

Senate Education and Employment Legislation Committee Inquiry

Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill 2020

The Australian Technology Network of Universities (ATN), in collaboration with The University of Newcastle and Deakin University, is pleased to make this submission to the Senate Education and Employment Legislation Committee on the Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill 2020 ('the Bill').

ATN is the peak body representing Australia's four most innovative and enterprising universities: Curtin University, RMIT University, University of South Australia, and University of Technology Sydney. The University of Newcastle and Deakin University are also important community institutions in the regional gateway cities of Newcastle and Geelong. References to ATN below should be read as representing all six universities.

Position

We support passage of the Bill should several sensible amendments be made, particularly those that assist the Bill's intention to increase participation and equity in Australia's higher education system.

ATN always strongly supports policy positions which aim to grow and strengthen Australia's higher education system and particularly measures that increase access and equity. We believe that Australians regardless of their background or circumstance should have the opportunity of a post-secondary education. In a period of economic and social uncertainty resulting from the COVID-19 pandemic, measures should be put in place to ensure our post-secondary system can meet the increased demand from Australians seeking to get the skills they need and to ensure greater social cohesion.

As ATN Chair, Professor Attila Brungs said on announcement of the Job-ready Graduates Package:

"Getting our national education and skills agenda right is critical to mitigate against the increasing equity gap and social disadvantage occurring because of the COVID-19 crisis."

It is in this context that ATN welcomes the objectives of this Bill, including the boosting of participation and increased equity. We believe those policy objectives could be better met through the following amendments:

- 1. Demand-driven access should be extended to all Aboriginal and Torres Strait Islander people, not just those from regional and remote areas**
- 2. Maintain the current regional and enabling loadings in the Commonwealth Grant Scheme (CGS) – opposing the changes proposed in this Bill**
- 3. Commitment for a review of funding rates, particularly for STEM fields, within 12 months of Assent (either in the Bill or in a revised Explanatory Memorandum)**
- 4. Remove the 50 per cent completion rate rule from the Bill**
- 5. Enshrine funding for the National Priorities and Industry Linkage Fund (NPILF) in the legislation**
- 6. Ensure indexation for Commonwealth Grant Scheme (CGS) funding is legislated (rather than left to regulations).**

In collaboration with

Introduction

The Bill implements the Government's Job-ready Graduates Package and contains important measures that improve equity, access and innovation in higher education and provide universities with funding certainty and stability. ATN has welcomed many aspects of this package which will provide the foundation that universities need to meet increasing demand from Australians for higher education.

ATN supports the Government's announcement of 39,000 new places by 2023 and almost 100,000 new places by 2030. These new places are vital in order to educate a growing number of young Australians expected to complete secondary school in the next decade, improve educational attainment rates across Australia, and help workers affected by the pandemic and ongoing industrial transformation to re-skill and up-skill.

ATN supports the increased indexation of the Commonwealth Grant Scheme (CGS) funding and the flexibility to distribute this funding across bachelor, sub-bachelor and postgraduate courses. The existing settings, if allowed to continue, would progressively erode real funding levels for universities and impact on our ability to continue innovating and delivering quality education.

ATN supports guaranteed access to a bachelor degree place at any university for Aboriginal and Torres Strait Islander people from regional and remote areas. Improving educational attainment through access to university is one of the most effective tools in closing the gap between Indigenous and non-Indigenous Australians.

The National Priorities and Industry Linkage Fund (NPILF) will also support the types of innovation in teaching and learning and meaningful connections with industry in which ATN is already invested and engaged.

These measures are important and target weaknesses in the existing higher education system.

ATN has taken a constructive approach to the Job-ready Graduates Package, as seen in our submission to the exposure draft of the Bill. We have raised our concerns with the Package as it is currently implemented by the Bill.

Our concerns are in line with the policy aims and intent of the Job-ready Graduates Package. With amendments, the Bill could more fully realise the aims of the Government and improve the higher education system.

The adequacy of the total funding rates for teaching (the combination of the Commonwealth and student contributions that universities receive for teaching a unit) should be reviewed and adjusted as more up-to-date and accurate information becomes available. This will ensure that the funding available to teach units in important fields such as science and engineering is adequate and allows universities to innovate and deliver quality education. There are acknowledged limitations in the report on which these funding rates have been based, but this will continue to improve in future iterations.

The greater focus on the attainment of disadvantaged students through the Indigenous, Regional and Low SES Attainment Fund (IRLSAF) is commendable, however there needs to be a certainty of funding for existing and proposed equity programs, and for students who fall outside these three equity groups. There has been no justification for the removal of regional and enabling loadings that support universities teaching disadvantaged students and budgeted funding increases for the Higher Education Participation and Partnerships Program (HEPPP) are being diverted.

