



Dr Michael Spence AC
Vice-Chancellor and Principal

17 August 2020

Mr Rob Heferen
Deputy Secretary
Higher Education, Research and International
Department of Education, Skills and Employment

By email: hereform@dese.gov.au

Dear Mr Heferen,

Exposure draft for the *Higher Education Support Amendment (Job-ready Graduates and Supporting Regional and Remote Students) Bill 2020*

Thank you for the opportunity to comment on the operation of the draft enabling legislation for the Government's [Job-ready Graduates Higher Education Reform Package](#) 2020 (the package).

In his speech to the National Press Club on 19 June this year, when announcing the above package, Minister Tehan spoke of Sir Robert Menzies. He noted that the Menzies Government, when rebuilding Australia after World War II, recognised the vital role of universities for economic recovery. Menzies said that universities were central for the economic and vocational strength of Australia but also its national security and for creating and sustaining a civilised liberal democracy. Australia prospered in subsequent decades.

This philosophy informed the Menzies Government's support for the pursuit of free intellectual inquiry in the sciences but also in the humanities. It underpinned a profound restructuring and increased funding to expand and widen access to Australian higher education from the 1950s. It was a crucial part of Australia's success story. This vision of universities remains true today and informs the feedback that we at the University of Sydney provide below regarding the proposed changes to higher education policy and funding.

Throughout the 2019-20 bushfires and COVID-19 crises, Australia's universities have demonstrated their value through their research across the disciplines, through their linkages with international research networks, by the engagement of their experts to provide governments and the community with independent policy advice and analysis and in their eagerness to respond with innovative educational offerings to allow people to upskill and retrain during the downturn.

Much as after World War II, we now need a strong and accessible higher education and research sector to help rebuild the economy and create the new industries and jobs of the future so that Australia can continue to prosper. This is too important to get wrong.

Major change to the Australian higher education and research funding system needs careful consideration and consultation. It must be informed by robust costings and a sound understanding of the future of work following a time of crisis. It must avoid retrospective application and unintended consequences for prospective students who have already made their post-school study choices, based on current fee and funding arrangements, and who have experienced harmful disruption to their studies and prospects.

.2.

It must support the research capability that underpins education in our universities, our national capacity to respond to disasters and our ability to advance knowledge and create new opportunities through innovation.

We understand that these are exceptional times which demand nimble responses. However, a fundamental shift in the way university teaching and research is funded must be informed by rigorous evidence and by wide consultation of all those affected.

While a considered review is undertaken, the immediate need for additional Commonwealth-supported places in 2021 could be delivered under current funding arrangements. This could be done, for example, by targeted and defined allocations of extra commencing places through university funding agreements or through the temporary reintroduction of demand-driven funding for undergraduate places to ensure that universities have maximum flexibility to respond to the much higher than usual levels of demand from domestic students expected next year.

We stand ready to contribute actively to getting these proposed changes right.

The University of Sydney is concerned that changes of the significance proposed in the *Higher Education Support Amendment (Job-ready Graduates and Supporting Regional and Remote Students) Bill 2020* require greater consideration before being introduced into Parliament. We are therefore proposing that the Bill be referred to the Senate Standing Committee on Education and Employment for thorough inquiry and public consultations before any decisions are made on such fundamental changes to higher education funding.

Sincerely,

(signature removed)

Michael Spence

Attachment: The University of Sydney, feedback on the operation of the exposure draft of the *Higher Education Support Amendment (Job-ready Graduates and Supporting Regional and Remote Students) Bill 2020*, August 2020

The University of Sydney, feedback on the operation of the exposure draft of the Higher Education Support Amendment (Job-ready Graduates and Supporting Regional and Remote Students) Bill 2020, August 2020

Executive summary

The University of Sydney recognises the need for change to Australia's higher education funding architecture.

We remain deeply committed to working with governments, industry and the community on reforms that strengthen the nation's education and research systems.

In the short time provided to review the proposed Bill's exposure draft, we have consulted as widely as possible across the University.

The analysis below is based on expertise in labour market forecasting, vocational and higher education policy, research and innovation policy, economic policy, gender studies and social and equity policy.

The University welcomes many elements of the Bill:

- The proposed net funding increases for teaching students in some disciplines, including English, pathology, dentistry, veterinary science and medical studies.
- Introducing a single funding envelope for the Commonwealth Grant Scheme (CGS) to give providers more flexibility to respond to changes in student demand.
- Returning to CPI indexation following the three-year funding freeze.
- The renewed focus on addressing educational disparities between people living in our cities compared to regional, rural and remote communities.
- Introducing demand-driven funding for some Aboriginal and Torres Strait Islander students.
- In industry units of study, allowing some work experience to be eligible for CGS funding.
- Strengthening protections for students.
- Reducing the FEE-HELP loan fee for undergraduate students from 25 per cent to 20 per cent.
- Reducing the waiting period for a student to be eligible for the Fares Allowance.

However, we have serious concerns about the most significant part of the Bill - the proposed redesign of the CGS funding clusters and student contribution bands. These concerns are addressed in the attached submission and summarised below.

We will be recommending to parliamentarians that the Bill be referred to the Senate Standing Committee on Education and Employment for thorough inquiry and public consultations before any decisions are made on such fundamental changes to higher education funding. In the interests of transparency, we have elected to place our concerns on the public record.

In summary, our key concerns are:

- The funding changes proposed in the Bill are too significant and radical to rush.
- They will effectively apply retrospectively to current Year 11 and 12 students, as well as to students who took gap years in 2020 informed by the current funding arrangements.

