



THE FUTURE OF THE UNIVERSITY SECTOR POST COVID-19

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The future of the university sector post COVID-19?

Executive summary

Australia, like the rest of the world, is at the start of a fundamentally challenging decade. Unfortunately, our universities have, to date, been excluded from playing a key role in solving the challenges that make this decade so confronting. Instead, the university sector has been caught in a destructive relationship breakdown with the government, without support from either the business sector or the wider community.

Like other sectors, universities have had their business model massively disrupted by the COVID-19 pandemic of the last two years. Critically, this has included the suspension of the international education market, which in the past has provided universities with a large income source that they could invest in their chosen strategic budget priorities.

With Australia gradually reopening, other sectors have been making plans to move beyond the challenge of the pandemic. The university sector, however, does not as yet have a clear, shared vision of whether its challenges will pass, or whether the pandemic has exposed more fundamental issues in its business model that need to be addressed.

As two former senior public servants with strong ties to the university sector, we believe that the profound changes universities need to make will not be addressed without determined action. To explore what these changes might be, we interviewed more than 20 leaders from the university, government and business sectors over the summer of 2021/22 and analysed their responses.

We found that sector leaders are distressed by the destructive rhetoric used by some senior government figures, and those politicians' clear sense that any hostility they display towards the university sector does not play badly in the electorate. While not defending this unhelpful politicking, we do suggest that universities need to rewin the support of the Australian community. To achieve this will require a covenant between universities and their communities, one that is based on attention to, and services the needs of, students, local populations, economies and ecologies. This will not only deliver better results in education, in research and in engagement, but will also remove the latitude for political hostility toward the sector.

To build this covenant, we suggest prioritising a few key areas.

- Focusing on the student experience with a new mixed-mode educational normalcy, and more attention on student wellbeing and social inclusion, to address the needs of students impacted by two years of isolation.
- Rebuilding the offer to, and the experience of, international students so they can more successfully integrate into student life, which will also benefit domestic students.
- Reconstructing the career pathway for junior academics, including an emphasis on teaching as a career, and reducing reliance on casualisation as a labour management strategy.
- Stepping into a skills agenda for national economic growth by working with the vocational education and training (VET) sector and business to rethink the contribution universities can make to skills-based growth.
- Demonstrating that research agendas can also contribute to economic recovery by partnering with local businesses and communities to create opportunities and tackle challenges.

- Revisiting the arguments for diversity within the sector – from institutes of technology to comprehensive research universities to key regional institutions – with a mission to work on local priorities (knowing that many have global significance).

An outcome of all of these strategies will be more productive government relationships that have been reinforced by building stronger alliances with communities and the business sector.

Background

The COVID-19 pandemic has had a major impact on the Australian university sector, as it has had on many others. By suspending Australia's largest service sector export market, the international education market, it has destabilised the university sector's business model and radically reduced its revenue. It has also reduced the most precious kind of revenue, that which universities can direct to their own priorities and have historically used to top up research funding.

This financial impact has precipitated large-scale job losses, including among young academics, and escalated already-strained political relationships between government and universities. Commentators and participants in the university ecosystem have all observed a gulf emerging between the sector and government, unfortunately at a time of major challenge.

There is a sense of a low ebb, an ennui arising both from hostile relations and a belief that damage is being done and opportunities missed. One senior informant summed up his feelings by declaring that 'one thing you cannot do is to describe this as (just) a communication problem'. Others, normally more measured, stated openly their shock at the degree to which some senior members of the government appear confident that it plays well politically to be openly dismissive and disrespectful of the sector. References to 'fat and lazy' universities still reverberate.

The project

The authors of this report are former senior public servants who have worked closely with governments of both major political parties and are also closely involved with the university sector. One is a deputy vice-chancellor, and the other was, until six years ago, the senior official responsible for higher education, research and international education in the Commonwealth Department of Education.

The starting point for this paper was a shared recognition of the level of distress and anger throughout the university sector, and agreement that the problem is indeed more than just about better 'communication'. Despite real and pressing issues in need of solutions, the sector seems unable to break through and shift the policy discussion to more positive ground.

