

The Discord in the Accord

The Hon Andrew Fraser, Chancellor, Griffith University

Keynote Address to the Innovative Research Universities Conference

I choose to begin by acknowledging the traditional owners of these lands, the Jaggara and Turrbal peoples, and I acknowledge the truth of their original and enduring custodianship.

I also acknowledge that teaching and learning, the promulgation and passing of knowledge has been taking place on these lands for thousands of years.

The invitation to speak to you today at the commencement of your deliberations prompted me to reflect on our current circumstances, as universities of a certain age and in an uncertain policy context.

The median age of the universities represented in this room is 50. Here at Griffith, to which I add my welcome to you, we turn 50 in a couple of years' time, at the start of 2025. At that *arbitrary* time, we will be deemed – *equally arbitrarily* – to join some of you as officially no longer young.

While there is a Top 50 under 50, the taxing taxonomy of rankings permits no concept of the middling middle-aged university (not that I presume any of us would aspire to join that list...)

In Griffith's case, on the 5th March 2025 we will be a day older, but not old ... however that is the day we will be declared no longer young. One might observe in the context of acknowledging a history of some 65,000 years as I just did, this invented concept of what is young and what is old is exposed as being especially confected.

While we – at Griffith – are firmly in the self-examining, anticipatory anxiety of *'what does turning 50 mean?'* ... the universities that comprise the Innovative Research Universities – with a median age of 50 as I mentioned – can collectively trace their origins to a period of time in which Australia was eager to provide for increased opportunity for higher education. It was a time of prosperity that comprehended a requirement to invest in the future, in establishing new institutions, investing in the infrastructure to provide for individual opportunity and collective advancement. Taking that simple description, it was a time very different to our contemporary circumstances.

Today, given the opportunity to speak with you, I wanted to share some thoughts on the current policy process under the umbrella of the Accord, to examine our operating context, and to reflect on what we might do ...

suggest some must-do's and a couple of must not's that may help us find success in the policy process

and thus create success for the communities we serve

(... which is the point, after all, of why we exist and why we might concern ourselves with the sausage-making of public policy processes).

If you are in the column of *'if only Canberra would listen to us'* or *'we just need some politicians that get it'* then some of my observations today may be heard as a challenge. If you reside a little further up the self-actualisation curve with a view that *'we have a communications challenge and need to tell our story better'* then part of what I will suggest today may also confront that diagnosis, or at least advance a prognosis.

Most institutions that think they have a comms problem, or an image problem usually have a substantive problem. It may often be described as a comms or marketing problem for a long time before it is truly grasped. This is true of governments, and true of corporations, and true of causes. Examples abound. **One question for today is: do universities have a comms problem, or do we have a different problem?**

To give some perspective to this question, let me begin by a brief look back to the period of time that gave birth to this group of universities.

In economic terms, the 1960s were a golden era.

[slides from Century at a Glance Treasury document - decade high growth, decade high growth per capita, low inflation, low unemployment...]

There are quite a few policy makers in Martin Place and Langton Crescent today who would look at these stats and envy the beauty in the numbers.

Now the seeds of each decade are often sown well before, and what is worth noting here is that the 1960s - and broadly the post war boom - was a time of relative comfort, of benign and somewhat protected prosperity, and it was in that context the policy makers of the 1960s were legislating and funding new higher education institutions that were each of the IRU universities, or their predecessor entities.

Now our point in time circumstances in 2023 do not bear much semblance to the economic story of the sixties - growth is weaker, per capita growth is in fact in decline and inflation remains elevated albeit moderating. The scaffolding protections of the 1960s have fallen away,

we are a trading nation, enmeshed in an uncertain geopolitical context. Perhaps most relevantly our fiscal circumstances are very different to the period of time that saw the public investment that gave birth to the group of universities in this room.

Comparing our immediate economic dashboard with the breadth of a decade neatly framed in glorious hindsight is not an exercise that is likely to stand the test of time. But it is valid because it is now that we are engaged in the Accord process, and decisions about the Accord will be made in our current circumstances, not in the historical view of the broad sweep of the 2020s some decades hence.

From here I thought I would share with you what I would like to see, and what I think we will see; ... so what might be the outcome of all this earnest policy making that sits under the Accord? **In short, perhaps not much, or not as much as might be hoped.** Not nothing, but compared to the vaulting ambitions within the Accord and resident within many a higher education participant, perhaps not as much as hoped...

Or at least, not much in the near term.

