My comments relate to two key area for the review - meeting Australia's knowledge and skills need and delivering new knowledge. PhD students form the basis of a considerable fraction of University research. While PhD students ae undergoing training, most move beyond a normal meaning of that word in their first 12 months and are effectively guided in years 2 and 3 to lead outstanding research. PhD students require a standard 3 year degree, and then are selected into Honours for a 4th year. They are the nation's best next generation students with a 4 year HECS debt. Their reward for a 1st class honours degree is, if they want it, a PhD scholarship that is funded by government at a rate below the poverty line. Many take that option and exist for 3.5 or 4 years on about $19,500 a year. Many Universities now supplement that stipend - by reducing the number of scholarships or by reducing the funding the students and supervisors need to ensure the PhD student's is optimised. This is not a long term strategy - it is reducing the capacity of Australia's universities to generate outstanding employees in many insititutions now requiring high-level skills. It is also reducing the capacity of Universities to deliver new knowledge. In some European countries, PhD students are employed and salaried. They are recognised as worth investing in, and the risk of a student choosing to not proceed to reseach for financial reasons is minimised. One cannot judge if that potential PhD student would have been the one to find a cure of disease X, or a solution to problem Y. A rich and vibrant higher degree environment in Australia is the best way to minimize the risk of lost innovation. In short, PhD stipends, requiring students to live below the poverty line, are a national disgrace. They should be funded by government at the level of a living wage, students completing PhDs should be rewarded with a wiping of HECS debts and PhD students should be recognised as a national investment in research and development