All of that said, there is an inevitable truth that progress in such conflict situations does require renewed communication efforts, and new and different conversations. While universities may feel justified in their affront at politicians' rhetoric, they also need to consider how they have contributed to reinforcing negative perceptions of the sector. As such, it is worth exploring what alternative topics have the greatest chance of shifting discussion to a more positive place, and of offering a way forward.

Method

This is not a research paper, but rather a contribution to policy and strategy discussion. Nonetheless, we followed some of the precepts of qualitative research approaches. We recognise the university sector as a policy system that is characterised by the ongoing relationships of system participants, who may contest views while also recognising the terrain on which they engage. In many ways, the questions that define the ongoing discussions and arguments they collectively pursue can come to define what is stable about their system. All participants can find it hard to shift the conversation to new ground because they share some degree of interest in not doing so. They own the discussion, and new ideas are not always welcome (Sabatier 1988).

Our approach was to interview senior participants from across the university sector policy system, all of whom had a deep knowledge of, and important perspectives on, the sector. We approached 23 possible interviewees, including 10 vice-chancellors, 3 senior public servants, 2 leaders from the business community, 3 retired vice-chancellors, 3 former senior public servants now involved in leadership positions in the sector, 1 senior politician and 1 senior higher education media specialist. Of these, 18 agreed to be interviewed, 3 nominated an alternative representative from their organisation and 2 were not available.

Through open-ended, unstructured interviews covering both the context and the main issues confronting the sector, we sought comment on the challenges to, and opportunities for, the core business of universities, namely:

- post-school education
- university-based research and
- community engagement.

Interviews also addressed the recovery and future shape of international education in Australia.

In each of the sections of this paper, we start by reporting on the interviews conducted and move on to offering our analysis and recommended ways forward. We have attempted to report faithfully the views of interviewees. Responsibility for the analysis and recommended ways forward sits with the paper's authors.

The current political environment

What interviewees had to say

The reflections of most interviewees started with the question: is there a real problem here? The broad consensus is that there is a problem, although there are differences as to the nature of the challenge facing the sector. Most interviewees began by discussing the recent collapse of income from international students due to the closure of borders to combat the pandemic, and Australia's relatively 'flatfooted' response compared to competing higher education markets, such as in the UK.

Senior public servants had the view that the challenges facing the sector are temporary, and that the downturn in the international student market will self-correct reasonably quickly. The one-off assistance package from government in 2021 was apparently based on the same assumption, of a return to business as usual for universities. This was criticised by university leaders, although others we interviewed judge many universities to be behaving as if they actually share this analysis.

One interviewee had recently made a detailed analysis of the finances of 10 institutions in the face of the COVID-19 disruption. In his view, universities are largely making easily accessible cost savings and drawing on their balance sheets to weather a downturn in income that they apparently regard as temporary. However, he believes this to be a brittle strategy because the assets on which they are relying – e.g. debt-financed student accommodation and equities – were at the time deteriorating in value. Thus, any failure by the international student market to return quickly to former levels represents a significant problem.

Other interviewees criticised this assumption and some went further to argue that there is a deeper problem in the financial model for universities. Not only has this problem been exposed by the COVID-19 disruption to university income, but it is also then foolishly denied by the assumption of a quick return to pre-existing business.

These interviewees moved on to critique a failure to deliver sustainable policy reform in the decade prior to the pandemic, and to the unstated ‘deal’ regarding international student revenue. Under this implicit deal, revenue from international students would make up for underfunding in research, with an understanding that no one would question the sustainability of that revenue stream, so long as it kept on coming. Some were also outraged that, with the international student funding stream now ceased, governments have switched to questioning the basis of an activity they had supported for several decades because it allegedly suited the purpose of a structural correction to research funding.

One point of common sentiment is the view that the current government’s Job Ready Graduate policy has failed, including against its own goals. This is supported by Mark Warburton (2021), who has published a detailed analysis arguing that the maths did not work and would not sustain the present student load in Australian universities. Other interviewees made the point that the incentives created by the policy can be at odds with its ostensible purpose. Universities operating above their funded student cap, for example, have a greater incentive to enrol additional Arts students who, under the policy, pay a larger share of the cost of their courses. Thus, in several universities the policy has had the effect of encouraging the enrolment of students, the funding for whom the government has cut in order to reduce their numbers.

