



Australian Government

Transforming Australia's Higher Education System



Transforming
Australia's
Higher Education System



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Landmark Reforms that Build Jobs for the Future

Higher education is integral to achieving the Government's vision of a stronger and fairer Australia. It fuels economic development, productivity and high skilled jobs and supports Australia's role as a middle power and leader in the region.

In response to the findings of the Bradley Review of Australian Higher Education, the Australian Government will make an unprecedented investment in our universities and tertiary education system to drive comprehensive reform across the post-compulsory education and training sector.

This will include an immediate injection of funding to address weaknesses and build on strengths, while putting in place a realistic plan over the next decade to ensure the higher education system is sustainable into the future.

Together with major investments in the national broadband network and the plan to combat climate change, the tertiary education revolution will change and enlarge Australia's economic potential. The investments and reforms being made will drive improvements in productivity and create a smarter, cleaner and more competitive economic future for Australia.

By putting students clearly at the centre of its reforms, the Government has signalled its commitment to the expansion of a high quality university sector, to educate the graduates needed by an economy based on knowledge, skills and innovation.

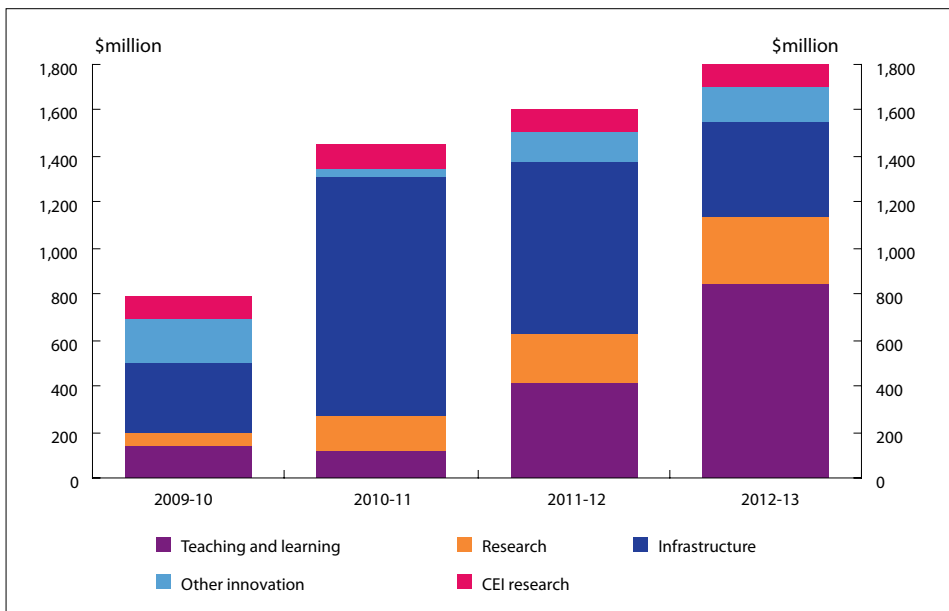
This approach is essential to enable Australia to participate fully in, and benefit from, the global knowledge economy. Funding that meets student demand—coupled with ambitious targets, rigorous quality assurance and full transparency—is the only way Australia can meet the knowledge and skills challenges it faces. In that process the nation must provide educational opportunity for all, not just the few.

The Government is proposing a landmark reform agenda for higher education and research that will transform the scale, potential and quality of the nation's universities and open the doors of higher education to a new generation of Australians.

The Government is supporting the higher education and research sectors at a cost of an additional \$5.4 billion over four years and will commit additional resourcing over the next 10 years. This includes funding of \$1.5 billion for teaching and learning, \$0.7 billion for university research, \$1.1 billion for the Super Science initiative and \$2.1 billion from the Education Investment Fund for education and research infrastructure. Appendix 1 provides a summary of budget initiatives for higher education and research over the Forward Estimates.

This quantum leap in resourcing is designed to support high quality teaching and learning, improve access and outcomes for students from low socio economic backgrounds, build new links between universities and disadvantaged schools, reward institutions for meeting agreed quality and equity outcomes, improve resourcing for research and invest in world class tertiary education infrastructure.

Additional funding for higher education and innovation



Source: Budget Paper No 2

There are good reasons to undertake reform now. While the performance of our universities is strong they face many significant challenges.

The Bradley Review affirmed that the reach, quality and performance of this nation's higher education system is central to Australia's economic and social progress. To be globally competitive and to secure the high skilled jobs of the future, Australia needs an outstanding, internationally competitive higher education system with increased participation and higher attainment levels. Australia also needs a quality higher education system to sustain the international education industry which is Australia's third largest export.

As we have seen in the global economic recession, the world is interconnected. To respond to the challenges presented by the economic downturn and to seize the opportunities of the new environment that will emerge during the recovery, Australia needs highly skilled people to be able to adapt to the uncertainties of the rapidly changing future. Additionally the dependence of the sector on international education activities is likely to be tested by the current global recession.

In this tough economic climate the Australian Government will ensure that more students are supported and encouraged to participate and that the benefits of higher education are genuinely available to all Australians with the drive and aptitude.

The Bradley Review charted the course ahead and, in this Budget, the Australian Government is embracing that future vision.

The Vision

Higher education is central to achieving the key objectives for the nation's future. These include:

- **A stronger Australia**—boosting Australia's share of high skilled jobs and productivity growth will require a highly skilled workforce that can rapidly adapt to meet future challenges.
- **A fairer Australia**—all Australians will benefit from widespread equitable access to a diverse tertiary education sector that allows each individual to develop and reach their potential. Society as a whole will benefit from the widespread application of cutting-edge research.
- **Future challenges**—acting now to lay down a 10-year reform agenda for higher education will position Australia to deal with future challenges and take advantage of the new jobs and other opportunities that will emerge in the years ahead.

The Australian Government's goal is for this country to be amongst the most highly educated and skilled on earth, and in the top group of OECD nations for university research and knowledge diffusion.

The Government embraces in large measure the Bradley Review's vision for our universities. Australian higher education should:

- produce graduates with the knowledge, skills and understandings for full participation in society and the economy;
- provide opportunities for all capable people from all backgrounds to participate to their full potential and be supported to do so;
- provide students with a stimulating and rewarding higher education experience;
- play a pivotal role in the national research and innovation system through generation and dissemination of new knowledge and through the education, training and development of world class researchers across a wide range of intellectual disciplines;
- engage in the global community through student and staff mobility and the exchange of knowledge and ideas;
- contribute to the understanding and development of Australia's social and cultural structures and its national and regional economies;
- engage effectively with other education and training sectors to provide a continuum of high quality learning opportunities throughout an individual's life; and
- be in the top group of OECD countries in terms of participation and performance.

Self-fulfilment, personal development and the pursuit of knowledge as an end in itself; the provision of skills of critical analysis and independent thought to support full participation in a civil society; the preparation of leaders for diverse, global environments; and support for a highly productive and professional labour force should be key features of Australian higher education.

The Government's approach to higher education is informed by enduring principles including:

- the importance of opportunity for all, especially those from groups under represented in higher education;
- access to university based on merit, not ability to pay;
- academic freedom and autonomy; and
- research that advances knowledge and critical thinking.

These principles provide the foundation for a new student centred higher education system, which will enable students to develop richer learning and employment pathways. The focus on students and how to provide them with the best possible experience and educational outcomes involves a renewed emphasis on quality in teaching and research, underpinned by robust standards and accreditation.

To achieve this vision we need to:

- work toward ambitious long-term targets to ensure Australia has a world class higher education system and a well-resourced and internationally competitive research sector;
- create a funding framework that supports student choice and access to learning, encourages flexibility in teaching, learning, and research and promotes growth in student places;
- implement a quality assurance and regulation framework that enhances overall quality in the sector and provides clear information and access to learning about what and where to study, and to provide industry and the community with assurances of graduate quality; and
- boost participation, particularly for groups currently under represented in the system.

The reforms generated from the Bradley Review should be seen as a major step towards an interconnected tertiary education sector that enriches Australia's economic potential by boosting the nation's productivity and capability for high value added services and products.

Reform agenda

The Government is proposing a phased 10-year reform agenda for higher education and research to boost Australia's national productivity and performance as a knowledge-based economy.

Key reforms include:

Real action for real participation—attainment, access and engagement: transforming access to higher education through a major package designed to radically improve the participation of students from low socio economic backgrounds (low SES) in higher education, and enhance their learning experience

A Growing Higher Education Sector: promoting greater diversity and quality within the tertiary sector by phasing in a new system to allocate funding on the basis of student demand; support to encourage more students to choose teaching and nursing and to study overseas; and support for the renewal of student services and amenities

A Sustainable Tertiary Education Sector: providing funding certainty and creating a more sustainable higher education sector through higher indexation of teaching and learning grants

Sustainable Investment for Research: ending historic funding cross-subsidisation by increasing funding for the full cost of university research, and enabling universities to strive for research excellence in areas of strength

Transforming Australia's Tertiary Education Infrastructure: a massive upgrade of university and TAFE infrastructure to meet the teaching and learning requirements of students, teachers and researchers now and into the future

A New Era of Quality in Australian Tertiary Education: establishing the Tertiary Education Quality and Standards Agency (TEQSA), which will provide the foundation for enhancing quality and accreditation in higher education

Income Support for Students: landmark reforms to student income support which will redirect assistance so that it reaches the most needy students to boost both their higher education participation and attainment

A Fair Deal for Australia's Regions: supporting regional tertiary education provision with a review of regional loading, encouragement to explore new models of delivery and access to new structural adjustment funding for the sector

Improving Tertiary Pathways: building stronger connectivity between the higher education and vocational education and training sectors

A New Relationship between Government and Educators: a relationship built on mutual respect, trust and agreed funding compacts

Phasing of budget initiatives

PACKAGE ELEMENTS	2010	2011	2012	2013	2014 and beyond
	Transition period		New student centred funding system		
Student entitlement funding	Transition to student centred funding model		Student centred funding model		
Increased indexation		Conditional funding (equivalent to improved indexation on T&L grants)	Increased indexation of teaching and learning and research HESA grants		
Performance funding			New performance funding of 2.5% of current teaching and learning grants		
Quality and regulatory framework	Tertiary Education Quality and Standards Agency				
Funding to support low SES participation	2% of T&L funding in 2010	3% of T&L funding in 2011	4% T&L funding from 2012 onwards		
Student income support	Improved targeting of income support New student scholarships Australian Postgraduate Awards stipend increase				
	Independence age reduced to 24 years	Independence age reduced to 23 years	Independence age reduced to 22 years		
		Personal Income Threshold increased to \$400 per fortnight			
			Income support for all Masters by Coursework programs		
Structural adjustment funding	Structural Adjustment Funding				
Higher Education Loan Program	Higher Education Loan Program reforms: Reduction in HELP repayments for nursing and teaching; increase to student contribution for nursing and teaching; removal of OS-HELP loan fee				
Education Investment Fund	Rounds 1, 2 & 3 and Sustainability Round				
Research initiatives	Sustainable Research Excellence (incremental increase to 2013)				
	Joint Research Engagement				
		Collaborative Research Networks			

Real Action
for Real
Participation—
Attainment,
Access and
Engagement

Real Action for Real Participation— Attainment, Access and Engagement

To achieve productivity growth, Australia will need a highly educated workforce, with the skills and capacity to advance the growth of a dynamic knowledge economy.

Higher Levels of Attainment

Over the last 20 years, there has been an increase in the rate of students obtaining bachelor level qualifications, primarily due to the reforms during the late 1980s and early 1990s as part of the move to mass participation in higher education. The current attainment rate for bachelor degrees for 25 to 34 year olds stands at around 32 per cent, and under current policy settings this is likely to rise only slightly, to around 34 per cent by 2025. However this is unlikely to be enough to meet our future economic needs.

