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Higher Education Reform  
Department of Education, Skills and Employment  
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## **Go8 Submission to the consultation of the draft legislation to implement the “Australian Government’s Job-ready Graduates Package”**

### **Introduction and Executive Summary**

The Group of Eight (Go8) welcomes the opportunity to comment on the draft legislation to implement the Australian Government’s Job-ready Graduates (JRG) Package. The Go8 submission is deliberately high level and Go8 member universities may make their own, more detailed submissions.

**For reasons articulated in this submission the Go8 is of the view that the legislation should be referred to the Senate Education and Employment Legislation Committee for more detailed consideration.** It would ensure this critical legislation delivers on the aspiration - shared by the both Government and the Go8 - for a world-class university system that provides the highly-educated graduates required by Australia to ensure a successful post COVID society and supports successful employment choices and outcomes for students.

The Go8 proudly delivers Australia over 100,000 high-quality graduates each year. This includes more than half of Australia’s science graduates, more than 40 per cent of engineering graduates and more than half of Australia’s medical and health sciences graduates, who will contribute to Australia’s future. An independent analysis by consultancy firm London Economics conservatively valued the 2016 contribution of Go8 teaching and learning to the Australian Treasury alone at \$1.49 billion.

The above figures deliver a fast-fact view of why having the best construct possible within any Jobs-Ready Graduates Package is make or break for the new normal within which we together must work post COVID. It is economically critical, socially critical, and equally critical to the healthy survival of the higher education sector.

With Go8 universities facing a \$2 billion revenue downgrade in 2020 and most likely worse to follow in 2021, because of COVID restraints, we must ensure that the education of students and their graduation is protected, and any potential changes approached with sensible caution, a strong evidence base, and full consultation.

Given this, the Go8 has the following four main reasons for suggesting a review of the legislation by the Senate Education and Employment Legislation Committee:

1. The legislation only covers a *partial* implementation of the JRG package. The legislation locks in the JRG cuts to per capita student funding through the changes to cluster rates, yet, without any Government explanation, does not implement the elements of the JRG package such as indexation of Maximum Basic Grants Amounts (MBGAs), growth places, the National Priorities Industry Linkage Fund (NPILF) and transition funding, that are a key part of the operation of the package.

2. The legislation does not reflect the profound funding change to the Higher Education sector that the JRG represents by formally moving from a Demand Driven System (DDS) to a constrained funding envelope through the MBGAs. The floor/safety net is removed by this legislation for the MBGA for higher education courses (which represents **the bulk of Government funding**).
3. The introduction of student protection measures and institutional audit provisions for Table A providers (Schedule 5) were never part of the JRG, as explained to universities and therefore have been introduced without widespread sector consultation. These planned moves will have obvious unintended and perverse outcomes for students; plus this appears to run counter to the legislatively articulated risk-based approach to regulation of higher education (in setting up TEQSA).
4. The legislation includes complex amendments across a range of legislation and guidelines. With *less than a week* provided for the sector to provide feedback/comment on the draft legislation, this does not – in the view of the Go8 – support the production of robust legislative outcomes.

This is especially crucial when the nation is considering significant changes to the balance of incentives for students considering higher education and careers beyond. Under the proposed changes, new Humanities student charges will increase by 113 per cent to \$14,500 per year – greater than fees for Medicine or Dentistry and ensures that they, along with others in this new cluster, are paying over 90% of the cost of their degree. **Some of Australia’s most vital sectors during COVID have relied on students, such as social workers and mental health support, whose degrees fall in this very high student cost and low government support cluster.** The changes are questionable.

Given the importance of this reform, the Go8 must admit the abbreviated consultation on the legislation appears constructed to effectively disable genuine and desirable collaboration and consultation occurring to assist Government negotiate the complexity of implementing JRG measures.

The Go8 view is that the most productive way to move forward is therefore for detailed consideration of the legislation by the Senate Education and Employment Legislation Committee. Although this may unfortunately shorten the implementation timelines for institutions for the substantial and far reaching changes that are included in the JRG package, on balance, the Go8 believes that it is more important to improve the legislation and remove perverse unintended consequences for Australia within it first through a thorough review process.

## Discussion

The JRG legislation as it stands is incomplete as it implements some, but not all of the JRG package. Through the changes to cluster arrangements and grandfathering of these arrangements presented in the legislation, the Go8 estimates that in 2021 its per student funding through the CGS will decrease by 5 per cent and total per student funding (CGS and Student Contribution Amount) will reduce by 6 per cent.