A quick caveat, we have already seen a number of initiatives as the first tranche of response, which are notably positive overall - especially those reforms proposed at improving opportunity for indigenous students and at improving outcomes for those that

struggle at first to adapt to university (who are disproportionately from key equity demographics). Most importantly we have we have the portent of an unscrambling of the JRG which is as distortive as it is cynical. For politics, I would have scored the JRG highly, for policy: the opposite. It was superbly marketed through one frame, while really being cover for a material burden shift of costs to students overall, any to particular cohorts of students in particular.

But to return to my forecast, I don't think we should anticipate wholesale funding reform, and a new era of accord between higher education participants, institutions and policy makers.

I'm not offering this view today by way of indulgent commentary, I'm also not offering it in either spirited defence or searing critique of this predicted outcome. I'm advancing it because if this forecast holds, then I think we - collectively - need to ask ourselves some honest questions.

I anticipate this outcome not because the case for universities isn't normatively compelling or important, but because *relative to other demands* our case while **important** is not considered **urgent**. In the matrix of demands, that which is important but not urgent is deferred, that which is urgent but not important is denied, and thence that which is important *and* urgent is attended.

One of the curiosities of Australia is that we have, by global benchmarks:

1. An outstanding tertiary public health system, envied by many developed and developing countries alike
2. A world-class retirement incomes system, studied and envied by many
3. An innovative, but not unchallenged, national disability support system
4. An aged and not fit for purpose defence capability
5. An average, and declining education system

In contradistinction:

1. Our public discourse would hold that our health and hospitals system is in perpetual crisis and failing us all as citizens. The results say the opposite.
2. Our public discourse can also suggest that Australia's system of superannuation is a trojan horse for dismantling our economic structure and rendering great harm to our collective wealth as a nation, mostly by McCarthyist association.
3. The NDIS is appreciated in its still somewhat nascent form, albeit it remains in its evolution as a piece of public policy architecture as it seeks an equilibrium of demand and available supply

4. Until relative recently – and here I mean the last half decade or so – unlike most other developed nations, and perhaps due to our geography and modern history, we have exhibited no real anxiety about our defence capability, and once exhibited have yet to fully grasp the mantle.

5. But most pointedly, and relevantly: setting aside Naplan reportage, there is more of a theme of benign indifference to the performance of our education system, and at best an undercurrent of antipathy to universities.

It is into this policy milieu that we seek the promised lands of the Accord.

And it is into a fiscal context that is determinedly and deliberately tighter; one in which I hear the government talk to the need to invest in Medicare and aged care, into the growth demands of the NDIS, in defence capability and to engage in fiscal repair with rising (normalising) rates increasing the interest burden on government debt. The list, notably, does not include education, let alone universities.

Even this reductive, thumbnail sketch of the political economy of the Accord is enough – in my view – to attenuate expectations.

But before I pre-declare defeat, let me instead advance the case for what I hope could happen.

[The Case For:]

Australia is a lucky country. The original irony of that trope holds substantially true. We have exploited and exported natural wealth in our time as a federated nation, from a ride on the sheep's back through to a ride on the iron ore dragline.

Now and then we have grasped the policy mantle, and rendered change that has adapted the nation's economic structure and architecture to the world around and ahead of us. Another Accord, albeit a very different one, underpinned one of those periods.

We are almost certainly in a decade – right now – in which the navigation of the energy transition will be – in blunt terms – won or lost. We are in, or on the cusp of, a defining decade.

Taking climate change and the need to transition as the starting point (just as one takes gravity as inviolably true, one doesn't need to declare one's belief in gravity), we are long hydrocarbons in a shortening but presently spiky market.

We have a bit left to ride that natural endowment, to ride that luck, but then what?

To be sure, we have some of the best solar resources, and natural advantages for green hydrogen. Again, we are lucky in that regard...

But what is the play here? How do we provide for the prosperity that our urbanised and ageing population enjoys and expects?

We don't actually live in the bush with idealised notions of practicality and simple needs. We have prospered; moved to cities and urban environments; we have generated and distributed wealth. We are more likely to know or encounter a paid dog walker, a house cleaner, a yoga teacher or a gig-economy worker than a farmer or a farm-hand. Services account for more than 75% of GDP and more than 80% of jobs in the Australian economy.

Absent an ability to exploit endowed natural resources, what is our comparative advantage? What can underpin future prosperity? If we exploit much of our natural advantage once, what can we derive from that sell-down and invest into our future?

If we gain the rent from that endowment, how do we replenish or capitalise another endowment that can continue to deliver? Put another

way, as we derive the once-off profits from a store of hydrocarbons what is the way we can invest that return to endow the future, rather than just service a current need. How do we it 'pay it forward' as a nation?

I'm in the cart for the economics of education. The economic gain from education is not the (beta) aggregate of the increased earnings of those who have gained a higher education qualification, it is the advancement of knowledge, the capacity for advancement of society that is the alpha return.