Interviewees also stressed the urgency for universities to address the structural problems in their business models. University-based interviewees tended to blame government for failing to deliver sustainable policy and financial settings. Government-based interviewees either blamed universities for failing to back government efforts at policy reform or to make changes themselves.

Efficiency issues with both university administration and the funding ecosystem were also highlighted. One relative newcomer to the sector shared some ‘outsider’ observations, which included questioning why academics do not get some management training when they are promoted to senior levels as other professional career streams now do. University committee structures do not seem to be designed with a clear governance or management purpose, while research funding processes lack time-saving shortlisting procedures. Furthermore, sector regulators ‘do not appear modern’, imposing high-cost regulation that is layered on top of the requirements of professional bodies, and of other government programs and those built into the funding system.

Some in business and government have suggested that universities have opportunities to raise revenue through commercialisation. University-based interviewees all related tales of pursuing such opportunities, even chasing capital offshore due to a lack of Australian investors. One university leader speculated on a new direction, that of direct capital raising, which would require entirely new

skillsets to implement. Overall, however, university leaders soberly pointed out that income from commercialisation only produces a small percentage of operating revenue, even at the powerhouse Ivy League institutions in the United States (reportedly 1% of Stanford University's income).

In the face of all of this contention, there is a tendency among university interviewees to locate the problem, or at least a significant share of it, in the ease with which universities seem able to be dismissed without political cost by senior government representatives. There is widespread awareness of disrespectful statements about universities and their leaders, unhelpful interventions regarding international students impacted by the pandemic, and a relentless pursuit of the 'culture war issue'.

There is also a view held by some in government and in the business community that universities have brought all of this acrimony on themselves by being both out of touch and indulged, a critique also articulated by some within the sector who are otherwise supportive of it. One interviewee stated that he had little sympathy with 'this sort of distraction tactic from some government spokespeople', but was a bit frustrated that the universities did not restrain their tendency to 'take the bait' and prosecute 'woke' agendas.

Analysis and recommended ways forward

There are several challenges woven together in these starting point comments from interviewees, including the question of how to handle the caustic commentary and lack of constructive engagement from some in government, all of which is felt so keenly by leaders in the sector. Behind this is the question of how deep is it necessary to go to identify policy, funding and regulatory system fault lines that need to be changed so that universities can be their best and Australia can get the best from its universities. There is an even deeper set of questions about the degree to which universities are successfully engaged with constituents whose support they need to turn around the negativity and lack of engagement that all these challenges seem to be attracting.

As we have noted, we are not sympathetic to or apologists for culture war rhetoric or disrespectful commentary aimed at the university sector. We have also noted that this is, to an extent, a symptom of the underlying isolation of universities not just from government but also from business and civil society, indeed from Australian communities. The 'high ground' of disdain for such commentary is likely a lonely place. Rather, we advocate engagement both with the issues and with all those sectors involved.

The remainder of this paper reports on the insights offered by our interviewees in relation to these issues and offers suggested ways forward in three areas – student experience, a new skills agenda, and research for recovery – and in bringing the ideas together as a new covenant with Australian communities.

Three areas of action

1. Student experience – domestic and international

What interviewees had to say

Nearly all those we interviewed talked about the importance of our universities' role in education and how crucial it is to attend to its continual rejuvenation. Many made the point that the disruption caused by the pandemic has left the sector with major work to do, while others expressed the hope that universities can learn from the educational innovation of the last two years and not default to prior modes of learning. One interviewee, from a university with a history in distance education and the use of learning technology, described this time as a 'moment for deliberate advances in pedagogic method'.

However, all agreed that pursuing these opportunities must be combined with deliberate efforts to address the isolation experienced by many 2020 and 2021 first- and second-year students, as well as the widespread feelings of anxiety, depression and alienation. One interviewee framed this work as 're-winning' the trust, not just of the students but of their families. Interestingly, however, few articulated specific ideas or proposals to advance these agendas.

A final theme from the interviews regarding the education mission of universities was the poor treatment of junior academics during the sector's immediate response to the pandemic, which saw significant labour shedding in Australian universities. Several interviewees were disturbed that the easiest targets of these staff cuts were untenured young academics, while often costly corporate structures were left relatively untouched.