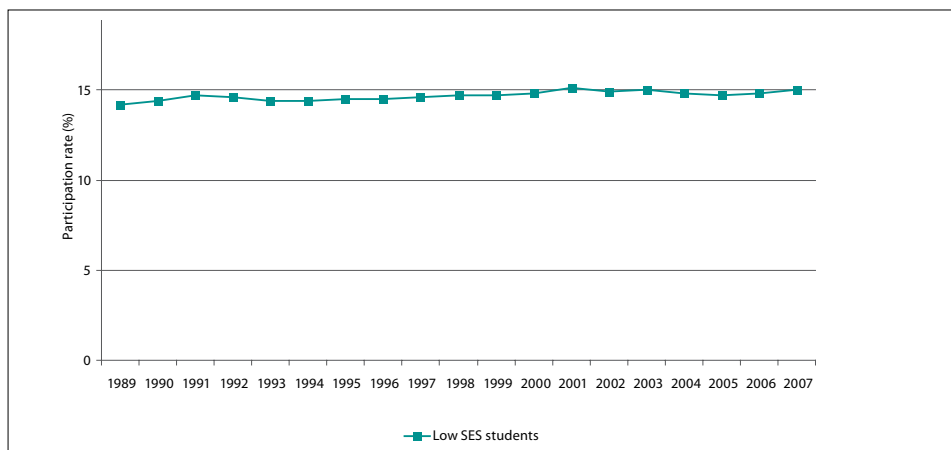
The Government has therefore announced its ambition for growth in higher education attainment, so that by 2025, 40 per cent of all 25 to 34 year olds will hold a qualification at bachelor level or above. The achievement of this ambition will produce around 217,000 additional graduates by 2025.

Increasing Access

The Australian Government is committed to ensuring that Australians of all backgrounds who have the ability to study at university get the opportunity to do so.

The proportion of low SES students enrolled in higher education in Australia has remained static at about 15 per cent over the last two decades, yet this group makes up 25 per cent of the broader population. Targeted equity funding over that period has been limited, with no real incentives for institutions to increase their low SES student enrolments.

Participation rate for students from a low socio economic background, 1989 to 2007



Note: Post-2001 is based on 2006 Census SES postcode allocations, whereas prior years are based on earlier Census SES postcode allocations

Source: DEEWR (Equity Performance Indicators - national indicators), various years

Tackling equity issues is a key component of the Government's plan for a fairer Australia and is fundamental to higher education reform.

The Government's goals complement the Council of Australian Governments (COAG) targets to:

- halve the proportion of Australians aged 20 to 64 years without a certificate level III qualification by 2020;
- double the number of higher qualification completions (diplomas and advanced diplomas) by 2020;
- raise the proportion of young people achieving Year 12 or an equivalent qualification to 90 per cent by 2015; and
- halve the gap for Indigenous students in Year 12 or equivalent attainment by 2020.

Funding to Support Low SES Participation

To address Australia's historically poor record in increasing participation by low SES students, the Government has announced its ambition that by 2020, 20 per cent of higher education enrolments at the undergraduate level will be of people from a low SES background.

This goal will be directly supported by the injection of an additional \$394 million in funding, bringing funding to support the low SES participation targets to a total of \$437 million over the next four years. At the same time the Government is also introducing major reforms to student income support to assist the access and retention of low SES students.

In 2010, the funding provided will be about 2 per cent of teaching and learning grants, and will increase to about 3 per cent in 2011. By 2012, equity funding will be broadly in line with the recommendation of the Bradley Review to increase it to 4 per cent of teaching and learning grants.

Funding to support low SES participation

	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	4 yr total \$m
Partnerships activities	7	21	36	44	108
Enrolment loading	21	64	108	132	325
Total funding to support low SES participation*					\$433

* Includes \$394m new funds, plus existing Equity Support Program funding. An additional \$4 million is being provided for departmental expenses

The major barriers to increased higher education participation by students from low socio-economic backgrounds include previous educational attainment, low awareness of the long-term benefits of higher education resulting in little aspiration to participate, and the need for financial assistance, academic and personal support once enrolled.

International experience shows that interventions or outreach in the early years of secondary schooling are highly effective in increasing the aspirations of students to attend university.

The Government has therefore allocated \$108 million over four years for a new partnerships program, to link universities with low SES schools and vocational education and training providers. The intention is to create leading practice and competitive pressures to increase the aspirations of low SES students to higher education. The Government is deliberately putting in place systemic reasons for universities to be engaged with improving the quality of school education.

Funding will provide schools and vocational education and training providers with links to universities, exposing their students to people, places and opportunities beyond the scope of their own experiences, helping teachers raise the aspirations of their students. Programs might include scholarships, mentoring of teachers and students, curriculum and teaching support, or hands-on activities run by university staff in schools.

Once students from disadvantaged backgrounds have entered university the likelihood of them completing their course of study is broadly similar to that of the general higher education population. Often, however, they require higher levels of support to succeed, including financial assistance and greater academic support, mentoring and counselling services.

The Government has therefore allocated a further \$325 million over four years to be provided to universities as a financial incentive to expand their enrolment of low SES students, and to fund the intensive support needed to improve their completion and retention rates. The existing higher education Equity Support Program will be replaced and incorporated into these new funding arrangements.

Better measures of low socio economic status will be developed which are based on the circumstances of individual students and their families and performance funding will be based in part on how effective institutions are in attracting these students.

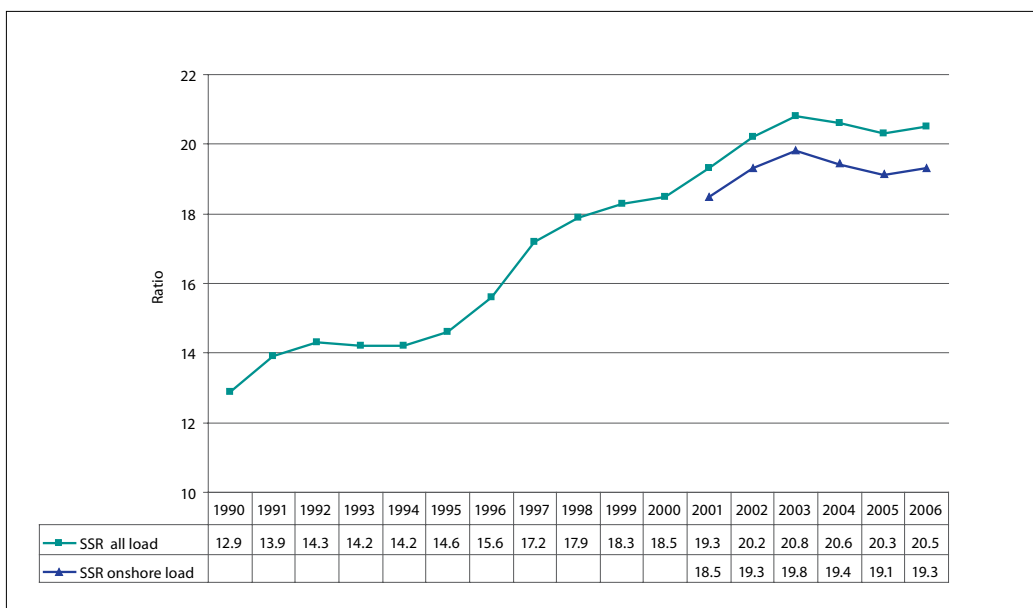
The steps to improve low SES student participation will impact on and benefit Indigenous students. They are significantly under represented in our universities and face distinct challenges. The Government will support a review of the effectiveness of measures to improve the participation of Indigenous students in higher education in consultation with the Indigenous Higher Education Advisory Council.

Funding to increase low SES student participation is a key initiative to achieve the broader attainment target of 40 percent of 25 to 34 year olds having attained a bachelor level or above qualification by 2025.

Better Levels of Student Engagement

Although student satisfaction levels remain high, Australia has fallen behind its major competitor countries on key teaching and student experience indicators and drop-out rates remain high at 28 per cent in 2005. Similarly, the dramatic rise in student-to-staff ratios—from about 15:1 in 1996 to over 20:1 in 2006—is probably a significant contributor to the relatively low levels of student engagement.

Universities Australia student-to-teacher ratio, 1990 to 2006



Note: Data is for Universities Australia member universities only.

Source: Universities Australia 2008a, 2006 Student to Teacher Ratio For Academic Staff with Teaching Function, October. UA cited sources are DEEWR Higher Education Student and Staff Statistics 1990 to 2000 and DEST Unit Record Files 2001 – 2006; Bond University Management Report August 2007 (data for 2001 to 2006 only).

A positive student experience has an impact on student retention and further study. Maintaining and improving the quality of teaching, learning and the student experience is a critical factor in the success of universities and other higher education providers, both domestically and in the international education market. This is particularly important for adult learners who comprise a large proportion of students who require additional support.

To achieve the Government's ambitious attainment targets there will also need to be an increased emphasis on improving the student learning experience in order to boost retention, progress and ultimately, completion rates.

The establishment of the Tertiary Education Quality and Standards Agency (TEQSA) will place a renewed emphasis on learning and teaching quality as the bedrock of the Australian higher education system.

Linked performance funding and improved indexation arrangements will ensure that universities are resourced to deliver on improved standards.

The Government's student services and amenities legislation will also provide universities with the resources that they need to provide quality student amenities and services which are integral to student engagement and the university experience.

A Growing Higher Education Sector

A Growing Higher Education Sector

In the past, universities have been funded by a system that caps the number of places for which public funding is provided. This model has placed restrictions on the courses universities will offer and the number of students they admit. The model has also created a perverse incentive that can encourage under enrolments. Although, the over enrolment cap has been relaxed in recent years to fund universities up to 5 per cent over their target enrolment allocation, the Bradley Review provided a compelling case to enable the sector to grow in response to demand from students and the needs of the community for more graduates.

A student centred funding system

A new approach to higher education funding is needed; one based on acknowledging the primary importance of students and their learning in order to meet Australia's future economic needs; an approach that moves from Government dictating and rationing the supply of university places to a position where our task is to meet and fund the needs of Australian students and the broader community.

Demand driven funding

	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	4 yr total \$m
Student entitlement funding model for domestic higher education students	36	74	117	263	491

From 2012, Australian public universities and the Batchelor Institute of Indigenous Tertiary Education will be funded for student places on the basis of student demand. The Government will fund a Commonwealth supported place for all undergraduate domestic students accepted into an eligible, accredited higher education course at a recognised public higher education provider. Universities will not be funded for places that they do not fill.

The Student Learning Entitlement (SLE) currently imposes a lifetime limit of seven years of equivalent full time study for Commonwealth supported students. The SLE will be abolished from 2012 when the cap on the number of places that universities can offer will be removed.

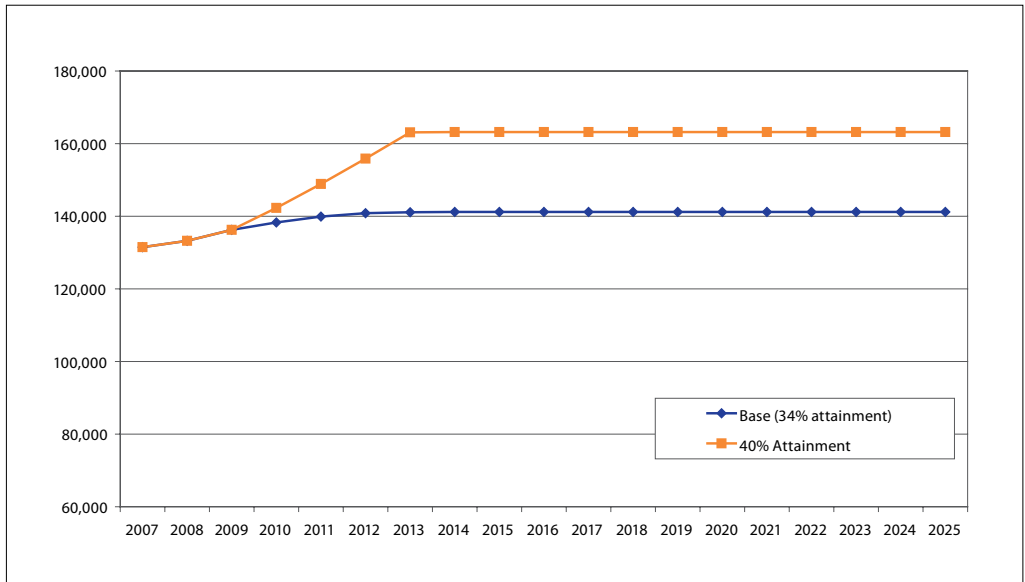
Transitional arrangements will operate in 2010 and 2011. During this period the cap on funding for over enrolments will be lifted from 5 per cent to 10 per cent and the funding floor for under enrolment will remain. This approach will allow a sensible, managed transition to the new system. It will ensure that institutions do not grow too quickly at the expense of quality. It will enable a period of adjustment and planning to occur.

