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Course Correction: Reforming Higher Education

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Introduction

Strong universities are vital for training young Australians, enhancing productivity and supporting research and innovation.

Across much of the Western world, the reputation of universities is in free fall—and it's deserved.

In Australia, this decline has been less severe than in many other countries, especially the United States, where the intellectual decay of formerly prestigious institutions like Harvard has become impossible to ignore.

Nevertheless, there are significant structural flaws eroding the quality of **undergraduate education** within Australia's university system.

1. Universities place excessive focus on international rankings and "student experience" over teaching quality;
2. Perverse incentives in student loan schemes. Universities are incentivised to take students who may not be suited to courses;
3. Lack of focus on outcomes. Universities are not incentivised to focus on post-graduation outcomes;
4. Politicisation. Political goals and allegiances have replaced academic merit as criteria for faculty appointments resulting in political bias; and
5. A culture of credentialism pressuring young people to attain unnecessary university qualifications. Young people often feel forced to obtain a tertiary qualification even though it provides them with few specific skills.

While universities are fixated on international rankings, these metrics are often flawed and place little to no weight on teaching quality. Universities also obsess over non-academic aspects of students' "university experience" while undermining the already limited independent quality control mechanisms available for monitoring universities' teaching. As a result, students and taxpayers have no transparency or assurance about the quality of teaching they are purchasing with billions worth of student fees and taxpayer dollars.

The structure of Australia's student loan scheme and the risk-free-to-universities nature of course fees create perverse incentives for both students and universities. Both aspects encourage more people to undertake university study than rationally should. HELP loans blunt the immediate price signal which would otherwise concentrate students' minds more carefully on the cost-benefit trade-off around undertaking further study. Universities are incentivised to accept academically marginal students and then lower the standards to pass them. There is no penalty when universities fail to equip students with the skills they paid for and no recourse for misrepresentations about the benefits of a university degree. The HELP scheme allocates all the risk to students and taxpayers.

Another critical flaw in undergraduate education is politicisation in key parts of the sector, especially in the social studies and humanities faculties of our universities. Political goals and allegiances have replaced academic merit as criteria for faculty appointments resulting in political bias.

The final flaw driving down the quality of university education is the culture of credentialism where young people feel forced to obtain a tertiary qualification regardless of whether it's necessary for their desired occupation. The Australian Labor Government's 55% university target will only exacerbate this problem. Despite the proliferation of university degrees, there has been no measurable benefit to productivity. In fact, as our research has identified labour productivity growth has halved since 2009-10, while the proportion of 15-64 year olds with a bachelor's degree or above has increased by 45% over the same time period.

Separately, major problems with the mechanisms for conducting and promulgating **academic research** have emerged globally over the past decade, developments from which Australia has not been insulated. Given that billions of taxpayer dollars are provided annually in Australia for such research, and many billions more are allocated based on its findings (ranging across areas from medicine to social programs, defence acquisitions and infrastructure projects), these flaws must be identified and swiftly tackled.

The Facts

- Last year, over 10,000 research papers were retracted due to poor academic integrity. They were collectively cited more than 35,000 times.¹
- Research conducted by the International Centre for Academic Integrity indicates that more than 60% of university students admit to some form of cheating.²
- Diversity, equity and inclusion (DEI) has become a central focus for universities. In the 2024 University Accord Final Report, the word “equity” was mentioned 212 times.
- Non-academic staff outnumber teaching staff in almost every university by a ratio of almost 2:1.³
- Large universities have developed mechanisms to cut corners on education standards by using casual staff or graduate students to teach undergraduate courses in place of permanent academic staff.
- Following the election of the Rudd Government in 2007, caps on taxpayer-supported student numbers were abolished, moving the country to a demand-driven university system. Following this, universities’ entry requirements for many courses were lowered and student numbers skyrocketed. Annual direct government funding surged from \$4.1 billion to \$7.1 billion between 2009 and 2016, an increase of 71 per cent.
- Over 1 in 4 undergraduates reported that their skills and qualifications are not fully utilised three years after graduation.⁴
- Another study found that 36% of undergraduate degree holders are working in jobs below the skill level associated with their qualifications.⁵
- ABS data shows that labour productivity growth has halved since 2009-10, while the proportion of 15 to 64-year-olds with a bachelor’s degree or above has increased by 45% over the same period.

Sir Robert Menzies had a strong vision for Australian universities. Sir Robert’s vision for Australian universities was for them to provide a broad education grounded in the pursuit of free thought and truth which would cultivate the human spirit necessary for the flourishing of a liberal democracy.

Menzies did not take the instrumentalist view of universities: that they exist merely to maximise economic output. In 1957, Menzies said, “The University is not a professional ‘shop’, though in my day we used to identify our own by that mercantile name. As the word implies, the University must not be narrow or unduly specialist in its outlook. It must encourage the free search for the truth.”

1 Richard Van Noorden, “More than 10,000 research papers were retracted in 2023—a new record,” *Nature* 624 (2023): 479–481, doi: <https://doi.org/10.1038/d41586-023-03974-8>.

2 “Facts and Statistics,” International Centre for Academic Integrity, last modified 2024, <https://academicintegrity.org/resources/facts-and-statistics>.

3 Department of Education, “2022 Staff Appendix 2 – Student Staff Ratios,” Australian Government, last modified October 10, 2023, <https://www.education.gov.au/higher-education-statistics/resources/2022-staff-appendix-2-student-staff-ratios>

4 “2023 Graduate Outcomes Survey—Longitudinal: National Report,” Quality Indicators for Learning and Teaching, February 2024, [https://www.qilt.edu.au/surveys/graduate-outcomes-survey---longitudinal-\(gos-l\)#anchor-2](https://www.qilt.edu.au/surveys/graduate-outcomes-survey---longitudinal-(gos-l)#anchor-2), 26.

5 Gemma Ferguson, “Tradies happier, richer in their 20s than university grads,” ABC News, April 26, 2023, <https://www.abc.net.au/news/2023-04-26/tradies-happier-than-university-graduates/102266290>.

In a speech he gave in 1937, Menzies observed that economic development had created a “mechanical age” that had enabled advances “in the realm of bodily freedom” but without liberal education, it would construct a society of individuals with “liberated bod[ies] but stunted [in] mind and ... poor [in] spirit”.

In an address commemorating the 100th anniversary of Sydney University, Menzies said:

“This is an age of increasing cleverness, but not of increasing learning or wisdom. The contest of our time is between true values and an easy shoddy substitute. The true function of the University is to get its values right, and those of the public. There are those that believe that aeroplanes and scientific gadgets are the proof of civilisation. Civilisation exists in none of these things, they are mere instruments. True civilisation lies in the heart and spirit of man.”

Universities have a unique role in stewarding our civilisation and passing on the values that make our nation’s liberal democracy possible. As such, our universities should seek to enhance the foundations of western liberal democracy and thought, rather than tear down those foundations.

Menzies saw universities as “nation-building”. This requires universities to apply critical thought yet elements of our modern universities are encouraging students to despise their nation. Our drift into moral relativism means universities do not nurture values beyond diversity, equity and inclusion in many instances. Unfortunately, Robert Menzies’ lament that in his time the world failed to provide education that uplifts the human spirit rings true today.

We must restore free thought and the pursuit of truth in our academic institutions. We must tackle the politicisation of bureaucracies and humanities faculties. We must change the incentive structure so universities see student learning not as a means to more funding, but as an end in and of itself. The research produced by Australian universities should meet the highest standards of academic integrity.

Our report proposes nine practical policy reforms that can be implemented to immediately improve quality and accountability in Australia’s tertiary education system:

1. **Joint student loans** to hold universities accountable for the outcomes they produce by making them liable for the interest charged on student debt after a grace period.
2. **Establish national competency tests** that enable any member of the public to demonstrate their core skills in numeracy, reading and writing without having to undertake expensive and unnecessary tertiary study.
3. **Improve transparency of universities’ teaching quality** through random student testing.
4. **Enhance transparency of university funding for taxpayers**, including a disaggregation of its current and expected costs broken down by funding arrangement.
5. **Establish a reproducibility review agency** to deter fraudulent or shoddy research leading to a waste of taxpayer money.
6. **Establish a statistical methodology review board** for Government funded ARC grant applications, to catch fundamental problems with proposed studies (especially in the social sciences) upfront, rather than ex-post.
7. **Enhance research accountability** by requiring all researchers listed as authors on a research paper to sign a declaration stating that they take full responsibility, unless otherwise specified, in the event of academic misconduct being discovered.
8. **Establish an independent mechanism** to investigate student and staff complaints about academic misconduct, political bias and declining standards.



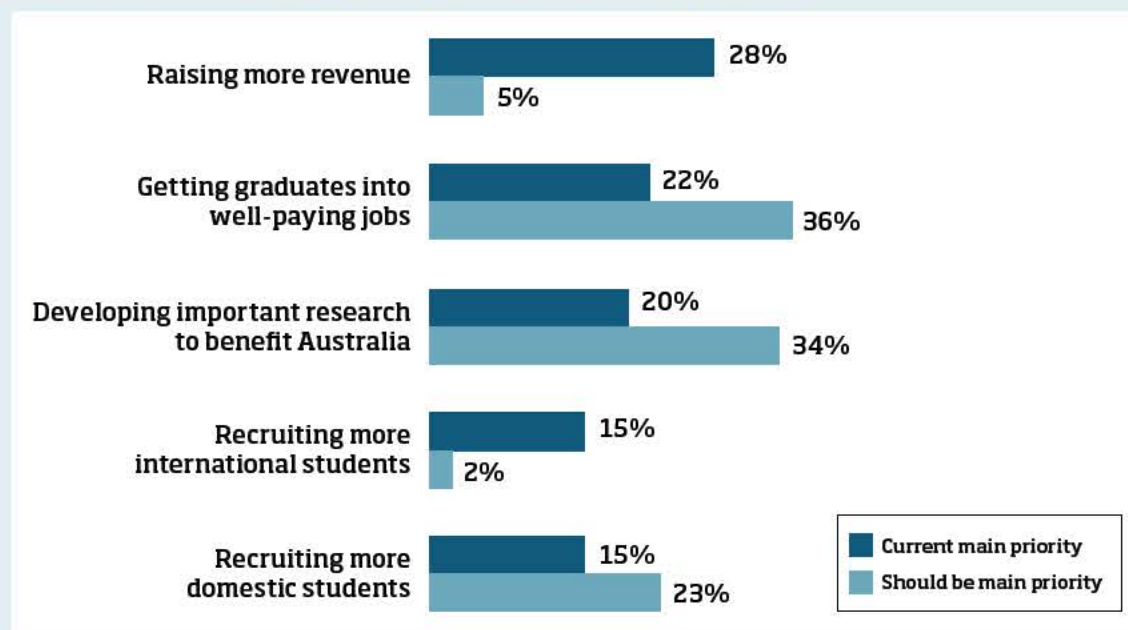
9. Increase transparency regarding staff and student numbers. Detailed data on staff and student numbers (including international students) must be thoroughly reported by universities to the Department of Education and made accessible in a time-series format in an understandable and accessible way, including through user-friendly dashboards, charts and tables.

Discussions in parts of this report draw extensively, and with the author's permission, from the chapter on higher education reform in A. Stone, "Restoring Hope: Practical Policies to Revitalise the Australian Economy", Quadrant Books (2019).

Exclusive MRC Polling

Exclusive polling conducted for this report shows Australians perceive the main priority for universities as raising more revenue. Instead, Australians believe universities' main priorities should be getting graduates into well-paying jobs (36%) and developing important research to benefit Australia (34%). Students are particularly likely to say that the main priority should be getting graduates into well-paying jobs (76%).⁶

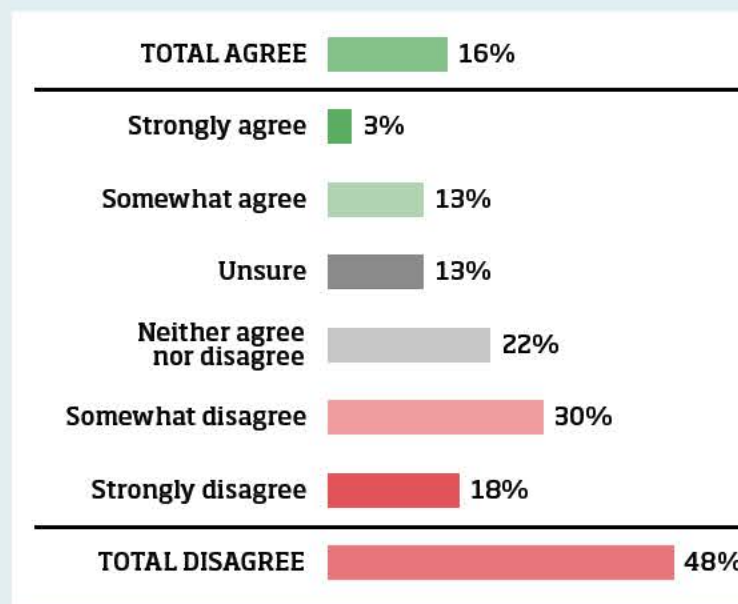
Chart 1: Perceived main priority of Australian universities



Source: Menzies Research Centre polling.⁷

Nearly half of voters (48%) disagree that universities take enough interest in the employment prospects of graduates. Those with degrees are more likely to have a firm opinion, with 54% disagreeing and 22% agreeing. Agreement is consistent across all age and vote groups.

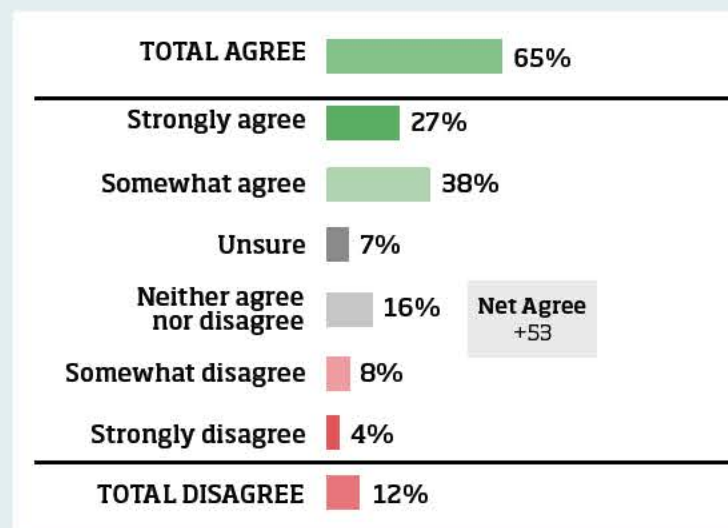
Chart 2: Do universities take enough interest in student job prospects?



Source: Menzies Research Centre polling.⁸

65% of voters agree that universities should be more accountable for rising student debts and 64% of voters agree that universities should be more accountable for post-graduate outcomes.

Chart 3: Should Universities be made more accountable for rising student debts?



Source: Menzies Research Centre polling.⁹

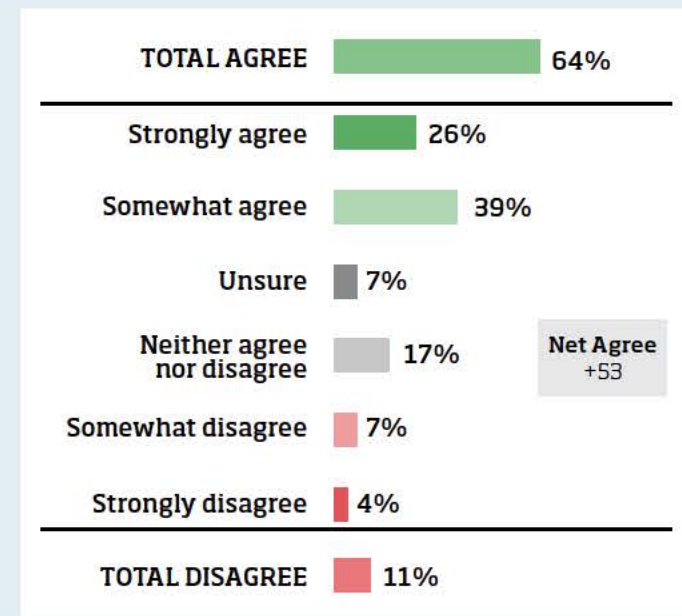
⁶ An online survey was conducted amongst Australian voters between 20 and 24 May 2024. In total, n=2,275 participants took part.

⁷ Participants were asked: Which of the following do you think IS CURRENTLY the main priority for Australia's major universities? Which of the following do you think SHOULD BE the main priority for Australia's major universities? In total, n=2,275 participants took part.

⁸ Participants were asked: Do you agree or disagree that Universities take enough interest in the employment prospects of their graduates? In total, n=2,275 participants took part.

⁹ Australians owe roughly \$50 billion to the Government in student loans that helped to fund their university education. Last year, the average repayments for students increased by \$1,760 due to inflation. Do you agree or disagree that Universities should be more accountable for rising student debts? In total, n=2,275 participants took part.

Chart 4: Should Universities be more accountable for post-graduate outcomes?