Some interviewees linked this to a trend that preceded the pandemic towards the casualisation of the junior academic workforce, a trend that builds on the history of a career in academia being seen as a relatively tough option for bright young people. As one interviewee put it: 'We are punishing people who want a career as a university educator'. According to this interviewee there has also been poor planning and no articulated, viable pathway for careers, little or no training in education and an undervaluing of specialist educator roles.

International students

There was much discussion about the economic problem created by the collapse of the international education market, but not much about the impact on international students themselves.

Unexpectedly, non-university-based interviewees were more likely to reflect critically on problems in the pre-existing international student model.

Some vice-chancellors did comment on the poor experience of international students as being a pre-existing problem, noting the degree of isolation and separation into their own national groups experienced by many of these students on campus. A powerful example offered was the view that international students' English language capability often declines while on campuses in Australia, because they mainly mix with groups of their own compatriots.

Several interviewees did recognise that healthy market recovery will require a significantly improved student experience, as recommended in current national strategy (Department of Education, Skills and Employment 2021). To succeed, this will need to be underpinned by university action that strengthens the wellbeing and social inclusion of this cohort (Anderson 2021; 2022).

There was some recognition that many domestic students and their families do not relish the large numbers of international students on campuses and that politicians are picking up on this sentiment.

Non-university interviewees reflected this with greater clarity, even claiming that the isolation experienced by international students was a result of the hostility they felt to their presence.

There was widespread commentary that universities have not sold the benefits of international student participation either to other students or to the Australian community. As one interviewee put it: 'We have not made the point that many courses in regional universities would simply not be available to local students if it were not for the international students also taking [those courses].'

Finally, there were a few policy suggestions offered to address some of the concerns regarding both the need to improve the international and domestic student experience while rebuilding the international education market. Several interviewees recommended introducing caps for certain classes on the places that could be filled by international students. Another suggested that universities be required to spend a certain proportion of fee revenue from international students on programs to enhance the experience of all students. This interviewee argued that such an explicit investment would aid in market recovery, at least partly paying for itself.

Analysis and recommended ways forward

A starting point is an immediate investment within the sector in rethinking the student experience. There are a number of elements to this, but in particular a recognition that students are more diverse than the relatively privileged participants in higher education of bygone years. There is a pressing need to salvage something positive from 2020 and 2021, and what can only be described as a dreadful student experience as COVID-19 and its associated lockdowns impacted on campus life and learning. It also includes, however, an affirmative agenda to harness the learnings from online study over these two years and reflect on what works and what does not in the psychosocial support of students.

Over the last two years student wellbeing has been impacted by their isolation from peers and campus services. This has particularly been the case for international students who were stranded by closed borders. The Australian University Mental Health Framework recommends an enhanced focus on prevention and early intervention (Orygen, 2020; Productivity Commission 2020). Particular attention is needed to ensure that services are accessible to diverse student communities including equity cohorts. Key to this is strengthening the social connectedness of students for Indigenous students and students from rural communities and low socio-economic status backgrounds. This will reduce psychosocial risk which is a known risk factor for poor mental health. Addressing social isolation will additionally improve the campus experience, addressing concerns in international markets about the social isolation of international students.

A focus on students has to include a re-imagining of the international student experience at Australian universities to ensure that they and their domestic peers are offered a better, and shared, educational and community life. These international students will one day constitute the professional classes, business leaders and government officials who will run the economies and governments of our region. They are a good network for Australian graduates to have!

To achieve this, interviewees suggested limiting the transfer of cash from international education to research so as to ensure more is reinvested in the student experience (both international and domestic).

We would strongly endorse those interviewees who linked the failure by university leaders to prioritise the student experience both to the loss of trust in universities by Australian families, and to the clear sense among some politicians inclined to take 'shots' at the sector that this would play well with the electorate. A concerted effort placed high on the agenda of all in the sector to remake the

student experience (domestic and international) as a central characteristic of Australian universities will pay big dividends, including improved community support.

2. Skills and the agenda for economic recovery

What interviewees had to say

There is a general view that improved coherence between the higher education and VET systems is needed, and an acknowledgment that the business world and government want to see this happen. A couple of interviewees had deep knowledge and expertise in this area (one a current and one a retired vice-chancellor of dual sector universities).