The under enrolment floor allows institutions to keep funding for the first 1 per cent of under enrolment and puts a limit of 4 per cent on the funding reduction for under enrolment. By retaining this floor during the transition period, the Government is providing funding certainty to institutions, allowing them time to adjust to the new student centred funding arrangements.

The new system will encourage universities to respond to student demand and will encourage greater diversity to attract students.

It is estimated that as a result of these reforms, an additional 80,000 student places will be delivered over the four years from 2010 to 2013. This will allow about 50,000 additional students to participate in higher education.

Student places



Source: DEEWR estimates

The transitional arrangements will also apply to the University of Notre Dame Australia¹.

For 2010 and 2011, payments for estimated over enrolments will be made in the relevant year. Adjustments for under enrolments will be made in the following year.

The Government will continue to have a role in ensuring Australia’s skills needs are being met by the higher education system. There will be clear and strong public interest oversight of the demand driven funding system that will be in place from 2012. Skills Australia’s role will be expanded to advise the Government on the effectiveness of the higher education system in meeting Australia’s skill needs.

¹ Consultations will be undertaken with UNDA during the transition period as to its ongoing participation in the student centred funding system that will be in place from 2012.

The *Higher Education Support Act 2003* will be amended to raise the over enrolment funding limit to 10 per cent for 2010 and 2011. Further legislation will be required at a later stage to implement the full demand driven funding system from 2012.

Special measures will be considered as necessary to ensure that disciplines of national interest or areas of study of notable or enduring educational merit will be maintained in the demand driven system. These measures could include support for collaboration between institutions, increased funding or incentives for students.

Teaching and Nursing

Nursing and teacher education graduates who work in nursing or teaching professions will have their compulsory HELP debt repayments reduced (with a commensurate reduction in the debt balance) by up to \$1,536 for the 2009-10 income year (indexed in later years). This will apply to people who graduate from second semester 2009 onwards and will be available for up to a lifetime maximum of 260 weeks of eligible employment.

Reduction for payments for Higher Education Loan Program (HELP) for education and nursing graduates

	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	4 yr total \$m
Reduction for payments for Higher Education Loan Program (HELP) for Education and Nursing graduates	1	4	27	51	83

The new approach will encourage nursing and teacher education graduates to take up and remain employed as nurses and teachers.

In 2005, the student contribution amounts for nursing and teaching were 'frozen' at the existing rates by the previous Government to try to stimulate growth in these areas. Student demand has not shown a consistent trend since the introduction of the policy but universities have been short changed in resourcing for these areas of study with the Bradley Review finding some universities were scaling back activity because of the inadequate funding.

Nursing and education units of study will have maximum annual contribution amounts at the Band 1 rate instead of the National Priority Band rate².

This will apply to commencing students from 1 January 2010. Existing students will continue under current arrangements. The increase in student contributions will provide more funding to enable higher education providers to support and expand their course provision in these areas.

² In 2009 the Band 1 maximum is \$5201 and the National Priority Band maximum is \$4162. These amounts are indexed each year.

Increase in the maximum contribution amount for education and nursing units of study

	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	4 yr total \$m
Increase in the maximum annual student contribution amount for education and nursing units of study	3	7	10	13	33

While this measure will increase the student contributions paid by education and nursing students, if they go on to work in the nursing or teaching professions, this additional payment will be more than recouped by the impact of the reduction in HELP repayments for eligible graduates.

For example, students who start their education or nursing degree in 2010 will have increased student contributions of around \$3,500 over a three-year degree. If they take out a HECS-HELP loan, this will be the extra that they will borrow. When they start working as a teacher or nurse and their income reaches the threshold for making compulsory repayments (\$ 41,595 currently) they will be able to claim the HELP payment reduction. If their income for a full year's work as a teacher or nurse is \$50,000, for example, their repayment will be reduced from around \$2,250 to around \$700. For the full period of 260 weeks they can claim, they will save more than \$7,500.

Student Services and Amenities

A growing sector embracing a more diverse range of students will need to be buttressed by a comprehensive range of health, social and cultural student services. In November 2008, the Government announced a range of measures to rebuild essential student support services and amenities across the higher education sector. Subject to the passage of legislation, higher education providers that receive funding for student places in 2010 will need to meet new requirements for student representation, advocacy and provision of information on access to essential services. The prohibition on compulsory student unionism will not be changed.

Higher education providers will also be able to choose to charge a compulsory fee for provision of services and amenities of a non-academic nature (capped at \$250 per year, indexed annually). The SA-HELP loan scheme will be established to provide loans for the fee for eligible students, with a cost of \$67.1 million over 4 years.

The new arrangements will provide universities with around \$170 million in 2010 to fund much needed amenities and services which are integral to student engagement and delivering a truly broad educational experience at university.

A Sustainable Higher Education Sector

A Sustainable Higher Education Sector

Indexation

The nation's investment in higher education—from both the Government and students—must enable institutions to keep pace with the increases in costs.

The current indexation arrangements have been unchanged for more than a decade. The Government has considered carefully the recommendation of the Bradley Review for improved indexation as well as the need to ensure that Government expenditure on higher education is responsible in light of the current economic situation.

The provision of increased indexation will reap significant rewards in terms of quality and participation outcomes. It will provide a valuable incentive to institutions to invest in their future development. Furthermore, if institutions are assured that the value of their ongoing funding will be maintained they will be more likely to establish sustainable but diverse missions.

Indexation

	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	4 yr total \$m
Revised indexation arrangements	0	58	185	334	578

New indexation arrangements will be introduced comprehensively in 2012, with the current minimum wage based arrangements for the salary component of the overall indexation formula to be replaced with a measure that better reflects professional salary movements. The new arrangements will still require productivity improvements to contribute to wage increases.

The new arrangements will apply from 2012 to all grants under the *Higher Education Support Act 2003* (including research grants), maximum student contribution amounts, the OS-HELP maximum loan amount and the FEE-HELP borrowing limit.

There will be transitional arrangements for 2011. Maximum student contribution amounts will be indexed using the new index. Higher education providers will also receive funding equivalent in value to the improved indexation on teaching and learning grants on a conditional basis. This funding will be provided as facilitation payments for those providers who agree to sign on to the achievement of institutional performance targets. The achievement of these targets will be rewarded from 2012 from the new stream of performance funding outlined below. The conditional funding for 2011 will be rolled into base funding in 2012.

The Government will also streamline funding arrangements by rolling into base funding the Workplace Reform Program and the Improving the Practical Component of Teacher Education Program from 2010.

The Government will commission a review of the base funding levels for learning and teaching in higher education to ensure that funding levels remain internationally competitive and appropriate for the sector, together with work on options for achieving a more rational and consistent sharing of costs between students and across discipline clusters as recommended by the Bradley Review. This review will report in 2011.

Academic Workforce

Increased indexation will provide institutions with the funding certainty to enable them to tackle a number of significant challenges facing the higher education sector, including the ageing academic workforce and increasing difficulty in attracting and retaining high quality academic staff in an intense, globally competitive market.

Australia's academic workforce is ageing, and this has been exacerbated by the under representation of academics in their 20s and 30s to replace those retiring. Over time, the attractiveness of an academic career has diminished through factors such as a lack of job security caused by increased casualisation, increasing workloads and lower salaries compared with other sectors. There is also a severe shortage in the international academic labour market, resulting in intense global competition.

The additional funding provided through indexation, performance funding for improvements in quality and student outcomes, and funding to support students from low socio economic backgrounds, will put institutions in a strong position to invest in their academic workforce.

The Government will consult with the sector on the most effective steps to support the renewal and growth of the academic workforce.

Sustainable Investment for Research

Sustainable Investment for Research

This Budget delivers a suite of initiatives designed to address the serious shortfalls in research funding for the indirect costs of research. These will address the sector's longstanding concerns that cross-subsidisation from other sources of income, such as teaching and learning funding, has led to diminished outcomes for both research and teaching.

There is a critical need to attract greater numbers of Higher Degree by Research (HDR) students to address the shortage of research-qualified staff entering the academic labour market.

In addition, it is crucial that Australia develop a method of comparing its performance against other similar countries, so that it is better able to assess where it stands and how it could improve.

In order to address these issues, the Government has committed to a number of new research initiatives.

Sustainable Research Excellence in Universities

	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	4 yr total \$m
Sustainable research excellence in Universities	31	121	161	201	512

This will see an increase in funding for the indirect costs of research, currently funded through the Research Infrastructure Block Grants (RIBGs). Additional funding through this initiative will take total support provided to universities by the Australian Government to meet the indirect costs of competitive research grants from about 20 cents in the competitive research dollar in 2009, to about 30 cents in 2011, and over time to approach 50 cents in the competitive dollar. In return for extra funding universities will become more accountable and funding will better reflect performance. This will ensure resources are allocated rationally and used efficiently.

Joint Research Engagement

Existing funding from the Institutional Grants Scheme (IGS) will be redirected into this new program, which aims to give greater emphasis to end-user research by encouraging and supporting collaborative research activities between universities, industries and end users, beyond those supported by the Sustainable Research Excellence in Universities scheme. The two initiatives will work in parallel, and Joint Research Engagement will support engagement with end-users, which is fundamental to the innovation system, and will increase research collaboration, an area in which Australia performs poorly by international standards.

Collaborative Research Networks

	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	4 yr total \$m
Collaborative Research Networks	0	10	21	21	52

The establishment of Collaborative Research Networks (CRN) is intended to encourage institutions, particularly those in regional Australia, to form partnerships with universities with already established research strengths, as is relevant to their own missions and profile. The benefits of this initiative include supporting efficiency in utilisation of research resources, enabling mobility both for staff and students, enhancing technological capabilities and reducing the fragmentation of research effort between institutions.

Excellence in Research for Australia

	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	4 yr total \$m
Excellence in Research for Australia	14	10	6	6	36

The Excellence in Research for Australia (ERA) framework will assess the nation's performance both across discipline areas across the country and against international benchmarks. It will provide a solid evidence base for assessing performance and will provide a framework for negotiating performance targets.

Transforming Australia's Tertiary Education Infrastructure

Transforming Australia's Tertiary Education Infrastructure

World leading infrastructure is critical to world leading teaching, learning and research. Investment in university teaching and research infrastructure is a priority for the Government.

This Budget delivers a range of initiatives to renew and transform critical infrastructure in our universities.

The Education Investment Fund (EIF) is one of three Nation Building funds and is a major component of the Government's Education Revolution. The role of the EIF is to build a modern, productive, internationally competitive Australian economy by supporting world leading, strategically focused capital infrastructure investments that will transform Australian tertiary education and research. By investing in significant capital infrastructure, the EIF will transform Australia's knowledge generation and teaching capabilities, boost participation in tertiary education, position Australia to meet its skills needs, now and into the future and enhance Australia's innovation capacity.

In response to the global recession, in this Budget, the Government has fast-tracked investments from its three Nation Building Funds, including two funding rounds of the EIF, leading to over \$1.5 billion in major capital funding being committed. Universities will receive almost \$1.3 billion of the funding with the remaining funds allocated to other research providers and the vocational education and training sector. See Appendix 2 for further details on EIF Round 2.

The Government is announcing that an EIF Round 3 will be conducted in 2009 with successful projects announced in early 2010. \$500 million has been committed to the third round of the EIF, including \$200 million for the capital component of structural adjustment.

The Government will also undertake a special \$650 million Sustainability Round of the EIF. This funding for vocational education and training providers and higher education and research institutions is an opportunity to give immediate practical effect to sustainable design, energy and research. This will transform our tertiary campuses into 21st century environments that will not only play a key role in delivering a sustainable future through teaching and research but also act as demonstration sites for new and emerging technologies that can be tested at scale. The supplementary EIF Sustainability Round includes:

- \$400m for research infrastructure related to the Clean Energy Initiative; and
- \$250m for VET, higher education and research infrastructure related to climate change and sustainability activities.