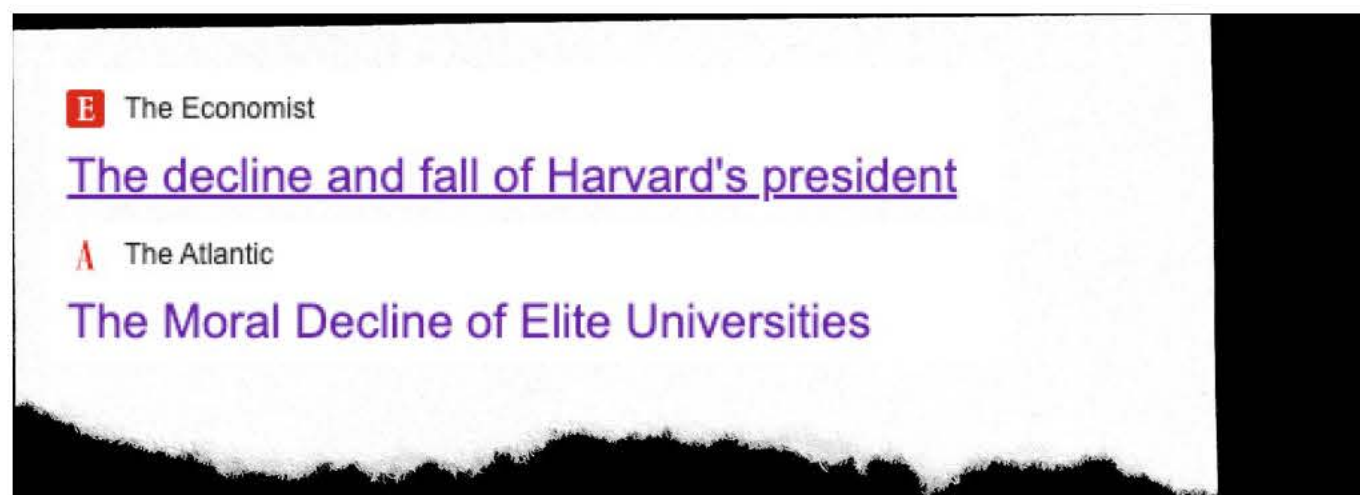


Source: Menzies Research Centre polling.¹⁰

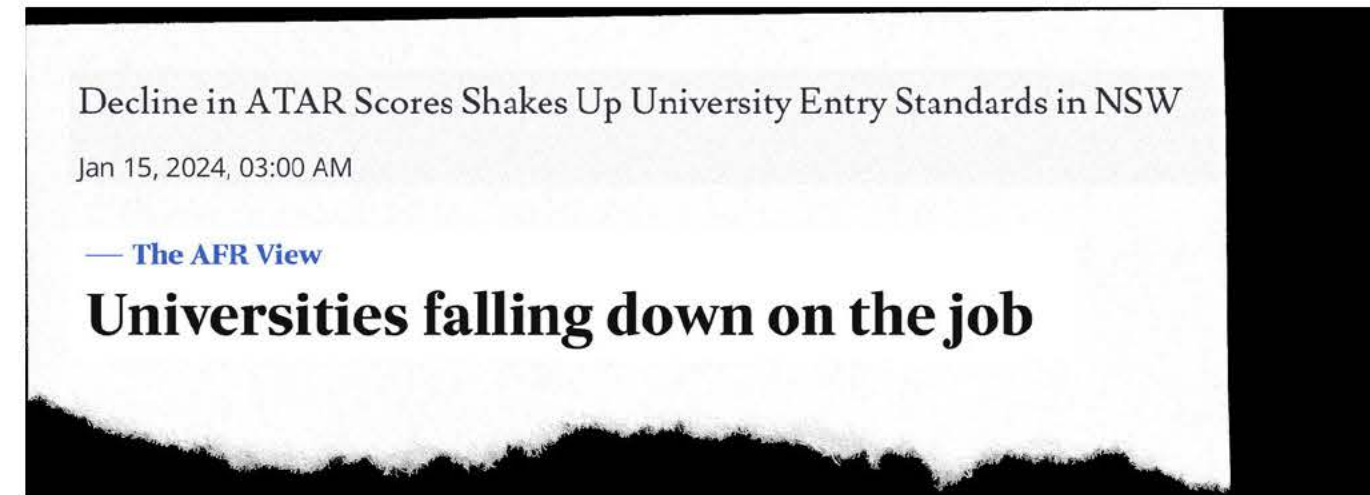
Reforms proposed in this report will be politically popular because they address Australians' concern that universities are more interested in their own revenue instead of graduate outcomes.

Reversing the decline in our university sector is critical for our economy and, even more importantly, the character of our nation.

The Global Decline



¹⁰ If a student doesn't end up reaching the repayment threshold for their debt post-graduation, this cost continues to be borne by the taxpayer. Do you agree or disagree that Universities should be more accountable for post-graduate outcomes? In total, n=2,275 participants took part.



Overview

University education should help students fulfil their intellectual potential, become good citizens, and gain the skills needed to succeed in and contribute to a modern economy. Across much of continental Europe and the Anglosphere, however, universities are now failing badly at the first two of these tasks and, increasingly, at all three.

Severe problems are also becoming apparent with the way in which research is being conducted in growing parts of Western universities—a matter of immediate concern to governments given the substantial sums of taxpayer funds now directed to (or spent upon the basis of) such research.

Finally, universities are now openly and actively attacking the civilisational foundations and shared cultural roots of Western nations—the rich soil in which art, science and philosophy have for centuries flourished to a degree unmatched in human history. And in many Western nations, the ideas driving the intellectual decline of their universities are now spilling rapidly outwards to undermine other critical institutions of government and civil society.

Core Premises in this Report

For several centuries, until very recently, Western nations led the way in economic and scientific development, literature and the arts. For the first time in human history, this success helped free ordinary citizens—not just a tiny aristocracy—from the drudgery of constant hard labour and the imminent fear of pestilence and famine.

Sir Robert Menzies, understood the importance of high-quality tertiary education in upholding our civilisation.¹¹

“But I hope that we will not, under current pressures or emotions, be tempted to ignore the basic fact that civilisation in the true sense requires a close and growing attention, not only to science in all its branches but also to those studies of the mind and spirit of man, of history and literature and language and mental and moral philosophy, of human relations in society and industry, of international understanding, the relative neglect of which has left a gruesome mark on this century.”

¹¹ Robert G. Menzies, 'The Australian Universities' (Statement by the Prime Minister in the House of Representatives, November 28, 1957) 3-4. <https://pmtranscripts.pmc.gov.au/release/transcript-42>.

Critical to the early flowering of knowledge in Western societies, and to its practical application in new industrial and agricultural processes, were:

- the elevation of reason over emotion;
- respect for the individual in place of tribalism;
- freedom of speech, association, conscience, and religion;
- private property rights;
- impartial legal and accounting frameworks to enforce these rights; and
- the evolution of political systems to give effect to the will of the governed, not just of social elites.

In all these areas, the growth of institutions of higher learning—intended, in Matthew Arnold’s famous words, to expose the most intellectually capable in society to “the best that has been thought and said”—was both fostered by these developments and vital in reinforcing them, in a mutually beneficial symbiosis between universities, government and the other institutions of emerging civil society.

These foundations of Western social and economic success, however, are now under sustained assault in many Western nations, including Australia. This assault is largely coming not from external sources but from within, from the university systems of these nations.

Furthermore, the fraying of the intellectual and moral foundations of Western universities has accelerated sharply over the past decade, especially in the United States, where it has broadened to previously impervious disciplines such as the hard sciences, engineering, and business—turning large swathes of American universities into indoctrination factories that promote identity politics, tribalism, and the replacement of merit with an elite-mediated spoils system.

Fortunately, these problems are less entrenched in, and have so far caused less damage to, Australia’s university system, compared with many other Western nations. The situation will only deteriorate, however, unless prompt action is taken to address the underlying problems with both the teaching and research sides of Australia’s universities—so as to ensure the interests of students and taxpayers, as well as honest academics, are protected.

Scope of Study

Focus on Tertiary Education

The study’s focus will be on tertiary education, not primary or secondary schooling.

This narrowed scope is not in any way to downplay the importance of primary and secondary education or underestimate the risk of ideological indoctrination also infecting those stages of learning.

Nevertheless, primary and secondary schooling are not considered here for four main reasons.

Firstly, space is limited, so this study cannot cover every important aspect of Australian education requiring urgent repair.

Secondly, this study’s focus is on identifying practical policy options that the *Commonwealth* government can speedily take to reverse or forestall damaging educational and civilisational trends—whereas primary and secondary schooling in Australia are State government responsibilities under our Constitution. This does not mean the Commonwealth has no role in ensuring the quality of school education being provided across Australia (especially since the introduction of national curriculum guidelines)—but it does sharply limit it.

Thirdly, consistent with the States having responsibility for schooling, the issues with primary and secondary schools in Australia tend to be more idiosyncratic to particular jurisdictions than with universities, as are the

ways in which schooling systems are structured and operated—with wide variations in school sizes, teaching philosophies, public versus private mix and the like.

These particularities are discernible between different States, between areas with different income or wealth characteristics, and between rural and urban areas—and they mean that the *solutions* to many of the problems of primary and secondary education also tend to be less uniform, and hence less achievable by one-size-fits-all governmental action. Indeed, as most Western governments’ disastrous handling of schooling during the recent pandemic laid bare (especially in the United States), even more important to the proper functioning of schools than government regulation and oversight is constant vigilance and active involvement by parents—eg in school boards, parents and friends associations, and the like, school by school and district by district.

Problems with Primary and Secondary Education have their Roots in Universities

Finally, beyond these three prosaic reasons for limiting this study’s focus to tertiary education, a fourth and even more important reason is that many of the problems with primary and secondary education in Western nations, including Australia, have their origin in their university systems.

Universities, especially education departments, have played a central role in the adoption of multiple disastrous and long-lasting pedagogical fads, such as the aggressive displacement of phonics by whole-language learning in the teaching of young children to read. They have also been instrumental in the erosion of standards and accountability through the promotion of objectives unrelated to core learning outcomes, such as:

- the “self-esteem” agenda of the 1990s and 2000s; and
- the more recent elevation of a diversity lens (except diversity of thought) across all subjects.¹²

Given this large and damaging influence on primary and secondary education—especially where would-be teachers must have an education degree to be permitted to teach, no matter their level of subject matter expertise—it is clear that university reform is also an essential element of improving primary and secondary education in Australia.

Focus on University rather than Vocational Education

This report will also focus just on universities, not the many different forms of vocationally oriented tertiary training available in Australia.

The latter institutions tend to pursue specific and concrete outcomes—not least because students seeking a certificate in heat pump installation, massage therapy, or arborist services generally have a very clear view of the skills they expect to learn, and no interest in courses being padded with extraneous ideological filler. Vocational training providers also tend to be subject to much sharper competition, curtailing drift in their focus and standards, both from the wide array of other providers able to offer such training and from the existence of traditional, non-tertiary training paths for obtaining practical skills, such as apprenticeships.

For these and other reasons, it is not the vocationally oriented parts of Australia’s tertiary education sector where worrying concerns arise.

¹² This latter trend has, thankfully, not yet infected Australian schooling nearly as aggressively as in the US—but the threat is by no means past, especially given ongoing pressure in parts of the US to go further, and completely abandon testing of students’ understanding of subjects on “equity” and “inclusion” grounds.



Focus on Practical Steps

Finally, this study will not attempt to discuss at length the cultural and philosophical meta-developments which have surely played a key role in undermining Western universities and Western civilisation, in ways that Australia has not been insulated from.

A solid case can be advanced, for example, that institutions (and societies) that discard the very concept of objective truth in favour of “personal truths” are bound, over time, to fail—gradually at first, owing to the persistence of previous standards and mores, but then faster and faster as the influence of those adhering to such standards dwindles. Indeed, where everything is relative, and leaders reject even the possibility of absolute external yardsticks for assessing competing “narratives”, the very meaning of concepts like “intellectual inquiry” or (in the case of governments) “evidence-based policy” becomes unclear.

Likewise, it is unclear whether systems of education and research will flourish in societies where traditional belief systems are being torn down. We must acknowledge the positive role religion has played in shaping the integrity of our institutions—through belief implying the existence of a higher power who values truth mightily, and also providing a philosophical framework in which intellectual inquiry is naturally to be celebrated.¹³

Other high-level philosophical factors could also be posited, many persuasively, as contributing to the erosion of Western higher education and Western civilisation (and therefore, in principle, falling within the scope of a study about how such damage might be repaired). They will not, however, be directly canvassed here, for several reasons.

The most important is that, as noted earlier, this study is focused on concrete steps to address decay and loss of focus in Australian higher education.

Certainly, identifying fundamental cultural developments (local or global) that have underpinned such problems is *necessary*—both to guide the fight against them and because you “can’t beat something with nothing” (so that durable alternative intellectual foundations for higher education need to be advanced which can supplant some of the damaging paradigms currently dominant in parts of Australian universities).

Pinpointing such developments and mounting the philosophical case against them, however, is plainly not *sufficient*. If it were, Australian universities would already be well on the way to repair.

Unfortunately, the intellectual forces that have captured parts of Australian universities (and much larger parts of the US university system) believe that Western civilisation *should* be torn down, that “the ends justify the means”, and that their ideological takeover of universities is a critical tool in achieving power and effecting such change. In these circumstances, fighting these forces on the intellectual battlefield alone will never be enough. Rather, political, financial and social fronts must also be opened, and natural allies against expensive and worthless indoctrination—which includes most university students—must be recruited to the fight.

¹³ It is notable, for example, that since 2000 the number of academic papers having to be retracted each year, overwhelmingly for fraud or falsification rather than honest error, has risen almost 140-fold—see Ivan Oransky and Adam Marcus, “There’s far more scientific fraud than anyone wants to admit,” *The Guardian*, August 9, 2023, https://www.theguardian.com/commentisfree/2023/aug/09/scientific-misconduct-retraction-watch?CMP=Share_iOSApp_Other.

One encouraging overseas development in this fight has been the springing up of new educational institutions and pathways, consciously standing in opposition to mainstream educational trends and working to restore key features and strengths of traditional educational philosophy (most notably, the free exchange of ideas). Examples include:

- At the secondary level, the growth of homeschooling in the US following the Covid pandemic, across ideological and geographical lines;¹⁴ and
- At the tertiary level, the establishment of new institutions such as Ralston College, Wyoming Catholic College and the University of Austin in Texas—each committed in its own way to restoring essential elements of the process of true “higher education” that have been discarded in most mainstream US universities.¹⁵

In Australia, a similar trend is unfolding where new educational institutions are disrupting old models of education. Like in the United States, record numbers of students have been enrolled in homeschooling following the pandemic.¹⁶ Additionally, the emergence of new private education providers hints at a gradual shift in educational paradigms. From a mere six providers in 2000, their number soared to 150 by 2007.¹⁷ Institutions such as the Sydney Institute of Business and Technology, Alphacrucis College renowned for its apprenticeship-style teacher training, and Campion College are among the notable players in this landscape. The Ramsay Centre’s degrees in Western Civilisation also represent a new model with its independent partnership with university providers. These smaller institutions offer specialised learning experiences, breaking away from the bureaucratic and politicised structures of larger public institutions.

Encouraging as these organic developments are, however, in the pushback against cultural and civilisational decline, an enormous disparity nevertheless remains between the reach and influence of these new educational pathways and that of the mainstream school and university sectors in most Western nations, including Australia.

Accordingly, this study will focus on achievable steps that can be taken right away to encourage mainstream Australian universities to:

- prioritise intellectual over ideological objectives in their teaching, returning their focus to academically rigorous courses that impart genuine skills and cultivate a sense of achievement (rather than victimhood) among students; and
- better safeguard the quality of the research they undertake.

¹⁴ For instance, this article notes “The number of home-schooled kids has increased 373 percent over the past six years in the small city of Anderson, S.C.; it also increased 358 percent in a school district in the Bronx”—see <https://web.archive.org/web/20231031143032/https://www.washingtonpost.com/education/interactive/2023/homeschooling-growth-data-by-district/>.

¹⁵ Stephen Blackwood and Bernadette Guthrie, “Re-Humanising Education”, (paper presented at the inaugural meeting for the Alliance for Responsible Citizenship (ARC), London, United Kingdom, October 30–November 1, 2023), <https://www.arc-research.org/research-papers/re-humanising-education>.

¹⁶ In 2023, 43,000 Australian children were homeschooled, marking a record high across all states. This surge reflects a 109% increase from 2019 to 2022.— see <https://theconversation.com/as-homeschooling-numbers-keep-rising-in-australia-is-more-regulation-a-good-idea-217802>.

¹⁷ Mahshood Shah, “The rise of private higher education in Australia: maintaining quality outcomes and future challenges,” Australian Universities Quality Agency, 2009, <https://nova.newcastle.edu.au/vital/access/manager/Repository/uon:16211>.

Structure of this Report

In keeping with these observations, this report is broken into two distinct yet complementary parts.

Part 1-Reforming Undergraduate Education

Part 1 will focus on the educational function of universities.

It will begin by analysing how some incentive structures and institutional arrangements relating to Australian universities are undermining their critical role in imparting knowledge and developing the nation's human capital. Awareness of these incentive structures and institutional features is essential to understanding how we have ended up where we are today, and what changes need to be made to reverse these damaging developments. Our analysis of these structures will focus on four key flaws *which are amenable to practical reform*.

Having identified these flaws, Part 1 will then set out a concrete suite of reforms which, if enacted, would go far towards reversing the damage done in recent decades to Australian universities' educational mission and, radiating outwards, Australian society as a whole.

To give a foretaste of this suite, key suggested reforms are:

- Re-casting Australia's Higher Education Loan Program (HELP) to impose financial obligations not just on the student *but also on the university* in relation to all such loans. Specifically, future loans should be amended to include an interest charge to universities on any loan balances still outstanding after a fixed grace period (which takes into account significant life events such as parenthood or illness which can delay or prevent moving into the workforce). This reform would immediately force universities to start to care, for each separate discipline, whether their courses are actually equipping students with any meaningful understanding and skills.
- Creation of a widely available set of tests, open regularly to any member of the public (for a trivial fee), enabling them to directly demonstrate their literacy and numeracy skills at selected proficiency levels ranging from basic to advanced. The availability of such tests would undercut the damaging credentialism that has become so pervasive in Western societies (including their job markets). In so doing it would help to dismantle universities' pernicious power, built up over recent decades, to effectively extort money from unwilling students and taxpayers by becoming de facto gatekeepers for access to many jobs that do not actually require tertiary training.
- Enhancing transparency for governments, taxpayers, and prospective students regarding how much actual new knowledge and skills different universities are imparting to their students. Building on the new tests, this enhanced transparency could be achieved by requiring randomly chosen subsets of students from each institution to be tested, both on entry to and exit from the institution, with a range of aggregated results for each institution to be published annually. This would allow universities to be held accountable for how much educational benefit they are truly generating with the enormous sums of student and taxpayer funds they receive each year.

Crucially, these reforms can all be structured to be politically achievable, and indeed popular.

Part 2-Overhauling Research Funding for Universities

Part 2 will focus on universities' second distinct role of undertaking and promulgating research and analysis.

The section begins by analysing how the postmodern rejection of objective truth has led to the abandonment of dispassionate inquiry in favour of proselytising certain agendas. In light of this, much of the research being produced by Australian universities has become politicised and agenda-driven, particularly in the humanities and social sciences.

In 2023, over 10,000 research papers were retracted globally due to poor academic integrity. They were collectively cited more than 35,000 times.¹⁸ It was largely assumed—including by the Australian government—that research in science, medicine and practical disciplines had not fallen victim to the declining standards seen in some subject areas. However, this research outlines why the honesty, accuracy and replicability of even these research areas warrant closer scrutiny. Academics and universities have a strong incentive to produce large quantities of research, even if it comes at the expense of research quality.

The consequences of academic fraud and low-quality research are costly and potentially dangerous.

In 2020, Mark Smyth, a prominent Australian cancer researcher, was found guilty of research misconduct.¹⁹ This is significant as over his three-decade-long career, Smyth was awarded over \$38 million in publicly funded research grants.²⁰ Ben Moll, a professor of obstetrics and gynaecology at Monash University in Melbourne, along with fellow colleagues, have raised their concerns about more than 750 medical papers. So far, only 80 studies have been retracted.²¹

One striking example is the case of steroid injections given to mothers undergoing caesarean sections to prevent breathing problems in newborns. A review published in 2018 supported this practice based on unreliable studies. Upon further scrutiny by Moll and his team, it was discovered that the benefits of the drugs were actually uncertain.²² This underscores the need for increased scrutiny and accountability in research funding to ensure that taxpayer money is used effectively and ethically.

Fraudulent research can easily make its way into clinical literature, leading to poor practice.²³

This study proposes critical reforms to better safeguard the honesty, accuracy and replicability of research undertaken at Australian universities, particularly where this is funded by taxpayers.

¹⁸ Richard Van Noorden, "More than 10,000 research papers were retracted in 2023—a new record," *Nature* 624 (2023): 479–481, doi: <https://doi.org/10.1038/d41586-023-03974-8>.

¹⁹ Kristen Scicluna, "A Matter of Trust - Research Misconduct in Australia," *The Australia Institute*, November 20, 2023, <https://australiainstitute.org.au/post/a-matter-of-trust-research-misconduct-in-australia/>.