The interviewee who had recently co-authored an important report (Bean & Dawkins 2021) on this subject had a clear agenda with specific proposals and was happy to be identified in relation to the findings and recommendations in his report. He and his co-author favour universities positively embracing a skills agenda, rather than eschewing such a step as not being consistent with the ideas of 'curriculum' and 'higher' learning. They advocate for reform of the Australian Qualifications Framework, for a national skills taxonomy and a unified credentials program to identify the present and emerging skills needed, and for enhancing industry engagement with learning through cadetships and work-integrated learning in both VET and higher education.

Despite this compelling case, it was once again notable how few specific ideas most university sector interviewees had regarding the interaction of VET and higher education, despite widespread recognition of the topic's importance. Several acknowledged this was because they lacked the expertise in what is quite a technical area. Interviewees from other sectors also rated this outcome highly but, similarly, did not offer specific proposals.

Another interviewee suggested a reframing of diversity and inclusion by focusing on skills, opportunities and place, rather than through the cultural reform of institutions and curriculum. Innovative approaches to tailoring educational offers to local communities, for example, has the potential to provide real opportunities for inviting a wider cross-section of people into tertiary education in ways that are of value to these communities and to job prospects. Thus, universities that directly engage in skills needs and the continuum of post-school education could greatly impact economic and social development in local communities.

Analysis and recommended ways forward

a) the skills agenda

The starting point is for universities to embrace the 'skills agenda'. It is bizarre that universities would eschew the notion of skills because of a concept dating to the 1980s that many in the VET sector are questioning and evolving themselves. The distinction between competencies as describable behaviours, and curriculum as knowledge and theory, is meaningless in the context of modern manufacturing, design industry or human services.

It should be noted that this will indeed be technical and challenging work, but rich in its return for universities, their students and the economy. Expertise from both sectors, respect for each sector's strengths, and collaboration are needed, not an arguably out-of-touch condescension to the notion that skills are somehow not university business.

Universities positioning themselves in this way also has the benefit of removing any basis for unfair comparisons between virtuous 'tradies' and useless 'Arts graduates'. Moving past unhelpful distinctions between VET skills and higher education is not only essential in terms of education

design, but also takes the force out of accusations that universities are out of touch with the needs of working Australians. It will directly reconnect universities both with local communities and with the business community, and make it harder for governments to ignore university claims on government.

It is also worth noting that the new language of 'skills' is palatable to many working Australians, indeed more so than the notion of 'productivity' ever was. Universities need to deal themselves into discussions about a new national skills agenda with the VET sector and business. In doing so, they can link centrally into key discussions around economic recovery and growth for the next generation, while also supporting the VET sector to revitalise, rather than defending outdated notions of 'competencies'.

b) international student visas

In the context of the role that skills will play in economic recovery, there is also an opportunity to remake and reinforce the international education sector. In the late 2000s, the then policy that granted permanent residence visas to international students graduating in Australia was abandoned. It was judged both to be too wide ranging and to undermine the educational integrity of the international offer from Australian universities.

With skills shortages now front of mind for both the regions and the industry sector, including in some highly skilled professions, it is arguably time to revisit the decision to exclude a linkage between the education of international students and the granting of visas. For targeted courses related to serious skills shortages involving high-value training, it seems timely to consider a new, more tightly defined visa policy. While this would not be inconsistent with some directions in the latest government policy in this space, it does go further (Department of Education, Skills and Employment 2021).

c) human adaptability for an uncertain future

Finally, in this key domain where universities position themselves as partners in Australia's economic recovery, their role with students also needs to be positioned as a priority. By refashioning their student experience in the aftermath of the pandemic, universities have the opportunity to contribute to our economic recovery by embracing a positive role in building human resilience.

This can be achieved by developing rounded, adaptable, skilled graduates who, in addition to their learning of knowledge and theory, are resilient and agile in the face of change. Graduates who are able to adapt their training and education despite continuous change and challenging times will be of enormous value to employers, communities and society over their working lives.

A chancellor with a prior career at senior government levels made the point, in arguing for specialist institutes of technology as a new tertiary education form, that he would want to see all graduates enriched with problem-solving, ethical decision-making and personal skills in courses designed for the 21st century. This is a germane point to tertiary education, across the board.

