



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

**Submission to the Australian Senate's  
Education and Employment Legislation Committee**

## About us



Consult Australia is the industry association representing consulting businesses in design, advisory and engineering. Our industry comprises some 48,000 businesses across Australia, ranging from sole practitioners through to some of Australia's top 500 companies, providing solutions for individual consumers through to major companies in the private sector and across all tiers of government. Our industry is a job creator for the Australian economy, directly employing 240,000 people. The services we provide unlock many more jobs across the construction industry and the broader community.

Some of our member firms include:



## Introduction – our interest in university funding reform

Our interest in the Higher Education Support Amendment Bill 2020 ('the Bill') stems from skill challenges experienced in our industry and the emerging trends in future workforce demand. Our industry's foundation is based on skills in science, technology, engineering and mathematics (STEM), being a professional services industry the predominate education mechanism that underpins our workforce is tertiary education. Any policy changes made to tertiary education policy and funding can have significant long-term impacts on our industry and require a thorough analysis of future and emerging trends to avoid unintended consequences that can take many years to reverse. We believe it is essential to recognise this in the development of Australia's approach to skills and our various education systems.

It is our understanding that the Australian Government is seeking to increase the uptake of STEM education in recognition that this is the strongest area of demand for future talent and that it is critical to productivity growth. Therefore in principle, we welcome a redesign of the Commonwealth Grant Scheme (CGS) subsidies and student contribution amount bands (SCAs) to better reflect modern demands on the university system. It makes sense to consider how these arrangements can be improved to help prepare Australia for the jobs of the future and to have a more sustainable university funding model.

However, we have significant concerns about the consequences of the Bill on degree types relevant to our industry and ask that these parts of the Bill be reconsidered. Set out below are our specific concerns and corresponding recommendations.

## Degree types receiving lower overall funding

We have concerns about proposed changes to STEM degree types that result in lower overall funding as outlined in the table on the next page (i.e. the combined funding per student from the CGS subsidy and the SCAs). For degree types such as engineering, which makes up a significant cohort of employee skills needed in our industry, and we believe this could reduce the quality of this education.

This is despite engineering and similar degree types having strong employment outcomes<sup>1</sup> – for example engineering has an 84.8 per cent full time employment conversation rate, compared to the overall average of 72 per cent<sup>2</sup> – and demand for engineering skills in Australia are predicted to continue growing.<sup>3</sup> Our [recent report](#) on STEM education challenges also highlights an important correlation between quality and participation rates, particularly for underrepresented groups.

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<sup>1</sup> QILT program, [graduate outcomes survey – longitudinal \(August 2020\)](#)

<sup>2</sup> QILT program, [graduate outcome survey – short-term \(October 2019\)](#)

<sup>3</sup> Australian Department of Employment, [STEM jobs growing almost twice as fast as other jobs \(January 2020\)](#)

Degree types	CGS – subsidy		SCAs (maximum)		Combined (maximum)	
	Current	Proposed	Current	Proposed	Current	Proposed
<b>Engineering, science and environmental studies</b>	<b>\$18,920</b>	<b>\$16,500</b>	<b>\$9,527</b>	<b>\$7,700</b>	<b>\$28,447</b>	<b>\$24,200</b>
Architecture and building	\$10,821	\$13,500	\$9,527	\$7,700	\$20,348	\$21,200
Information technology	\$10,821	\$13,500	\$9,527	\$7,700	\$20,348	\$21,200
<b>Mathematics</b>	<b>\$10,821</b>	<b>\$13,500</b>	<b>\$9,527</b>	<b>\$3,700</b>	<b>\$20,348</b>	<b>\$17,200</b>
Humanities	\$6,116	\$1,100	\$6,684	\$14,500	\$12,800	\$15,600
Law and commerce	\$2,198	\$1,100	\$11,155	\$14,500	\$13,353	\$15,600

Table: Degree types receiving lower funding

Green – a positive outcome; red – a negative outcome

The decision to reduce the total combined funding for engineering and other similar degree types is assumed to be based on work commissioned by the Department of Education, Skills and Employment, which put forward a view that the cost of delivery is for these degree types, or could be, less than previous arrangements. It is unclear from this assessment of teaching and learning costs whether appropriate regard has been given to the future costs of teaching and learning, given the rapid advancement of technology and the need to ensure that students have access to contemporary teaching and equipment essential to their employability. These costs should consider for example, costs to upgrade and maintain equipment and provide the appropriate infrastructure to deliver a contemporary and competitive learning experience. Universities delivering engineering degrees have significant capital costs associated with delivering a high-quality learning environment, and it is critical these costs are considered alongside teaching and learning costs. The consequence is that we will dilute the quality of these degree types if they are not being delivered with appropriate resources, and universities will simply shift places to other degree types where these unaccounted costs are lower. Under investment will diminish employability outcomes for the students and put Australia at a competitive disadvantage in comparison to countries that are making significant investments in STEM education.<sup>4</sup>