- The package ignores long-term trends in the nature of work, which clearly show a demand for higher-level cognitive abilities, excellent communication skills and creative minds, all fostered by the humanities.
- The labour market forecasts the Bill relies upon have been disrupted by COVID-19, and are consequently out of date.
- The package delivers misleading and inconsistent messaging to students and their families about where the best employment prospects will lie beyond the pandemic.
- The package is based on limited or no evidence of a correlation between student contribution amounts and course choice.
- The proposed student fee increases will have a disproportionately negative impact on females and Aboriginal and Torres Strait Islander peoples. If higher fees are to impact student choice as intended, they will most likely deter low-SES and first-in-family students, precisely at a time of economic downturn when the absence of a university degree is a strong predictor of long-term unemployment.
- The package would entrench new perverse incentives which work against the Government's stated policy objectives about increasing student places and STEM graduates.
- The package relies heavily on weak data about university teaching costs.
- Embedded in the package is a significant (5.8%) cut in per student funding for higher education teaching and scholarship and as much as ~\$2 billion annually cut from core university research funding.¹ This is at odds with the approaches of competitor countries around the world, where increased public investment in higher education and research is being prioritised as a core component of national strategies to overcome the COVID-19 crisis.²

The proposed changes to funding for university teaching and research will not deliver on many of the Government's stated objectives. They will not address the higher education needs of the hundreds of thousands of people who will require university places over the coming years. They will entrench a new set of perverse incentives and risk doing great damage to the national capacity for research, innovation and ultimately the quality of education and training Australian universities can provide.

Serious changes to funding and operations to our universities need to be thought through carefully in consultation with experts, students and the communities our universities serve. Changing the level and balance of funding teaching and research is a highly important but sensitive undertaking. Moreover, it cannot be done piecemeal. Parliament and all higher education stakeholders must have full details of the proposed new funding arrangements for core university research, the National Priorities and Industry Linkage Fund (NPILF) and the Indigenous, Regional and Low SES Attainment Fund (IRLSAF) before judgments can be made on the package of changes the Bill seeks to implement.

In the meantime, the Government should consider alternative measures such as releasing additional Commonwealth-supported places under current funding arrangements for students seeking places in 2021. This could be done, for example, either through targeted and defined allocations of extra commencing places through university funding agreements, or through the temporary reintroduction of demand-driven funding for undergraduate places to ensure that universities have maximum flexibility to respond to the much higher than usual levels of demand from domestic students expected next year due to the recession.

1. The funding changes proposed in the Bill are too significant and radical to rush

The proposed 1 January 2021 start date is too close for funding changes of the magnitude outlined in the Bill. The proposed changes to student contribution amounts will effectively operate retrospectively for current Year 11 and 12 students, who have been planning their university study preferences since Year 10.

Many of these students have already made their post-school study decisions based on the existing fee and funding arrangements. Similarly, many students who are taking a Gap Year in 2020, made their decision to do so on 2019 fee and funding arrangements. They will face higher fees in many disciplines when they commence in 2021. Treating prospective 2021 students this way is not fair or transparent.

By removing the accepted 'base research' component of the Commonwealth Grant Scheme (CGS) the Bill proposes to introduce from 1 January 2021 arguably the most significant and radical changes to core university research funding in twenty years. This would leave CGS funding quarantined for education and scholarship activities and allow it to be allocated more widely to teaching-only private and other non-university higher education providers. Moreover, while Minister Tehan has recognised the critical importance of finding sustainable solutions for university research funding during COVID-19 and beyond³, the details of any different approach to funding research are not yet known. This situation could lead to serious underfunding of research in 2021.⁴

The proposed changes to university education and research funding have not been developed in accordance with the Government's own guidance on best practice consultation.⁵ To rectify this, Parliament must consult with students and other stakeholders on the complex package of measures as part of any careful consideration of the Bill. This will necessitate a thorough parliamentary inquiry, which will require time. Parliament faces a very heavy legislative agenda for the remainder of 2020 due to the COVID-19 backlog. To rush through the Bill would be irresponsible. Formally delaying its start date would at least give prospective students considering university studies in 2021 reassurance that any changes are not being rushed in before the next academic year.

2. The labour market forecasts the Bill relies upon have been disrupted by COVID-19

The proposed funding changes are based on pre COVID-19 labour market forecasts.⁶ However, the Department of Education, Skills and Employment itself acknowledges extreme care in relying upon 2019 projections:

"The 2019 employment projections do not take account of any impact caused by the COVID-19 pandemic and are therefore no longer reflective of current labour market conditions. As such, they should be used, and interpreted, with extreme caution".⁷

Research has proven that prior estimates of forecasting using labour market survey data are not reliable in a time of crisis. This is because they draw on different labour market predictions based on robust economic times, not a recession. Analysis of the last recession of the early 1990s demonstrates that economic crises have significant impacts on the labour market and the skills in demand, as well as tertiary education places. The jobs that were in demand prior to the early 1990s recession were not the ones in demand after it, and the impact on different industries and jobs varied considerably. As one of the leading Australian papers on this topic notes: 'no model, no matter how carefully and cleverly constructed, can hope to remove fully the uncertainty involved in dealing with the future'.⁸ This is particularly the case during a period of seismic flux in our social and economic systems.

Forecasting the future relies upon assumptions about likely investment, competition, new technology, structural changes in the economy, the responsiveness of the education system and other parameters such as demographic patterns, workforce participation and immigration patterns all of which affect both the demand and supply of jobs and workers for those jobs.⁹ None of these central parameters are clear at present. Given the current uncertainty, even the best attempts at modelling the jobs and skills in demand in the future will be flawed. This undermines the economic rationale for the Government's proposals and raises serious questions about whether the package will deliver the type of workforce the Australian economy will need when it recovers from the pandemic.

Nevertheless, what is certain is that the world of work is shifting radically and faces major and constant change. The OECD has highlighted the need for a multi-pronged approach to meet changing skills requirements over the long-term.¹⁰ The core policy challenges are to deepen the capabilities of our citizens and institutions to adapt to change, and to provide an integrated education system that encourages and supports life-long learning.¹¹

Critical to developing adaptive capacity in graduates is to equip them with advanced cognitive abilities that allow them to deal with complexity, be creative and innovative, take initiative, communicate effectively, and collaborate with others to solve problems. There is widespread recognition of the importance of these qualities to the future of work, ranging from experts within the Reserve Bank of Australia, the Foundation for Young Australians, the Business Council of Australia, the World Economic Forum and international agencies like UNESCO.¹²

Some of the degrees the package seeks to encourage have the lowest rates of full-time employment. For instance, in 2019, only 60.3% of science, maths and psychology undergraduates were in full-time employment four months after graduation. Outcomes for humanities, culture and social science graduates were no worse than for maths and science.¹³ As the Government's analysis in its discussion paper reveals, a key predictor of unemployment in the current climate is the absence of a university degree more so than which university degree is undertaken.¹⁴

3. The package is based on limited or no evidence of a correlation between student contribution amounts and course choice