²⁰ Janelle Miles, "Leading Queensland cancer researcher Mark Smyth fabricated scientific data, review finds," *ABC News*, January 11, 2022, <https://www.abc.net.au/news/2022-01-11/qld-cancer-researcher-mark-smyth-fabricated-data-review-finds/100750208>.

²¹ "There is a worrying amount of fraud in medical research," *Australian Financial Review*, March 10, 2023, <https://www.afr.com/technology/there-is-a-worrying-amount-of-fraud-in-medical-research-20230303-p5cp5c>.

²² *Ibid.*

²³ See here for a database tracking retracted Australian academic papers: "Australia retractions," *Retractions Watch*, last modified December 18, 2023, <https://retractionwatch.com/category/by-country/australia-retractions/>.

Part 1-Reforming Undergraduate Education

Four Key Flaws

Undergraduate university education in Australia currently suffers from a number of problems, damaging to the quality of the training being provided and to Australian society more broadly.

This report will focus on four problems, chosen partly because they are of particular importance but also partly because there are politically feasible paths to swiftly correcting each of them. Focus on these issues thus offers hope for achieving rapid, material improvement in the quality of Australia's intellectual climate and the nation's productivity growth—outcomes that numerous insightful but purely academic treatises on university reform have not achieved over recent decades.

The four flaws this report will focus on are:

1. Declining intellectual standards in key parts of the sector, especially the social studies and humanities faculties of universities;
2. Lack of independent quality control on universities' teaching, needed to inhibit the erosion of standards and to provide transparency to potential students and taxpayers about the true quality of the education being provided at different institutions;
3. Misalignment of financial incentives for key agents in the system, especially universities; and
4. Universities' encouragement (abetted by governments) of credentialism among employers, which allows universities to extract unjustified rents from young Australians. This also further undermines academic standards and distorts the cost-benefit calculation facing potential students about whether or not to undertake university studies.

By improving transparency, promoting better teaching standards, properly realigning financial incentives, and tackling credentialism, Australia would address not only these four key problems, but also others that cascade from them.

1.1 Flaw 1: Poor and Declining Intellectual Standards in Major Disciplines

Recent decades have seen an explosion of academically frivolous courses in certain parts of universities. This trend has not yet affected Australian universities as severely as many of those in the US and Europe.²⁴ Nevertheless, the intellectual content of many Australian university degrees is nothing like what it was three or four decades ago, with this problem rippling ever more widely across disciplines with each passing year.

²⁴ The Stanford English Department, for instance, was preparing (as of late 2023) to offer a second class on the songwriting of Taylor Swift, following the success of a Winter term 2023 student-led class entitled "All Too Well (Ten Week Version)" which featured in-depth analysis of the 10-minute version of the song with the same name. Other universities to offer classes on Taylor Swift include Arizona State University, Rice University, UC Berkeley, New York University, the University of Missouri and the University of Texas at Austin. See Margaret Attridge, "You can study Taylor Swift at these colleges," Best Colleges, April 18, 2024, <https://www.bestcolleges.com/news/these-colleges-have-taylor-swift-classes/>.

1.1.1 Which Disciplines have been Affected?

Until the past decade or so, the hard sciences such as physics, chemistry, mathematics, and engineering were relatively immune to this intellectual decay. Unfortunately, even they have now come under sustained attack—via the weaponisation of identity politics in one form or another, as discussed further below.

Nevertheless, these hard sciences remain protected to a much greater degree than most disciplines by the objective standards that lie at their heart. A proof in mathematics is either right or wrong. Likewise, in fields like engineering, the real world imposes immutable constraints. Talk of diversity or "different truths" will not stop a bridge from falling down if it has not been designed in accordance with the laws of physics.

By contrast, the arts and humanities lack the same intrinsic protection against determined ideological assault. Understandably, these disciplines are the most afflicted by the spread of courses of little intellectual worth.

Students continue to be lured into such courses. Some are drawn by exploitation of young people's impulse to be part of a noble cause; some by knowingly false assurances from universities and education bureaucrats about the future benefits of such studies; and some by the absence of rigorous assessment, which for many students is a key attraction. All too often, these students then emerge after three or four years with less open and agile minds, and knowing no more than when they started. Gender studies, along with many anthropology, history, and sociology courses, are prime examples of this phenomenon.

These observations, it needs to be stressed, should not be seen as calling into question the intrinsic worth and importance of the arts and humanities, or the value of courses in literature, history or philosophy as they once used to be taught. Rather, they reflect the proliferation of un-rigorous and ideological sub-disciplines within the humanities, and the deterioration in the way that even courses in many traditional, core parts of the arts and humanities are currently taught, for reasons we now discuss.²⁵

1.1.2 The Politicisation of Academia—Why and How

The general absence of objective intellectual standards in the humanities and social studies makes these fields especially susceptible to academic debasement and to pseudo-intellectual fads. Even so, it does not explain why scholarly collapse has overtaken so many of these disciplines over the past half-century (and especially the past 20 years), whereas prior to that they had by-and-large not succumbed.²⁶

²⁵ R.R. Reno, "The Great Forgetting," First Things, November 2023, <https://www.firstthings.com/article/2023/11/the-great-forgetting>. In this essay the author relates the recent experience of a student at Cambridge University, who observed that, "I took an undergraduate degree in English but, by the end of the three-year course, I had not studied Milton or Coleridge, Wordsworth or Shelley, nor Keats or Collins or Dickens. These writers were replaced by black, female, and 'queer' writers, often for no other reason than that they are black or female or queer." She went on to note that activists at the university had pressured staff to reorganise the library so that "Foucault takes pride of place on the top floor, whilst Chaucer and Shakespeare have been relegated to the basement".

²⁶ In Australia, although the long march through the universities may have begun earlier, the first overt signs of politicisation and the abandonment of rigorous intellectual standards began to appear in the 1960s and 1970s. It was then that Sydney University, Australia's oldest tertiary institution, was gripped by turmoil in its Philosophy Department. Reflecting on the aftermath of the philosophy wars at Sydney, the eminent Australian philosopher David Stove memorably observed, in the mid-1980s, that:

"The Faculty of Arts at the University of Sydney is a disaster-area, and not of the merely passive kind, like a bombed building, or an area that has been flooded. It is the active kind, like a badly-leaking nuclear reactor, or an outbreak of foot-and-mouth disease in cattle. ..."

This disaster in Arts has all happened in the last twenty years. In 1965 the Faculty as a whole was undistinguished, as it has always been. But it was not, then or earlier, what it is now, an important source of intellectual and moral devastation." (David Stove, "A Farewell to Arts", Quadrant, 1986)

The Arts, Humanities, and Social Sciences

In the case of the arts, humanities, and social sciences, the key driver accounting for their ideological annexation has been the launching of a deliberate and overt campaign to do so, since at least the 1960s.²⁷ An explicit consequence of the resulting political capture is that courses in these fields now often serve as ideological indoctrination sessions, rather than as places for the robust exchange of ideas or consideration of alternative viewpoints.

The Left's Gramscian "long march through the institutions" has now been actively and deliberately underway in universities around the world, including Australia, for at least 50 years. However, it has accelerated markedly since the 1990s, as older academics without a rigid ideological mission have retired—leading to the crumbling of the few remaining barriers to the ideological takeover of many university departments.

Universities are particularly susceptible to this sort of ideological capture, in which political goals and allegiances replace academic merit as criteria for appointment. This reflects that most genuine academics dislike administration—especially in the cumbersome and politically charged form it now often takes. These true academics would much rather devote their energies to research or teaching than to unpleasant, burdensome paper-shuffling.

As a consequence, however, positions on departmental committees—especially those for hiring new faculty—tend to be left to be eagerly filled by any staff more interested in pursuing ideological agendas, and building their own power bases, than in disinterested research.²⁸ Once a few such ideologues are allowed inside a department's walls, able to appoint fellow travellers and reshape its administrative structures, effective capture of the department is often then the work of just a few short years.

As a result of the overt and rigid politicisation of most modern-day arts and humanities departments, various disturbing phenomena that were already apparent in the 1980s, but still relatively limited at that time, have now become widespread and explicit. These include:

- Courses that tolerate only the most progressive viewpoint, with conformity imposed through ruthless grade punishment of dissenting positions;
- Open prevention of any expression of conservative (or even libertarian) viewpoints on many issues. Over the past 15 years this pressure has been amplified through the new tactics of demanding "safe spaces" and policing "microaggressions" as pretexts for making the airing of such opinions forbidden. Such censorship has become commonplace in the United States—increasingly enforced by threatened or actual violence, which is tolerated and sometimes actively encouraged by university administrations. It has now also spread to Australia (especially the state of Victoria), along with many other Western nations;²⁹ and
- The tacit black-banning of all but progressive ideologues from appointment to university positions in the arts and social sciences.

With regard to this latter phenomenon, Australia is simply following in the footsteps of US universities, be they private or public. The extraordinary regression of large swathes of the American university system into an ideological monoculture, far to the left of mainstream opinion, has been strikingly catalogued by

²⁷ There is a solid case that such a campaign began even earlier in some countries—going back at least to the 1930s and 1940s in the United States, for example. However, in most of Europe and the Anglosphere it appears not to have got into full swing until the 1960s, as the radicals driving it gradually gave up on both the working class and the democratic process as vehicles for advancing their agenda, and looked to other avenues for doing so.

²⁸ Over the years, the teaching to professional staff ratio has shifted with professional staff outweighing teaching staff. See the University of Melbourne, University of Sydney, ANU and UNSW annual reports for these figures: "UNSW 2023 Annual Report," UNSW's Division of External Engagement (2024), 76: https://www.unsw.edu.au/content/dam/pdfs/news/annual-reports/UNSW%20Annual%20Report%202023_V22.pdf; "Annual Report: 2023," The University of Melbourne (March 28, 2024), 38: https://about.unimelb.edu.au/__data/assets/pdf_file/0020/422345/University-of-Melbourne_2023-Annual-Report.pdf; "Annual Report: 2023," The University of Sydney, (April 2024) 42: <https://www.sydney.edu.au/about-us/vision-and-values/annual-report.html>.

²⁹ An early Australian example (from 2015) was the case of retired British military officer Colonel Richard Kemp, invited to give a talk on "Ethical Dilemmas of Military Tactics and Dealing with Non-state Armed Groups" at Sydney University. His talk was violently disrupted by protesters actively organised by the University's Centre for Peace and Conflict Studies, and led by its Director Mr Jake Lynch.

many observers, including progressive but contrarian scholar Jonathan Haidt—a founding member in 2015 of Heterodox Academy, a loose grouping of academics alarmed at the damaging impact of ideological groupthink on proper debate and scholarship.³⁰

A few examples serve to illustrate the extent of the ideological purge which many disciplines have engaged in, over recent decades, in American universities. Such data are more readily available for the United States than for other Western nations, but there is every reason to expect the situation to be well advanced in the same direction here (albeit not yet as far gone).

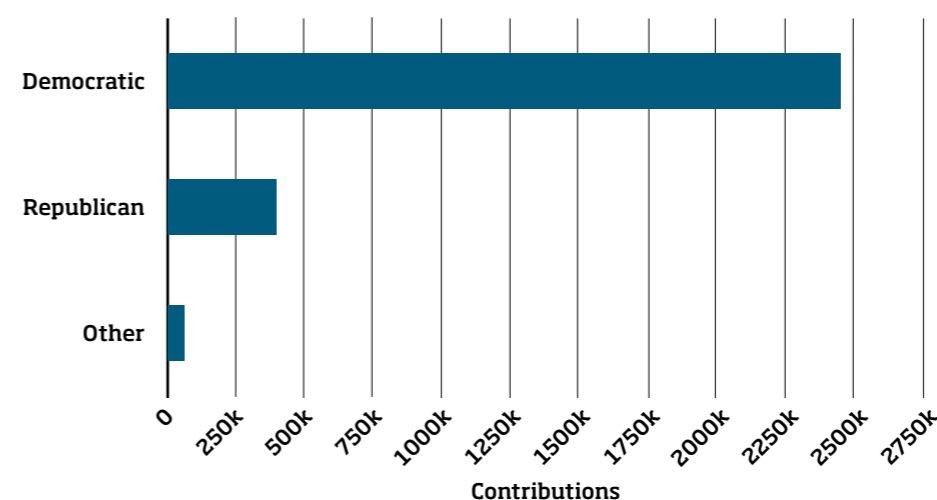
Data on US Academics' Political Donations

Already, a decade ago, a review of all political donations by Harvard faculty between 2011 and the third quarter of 2014 showed an overwhelming bias to the Left.³¹ Over that period:

- 96 per cent of donations from the Faculty of Arts and Sciences supported Democrat candidates (i.e., the progressive party of the two main American political parties); and
- Several of the other major faculties into which the data were disaggregated—including Law, Education, and Public Health—showed an even stronger bias, with donations to the Democrats exceeding 96 per cent in each case (and, in quite a few cases, with no donations whatsoever to conservative candidates).

A corresponding analysis at Cornell, another Ivy League institution, showed an even more extreme bias to the Left in political donations over the same period.³²

Chart 5: Political contributions from 2011-2014, by recipient party



Source: The Harvard Crimson, Federal Election Commission

³⁰ See <https://heterodoxacademy.org/>. The mission of the group is made clear by its **Welcome Statement**, which reads in full (emphasis added): "We are a politically diverse group of social scientists, natural scientists, humanists, and other scholars who want to improve our academic disciplines and universities. **We share a concern about a growing problem: the loss or lack of "viewpoint diversity." When nearly everyone in a field shares the same political orientation, certain ideas become orthodoxy, dissent is discouraged, and errors can go unchallenged.** To reverse this process, we have come together to advocate for a more intellectually diverse and heterodox academy."

³¹ Karl M. Aspelund, et. al., "Harvard Faculty Donate to Democrats by Wide Margin," The Harvard Crimson, May 1, 2015, <http://www.thecrimson.com/article/2015/5/1/faculty-political-contributions-data-analysis/>.

³² <http://cornellsun.com/2015/10/15/cornell-faculty-donations-flood-left%E2%80%88filings-show/>.

Furthermore, as evidence that these two cases are representative (albeit fairly extreme) examples, analysis of donations by academics for the 2010 US Congressional elections showed that, among the ten educational institutions whose employees donated the most money to federal candidates, parties, and committees, all ten skewed heavily towards the Left by a margin of two-to-one or more. This skewing occurred even though, across the United States as a whole, those elections actually saw a tidal wave of support for Republicans. In six of the ten cases, the left-versus-right funding ratio exceeded three-to-one, sometimes significantly so.

Finally, there is no reason to believe this extraordinary political skewing has in any way diminished over the past ten years. If anything, it has likely increased. In the 2020 presidential election, for example, Harvard teaching staff donated around \$105 to the Democratic Party candidate for every dollar donated to the Republican candidate.³³

Data on American Academics' Ideological Self-Identification

Likewise, information on ideological self-identification in American academia shows a huge and ever-growing progressive bias throughout the arts and humanities. As a prominent 2015 paper by social psychologists Haidt *et al* chronicled:

*'...recent surveys find that 58-66 percent of social science professors in the United States identify as liberals [in the American sense of the term—i.e., culturally and economically left of centre], while only 5-8 per cent identify as conservatives, and that self-identified Democrats outnumber Republicans by ratios of at least 8 to 1. A similar situation is found in the humanities where surveys find that 52-77 percent of humanities professors identify as liberals, while only 4-8 per cent identify as conservatives, and that self-identified Democrats outnumber Republicans by ratios of at least 5 to 1. In psychology, the imbalance is slightly stronger: 84 percent identify as liberal, whereas only 8 per cent identify as conservative. That is a ratio of 10.5 to 1. In the United States as a whole, the ratio of liberals to conservatives is roughly 1 to 2.'*³⁴

Furthermore, as Haidt *et al.* note, this progressive bias has grown more extreme over time, especially in the past 25 years. For example, in their own field of psychology they note that:

*'Psychology professors were as likely to report voting Republican as Democrat in presidential contests in the 1920s. From the 1930s through 1960, they were more likely to report voting for Democrats, but substantial minorities voted for Wilkie, Eisenhower, and Nixon (in 1960) [the Republican candidates]. By 2006, however, the ratio of Democrats to Republicans had climbed to more than 11:1.'*³⁵

And once again, there is every reason to believe that this overwhelming bias has only intensified in recent years. A 2021 survey of Harvard's Faculty of Arts and Sciences, for example, found that for every staff member who identified as somewhat or very conservative there were 26 staff identifying as somewhat or very progressive.³⁶

³³ Daniel Oliver, "Balderdash U d/b/a Harvard University," Taki's Magazine, July 17, 2023, <https://www.takimag.com/article/balderdash-u-d-b-a-harvard-university/>.

³⁴ Jonathan Haidt, et. al., "Political Diversity Will Improve Social Psychological Science," *Behavioral and Brain Sciences* 38 (2015): 3-4, <https://doi.org/10.1017/S0140525X14000430>.

³⁵ *Ibid.*, 4.

³⁶ Daniel Oliver, "Balderdash U d/b/a Harvard University," Taki's Magazine, July 17, 2023, <https://www.takimag.com/article/balderdash-u-d-b-a-harvard-university/>.

The last study of the political orientation of Australian academics was completed in 1976. Even then, the study concluded that academia skewed Left.³⁷

'In November, 1973, while only between 25 per cent and 29 per cent of our college respondents favoured the Liberal Party or Country Party, 70 per cent or more of upper middle class voters in the community favoured these parties. Or to look at the figures another way, consider support for the ALP. While well over 50 per cent of college academics favoured the ALP, the proportion of professional and managerial groups favouring the ALP was only 21 per cent, of farmers 13 per cent, and of small business owners 31 per cent.'

The percentage of academics identifying as left-wing has likely only increased, in a similar way to the US.

The Hard Sciences

As noted earlier, the hard sciences (maths, physics, chemistry, engineering and so forth) are inherently better protected against ideological capture than the arts and humanities. Regrettably, over the past decade even these disciplines have started to become politicised, especially in the United States. The ideologues populating university bureaucracies and controlling so many other faculties have finally achieved this breakthrough via the weaponisation of diversity, equity and inclusion principles.

Earlier sporadic attempts to breach the defences of STEM disciplines—for example, by demanding space for "indigenous", "anti-colonial", or other non-traditional approaches to teaching science (as supposedly equally "valid")—failed to obtain ongoing buy-in, owing to their obvious absurdity. But, using the diversity, equity, and inclusion agenda, university administrations were finally able to pierce the defences of STEM disciplines, and impose increasingly overt politicisation on them, via:

- the scope created for academics to be threatened with baseless but career-ending allegations of racism or sexism; coupled with
- swollen campus bureaucracies tasked with pursuing such accusations, without regard to fairness or due process.

In most American universities this process has already been leveraged into requirements for academics, current and aspiring, to publicly hew to a raft of political views, through mandatory "loyalty oaths" in the form of diversity, equity and inclusion statements. This process, along with diversity, equity and inclusion targets for hiring committees (formal or informal), and the natural inclination of academics to take the line of least resistance when surrounded by progressive ideologues everywhere else on campus, is already seeing holders of conservative or even libertarian views being purged from STEM disciplines, just as they were previously purged from the arts and social sciences.