As part of the Australian Government's commitment to creating and supporting the jobs of the future, the planned allocation of \$2.5 billion of funds into the Education Investment fund will be allocated to the groundbreaking Clean Energy Initiative.

This new initiative will place Australia at the forefront of the response to climate and drive research in clean energy.

A total of \$1.1 billion will also be provided for the Super Science Initiative which will provide funding for large-scale, nation-building projects allowing Australia to be at the forefront of the global research community. The \$901 million capital component of this will be funded from the EIF.

Education Investment Fund (total commitment 2008-2013)

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	Total \$m
Round 1	38	195	175	149	23	580
Teaching and Learning Capital Fund (Higher Education)	-	500	-	-	-	500
Round 2	40	387	327	161	19	934
Round 3	-	-	200	200	100	500
Sustainability Round, including the Clean Energy Initiative (research component)	-	100	200	200	150	650
Super Science	28	208	258	237	170	901
TOTAL	106	1,390	1,160	947	462	4,065

These initiatives substantially build upon the \$500 million Better Universities Renewal Fund (BURF) announced by the Government in the previous budget and the \$1.6 billion investments made in December 2008. This BURF investment provided immediate funding to support universities' capital investment in teaching, research and student amenities in priority areas including information and communications technology, laboratories, libraries and student study spaces and teaching spaces.

A central part of the December 2008 stimulus package built on this start by investing almost \$1.6 billion investment in university, Technical and Further Education (TAFE) and adult and community education infrastructure.

This investment is delivering \$1 billion to rebuild teaching and learning spaces at universities and TAFEs, as well as minor capital and repairs to infrastructure for the adult and community education sector. In addition, \$580 million was allocated to fund 11 major teaching and research infrastructure projects at Australian universities through the Education Investment Fund (EIF).

The significant commitment to invest in the infrastructure needs of our universities contrasts with that of the previous government which provided capital infrastructure grants through its education programs totalling approximately \$1.1 billion to universities in its 11 years in office.

In summary, the Australian Government is committing nearly \$3 billion in this Budget for tertiary sector and research infrastructure (Rounds 2, 3, a Sustainability Round and Super Science initiatives of the EIF). This is in addition to \$2.1 billion in capital investments already announced (ie. Better Universities Renewal Fund, Teaching and Learning Capital Funds for VET and universities; Round 1 of EIF). Committed EIF funding over 2008-13 is \$4.065 billion and a further \$1 billion for the sector is funded directly off budget.

A New Era of Quality in Australian Tertiary Education

A New Era of Quality in Australian Tertiary Education

As recommended by the Bradley Review, a central feature of the reform agenda will be an increased focus on quality. This will underpin our vision for Australia to be one of the most highly educated and skilled nations in the world. In a period of expansion, when higher education institutions are attracting students who have not traditionally considered going to university and student pathways are linked to funding, institutions will be required to demonstrate that their graduates have the capabilities that are required for successful engagement in today's complex world.

The new quality assurance arrangements will ensure that domestic and international students have better information about how our higher education institutions are performing and that taxpayers can see whether value for money is being delivered and the national interest is being well served. Our higher education institutions are experienced in measuring their research performance. They will become equally good at demonstrating students' academic performance and documenting what students learn, know and can do.

Building on Australia's reputation in tertiary education, this Budget ushers in a new era for quality, with the establishment of a national body for regulation and quality assurance. The Tertiary Education Quality and Standards Agency (TEQSA) will enhance the overall quality of the Australian higher education system. It will accredit providers, evaluate the performance of institutions and programs, encourage best practice, simplify current regulatory arrangements and provide greater national consistency.

TEQSA will take the lead in coordinating this work and establishing objective and comparative benchmarks of quality and performance. The agency will collect richer data and monitor performance in areas such as student selection, retention and exit standards, and graduate employment.

It will evaluate the performance of universities and other higher education providers every five years, or whenever there is evidence that standards are not being met. If problems are identified, TEQSA will be able to recommend sanctions up to and including withdrawing the right to use the title of 'University'.

Tertiary Education Quality and Standards Agency

	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	4 yr total \$m
Establishment of the Tertiary Education Quality and Standards Agency	10	13	14	20	57

TEQSA will be established in 2010. It will focus initially on regulation and quality assurance for higher education and, from 2013, will expand to encompass vocational education and training organisations. This will help drive greater interconnection and partnership between the VET and higher education sectors to give students the best opportunity to develop the skills required for the workforce of the future. The Government will allocate \$57 million over four years to TEQSA.

Importance of AUQA's expertise and knowledge

The new agency will be at the centre of a new standards-based quality assurance framework. The framework will establish minimum standards that higher education providers are required to meet in order to be registered and accredited, as well as academic standards.

The Australian Universities Quality Agency (AUQA) has been evaluating the quality of Australia's higher education institutions for eight years and is respected as an authority in Australia and internationally. TEQSA will build on the strong foundation established by AUQA and operate with an extended brief. Higher education providers will be evaluated by TEQSA every five years or whenever an evaluation is considered necessary to address an unacceptably high level of risk to quality or viability.

In response to one of the issues that AUQA has identified, a range of sanctions, proportionate to identified deficiencies, will be available for higher education providers that do not measure up against standards.

As well as institution-specific audits, the new agency will also carry out audits that focus on particular areas of risk for the higher education system. For example, the agency might target providers operating in a geographic region, or offering a particular program of study.

Australia has some excellent individual universities. These reforms will enable that excellence to be enhanced and to create the conditions for a truly excellent university system.

Consultation with the Sector and Stakeholders

Responsibility for quality assurance in higher education is currently shared between the Commonwealth Government, States and Territories and higher education institutions themselves. The Australian Government will be consulting extensively with states and territories and the sector to ensure that TEQSA is able to cut through some of the regulatory complexity and red tape that currently exists.

In our academic community it is widely accepted that the strategic importance of higher education to Australia's economic and social prosperity means it is vital to protect our reputation for quality. For at least 30 years, Australia's universities have been paying attention to course assessments, student evaluations, destination surveys, professional accreditation, external feedback and moderation.

Key to the success of the new quality assurance arrangements—and meaningful academic standards in particular—will be the active involvement of the academic community. It will be critical to strike the right balance to avoid generalisation or over prescription.

The Government will ensure that the new arrangements are developed in close consultation with the sector. Discipline communities will 'own' and take responsibility for implementing academic standards (working with professional bodies and other stakeholders where appropriate) within the academic traditions of collegiality, peer review, pre-eminence of disciplines and, importantly, academic autonomy.

Performance Funding

To ensure that Australia's reputation for quality remains high, the Government will introduce at-risk performance funding for universities from 2012.

The Government intends to hold higher education institutions accountable for the significant public investment in the sector. One of the main ways of doing this will be through the use of a new funding stream to ensure universities meet agreed attainment, participation, engagement and quality targets.

Establishing institution-level performance targets in areas such as teaching and learning and low SES progression recognises that every university has a role to play in improving outcomes for Australian students and communities.

In 2010 the Government will work with the higher education sector to develop a robust set of performance indicators. The indicators will include measures of success for equity groups as well as measures of the quality of teaching and learning.

Performance funding will be available from 2012. In 2011, there will be transitional arrangements in place. An amount equivalent in value to the increased indexation on learning and teaching grants will be available on a conditional basis in 2011 and paid as a facilitation payment for agreeing to the first year of institutional targets. This will be rolled in to the base in 2012 for those institutions that sign up to the new measures.

From 2012, those universities that meet agreed institution level performance targets will receive performance funding. The amount of funding available is roughly equivalent to 2.5 per cent of funding currently provided for teaching and learning, as recommended in the Bradley Review.

Performance Funding

	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	4 yr total \$m
Performance funding from 2012	-	-	69	138	206

This initiative is intended to ensure that universities target their efforts to improve outcomes for students. Funding will be distributed to institutions on the basis of their share of Commonwealth Grant Scheme funding. Unlike the previous Learning and Teaching Performance Fund, this will not be distributed on the basis of relative performance to allow all institutions to be rewarded for achieving improvements. It will create a strong incentive for universities to provide the best possible learning opportunities for their students and to invest the effort necessary to help under represented students achieve their further study goals.

There will be a set of clear institutional targets developed for each Table A provider and TEQSA will provide an independent assessment of whether the targets have been achieved.

Income Support for Students

Addendum: For the most recent information on the student income support system and entitlements, please visit www.deewr.gov.au/youthallowance.

Income Support for Students

The Bradley Review considered comprehensive reform to the student income support system to be of central importance to increasing the number of people who gain higher education qualifications. The Review identified that between 2001 and 2007, the number of Youth Allowance recipients in higher education assessed as dependants had fallen by 23 per cent and that the number of dependants living away from home for study had declined by 34 per cent.

The Review concluded that current income support arrangements for students do not adequately support the participation of students from low socio economic backgrounds. It also found that benefits are not going to the neediest students. The Review recommended urgent action to reform student income support.

The Government is introducing a package of significant reforms to student income support that responds to the Bradley Review. These are critical to meeting the Government's target of 20 per cent of higher education enrolments at undergraduate level being students from low socio economic backgrounds. The suite of measures outlined below is aimed at providing better support for those students in most need.

Parental Income Test

From 1 January 2010, the Parental Income Test (PIT) threshold for students applying for Youth Allowance (YA) or ABSTUDY will be increased from \$32,800 to \$42,559 per annum to align with the Family Tax Benefit-Part A (FTB) PIT. Current complex withdrawal arrangements for calculating benefits above the threshold will be replaced with the 20 per cent per family taper as applied under FTB arrangements. Legislative instruments will also be used to link the FTB and YA PIT thresholds to ensure consistency in future years.

The measure allows 67,800 students to move from FTB to the higher rate of payment available under student income support, with 34,600 existing recipients who currently receive a part payment receiving an increase in their payment level, often to the full payment rate.

Age of Independence

The current age of independence for Youth Allowance and ABSTUDY is 25 years. The Bradley Review found that the current age of independence is high by international standards and students and stakeholders claim that it is out of step with both community expectations and the criteria applied under other income support payments. This measure reduces the age of independence to 22 years, with phased implementation of the measure so that the age of independence would be reduced to 24 years in 2010 years, 23 years in 2011 and 22 years in 2012.

Students better supported will include 760 new recipients and 1,100 existing recipients receiving higher payments in 2010, increasing to 2,750 new recipients and 4,400 existing recipients in 2011, and to 7,600 new recipients and 12,100 existing recipients in 2012.

Addendum: For the most recent information on the student income support system and entitlements, please visit www.deewr.gov.au/youthallowance.

Workforce Participation Criteria

Current workforce participation criteria for Youth Allowance are complex and poorly targeted. Effective from 1 January 2010, the criterion for financial independence for Youth Allowance and ABSTUDY will be tightened, requiring that a young person has worked full time for a minimum of 30 hours a week for at least 18 months in a two-year period. This measure will ensure that resources for student income support are targeted to students genuinely in need of assistance. All existing student income support recipients will be 'grandfathered' so that no existing recipient would be disadvantaged by this change.

Personal Income Test

The package raises the personal income threshold from \$236 to \$400 per fortnight, so that students receiving income support payments will be able earn up to \$400 per fortnight without having their payments reduced. Additionally, the personal income threshold will now be indexed for the first time. Effective from 1 January 2011, the measure will assist approximately 61,480 Youth Allowance, Austudy or ABSTUDY recipients earning over \$236 per fortnight to keep more of their personal earnings for day-to-day living and study costs.

Masters by Coursework

The package extends income support eligibility to students enrolled in all masters by coursework programs. Other eligibility requirements would remain the same as for students enrolled in lower level courses. This measure ensures more equitable access to student income support, and recognises the value of masters level study for students from low-income backgrounds. It will also help to boost overall skill levels in Australia by encouraging people to undertake masters by coursework degrees, including those degrees required for professional entry.

Effective from 1 January 2012, the measure will benefit approximately 6,252 students in 2012-13 who are eligible for Youth Allowance, Austudy and Pensioner Education Supplement.

Student Start-Up Scholarship

A centrepiece of the reforms is a new scholarship, a Student Start-Up Scholarship of \$2,254 in 2010 and indexed thereafter, which will be provided as an entitlement to all university students receiving income support and those assisted under veterans' schemes. The allowance replaces the current Commonwealth Education Cost Scholarship (CECs). All existing CECs students will continue to receive scholarships under current arrangements.