The proposed changes to student contribution amounts assume that undergraduate higher education students in Australia base their study choices largely on price. There is no definitive evidence for this and the Government does not appear to have done modelling or other research to prove the assumptions on which its proposed 'price-signalling' changes are based.¹⁵

What evidence there is indicates that such price changes have very limited long-term impacts on student choice. For example, when the UK government trebled the cost of many degrees in 2011, student demand dropped slightly in the first year of operation. In every year since the level demand has returned to pre-price hike levels¹⁶ – and changes in the field of study chosen by students have changed in ways little different to those associated with long-term trends.¹⁷

We note that the recognised international expert on these issues, Professor Bruce Chapman AO's assessment of the Government's proposed changes to student contribution amounts is that while they will impose additional costs on many students, they are unlikely to cause significant variations in enrolments between disciplines over the long term.¹⁸ This follows Professor Chapman's research on the impacts of the introduction of HECS in the Australian university system, which did not find evidence for price sensitivity about decisions to enrol in university.¹⁹

The Melbourne Centre for the Study of Higher Education at the University of Melbourne has been tracking the first-year student experience since 1994. Over this period, the most important reason cited by first-year students for their decisions to enrol in universities has consistently been interest in the field of study (cited by 94-96% of students), followed by improving their job prospects and developing their talents and creative abilities.²⁰

Student interests also tend to be constrained with certain clusters of fields of study. Student application data shows that student preferences are mostly spread narrowly across the same or similar field of study. There is very little cross-preferencing between many of the proposed high and low-cost fee subject areas, such as humanities and engineering.²¹

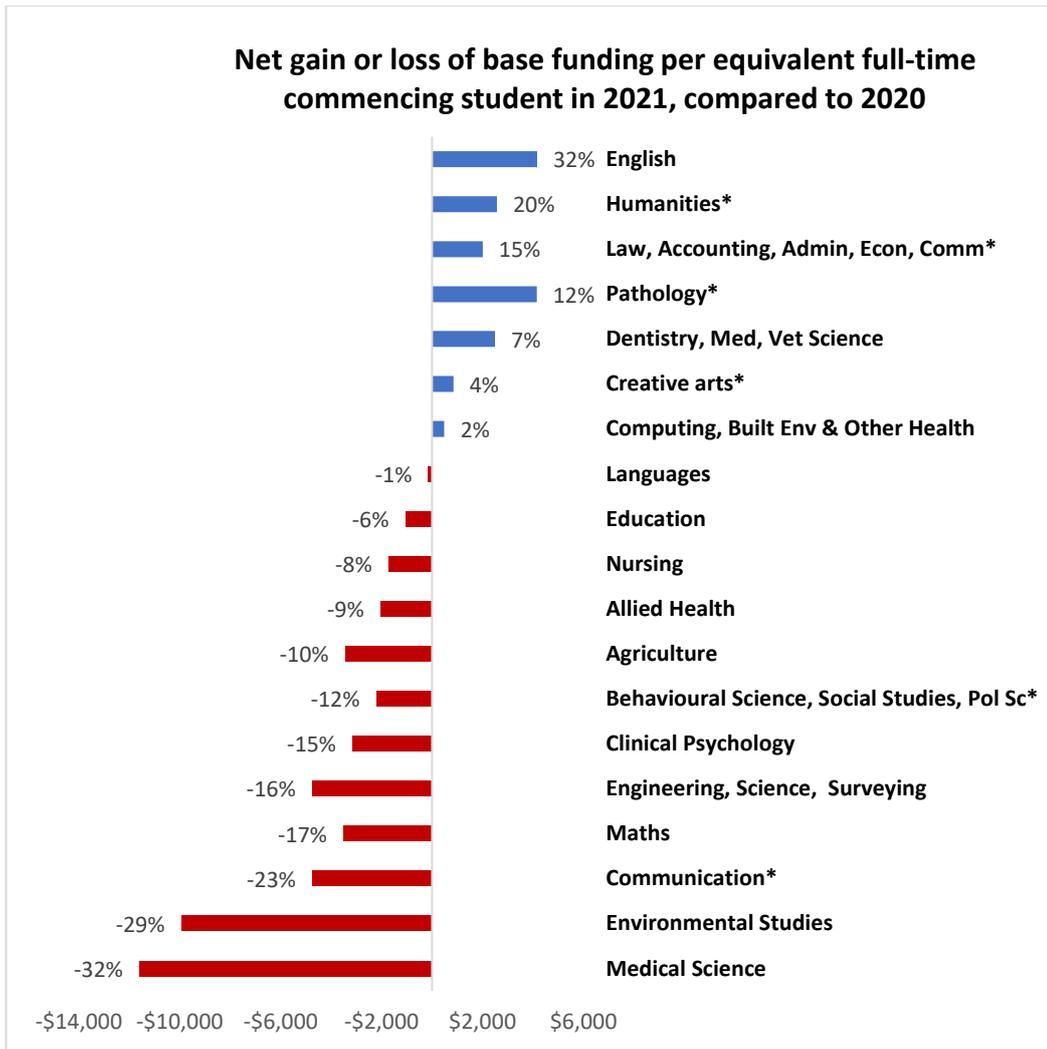
This evidence suggests that changing relative fee levels is unlikely to influence student choice and will instead leave some graduates more indebted than others based on their interest. Encouraging students to enrol into degrees they are not interested in based on their price also risks increasing attrition rates, undermining student retention goals.

4. The package would entrench perverse incentives, which would work against the Government's stated policy objectives

While there may be limited evidence of students being sensitive to changes in tuition fees, there is ample evidence and operational experience demonstrating that the behaviour of higher education providers is strongly influenced by changes in availability of revenue sources.²²

The package's proposed funding changes seek to address 'incentives for universities to offer some courses over others based on funding arrangements rather than in response to demand from students and the labour market'.²³ In our assessment they will serve only to introduce new perverse incentives for providers, which paradoxically will work against increasing the number of graduates in the priority fields the Government has identified.

The chart below shows the net impact on the funding for each full-time equivalent commencing student enrolled in units that fall within the different fields that providers will receive from 2021 (compared to 2020), if the package's proposed changes become law. It shows that in fields including the medical sciences, maths, engineering, all other sciences, agriculture, allied health and education, providers will receive a net funding cut per student of between 6% and 32%. For the relatively large numbers of students enrolled in scientific and engineering fields, this amounts to a very substantial net funding cut of \$4,758 for each equivalent full time Commonwealth-supported student, per year.