When announced, the Tertiary Access Payment (TAP) of \$5,000 to support regional and remote students to relocate for study was available regardless of where the student chose to study. This gave them the same choice afforded to regional and remote Aboriginal and Torres Strait Islander students. The subsequent decision to change this to a scholarship administered only through regional and remote universities denies these students choice and opportunity. Consider a medical student from regional Western Australia who does not receive assistance to study at Curtin Medical School in Perth nearest to them, whereas a medical student from regional New South Wales does receive assistance to study at the University of New England.

Introduced in the Bill (but not announced as part of the Job-ready Graduates Package) were a range of ‘additional protection for students’ studying at universities. Most of these protections were developed and applied to non-university providers in response to the abuse of VET FEE-HELP and concern that unreputable providers may move from the VET system into higher education. The Government indicated at the time these provisions were developed that they would not be applied to universities. No consultation was undertaken prior to introducing these provisions and no rationale or justification for extending them to universities has been offered. The result is a policy that is inconsistent, and has potential to create considerable adverse effects for students, especially those from low SES and Indigenous backgrounds.

ATN suggests some sensible and constructive amendments to the Bill that align with the following four principles that we believe we share with the Government, opposition and cross-benchers:

- **Promoting equity** – the benefits of higher education should be shared widely to improve our society and economy
- **Supporting student choice** – students should be enabled to make the choices that are best for their studies and careers
- **Improving access** – more places are needed in higher education to meet demand, particularly given the economic situation
- **Encouraging innovation** – teaching and learning needs adequate support to ensure ongoing quality and capacity to develop further.

1. Demand-driven access should be extended to all Aboriginal and Torres Strait Islander people, not just those from regional and remote areas

The Bill provides for demand-driven funding for eligible Indigenous persons with the definition of such a person being restricted to someone whose permanent home address at the time of enrolment is in a regional or remote area. Over a third of Indigenous persons do not live in regional or remote areas and a high priority needs to be given to reducing the gap in further educational attainment for all Indigenous persons.

The definition of an eligible Indigenous person in the Bill should be broadened to include all Indigenous persons. This would better align the Bill with the Government’s recently announced approach to Closing the Gap and revised further education target.

2. Maintain the current regional and enabling loadings in the Commonwealth Grant Scheme (CGS) – opposing the changes proposed in this Bill

The Bill removes all regional and enabling course loadings from the Commonwealth Grant Scheme (CGS). The announced policy is to initially continue these loadings as part of the Indigenous, Regional and Low SES Attainment Fund (IRLSAF) under the *Other Grant Guidelines (Education) 2012*, until longer term policy for that fund is set.

The Department of Education, Skills and Employment has advised that the enabling loading will not increase to compensate for the reductions in CGS amounts for student places. This policy will result in support for around 11,500 equivalent enabling places, and many more students, provided by universities declining by over \$20 million.

While ATN acknowledges the commitment of the Minister to amend the draft Guidelines and strengthen the Explanatory Memorandum to recognise the importance of enabling programs in providing access to the who have experienced educational disadvantage, until such time as the IRLSAF is developed the loadings should remain part of the CGS. Cohorts that are currently supported through enabling programs may not meet the definitions of disadvantage under IRLSAF, despite being at considerable disadvantage, and IRLSAF may not support similar programs.

Given the current social and economic circumstances and the potential demand for further education by Australians, unintended consequences may have a substantial impact on students. Enabling pathways are an effective and cost-effective way to assist Australians who have experienced educational challenges and lack of opportunity to become job-ready graduates.

3. Commitment for a review of funding rates, particularly for STEM fields, within 12 months of Assent (either in the Bill or in a revised Explanatory Memorandum)

There should be provisions for a review, within 12 months of Assent, of:

- the rates of total funding for each unit to ensure they continue to fulfil the Government’s policy to align total funding with the cost of delivery, in particular for science and engineering;
- the impact of student contribution rates on student choice, to ensure they continue to fulfil the Government’s policy aims regarding the supply of graduates for occupations in demand and the supply of skills of long-term strategic importance; and
- the impact of student contribution rates on student choice, to ensure that students from equity groups are not disproportionately impacted by higher student fees.

The [Transparency in Higher Education Expenditure](#) report on which these total funding rates are based acknowledges the limitations of its analysis, including:

- Difficulty accurately separating the cost of teaching, research and other functions
- Cost variations between different levels of education (e.g. bachelor and postgraduate)
- Difficulty identifying differences between narrow fields of education
- No adjustments made based on quality or student cohort
- Costs reflect current funding arrangements.

The report identified a number of improvements that could be made for subsequent reports. While no such exercise will ever be able to fully reflect all costs with complete accuracy, it is important that sensible improvements and adjustments be taken into account to ensure ongoing fitness for purpose.