The measure provides substantial assistance paid in two instalments at the commencement of each semester when students need it most. An estimated 173,300 students will have access to the Student Start-Up Scholarship by 2012-13.

Commonwealth Scholarships will continue in their current form for Indigenous students.

Addendum: For the most recent information on the student income support system and entitlements, please visit www.deewr.gov.au/youthallowance.

Relocation Scholarship

From 1 January 2010, a Relocation Scholarship will assist Youth Allowance and ABSTUDY students at university who are dependants who have to live away from the family home for study as well as independent students who are disadvantaged by personal and relationship circumstances. The Relocation Scholarship will provide \$4,000 for students in their first year at university and \$1,000 in each year thereafter and will be indexed. It will replace the Commonwealth Accommodation Scholarship (CAS) for new students, while existing CAS recipients will continue to receive scholarships under current arrangements.

In 2009-10, an additional 16,428 disadvantaged independent students and dependent students who need to leave home to study will be assisted with a Relocation Scholarship. By 2012-13, an estimated 28,700 students will receive the Relocation Scholarship. The Relocation Scholarship will extend to around 320 veterans' children.

Centrelink will administer both the Student Start-Up Scholarship and the Relocation Scholarship, with streamlined delivery to ensure the scholarships are paid close to the commencement of students' university courses.

Exempt Equity and Merit-Based Scholarships from Income Testing for the purposes of Student Income Support Payments

Scholarships have a key role in encouraging and assisting students from low income backgrounds to participate in higher education. Commencing 1 January 2010, equity and merit-based scholarships will now be exempt from means testing to the value of Commonwealth Scholarships, which in 2009 is \$6,622 per year. Scholarship amounts in excess of the capped value would continue to be assessed as income against the existing criteria. This ensures all students receiving scholarships provided by universities and philanthropic bodies receive similar treatment. An estimated 3,500 students will now receive a higher payment.

Australian Postgraduate Award Stipend Increase

The current Australian Postgraduate Award (APA) stipend is below the poverty line. This initiative will increase the stipend to \$22,500 per annum, which will help to attract more high quality Higher Degree by Research (HDR) students, which in turn will boost the number of research-trained postgraduates to enter the academic labour market.

Addendum: For the most recent information on the student income support system and entitlements, please visit www.deewr.gov.au/youthallowance.

APA Stipend increase

	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	4 yr total \$m
APA stipend increase	6	12	14	20	52

Overseas Study Opportunities

The Bradley Review highlighted the benefits, to students personally and the wider community, of Australian students having the opportunity to do some of their study overseas. Overseas study can provide students with valuable language skills and cultural understanding and help them to develop personal networks that will benefit them as members of the global workforce.

OS-HELP loans provide cash payments to eligible undergraduate Commonwealth supported students to assist them to undertake this life-changing opportunity as part of the study towards their Australian higher education qualification overseas.

The Government will remove the loan fee for new OS-HELP loans from 1 January 2010.

Removal of loan fee on OS-HELP loans

	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	4 yr total \$m
Remove the Loan Fee on OS-HELP Loans	2	5	5	6	17

The 20 per cent loan fee for OS-HELP has been a disincentive for students to apply for loans and has limited universities' efforts to encourage students to take up study abroad options.

Addendum: For the most recent information on the student income support system and entitlements, please visit www.deewr.gov.au/youthallowance.

A Fair Deal for Australia's Regions

A Fair Deal for Australia's Regions

Regional universities and campuses play a significant role in the economic and social fabric of their communities. The Bradley Review pointed to a number of challenges in the provision of higher education in regional and remote Australia.

Sustainable higher education provision which is responsive to the specific needs of regional Australia is essential to Australia's social and economic prosperity. Students who study in regional areas are much more likely to stay in those areas, providing a vital skilled workforce in the regions. Institutions have a vital role to play in local communities and economies and existing universities will be well placed to explore new opportunities presented by these reforms.

New models of educational delivery are likely to grow from partnerships and collaborations between universities, as well as with VET and other adult education providers. Finding sustainable solutions for regional higher education provision will also play an important role in achieving the Australian Government's participation and attainment targets.

Review of Regional Loading

The Bradley Review acknowledged the additional costs of providing quality higher education in regional Australia. The existing regional loading provides extra funding to assist higher education providers with regional campuses to meet the additional costs associated with operating them. It recognises to some extent the unique contribution regional campuses make to their local communities and the higher costs faced by providers because of their location, size and history. However, it is not sufficiently well targeted to meet the needs of regional Australia for high quality higher education. The Australian Government will examine the cost of providing quality teaching and research in regional Australia and a new, more logical basis for funding will be developed.

Structural Adjustment Funding

During the transition period to the student centred funding system the current funding floor for universities will be maintained, providing institutions with funding certainty. This transition period will also provide an opportunity for institutions to consider their strategic direction and focus their activities and missions to achieve long-term sustainability.

To support continuing transformation in the sector, \$400 million will be provided over four years for structural adjustment. This includes \$200 million for the capital component of structural adjustment provided through the third round of the EIF. The Structural Adjustment Fund will be available to all regional and metropolitan higher education providers and will enable institutions to develop diverse missions.

Structural Adjustment

	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	4 yr total \$m
New funding for structural adjustment	10	22	45	61	138
Capital component funding from EIF					200
Funding from discontinued Diversity and Structural Adjustment Fund					64
Total funding for structural adjustment					402

This funding will promote long term sustainability in the sector by assisting universities in making strategic decisions about their future mission and possible ways to enhance their place in the new higher education environment. It will replace the existing Diversity and Structural Adjustment Fund, and will support broader strategic and capital projects.

In particular, the new fund will lay the ground work for the provision of more sustainable higher education in regional areas ahead of decisions being taken on a better model of longer term funding for regional delivery.

The higher education sector will need time to adjust to the new post-Bradley environment. The Government will undertake further work throughout 2009 to better identify the issues facing regional provision, taking account of changes in the operating environment, including the impact of the move to a demand driven system. The Government will consult with the sector in undertaking this further work.

Feasibility Study—Charles Sturt University and Southern Cross University

As part of the Government's approach to encourage more sustainable, diverse and collaborative entities, the Government is supporting a feasibility study to explore how Charles Sturt University and Southern Cross University might come together to improve provision for students and for regional communities. \$2 million has been allocated for the study.

Improving Tertiary Pathways

Improving Tertiary Pathways

The vocational education sector is a vital contributor to the development of a skilled workforce. It has the capacity to respond quickly to employers' labour and skill needs, provide access and opportunity to the tertiary sector for millions of Australians, and contribute—through skills training and partnerships with business—to the nation's productivity and, ultimately, prosperity.

A Single Ministerial Council

The Government has set out an ambitious target to raise the proportion of young people achieving Year 12 or an equivalent qualification to 90 per cent by 2015 and announced an ambition to enrol and complete an additional 217,000 students at bachelor level or above by 2025, equating to 40 per cent of all 25 to 34 year olds.

To enhance this interconnection we need an education system that is less fragmented and easier for students to navigate. It should be straight forward for students to enter post-school education and move between vocational and higher education as appropriate to enhance their skills and qualifications.

Australia's VET and higher education systems have their own particular purposes. The direct connection between our vocation education system with the requirements of industry is the envy of the western world, while our higher education system prides itself on graduating citizens capable of leading the world in their areas of expertise.

Tertiary education in Australia should be a continuum of delivery, with better connections between sectors in both directions while avoiding one sector subsuming the other.

To make this happen, the Government will establish the Ministerial Council for Tertiary Education and Employment (MCTEE), with responsibility for higher education, vocational education and training, international education, adult and community education, the Australian Qualifications Framework, employment and broader youth policy.

The new Ministerial Council will focus the resources of states, territories and the Commonwealth Government on making sure that our shared investment in tertiary education is well directed and that young Australians are able to move through our education system with the recognition and credit that they deserve.

The Australian Qualifications Council

The Government will commission the Australian Qualifications Framework Council to improve the articulation and connectivity between the higher education and vocational education and training. This work will ensure that competency-based and merit-based systems talk to and value each other and that we improve pathways and movements between sectors.

Expanding the Ambit of Skills Australia

In these challenging economic times it is important to recognise the interconnectivity of the global economy. Skills needs and opportunities do not recognise neat educational boundaries. The Government has therefore asked Skills Australia to expand its focus and ensure that its skills forecasting activities are not constrained by artificial boundaries relating to whether a worker is educated and trained in the vocational or higher education sector.

Skills Australia, the Government's industry advisory body, will have a combined focus on employment and lifelong learning and emphasise the national focus on high level skills, positioning Australian to meet the challenges of the future.

Renewing TAFE infrastructure

The Australian Government is investing more than an additional \$710 million in public VET and Adult and Community Education infrastructure.

In expanding the scope of the EIF to vocational education and training providers the Government recognised that the renewal of the sector's infrastructure is vital to its continuing contribution to the development of a skilled workforce.

Vocational education and training providers will receive \$132 million of funding as a result of EIF Round 2 (see Appendix 2 for further details).

Teaching and Learning Capital Fund (TLCF) for Vocational Education and Training (VET)

The TLCF (VET) will inject \$500 million into public skills and training infrastructure to secure economic activity, assist in addressing the impacts of the economic downturn and increase the capacity of the training sector over the longer term to meet 21st century skills needs.

The \$500 million available under the TLCF (VET) will be distributed through the following elements focusing on modernising and improving the quality of teaching and learning across the VET sector.

- **Better TAFE Facilities:** \$200 million is available under this element of the program, from which all TAFEs across Australia will be eligible to receive funding of \$2 million to \$8 million to help address immediate maintenance needs, small capital works and equipment and plant purchase.
- **Training Infrastructure Investment for Tomorrow:** The \$200 million in funding available under this program element is for the development or upgrade of infrastructure, plant and equipment to skill Australians for the future. Under this program element, eligible applicants are able to apply for competitive grants of up to \$10 million to adjust to the emerging training needs of the local economies in which they operate, and to enhance the capacity of the training system to meet industry's emerging requirements for skills for sustainability.
- **Investing in Community Education:** \$100 million is available for community education and training providers to develop or enhance infrastructure which will allow them to maximise VET delivery or facilitate expansion into VET delivery.

Vocational Education Broadband Network

The Government is committing \$81.9 million over 3 years to fund the Vocational Education Broadband Network that will provide a high speed broadband network for the Australian training system. This initiative will underpin increased flexibility in the place and pace of learning and offer speedy access to resources no matter where they are located.

The Vocational Education Broadband Network will complement the National Broadband Network and extend the Digital Education Revolution to the training sector.

The results of the initiative will be most significant over the long term, as it will transform the way training is delivered. It will enable structural change and enhance the capacity and flexibility of the training sector.

The Australian Government will work closely with states and territories in relation to the implementation of this initiative.

A New
Relationship
between
Government and
Educators

A New Relationship between Government and Educators

The transformational reforms outlined by Government will mark the start of a new relationship between Government and higher education institutions. It will be based on mutual respect, trust and shared goals to improve students' educational experiences and outcomes.

The Australian Government will introduce mission-based compacts that outline the relationship between the Commonwealth and each university. Rather than bureaucratic red tape and micro-managing of inputs, the Australian Government will work in partnership with universities but define clear and consistent targets for improvement and reform which will trigger reward payments.

Compacts will be in two parts, one covering teaching and learning and the other covering research. The Minister for Innovation, Industry, Science and Research will be responsible for the research elements and the Minister for Education will be responsible for the teaching and learning elements. The two Departments will jointly develop with each university a compact reflecting a whole-of-university mission and a coordinated response to the Government's reform agenda.

The reforms being introduced to higher education require a new relationship between Government and universities which recognises the value of institutional autonomy while promoting excellence, supporting growth and maintaining international competitiveness.

Compacts will facilitate alignment of institutional activity with national priorities. They will also be used to help set performance targets for each institution in relation to quality, attainment and participation by students from under-represented groups.

Consultations on the framework for compact development will occur in 2009. These will include close consultation with the sector on appropriate tools and indicators to measure performance at institutional level.