**Fields of Education in which current students would have their fees 'grandfathered' from 2021
Source, data from Job-ready Graduates, Higher Education Reform Package, 2020, Discussion Paper and associated technical documents*

Given the lack of evidence about price sensitivity, the stated aims of the Government to encourage students to pursue STEM courses may not be achieved. The net funding cuts proposed for disciplines could have the unintended consequence of discouraging universities from offering new STEM programs. Alternatively, universities may decide to significantly expand their enrolments in these disciplines to make up for budget shortfalls, or to preference enrolling students in fields like the humanities, social science, law, business, accounting and administration where the annual student contributions will be relatively high (\$14,500) and the Commonwealth contributions relatively low (\$1,100). This will be especially the case once universities reach the maximum annual CGS funding amounts set through funding agreements with the Government. Beyond that point, providers will only receive the student contribution for each 'over-enrolled' student, meaning that there will be a very strong financial incentive for universities to only over-enrol students in courses that attract the higher student contribution amounts.

5. The proposed student fee increases will have a disproportionately negative impact on females and Aboriginal and Torres Strait Islander students

In the interests of equity, any change in policy must ensure that females as a group are not more disadvantaged financially than males.

There is considerable gender segregation by course type in Australia that is replicated in the labour market, where women cluster in the lower paying areas of care, hospitality, and education, with flow-on consequences for pay inequity. Female undergraduate students are concentrated in nursing, clinical psychology, health, education and society and culture. While four of these areas see a modest decrease in fees, \$2,000 to \$3,000, the fee increase for society and culture, where females constitute two-thirds of students, is significantly higher at \$7,696 (113% increase). This will severely disadvantage females who are entering social work for example, a profession that COVID-19 has shown to be critical to Australia's health and wellbeing.

Bond-Smith and Cassels estimate that 'overall young women will be paying an additional \$498m (half a billion) each year towards their education, and young men an additional \$339 million if the current education patterns and costs remain the same'. Together with higher HECS debts, young women will have to balance consideration of lower paying jobs and paying back debt, with the decision to have children. Recent research has already shown ambivalence about having children: of young women without children, 27.5% are 'fairly or very unlikely' to have a child in the future.²⁴ The long-term consequences of this for Australia are significant, with the nation facing a certain decline in the fertility rate, which in turn reduces overall population and GDP. Women in Australia face high effective marginal tax rates for participation in the workforce.²⁵ Larger HECS debts will compound this problem by extending periods of repayment that are experienced as increased tax rates of up to 10% of incomes.

We are also particularly concerned about risks for students from regional, rural and remote communities and Aboriginal and Torres Strait Islander students. The NSW Government is currently funding a study to better understand transitions from school to university for students.²⁶ This large-scale study of regional NSW students is responding to the most significant barriers to university, namely fear of debt [56%] and concerns regarding living costs during university.²⁷ A related major barrier to rural and remote university participation is indecision; students [43%] were unwilling to go into debt to commence studies if they weren't sure that they had chosen the right course.²⁸

The package's proposal to invest in regional university infrastructure, internet connections and start-up relocation incentives do not address these key barriers. The 'bridge' to overcoming this barrier has been to choose a course knowing they can hone fields of interest and expertise during university studies. Students are selecting an arts, commerce or science degree and determining a specialising major 'as they go'. The proposed 'price signal' approach that encourages immediate specialisation could distort decision-making. This is acute for school leavers, at a time when they are least sure about their future careers.

We are concerned that the proposed fee changes may also further disadvantage the most educationally disadvantaged group in Australia, with over 50 per cent of current Aboriginal and Torres Strait Higher Education students (2018) enrolled in fields of education that will attract the highest proposed CSP fees, i.e. the management/commerce, human society/culture and creative arts courses.²⁹

The proposal to reduce the waiting time for the Fares Allowance is welcome, however, further changes to the student income support system are required. Current eligibility requirements for Youth Allowance incentivise rural and regional students to defer university

until they can meet eligibility requirements to qualify as Independent claimants.³⁰ Less than one third of all current university students receive government income support for their studies, with over 80 per cent of them dependent on income from paid work to meet basic living expenses while.³¹ Student jobs are predominantly in sectors such as hospitality and retail that have been massively impacted by COVID-19.³² Here we note that the Senate Community Affairs References Committee recently recommended that the Australian Government commission in 2021 an independent root and branch review of the adequacy of the student income support system in 2021, to ensure the policy goals of higher education accessibility are achieved.³³

6. The package relies heavily on weak data about university teaching costs

The University is very concerned that the package's major proposed changes to Commonwealth Grant Scheme and student contribution amounts rely heavily on a single source of data, which has not been robustly and independently reviewed.³⁴

When similar activity-based costing and funding models have been implemented overseas (in the United Kingdom and United States for instance), they have been developed over many years, with the clear purpose of providing transparent, sustainable and efficient education and research funding systems. They have also been developed with substantial resources and strong governance, to ensure that the data produced are robust and comparable between providers, having been generated using a consistent methodology that is fit for purpose.³⁵

In the Australian context, the introduction of activity-based funding for services provided by public hospitals (including their teaching, training and research activities) is managed by an independent expert statutory agency – the Independent Hospital Pricing Authority – which has been given the best part of a decade and tens of millions of dollars to develop and implement a robust approach, in close collaboration with the health sector.³⁶

We note that Deloitte, the consultants responsible for producing the costing data, state in their latest report 'caution should be taken in drawing inferences regarding the sufficiency of CGS funding from these results' and describe some of the limitations of its exercise.^[1] While all universities that participated in the various Deloitte costing exercises since 2011 would have applied their best efforts, the resulting data are unavoidably of limited utility and must be treated cautiously when informing decisions about the relativities in funding different academic disciplines.