In less esoteric terms, what is the one-off investment we should make as a nation that Treasury policy makers might agree if we know that large on-going recurrent expenditure commitments are not available?

Dare I re-use the term: but an education infrastructure fund seeded with part of this once-off dividend, and perhaps with targeted priorities to the energy transition and (or) to communities of geography or demography which support the policy agenda for increased opportunity for equity in higher education participations and outcomes.

This proposal would be a one-off fund, invested to drive an ongoing income in part, with part of the corpus to leverage other funding (whether from university balance sheets, states or other commercial or philanthropic funding partners) can do two things. First, it can invest the economic rent from the exploitation of these one-off endowed

resources and, two, it can bridge the capital gap within the Australian university business model. It's not true for all, but it's truer for most: teaching undergraduates is at best break-even, post-graduates marginal, research is a loss leader and international students drive margin. By the time you get to asset investment and renewal, you are scrapping for pennies.

The whole fund could be transition focussed, or equity focused, but I think it could do some policy bullocking and not expose the Treasury to its kryptonite of increased recurrent expenditure.

Will that come to pass, I'm not sure. Probably not, and I can comprehend in my bones why but it is what I would hope for in the long list of proposals thus far.

We may be experiencing one of those big turns of the economic wheel. In the last few centuries advances in technology (one might suggest this is described as advances in R&D) have defined national advantage. Nations that are not necessarily the richest naturally, or the strongest, have seen large advances in prosperity, outsized returns in per-capita terms. Think here of the agricultural revolution, most demonstrably the industrial revolution for Great Britain, next of the defence revolution for the US in which its pre-eminence as the global security guarantor underwrote a period of national prosperity. Presently we may be seeing

a return to a time when the strength of nations, and the strength of national economies reverts back to a population proxy. That is, the most populous will be the most prosperous. We can see the rise of China and India in these terms. This, of course, is not the first rise of China, nor of India.

If we are living in the era of the information or digital revolution, the question is whether rapid advances in technological adoption and innovation assist these nations to rise to a powerful prosperity denominated by their populations, or whether other nations grasp this potential to earn above grade returns for their populations.

Here comes the rub: we all know the story of those nations/city-states without a natural endowment, often in smaller land masses, and/or with less secure geography which have generated prosperity. This is the story of Singapore, Taiwan, Hong Kong, Israel. These are stories of national, prioritised investment in education, in higher education in particular, and especially in research and development.

Australia remains under-invested in education and in research and development. This is not a new assessment, nor is it the responsibility of the current ministry, or the one before it. But is the responsibility of successive governments, and by extension it is the responsibility of the body politic, and ultimately those of us in this room, and our peers. We have agency in this situation, not merely a right of audience.

So why is the case of universities, for what we do, what we produce – knowledge, educated citizens and workers – not important *and* urgent?

And what can and should we do?

Prescription not Diagnosis

The dilemma of universities has exercised me particularly through the last few months. I might describe it as the Discord in the Accord. This refers to a disconnect between what we as leaders of institutions see when we look at a university P&L, and what is likely to flow – or not flow – from the Accord.

When I listen to the Education Minister, and to the Treasurer, both of whom I have known personally for more than 20 years, well before either of them went in to the Parliament, I know that they ‘get it’. They know, write and talk about the power of education, the liberating and empowering capacity for transforming lives, for increasing equity and productivity. They know it because they have both lived it, as have I. It is a lesson I say that I cannot unlearn, and I know neither can they.

If my assessment holds true, then why won’t the Accord be the promised land of a new era for Australian universities?

First, a big part of the answer in our current circumstances is relative. We are not *urgent* relative to other policy needs. Medicare, aged care, the NDIS, defence capability – they are at the front of the queue. We have less agency when it comes to this reality.

Second – some of you will be stirring with “we need to tell our story better” urges – and we do. But is a comms campaign really going to re-brand us up the national totem pole of priorities? Our lament for politicians that ‘get it’ is not shaping up as the thing to shift the policy dial. Telling our story better to Canberra is not the golden key that unlocks a new future.

But what we do need is an Australian public that ‘gets it’ and we don’t have that.

I was in a discussion recently with a former colleague on this topic, and they had access to a store of historical and contemporary research about attitudes to universities.

Here are some propositions which were tested:

1. We should increase funding to schools and TAFE **before** we give more funding to universities: 60% agreed.

2. Universities should focus more on real world problems if they want more funding: 55% agreed.

Taken further, a comparative test of propositions, to ask which better reflects a respondent's view:

1. Universities are out of touch with the real world, and more likely benefit the children of rich families. Government should fund schools and TAFE before they give funding to Universities.