Crucially, the report was conducted before the impact of the COVID-19 pandemic and the substantial reduction in the number of fee paying international students. It will be important to re-evaluate the situation in the wake of these events and subsequent changes to the Australian higher education system.

There is mixed evidence about the effectiveness of price incentives in Australian higher education (where incentives are attenuated by the availability of HELP loans) and the possible differential effect across student cohorts (with low SES students potentially being more price sensitive and more impacted by loans over the course of their career). In addition, there is a continual flow of new information about jobs and skills in demand, especially through information collected from internet job vacancies and the work of the National Skills Commission.

In light of these considerations, it is important that there is a review of funding rates to ensure that they are meeting the Government's policy aims.

4. Remove the 50 per cent completion rate rule from the Bill

The Bill provides for the removal of eligibility for all student loans and prohibits universities from enrolling a student as a Commonwealth supported student if:

- in a bachelor degree or higher qualification, the student has undertaken eight or more units and not successfully completed at least 50 per cent of them;
- in any other case, the student has undertaken four or more units and not successfully completed at least 50 per cent of them.

There has been no justification or evidence provided for the introduction of this measure and no consultation prior to it being introduced in the draft Bill.

ATN is deeply concerned that this measure is unfairly punitive on students. It may deny students a viable pathway to completing their studies (especially in circumstances where there is no full fee paying option available), rather than supporting students to achieve their best outcome as universities already do.

In particular, this measure is likely to disproportionately affect the very students that the Job-ready Graduates Package aims to support. Students from low SES backgrounds, students from regional areas, Aboriginal and Torres Strait Islander students, and first-in-family students can struggle to adapt to university in their first year. This measure will cut off the Commonwealth assistance for some of these students, preventing universities from being able to properly support these students.

The measure as written creates considerable uncertainty. There are technical issues that could cause inconsistencies in its interpretation and application across universities, creating undue confusion for students.

The *Higher Education Standards Framework (Threshold Standards) 2015* requires universities to have processes that identify students at risk of unsatisfactory progress and provide support to students to ensure they have equivalent opportunities to transition into and progress through their course, irrespective of their educational background, entry pathway or place of study.

All universities have policies concerning academic progression which seek to ensure that students who are unable to complete a course do not continue to enrol. These policies take into account the particular circumstances experienced by a student. These circumstances are not restricted to the very limited circumstances in which a HELP debt to the Commonwealth may be waived.

Universities are already measured and partly funded based on student completion rates. Considering universities' autonomy, academic standards and understanding of their students, it is better to leave the support of students to universities rather than an inflexible, legislative restriction. If there is concern related to waste of taxpayer support by students not committed to study there are other more sophisticated mechanisms to augment the current system which could be developed as part of a longer consultation process.

5. Enshrine funding for the National Priorities and Industry Linkage Fund (NPILF) in the legislation

As a result of changes to the funding cluster rates, the total Commonwealth contribution through the Commonwealth Grant Scheme (CGS) is reduced and repurposed for various measures, including NPILF. As the reduction in the Commonwealth contribution is being legislated through this Bill, the funding for NPILF should similarly be enshrined in legislation. Provisions enabling the introduction of NPILF are included in the Bill, but not a guaranteed level of funding.

ATN strongly supports NPILF and the aim of encouraging universities to engage with industry to design and deliver high quality teaching that equips students with the skills they need to thrive in today's workforce. ATN will work closely with the Government on designing the model for NPILF, and it is important that this fund is guaranteed in the longer-term.

6. Ensure indexation for Commonwealth Grant Scheme (CGS) funding is legislated (rather than left to regulations).

As part of the Job-ready Graduates Package, it was announced that CGS funding to universities would be indexed by CPI to ensure that real funding levels were maintained. This is an important measure to ensure that universities can continue to deliver innovative and high quality education to Australian students.

The Commonwealth and student contribution rates are indexed in the Bill, but the Maximum Basic Grant Amount (the funding floor for universities) is not indexed. This would allow, without the scrutiny of Parliament, for a return to a funding situation in which grants are held at existing levels and the indexation of Commonwealth and student contributions erodes the funding per student. This would put the gains that the Job-ready Graduates Package seeks to make in jeopardy and does not provide universities with the certainty that they need to meet increasing demand from Australian students.

Conclusion

ATN supports the policy aims and intents of the Job-ready Graduates Package. In the interests of promoting equity, supporting student choice, improving access and encouraging innovation, we have laid out six suggested amendments which will strengthen the Government's aims of increased participation and equity in Australia's higher education system.

ATN welcomes the opportunity to make this submission and contribute constructively to the development of this Bill. We would be pleased to provide further information on any of the points raised in our submission and appear at any public hearing, if requested by the Committee.

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