



ACADEMY OF
THE SOCIAL SCIENCES
IN AUSTRALIA

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HIGHER EDUCATION SUPPORT
AMENDMENT
(JOB-READY GRADUATES AND
SUPPORTING REGIONAL AND
REMOTE STUDENTS)
BILL 2020

ACADEMY OF THE SOCIAL SCIENCES
IN AUSTRALIA SUBMISSION TO:

DEPARTMENT OF EDUCATION
SKILLS AND EMPLOYMENT

Submission to the draft Higher Education Support Amendment (Job-ready Graduates and Supporting Regional and Remote Students) Bill 2020

17 August 2020

The Academy of the Social Sciences in Australia (the Academy) welcomes the opportunity to provide a submission to the draft *Higher Education Support Amendment (Job-ready Graduates and Supporting Regional and Remote Students) Bill 2020* (the Bill).

The Academy is an independent, not-for-profit organisation that draws on the expertise of its Fellowship to provide practical, evidence-based advice to governments, businesses, and the community on important social policy issues. The Academy actively promotes understanding of the social sciences and champions excellence across its many fields of learning and inquiry.

The Job-Ready Graduate Package comes at a challenging time for Australia's university sector. While the higher education sector is certainly not alone amidst the turmoil of COVID-19, the pandemic has exposed fundamental challenges with university funding and workforce arrangements. If not addressed, these challenges are likely to have a serious detrimental impact on the ability of the sector to contribute to the economy – a significant concern given international education currently ranks as Australia's fourth largest export behind iron ore, coal and gas¹ – and also on our national capacity to respond to rapidly changing social and economic circumstances in the future. The Academy encourages careful consideration of this large and complex package of reforms, generally and in within this particular context.

This submission focuses on the Academy's key concerns regarding *Schedule 1* of the Bill which relates to the wholesale reorganisation of the discipline funding clusters. The Academy is drawing on its Fellows to develop further analysis and options and will provide this information in due course.

Increased student places is important, but does not require reorganisation of funding clusters

The Academy supports the Government's intent to increase the number of domestic student enrolments by an *additional 39,000 places by 2023 and almost 100,000 places by 2030*. Extra places are needed to meet future demand resulting from increasing employer requirements for qualifications, population growth and the unanticipated increase in demand due to the COVID-19 recession. Building human capital through education and training will be critical to avoiding negative and persistent social impacts associated with

¹ Available: <https://www.dfat.gov.au/sites/default/files/trade-investment-glance-2020.pdf>

poor labour market conditions in the years to come, particularly among young Australians.²

The Academy also supports the emphasis on and measures to support Indigenous students and those from regional and remote areas to access high quality higher education.

However, the Academy does not support the proposed reorganisation of funding clusters. Instead, the Academy urges the Australian Government to undertake a more comprehensive review of the cost of undergraduate education, the value of various courses of study—to students and to the broader economy—and the impact of price signals on student decision making and enrolment patterns before pursuing a significant change to Australia’s higher education funding system.

The Academy would be pleased to assist in such efforts by providing further detail or facilitating consultation with our expert Fellows.

Higher education support in context

The *Higher Education Support Bill* was introduced in 2003 with a stated vision for education: *that our ambitions and our policies should enable every human being—especially every young person in this country—to find and achieve their own potential.*³

Successive Australia governments have recognised the importance of supporting education across a broad range of disciplines—in STEM, in vocational and health-related fields such as medicine, teaching, law or accounting, and the arts, humanities and the social sciences.

At the time of the Bill’s introduction in 2003 then Minister for Education, Science and Training Dr Brendan Nelson said:

“Learning how to learn and to produce ideas—and from them technologies—will increasingly need to be applied not only to traditional commodities and industries to maintain economic and environmental sustainability but also to new and emerging ones and those that, today, we may not know even exist”.

And more recently Arthur Sinodinos while Minister for Industry, Innovation and Science noted:

“The advancement of the Australian economy relies on robust research from physical science and social science alike. The social sciences have been instrumental in assisting government to design public policy. They also provide valuable insight into how to turn a scientific discovery into an informed policy for the nation, and how to implement that

² Available: <https://treasury.gov.au/sites/default/files/2020-06/p2020-85098-202006.pdf>

³ Available: <https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F2003-09-17%2F0030%22>

policy to ensure effectiveness. Innovation is most successful when it further integrates social and scientific knowledge”.

These statements reflect a large and consistent body of government and academic research that highlights the value of a broad mix of skills to individuals, society, and the economy.