*Recommendation: The changes proposed in the Bill that affect STEM related degree funding should not proceed until they have been reassessed and verified through a separate process that is supported by strong engagement with universities and the industries that rely heavily on STEM skills. The assessment should include any impacts on the labour market, particularly where demand is currently or predicted to be high. If this reassessment makes the same case for a reduction in combined overall funding (maximum) for some degree types, the proposed changes should be at least phased over the forward estimates (three to four years) to allow for an assessment of outcomes in places for relevant degree types being offered by universities. We also share our thoughts in the next section on how any funding gaps created from this recommendation could be addressed.*

<sup>4</sup> World Economic Forum, [the global human capital report 2017](#)

## Addressing the funding gap for high priority degree types

We are not convinced that reductions in the SCAs (maximum) will have a substantial effect on students wishing to undertake particular degree types, or vice versa for increases. The financial obligations to undertake study at a university are often not experienced for many years due to HECS-HELP loans, and there are other significant influences on students when considering degree options. These include their learning experience in secondary schools, career interests and awareness of these opportunities, and family and cultural influences.

As such, we question significant drops in the SCAs (maximum) being used as a policy tool to influence the uptake of priority degree types when this is also contributing to what we view as a sharp reduction in the per student combined funding for some of these same priority degree types. We believe the Australian Government should reconsider funding for priority degree types with a funding gap between current and previous arrangements – in line with the recommendation we outline in the previous section.

With the reform anticipated to commence in 2021, we think it would be a shame for this funding gap to be addressed exclusively by student contributions. Many of the next cohort of students coming into university in 2021 have had a challenging experience over recent months with COVID-19 impacts, and it would be unfortunate to see them wear the brunt of further changes to ensure the university funding model is more sustainable. We believe there should be balance in meeting this funding gap, if it is not possible to do so exclusively through the CGS subsidy.

*Recommendation: The Australian Government should address any funding gaps for degree types aligning with national priorities and industry demands, as determined by the reassessment outlined in our previous recommendations, by increasing the CSG subsidy as a first preference or by sharing this increase across the CGS subsidy and SCAs as a second preference.*

## National priorities and industry linkage fund (NPILF)

We welcome the concept of a NPILF and increasing STEM graduates and their employment outcomes being a key focus. Encouraging universities to further engage with industry to ensure curriculum and teaching focuses on skills needed in today's and tomorrow's workplaces is a positive step. If well designed, the NPILF could address some of our concerns about the reduction in CGS subsidy and the maximum combined funding for degree types such as engineering, science and environmental studies.

However, it is difficult to support the proposed legislation and its implication for degree types relevant to our industry when we do not know if, and how effectively, concerns are being offset by the NPILF and the effectiveness of decisions under this fund. This effectiveness is not determined by how much is being invested in the fund, but instead the Australian Government's ability to ensure it is funding effective, efficient and targeted solutions.

A risk we see with designing the NPILF after the legislation is passed is that the fund will not sufficiently address concerns, and this will only be known when the package is finalised and potentially after arrangements have been implemented. This could then have a detrimental effect on the 'talent pipelines' for workplaces for many years ahead.

*Recommendation: The Australian Government should consult on, and provide further information, on the design of the NPILF at the same time this Bill is being considered. This will help ensure this fund's effectiveness is being considered alongside the broader university funding changes outlined in this Bill.*

*This should be a broad-based consultation, rather than one only targeting particular stakeholders, because these policy changes and the NPILF can have far reaching and long-term effects on many aspects of the economy and how industries meet their future skill demands.*

## Work experience in industry (WEI) units

Finally, we would like to note our support for the proposed eligibility of WEI units for funding under the CGS subsidy. Universities should be encouraged to blend the delivery of education with practical and real-world experiences that can be provided through strong industry partnerships, and we understand excluding these types of units from funding was a barrier.

An added benefit from this proposed change is that it will also help students develop workplace skills and a greater understanding of career opportunities, which is difficult in a formal educational setting.

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## Contact us

We thank you for the opportunity to contribute to this inquiry. Please contact us at the contact details below if you would like to discuss this submission further.

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