In brief, the universities' claim to contribute to plans for recovery has three dimensions:

- deep engagement in the skills agenda for recovery – nationally and in their local community
- a co-design role with other sectors in knowledge generation for growth – economically and socially, nationally and locally
- the education and development of graduates who are skilled and adaptable – and able to manage a constantly changing and challenging world.

3. Research for recovery

What interviewees had to say

The core function of universities about which interviewees were least optimistic was research funding. They were even more pessimistic regarding policy discussion about research.

Research funding is a polarising issue, with government and business more inclined to the view that investigator-driven research leads to low social or economic value for the community. One senior public servant we interviewed reinforced this perception with the comment that assessing the rate of return on public investment in research is only going to lead to lower rates of investment. This is because, by definition, success is not guaranteed and takes time, and so technical issues such as discounting the value of any return must be factored in.

Another interviewee pointed to the existence of a serious body of work on the various rationales for public investment in research: for example, in defraying the lower direct returns of basic research that underpin the more commercial research that follows, or on other 'spillovers' achieved or defrayed through public investment. The Productivity Commission published a significant and detailed report on this subject in 2007 (Productivity Commission 2007:444).

Vice-chancellors report hearing governments and business leaders talk up the value of how other countries, such as Germany and Israel, approach the commercialisation of research, and even claim to model their policies on those countries. A couple of interviewees made the point that a cursory comparison of the percentage of gross domestic product spent on research in those countries compared to Australia would disclose that any contrast in outcomes is more likely rooted in comparative investment levels. The relative dominance of the small and medium enterprise sector in Australia is also significant, as are cultural factors in the Australian business community and in the university sector.

Researchers continue to be angry about the underfunding of research relative to its true costs. One vice-chancellor, with a strong background in research policy, estimated the degree of underfunding of research approved as part of top-tier competitive processes to be \$6–8 billion. This tension escalates when divisive distinctions are raised between investigator-driven and commercially induced research, and between pure and applied research. Universities feel that these distinctions are almost always used in unhelpful ways, when much commercially successful and impactful research started as investigator initiated or as the product of speculative research.

Unfortunately, these distinctions have been hardened both in rhetoric and policy decisions. Part of the distress felt by university interviewees is their realisation that engaging in what they regard as simplistic rhetoric of this sort is being seen by government and business to resonate positively in the electorate. Other leaders in the sector bemoaned its failure to promote the significant benefits that public funding of key infrastructure brought to Australian research, education, infrastructure and economic activity. They had in mind such high-profile projects as Australia's Information and Communications Technology Research Centre of Excellence (formerly NICTA) and the Square Kilometre Array, both of which have Australian companies and communities involved in or benefitting from them and are highly marketable.

The sector's frustration with unhelpful rhetoric about the uselessness of investigator-driven, pure research is sharper in the context of the collapse of the 'deal' through which universities extracted surplus value from international students to fund the unsourced costs of research. The escalation of

government hostility, both to allegedly unproductive research and to the influx of international students, is felt by university leaders to be an unconscionable withdrawal from that deal. Others in the sector blame their own leaders for not predicting that such a deal, with its inherent vulnerability, would fail at some point.

A further underlying tension, within the university sector, is that the research funding system is based on competitive grants being topped up by a complex set of research loadings, supported by historical industrial arrangements that guaranteed academic staff two days a week to undertake research activity. There is widespread agreement both about the inadequacy of the loadings, and this non-accountable and expensive support for research time in academic industrial agreements, as clearly not every academic employed on a 40/40/20 arrangement is dedicating two days a week to productive, quality research.

Research-intensive universities are conscious that they are winners in the competition for grants but losers in respect to the other mechanisms that make up the gap in funding those grants. They are also conscious that any correction to the industrial arrangements in less research-intensive universities will lead to a redistribution of funding away from regional and metropolitan universities and towards them. This would not only serve to erode the high value those universities offer both to important local issues and to scholarship, education, research and community resourcing, but might also further erode the political defensibility of research funding.

Two interviewees suggested that the government could fund less research 'but fund it properly', a budget-neutral option that would reduce future dependence on an international education revenue. Both acknowledged, however, that it would be difficult to find methods to ensure that the smaller resulting research pool did not end up 'even more concentrated' or distributed 'even more thinly'.

