

ATN Universities Pre-Budget Submission 2025

29 January 2025

Key takeaways:

1. Recent policy reforms are foundational for a fairer and better planned tertiary education system.
2. Planned reform of higher education funding offers an opportunity to address inequities in the system and to reduce the burden on universities.
3. The nation needs better harmonisation of higher education and vocational education, and support for student mobility through education and industry.
4. Encouraging demand for Commonwealth-supported postgraduate study should be resourced to build advanced skills in national priority areas like health and IT.

The Australian Technology Network of Universities (ATN Universities) welcomes the opportunity to contribute to the Government's 2025-26 Budget. ATN Universities represent Australia's most industry-engaged institutions: Curtin University, Deakin University, RMIT University, The University of Newcastle, University of South Australia, and University of Technology Sydney.

Recent policy reforms are foundational for a fairer and better planned tertiary education system

ATN Universities welcomes the actions that the Australian Government has taken in recent months to progress key reforms identified during the Australian Universities Accord process. The establishment of an interim Australian Tertiary Education Commission (ATEC) marks a significant milestone in the realisation of a more cohesive and integrated tertiary education sector. ATEC's role as a central advisory and coordination body is essential to ensuring a unified approach to policy, funding, and strategic planning across higher education and vocational education and training (VET). The interim phase should enable iterative feedback and refinement of ATEC's design, enabled by a collaborative approach between government, universities and other stakeholders. This approach could provide a strong foundation for ATEC's broader mandate and constructive relationship with tertiary education institutions.

The introduction of a higher funding rate for FEE-FREE Uni Ready courses represents a critical step in reducing barriers to higher education. This initiative provides pathways to university study for students from diverse backgrounds, including those who may have missed out on traditional pathways due to socioeconomic, regional, or other challenges. ATN members Curtin University and the University of Newcastle are exemplars in providing these bridging courses: they provide flexibly delivered and free courses that enable students to access university study where they otherwise may not have.

info@atn.edu.au
www.atn.edu.au
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Further progress includes establishment of Commonwealth Prac Payments (CPP), a significant initial step in addressing the financial barriers faced by students undertaking compulsory placements. ATN's member universities enrol significant numbers of students who will be eligible for CPP (~24,000 nursing and teaching domestic students in 2023) and recognise that direct financial support enables greater participation from students from low socioeconomic backgrounds. While CPP is a welcome policy, it could be improved. We noted previously that the proposal that universities means test CPP payments may be burdensome and inefficient. We also understand that the payments will be subject to income tax. This risks being over-complicated for students, may discourage uptake, and diminishes the positive impact that this policy could have for addressing cost-of-living pressures for students training for essential public services. **CPP should be: extended to all fields with compulsory placements; an amount that meets students' needs; tax exempt.**

Reforming HELP loan indexation represents an important step towards making the system fairer for students and graduates. However, challenges remain for students navigating the rising costs of living during their studies. **The Government should undertake a review of student financial support with the goal of establishing a system in which no student faces financial barriers to completing their studies.**

Planned reform of higher education funding offers an opportunity to address inequities in the system and to reduce the burden on universities

The Accord found that “the current funding model does not provide for sufficient fully funded growth in enrolments to meet the nation’s skills needs, with growth occurring in unplanned and unmanaged ways”. In response to this, the new Needs-Based Funding (NBF) model has been outlined with a funding envelope set out in 2024-25 MYEFO, and the Managed Growth Funding (MGF) model is set to begin in 2027 following a transition year in 2026. More design work and information are required to enable universities to carry out scenario planning about the future impacts of the new model on their operations.

Consultation and design of NBF and MGF need to be conducted urgently to ensure better resourcing to support students with higher needs and to provide certainty for institutions to plan future activities. Consultation and policy design work is needed to develop a future funding model that is coherent and fair. Student contributions should be equitable, and funding should reflect the full cost of providing high quality education. **The Government should take the opportunity in establishing MGF and NBF to reform the Job-Ready Graduates package (JRG) and address issues that were identified by the Universities Accord.**

Development of the future NBF model based on close consultation with the sector and sound financial analysis is needed as a priority. ATN Universities is committed to working with government to ensure that the new funding system works for all stakeholders. **We also recommend that the Government identify ways of reducing the growing cost of compliance and regulatory requirements to promote efficiency and to ensure that new policy developments do not compound the existing burden.**

The nation needs better harmonisation of higher education and vocational education, and support for student mobility through education and industry

The Accord found that “pathways between vocational education and training and higher education are currently fragmented and misaligned, making navigation across sectors very difficult”. It suggested that the new ATEC should be tasked with acting as a coordinating body. This reform is essential to address the growing demand for adaptable, multi-skilled workers in industries undergoing rapid transformation. Progress on this front would enable students to build on their prior qualifications, pursue lifelong learning opportunities, and respond to emerging skill demands.

ATEC should be resourced to urgently explore structural reforms that facilitate co-designed pathways, harmonise frameworks for credit and incentivise partnerships between universities and VET providers, as well as explore how professional accreditation can be overseen and managed. ATN member universities are exemplars for industry engagement, and demonstrate how pathways through and between the two sub-sectors can be supported in practice. Our members welcome the opportunity to work with ATEC on this very important initiative.

Encouraging demand for Commonwealth-supported postgraduate study should be resourced to build advanced skills in national priority areas like health and IT

The Accord found that Australia is experiencing serious and sustained skills shortages in critical industries. Many occupations that require postgraduate qualifications, or which have a high proportion of postgraduate qualified workers, are also in shortage across the country. This includes medical practitioners, teachers and specialist engineers, professions which are predicted to be among Australia’s fastest growing occupations in the future, and are essential for national growth, economic stability, and the wellbeing of society. As leaders in industry-engaged education, ATN member universities are uniquely positioned to address these priorities. ATN member universities educated over 18,000 postgraduate coursework students in education, IT, engineering and health in 2023.

The Accord recommended expanding Commonwealth Supported Places (CSPs) in such national priority areas. We propose that, in addition to increasing supply of CSPs, domestic students should be encouraged to undertake postgraduate courses in areas of critical need, such as healthcare, teaching and engineering. This could include initiatives in outreach and access to support the pipeline of Australians through postgraduate study. This approach supports broader government strategies like the National Skills Agreement, ensuring that education policy aligns with Australia’s long-term workforce and economic goals.

ATN Universities is committed to continued work with Government to co-create workable solutions.

Further enquiries should be addressed to:
Dr Ant Bagshaw, Executive Director
Australian Technology Network of Universities
info@atn.edu.au