7. The package significantly undervalues the base research component of the Commonwealth Grant Scheme and risks devastating negative consequences for the nation's research capability

Another extremely significant change contained in this package is the Government's proposal to remove the 'base research' component from the CGS and to value it at just ~\$222m or ~3% of the CGS in 2020.³⁷ In 2014 the Coalition Government valued the base research share of the CGS at 30%.³⁸ Base research at 30% equates to ~\$2.16 billion per annum, while a rate of 6-10%, as recommended by the Base Funding Review of 2011, would value its share of the CGS at between ~\$430m to ~\$720m annually.³⁹

The University understands and sees merit in a policy that shifts to a system where higher education teaching and research activities would be supported through separate funding streams, thus enabling the further allocation of CGS funding to higher education providers that do not undertake research. The current package, however, proposes the most significant

change to core funding for university research in twenty years, but before any alternative system has been devised to cover university base research costs.

Australia's unique 'dual' system of university research funding has been built on the understanding that a typical academic staff member spends 40% of his or her time on teaching, 40% on research and 20% on administration or 'service'. This workload allocation model is embedded in many university enterprise agreements, on the understanding that 'base funding' received through the combination of CGS grants and student contribution amounts paid through HECS-HELP, is largely provided to cover these core academic staffing costs.⁴⁰ This standard university academic workload model has also been reflected in the Higher Education Provider Category Standards, which dictate that a provider may only be registered under the 'Australian University' category if it meets minimum thresholds for research activity, including that any of its staff engaged in supervising research students must be qualified and active in research.⁴¹

The policy rationale evident in the current regulatory and arrangements is that Australian universities in receipt of CGS funding can meet the minimum research standards from base funding alone. However, for those universities that do win significant research funding through national competitive Commonwealth research grant schemes (run predominantly by the Australian Research Council and the National Health and Medical Research Council), the combination of the base research and Research Block Grant funding falls well short of covering the total direct and indirect costs they must meet to deliver the funded research activities (confirmed by a number of independent reviews of Australia's research system).⁴²⁽¹⁾ These costs include equipment, physical and soft infrastructure, salary gaps, research support, ethics considerations, data and grant administration etc.

The result is that the greater a university's success in winning external research grant funding, the greater the financial shortfall it faces delivering the research. Covering the gap is especially challenging in medical and scientific research where infrastructure and equipment costs are relatively high.⁴³ This is one of the main reasons why ABS data show that universities have increasingly been forced to cover the full costs of externally funded research from general revenues, including tuition fees from domestic and international students.⁴⁴ This is the fundamental structural flaw in research funding in Australia today.

We welcome the fact that, after announcing the package on 19 June, Minister Tehan has recognised the importance of addressing this gap in the package by establishing an expert working group of vice-chancellors to advise him on sustainable approaches to research funding for universities during COVID-19 and beyond.⁴⁵ However, Parliament should not be asked to consider a Bill that risks devastating consequences for the nation's research capability until full details of the Government's proposed policy solutions are provided.

Ends/

Appendix Snapshot summary of higher education sector relevant policy responses in Canada, China, France Japan, New Zealand, the United Kingdom and the United States.

Endnotes

¹ Estimate of average net funding impact per Equivalent Full-Time Student Load (EFTSL) Commonwealth-Supported Student from Universities Australia, (20 June 2020), 'Issues Brief, Job Ready Graduates Package'. Canberra: unpublished. See Item 8 of this report and reference 37 for the source of the ~\$2 billion annual base research funding estimate.

² See the Appendix to this submission for snapshot summaries of higher education sector relevant policy and response from governments in Canada, China, France, Japan, New Zealand, the United Kingdom and the United States.

³ <https://ministers.dese.gov.au/tehan/research-sustainability-working-group>

⁴ This matter is discussed in some detail at Item 7.

⁵ Prime Minister and Cabinet, Office of Best Practice Regulation, (March 2020) '[Best Practice Consultation Guidance Note](#).' Canberra.

⁶ Department of Education, Skills and Employment (19 June 2020), '[Job-ready Graduates, Higher Education Reform](#)' Package', p.22

⁷ Department of Education, Skills and Employment, [Labour Market Information Portal, 2019 Employment Projections - for the five years to May 2024](#)

⁸ Mowbray, N., Rozenbes, D., Wheatley, T., and Yuen, K., (2009) '[Changes in the Australian Labour Market over the Economic Cycle, Research Report No. 9/09](#)', Australian Fair Pay Commission

⁹ Richardson, S., and Tan, Y., (2007). [Forecasting Future Demands: What We Can and Cannot Know](#). National Centre for Vocational Education Research

¹⁰ OECD, (2016), '[Getting Skills Right: Assessing and Anticipating Changing Skill Needs](#)', OECD, Paris. See also OECD and the International Labour Organisation (ILO) (June 2018) '[Approaches to anticipating skills for the future of work](#)', Report prepared by the ILO and OECD for the G20 Employment Working Group, Geneva, 'https://www.ilo.org/wcmsp5/groups/public/---dgreports/---inst/documents/publication/wcms_646143.pdf

¹¹ Buchanan, J., Ryan, R., Anderson, M., Calvo, R., Glozier, N., and Peter, S., (2018) [Preparing for the best and worst of times, A report prepared for the NSW Department of Education on the key implications for school education of artificial intelligence and other emerging transformation](#). Sydney: NSW Department of Education

¹² Heath, A., (16 March 2020) Head of Economic Analysis, '[Skills, Technology and the Future of Work](#)' speech to Career Education Association of Victoria and Victorian Commercial Teachers Association Work Futures Conference. Melbourne: Reserve Bank of Australia. The Business Council of Australia (2018), [Future-Proof. Protecting Australians through education and skills](#), Melbourne: BCA. The Foundation for Young Australians, (2017), [The New Work Order](#). World Economic Forum (2015) [New Vision for Education. Unlocking the Potential of Technology](#). Geneva: WEF. UNESCO (2017) E2030: [Education and Skills for the 21st Century, Working Document](#)

¹³ Quality Indicators for Learning and Teaching (2019) Graduate Outcomes Survey, unpublished data.