Appendices

APPENDIX 1

Summary of budget initiatives

Initiative	Description	Funding 2009-10 to 2012-13 \$m
Funding to support the low SES participation targets	In 2010 funding to support the low SES participation targets will be about 2 per cent of teaching and learning grants, and will increase to about 3 per cent in 2011. By 2012, equity funding will be broadly in line with the recommendation of the Bradley Review to increase it to 4 per cent of teaching and learning grants.	108
– Partnerships	– Partnerships activities	325
– Student loading	– Student loading	
	The funding will support the government's ambition to increase higher education enrolments of students from a low socio economic background to 20 per cent by 2020. This includes \$394 million new funds, plus existing Equity Support Program funding.	
Demand driven entitlement system for domestic higher education students	Public funding will be provided for each undergraduate student eligible for a university place. Universities will continue to set their own entry standards, including entry requirements such as pre-requisite subjects, and make strategic decisions about course provision and their ultimate size.	491
Higher Education Loan Program (HELP) repayment reduction for education and nursing	Repayments for the Higher Education Loan Program (HELP) for eligible education and nursing graduates will be reduced if they work in a teaching or nursing profession. This proposal is aimed at addressing the skills shortages in both professions.	83
Increase in the maximum annual student contribution amount for education and nursing	The maximum annual student contribution amount for education and nursing will be increased, providing a direct increase in revenue to institutions offering these vital courses.	33
Indexation	Revised indexation for higher education funding will be introduced from 2012, with transitional arrangements for teaching and learning in 2011. The increase in indexation will provide funding security and certainty for institutions to support improved student-to-staff ratios and greater student engagement.	578
Sustainable Research Excellence in Universities	Increase in funding for the indirect costs of research, currently funded through the Research Infrastructure Block Grants (RIBGs). This will ensure resources are allocated rationally and used efficiently.	512
Joint Research Engagement	Replaces the Institutional Grants Scheme to encourage and support engagement with the end users of research.	-

Collaborative Research Networks	Networks to encourage institutions, particularly those in regional Australia, to form partnerships with universities with already established research strengths, relevant to their mission and profile.	52
Excellence in Research for Australia (ERA)	Funding will be provided for establishment of a framework for Excellence in Research for Australia (ERA).	36
Education Investment Fund	Australia's tertiary education and research sectors will benefit from a capital injection from the Education Investment Fund (EIF).	2,985
National body for regulation and quality assurance	The national agency will be established from 2010 to underpin a robust quality assurance framework for Australian higher education, and to drive improved standards of teaching and learning for students.	57
Performance funding	From 2012, new performance funding will reward institutions that meet agreed targets in key areas such as improving the quality of teaching and learning and the outcomes for students from low socio economic backgrounds.	206
New arrangements for student income support	Provides comprehensive changes to the student income support system to remove the financial barriers to the participation of students from low socio economic backgrounds and Indigenous students. This supports the Government's ambition to increase higher education enrolments of students from a low socio economic background to 20 per cent by 2020.	-
Postgraduate Research Student Support	Raises the stipend in the Australian Postgraduate Award to \$22,500 from 2010.	52
Removal of the OS-HELP loan fee	The loan fee on OS-HELP Loans will be removed in 2010. This will encourage Australian students to study overseas during their higher education courses, enhancing their student experience and learning outcomes.	17
Structural Adjustment Fund	Funding will be provided to support significant structural change across the sector, which could include the creation of new models of higher education institutions and collaborations between higher education and vocational education and training providers. Total funding of \$400m includes \$64 million from the existing Diversity and Structural Adjustment Fund, and \$200 million for the capital components of structural adjustment to be funded from the EIF.	402
Savings measures		
Learning and Teaching Performance Fund	This program will be discontinued. Performance funding will provide incentives for institutions to improve learning and teaching quality.	-324
Workplace Productivity Program	This program will be discontinued.	-78

APPENDIX 2

Education Investment Fund successful Round 2 projects

Higher Education Teaching and Learning

Gateway @ COFA at the University of New South Wales—\$48 million

Gateway@COFA will transform art and design education in Australia. The flexible, digitally-equipped facilities will build teaching capacity while facilitating leadership in creativity and innovation for students, professionals, the community and the global knowledge economy. This redevelopment will include new and refitted teaching space, a large experimentation/installation gallery, a learning commons, and a dramatic new building façade linking the campus to its surrounding inner-Sydney streetscape.

Leadership in Advanced Surgical Education at Macquarie University—\$16.638 million

This project will transform aspects of post-specialisation medical training in Australia as well as providing cutting-edge facilities for Macquarie's allied health students. The funding will provide additional facilities for the Australian School of Advanced Medicine (ASAM) including training facilities for microvascular neurosurgery, a patient simulation centre and integrated audiovisual and information technologies.

National Life Sciences Hub (NaLSH): An Integrated Science Hub in Food Security, Plant and Animal Health for Inland Australia at Charles Sturt University—\$34 million

The National Life Sciences Hub will address skill shortages in agriculture and related life science disciplines, boost education and research capacity in rural New South Wales and improve links with schools and TAFEs. The interdisciplinary Hub will include a Life Sciences Teaching and Learning Complex, a Life Sciences Collaborative Research Complex, a Glasshouse Complex, Controlled-Environment Facilities, an Integrated Field Laboratory and the largest and most sophisticated Rhizolysimeter in the world, which will be used for cutting-edge bioinformatics research.

La Trobe University Rural Health School at La Trobe University—\$59.6 million

La Trobe will construct three facilities: the Health Sciences Facility at La Trobe's Bendigo Campus, the Clinical Teaching Facility co-located with the Monash School of Rural Health on the site of Bendigo Hospital, and student accommodation for students undertaking clinical placements at Wodonga, Shepparton, Echuca, Swan Hill and Bendigo. This project will create significant educational, social and economic value through a sustainable program that increases higher education participation rates in northern Victoria.

Science and Engineering Precinct at University of Ballarat—\$39.97 million

The University of Ballarat will rebuild its Science and Engineering precinct to establish a world-class regional learning, teaching and research facility. The new three storey building will enable science and engineering disciplines to collaborate and interact in a new multi-disciplinary environment. The facility will accommodate staff, students and researchers from the University's mining, engineering and environmental science disciplines.

Transforming Graduate Learning Spaces—A New Delivery Model for Professional Education in Australia at the University of Melbourne—\$16.278 million

This project will allow the University of Melbourne to fast track a major program of capital works to transform existing traditional teaching facilities into world class, new-generation, twenty-first century professional learning spaces. These changes will be complemented by the development of a Learning Environment Spatial Laboratory, a centre focussed directly on the development of new-generation learning facilities across all educational sectors and disciplines.

Advanced Engineering Building at the University of Queensland—\$50 million

This project will position the University of Queensland's engineering programs at the forefront of national and international teaching capability. It will transform engineering education by using world-first multi-purpose, active learning spaces to integrate research, postgraduate training and undergraduate teaching.

Science and Technology Precinct at Queensland University of Technology—\$75 million

The Science and Technology Precinct will be a national focal point for renewal and growth of the science, technology, engineering and mathematics disciplines. The Precinct, which includes two multi-storey buildings for teaching and related facilities, will provide contemporary, flexible spaces that encourage interdisciplinary learning in a collaborative setting.

Engineering Pavilion at Curtin University of Technology—\$20.5 million

This student-focused learning centre will bring together in one interactive environment students from all disciplines of Engineering studies and facilitate transformational approaches to teaching and learning. The centre will be composed of two building wings located around an exhibition plaza with an open studio style that facilitates peer learning and combines laboratories, amenities, and areas for interaction into a suite of integrated spaces.

Establishment of the Australian Centre for Indigenous Knowledge and Education at Charles Darwin University—\$30.65 million

Charles Darwin University (CDU) and the Batchelor Institute for Indigenous Tertiary Education will jointly deliver the Australian Centre for Indigenous Knowledge and Education. The Centre is a unique, collaborative venture that will transform teaching, learning, and research outcomes for Indigenous Australians. The Centre will include a new multistorey building on the Casuarina Campus of CDU which will incorporate an IT-enabled Literacy Laboratory, shared teaching spaces, Indigenous support

and advisory staff front counters, gallery space, and student accommodation. The project also includes the purchase of two new Mobile Adult Learning Units to facilitate face-to-face instruction in remote communities.

Stage 2 of the ANU Science Transformation: The Chemical Sciences Hub at the Australian National University—\$90 million

The Chemical Sciences Hub will raise the standard of education and research in the enabling sciences and will enable a significant increase in numbers of graduates with high-quality experimental skills. The building will house the physical chemistry, biological chemistry and synthetic chemistry laboratories and will include eight wet laboratories for undergraduate students across the chemistry and bioscience disciplines, 150 seat and 50 seat flexible learning spaces, outdoor teaching areas and smaller group rooms.

Vocational Education and Training (VET)

Skillsets for a Low Carbon Economy Centre—\$5 million

The Skillsets for a Low Carbon Economy Centre will be a purpose-built training centre that focuses on carbon efficiency and assists businesses across a range of local industries to manage their carbon reductions. It will feature cutting edge teaching and learning equipment for research and will deliver courses from Certificates II through to IV in Electrotechnology, Engineering, Horticulture, Agriculture, Automotive Services and Construction.

Heavy Vehicle Facilities at TAFE NSW Western Institute—\$9.69 million

The Western Institute's Heavy Vehicle Training Centre will transform the heavy vehicle industry in Western New South Wales. The Centre will increase industry involvement across the region and enable the delivery of a wider range of much needed services to the transport industry.

Macarthur Building Skills Centre at TAFE NSW South Western Sydney Institute—\$9.9 million

The Macarthur Building Skills Centre will make a significant contribution to current and emerging labour market needs and regional economic growth in the South Western Sydney region. The Institute will purchase and refurbish a building that will house a specialist facility for emerging areas of construction, advanced manufacturing including toolmaking and machining, and specialist engineering services.

Rural VET Infrastructure to Ensure Social Inclusion, Sustainable Land Use, Lower Carbon Agriculture, and Efficient Water Use at Tocal College—\$5.5 million

Tocal College's Rural VET Infrastructure project will substantially address skills shortages in the agriculture and land management workforces and provide expanded training opportunities to students from isolated and remote rural communities. This project will upgrade VET training spaces, enhance short-stay accommodation facilities, upgrade residential facilities, and improve both physical access and IT infrastructure.

Shellharbour Campus Children's Services Training Facility at TAFE NSW Illawarra Institute—\$6.5 million

The Shellharbour Campus Children's Services Training Facility will be a purpose-built facility that will transform the Illawarra Institute's capacity to deliver training in early childhood development. The new state-of-the-art facilities will allow the Institute to deliver training based on the current standards used in the child care industry and incorporate new teaching and learning technologies. It will ensure that students can work in a simulated work environment and participate in actual work placement while on campus.

Silverwater Learning Centre at Energy Australia—\$25 million

The Learning Centre will be home to the Energy Efficiency Centre: an interactive educational facility designed to educate students, builders and the public about the possibilities and benefits of 'building green'. The project will enhance the capacity of EnergyAustralia to conduct research and training that will support the implementation of new initiatives in the power industry.

Sustainable Hydraulic Trade Centre at TAFE NSW Sydney Institute—\$6.439 million

The TAFE NSW Sydney Institute will establish a Sustainable Hydraulic Trade Centre for plumbing and related building trades which will develop green skills and model green technologies in areas of identified skills need. Funding will be used to redesign and refurbish an existing building to provide significantly enhanced training capacity.

Chadstone Campus Development at Central Gippsland Institute of TAFE (GippsTAFE)—\$16.15 million

GippsTAFE will construct three new buildings and refurbish existing facilities to supply training for the energy, gas, telecommunications and safety industries. This project will establish a world-class 21st century training and education facility in an area of identified skills need.

Manufacturing Technology Training Centre at University of Ballarat—\$18.091 million

The Manufacturing Technology Training Centre will provide modern training facilities, both expanding and enhancing the University of Ballarat's delivery of courses in emerging manufacturing technologies. The introduction of state-of-the-art learning technology will address an area of skills shortage within the region, by providing job-ready graduates who are familiar with current industry practice.