If not forestalled, Australian universities risk suffering the same fate.

University bureaucracies and complaints processes are often manipulated to silence dissent and stifle academic freedom, particularly when it comes to whistleblowers or individuals challenging the prescribed faculty agenda. This trend is exemplified by cases like that of Peter Ridd at James Cook University, where the imposition of gag clauses and the use of university complaints systems have been weaponised against those who speak out.³⁸

³⁷ Grant Harman, "Political Orientations of Academic Staff in Australian Colleges of Advanced Education," *The Australian Quarterly* 47, no. 3 (1975): 26-44. <https://doi.org/10.2307/20634798>.

³⁸ Chris Merritt, "Peter Ridd's case - a pyrrhic victory for James Cook University," (paper presented at a Institute of Public Affairs conference, May 13, 2022), <https://ruleoflawaustralia.com.au/wp-content/uploads/Peter-Ridds-case-a-pyrrhic-victory-for-James-Cook-University-PDF.pdf>.

In the aftermath of the High Court's ruling on Ridd's case, academics from Melbourne University noted that although his termination was deemed justified due to his alleged failure to respect the confidentiality of a disciplinary process, it should never have been initiated in the first place. Similarly, the Institute of Public Affairs' Morgan Begg, writing in *The Australian*, emphasised that universities' ability to launch unjust investigations while demanding secrecy from the accused undermines fundamental principles of fairness and transparency. This situation highlights the precarious balance between institutional authority and individual rights, as discussed by John Stuart Mill in his essay "On Liberty". Mill cautioned against sacrificing moral courage and intellectual freedom in the pursuit of maintaining peace within the intellectual realm as learning comes from rigorous intellectual debate.

The expansion of campus bureaucracies to investigate complaints often results in a lack of due process and a skewed appeals process that favours the university's interests. This situation not only undermines academic integrity but also erodes trust in the university's commitment to upholding intellectual freedom and ethical conduct.

Australian STEM faculties are already falling prey to the language of diversity, equity and inclusion. For example, the Engineering Faculty at Sydney University has an "Equity, diversity and inclusion strategy" because they have determined that this is "core to our success".³⁹ How the ethnic or religious make-up of a faculty's staff and students helps people become better engineers is perplexing to say the least. At UNSW, a 35-person strong team is working to embed the principles and practices of equity, diversity and inclusion across the university.⁴⁰ In the 2024 University Accord Final Report prepared by the Department of Education, the word equity was mentioned 212 times.⁴¹ The idea that diversity, equity and inclusion is the primary goal of universities has led to huge resources being diverted to fund expansive bureaucracies with limited evidence about their results.

1.1.3 Teaching to Non-teaching Staff Ratios: The Rise of Behemoth Bureaucracies

Another shift that has accelerated the politicisation of universities is the spiralling non-teaching to teaching staff ratios.⁴² Over half (57%) of all staff employed at Group of Eight universities are in non-academic roles. In 2023, Group of Eight universities collectively spent \$3.2bn on non-teaching staff salaries. Non-academic staff outnumber teaching staff in almost every university by a ratio of almost 2:1. The University of Queensland is the most extreme example where that ratio is approaching 3:1 and there is one non-academic staff member for every seven students.⁴³ Record numbers of non-academic staff are being brought on to focus on goals outside of quality education like recruiting more international students, pursuing DEI targets and boosting student enrolments.⁴⁴ Padding universities with expansive bureaucracies has done nothing to improve the quality of university education and research; it has only accelerated the politicisation of universities.

During this period, the ratio of students to academic staff has risen steadily. It was reduced briefly by Covid which dampened enrolments but is expected to bounce back.

³⁹ Faculty of Engineering, "Equity, diversity and inclusion strategy," The University of Sydney, last accessed April 4, 2024, <https://www.sydney.edu.au/engineering/about/equity-diversity-and-inclusion-strategy.html>.

⁴⁰ "Working to embed the principles and practices of equity, diversity and inclusion across out campuses," UNSW Sydney, last accessed April 4, 2024, <https://www.edi.unsw.edu.au/about-us/our-team>.

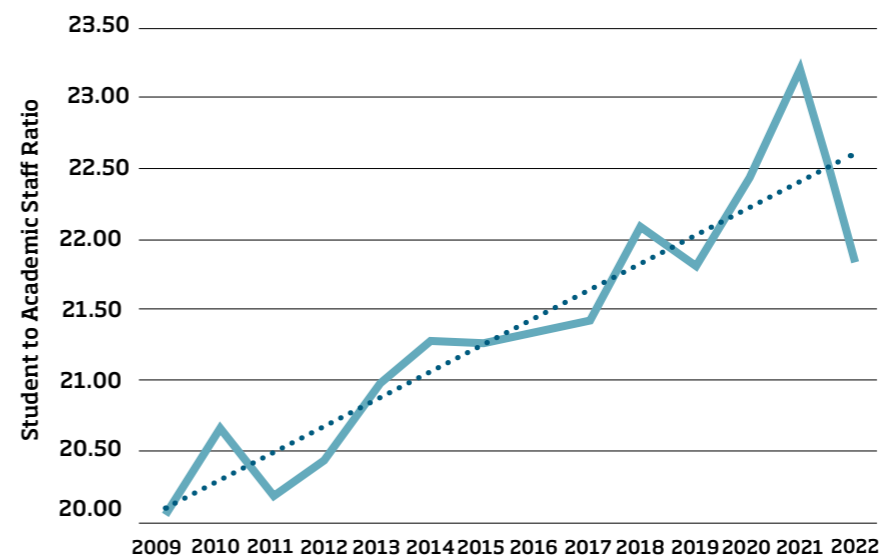
⁴¹ Department of Education, "Australian Universities Accord Final Report Document," Australian Government, last modified February 25, 2024, <https://www.education.gov.au/australian-universities-accord/resources/final-report>.

⁴² The Department of Education defines "teaching staff" as staff in "teaching or teaching and research". It is worth noting "research only" staff are not included in either category.

⁴³ Department of Education, "2022 Staff Appendix 2 - Student Staff Ratios," Australian Government, last modified October 10, 2023, <https://www.education.gov.au/higher-education-statistics/resources/2022-staff-appendix-2-student-staff-ratios>.

⁴⁴ The data available does not break down the function of non-academic staff. It includes facilities and security employees. Group of Eight universities tend to have the largest premises. The maintenance of these campuses could contribute to why they have the highest numbers of non-academic staff.

Chart 6: Student to academic staff ratios



Source: Department of Education, *Selected Higher Education Statistics*

1.1.4 The Impact of Politicisation

The net effect of the overwhelming pressure for ideological conformity in modern arts and social studies faculties, now also spreading to the sciences, is that very few conservative-minded individuals would even contemplate seeking an academic career any longer. Those few that do often feel compelled to live a "samizdat" existence akin to that of dissenters in the old Soviet Union, carrying on a dual life in which they must rigorously hide their true views in public for fear of career-ending retribution.

This causes enormous harm to the quality of both the teaching and research output of universities. Fine potential scholars are excluded in favour of ideologues; the work of genuine academics of a left-wing persuasion is undermined by not being subjected to the rigours of proper debate and criticism; thorough discussion and the testing of ideas is sharply curtailed; students and academics self-censor, for fear of a potentially degree- or career-ending accusation; and the focus and quality of research declines, replaced by tedious conformity of "scholarship" that becomes more riddled with inconsistency and more trivial with each passing year.

Three Further Drivers

Politicisation and ideological capture have contributed mightily to the decay of intellectual standards in Australian universities—but the erosion of these standards would not have proceeded so far, nor be continuing so rapidly, were it not for the confluence of three other major drivers, motivating and enabling such deterioration.

1.2 Flaw 2: Lack of Independent Quality Control

The first of these drivers, enabling universities' intellectual deterioration, is the absence of independent quality controls, able to safeguard educational standards by providing students and taxpayers with transparency about the quality of the teaching they are purchasing.

Flawed metrics such as the international rankings of universities are sometimes argued to fulfil this role—especially by university presidents and vice-chancellors. They are, however, worse than useless for this purpose.

Even leaving aside the lack of rigour with which such metrics are typically assembled, they usually place little or no weight on teaching quality, emphasising instead criteria such as the number and citation rate of the research papers produced by universities' academics. As a result, an institution which (say) hires a Nobel Laureate or other high-profile academic can catapult itself up the rankings—even if the new hire never teaches a course to (or even interacts with) a single student on campus.

1.2.1 Social Factors Impeding Quality Control

Lack of transparency and quality control on teaching standards is a problem at all levels of education. In Australia, it is much worse for universities than for primary and secondary schools.

Australia retains systems for the external testing of students at the end of high school via state-based exams, with the publication of aggregate outcomes by school. This makes it difficult for secondary schools to disguise any sustained general decline in teaching quality—and this end-of-secondary-school checkpoint is supplemented by other periodic national testing (NAPLAN) which performs a similar function at earlier stages of the education process.⁴⁵

At the tertiary level, by contrast, there is no comparable cross-institutional quality control—so observers are forced to take on trust that good grades from a given university really do indicate strong academic performance and the acquisition of deep knowledge of the relevant subjects. The inherent weaknesses of such a “trust” system are then compounded by two additional social factors, namely:

- The strong inherent inertia in universities' reputations among the general public; and
- The incentive for graduates of an institution, as a group, to talk its reputation up rather than down.

Once a university's good name for scholarship has become established, this will tend to persist for a long time, regardless of the institution's more recent performance. After all:

- Well-regarded institutions will tend to attract higher calibre students, who are then more likely to cope with poor teaching, and still impress those they later interact with, even if the tertiary training they received was mediocre;
- Most people do not focus on the educational background of the people they meet, and then carefully recalibrate their assessments of those individuals' universities on this basis. As a result, rules of thumb like “X is a prestigious place”, once established, tend to be very persistent; and
- Most people also hear very little about universities except the odd news item. Hence, in terms of educational reputation, hiring a single academic who makes a high-profile research discovery or wins a major academic prize will generally far outweigh, in the public's mind, a steady stream of low-profile individual instances of poor educational standards.

The inertia in the reputations of universities is then reinforced by their graduates' natural reluctance, as a group, to *publicly* speak ill of the place from which they received their degree. It is hardly in an individual's interest, when seeking a job or a grant, to spend time explaining why the institution they attended was not actually that good for undergraduate or postgraduate education, so that their academic credentials are not really as impressive as they seem. Quite the reverse, the strong incentive is to talk up their qualifications—and hence also, by necessity, the institutions that granted them—no matter what they might truly think of them in private.

The upshot is that the reputational and institutional pressures on universities to cultivate high teaching standards are particularly weak.

⁴⁵ In Australia, for example, external nationwide testing of students at Years 3, 5, 7 and 9 provides additional discipline on schools' teaching performance (though these tests are of a much more limited nature than at Year 12), in addition to yielding useful feedback for individual students as to how they are going relative to their peers.

In these circumstances, hard-headed university administrators, focused more nowadays on the bottom line than on any nebulous “educational mission”, see little point in directing resources to the difficult and little-noticed task of maintaining high teaching standards. To these administrators, funds are more profitably devoted to slick public relations campaigns, along with occasional newsworthy appointments of high-profile academics (whether of genuine intellectual stature or not).

1.2.2 Three Further Factors Undermining Quality Control

As universities have gradually morphed from staid institutes of learning to multi-billion-dollar businesses with an inexhaustible appetite for extra administrators and educational bureaucrats, they have also developed several additional mechanisms for cutting corners on educational standards and undermining transparency and quality control regarding their undergraduate teaching. Three particularly insidious examples are:

1. The marked rise in the use of casual staff (and even graduate students) to teach undergraduate courses, in place of permanent academic staff;
2. Expanded use of group tasks and assignments in some disciplines, as major components of student assessment; and
3. Increased pressure on academics to be “flexible” in their grading, ready to lower standards as required to maintain student numbers (especially full-fee-paying foreign students).

The first of these phenomena is now well documented in Australia, mirroring the pattern already seen in American universities over earlier decades.

Of course, some researchers are poor teachers, so the increased use of casual staff to teach courses need not always be short-changing students. However, as in the United States, it raises the question why students at “prestigious” institutions are being asked to pay substantial fees for courses that are now being taught, not by leading and highly credentialed academics, but by junior staff.

Furthermore, it is now a widespread complaint across Australian universities that the increased use of casual teaching staff is allowing institutions to exploit these staff with regard to their work conditions (pay, entitlements, security of employment, and so forth)—diminishing their incentive to do more than the minimum required of them.⁴⁶

In addition to contributing directly to the erosion of teaching standards on campus, the increased use of casual teaching staff has also done so indirectly by enabling developments (2) and (3) above.

Hard data on the spread of the use of group tasks and assignments, as major components of student assessment, is difficult to come by for Australia. Anecdotally, however, this practice appears to have exploded across campuses over the past 15 years, especially as full-fee-paying foreign student numbers have risen sharply.

Group assignments lower the grading workload for academics, an unfortunate incentive promoting their use in and of itself. But more importantly, they make it much easier for universities to avoid properly holding to account students with poor language skills, or weak academic preparation, in terms of their individual capacity to complete tasks and demonstrate understanding of course material.

Unfortunately, this latter aspect is viewed by universities not as a bug but a feature—making it easier to keep full-fee-paying foreign students and academically marginal ones passing through the system, and thereby generating substantial revenue, rather than dropping out or moving elsewhere to more suitable courses of study. It is, however, a source of considerable and legitimate bitterness among those students who find

⁴⁶ This exploitation is especially egregious when many of these universities have apparently extensive funds to hire well-remunerated administrative staff—staff which these institutions, until recent years, managed to function perfectly happily without.

themselves forced to do entire group tasks for others who, having insouciantly contributed nothing, then get to share in the grade awarded.

Likewise, the problem of university administrators pressuring academics to be “flexible” in their grading is difficult to quantify. Wherever it occurs, however, there is no doubt that, by encouraging inconsistency in the allocation of marks, it further undermines transparency about the quality of universities’ teaching.

In Australia, pressure on staff to apply academic standards unevenly, so as not to lose fee and associated revenue, seems to have become more widespread since the turn of the century, when instances of academics expressing concern about such behaviour started to appear in a sustained way. And, as with promoting the spread of group assessment tasks, the rapid expansion of the use of casual teaching staff appears to have made it easier for universities to exert such pressure.

After all, well-credentialed permanent staff are in a relatively strong position to push back against efforts to make them lower grading standards or apply these standards unevenly. By contrast, casual staff appointed semester by semester are much less likely to feel able to resist such pressure, whether subtle or overt.

Moreover, if any of these casual staff do resist such pressure, universities can simply not rehire them. This provides administrators with a swift-acting “selection” mechanism by which to bend the attitudes of their teaching staff towards acceptance of variable and unequally applied academic standards. As a result, notwithstanding the occasional emergence of principled resistance to this dissolute process, quality control on universities’ teaching is further undercut.

An investigation into grade inflation by academics at the University of Sydney found that there has been a 234% increase in “High Distinctions” awarded to students over the last 10 years from 2011 to 2021.⁴⁷ An additional factor contributing to grade inflation is the way students are assessed. Students used to be placed on a bell curve, their performance relative to their cohort determined their marks. Nowadays, the Higher Education Standards Framework mandates criterion-referenced assessment; students are tested against predetermined standards, and receive their score regardless of the performance of their peers. Others have argued providing students with marking rubrics before and feedback after assessments has improved grades.⁴⁸ Grade inflation in Australian universities erodes the value of tertiary education and teaching quality.

1.3 Flaw 3: Misaligned Financial Incentives

A further major factor reinforcing the decline of Australian universities is the misalignment of financial incentives.

As economists have long emphasised, individual and institutional behaviour is ultimately determined by incentives. If incentives—most commonly financial—are structured to promote certain choices then, over time, outcomes tend to align ever more closely with those choices.

Indeed, for institutions even more than individuals, empirical evidence suggests that money almost always wins out in the end, *even where funding incentives are in conflict with a body’s long-standing existing ethos*.

In keeping with these observations, one of the biggest problems with Australia’s university system—damaging to students, taxpayers and, in the long run, the institutions themselves—is the continuing misalignment of incentives that current financing structures for undergraduate education create. This misalignment is especially distorting for the behaviour of universities.

47 Daniella White and Lucy Caroll, “Distinction the new credit: Grade inflation puts uni integrity at risk” <https://www.smh.com.au/national/nsw/distinction-the-new-credit-grade-inflation-puts-uni-integrity-at-risk-20240321-p5fe7i.html>.

48 Phillip Dawson and Thomas Corbin, “If uni marks are going up, does that mean there’s a problem?” <https://theconversation.com/if-uni-marks-are-going-up-does-that-mean-theres-a-problem-226506#:~:text=This%20week%2C%20a%20report%20by,call%20this%20%E2%80%9Cgrade%20inflation%E2%80%9D.>

1.3.1 Principal Funding Mechanisms

In general terms, the *recurrent* funding of universities is typically composed of three main streams.

The first is direct taxpayer support, per student per unit of approved study, at a rate that varies depending on the discipline.⁴⁹

The second is course fees paid by students. The required upfront payment of these fees, so that they are received immediately and irrevocably by universities, is facilitated by the Commonwealth Government, via access to taxpayer-provided loans which students are only required to repay in due course.

These loans are subsidised, via the application of a below-market interest rate, and also *contingent*—in the sense that gradual repayment, via the tax system, is only required once an individual’s taxable income exceeds a minimum threshold.^{50,51}

The third main recurrent funding stream is research or arts grants to academics for specific projects, which can include funding for the operation of necessary facilities and ancillary activities associated with the research (such as attendance at conferences). These are largely awarded via grant processes administered by bodies such as the Australia Council or the Australian Research Council.⁵²

A number of other funding mechanisms besides these three are not discussed here.⁵³ We do not consider these further here, however, because they tend to be used more for capital works than as a source of day-to-day operational funding, and represent only a very small income source for universities in Australia, on average across the sector.

We also do not focus further here on the third recurrent funding stream identified above, viz. research grants, because these grants generally play only a minor role—and even then, only as a side effect—in financing universities’ provision of education services.⁵⁴ We return to a discussion of research grants to universities and academics in Part 2.

49 In Australia, for example, funding for approved courses is provided through the Commonwealth Grant Scheme at a rate determined by each unit’s Field of Education Code. These codes fall into four (previously eight) funding clusters, each of which covers a range of sub-disciplines.

50 In Australia, for example, the interest rate applied to taxpayer-funded student loans issued under the Federal Government’s Higher Education Loan Program (HELP) is set equal to annual consumer price inflation. Consequently, students’ HELP debts do not even grow over time in real (i.e. inflation-adjusted) terms.

51 Once this threshold is exceeded repayment may be at a flat rate of additional tax on the excess income, or a sliding rate which increases as further income thresholds are passed. In England, for example, once a person’s income exceeds the repayment threshold for their student loan plan (currently around £25,000 p.a. for most plans) they are required to put a flat 9 percent of the excess amount towards repaying any student debt they have (or 6 per cent for loans incurred under a Postgraduate Loan Plan). In Australia, students currently need only start repaying their loans, via a modest additional tax impost of just 1 per cent initially, once their annual taxable income exceeds A\$1,550. This repayment rate, however, then rises in half-percentage-point increments until it reaches a maximum rate of 10 per cent on annual taxable income in excess of A\$151,200. (The minimum taxable income threshold was previously even more generous, standing at almost A\$56,000 in 2017-18 before being reduced under a series of reforms initiated by the Abbott Government.)