Even allowing for the other promised measures which are not legislated in the draft – including indexation of Maximum Basic Grants Amounts (MBGA), growth places and transition funding - Go8 modelling indicates that by 2024 (when the JRG transition arrangements end), Go8 universities will be expected to teach an additional load of approximately 5,000 EFTSL with a decrease in base funding of \$97m or 2.7 per cent over the current

arrangements. This will affect the quality of education for domestic students, is at odds with Government's supposed post COVID needs, and drafted without full appreciation of the likely consequences.

The current draft legislation asks that more is done with less support at a time when collectively the Go8 is facing a significant revenue downgrade in 2021 and 2022. When the projected NPILF payment for Go8 universities (estimated at approximately \$60 million in 2024) is taken into account, total per student funding for the Go8 will be \$22,307 (down by \$945 or 4 per cent on the current arrangements). And I restate, this seems at odds with what the Go8 will be required to achieve by Government for the nation, post COVID.

**A more detailed summary of this Go8 modelling is provided in an appendix. The Go8 requests that it is expressly noted, that despite formal requests to the Department of Education, Skills and Employment, the Department has been unable to provide modelling to Go8 institutions to explain the Government's projections of the JRG package.**

The draft legislation as framed leaves the sector ever more vulnerable to the nation's worsening economy. History tells us that discretionary funding such as the Higher Education Participation and Partnerships Program (HEPPP) and Research Block Grants are, unfortunately, too often seen as a way to "trim" higher education expenditure; at a time when Government simply assumed universities could and would find increased numbers of International students. These days are gone. Government must be aware that a cut can no longer be salvaged from overseas sourced revenue.

With the current legislation, the bulk of an institution's funding through the Maximum Basic Grant Amount (MBGA) for higher education courses may also now be cut at the discretion of the Minister. The Go8 objects to this unilateral use of power for a sector which delivers the next generation of highly qualified employees. The Go8 repeats that the nation's economy cannot recover from COVID without a healthy higher education sector working in partnership with Government.

The JRG package also represents a fundamental change in paradigm for the funding of higher education in Australia. With the freeze in CGS payment levels in 2018 and 2019 the Demand Driven System (DDS) was effectively put on hold. The JRG package formalises the shift from the DDS to a capped total funding envelope through the MBGA.

It should be noted that the MBGA were introduced with the DDS legislation in 2011 to enable government in this context to "respond to national imperatives" in achieving policy objectives<sup>1</sup> and included a provision that the MBGA for an institution could not decrease in nominal terms on a year-to-year basis.

This provision has been removed in the current legislation for the MBGA for higher education courses – the bulk of Government funding (as part of Schedule 2, Part 1, 4-9). ***This means that there will be no legislative guarantee of indexing or even maintenance at existing levels for the bulk of institutional funding.***

Also of concern to the Go8 in the JRG legislation is the opportunity for due consideration of the measures to "extend and strengthen student protection and provider integrity" (Schedule 5). Go8 institutions have an unequivocal and long-standing commitment both in principle and practice to the protection of student interests and institutional integrity. However, the measures in the legislation have been introduced without any consultation with the sector and seemingly are inherited from the response to historical issues with the VET FEE-HELP program – a very different context. This proposed change is unwarranted. Australia is recognised as having one of the better regulated higher education systems in the world, comprised of universities who have regulatory standards which are complied with, not circumvented.

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<sup>1</sup> [https://www.aph.gov.au/Parliamentary\\_Business/Bills\\_Legislation/bd/bd1011a/11bd147](https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/bd/bd1011a/11bd147)

There is no evidence provided within the legislation documentation to indicate that there are significant issues to be addressed in this space and that the proposed legislative measures are proportionate to any risk. Consequently, without further significant discussion and amendment, these measures have the potential to disadvantage students, introduce additional red-tape for universities and undermine the successful currently legislated proportionate and risk-based approach to regulation of the higher education system.

The measures to remove CSP and FEE-HELP support for students who in undertaking (at least) eight units towards a bachelor degree do not successfully complete 50 per cent of these units (36-13 of the legislation) is, at face value, a proposition to address student debt and attrition. But, yet again, it has not been thought through and it will lead to perverse outcomes.