New Facility for Childhood Development, Vocational College, and Related Services at Holmesglen Institute of TAFE—\$16.8 million

This new building will house specialised teaching facilities to cater for unmet student demand for training in children's and community services, as well as a Vocational College to provide alternative pathways for at-risk school students.

Training Facilities for the ‘Traditional Trades’ in Echuca at Bendigo Regional Institute of TAFE—\$5 million

Bendigo Regional Institute of TAFE will construct a purpose-built building on its existing Echuca campus that will facilitate up-to-date teaching practices. The facilities will be used for training in electrotechnology, automotive, engineering, construction and plumbing.

Mobile Trades School Training Facilities at Industries Services Training Pty Ltd—\$7.89 million

The Mobile Traditional Trades Training Facility presents an opportunity to invest in innovative trades training delivery in the Northern Territory. Industries Services Training will equip two road-trains as mobile trades school to deliver training in a range of national skill shortage areas, including accredited courses from Certificate II to IV and vehicle and plant licensing programs. The industry sectors to be covered by the mobile trades schools include civil and general construction, mining, transport and logistics, and oil and gas.

Research

Australian Institute for Innovation Materials (AIIM)—Processing and Devices at University of Wollongong—\$43.8 million

The University of Wollongong will construct and equip a state-of-the-art building next to the University's existing Australian Institute for Innovative Materials (AIIM) at its Innovation Campus at Fairy Meadow, NSW. This facility will transform multifunctional materials research and commercialisation by taking existing and emerging fundamental research beyond the scale-up and proof-of-concept stage.

Building the Sydney Institute of Marine Science into a World Class Marine Research Facility in support of Australia's National Research Priorities at Sydney Institute of Marine Science—\$19.5 million

This project will support a major enhancement and upgrade of SIMS' facilities in order to build it into a world class marine research facility. By bringing together New South Wales' leading marine scientists at one collaborative site, this project will maximise the efficient use of resources for research on Australia's critical coastal environments. All existing infrastructure will be enhanced across five main areas: research aquarium and seawater facilities, laboratories, administration and accommodation, research training facilities, and research infrastructure.

Centre of Climate Change and Energy Research at University of Western Sydney—\$40.0 million

The University of Western Sydney will establish the Centre for Climate Change and Energy Research (CCCER) at the Hawkesbury campus, which will provide empirical data to assess the impact of climate change on Australia's land and water resources and assist the nation to adapt to a carbon-constrained economy.

National Centre for Synchrotron Science: Outreach and Research Support Facilities at Australian Synchrotron—\$36.78 million

The Australian Synchrotron is the nation's single largest scientific user facility; providing a broad range of scientific, engineering and medical researchers with world's-best analytical facilities. Funding for this two storey building will enable the Synchrotron to better meet the needs of researchers currently using the synchrotron, as well as enabling the expansion of the synchrotron through additional beamlines.

The Centre for Neural Engineering at the University of Melbourne—\$17.515 million

The Centre for Neural Engineering will comprise three infrastructure components: fit-out and engineering research equipment for an Engineering node and Directorate, neuroscience research equipment for a Neuroscience node, and a new building for a Data Centre equipped with data storage equipment, cooling and data backup capabilities. The project will enable researchers to collaboratively study biological neural networks to develop new ways to combat neurological diseases, such as epilepsy, and contribute to development of next generation biotechnologies and neural prostheses, such as the bionic eye.

The La Trobe Institute for Molecular Sciences at La Trobe University—\$64.1 million

The La Trobe Institute for Molecular Sciences (LIMS) will be a world-class facility for molecular science, biotechnology and nanotechnology research and research training. LIMS will align with the broader Northern Melbourne Science precinct and generate an economically significant biotechnology research and development hub in northern Melbourne.

QIMR Expansion at the Queensland Institute of Medical Research—\$55.0 million

The expansion of the Queensland Institute of Medical Research involves the construction of a new flagship 13 storey 23,000 m² building that includes ten dedicated floors of laboratory and research facilities and one floor for education/teaching/skills programs. The building will enhance recruitment of Australia's next generation of researchers and technicians and provide additional capacity for collaborative research.

Institute for Marine and Antarctic Studies at University of Tasmania—\$45.0 million

The University of Tasmania will construct an iconic building on Hobart's waterfront to house the Institute for Marine and Antarctic Studies. The facility is expected to create a critical mass of marine scientists in Hobart allowing collocation of research teams in a marine science precinct. It will build a platform for Australia's research in temperate water, Southern Ocean and Antarctic marine science.

APPENDIX 3

Bradley recommendations table

Rec	Recommendation	Status
1	That the Australian Government adopt the vision, strategic goals and principles for the higher education system set out in this report. (Chapter 1)	The Government's vision is outlined in this statement.
2	That the Australian Government set a national target of at least 40 per cent of 25- to 34-year-olds having attained a qualification at bachelor level or above by 2020. (Chapter 3.1)	The Government has announced an ambition to achieve these levels of attainment by 2025.
3	That the Australian Government commission work on the measurement of the socio-economic status of students in higher education with a view to moving from the current postcode methodology to one based on the individual circumstances of each student. (Chapter 3.2)	Supported. DEEWR will investigate the possibility of moving from proxy measures of socio-economic status to measures based on family and individual circumstance.
4	That the Australian Government set a national target that, by 2020, 20 per cent of higher education enrolments at undergraduate level are people from low socio-economic status backgrounds. (Chapter 3.2)	Supported. The Government has adopted this target.
5	That the Australian Government introduce the following package of reforms to the student income support system. (Chapter 3.3)	The Government has announced comprehensive new arrangements for income support.

Item	Nature of the reform
Parental Income Test threshold	Increase threshold for Parental Income Test to \$42,559, consistent with the value used for the Family Tax Benefit.
Parental Income Test indexation	Change the indexation rate to be consistent with the Family Tax Benefit index, a combination of the Consumer Price Index (CPI) and Male Total Average Weekly Earnings (MTAWE).
Parental Income Test taper rate	Change the taper rate for reduction in benefits for each child in the family on income support benefits to 20 per cent. Apply the new taper rate only once as is the case for the Family Tax Benefit rather than for every child in the family receiving benefits.
Personal Income Test threshold	Increase the personal income threshold for Youth Allowance and Austudy to \$400 per fortnight.

5	Personal Income Test indexation	Change the indexation of the personal income threshold from zero to a wage basis (for example, Male Total Average Weekly Earnings).	
	Age of independence	Reduce the age of independence for Austudy from 25 to 22 years.	
	Change to eligibility conditions for independence	Remove the workforce participation criteria for independence of: (a) working part-time for at least 15 hours per week for at least 2 years; and (b) earning a specified amount in an 18-month period since leaving school. Introduce 'grandfathering' arrangements for existing students who have already satisfied these criteria for independence.	
	Eligibility of masters coursework students	Extend eligibility for benefits to students enrolled in all masters by coursework programs.	
	Enhance the Commonwealth Scholarships program	Continue and enhance the Commonwealth Scholarships program by providing benefits to all eligible students on Austudy or Youth Allowance for education costs and accommodation costs (for those who need to leave home) and by transferring responsibility for the payment of benefits to Centrelink.	
6	That the Australian Government undertake a regular process of triennial review of the income support system to assess the overall effectiveness of the support payments in reducing financial barriers to participation of students in need. (Chapter 3.3)		Supported. The Government will refer this matter to the Henry Review, and will adopt a triennial review following this.
7	That the Australian Government require all accredited higher education providers to administer the Graduate Destination Survey, Course Experience Questionnaire and the Australasian Survey of Student Engagement from 2009 and report annually on the findings. (Chapter 3.4)		Supported in principle, currently being considered further.
8	That the Australian Government increase the total funding allocation for the Research Infrastructure Block Grants program by about \$300 million per year. This represents an increase from about 20 cents to 50 cents in the dollar for each dollar provided through competitive grants. (Chapter 3.5)		Supported. The Government is moving to this outcome over 5 years.
9	That the Australian Government commission research into future demand for, and supply of, people with higher degree by research (HDR) qualifications and that it increase the number of Research Training Scheme places on the basis of the findings of the research. (Chapter 3.5)		Supported. The Department of Innovation, Industry, Science and Research is undertaking research into the future demand for and supply of HDR qualified people to meet the needs of the academic workforce.
10	That the Australian Government increase the value of Australian Postgraduate Awards (APAs) to \$25,000 per year and increase the length of support to four years, as recommended by the National Innovation Review, to provide greater incentives for high-achieving graduates to consider a research career. (Chapter 3.5)		The value of APAs has been increased to \$22,500 per year in this budget.

11	That the regulatory and other functions of Australian Education International be separated, with the regulatory functions becoming the responsibility of an independent national regulatory body. (Chapter 3.6)	Agreed. To be progressed in conjunction with arrangements for the new Tertiary Education Quality and Standards Agency (TEQSA).
12	That the industry development responsibilities of Australian Education International be revised and be undertaken by an independent agency which is accountable to Commonwealth and state and territory governments and education providers. (Chapter 3.6)	Deferred pending further consideration.
13	That the Australian Government provide up to 1,000 tuition subsidy scholarships per year for international students in higher degree by research programs targeted to areas of skills shortage. The scholarships would give the recipients the benefit of being enrolled on the same basis as domestic students. (Chapter 3.6)	Deferred pending future consideration.
14	That higher education providers use a proportion of their international student income to match the Australian Government tuition scholarships by providing financial assistance for living expenses for international students in higher degrees by research. (Chapter 3.6)	This is a matter for individual higher education providers.
15	That the Australian Government liaise with states and territories to ensure consistent policies for school-fee waivers for the dependants of international research students in government-subsidised places and examine its visa arrangements to improve the conditions for spouse work visas. (Chapter 3.6)	To be referred to the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) for consideration.
16	That, after further consideration of current problems with regional provision, the Australian Government provide an additional \$80 million per year from 2012 in funding for sustainable higher education provision in regional areas to replace the existing regional loading. This should include funding to develop innovative local solutions through a range of flexible and collaborative delivery arrangements in partnership with other providers such as TAFE. (Chapter 3.7)	The Government has announced that the costs of providing teaching and research in regional Australia will be examined in order to implement a new and more logical basis for funding.
17	That the Australian Government commission a study to examine the feasibility of a new national university for regional areas and, if the study indicates that a new national regional university is feasible, the Australian Government provide appropriate funding for its establishment and operation. (Chapter 3.7)	The Government has agreed to provide \$2 million for a feasibility study into how Charles Sturt University and Southern Cross University might come together to provide enhanced services.
18	That the Australian Government initiate a process with key stakeholders to determine the needs of outer metropolitan and regional areas for higher education and the best ways to respond to those needs. (Chapter 3.7)	The costs of providing teaching and research in regional Australia will be examined in order to implement a new and more logical basis for funding.