To predict the skills and training young Australians will need for the future is very optimistic, particularly at a time when so much about our future is uncertain.

The idea that social science degrees don't lead to good employment outcomes is not supported by the evidence.

The social sciences are a broad range of disciplines linked by a common objective of understanding how societies work, learning from past mistakes, and anticipating future threats and the medical, social and environmental challenges that confront us. Any suggestion that the social sciences are less 'job-relevant' for future employment is contrary to what we see across the employment market.

Business leaders value social science qualifications and it's been shown time and time again that employers place a high value on transferrable skills, such as teamwork, communication, problem-solving, innovation and emotional judgement, which *“have become widely acknowledged as important in driving business success”*.⁴ These are skills that are most effectively taught through broad courses of study that incorporate the arts, humanities and social sciences alongside STEM and other subjects.

Qualifications in the social sciences lead to high quality and high paid careers and are pervasive at the top tiers of government and business. Two in three CEOs of ASX200 listed companies have a degree in the social sciences, as do 62% of government senior executives and 66% of Federal Parliamentarians.⁵

If the Job-ready Graduates Package purpose is to incentivise education that leads to a job, which will equip the nation for the future, and elicit innovative responses during the post-COVID recovery, then we must encourage broad study which includes the social sciences.

The idea that price signals will shift course enrolment demand is not supported by the evidence – and may lead to unintended and perverse consequences

We know from previous experience that changes in course fees do not have a major effect on student demand in the medium-term, and it likely this current package will have a

⁴ Available: <https://www2.deloitte.com/au/en/pages/economics/articles/value-humanities.html>

⁵ Available: <https://socialsciences.org.au/publications/the-social-sciences-shape-the-nation/>

similarly negligible effect.⁶ Students typically make study choices based on interest in the course content and employment prospects⁷, and the national system of income-contingent loans limits the financial impact of those decisions. It follows, that the key to filling skills shortages in areas such as teaching,⁸ and nursing is to improve wages and conditions in these occupations.

Importantly, there is evidence to suggest that health course enrolments have increased over the past decade in line with labour market needs. While most health students will get contribution reductions under the package, financial incentives were not needed to produce the changes in enrolment share since 2010.⁹

However, university supply side responses to the government incentives are also important because in many cases student and university incentives are misaligned.¹⁰ Under the current proposals, universities are likely to reduce offerings in some areas that have been identified as priorities. For example, lower fee-paying courses in STEM disciplines are estimated to deliver about \$4,500 per student per year less than they do now.¹¹ Universities will be discouraged from offering such subjects, or boost their offerings in fields that are cheaper to teach, to cross-subsidise the more expensive courses.

The package also aims to support more Indigenous students to access higher education, by providing a guaranteed bachelor-level Commonwealth supported place. However, evidence demonstrates that Indigenous students are more likely undertake degrees which benefit their community such as society and culture.¹² Current government policies regarding land rights and procurement from Indigenous businesses necessitate increase capability in leadership, governance, and business skills all of which will increase in cost under these reforms, leaving students with higher levels of student debt.

Given the questions regarding the effectiveness of proposed incentives and disincentives to achieve the governments objectives, the Academy suggests further consideration of the Bill is required. This should be informed by robust modelling of the potential implications and costs and include proper consultation with a range of experts in the sector to devise an optimal mechanism.

The Academy and its Fellows would welcome the opportunity to discuss any of the matters raised in this submission. Please contact Andi Horsburgh, Policy Manager on 0466 123 178, or andrea.horsburgh@socialsciences.org.au .

⁶ Chapman, Bruce, and Ryan, Chris (2005) The access implications of income-contingent charges for higher education: lessons from Australia, *Economics of Education Review*, Volume 24, Issue 5, Pages 491-512.

⁷ Available: <https://andrewnorton.net.au/2020/06/21/jobs-interests-and-student-course-choices/>

⁸ Available: <https://grattan.edu.au/report/attracting-high-achievers-to-teaching/>

⁹ Available: <https://andrewnorton.net.au/2020/06/28/financial-influences-on-job-seeking-university-applicants/>

¹⁰ Available: <https://andrewnorton.net.au/2020/07/12/funding-incentives-for-students-and-universities-in-the-tehan-reforms-some-are-aligned-others-contradict-each-other/>

¹¹ Holden, Richard. "University Fee Changes Will Hurt the STEM disciplines" *The Australian*, 22 June 2020

¹² Available: <https://caepr.cass.anu.edu.au/sites/default/files/docs/2019/1/CAEPRCensusPaper11PostSchoolEducation.pdf>