Despite all of these issues, there was acknowledgment of governments getting it right. Several vice-chancellors reported that State and local government leaders are now showing a renewed interest in universities as part of their economic growth strategies after a long period of largely ignoring them. New South Wales university leaders were particularly enthusiastic that their State Government was explicitly seeking universities and TAFEs to partner with both them and the business community in the current economic recovery.

At the end of the series of interviews for this project, the Commonwealth announced the Commonwealth Economic Accelerator (1 February 2022, Department of Education, Skills and Employment 2021). Interviewees quite critical of other Commonwealth pronouncements and policies were positive about the opportunities this policy might present. One interviewee made the prescient point that not only did he regard this as a better policy instrument than recent efforts, it also created an opportunity for some at least in the sector to do work they highly value themselves and to do it with others whose positive engagement the sector desperately needs.

In the face of the generally pessimistic interviews regarding research policy and futures, there were a couple of interesting exceptions. One vice-chancellor argued strongly that it is possible to escape this pessimism precisely by 'leaning into some of the criticism' and rejecting the premise that high-quality research of theoretical note will not arise from tackling real-world problems. He believes that the issues faced by the sector are deeper than some unhelpful rhetoric from certain government and business leaders, but in fact go to a broken research funding model based on an overly competitive presumption. He argued that the research needed to address wickedly complex problems will require the collaboration of the best and brightest from several disciplines.

Many high-impact solutions to such complex problems have arisen from investigator-driven research agendas. He went on to argue that one key strategy is for universities to identify complex problems of importance to their local communities, and to induce their best researchers to offer collaborative research oriented to solving these issues. He rejected any notion that facilitating collaboration to address real-world problems necessarily involves compromising researcher initiative and investigator autonomy. He also maintained that the research good academics will produce in pursuit of these important issues will be of high level, publishable and well recognised.

Analysis and recommended ways forward

We would strongly endorse this approach of promoting investigator driven research that is highly focussed on real world problems articulated locally. Just as researchers might bristle at the notion that commercial and commissioned research is an inherently better investment, it is not sensible to suggest that investigator-driven research is not ever purpose driven or that the researchers are not passionately seeking impact. A good, contemporary example of this is the mRNA COVID-19 vaccines that arose from investigator-driven HIV clinical research (Dr Anthony Fauci, quoted in Haslett 2021).

Universities can facilitate a quest for purpose and translation to economic or social outcomes from research without inappropriately directing researcher initiative. The processes to achieve this may vary between research intensive universities and those less focused on research. For example, in an interview for a different project four years ago, the vice-chancellor of a regional university commented that he had enjoined his academic staff to ignore research rankings in favour of putting their research abilities to work in the service of inland economies, communities and ecologies (Griew et al. 2018). The researchers pursuing the holy grail of vaccine or cure for HIV at some of the most research-intensive institutes in the world are no less purpose driven.

To scale this research for Australia's recovery agenda will require revisiting another important issue: that of the diversity of universities, specifically the regulatory and funding barriers to greater differentiation of university missions, an agenda advanced in Professor Glyn Davis (2017). The opportunity is there for a university sector shaped by individual universities being much freer to differentiate their missions, including research-intensive, comprehensive institutions, universities of technology and design, and regional universities. Such a response would reflect the much greater diversity of aspiration among the modern student cohort (40% of young people) as compared to the 10% of young people who went to university with today's generation of senior academics and administrators.

It will require tackling the distinct and different research footprints of the various types of university, along with a reworking of some aspects of both regulatory and funding policy. The key to this view is that each distinct type of university offering is seen as inherently valuable, a direct assault on the notion of assigning worth on research status rankings alone.

It is useful in this context to contrast university policy with health policy. Australia has come to see the ability to attend university as a public entitlement, like Medicare. The danger is that this entitlement has led to a risky presumption: that, just as we expect a common standard of quality and safety from universal health and social services, we expect nothing more from higher education.

However, we need to seek diversity from our education institutions – in focus, scope, style, experience, community and, indeed, different kinds of excellence. This is unlike our core public health services where uniformity, at least in terms of quality and safety, is quite desirable. It is possible that, during the era of massification of higher education, the great Australian tradition of fairness and access has contributed to a tolerance, and even an unstated expectation, of sameness.