¹⁴ Department of Education, Skills and Employment (19 June 2020), '[Job-ready Graduates, Higher Education Reform](#)' Package', Figure 2

¹⁵ Senate Select Committee on Covid 19, ([transcript of hearing held Tuesday 28 July 2020](#)), from p.44

¹⁶ Dearden, L., Fizzesimons, E., and Wyness, G., (2014) '[Money for nothing: Estimating the impact of student aid on participation in higher education](#)' Economics of Education Review, December pages 66 – 78 and Murphy, R., Scott-Clayton, J., and Wyness, G., (2019) '[The end of free college in England: Implications for enrolments, equity, and quality](#)' Economics of Education Review, 71: 7 – 22

¹⁷ The following official UK source notes the often contradictory developments by subject area in the first two years after the 2011/2012 reforms. Longer term factors, other than price, appear to be key determinants of subject area choice by students. Higher Education Funding Council (2013) Higher Education in England. [Impact of the 2012 reforms](#), pages 28 – 34.

-
- ¹⁸ Chapman, B., (August 2020), 'The Government's Planned changes to HECS-HELP Charges: A submission to Job-Ready Graduates Package draft legislation consultation'. Canberra.
- ¹⁹ Chapman, B. and Ryan, C. (2005) '[The access implications of income-contingent charges for higher education: lessons from Australia](#)', *Economics of Education Review*, 24 (5): 491–512.
- ²⁰ Baik, C., Naylor, R., Arkoudis, S., (2015) '[The First Year Experience In Australian Universities: Findings From Two Decades, 1994-2014](#)', Melbourne: Centre For The Study Of Higher Education, The University Of Melbourne.
- ²¹ Cherastidham, I., Norton, A., and Mackey, W. (2018). [University attrition: what helps and what hinders university completion?](#). Melbourne: Grattan Institute.
- ²² For example, higher education providers responses to: historical increases in student contribution amounts, introduction of Demand-Driven funding, the opening up of international education.
- ²³ <https://www.dese.gov.au/job-ready/better-university-funding-arrangements>
- ²⁴ Hill, E. Baird, M., Vromen, A., Cooper, R., Meers, Z., Probyn, E., (2019), [Young women and men: Imagined futures of work and family formation in Australia](#), *Journal of Sociology*, 55(4), 778-798
- ²⁵ Stewart, M. (2018) [Personal income tax cuts and the new Child Care Subsidy: Do they address high effective marginal tax rates on women's work?](#), Tax and Transfer Policy Institute – Policy Brief 1/2018 August 2018, ANU
- ²⁶ McMahon, S., Harwood, V., Grove O'Grady, A., Smyth, C., Brownlee, P., Teague, M., Roberts, P., Poretti, L., O'Shea, S., Austin, K., Andrews, J., & Country Education Foundation. (2019). [Re-inventing the 'gap year': Establishing new forms of supportive communications between universities, regional students and parents](#). Funded by NSW Department of Education (\$550,000). See project described at: https://education.nsw.gov.au/content/dam/main-education/about-us/our-people-and-structure/media/documents/Regional_Transitions_ReportFinal_A.pdf
- ²⁷ Quin, R., Stone, C., & Trinidad, S. (2017). Low Rates of Transition to University for High Achieving Students in Regional NSW. Report for NSW Department of Education. National Centre for Student Equity in Higher Education: Curtin University, Perth.
- ²⁸ Ibid. (Quin et al., 2017)
- ²⁹ [DESE \(2018\) Selected Higher Education Statistics – 2018 Student data](#)
- dents. [Table 6.1: Commencing and All Indigenous Students by Level of Course and Broad Field of Education, Full Year 2018](#).
- ³⁰ [Australian Government Youth Allowance for Australian students and apprentices](#).
- ³¹ Universities Australia (2018) [2017 Universities Australia Student Finances Survey](#). Canberra
- ³² Woods, D., and Emslie, O., (July 2020) [Young Australians need special care through the covid crisis](#). Melbourne: Grattan Institute Senate
- ³³ Senate Standing Committee on Community Affairs (2020), '[Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia](#)'. Canberra. Recommendations 9 and 10.
- ³⁴ Deloitte Australia, (April 2020) [Transparency in higher education expenditure](#)
- ³⁵ For the United Kingdom see, <https://www.trac.ac.uk/about/> for the Unites States see, https://obamawhitehouse.archives.gov/omb/circulars_a021_2004/
- ³⁶ [The Independent Hospital Pricing Authority](#)
- ³⁷ <https://www.dese.gov.au/document/better-university-funding-arrangements-reducing-complexity-and-targeting-job-ready>, p.5
- ³⁸ Extract from the Explanatory Memorandum to the [Coalition's Higher Education and Research Reform Bill 2014](#): 'Private universities and non-university higher education providers will be eligible for Commonwealth funding for undergraduate courses. Student places at these providers will be funded at 70 per cent of the rate for universities on the basis that these providers are not required to sustain the same kind of research or meet the same community service obligations as universities.'

³⁹ Lomax-Smith, J., et al, (2011) [Higher Education Base Funding Review Final Report](#),

⁴⁰ See for example, [Clause 319 of the University of Sydney's 2018-2021 current enterprise agreement](#)

⁴¹ [The Higher Education Standards Framework \(Threshold Standards\) 2017](#), Part B. It is important to note also that the Australian Government recently agreed to significantly increase the minimum research threshold requirements for registration as an 'Australian University', following a [major review of the Higher Education Provider Category Standards led by Emeritus Professor Peter Coaldrake AO](#)

⁴² Cutler, T. (2008). [Venturous Australia: building strength in Innovation](#). Canberra. The Allen Consulting Group, (2008) [Recognising the Full Cost of University Research](#), Canberra.

⁴³ The House of Representatives Standing Committee on Employment, Education and Training, (2018), [Australian Government Funding Arrangements for non-NHMRC Research](#), Canberra.