Eight units is a typical full time first year load at a Go8 institution. While all Go8 universities have sophisticated support programs in place to identify struggling students, with a semester load of four units (noting that UNSW Sydney does not operate on a semester system), confirmation may not be obtained and effective support able to be actioned until four units in a first semester are failed. This places extreme pressure on a student for the following semester with their CSP at risk.

While the legislation does allow for “special circumstances” exemptions to apply, it is not clear that these will routinely apply to any Australian university student who is struggling to adjust to university study and could be supported to success by the institution – as they should be.

The sad consequences for students of this policy are therefore potentially large. While the student may transfer course or institution to retain CSP funding, if the course is specialised (for instance dentistry or veterinary science) and offered by only one institution in the State, then these options may be of limited use to the student.

The risk in this scenario is not that an unscrupulous provider is exploiting the student for financial gain, or that the student is accumulating a significant HELP debt, but that a student is denied the opportunity to be supported in achieving what should be accessible education and career aspirations, and that universities will be required to set up expensive administrative processes that do not deliver the desired outcomes.

Further, detailed consideration of the student protection and (the unwarranted) provider integrity measures would allow these and other measures to be amended and to ensure that the measures as a whole are consistent with a proportionate, risk-based approach to sector regulation.

Finally, the Go8 yet again wishes to record officially that two weeks between the release of the exposure draft and the commencement of the Parliamentary sitting period when the legislation will be introduced is obviously not sufficient time for due consultation on such complex and important legislation.

### **Specific elements for discussion with the JRG legislation and package**

In this section the Go8 discusses specific and important elements of the JRG legislation and with the JRG package more broadly that would significantly benefit from review by the Senate Education and Employment Legislation Committee.

- ***The removal of the floor/safety net for Maximum Basic Grant Amounts for Higher Education Courses (Schedule 2, Part 1, 4-9)***

As noted in the discussion, there is no floor/safety net for the bulk of Government funding which is provided through the MBGA for Higher Education Courses.

This will be negotiated on an institution-by-institution basis with the Government and implemented through Funding Agreements, meaning the Funding Agreements will become the primary driver of funding not the HESA.

- ***Measures to extend and strengthen student protection and provider integrity (Schedule 5)***

As noted in the discussion, without much further work, the student protection and the (unwarranted) provider integrity measures will lead to perverse outcomes for students, increase administrative burden for universities and undermine the risk-based approach to higher education regulation and the role of universities as self-accrediting.

- ***Conflicting incentives for universities and students (Schedule 1)***

The JRG package provides incentives through modified Student Contribution Amounts (SCA) for students to enrol in courses aligned with future strategic workforce needs for Australia and superior employment outcomes. This reform is undertaken concurrently with the alignment of funding provided for course delivery with the cost of delivering the course (as measured through the Deloitte 2019 *Transparency in Higher Education Expenditure* report). **This inexplicable combination results in a number of courses where the incentives for students and universities are opposed.**

- ***Treatment of Humanities students (Schedule 1)***

SCAs for Humanities courses will increase by 113 per cent to \$14,500 per year – greater than the SCA for Medicine or Dentistry. This rate will also apply for undergraduate courses in social work, psychology and other courses that lead into postgraduate clinical psychology studies which has been earmarked a priority by Government and assigned to the lowest SCA cluster (\$3,700) under the new arrangements.

These changes will be felt most keenly by new enrolments across the broad Fields of Education of Society & Culture, and Creative Arts where in 2018 the Go8 had over 61,000 bachelor level students enrolled in 2018, which is more than 24 per cent of the total at Australian universities.

- ***Equity concerns***

At least two equity concerns have been raised by Go8 members regarding the JRG package:

- Humanities degrees as a university gateway for low-SES and regional students: low-SES and regional students often enrol in Humanities degree (particularly Arts) as an entry point to university, even if they later transfer courses or commence a double degree after their successful first year. The concern is that the new Humanities SCA may provide a disincentive for these students to enter university at all, as they are the cohort that is understandably likely to be particularly sensitive to price signals through student fees; even if deferred through HELP.
- Higher Education Participation and Partnerships Program (HEPPP). The formula for the HEPPP will change from being based on low-SES student load to a mixture of 45 per cent low-SES, 45 per cent Regional and Remote and 10 per cent indigenous load in line with the focus of the JRG on regional education. There is a need to protect long-running programs funded under HEPPP – including many by Go8 institutions – which conduct significant successful, much needed and relied upon ongoing outreach to regional students which will be potentially compromised by a reallocation in HEPPP funding.