52 Depending on the country and discipline, such bodies may offer fully taxpayer-funded grants, or matching contributions to supplement private funding of projects, or a mix of both.

53 These include: donations and the income streams from endowments (which, for certain historically prestigious institutions in the US and UK especially, can be very large); and commercial support from companies, usually for specific faculties conducting research relevant to that company’s activities.

54 Indeed, the cross-subsidy in recurrent funding between universities’ research efforts and teaching activities tends to flow much more strongly the other way round, with income from teaching used to finance research activities.

1.3.2 Framework for Assessing University Funding

A university education generates both private benefits for those receiving it and public benefits for society at large (additional future revenues, promotion of an informed citizenry, reinforcement of other social and cultural goods). This combination raises two important issues regarding university funding:

- The first is whether there is alignment, in aggregate, between the ratio of public versus private benefits and that of public versus private funding;
- The second is whether there is variation between disciplines as to the relative public and private benefits that their study generates and, if so, whether such variation is reflected in differences in the degree of taxpayer support provided (and student fees charged) for courses in these different areas.

The importance of understanding and addressing both these issues has grown in Australia over recent decades, as the reach of universities has expanded, and as they have started to become overtly adversarial towards, rather than supportive of, cultural norms (determined to re-engineer rather than just describe Australian society).⁵⁵

1.3.3 Direct Government Funding

Aggregate Funding of University Teaching

There is an arguable case that the share of aggregate funding of university teaching borne by Australian taxpayers through direct government funding, relative to that borne by students, is greater than the ratio of aggregate public to private benefits that these institutions generate.

Where a good or service is subsidised it will tend to be over-consumed, relative to what would be optimal both socially and for the individuals involved, and this is as true for higher education as for anything else. Indeed, over-subsidisation not only creates an incentive for excessive numbers of students to seek a university education, it also motivates universities to take in too many students—at the cost of lowering educational standards to do so, and of exploiting marginal students by encouraging them to sign up to university study even when this is not in their best interests.

The creation of these perverse incentives could be argued to warrant some reduction in *aggregate* direct taxpayer funding of university courses and a *re-balancing* of university financing towards enhanced cost recovery from students (through higher fees or reduced loan subsidies, or even strengthened ex-post recouping of costs through the tax system).

However, care needs to be taken with this sort of aggregate argument, since accurately assessing the private versus public split in benefits from higher education is difficult and inherently imprecise. Also, the scale of costs to taxpayers arising from average over-subsidisation of university study will vary widely, depending on other social and cultural characteristics of a society.⁵⁶

⁵⁵ Universities' reach has increased sharply in European and Anglosphere countries since the 1980s, both in the proportion of young people going on to university and in the range of disciplines now taught within universities (supplanting other forms of post-secondary training which used to exist - e.g. for nursing).

⁵⁶ In Germany, for example, one might expect the split of net benefits of university study to be particularly skewed towards students, given that most do not face fees. Hence, one might expect Germany to see especially strong excess demand for university study, compared with other nations in the European Union ("EU").

For the decade from 2011 to 2021, however, the German Economic Institute reported that the percentage of professionals aged 25 to 34 with a tertiary education was lower in Germany (35.7 per cent) than the EU average (41.2 per cent); while data from the Organisation for Economic Cooperation and Development likewise suggest that, among developed nations, Germany has a relatively low proportion of its population completing tertiary study: ("Share of people with a tertiary education in Germany lower compared to EU average in a decade," Erudera News, January 26, 2024, <https://erudera.com/news/share-of-people-with-a-tertiary-education-in-germany-lower-compared-to-eu-average-in-a-decade/#:~:text=The%20percentage%20of%20professionals%20aged,institute%20in%20Germany%2C%20has%20found%20intergenerational%20mobility%20in%20education,OECD,last%20modified%20June%204%2C%202024,https://stats.oecd.org/Index.aspx?QueryId=79431>). These data are primarily for tertiary study—including community colleges, vocational training institutes, distance learning centres, etc.—not just university training. However, the latter link also contains data showing the same pattern (as of the mid-2010s) for 25-34 year olds holding four- or six-year degrees, which will overwhelmingly tend to be university qualifications.

Funding Levels for Different Courses

Separate from the aggregate level of direct government funding to universities, a major related issue until recently was whether this funding was being well directed towards courses with serious intellectual or skills content, as opposed to lightweight or politicised offerings which may be popular with students precisely because they lack demanding material that is challenging and opens minds.

In deciding appropriate funding levels for different units, one consideration for the Commonwealth is, naturally, the cost of course provision. However, this is very far from the only, or even the most important, consideration.

For example, it was unclear why, as recently as 2020, taxpayers were providing over \$24,000 per unit for environmental studies, but only around \$10,800 for mathematics or computer science; or why a unit of media studies was attracting over \$13,300 of funding per student, but English literature just \$6,100, and a unit of economics less than \$2,200.

Directly, these disparities were enabling universities to charge lower fees for the former, creating a financial incentive for students to select those courses. Indirectly, they were also incentivising universities to steer students into such courses, rather than ones with greater intellectual and skills content. For many students, still uncertain about the direction of their studies, and naively trusting that academics advising them are focused on their best interests rather than the funding they will generate, such advice can be very influential.

To correct these disparities and the malign incentives they were creating, the Australian Government succeeded, in late 2020, in legislating a major recalibration of these direct government funding rates, per student per course. This reform re-oriented funding towards various core subjects and high skills content courses.

As a result, with regard to direct government funding—and also the associated fee level caps imposed for universities' various course offerings—there is no longer an urgent need for a recalibration of government funding rates for different courses, away from vacuous or highly politicised subjects and towards those that develop broad critical thinking and analytical skills. This issue may, however, need to be revisited, if efforts underway to reverse some or all of the 2020 course funding reforms succeed.⁵⁷

⁵⁷ Presumably this pattern reflects other characteristics of German society, such as its unusually strong tradition of apprenticeships as a non-tertiary-training pathway to skilled employment, and its very structured and rigorous approach to secondary schooling (which might be expected to reduce both the scope and need to undertake additional post-secondary education).

⁵⁷ Hopefully, the 2020 re-orientation of some funding towards Science, Technology, Engineering and Mathematics (STEM) subjects will, at least, not come under attack, given: the versatile character of the skills these subjects provide (which ensures they represent a good investment both for students and for society); Australia's vital need, economically and geopolitically, to bolster our technological and innovative capacities in the face of growing global competition; and the bipartisan support that improved STEM course funding has enjoyed for over a decade. However, Labor and the Greens did not support the Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill 2020. In its dissenting Senate committee report, Labor criticised the Bill for increasing student HECS contributions and delivering an overall cut to higher education funding. The Labor Government has made changes to the HECS indexation. For the 2024 year, the new proposed calculation for indexation will reduce the rate to either the CPI or the Wage Price Index, depending on whichever index is lower. The WPI index has not yet been released, as such the final index rate is not yet finalised.

1.3.4 Course Fees and Student Loans

Like most Western nations these days, Australia requires university students to pay some course fees, to assist in covering the cost of their tertiary education.^{58,59}

Fees for university study force individuals to have at least some regard for whether the studies they undertake are likely to prove worthwhile, including in terms of the opportunity cost involved. Fees also force students to make a significant contribution towards the cost of their studies, which is appropriate given the private benefits they receive (on average) from these, and that it is their choice to undertake them.

At the same time, the availability of Higher Education Loan Program (HELP) loans for students with a Commonwealth Supported Place (CSP) ensures that the capacity to pay upfront need not be a barrier to entry for capable students from poor backgrounds. This is especially true given the contingent nature of these loans, which need only start to be repaid (through the tax system) once one's income exceeds a certain threshold and the fact that they are subsidised (with the value of outstanding loans being increased only by the rate of consumer price inflation each year, significantly below the rate that would apply in a market-determined arrangement).⁶⁰

These positive features of Australia's course fee and loan arrangements for university study must, however, be set against a number of negatives.

1.3.5 Problems with Course Fees and Student Loans

Superficially, the broad arrangements just described—significant upfront cost, but with scope to borrow funds so that this cost can be deferred and spread out—seem similar to those applying to other large purchases, such as a car or an overseas holiday. It is not immediately clear, therefore, that they should evoke concern.

On closer examination, however, there are key differences in the case of fees and student loans, which actually skew the incentives facing both students and universities (by effectively reassigning costs and risks, including to third parties), and hence call for urgent policy action.

Lack of Warranty

First of all, most large purchases in life, like a new car or even a dishwasher, come with some sort of warranty that the customer will get what they paid for. Such warranties force the seller to accept a cost, potentially sizable if their offering does not perform as promised.

In the case of university education, however, no such warranty is provided—even on an average, pooled basis (to overcome the legitimate objections to expecting institutions to offer *individuals* a guarantee about the future value of their studies). Yet there is no good reason why the purveyors of expensive university training should be exempt from the same discipline.

⁵⁸ Countries may also differ in the fees they charge domestic versus foreign students for the same course. However, we focus here only on domestic fee levels (even though, where foreign fees are markedly higher, this can create an unfortunate incentive for universities both to seek foreign students at the expense of domestic ones, and to let academic standards slip or be applied inconsistently to keep these foreign students enrolled).

⁵⁹ University fees have varied considerably over time in Western nations, as different philosophies have held sway (e.g., the “free university” mantra of the 1960s and 1970s). Over the last two decades, however, they have tended to rise on average in many countries, as budget pressure has intensified the competition for government funding. The most notable exception is Germany, where fees at public universities were effectively abolished around a decade ago (leaving most students required to pay only a modest services fee of around €250 per semester).

⁶⁰ The Government has announced an intention to index outstanding loans to the lower of CPI or the Wage Price Index, subject to the passage of legislation.

False Representations

Secondly, compounding the problems created by this lack of accountability, both governments and universities routinely violate principles about not making knowingly false representations about a good or service they are offering.

In most Western nations, despite large differences in their legal systems, it is illegal for individuals or institutions to make such representations. And in many settings—such as the provision of financial advice or insurance services—this includes a “duty of care” obligation, intended to protect persons whom the seller could reasonably have known would be unlikely to benefit from such a sale.

At a broadcast level, however, Australian governments and universities constantly pitch university study as an inherently good thing for all, even though this is clearly false. This is particularly relevant currently, with the federal Labor Government having just pitched the idea that *doubling* the number of Australian university places for undergraduate study would be obviously desirable, both for the additional students and for the nation. In fact, there is powerful evidence that the last massive expansion of university places just over a decade ago, under the previous Labor government, already resulted in more young Australians being herded into university study than would be optimal—for them or for taxpayers.

Furthermore, at the individual level, university academics also persistently violate their “duty of care” obligations to marginal students, by encouraging them to commit to expensive university study even when they plainly lack the capacity or necessary academic background to make this worthwhile, or when their skillset is better suited to a different form of training.

Lack of Usual Commercial Disciplines

A third major way in which the arrangements for student loans to pay course fees differ from those usually applying to large loans for private purchases is that they lack many of the commercial disciplines present in the latter.

If a bank or finance company lends a person money to buy a car or home, they obtain a claim over the asset as collateral, should the borrower default on their loan. For loans where there is no collateral (such as for a holiday), they charge a higher interest rate (on top of imposing even more stringent credit checks).

With government-provided student loans, by contrast, interest rates are typically well below commercial levels, and the degree of collateral protection—even where the government retains an ongoing claim for repayment through the tax system—is comparatively weak in present value terms.⁶¹

Moreover, separate from these collateral and rate of return differences, banks and finance companies making loans are subject to other disciplines at a micro and macro level that government student loan systems are not.

At a micro level, private lenders have a strong incentive to ensure that their staff focus rigorously on the likelihood that a loan will be repaid before agreeing to it. As a result, staff who approve too many loans which end up in default soon lose their jobs. No such accountability applies, however, to public servants responsible for administering government student loan schemes.

Likewise, the need for banks and finance companies to protect their profitability and market valuation creates strong pressure to maintain the overall quality of their loan portfolios. These constraints ensure that risk management controls—for example, about the aggregate share of loans in default or in arrears for different periods—are closely monitored, and the results regularly fed back into loan issuance criteria.

⁶¹ The average level of student debt recovered by the Government in contingent loan schemes is often quite low in present value terms, even when including those debts which are paid off promptly. In Australia's case, for example, this recovery rate is only around 75-80 cents in the dollar.

For Australia's government-run student loan system, by contrast, the corresponding constraints are vastly weaker. All other things equal, the Commonwealth would prefer not to lose large sums on its student loans, since money lost there is money which cannot be spent elsewhere. But the political cost of accruing such losses, compared with that of policing student loan issuance more vigorously, is generally low. After all, few Australians change their vote over incremental increases in public deficits and debt; student loan losses are generally only crystallised many years down the track; and such losses are, in any case, shrouded in complex accounting issues.

For all these reasons, most of the critical commercial disciplines normally present for private loans for major purchases are simply absent in relation to government student loan schemes.

Misallocation of Risk

Finally, flowing also from the non-commercial way in which government student loan schemes operate, such schemes dramatically misallocate risk in relation to the non-repayment of loans. In doing so, they create damaging incentives for universities and for students (especially academically marginal ones), as well as substantial costs for taxpayers.

In normal private loan arrangements, costs, benefits, and risks are allocated *between the two parties to the arrangement*, the borrower and lender, according to a contract between them.

With government student loan schemes, however, universities receive loan-financed student fees regardless of whether the tertiary training that it pays for is equipping these students with valuable or marketable skills and knowledge—and they bear no risk in the event that it is not. In this case, while the universities get off scot-free, it is the students themselves—along with taxpayers, who were never party to the making of the loans in the first place—who are left bearing the burden.⁶²

Likewise, if students simply fail to repay their debts, or take an inordinate time to do so, it is again taxpayers who are forced to bear the cost in present value terms (through the loan having to be written off, or its effective value being eroded over time for loans involving a subsidised interest rate).

This malign transfer of costs and risk, away from universities (and to a lesser degree students) and onto taxpayers, adds sharply to the pressure towards over-expansion of the higher education system.

In particular, for universities, it strongly magnifies the incentive to take on academically marginal students who may be ill-suited for tertiary training or lack the necessary intellectual foundations to succeed. It also encourages universities to actively try to retain struggling students—including via lowering academic standards if need be—even if those students are not coping with or benefiting from their studies.

Moreover, unless government-imposed caps are in place, there is little to stop universities increasing student numbers excessively—at least until a threshold is reached where additional physical infrastructure would be required. After all, until this point the marginal cost of cramming extra bodies into lecture theatres and tutorials is generally small, compared with the extra revenue to be obtained from enrolling or retaining additional students.

⁶² While it could be argued that the Government is acting as the agent for taxpayers, in the same way that lending staff and management at banks are acting on behalf of a bank's shareholders, this principal-agent relationship is plainly far weaker in the former case than in the latter.

1.3.6 Overall Incentive Effects—Student Fees and Loans

Overall, the structure of Australia's student loan scheme, and the risk-free-to-universities nature of course fees, create perverse incentives for both students and (especially) universities. Both aspects encourage more people to undertake university study than they rationally should.

For students, HELP provides them with a significant subsidy to undertake further study. This subsidy arises through the use of a below-market interest rate and through repayment of these loans only being required once an individual's income exceeds a given threshold.

In addition, HELP loans also blunt the immediate price signal which would otherwise concentrate students' minds more carefully on the cost-benefit trade-off around undertaking further study. In all these ways, Australia's course fees and student loan arrangements encourage citizens to over-engage in higher education.

Even more importantly, these arrangements also corrupt the traditional gatekeepers of the system and of its academic standards, the universities themselves. They do so by:

- Applying no penalty where a university fails to equip capable students with the skills and knowledge that they (and taxpayers) have paid to obtain;
- Exempting universities from "duty of care" obligations not to exaggerate the benefits a university education is likely to confer, and not to exploit academically marginal students by encouraging them to sign up to (or continue) courses for which they are ill-suited; and
- Giving them a large financial incentive to enrol these marginal students, and then to lower academic standards to keep them enrolled, with these students and long-suffering taxpayers left to bear the costs.

The net result is more students drawn into university study than would otherwise undertake it, at significant long-term cost to taxpayers and to many of those individuals. This damaging outcome is driven heavily by unscrupulous universities who disguise their greed under a veneer of rhetoric about "social justice" and "empowerment".

Breakdown of Countervailing Factors

The misaligned financial incentives just described have been in place for many decades. Until much more recently, however, the damage they caused to marginal students, taxpayers and the quality of undergraduate education was limited by other features of Australia's university system or broader culture.

Two such features, which have now largely broken down or been removed, were:

- Widespread belief that, unlike primary and secondary education, university study was a niche pursuit of the intellectually minded and those with specialised professional ambitions (academics, lawyers, doctors, and the like), not something either required or particularly to be sought more generally; and
- The imposition of caps on the number of government-supported university places available to students each year (justified on budgetary grounds as a simple cost-control mechanism).

The former, a powerful cultural factor, has been gradually eroding for a long time. This erosion, however, appears to have accelerated sharply across developed nations, including Australia, around 25 years ago—as the globalisation-driven hollowing out of Western economies, and associated loss of well-paying manufacturing and ancillary jobs, kicked into high gear.^{63,64}

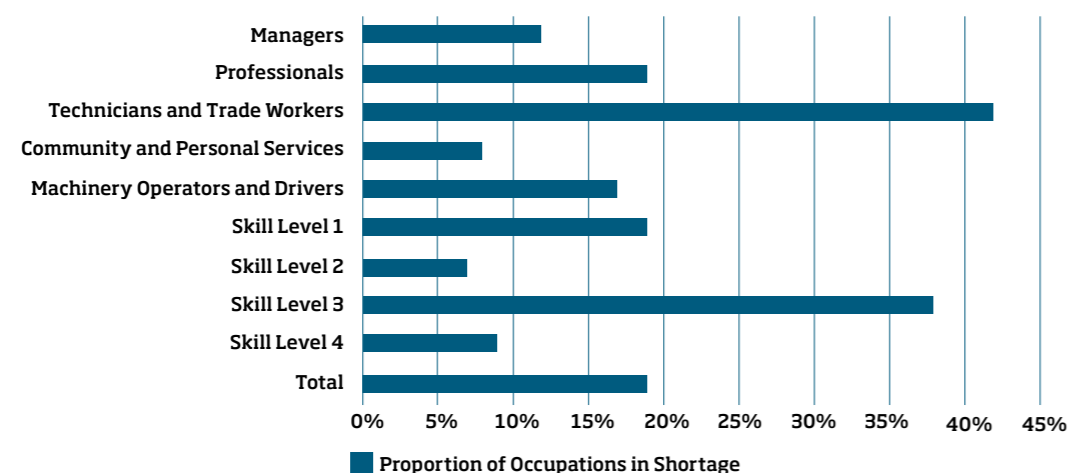
⁶³ The admission of China to the World Trade Organisation (WTO) around the turn of the century caused this process to go into overdrive in the US and across large parts of Europe through the 2000s.