⁴⁴ Australian Bureau of Statistics, [81110DO001 2018 Research and Experimental Development, Higher Education Organisations, Australia, 2018](#)

⁴⁵ <https://ministers.dese.gov.au/tehan/research-sustainability-working-group>

Initiatives and support packages by federal governments to assist higher education providers, students and research during the pandemic

CANADA	<p>Visa/migration policy relevant to international students</p> <ul style="list-style-type: none"> International students can work up to 40 hours per week if in “an essential service such as healthcare, critical infrastructure or the supply of food or other critical areas”. Previously, these students were limited to working 20 hours per week (and usually on campus). https://www.universityworldnews.com/post.php?story=20200512155215600 Major advantageous change to its Post-Graduation Work Permit (PGWP) rules for international students commencing study in Canada in the upcoming academic year (Northern Hemisphere 2020 Fall). Immigration, Refugees and Citizenship Canada (IRCC) now allowing international students to study online while overseas and still be eligible to apply for the 3-year work permit after graduation. This work experience provides those international graduates with a major advantage when submitting their federal and/or provincial immigration application. https://www.cicnews.com/2020/05/canada-announces-major-study-and-work-visa-change-for-fall-2020-0514355.html#gs.81nc54 <p>Government support measures for international and domestic students</p> <ul style="list-style-type: none"> The Canada Emergency Response Benefit provides temporary income support of CAD\$500 (AUD\$535) per week for up to 16 weeks to those who stopped working because of COVID-19. https://www.canada.ca/en/services/benefits/ei/cerb-application.html CAD\$9 billion (AUD\$9.7 billion) package of measures to help post-secondary students during the economic crisis caused by the COVID-19 pandemic. https://www.universityworldnews.com/post.php?story=20200512155215600 <p>Policy and funding relating to domestic students</p> <ul style="list-style-type: none"> CAD\$9 billion package which includes: <ul style="list-style-type: none"> - adding almost CAD\$2 billion to the Canada Student Loans Program (by doubling of student grants for the next academic year to CAD\$6,000) - setting aside an additional CAD\$75 million for Indigenous post-secondary students - creation of the Canada Emergency Student Benefit (CESB) - adding CAD\$80 million to the Student Work Placement Program to create another 20,000 post-secondary jobs. <p>https://www.universityworldnews.com/post.php?story=20200512155215600</p> <p>Policy and funding relating to R&D</p> <ul style="list-style-type: none"> CAD\$291 million injected into federal funding agencies to help tide postgraduate researchers over this period. CAD\$1.1 billion earmarked for COVID-related research. Among the more than 90 COVID-related projects currently being funded by the Canadian Institutes of Health Research that will employ graduate and postgraduate students, there are a number that are not medical or epidemiological. https://www.universityworldnews.com/post.php?story=20200512155215600
CHINA	<p>Visa/migration policy relevant to international students</p> <ul style="list-style-type: none"> Three recent (2019, March 2020, April 2020) changes to visa policies and internship opportunities indicate that the Chinese government is considering opening up more broadly opportunities for international students to undertake part-time work or internships during their studies in China and to allow international students to work in China upon graduation. https://internationaleducation.gov.au/News/Latest-News/Pages/Changes-to-visas-and-internship-opportunities-in-China.aspx <p>Policy and funding relating to domestic students</p> <ul style="list-style-type: none"> In January, China launched the Strong Base Plan, a national program that offers top students a secure path all the way to a doctorate in basic science and a job with China’s national labs or research institutions. The plan aims to encourage elite students to study STEM and other subjects to bolster the country’s innovation prowess and ease bottlenecks in sectors such as computer chip and software design. As part of the program, China’s top 36 universities will this year recruit more than 6,000 students who excel in mathematics, physics, chemistry, biology and other subjects. https://www.scmp.com/news/china/diplomacy/article/3088930/us-science-degree-worth-risk-chinas-top-stem-students

Initiatives and support packages by federal governments to assist higher education providers, students and research during the pandemic

CHINA cont'd	<p>Policy and funding relating to R&D</p> <ul style="list-style-type: none"> In January, forbes.com reported that China is closing the gap with the U.S. in R&D expenditure. https://www.forbes.com/sites/niallmccarthy/2020/01/20/china-is-closing-the-gap-with-the-us-in-rd-expenditure-infographic/#6fc5d1df5832
FRANCE	<p>Visa/migration policy relevant to international students</p> <ul style="list-style-type: none"> The validity period of any residence permits expiring between 16 March and 15 May 2020 is (automatically) extended by 6 months. <u>Short-stay visas about to expire</u> for people who cannot go back to their country of origin may be extended in some cases. https://france-visas.gouv.fr/fr_FR/web/france-visas
	<p>Policy and funding relating to domestic students</p> <ul style="list-style-type: none"> Student residences managed by CROUS organisations to stay open. Rent interruption benefits have been organised. [In French higher education, the Centre régional des œuvres universitaires et scolaires (CROUS) is a regional organisation providing student bursaries, university halls of residence, foreign students reception, student cultural activities and student restaurants.] Food aid and support to buy essential goods are implemented in CROUSes for locked-down residents. Financial support is available in the CROUS social services for all students who need it. Prime Minister announced on 4 May a new one-off aid of €200 available for students in precarious living situations.
	<p>Policy and funding relating to R&D</p> <ul style="list-style-type: none"> In early 2019, the Minister for Higher Education announced that France will lift government spending on research and innovation to 3% of GDP; focusing its attention on disruptive technology. https://www.afr.com/policy/health-and-education/what-australia-can-learn-from-france-on-higher-education-20190227-h1bsc7 France is currently spending 2.3% of their GDP on R&D (13th highest in the world). http://uis.unesco.org/apps/visualisations/research-and-development-spending/
JAPAN	<p>Government support measures for international and domestic students</p> <ul style="list-style-type: none"> Cash handouts of up to ¥200,000 (AUD\$2,720) for domestic students struggling financially amid the COVID-19 pandemic (strict criteria apply). International students in top 25-30% of students are also eligible. https://www.japantimes.co.jp/news/2020/05/22/national/students-eligible-handouts/#.Xul_kEUzaUk
NEW ZEALAND	<p>Visa/migration policy relevant to international students</p> <ul style="list-style-type: none"> Students who were in NZ on 2 April, and who hold visas expiring between 2 April and 9 July, will get an automatic extension of their visa to 25 September. Changes have been made to relax visa restrictions for student visa holders to work in essential services to support NZ's response to COVID-19. Students currently employed in essential services will be able to work for more than 20 hours in certain circumstances. https://www.immigration.govt.nz/about-us/covid-19/covid-19-information-for-student-visa-holders
	<p>Government support measures for international and domestic students</p> <ul style="list-style-type: none"> The 2020 budget (announced in May) includes a NZ\$20 million hardship fund for students, who also stand to benefit from an eight-week extension to the country's multibillion-dollar wage subsidy scheme. https://www.timeshighereducation.com/news/more-student-enrolments-bankrolled-new-zealand-budget
	<p>Policy and funding relating to domestic students</p> <ul style="list-style-type: none"> (14 May) NZ universities will attract a portion of some NZ\$1.6 billion (AUD\$1.51 billion) in new tertiary education spending outlined in the 2020 budget.