19	<p>That the Australian Government adopt a framework for higher education accreditation, quality assurance and regulation featuring:</p> <ul style="list-style-type: none"> – accreditation of all providers based on their capacity to deliver on core requirements including: – an Australian Qualifications Framework with enhanced architecture and updated and more coherent descriptors of learning outcomes; – strengthened requirements for universities to carry out research in the fields in which they teach so that they can contribute fully to the knowledge economy and produce graduates who embody the distinctive value of teaching that is informed by research; – new quality assurance arrangements involving the development of standards and implementation of a transparent process for assuring the quality of learning outcomes across all providers of higher education; and – an independent national regulatory body responsible for regulating all types of tertiary education. In the higher education sector it would: <ul style="list-style-type: none"> – accredit new providers including new universities; – periodically reaccredit all providers including the existing universities on a cycle of up to 10 years depending on an assessment of risk; – carry out quality audits of all providers focused on the institution's academic standards and the processes for setting, monitoring and maintaining them. This would include auditing the adoption of outcomes and standards-based arrangements for assuring the quality of higher education; – register and audit providers for the purpose of legislation protecting overseas students studying in Australia and assuring the quality of their education; – provide advice to government on higher education issues referred to it or on its own initiative; and – supervise price capping arrangements in courses offered only on a full-fee basis where public subsidies do not apply. (Chapter 4.1) 	<p>The Tertiary Education Quality and Standards Agency (TEQSA) will be established in 2010.</p>
20	<p>That the Australian Government establish by 2010, after consultation with the states and territories, a national regulatory body to be responsible for:</p> <ul style="list-style-type: none"> – accrediting and reaccrediting all providers of higher education and accrediting their courses where the provider is not authorised to do so; – conducting regular quality audits of higher education providers; – providing advice on quality, effectiveness and efficiency; and – registering and auditing providers for the purposes of the <i>Education Services for Overseas Students (ESOS) Act 2000</i>. (Chapter 4.1) 	<p>TEQSA will be established in 2010.</p>
21	<p>That the Australian Government, after consultation with the states and territories, revise the processes for higher education accreditation and audit to provide for:</p> <ul style="list-style-type: none"> – periodic reaccreditation of all higher education providers on a cycle of up to 10 years by a national regulatory body with the authority to impose conditions on reaccreditation, to require follow-up action or to remove a provider's right to operate if necessary; and – a shorter-cycle quality audit focused on their academic standards and processes for setting, monitoring and maintaining them with the results to be publicly released and a process for follow-up on action required. (Chapter 4.1) 	<p>To be progressed through TEQSA.</p>

22	<p>That the Australian Government, after consultation with the states and territories, develop more rigorous criteria for accrediting universities and other higher education providers based around strengthening the link between teaching and research as a defining characteristic of university accreditation and reaccreditation. In particular, universities should be required to:</p> <ul style="list-style-type: none"> – deliver higher education qualifications including research higher degrees in at least three broad fields of education initially and a larger number over time; – undertake sufficient research in at least three broad fields initially and over time in all broad fields in which coursework degrees are offered; and – undertake sufficient research in all narrow fields in which research higher degrees are offered. (Chapter 4.1) 	To be progressed through TEQSA.
23	<p>That the Australian Government commission and appropriately fund work on the development of new quality assurance arrangements for higher education as part of the new framework set out in Recommendation 19. This would involve:</p> <ul style="list-style-type: none"> – a set of indicators and instruments to directly assess and compare learning outcomes; and – a set of formal statements of academic standards by discipline along with processes for applying those standards. (Chapter 4.1) 	To be progressed through TEQSA.
24	<p>That the Australian Government, in consultation with the states and territories, review the Australian Qualifications Framework to improve and clarify its structure and qualifications descriptions. Ongoing responsibility for a revised framework should rest with the national regulatory body. (Chapter 4.1)</p>	To be progressed through TEQSA. Work has already been commenced by the Australian Qualifications Framework Council.
25	<p>That the higher education financing system be designed around the following principles to:</p> <ul style="list-style-type: none"> – provide students with increased opportunities to decide for themselves what and where they will study through an entitlement; – maintain the existing income contingent loans schemes that overcome up-front barriers to study; – allocate government funding through an approach that is: <ul style="list-style-type: none"> - driven by student demand and so largely formula-based with fewer separate, small components of funding; - fair, transparent and as simple as possible to understand and administer while retaining the integrity of the policy framework; – reward providers for performance against agreed outcomes by containing a component which is based on achievement of targets; and – ensure that Australia remains competitive in the provision of higher education compared with other countries by: <ul style="list-style-type: none"> - providing adequate levels of funding for each of the core activities of teaching and research; - supporting growth in higher education participation as part of achieving attainment targets; and - preserving the real value of the government’s public investment in the sector over time. (Chapter 4.2) 	<p>Consistent with overall package of Government reforms, including:</p> <p>Demand-driven system</p> <p>TEQSA</p> <p>Performance funding from 2012</p> <p>Improved indexation arrangements</p> <p>Sustainable research excellence</p>
26	<p>That the Australian Government increase the base funding for teaching and learning in higher education by 10 per cent from 2010. (Chapter 4.2)</p>	Base funding is being improved through equity loading, tied performance funding, removing cross-subsidisation of research and improved indexation.

27	That the Australian Government maintain the future value of increased base funding for higher education by an indexation formula that is based on 90 per cent of the Labour Price Index (Professional) plus the Consumer Price Index with weightings of 75 per cent and 25 per cent respectively. (Chapter 4.2)	Supported. The Safety Net Adjustment (SNA) index will be replaced with a wage price index discounted by 10 per cent that is comparable to the Labour Price Index (Professional) as proposed by the review. The ABS has discontinued the Labour Price Index (Professional).
28	That the Australian Government commission an independent triennial review of the base funding levels for learning and teaching in higher education to ensure that funding levels remain internationally competitive and appropriate for the sector. (Chapter 4.2)	Supported. DEEWR will commission a study with a reporting date in 2011.
29	That the Australian Government introduce a demand-driven entitlement system for domestic higher education students, in which recognised providers are free to enrol as many eligible students as they wish in eligible higher education courses and receive corresponding government subsidies for those students. The arrangements would: <ul style="list-style-type: none"> – apply initially to undergraduate courses but then be extended to postgraduate coursework level courses subject to further work on the balance of public and private benefits at that level of study; – apply initially only to public universities (Table A providers under the <i>Higher Education Support Act 2003</i>), but would be extended to other approved providers when new regulatory arrangements are in place; – set no time or dollar limit on the value of the entitlement; – allow eligible providers to set their own entry standards, and determine which, and how many, students to enrol; – allow providers to change the mix of student load by discipline cluster in response to demand; and – allow the government to exclude a course of study from the demand-driven system if it wished to regulate student or graduate numbers. 	Supported. Student-focused system to be phased in through transitional arrangements in 2010 and 2011, with a fully demand-driven system operating from 2012 for Table A providers.
30	That the Australian Government regularly review the effectiveness of measures to improve higher education access and outcomes for Indigenous people in consultation with the Indigenous Higher Education Advisory Council. (Chapter 4.2)	Supported.
31	That the Australian Government increase the funding for the access and participation of under-represented groups of students to a level equivalent to 4 per cent of the total grants for teaching. This would be allocated through a new program for outreach activities and a loading paid to institutions enrolling students from low socio-economic backgrounds. Funding for the Disability Support Program would be increased to \$20 million per year. (Chapter 4.2)	Supported. In 2010 funding to support the low SES participation targets will be about 2 per cent of teaching and learning grants, and will increase to about 3 per cent in 2011. By 2012, equity funding will be broadly in line with the recommendation of the Bradley Review to increase it to 4 per cent of teaching and learning grants.

32	That the Australian Government quarantine 2.5 per cent of the total government funding for teaching and learning for each provider to be allocated on the basis of achievement against a set of institutional performance targets which would be negotiated annually. (Chapter 4.2)	Supported. A new performance funding pool will be available to Table A universities which achieve quality and other benchmarks from 2012. This will be worth about 2.5 per cent of current teaching and learning funding and will deliver approximately \$200 million in its first year.
33	That the Australian Government commission work on options for achieving a more rational and consistent sharing of costs between students and across discipline clusters in the context of triennial reviews of base funding for learning and teaching. (Chapter 4.2)	DEEWR will commission a study with reporting date in 2011.
34	That the Australian Government implement an approach to tuition fees in which maximum student contribution amounts (price caps) apply for any domestic undergraduate or coursework postgraduate students for whom the provider receives a public subsidy for their course. (Chapter 4.2)	Supported. The Government does not intend to remove price caps given this would expose Government to substantial financial cost, provide differential subsidies by institution and increase costs for students.
35	That the Australian Government implement an approach to tuition fees for domestic undergraduate students in which all providers are able to offer courses on a full-fee basis where public subsidies are not received for any students in that particular course. (Chapter 4.2)	Not supported at this time. The government will consult with private providers about their future role in a demand-driven system. The Government does not support fee-paying undergraduate places for domestic students at public universities.
36	That the Australian Government: <ul style="list-style-type: none"> – increase the maximum student contribution amount for nursing and education units of study for students commencing from 2010 to the band 1 rate; and – encourage people to enrol and work in nursing and teaching by reducing HELP debts for graduates who work in those professions by \$1,500 per annum for each of five years, at the same time as their HELP repayment requirements are forgiven to an equivalent amount. (Chapter 4.2) 	Supported. Government reform package includes provision to: <ul style="list-style-type: none"> increase the nursing and education student contribution to the band 1 rate for commencing students from 2010. Existing students will continue under current arrangements. HELP debt reduction for eligible nursing and education graduates who work in these professions after completing their degrees from semester 2, 2009.
37	That the Australian Government: <ul style="list-style-type: none"> – increase the loan fee for FEE-HELP for fee-paying undergraduate students to 25 per cent; and – remove the loan fee on OS-HELP loans to encourage more Australian students to undertake part of their studies overseas. (Chapter 4.2) 	The loan fee on OS-HELP loans will be removed as part of these reforms. The loan fee for FEE-HELP will not be increased.

38	That the Australian Government establish a new Structural Adjustment Fund amounting to about \$400 million in funding over a four-year period from 2009-10 to assist the sector to adapt to the reforms recommended in this report. (Chapter 4.2)	Supported. Funding for structural adjustment totalling \$400 million over 4 years will be provided. The funding includes \$200 million for capital components of structural adjustment, to be funded from the Education Investment Fund.
39	That the Australian Government provide funds to match new philanthropic donations received in the sector as a means of stimulating an additional revenue stream from this source with the cost capped per institution, and in total at \$200 million over three years. (Chapter 4.2)	Not supported at this time.
40	That Australian Government legislation and guidelines contain clear and objective criteria for determining access to different types of funding and assistance for higher education. These criteria should: <ul style="list-style-type: none"> – reflect the public nature of the purposes for which funding is provided; – ensure that funds for learning and teaching are directed only to institutions with the capacity to deliver courses of the requisite standard; and – ensure that funds for research and research training are directed only to those higher education institutions which are accredited and have appropriately qualified and suitable researchers and the capability to achieve an acceptable return on public investment. (Chapter 4.2) 	Supported, to be addressed through: <p>Legislative change</p> <p>Introduction of funding compacts</p> <p>Work of TEQSA</p>
41	That the Australian Government provide funds of \$130 million over four years towards the costs of implementing these reforms. (Chapter 4.2)	Not supported. The Government is providing structural adjustment funding.
42	That the Australian Government develop and implement an accountability framework for the new higher education funding system that is consistent with the broader funding, governance and regulatory framework. In particular it should: <ul style="list-style-type: none"> · place primary accountability for performance with the provider's governing body; · provide for accountability that is simple, clear and transparent where funding follows student demand; · reflect negotiated targets in relation to performance-based funding; and · ensure that accountability for other specific-purpose funding occurs under transparent guidelines and is administered through contracts in relation to each program. (Chapter 4.2) 	Supported, to be addressed through: <p>Legislative change</p> <p>Introduction of funding compacts</p> <p>Work of TEQSA</p>
43	That the Australian Government negotiate with the states and territories to expand the national regulatory and quality assurance agency (Recommendation 20) to cover the entire tertiary sector (including vocational education and training and higher education) and that the Australian Government assume full responsibility for the regulation of tertiary education and training in Australia by 2010. (Chapter 4.3)	The Government will work with states and territories to develop strong cohesive national regulatory arrangements for VET. This work will progress alongside arrangements for TEQSA.
44	That the Australian Government negotiate with the states and territories to introduce a tertiary entitlement funding model across higher education and vocational education and training (VET) commencing with the upper levels of VET (diplomas and advanced diplomas) and progressing to the other levels as soon as practicable. (Chapter 4.3)	Deferred pending future consideration.
45	That the Australian Government negotiate with the states and territories to extend income contingent loans to students enrolled in VET diplomas and advanced diplomas. (Chapter 4.3)	To be progressed through new Tertiary Education Ministerial Council (see recommendation 46).

46	<p>That the Australian Government and the governments of the states and territories agree to:</p> <ul style="list-style-type: none"> – establish a single ministerial council with responsibility for all tertiary education and training; – improve the scope and coordination of labour market intelligence so that it covers the whole tertiary sector and supports a more responsive and dynamic role for both vocational education and training and higher education; and – expand the purpose and role of the National Centre for Vocational Education Research (NCVER) so that it covers the whole tertiary sector. (Chapter 4.3) 	<p>The Australian Government will progress arrangements for a single tertiary sector Ministerial Council.</p> <p>Skills Australia will have its ambit expanded to cover labour market advice in the higher education sector. The purpose and role of the NCVER are currently under consideration.</p>
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