

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

## Submission from the Committee for Sydney

---

August 2020

### About the Committee for Sydney

The Committee for Sydney is an urban policy think tank. We are advocates for the whole of Sydney, developing pragmatic and innovative solutions to the most important problems we face.

We are funded by a group of Sydney's leading corporations, government departments, and cultural institutions.

Our work is organised into six program areas:

- Planning
- Economy
- Mobility
- Resilience
- Culture
- Governance

Our goal is to make Sydney the best city in the world.

## Recommendation

We oppose this proposed bill. The changes to university funding arrangements have not been fully explored and will not deliver the objectives of the Australian Government.

We instead recommend that this bill be set aside and that the Australian Government undertake further consultation with the university sector and industry, either through a Senate inquiry or at the very minimum through a longer public consultation period on proposed legislation.

## Universities and COVID

The University sector is currently under enormous pressure. The loss of international students means much of the funding needed to support crucial education and research has disappeared, with little prospect of a return to normal in the next 2-3 years.

With this prospect, universities need more government funding. This proposed change will not deliver this, but it will result in unnecessary confusion and complexity at a time when the sector should be focussed on more important matters.

It will also fail to deliver the hoped-for change. Universities will receive less funding to deliver STEM courses, creating a perverse incentive to reduce the quality or quantity of these courses offered. At the same time, there is little evidence to suggest that students will be swayed to change degrees based on price signals.

## The proposed changes will reduce student fees and government support for STEM courses.

*Comparison of university income from Commonwealth Grant Support (CSG) and Student Fees (HELP) for STEM courses under current and proposed funding models. All figures in \$AUD.*

Subject	CGS current	HELP current	Combined current	CGS new	HELP new	Combined new	Combined change	% Combined change
Engineering	19,260	9,698	28,958	16,500	7,700	24,200	-4,758	-16%
Science	19,260	9,698	28,958	16,500	7,700	24,200	-4,758	-16%
Maths	11,015	9,698	20,713	13,500	3,700	17,200	-3,513	-17%
Environmental studies	24,446	9,698	34,144	16,500	7,700	24,200	-9,944	-29%

## Students and COVID

Similarly, implementing this change immediately will mean graduating high school students, who have already selected the courses they would like to commence next year, will have to pay more. Retrospective change is rarely a good public policy principle – and given the tough year currently being endured by school students because of COVID-related disruption, this seems especially unnecessary.

The changes proposed will also impact women disproportionately, and we have concerns that there will also be impacts on low SES communities, including Indigenous students.

## Universities and the future of the economy

The original discussion paper rightly notes the importance of the university sector in supporting the future of the economy. Of course, economy growth is not the only objective the university sector should have, but it is correct to consider how universities are contributing to the economy. They achieve this in a multitude of ways, but more importantly through:

1. Preparing graduates to be ready for a changing national and international economy,
2. Delivering research that drives innovation and a more productive, prosperous country.

The funding model proposed will not help achieve the first objective. While reducing fees on STEM-related degrees is a worthy goal, many studies, including by [Deloitte](#) and the [World Economy Forum](#) have pointed to the important role the humanities play in driving innovation. Indeed, the Australian Government's own [Jobs of the Future](#) website notes the important role of skills associated with humanities degrees, like critical thinking and analysis, Emotional intelligence, creativity, originality and initiative.

The reduced funding, especially to metropolitan universities, will actively reduce the second objective. University research, crucial to the development of new ideas, products and industries, has been devastated by the loss of international students, who have been cross-subsidising research. [Estimates](#) suggest the impact on universities over the next three years will be \$4 Billion, with 7,000 research jobs lost. These proposed changes to student funding will deliver ~\$500 million each year in reductions to funding without substantial additional student enrolments – at the worst possible time.

For the above reasons, these changes will not help deliver for the Australian economy and should be set aside.