Or

2. Universities make our country stronger, they educate our children and bring research and technology that builds our national economy. Governments need to commit more funding to universities, even if it means less money going into school and TAFE funding.

The important, and better news, is that while 44% of people agreed with the first proposition and 41% agreed with the second.

The reason I share this, is not to reduce our circumstances to a thermometer reading, but to call out the dilemma, and to give context to what I think we must do.

We need to avoid the virtue trap, and we need to be wary of investing in making our problem worse.

The virtue trap is the risk that we, as good, well-intentioned, civic-minded, polite and earnest souls interact with other good, well-intentioned, civic-minded, polite and earnest souls and politely take as a mutually understood proposition that we are under-funded and worthy of more public funding. I think that, but a plurality of Australians do not. There are industries and sectors that seek outcomes from government that are less polite, and less civic-minded to say the least.

Our audience is not policymakers, it is the general public. And it is all of the public, not just prospective students and their parents.

Overwhelmingly university advertising markets individual opportunity. It makes sense. Imagery is often aspirational, and up-market, and speaks to employability and prosperity. The message through different executions is: come to this university and have a better life by getting a better job after you study with us. There's a competitive and functioning market for enrolments and we are chasing enrolments in a load game of airline economics of large capex and relatively high and non-variable opex. For each institution to market in this way makes rational sense.

The 'tragedy of the commons' of the common marketing ploy is we market a sense of exclusivity, if sometimes only by implication. We need all Australians, including **and especially** those who didn't go to

university, and those who will never go to university to know why universities are worthwhile, and worthy of public investment.

Less than 2% of people work in mining in Australia, yet there is an overwhelming community view that mining is important to the prosperity of Australia. There's a Resources Super Profits Tax obituary as proof.

I started with the contention that we don't have a comms problem, as such. So let me hone my proposition.

We don't need to tell our story better in Canberra, we need a better story for the Australian public. We need that story to be in larger terms, of national priority, importance and urgency and of local community impact. We need to not advertise that story, we need to live that story.

Before, and this is an important rider, ... before anyone spends a dollar on the national campaign you may now be ideating, we need to look inward, and mark ourselves against a civic scorecard.

Let me explain as I conclude:

We need to not just live in the communities in which we reside, we need to be alive in those communities and positively impact them not

merely exist in a place. Our health clinics, tax clinics, and legal clinics must serve them; our lands, sporting fields, facilities must be open and genuinely on offer. We need to be the spaces, the physical space for civic engagement, for cultural and community hosted events. Our research can not be the only public good we must offer. Redundant and under-utilised infrastructure, that which has been timed out or rendered marginal by hybridisation of both teaching and of the nature of work should be reimagined and re-purposed as start-up incubators, and social enterprise hubs. These can serve and support the university mission, not detract from concepts like 'core business'.

In broad terms the activities of universities are organised around concepts of teaching / research / engagement. We need to think about ourselves around a concept of teaching / research / and **impact**.

We need to ask ourselves what is that we have done recently of impact? Not who have we (merely) engaged with, not what worthwhile thing have we done, not score what is just interesting but what is **impactful**, and indeed what is impactful that is **important** and **urgent**.

This is not ideological or anti-intellectual, nor is it even a suggestion that we should focus only on practical and so-called real-world matters. But is a challenge to each of us as to how we focus our attention to ensure a sufficient dividend is returned to the funding public through **all** our capabilities as public institutions. We need to not just know, or intuit that we are worthy investors of public funds, we need to demonstrate

this point and we need to invest in ensuring we are continuously demonstrating *by doing not just by saying*. This needs to be a demonstrative, not performative effort.

To earn investment from the Australian public we need to ensure we are delivering, relevantly, to the Australian public in terms that are understood and visceral, and tangible.

That means our value needs to be demonstrated to the public beyond the individual upside to prospective students or their parents, but to the breadth of the Australian public to how the public benefits from the work of universities.

If we are seen as elitist, or focused on a part of the Australian public we undermine our social licence to operate and to expect appropriate appropriations from public coffers.

Navigating the transition through substantive decarbonisation, the ageing population, technological advancement (especially AI), and an uncertain and fraught geopolitical environment occupy the minds of serious policy makers. In myriad ways, our universities are places in and from which contributions to these and other grand challenges can be beneficially made. And I know many of you will be eager shortly to reel off the ways you are doing that shortly, but my point today is bigger than that.

As public universities, as public institutions, in receipt of public funding we must serve the broader ... the entire public, and not just deliver *a* public good.

The Accord has been posited as a long term vision for Australian higher education. In the expanse of its vision we have some time then to ensure we realise that opportunity, and I would suggest not a moment to lose.

ENDS

Nathan Campus, Griffith University

14 September 2023