⁶⁴ In the US, rather than evoking sympathy, these economic trends tended to induce contempt on the part of many university-educated professionals towards their working class compatriots bearing the brunt of them. This contempt was encapsulated in the "learn to code" sneer so freely bandied about in US mainstream and social media over the past two decades. It demonstrated both these professionals' awareness of the shocks being experienced by lower-income communities across the US, especially in the Midwest, and their complete indifference to the resulting suffering. Ironically, many of these same professionals may soon come to regret their earlier lack of empathy, as their own livelihoods come under increasing threat from further iterations of the same technological and globalising forces.

The decay of many traditional career paths not founded on university training caused many in Western nations, not necessarily by preference, to re-assess whether extended post-secondary training might now have become essential to make one's way in the world. And this cultural shift was then reinforced by endless rhetoric, from the mid-1990s onwards, about the growth of "new economy" sectors like software development, biotechnology, and pharmaceuticals, and by governments' explicit shift to embracing the notion that services-based economies were the inevitable way of the future.⁶⁵

Meanwhile, critical job shortages in areas that do not necessarily require university degrees, such as trades and skilled labour, have become increasingly pronounced. The push to get more young people into university education driven by a fear of being left behind in a service-based economy has, ironically, led to critical skills shortages in the trades sector.

Chart 7: Proportion of occupations in shortage by skill level

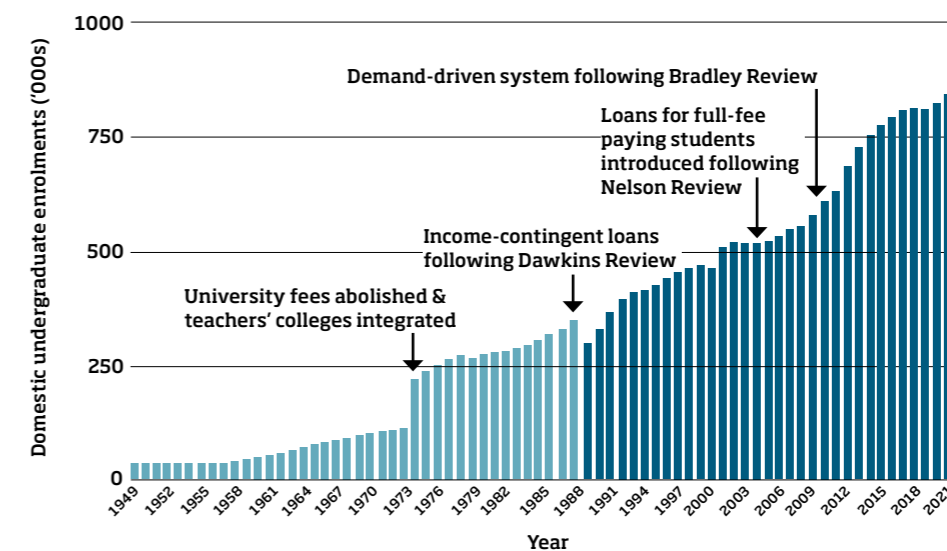


Source: Skills Priority List

The Skills Priority List (SPL) for 2023 indicates that 42% of Technicians and Trades Workers occupations are in shortage.⁶⁶

Just as important in Australia as these cultural developments was the decision by the Commonwealth Government to remove caps on the number of taxpayer-supported places available at each university each year (i.e., places for which the university was eligible to receive direct government funding per course, and for which students were eligible to obtain HELP loans to help pay their fees). Such annual caps were in place for many decades, but were phased out just under 15 years ago.

Chart 8: Domestic undergraduate student enrolments



Source: Department of Education⁶⁷

Following huge increases in student numbers, *de facto* limits were effectively re-imposed recently—via limits (called the Maximum Basic Grant Amount) placed on the total level of student funding each university can receive each year—but at the new, dramatically higher levels.

Although hardly an ideal market solution, caps on taxpayer-supported student numbers were a simple way—in recognition of the substantial subsidies being provided to universities and students—for the Government to limit the overall cost of these subsidies, and constrain universities' scope to exploit academically marginal individuals. With a fixed number of students for whom subsidies were available, universities had no reason not to at least try to fill their government-supported places with the best-qualified students.

Following the election of the Rudd Government in 2007, however, a review of higher education was established. Its most prominent recommendation was to abolish caps on government-supported places, moving the country to a demand-driven university system.

In principle, such an approach has considerable attractions—not least being to allow individuals to decide for themselves whether to undertake tertiary study, without interference from the rationing decisions of bureaucrats.

Unfortunately, the removal of caps was implemented without taking any steps to address the large distortions that government funding arrangements would inevitably then generate in such a market. As a result, universities' entry requirements for many courses were lowered and student numbers skyrocketed.

⁶⁶ "Skill Priority List," Australian Government, last modified February, 2023, <https://labourmarketinsights.gov.au/our-research/skills-priority-list/>.

⁶⁷ "Selected Higher Education Statistics - 2022 Student data," Department of Education, last modified June, 2024, <https://www.education.gov.au/higher-education-statistics/student-data/selected-higher-education-statistics-2022-student-data>.

Annual direct government funding surged from \$4.1 billion to \$7.1 billion between 2009 and 2016, an increase of 71 per cent (versus general consumer price inflation over the same period of only 17 per cent);⁶⁸ and Australia is now also experiencing an explosion in the annual cost to taxpayers of its government student loan scheme—losses which were only held down through the 2010s, temporarily, by the sustained decline in Australian interest rates to record lows over that period.^{69, 70}

Recent effective reimposition of student caps (via specification for each university of a Maximum Basic Grant Amount (MBGA) which it may receive in student funding from the Commonwealth each year) has only helped modestly to restrain the growth of these costs – because these MBGAs have been set to provide little constraint on universities’ scope to profitably target academically marginal students.⁷¹

68 This percentage increase in aggregate direct funding was closely comparable to the sharp jump which also occurred, between 2010 and 2015, in the number of university students accessing student loans (which went from 308,000 to 522,000 on an equivalent full-time student load (EFTSL) basis, a rise of 70 per cent).

69 Far from making money on its student loan portfolio, or even simply “breaking even”, analysis in the early-2010s suggested that, at that time, the Australian Government was experiencing huge losses of around 25 per cent in net present value terms over the life of each cohort of loans it extended. In other words, for the cohort of student loans extended to students in each year, the amount the Commonwealth was expecting to recoup on average, from every \$100 of loans, was only around \$75 in present value terms.

70 In part these losses reflect the subsidised nature of government student loans in Australia, compared to the rates at which the Australian Government must itself borrow the funds used to extend these loans to students (let alone compared to the rates which the students themselves would have to pay for such loans in a free market). They also arise from the contingent nature of Australia’s student loan repayments. These contingent repayment arrangements mean that if a student fails to get a decently paid job, or leaves work to raise a family, or tragically dies before having paid off their student debts (in which case their debt is simply written off), the Government ends up bearing the significant loss that results. (A further avenue by which such non-repayment used to occur, via students moving overseas and hence beyond the natural scope of Australia’s tax system, was finally closed off by the Abbott Government in the 2014-15 Budget).

71 The emphasis here is on the word “profitably”. Where universities use their resources to accept promising students from disadvantaged backgrounds, or students whose academic preparation is weak for some reason but whom they genuinely assess to have the intellect and drive to succeed in their studies, that is entirely to be celebrated. The problem arises where universities instead take in ill-prepared students whom they have no expectation will benefit from or succeed at tertiary study, simply to obtain the government funding and student fees that flow from this.

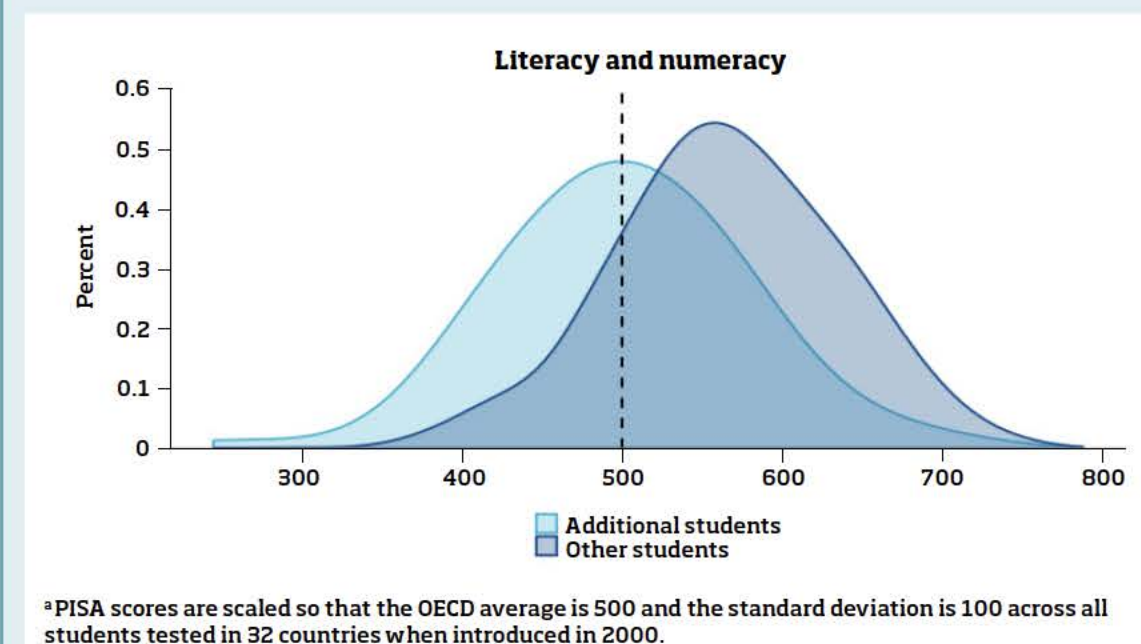
A Review of the Demand Driven System

The demand driven system has a “mixed report card” according to the Productivity Commission.⁷² It was certainly effective in boosting student numbers. The percentage of young people that had attended university by age 22 soared from 53% to 60% between 2010 and 2016. Among the “additional students” attending university:

- 73% received an ATAR below 70, compared to 28% who would have attended university before the demand driven system was introduced.
- 32% of additional students were from the bottom quartile of socio-economic status, compared to 15% of other students.
- 18% of additional students were from regional or remote areas, compared to 25% of other students.

It attracted students with lower ATARs who had higher drop out rates and were not necessarily best suited to higher education.

Chart 9: Additional students entering university under demand driven system have lower literacy and numeracy scores



Source: Productivity Commission—The demand driven university system: A mixed report card.

72 Productivity Commission, “The demand driven university system: A mixed report card,” Australian Government, June, 2019. <https://www.pc.gov.au/research/completed/university-report-card/university-report-card.pdf>.

1.4 Flaw 4: Credentialism

A final major driver of problems with Western higher education, this time one with a broader origin in society as a whole, has been the rise of credentialism. This is the phenomenon where young people feel compelled to obtain a tertiary qualification, even though the training they receive is of little or no value (either educationally or in terms of specific job skills acquired).

Why would a young person needlessly spend several years in further study, accruing sizable debts and forgoing substantial earnings in doing so?

For some it is simply short-sightedness and lack of wisdom. Opting for university study allows difficult decisions about work and future directions to be deferred. It also offers the short-run gratification of partying away a few care-free years, without worrying about the longer term. For these individuals, although they may later regret making such choices, there is no compelling rationale for third parties to intervene to forestall such decisions.

In many more cases, however, the impetus for further study comes not from individuals' desires or myopia, but from their legitimate fear about the impact on their career prospects if they *do not* undertake such study, no matter how pointless. This fear reflects the change that has overtaken society over the past 40 years, where more and more jobs now require a university qualification, even when this is plainly unnecessary.

1.4.1 Declining Usefulness of Secondary School Results for Gauging Job-readiness

In part this change has been driven by growing problems with the use of people's secondary school credentials as a simple mechanism for employers to judge their literacy and numeracy skills.

The proliferation of course options at secondary school in Australia, and reduced emphasis on once-core aspects of the curriculum (including writing and comprehension), mean that employers in these countries can no longer be as confident that individuals completing a particular school certificate possess the levels of literacy and numeracy their marks would once have implied.⁷³

Separately, as people reach their late twenties, it can be increasingly inappropriate to judge their capacities by how they performed on tests at the end of high school. After all, a few years in the adult world can see people mature enormously, compared with how they were in adolescence. This has always been true, of course, but the importance of this point has grown as the frequency with which adults change jobs has increased.

Finally, even without these problems, many people—even some in their early to mid-twenties—would appreciate the opportunity to offer an updated indication of their level of core skills, to supersede the one afforded by their secondary school marks.

⁷³ Within the Anglosphere, (the US, UK, Australia, Canada and New Zealand) schools' tendency to become less demanding about students' ability to write clearly and concisely has, in part, accompanied the significant increase in numbers of students from non-English speaking backgrounds over recent decades.

1.4.2 University Qualifications as a Culling Mechanism

Separate from the declining usefulness of secondary school results as a gauge of job-readiness, there has been a noticeable (and unfortunate) change in the approach of many employers to assessing job applicants, even for jobs that do not formally demand a higher qualification. Businesses which, a few decades ago, would happily have taken on a high-school graduate with a good work ethic will nowadays, increasingly, select a tertiary graduate—simply because, in handling large numbers of applicants, *an easy if lazy way to cull the list is to exclude those with no post-secondary qualification*.

As a result, many young people feel forced to undertake a university degree that is unnecessary, that they do not want to do, and that delivers few real skills, purely because they correctly assess that, for career reasons, they need to get a few meaningless letters after their name on their Curriculum Vitae.

1.4.3 Costs of Credentialism

Plainly, this is an absurd and highly inefficient state of affairs. It imposes a substantial cost on many young people, in years wasted, and in earnings and on-the-job training forgone. And it creates a malign incentive for universities to act as degree factories—adding to the already strong pressures for them to lower their academic standards, so that more students can be churned through the system whether or not they ought to be there.

Over 1 in 4 undergraduates reported that their skills and qualifications are not fully utilised three years after graduation.⁷⁴ Significant numbers of young people end up in jobs that do not require the skills attained in their degree, leading to lower job satisfaction as they feel like their time and money was wasted on a useless university education. Another study found that 36% of undergraduate degree holders are working in jobs below the skill level associated with their qualification.⁷⁵

By giving universities a *de facto* role as “preliminary licensers” for many careers, it also grants them an iniquitous power over many young people to extract “rents” from them. The result is more students paying higher university fees than otherwise would—inflicting further large costs on both students and taxpayers.

1.4.4 Is Government Action Warranted?

Such credentialism has been a global, not just an Australian, phenomenon. Happily, more and more businesses around the world, and even some governments, are starting to realise the unhelpfulness of the tertiary credentials scam, as are many former students. The latter, embittered by the poor quality of the training they have received (relative to the debt they have accumulated), and by first-hand discovery of how little it has actually assisted their career prospects, increasingly recognise pernicious credentialism for the serious problem that it is.

⁷⁴ “2023 Graduate Outcomes Survey-Longitudinal: National Report,” Quality Indicators for Learning and Teaching, February 2024, [https://www.qilt.edu.au/surveys/graduate-outcomes-survey---longitudinal-\(gos-l\)#anchor-2](https://www.qilt.edu.au/surveys/graduate-outcomes-survey---longitudinal-(gos-l)#anchor-2), 26.

⁷⁵ Gemma Ferguson, “Tradies happier, richer in their 20s than university grads,” ABC News, April 26, 2023, <https://www.abc.net.au/news/2023-04-26/tradies-happier-than-university-graduates/102266290>.

Pushback Against Credentialism?

In the United States, some prominent firms which previously adopted university qualifications as a blanket minimum threshold in almost all hiring processes have moved away from doing so and, significantly, have publicised this change.

Examples from across the technology, finance, and aviation sectors include International Business Machines Corporation ("IBM"), Accenture, Dell, the Bank of America, Google and American Airlines. At Google, for example, the share of its job postings requiring a bachelor's degree fell from 93 per cent to 77 per cent between 2017 and 2021; while at Accenture only one-quarter of its 2021 job advertisements for software quality assurance engineers insisted upon a college degree.⁷⁶

These and other companies are beginning to revert to valuing transferable skills and experience obtained outside of university, both on-the-job and through other pathways (apprenticeships, military service, and the like), as substitutes for a degree. Indeed, a recent survey suggested that just over half of all hiring managers at American firms eliminated bachelor's degree requirements for some roles in 2022.⁷⁷

Likewise, a growing number of US states are abandoning tertiary qualifications as a prerequisite for many government jobs—with Virginia recently joining this trend, making this change for nearly 90 per cent of its salaried positions (as listed under the Virginia Personnel Act).⁷⁸ In doing so, it was following the lead of Maryland and at least eight other American states (Alaska, Colorado, New Jersey, North Carolina, Ohio, Pennsylvania, South Dakota, and Utah) in winding back tertiary education providers' previously mandated role as gatekeepers for consideration for many government roles.⁷⁹

Unfortunately, Australia is still grappling with over-credentialism. Dr. Tom Karmel, a former executive director at the National Centre for Vocational Education Research, underscores concerns about the relentless push for higher degrees in Australia.⁸⁰ While certain occupations require degrees, the rapid increase in credentials across various job sectors, even entry-level jobs, has led to questions about whether this is genuine skills enhancement or simply a case of credentialism.

The value of a university degree has decreased due to the saturation of individuals pursuing higher education, resulting in an excess of degree holders as universities prioritise ever-expanding cohorts and profit. The percentage of Australians with postgraduate degrees has doubled from 5% to 9%, with over 3.1 million holding undergraduate degrees, making up 26% of the workforce. The Albanese Government's aim for a 55% higher education target by 2050 is concerning as it would only increase the pressure to have tertiary qualifications to attain a basic job and harm those who choose alternate paths from university. We need to realise that for most jobs if everyone held a degree, a degree would be useless.

Australian students are now pushing back, opting for fewer bachelor's degrees and favouring work-based training like apprenticeships as they face expensive tuition fees, doubts about job outcomes and high student debt. This shift has led to a chronic skill shortage paradox, where more people than ever hold university degrees but labour productivity is sinking, particularly in trades, as public funding has leaned towards universities at the expense of vocational training. To address this, Australia needs stricter university admissions, increased funding for vocational education, and a shift away from prioritising universities over vocational training and apprenticeships.

Hopefully, common-sense pushback against credentialism in the US will accelerate over the coming years and continue to spread to other developed nations.

