high quality graduates across the gamut of disciplines, including more than 55% of Australia’s science graduates and over 40% Australia’s graduates in the engineering disciplines. The Go8 also educates more than half of Australia’s medical, dentistry and veterinary medicine students.

## Regulatory balance and enhanced quality assurance

**The highest and most robust quality standards as well as regulatory balance must continue to underpin the Category Standards.**

This balance should be reflected in regulatory mechanisms where a tendency for both over-regulation as well as overly laissez faire regulatory mechanisms are identified as equally high risk to Australian universities, their operations and their global reputation.

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<sup>1</sup> *The economic impact of Group of Eight universities*; London Economics; 2018. [https://www.go8.edu.au/Go8\\_London-Economics-Report.pdf](https://www.go8.edu.au/Go8_London-Economics-Report.pdf)

<sup>2</sup> *Undergraduate Applications Offers and Acceptances 2018*; Department of Education and Training. Over 31% of all

<sup>3</sup> [https://www.go8.edu.au/Go8\\_London-Economics-Report.pdf](https://www.go8.edu.au/Go8_London-Economics-Report.pdf)

Any revision to the PCS must be framed around enhanced quality. It is critically important to maintain Australia's excellent international reputation for quality higher education and we strongly endorse TEQSA and the AQF as essential components to maintaining high quality higher education. This obviously has two key benefits:

1. There is a crucial signaling effect that demonstrates to global partners and collaborators, overseas students and governments around the world that Australia is heavily invested in assuring the quality of higher education overall, and of university education and research within that.
2. The argument of enhanced quality assurance afforded by a robust and contemporary PCS is vital in its own right as we must ensure that only higher education providers of the highest quality are able to operate in Australia both in the context of teaching and learning and in undertaking research and delivering research training. **The Provider Category Standards have an essential 'gatekeeper' role in this regard as well as an ongoing role in the regulatory function of TEQSA.** Both of these must be respected.

The Category Standards also act as a powerful signaling tool. By controlling the use of the term 'university' in a manner starkly different from countries (the United States for example), the PCS limit the use of the title to institutions that have attained sufficiently high standards of quality. This is appropriate in the Australian context as the title represents the benchmark of quality which the broader regulatory and quality assurance architecture is designed to facilitate and protect. This must be retained.

### **Provider Categories not considered in isolation – Funding**

The Go8 is pleased this review is taking place simultaneously with the review of the Australia Qualifications Framework (AQF) and that you and Professor Noonan have worked closely in developing the two reviews to this point. This is a critical and welcome initiative. The view of the Go8 is that any revisions to the PCS could be framed around a revised AQF but that decisions on the outcomes of both reviews cannot be meaningfully considered in the absence of the effects on and input of the broader institutional funding model. These issues also extend beyond university funding for teaching and learning and have significant effects to all post-secondary funding.

Clearly, any amendment to the PCS in the context of considering a national post-secondary education system can only be considered alongside possible changes to the AQF. While it is pleasing that the reviews are being developed in parallel with discussion on key issues, it is also critical that any decision by Government regarding the outcomes of the two reviews be considered in tandem with one another.

In doing so, however, a gap will become immediately apparent. That is, it will not be possible to consider any genuine improvements to the PCS and / or the AQF in the absence of serious discussion and consideration of the existing funding distortions that pervade the post-secondary education system, and which insert financial incentives into the system that can distort choices and decisions made by potential students and institutions alike.

### Enabling institutional specialisation

The Go8 supports the diverse higher education sector that Australia offers, which is underpinned by robust quality standards. Diversity should be reflected in the context of institutional type and mission as well as diversity of program offering. It might be argued that Australian universities are already diverse in the sense of a diversity in the student cohorts at different institutions, and also the ways in which some degree programs are structured in some institutions to align with industry partnerships or for initiatives to deliver for students from under-represented backgrounds for example. The alternative view may be, however, that these are in fact *internal diversities* that do not in fact equate to the variances in institutional type and program offerings that the broader higher education market may well be seeking – particularly in the context of teaching and learning.

Certainly, within the PCS, the reflection is 40 universities that are the identical. That may not be to Australia's benefit, nor to the benefit of Australian universities.

Ultimately, then, there are two competing views that lead to the same conclusion:

1. If there is in fact diversity and specialisation within the sector as some have argued, it is not reflected in the Category Standards.

It then follows that the PCS are an out-of-date and inadequate regulatory tool to govern the contemporary higher education environment in Australia. Further, an outdated PCS is out of step with the otherwise modern regulatory mechanisms for higher education that are overseen by the Tertiary Education Quality and Standards Agency (TEQSA)

2. If, in the alternative, there is a dominant view that insufficient diversity and specialisation exists across the sector as described, the conclusion must be that the PCS also require amendment and updating in a contemporary context to help facilitate that diversity and specialisation in institutional and program offering.

In their current form, the PCS do not reflect the differentiation that exists within the sector and within institutions. Indeed, as a regulatory tool the PCS are a unitary instrument that do not *facilitate* differentiation among institutions within the Australian University category universities through specialisation. Rather, institutions have developed differentiated offerings despite and not aided by categorisation in the PCS.