Initiatives and support packages by federal governments to assist higher education providers, students and research during the pandemic

	<ul style="list-style-type: none"> - Vocational colleges will draw the bulk of the new tertiary education money, with policymakers' hopes invested in a skills-led recovery. - Universities will benefit from a 1.6 per cent subsidy rate adjustment to their tuition funding, although research grant rates will remain unchanged. https://www.timeshighereducation.com/news/more-student-enrolments-bankrolled-new-zealand-budget • In March, NZ's universities ceded their autonomy, as the government asserted its authority to avert an escalation of Covid-19 infections. Amendments to the Education Act gave the Education Secretary the power to issue "binding directions" to the governing authorities of education providers, including universities. They include requiring universities to open or close and to operate or be controlled or managed in certain ways. The Secretary can also "direct them to provide education in specified ways, for example through distance or online learning". https://www.timeshighereducation.com/news/new-zealand-government-assumes-power-over-universities
	<p>Policy and funding relating to R&D</p> <ul style="list-style-type: none"> • (4 June) The NZ government will invest almost NZ\$401 million (AUD\$377.6 million) to help entrepreneurs continue with R&D while the economy recovers from the coronavirus pandemic. The division of funds comprise: <ul style="list-style-type: none"> - NZ\$150 million invested into a short-term R&D loan scheme to ensure businesses can continue to maintain their R&D programs - NZ\$196 million to provide continued funding for its Crown Research Institutions, which are charged with conducting scientific research - NZ\$35 million to support Māori to partner with the Ministry of Business, Innovation and Employment to make further investments in their research, science, and innovation priorities. - NZ\$12 million allocated to the Nationally Significant Collections and Databases to support custodianship of collections and databases determined to be important to New Zealand - NZ\$11 million allocated to assist the government's innovation agency Callaghan Innovation to maintain R&D in-house. https://www.zdnet.com/article/nz-government-pumps-nz401-million-to-keep-r-d-going-post-covid/
UK	<p>Visa/migration policy relevant to international students</p> <ul style="list-style-type: none"> • If student visa expires between 24 January and 31 July 2020 and the student cannot leave the UK because of travel restrictions or self-isolation related to COVID-19, the visa will be extended (fee-free) to 31 July 2020. These visa holders can also apply online to stay in the UK long-term, including for those visas where the applicant is usually required to be outside of the UK to apply. • Applicants for student visas can start their course or studies before the visa application has been decided if they meet certain criteria. • There is no longer a limit on the number of hours students or visiting academic researchers can work or volunteer each week. https://www.gov.uk/guidance/coronavirus-covid-19-advice-for-uk-visa-applicants-and-temporary-uk-residents • Remote study will not affect eligibility for the Graduate Route (new two-year post-study work visa) when it launches in mid-2021. https://www.ukcisa.org.uk/Information--Advice/Studying--living-in-the-UK/Coronavirus-Covid-19-info-for-international-students • In parallel, Universities UK has asked the Westminster government to amend visa regulations to account for a proportion of higher education courses in 2020/21 being delivered remotely; including extending the visa application window for the new-graduate post-study work route from three months to six months. <p>Government support measures for international and domestic students</p> <ul style="list-style-type: none"> • The UK government provides postgraduate scholarships for international students. Around 800 Commonwealth scholarships are awarded for postgraduate study and professional development each year. • Unofficially, most universities are planning for new students from China to delay entry until January 2021, with online teaching offered. English language tests required for visas and university admissions have been cancelled in China since March. In addition, university leaders report that Chinese and other international students are unhappy at the British government's response to the outbreak, with some asking to suspend their studies, seek a refund and return home.

Initiatives and support packages by federal governments to assist higher education providers, students and research during the pandemic

UK cont'd	<p>Policy and funding relating to domestic students</p> <ul style="list-style-type: none"> • Providers are eligible to apply for government support packages, including business loan support schemes, which the Office for Students (OfS) - the regulator in England - estimates could be worth at least £700m (AUD\$1.3 billion) to the sector, depending on eligibility and take up. • Temporary student number controls will be put in place for domestic and EU students for the 2020/21 academic year, to ensure a fair, structured distribution of students across providers. • The Universities and Colleges Admissions Service is bolstering the Clearing process this year. This will support students, both domestic and international, to review their choices, and be aspirational. • The OfS will enable providers to draw upon existing funding to increase hardship funds and support disadvantaged students impacted by COVID-19. As a result, providers were able to use the funding, totalling £46m across April and May, towards student hardship funds and mental health support, as well as to support providers' access and participation plans. <p>https://www.gov.uk/government/news/government-support-package-for-universities-and-students</p>
	<p>Policy and funding relating to R&D</p> <ul style="list-style-type: none"> • (4 May) Science Minister announced that £100m (AUD\$184 million) of public funding will be brought forward to this academic year to help protect vital university research activities. <p>https://www.gov.uk/government/news/government-support-package-for-universities-and-students</p>
US	<p>Visa/migration policy relevant to international students</p> <ul style="list-style-type: none"> • Temporary procedural adaptations that permit international students to engage in remote learning are still in place through the summer session. (International students enrolled at American universities on F visas are usually permitted to take only one online course per term to remain legally in the country.) <p>https://www.ice.gov/doclib/coronavirus/covid19faq.pdf</p>
	<p>Policy and funding relating to R&D</p> <ul style="list-style-type: none"> • Federal support for academic research seems likely to grow during the pandemic. During the recent Northern Hemisphere Spring, Congress included an additional \$3.6 billion for research related to COVID-19 in a string of economic relief packages, and some of that money will flow to university laboratories. It is also highly likely that future packages will contain additional funding for research. • [While the US is only the 10th highest in the world for R&D spending (2.7% of GDP), it is the world's top domestic R&D spender. In 2017, the business sector was the leading source of R&D funding at 70%, followed by the federal government at 10%. <p>http://uis.unesco.org/apps/visualisations/research-and-development-spending/ https://www.forbes.com/sites/niallmccarthy/2020/01/20/china-is-closing-the-gap-with-the-us-in-rd-expenditure-infographic/#6fc5d1df5832]</p>