In summary, while acknowledging the complexity of the structural issues still impacting research funding, and the unhelpful simplicity of some of the distinctions people draw between investigator-driven and commercially oriented research, we argue that universities can take some initiative. We support the notion of pursuing research partnerships with, and agendas for, local communities in ways that bring the best in creativity and collaboration from the university's researchers, that respect autonomy and integrity, and that elicit world-class research with purpose.

Similarly, we argue that if universities themselves are allowed to diversify the benefits of this sort of approach can be taken to scale, with different manifestations in different universities and communities. Such an agenda is not simple, with regulatory, funding and policy dimensions requiring careful conversation about how to ensure valued outcomes from different institutions. It could, however, be an important enabler of better value for, and support from, Australian communities.

Bringing it together – A new covenant with Australian communities

Each of these three central areas that stand to place universities back in a constructive relationship with government, business and the Australian community also offer universities better avenues to steer their own destiny on the key challenges described at the start of this paper. Our final recommendation would be to frame this strategy in a recognisable way through the pursuit of a new covenant with Australian communities.

Building on a renewed focus around student experience leads directly to refreshing a central aspect of the current perceptions held by some Australian students and their families, which could be characterised as concerned and somewhat disillusioned. One of the acute observations of our interviewees was to describe a fracturing of trust in the motives and actions of Australian universities on the part of both families and the wider community.

It is clear from the interviews that many Australian families do not understand the rationale for the growth in the international education activity of universities, do not believe that it is a good thing for *their* student children, and do not trust the reasons given for universities pursuing such an agenda. As we have explained, university leaders themselves are reasonably frank that the drivers of this market are indeed part of an 'unstated deal', so Australian families are not unreasonable in their suspicions.

The loss of connection with communities could be actively addressed by active engagement in the skills agenda. This is topical in both popular and political discussion. There is an opportunity to place universities centrally in the economic recovery and growth planning to which communities and families relate. Success here will usefully require engaging constructively across the rest of the post-school education system.

For a long time, of course, many universities pursued relationships with their communities or with particular communities. However, all universities need a conscious and explicit strategy regarding who *their* communities are, and how they create and nurture their relationships with, and mandate from, those communities.

Australian universities urgently need a new covenant with Australian communities. Our analysis is that historically secure funding and a stable number of universities over decades have inured the sector to the risks to their mandate. However, with universities focused on transactional challenges in what has been a fairly stable environment, they may well be missing a more seismic shift in both government and public support for their special place in post-school education. The sector needs to

be aware that a loss of mandate from the public could foretell a disastrous remaking of their world, and that a new mandate from communities is essential.

Communities are much more likely to support universities that are seeking to fashion their business model around tackling challenges salient to the people, towns, economies and ecologies of their region. They will celebrate and defend universities that respond to the aspirations of their young people and the issues and challenges they confront. This alone is sufficient reason to support diversity in type among universities – from the research intensives, to regional universities, to those focused on technology, innovation and design, and beyond.

If universities are to pursue new business models that are aligned to the post-pandemic economy, and changed international, national and regional economies, they need to be unshackled from the assumed uniformity of a previous era. This will require new thinking within the sector. However, it will also require the reform of government regulations. Several interviewees made the point, and we agree with them, that regulatory constraints restrain universities from genuinely pursuing their specific value-add both to the communities they serve and to the higher education system.

Conclusion – The political positioning of the sector

We wish to finish where we started, with the reflection that we share the distress of many in the university sector that this is an inopportune time for there to be such a low ebb in relations with government. Our argument has been that while it would be possible (and even comforting) to rest on this point, and easy to construct a critique of some in government who have taken cheap shots at the sector, this is not an adequate response.

There is much to gain from looking more critically at where universities have arrived in terms of their relationship with communities, and their lack of an adequate explanation, justification or design of key parts of their business model. Remaking a covenant with Australian communities is also a powerful step to take in the reshaping of the sector's relationship with government. It both strengthens the sector's hand to be part of important national conversations and protects against negativity within and about universities.

There is a federal election imminent in Australia. This is a great moment to reposition the sector to build a more functional and productive relationship with whichever party is in government after the election. No government will give the sector everything it wants but being in a stronger and healthier relationship with government is a good start to maximising positive outcomes. Laying claim to serving communities, and to being supported by them, strengthens that agenda more than any other strategy.

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