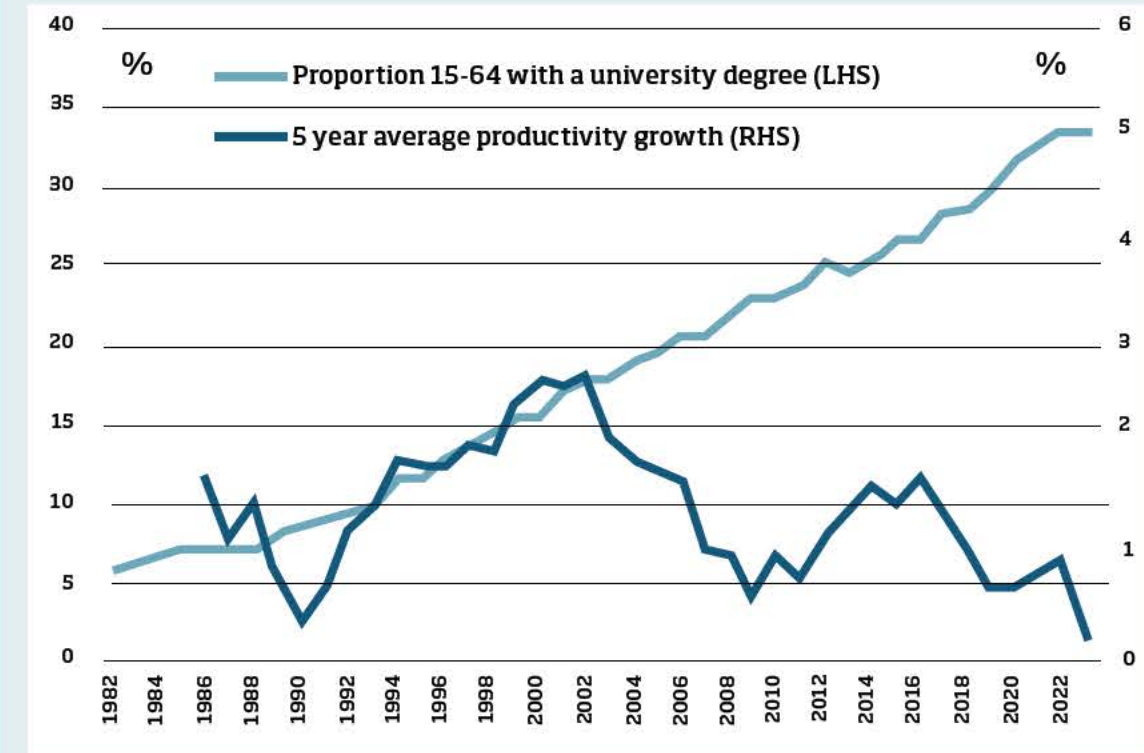
Does Undergraduate Education Lead to Higher Productivity?

A central argument made to pressure the government into further funding for higher education is that university attainment increases economic productivity. While educational attainment is linked to higher productivity, this includes more people going through school, VET and on-the-job training. Commentators and economists tend to be lazy and apply this assumption to all forms of education.

It's often argued that more university education is unambiguously good for productivity. For example, the Productivity Commission's Intergenerational Report assumes that tertiary education attainment will boost Australia's "human capital" and result in a more productive economy.

The last 15 years of data show this is simply not the case. Labour productivity has stalled in the last 10 years. ABS data shows that labour productivity growth has halved since 2009-10, while the proportion of 15-64-year-olds with a bachelor's degree or above has increased by 45% over the same time period.

Chart 10: Productivity has declined as the proportion of people with university degrees has increased



Source: ABS National Accounts, Department of Education

76 Ethan Dodd, "You no longer need a college degree to work at these 7 companies," Business Insider, March 25, 2023, <https://www.businessinsider.com/google-ibm-accenture-dell-companies-no-longer-require-college-degrees-2023-3>.

77 "34% of companies eliminated college degree requirements to increase number of applicants in past year," *Intelligent*, January 30, 2023, <https://www.intelligent.com/34-of-companies-eliminated-college-degree-requirements/>.

78 Dave Ress, "Virginia to ease degree requirements for state jobs," *Richmond Times-Dispatch*, May 30, 2023, https://richmond.com/news/state-regional/government-politics/virginia-to-ease-degree-requirements-for-state-jobs/article_d1432844-ff08-11ed-b8e0-97408c124c0f.html.

79 Amanda Winters, "Governors Leading On Skills-Based Hiring to Open Opportunity Pathways," *National Governors Association*, June 1, 2023, <https://www.nga.org/news/commentary/governors-leading-on-skills-based-hiring-to-open-opportunity-pathways/>.

80 Leith van Onselen, "Australians say 'no' to useless university degrees," *Macrobusiness*, November 15, 2023, <https://www.macrobusiness.com.au/2023/11/australians-say-no-to-useless-university-degrees/>.

At the same time, the number of young people in government-funded VET training has gradually fallen. The overall rate of young people participating in government funding training has stayed the same as the fall in VET training reflects more young people attending university.

The long-term benefits of higher rates of university education are questionable. The US Congressional Budget Office has found that because the workforce is already skilled with a large proportion of people having attained a university degree, productivity growth will stall. Hence, the marginal benefit to productivity of more people attaining higher levels of education is diminishing. In fact, the greatest productivity benefits come from foundational education. A submission to the Productivity Inquiry noted: "Productivity enhancing attainment at TAFE and University are bounded by the limits of achievement at earlier levels of schooling. Poor readers make poor students at any stage of education."⁸¹

The developing pushback against credentialism is welcome and long overdue. Nevertheless, technology makes it easy for individuals to apply for many more jobs now than in the past, increasing the typical number of applicants for many positions. Firms and government departments will therefore continue to look for simple ways to winnow numbers to a manageable scale. Flawed mechanisms like university credentials are thus likely to continue to be used, even if only informally unless hiring managers can be provided with some equally convenient but superior way of doing assessing applicants.

Given the damaging impact of credentialism on individuals and nations, this raises the questions:

- What might a better alternative be? and,
- In unwinding credentialism, can the privileged position currently granted to universities, through inflated demand for degrees, also be dismantled, to remove their power to extract unjustified "rents" from many students?

Reforming Undergraduate Education –An Outline

So, what should a sensible reform package look like for undergraduate education in Australia? One that wrenches universities' focus back to the cultivation of open-mindedness, intellectual curiosity, and deep learning? One that promotes a genuinely better educated, more skilful, and more productive nation, while more rigorously safeguarding taxpayers' interests? One that better monitors and enforces honesty, accuracy and replicability in research undertaken at Australian universities, reducing waste and misallocation of resources and effort? And one that forces universities to end their hostility to the societies in which they operate, including their promotion of divisive identity politics and competitive victimhood?

The broad flaws just outlined suggest that such a package could usefully contain at least the following two main components.

1.5 Component One—Require Universities to Have "Skin in the Game" Regarding Teaching and Outcomes

Currently, universities receive students' fees regardless of the quality of instruction they provide to these students. Imposing a suitably calibrated cost, if students from whom they take fees fail to gain the skills and knowledge they were promised, would force universities to think harder before recklessly taking on students who are not equipped for further study. It would also make them think twice about callously encouraging students who are not coping with their studies to continue them, at substantial direct and opportunity cost to those individuals. Finally, it would compel universities to pay much greater regard to the extent to which their different course offerings are actually imparting valuable skills—as opposed to wasting students' time.

1.5.1 Joint Student Loans

A simple mechanism to cause Australian universities to have greater regard to enrolments and post-graduation outcomes, would be to make loans into *joint* loans—placing legal obligations not just on the students borrowing money to pay their fees, but *also on the universities receiving those fees* (and hence requiring both parties to be signatories to each such loan).

Students' repayment obligations could be kept unchanged from those applying currently (or even be made modestly less onerous if this were politically helpful to get reform implemented). Universities, however, may now also be required to pay for the inflation-indexed proportion of student loan debts, incurred for courses they provided, which remain unpaid once a suitable grace period has elapsed. Of course, necessary exemptions would be made when graduates are prevented from entering the workforce on account of parenthood or illness.

Policy Proposal 1 at the end of this study sets out such a mechanism in detail. Importantly, from the perspective of reducing the burden on taxpayers, this proposal would be much more politically achievable than allowing universities to charge higher fees.

⁸¹ Productivity Commission, "5-year Productivity Inquiry: From learning to growth," vol. 8, Inquiry Report no. 100, 2023, Canberra, <https://www.pc.gov.au/inquiries/completed/productivity/report/productivity-volume8-education-skills.pdf>, 9.

The Politics of Altering Student Loans to Joint Loans

In 2014, the Australian Government announced a plan to remove caps on university course fees, as part of a broader package of higher education reforms. This proposal attracted vigorous support from university Vice-Chancellors but, unsurprisingly, strong opposition from hundreds of thousands of current and future students faced with having to pay more (and take on more debt) for the same courses. Regardless of the merits or otherwise of the proposal, in political terms, this was always going to make it a “tough sell” in Parliament and in the court of public opinion—as indeed it proved. Ultimately, opposition was so fierce that the measure had to be abandoned.

By contrast, there is every chance that making student loans into joint loans would actually be popular with students. Such a change could be structured to leave students’ loan obligations unchanged or even eased. It would provide a (currently absent) discipline on universities not to betray their students by giving them courses that are poorly taught or of limited intellectual value.

Moreover, while such a change would be strongly opposed by university leaders, the venality and self-interestedness of their complaints would be obvious. Universities would have to argue against basic accountability for the quality of the skills and education they are imparting—a position unlikely to gain traction with the public at large.

In short, governments implementing joint student loans could expect to find themselves on the side of students, rather than battling them. Government and students would both be arguing for a well-founded plan to reduce universities’ incentive to exploit marginal students and to make them accountable for the substantial taxpayer support they receive.

A better approach would be to provide what employers are seeking directly—and in a way that operates independently of the university system—by offering a widely recognised, cheap, nationally available testing mechanism for reading, writing and numerical skills. Countries could offer such tests (say) twice a year, providing a well-understood means for people to establish that they have these skills, and at what level.

A specific proposal for such a national testing mechanism is set out in Policy Proposal 2 at the end of this research paper.

1.6.2 Enhancing Transparency and Accountability

A major bonus of such a testing system is that it would also provide an independent mechanism for benchmarking the academic standards of universities (including the consistency of the standards being applied between institutions, and between foreign and domestic students).

Universities could be required to have a quota of randomly selected final-year students take national reading, writing, and numerical skills tests each year, at a suitably high level, in addition to their university assessments. The grades awarded to these students by their institutions could then be calibrated against their performance on these benchmark tests, with suitably aggregated results released publicly.

This system would allow students, employers, and the general public to observe whether there are any glaring discrepancies between, say:

- The grades being awarded by particular institutions and the level of core skills competencies displayed by their students (e.g., does institution X routinely give A’s and B’s to students whose literacy and numeracy skills are actually low?)
- The average grading standards applied by different institutions. For example, for students with a given level of core literacy and numeracy skills, does institution Y tend to give much higher grades on average than institution Z?
- Universities could also be required to have a quota of randomly selected first-year students take these tests, at the earliest opportunity during their university studies (and with suitably aggregated results again released publicly). This would provide an independent cross-check, in aggregate and institution by institution, as to whether university study is actually improving students’ core capacities to analyse and reason well—and, if so, by how much.⁸²

⁸² The Government could decide whether or not to stipulate that the students tested upon entry be among those also tested in their final year, which would reduce some of the statistical variability inherent in comparing the average performances on different tests of final-year versus first-year students.

1.6 Component Two—Address Credentialism and Improve Quality Controls on Universities

A second essential leg of undergraduate education reform should be to:

- Tackle the blight of credentialism, in a way that cannot be co-opted or corrupted by the university sector; and
- Sharply enhance transparency about the academic standards of universities—to help reverse the damaging deterioration that has occurred in intellectual quality in many disciplines, across most institutions.

Happily, there is a simple way to achieve both these goals.

1.6.1 Tackling Credentialism

Consider credentialism. What many employers seek is a simple threshold mechanism for assessing the level of literacy, numeracy, and critical thinking skills of applicants.

Secondary school results largely used to provide this, but have become increasingly unsatisfactory for this role, leaving employers searching for a simple alternative. For better or worse—but in fact overwhelmingly for worse—possession of a tertiary degree has come to fill this vacuum.

Part 2–Auditing Universities’ Research

Part 1 focussed on universities’ education and training functions. Universities, however, also perform a second major and distinct role – undertaking and promulgating research and analysis.

For Australian universities, the size and importance of this second main role, relative to their educational mission, varies from institution to institution. In most, however, it is significant and, in aggregate across the sector, has been subject to much less scrutiny over recent decades than universities’ undergraduate teaching.

In large part this reflects that, as a source of research and analysis, academia established a strong reputation for being:

- Committed to the pursuit of truth;
- Disinterested—in the sense of being insulated from potentially corrupting influences such as corporate funding; and
- Self-policing—including, but not solely, through the peer review process.

On this basis, governments assumed that universities could be largely left to establish their own systems—both internally and in the operation of system-wide funding agencies like the Australian Research Council (ARC)—for conducting research, assessing outcomes and allocating research funding. And governments, in any case, lacked the expertise to directly review many research areas like particle physics or philosophy and had little incentive to think hard about how the potential negative effects of this information gap might be addressed.

After all, for most of the post-war era—the period during which government rapidly became the overwhelming source of research funding—systemic problems with university research were not apparent, and those with complaints about research waste or fraud were a small minority compared with those calling for reform of other aspects of universities’ operations (such as fee levels, the adequacy of education and training provided, access for disadvantaged groups, availability of support services for students, and so forth).

Gradually since the 1970s, however, concerns began to emerge over the value and reliability of research conducted within the humanities, arts and social sciences departments of Australian universities. As with many of their international counterparts, these concerns coincided with, and expanded in proportion to, universities’ abandonment in more and more of these disciplines of objectivity, and commitment to dispassionate inquiry, in favour of proselytising on behalf of selected groups and perspectives.

In this environment, and with the postmodernist rejection of the very concept of objective truth increasingly ascendant, research in these parts of Australian universities became more and more politicised and agenda-driven—a part of the machinery for advancing pre-determined policy positions through the manufacture of “policy-based evidence”, rather than a source of knowledge or a useful input to the formation of “evidence-based policy”.

For this reason, university research in the humanities and social studies has come to be viewed by governments around the world, including in Australia, with an increasingly sceptical eye. But until recently, it has still largely been assumed—including by Australian governments—that universities’ research in the sciences, medicine and practical disciplines like agriculture is on the whole trustworthy, and largely free of fraud, bias (including from politicisation) or lack of rigour.

The belief that all research coming out of Australian universities is academically rigorous is beginning to fade, however, and rightfully so.

2.1 Extent of Academic Fraud

Globally, research fraud is widespread. In 2023, there were over 10,000 research retractions. Total research retractions have surpassed 50,000 papers.⁸³ A key driver of rapidly increasing research fraud has been ‘paper mills’ which sell fake research and authorship to scientists. Some estimates suggest between 1.5 and 2% of all scientific papers published in 2022 could be paper-mill products. In biology and medicine, that rate rises to 3%.⁸⁴ These papers then get cited in other papers and form parts of literature reviews, eventually distorting whole disciplines and compromising, particularly in the case of medicine, clinical best practice. Research papers often receive thousands of dollars in taxpayer funding. Already, over 400 Covid-19 papers have been retracted due to academic fraud.⁸⁵ Fraudulent research could result in millions of dollars in grant money being misdirected.

The culture of academic misconduct among researchers, even at prestigious universities, has trickled down to students’ attitudes. This, combined with at least two years of online classes due to Covid-19, has given rise to widespread misconduct among students.

Academic fraud, including plagiarism and contract cheating, has become a significant issue in higher education worldwide. Plagiarism, defined as using someone else’s work without proper attribution, remains prevalent, though advancements in technology, such as Turnitin, have improved its detection. Despite this, academic misconduct has evolved, with contract cheating emerging as a substantial concern.

Research conducted by the International Center for Academic Integrity (ICAI) alarmingly indicates that more than 60% of university students admit to some form of cheating. In a survey involving multiple college campuses, about 46% of students confessed to engaging in plagiarism at least once during their academic careers. Contract cheating, where students pay third parties to complete their assignments, is also widespread, with studies showing that up to 15% of students globally have used such services at least once.⁸⁶

Contract cheating is particularly troubling because it involves a deliberate act of academic fraud, often facilitated by commercial essay mills. These services have grown increasingly sophisticated, offering bespoke assignments to students. The MyMaster scandal in Australia, where up to 1000 students from Australia’s most prestigious universities were found to be paying for completed assignments,⁸⁷ exemplifies the severe repercussions of such practices, leading to expulsions and suspensions.⁸⁸

Detecting academic fraud relies heavily on plagiarism detection software and whistleblower reports. However, contract cheating is harder to identify due to its covert nature and involvement of third parties. The penalties for proven cases of academic misconduct vary from warnings and grade deductions to suspension and expulsion. In Australia, for example, only a small percentage of staff indicated that suspension or expulsion were common penalties, with many opting for less severe measures like warnings or reduced marks.⁸⁹

⁸³ Loyal Liverpool, “AI intensifies fight against ‘paper mills’ that churn out fake research,” Springer Nature, May 31, 2023, <https://www.nature.com/articles/d41586-023-01780-w>.

⁸⁴ Richard van Noorden, “How big is science’s fake-paper problem?” Springer Nature, November 6, 2023, <https://www.nature.com/articles/d41586-023-03464-x>.

⁸⁵ “Retracted coronavirus (COVID-19) papers,” Retraction Watch, last modified June, 2024, <https://retractionwatch.com/retracted-coronavirus-covid-19-papers/>.

⁸⁶ “Facts and Statistics,” International Centre for Academic Integrity, last modified 2024, <https://academicintegrity.org/resources/facts-and-statistics>.

⁸⁷ Lisa Visentin, “MyMaster essay cheating scandal: More than 70 university students face suspension,” *The Sydney Morning Herald*, March 18, 2015, <https://www.smh.com.au/national/nsw/mymaster-essay-cheating-scandal-more-than-70-university-students-face-suspension-20150312-1425oe.html>.

⁸⁸ Erica Morris, Academic integrity matters: five considerations for addressing contract cheating. *Int J Educ Integr* 14, 15 (2018). <https://doi.org/10.1007/s40979-018-0038-5>

⁸⁹ “Harper and her colleagues (2018) report on the main types of penalties for cases of contract cheating as identified through a survey of staff at Australian universities. These included a range of responses from not knowing (28%), a warning or counselling (42%), a reduced mark (28%), resubmission (27%) and zero awarded for the assignment (37%), with only a minority of staff indicating that the penalty of suspension or exclusion/expulsion were applied (4% and 2% respectively).”

Reforming University Research— An Outline

How can the honesty, accuracy and replicability of research undertaken at Australian universities be better monitored and enforced, reducing waste and the misallocation of resources and effort?

Three simple but worthwhile reforms would be as follows.

2.2 Component One—Establish a Reproducibility Review Agency

To better safeguard the reliability and credibility of academic research, we propose the establishment of a Reproducibility Review Agency (RRA). This agency would focus on reproducing selected studies and experiments used within research papers to verify their accuracy and prevent fraudulent practices. By randomly selecting studies for reproduction, the RRA would incentivise researchers to maintain honesty in their work, thereby enhancing scientific rigour and trustworthiness. Through collaboration with universities and research institutions, the RRA would conduct thorough reproduction processes, identify discrepancies or fraudulent practices, and provide transparent reports. Ultimately, the RRA would aim to uphold the highest standards of academic integrity, prevent the misuse of taxpayer money, and contribute to the advancement of credible and impactful research.