The Go8 looks forward to having the opportunity of engagement in the development of this legislation which is critical to Australia's future economic prosperity and societal well-being. If you have questions regarding the Go8 submission please do not hesitate to contact me at [vicki.thomson@go8.edu.au](mailto:vicki.thomson@go8.edu.au) or 0417 808 472.

Yours sincerely

A handwritten signature in blue ink, appearing to read "V. Thomson", written over a light blue horizontal line.

**VICKI THOMSON**  
**CHIEF EXECUTIVE**

**Appendix – Detailed modelling of the impact of the Go8 of the JRG package (based on 2018 CSP load)**

**Current Funding Arrangements**

	2020	2021	2022	2023	2024
Funded Places	157735	157044	156589	155672	154407
Government Contributions	\$1,976,731,841	\$2,003,971,456	\$2,030,456,464	\$2,057,577,223	\$2,086,677,274
Student Contributions	\$1,425,780,277	\$1,445,136,744	\$1,464,036,332	\$1,483,180,102	\$1,503,572,928
<b>Base Funding</b>	<b>\$3,402,512,119</b>	<b>\$3,449,108,200</b>	<b>\$3,494,492,795</b>	<b>\$3,540,757,325</b>	<b>\$3,590,250,202</b>
Govt Funding per student	\$12,532	\$12,761	\$12,967	\$13,217	\$13,514
Student Contribution per student	\$9,039	\$9,202	\$9,350	\$9,528	\$9,738

**Proposed Funding Arrangements**

	2020	2021	2022	2023	2024
Funded Places	157735	158307	158724	159033	159281
Government Contributions	\$1,976,731,841	\$1,917,578,490	\$1,871,416,062	\$1,848,657,294	\$1,841,452,894
Student Contributions	\$1,425,780,277	\$1,352,111,592	\$1,464,534,152	\$1,561,223,760	\$1,652,083,081
<b>Base Funding</b>	<b>\$3,402,512,119</b>	<b>\$3,269,690,081</b>	<b>\$3,335,950,214</b>	<b>\$3,409,881,054</b>	<b>\$3,493,535,975</b>
Govt Funding per student	\$12,532	\$12,113	\$11,790	\$11,624	\$11,561
Student Contribution per student	\$9,039	\$8,541	\$9,227	\$9,817	\$10,372

## Current vs Proposed Funding Arrangements

	2020	2021	2022	2023	2024
Current Base Funding	\$3,402,512,119	\$3,449,108,200	\$3,494,492,795	\$3,540,757,325	\$3,590,250,202
Proposed Base Funding	\$3,402,512,119	\$3,269,690,081	\$3,335,950,214	\$3,409,881,054	\$3,493,535,975
NPILF (Indexed)	0	\$56,500,000	\$57,517,000	\$58,437,272	\$59,547,580
Additional HEPPP Estimate		\$1,848,117	\$1,952,928	\$2,005,083	\$2,049,195
Transition		\$121,070,002	\$99,072,654	\$70,433,916	\$0
<b>Difference</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$37,166,647</b>

## Current vs Proposed Base Funding Per Student

	2020	2021	2022	2023	2024
Government Contributions \$	\$0	-\$648	-\$1,176	-\$1,593	-\$1,953
Government Contributions %	0%	-5%	-9%	-12%	-14%
Student Contributions \$	\$0	-\$661	-\$123	\$289	\$634
Student Contributions %	0%	-7%	-1%	3%	7%
Total Base Funding \$	\$0	-\$1,309	-\$1,299	-\$1,304	-\$1,319
Total Base Funding %	0%	-6%	-6%	-6%	-6%

## Current vs Proposed Government Funding Per Student (including NPILF/Transition)

	2020	2021	2022	2023	2024
Current	\$12,532	\$12,761	\$12,967	\$13,217	\$13,514
Proposed	\$12,532	\$13,341	\$12,951	\$12,703	\$12,312
Difference	\$0	\$581	-\$16	-\$514	-\$1,203
Difference %	0%	5%	0%	-4%	-9%

## Current vs Proposed Total Revenue Per Student (including NPILF/Transition)

	2020	2021	2022	2023	2024
Current	\$21,571	\$21,963	\$22,316	\$22,745	\$23,252
Proposed	\$21,571	\$21,776	\$22,004	\$22,252	\$22,307
Difference	\$0	-\$187	-\$313	-\$493	-\$945
Difference %	0%	-1%	-1%	-2%	-4%