More broadly, the PCS prescribe a standardisation of provider types within six broad categories, two of which are not utilised, while it could be arguable an additional two are insufficiently utilised as to warrant their own individual categorisation.

These considerations go directly to the first two questions in the Discussion Paper. First, differentiation and specialisation are emerging needs in the categorisation of higher education providers and in that sense the PCS are not fit of purpose. Second, to deliver on that aim a focus on enhancing excellence should be the focus of any reshaping of the PCS.

## Reshaping the Category Standards

As they currently stand, the PCS are a ridged and mechanistic tool within the regulatory framework. While a flexible regulatory tool may in some contexts be favoured, it is crucial to keep as the foremost consideration that the PCS are a regulatory tool and a critical element of the larger regulatory and quality assurance system in higher education. There are, however, some amendments to the PCS that might be considered to deliver a more contemporary and aligned framework.

### 1. Underutilised categories

The current PCS appear to be based around the concept of progression through levels where it is inevitable that providers (overseas universities excepted) inevitably aspire to becoming an Australian University. In the context of reform to the whole post-secondary education sector, this seems a limiting framework for considering provider mission and context, provider behaviour as well as how educational offerings might be constructed and delivered.

Under the existing PCS, the categories of Overseas University of Specialisation and Australian University College have been underutilised and in the context of a revised and reformed PCS, it may be argued they no longer serve the purpose for which they were designed. This argument could be strengthened when conceiving of the move to a more seamless post-secondary education sector.

- **It is certainly not clear that the Australian University College category retains usefulness within this framework and it should be removed from the PCS.**

This is an underutilised category insofar as it is a category without providers. While the Go8 advocates it is no longer necessary and should be removed from the PCS, others may argue for its retention. Should it be retained, it could be altered to reflect that a provider in this category is *not* able to use the title 'university' and may not have ambitions ('...realistic and achievable plans...') to become an Australian university.

It is possibly inconsistent with a coherent position on a seamless national post-secondary education sector to maintain the view that all (domestic) higher education providers have the attainment of Australian university status as their ultimate aim in all circumstances. A revised framework could incorporate some flexibility to give effect to and facilitate greater diversity of provider ambition and mission in this regard.

**It is critical that in doing so, however, robust quality standards are maintained and remain the overarching precept of the regulatory framework of which the PCS form an essential component.**

To that end, it might be possible to reshape the PCS first by removing these underutilised categories. Beyond that, comprehensive engagement would need to be undertaken on linking the categorisation of institutions with the quality of educational delivery and of research.

## 2. A significant gap in provider type

The Go8 has advocated for some time that as a modern nation in a rapidly evolving and disruptive 21<sup>st</sup> century, Australia needs a seamless approach to post-secondary education. Australia has a rich history in higher education and research; simultaneously we have a strong and robust history in vocational education and training. The PCS describe domestic institutions seeking to attain Australian University status; the regulatory framework underpinning vocational education and training has no explicit link to these categories and there is a significant gap between the two.

- The link between vocational education and training and the higher education sector needs to be addressed. In the context of the move to a seamless post-secondary education sector, the PCS could give efficacy to those provider types that deliver across existing boundaries, underpinned by robust quality requirements.

While other nations have a strong tradition of institutions active in this ‘gap’ – the polytechnics in countries like Germany and the Netherlands for example – Australia does not have that same tradition. The lack of that ‘third sector’ tradition in Australia goes some way to explaining the scarcity of those providers here, while the nature of the funding mechanisms have also played a significant part. Importantly, however, the regulatory architecture over time, including the Provider Category Standards more recently, have contributed barriers and disincentives for institutions to engage in that section of the marketplace.

These types of providers that will be an essential component in the post-secondary education system that will develop the technical skills base of the future in a disrupted economic environment. These providers – critical to Australia’s future and the skill development of many future students – are not currently reflected in the PCS.

### **The importance of research**

The Go8 submits that it is **critical to the context of what it means to be a university, to research and to research training in particular, that universities undertake research in a range of fields and that research training is delivered in a large, comprehensive and supportive university environment.**

Australia’s reputation for considering the importance of ensuring that research and teaching within an institution is based in part on the structures put in place by the PCS. Research and teaching must be undertaken in those institutions best placed to deliver both and not limited to organisations that may have a single-mission focus.

I would like to reiterate the concern of the Go8 that this Review take particular heed of the need to consider the Category Standards in the broader Australian post-secondary education context and that it not be limited to a focus on higher education only. Of course, I acknowledge that the tool within which the PCS reside – the Threshold Standards – do not extend beyond higher education. Australia is past a point where we can no longer afford to consider elements of post-secondary education in isolation from one another.



The Go8 readily acknowledges the many complexities in undertaking this Review, some of which I have outlined here. I would of course welcome the opportunity to discuss these issues with you directly.

Yours sincerely

A handwritten signature in blue ink, appearing to read "V. Thomson", with a long horizontal flourish extending to the right.

**VICKI THOMSON**  
**CHIEF EXECUTIVE**