2.3 Component Two—Establish an Additional Statistical Review Board for ARC Grant Applications

To enhance the reliability and rigour of ARC grant applications, we also propose establishing an additional Statistical Methodological Review Board. This board would specialise in scrutinising statistical methodologies within grant proposals, particularly in social sciences where statistical nuances are crucial. Given the sheer volume of ARC-funded projects annually, reaching over 1000 in 2022, creating a dedicated board would help ensure thorough evaluations focused on statistical integrity rather than broader thematic appeal. Specific statistical issues such as inadequate sample sizes or biased sampling techniques could be effectively identified and addressed at the outset, rather than ex-post. This initiative aims to mitigate the risk of approving proposals that may seem compelling but lack robust statistical foundations, thus bolstering the credibility and impact of ARC-funded research endeavours.

2.4 Component Three—Enhance Research Accountability

This reform aims to address the practice of senior researchers adding their names to papers with minimal contributions, reaping the benefits of higher research outputs without accountability for the research's credibility. Currently, senior researchers can deflect blame onto junior researchers for academic misconduct by claiming no involvement in those aspects of the paper. This undermines research quality and allows evasion of responsibility. The reform mandates that all authors take responsibility for the entire paper unless an author explicitly states their specific contributions and declines responsibility for other parts. Researchers seeking Government grants through ARC, the National Health and Medical Research Council, or other bodies would be required to adhere to this principle.

Part 3—Specific Policy Proposals

The policies below should be viewed as a package of complementary measures. These measures provide a concrete template for the reform of Australia's universities—to forestall many of the damaging developments, for themselves and for the societies in which they operate, seen overseas.

Policy Proposal 1—Joint Student Loans

The terms of all future student loans should be amended to require them to be *joint* loans to both a student and their higher education provider. Under these new terms:

- Higher education providers would be required, as a condition of offering a course place to a student eligible to use the loan system, to consent to become joint holders of any loans taken out by that student to cover the cost of paying for that course (or for any ancillary costs, such as student amenity fees).
- Higher education providers would also have an entitlement, in relation to any individual wishing to take student-loan-funded courses at that institution, to be informed of the existing student debts of that individual (including dollar amounts, date incurred, and repayment history to date).

Information to now be recorded in relation to each loan, besides the loan amount and name and student number of the borrower, would be:

- The higher education institution;
- The date the loan is provided; and
- The student's tax file number or equivalent tax system identifier.

The financial obligations of the two signatories (student and university) to these joint loans would be as follows.

For students, the loans should remain as currently. That is, they would continue to:

- Have the same repayment schedule; and
- Be subject to an annual indexation no higher than that currently applying. (This could even be reduced modestly, if doing so would boost support for this policy change and thereby assist with legislative approval.)

Repayments by students would be applied to their debts *in the chronological order in which those debts were incurred* (i.e., earliest-incurred loans are paid down first).⁹⁰ This condition ensures that, for any joint loans they take on with a student, universities will know the place this loan will have in that student’s repayment queue—so that they are fully informed about the financial risk they will be exposing themselves to by agreeing to such a joint loan (see below). It also protects universities against a student opting later to repay their debts to a different university first, even though those other debts were taken on subsequently.⁹¹

For universities, they would have no obligations in relation to these loans for (say) the first five years of the loan. They would also have no obligation in relation to the remaining principal of these loans at any time. However, in each year from the sixth year onwards they would—except in legislatively specified special circumstances—be required to pay for the indexed portion of a student’s debt (the interest charged at CPI or WPI) charged annually on the outstanding amount until the debt is repaid (or is extinguished for some specified reason).⁹²

An example of the sort of special circumstances in which legislatures might wish to say that a university temporarily does not need to pay interest on a student’s remaining debt is where a female former student has a child—something which Western societies, with their low birth rates, should wish to encourage, but which often causes women to leave the workforce for a time or reduce their work hours. It would make sense to declare that, in such a situation, the university need not pay its interest charge on the former student’s outstanding debt for the academic year in which the birth occurs and (say) the next three years.

This dispensation would allay concerns that the introduction of joint loans might cause universities to discriminate against female applicants, out of concern that they would be more likely to lead to future interest charges due to starting a family.

Decisions about what other special circumstances (if any) ought to trigger similar relief could be the subject of consultation with the university sector.

By making universities bear some cost if Government loans taken out by their students are not repaid in due course, joint student loans should better protect taxpayers and, even more importantly, cause universities to have “skin in the game” regarding whether the public’s substantial investment in higher education is generating the educational benefit it is supposed to be.

An unintended consequence of this policy, however, is that it could create an incentive for universities to accept more international students. The Albanese-Labor Government has recently sought to limit the growth in international student numbers, with the Opposition indicating it would go even further, at least in the short term. While it is beyond the scope of this report to present a policy position on international student caps, the existing clamp-down on international student numbers would prevent universities from enrolling more foreign students to avoid the new financial obligations potentially created by their poor teaching.

⁹⁰ In the event a student has debt taken on at the same time for courses from two different providers then, as repayments from the student come to be applied to loans of this vintage, they should be applied at an equal rate across both such loans (e.g. if the student were repaying \$1,000 of these loans in a given year, \$500 would be applied to the loans associated with each provider).

⁹¹ This has the benefit that universities will naturally become the guardians they should always have been (but haven’t) against “perpetual students”. These are individuals who do degree after degree, funded by the taxpayer, to avoid having to enter the full-time workforce—sometimes for decades. While rare, this behaviour does occur and, in Australia (before it was recently legislatively prevented), saw some long-term students rack up debts exceeding \$500,000, with universities enabling this by continuing to enrol them to obtain the risk-free funding they brought in.

⁹² Timing for institutions’ interest payments to the Government should, unless there are strong administrative reasons to do otherwise, be aligned with the schedule for individuals’ periodic student debt repayments.

Policy Proposal 2—Establish Independent Testing Mechanisms for Demonstrating Core Skills

The Government should establish and promote a testing scheme to enable residents to demonstrate, for a modest fee, their proficiency in reading and comprehension, writing and numeracy.⁹³

Such schemes should, say, twice a year, offer nationwide two-hour tests akin to the Graduate Record Examinations, Graduate Management Admission Test, and Law School Admission Test used by many universities worldwide as independent academic indicators in the graduate study admissions process (but at a variety of levels).⁹⁴ These tests could cover core skills at late-secondary school level, and at second-year and final-year undergraduate standard—with individuals able to select the level of test they wish to take (and hence the degree of skills competency they wish to demonstrate). Such tests would allow individuals to directly demonstrate their competency in given areas to potential employers, without being forced, at enormous cost in time and money, to obtain a tertiary qualification as a proxy for possessing such capacities.

This testing scheme should be kept at arms-length from the higher education sector. Were it to be operated by, or fall under the influence of, the universities themselves, this would fatally compromise its capacity to provide an independent check on universities’ academic standards.

Accordingly, a simple approach would be for Government to establish such a system and oversee its operation, at least initially. For example, the Government could announce that it will set up and directly monitor such a testing scheme for at least (say) the first 10 years, by:

- a. Establishing an Educational Standards Testing Agency;⁹⁵ and
- b. Tasking this agency with:
 - expeditiously preparing scoping documents for such a scheme, to be finalised within six months;
 - running a tender process for the selection of one or more groups to establish and operate the testing scheme, with a requirement that successful applicants must be (and be seen to be) completely independent of influence by any university; and
 - overseeing the scheme, once underway, via assessment of the quality of the tests offered and spot checks on the administration and marking of these tests.

Operation of the scheme would include, at a minimum:

- The preparation of tests, as well as sample and practice versions to be made available online;
- Administering and marking of the tests; and
- Calculation of appropriate aggregate statistics on the performance of those sitting the tests.

Within 6 to 12 months, winners of the tender process should be ready to offer such tests semi-annually, once (say) just after the completion of universities’ academic year and again six months thereafter.

⁹³ Non-residents could also be allowed to take such tests, for a higher fee.

⁹⁴ The Graduate Record Examinations (GREs) are a set of tests administered by the Educational Testing Service (a US non-profit organisation) which created them in 1949. The Graduate Management Admission Test serves a similar purpose to the GREs for admissions to graduate management and business courses, while the Law School Admission Test does the same for law.

⁹⁵ Alternatively, the Tertiary Education Quality and Standards Agency (TEQSA), which already exists, could potentially fill this role.

The Government could further indicate that it will initially take responsibility for publicising and promoting the testing scheme, with a formal review to be conducted after five years to:

- Assess the scheme's overall success to date;
- Determine whether there are ways in which its operation could be improved; and
- Advise whether the system is becoming sufficiently well established (and self-financing) that the Government should pull back from further involvement after the 10-year mark, allowing it to operate and develop on its own in a competitive marketplace.

Policy Proposal 3—Improve Transparency Regarding Universities' Teaching Quality

Once a system of nationwide proficiency tests is established (as per Policy Proposal 2), these tests should be used as a means of monitoring both grade inflation and any deterioration in academic standards at universities. The Government should announce that each university's access to taxpayer funding for undergraduate courses will henceforth be conditional on their agreeing to the independent testing of a randomly selected quota of, say, 1,000 students every year.

At each university, half of the students tested should be those completing undergraduate studies (i.e., individuals whom the universities are declaring to be worthy of a degree from their institution), while the other half should be individuals who have just commenced their studies. Students in both cohorts should be selected randomly from across all disciplines, with:

- Four-fifths of those tested in each round to be domestic students, and one-fifth to be foreign students;⁹⁶ and
- Specified proportions (to be determined in consultation with universities) to be taken from each of the broad faculty areas of: Arts, Humanities, and Social Studies; Sciences and Engineering; and "Other".

Aggregate results of the testing should be published annually by the Educational Standards Testing Agency (or equivalent body), for all universities combined and at the individual university level (to allow comparison of performance across institutions).

For each institution (and broken down by broad faculty area), comparative aggregate results for final-year students should also be published showing the average university grades awarded to the tested students by that institution. This transparency will allow comparison of the ratings awarded by universities with those from the independent testing.

Details of these arrangements, and of the exact statistics to be published, should be determined following consultation with universities, with these details to be announced publicly as soon as possible.

⁹⁶ Variation of this breakdown should, of course, be permitted if an institution can persuasively argue that it has too small a number of foreign students to be able to sensibly and reasonably comply.

Policy Proposal 4—Enhance Transparency of University Funding for Taxpayers

In Australia, there is a damaging lack of transparency about the true costs to taxpayers of our university system.

To address this opacity, the Government should annually publish a comprehensive summary of the actual and expected fiscal impacts of university funding arrangements, disaggregated by major programs (i.e., direct government funding of courses, student loans, and the like). This summary should include projections for both annual expenditure and student debt, with information on a cash basis as well as in accrual accounting terms.⁹⁷

Explicitly providing regular updates of these costs and their likely trajectory would improve clarity around the ongoing level of support for universities being provided by taxpayers—promoting a more informed debate about the effectiveness of such support and the appropriateness of its level.

Policy Proposal 5—Establish a Reproducibility Review Agency

The integrity of academic research is paramount in ensuring the credibility and trustworthiness of scientific and important research findings. With concerns about academic misconduct and shoddy research practices on the rise, there is a growing need for a Reproducibility Review Agency (RRA) to better ensure that studies and experiments used within research papers are reproducible, truthful, and not fraudulent leading to a waste in taxpayer money. The RRA would aim to uphold the highest standards of academic integrity and prevent the misuse of taxpayer money on bogus or misrepresented research.

Objectives:

- **Reproduce Studies:** The primary objective of the RRA would be to reproduce a randomly selected number of studies and experiments used within research papers, to verify their accuracy and validity.
- **Ensure Truthfulness:** By reproducing studies at random, the RRA would incentivise researchers to use truthful and honest data, knowing that there is an increased chance their study will be subject to close scrutiny.
- **Prevent Fraudulent Use of Funds:** The RRA would play a crucial role in safeguarding taxpayer money by identifying and deterring shoddy or fraudulent research practices that could waste resources and derail scientific progress.
- **Enhance Scientific Rigour:** Through rigorous reproduction and validation of studies, the RRA would contribute to enhancing the overall reliability of research findings.

Methodology:

- **Random Selection:** Studies and experiments would be selected at random from a pool of research papers across various disciplines. This random selection process would ensure unbiased scrutiny and encourages researchers to maintain honesty in their work.
- **Reproduction Process:** The selected studies would undergo a thorough reproduction process conducted by qualified experts, either within the RRA or engaged by them externally. This process would involve replicating the methodology, data collection, and analysis to verify the original findings.
- **Transparency and Reporting:** The RRA would maintain transparency in its operations and provide detailed reports on the reproduced studies. These reports would highlight any discrepancies, inconsistencies, or shoddy or fraudulent practices discovered during the reproduction process.

⁹⁷ This document could be part of Australia's annual budget papers. For example, it could be included as a separate component of the Expenses and Net Capital Investment Statement provided in Budget Paper No. 1 each year.

- **Collaboration:** The RRA would collaborate with universities, research institutions, and funding agencies to access research papers and facilitate the review and reproduction process. Collaboration would ensure access to a sufficiently broad and deep pool of expertise, while encouraging wide participation and adherence to ethical standards.

Benefits:

- **Trustworthiness:** By verifying the accuracy of research findings, the RRA would enhance the trustworthiness of scientific publications and promote confidence in academic research.
- **Cost-Efficiency:** While only a small fraction of studies would be reproduced, the random selection process would optimise cost-efficiency by targeting studies based on risk assessment and potential impact. Considering the billions of dollars the Government contributes in university research grants, this would be a small price to better ensure a vast amount of taxpayer money is being well directed.
- **Deterrent to Misconduct:** The existence of an RRA would act as a deterrent to academic misconduct and encourage researchers to uphold ethical standards in their work.
- **Quality Assurance:** Through rigorous reproduction and validation, the RRA would help ensure that published research meets high-quality standards and contributes meaningfully to the advancement of knowledge.
- **Public Accountability:** The RRA would serve the public interest by ensuring that taxpayer-funded research is conducted with integrity and accountability.

In conclusion, the establishment of a Reproducibility Review Agency would help address critical concerns regarding academic integrity, fraudulent research practices, and the responsible use of taxpayer money. By reproducing studies at random and ensuring transparency in its operations, the RRA would contribute to a culture of honesty, trust, and reliability in academic research. This proposal seeks support and collaboration from stakeholders across the academic and scientific community to advance the goals of scientific rigour and truthfulness.

Policy Proposal 6–Additional Statistical Methodology Review for ARC Grant Applications

In order to fortify the reliability and robustness of research funded by Australian Research Council (ARC) grants, we propose the establishment of an additional body, the Statistical Methodology Review Board. This Board would specialise in meticulously scrutinising statistical methodologies within grant proposals, with a particular focus on the social sciences where statistical nuances play a pivotal role.

Objectives:

- **Enhanced Scrutiny:** The Statistical Methodology Review Board would ensure thorough evaluations of methodologies used in ARC grant applications, prioritising statistical integrity over thematic appeal. The idea here is that in many research areas, those assessing ARC grant applications may have an understanding of the research area but only limited appreciation of possible statistical and methodological pitfalls, causing them to support interesting-sounding proposals that are analytically flawed.
- **Identification of Statistical Issues:** The Board would specifically target statistical concerns such as inadequate sample sizes, biased sampling techniques, or other methodological shortcomings that could compromise the reliability and validity of research findings.
- **Risk Mitigation:** By identifying and addressing statistical weaknesses early in the grant application process,

this initiative aims to reduce the risk of approving proposals that lack robust statistical foundations, thereby enhancing the credibility and impact of ARC-funded research.

Structure and Functioning:

- **Composition:** The Statistical Methodology Review Board would comprise experts in statistical analysis, research methodology, and relevant disciplinary domains.
- **Mandate:** The Board's primary mandate would be to review statistical methodologies within ARC grant proposals, offering recommendations for improvement or flagging issues that require clarification or revision, rather than focusing on the topic or theme of the proposal.
- **Advisory Role:** While the Board would not have decision-making authority regarding grant approvals, its assessments and recommendations would inform the ARC's final decisions, ensuring that statistical rigour is a key consideration in funding allocations.
- **Collaboration:** The Board would work collaboratively with ARC review panels, providing supplementary expertise to ensure that statistical concerns are adequately addressed up front in grant assessments, rather than emerging ex-post.

Justification and Impact:

- **Volume of ARC-Funded Projects:** With the number of ARC-funded projects exceeding 1000 annually, the establishment of a dedicated Statistical Methodology Review Board is essential to maintain rigorous standards and uphold the credibility of funded research.
- **Focus on Statistical Integrity:** By concentrating on statistical methodologies, the Board would help prevent the approval of proposals that may seem compelling but are analytically and methodologically flawed.

Policy Proposal 7–Enhance Research Accountability

When applying for research grants from government bodies, all researchers listed as authors would be required to sign a statutory declaration accepting responsibility for the research. The declaration will state that in the event of academic misconduct being discovered, as an author of the paper, they take full responsibility. The declaration will apply to the entire paper unless an author explicitly outlines their contributions and declines responsibility for other parts. When publishing papers independent of direct government grants, researchers would be able to voluntarily include this declaration to boost the credibility of their research and proper attribution of responsibility.

Policy Proposal 8–University Staff Whistleblower Hotline

Establish an independent mechanism that allows students and staff to report academic misconduct, declining standards and political bias. Examine the possibility of adding this as a new function within the higher education regulator, TEQSA.

Policy Proposal 9–Increasing Transparency regarding Staff and Student Numbers

Detailed data on staff and student numbers must be thoroughly reported by universities to the Department of Education. The Department of Education should make all data accessible in a time-series format and report on all university data metrics in an understandable and accessible way, including through user-friendly dashboards, charts and tables. Specifically, universities must report on:

- Academic staff
 - Casual: highest level of academic qualification, number of hours worked per fortnight, faculty, whether enrolled as either an undergraduate or postgraduate student, professional experience in field of teaching.
 - Permanent: highest level of academic qualification, number of hours worked per fortnight, faculty, professional experience in field of teaching.
- Non-academic staff
 - Casual: category of non-academic staff (i.e. administration, business development, facilities maintenance and security, etc.).
 - Permanent: category of non-academic staff (i.e. administration, business development, facilities maintenance and security, etc.).
- Students
 - Domestic: median ATAR of students by course and faculty, study load, median mark by undergraduate and postgraduate degree and faculty.
 - International: number and proportion of domestic and international (onshore and offshore) students, by type of qualification (i.e. undergraduate, coursework postgraduate, postgraduate) and degree studied.
 - Class sizes: average lecture and tutorial class size by course, including breakdown of domestic and international students.

Conclusion

Universities have been vital to the success of Western societies. They have played a pivotal role in expanding knowledge and opportunity, improving the lives of citizens and helping to free them from drudgery and hunger.

Over the past 50 years, however, and especially the last 20, parts of Australian universities have lost their way—abandoning academic rigour, compromising their educational mission, and setting themselves in opposition to the society that has nurtured and funded them. This disastrous shift must be reversed—and we need urgently to renew the role of Australian universities, refocusing them on the academic development of our young people, and restoring their commitment to rigour, innovation, and serving the needs of the nation. Such renewal would also rebuild the proper relationship between universities, the Government, and the Australian people—ensuring the significant investments of the latter are once again reciprocated by the fulfilment of commitments by the former.

The reforms proposed in this study represent practical steps that can be taken to restore accountability, responsibility, and academic integrity to our universities—refocusing them on their true purpose of cultivating and expanding our cultural and civilisational heritage, and aiding future generations to thrive intellectually and vocationally.

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