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10 September 2020

Mr Alan Raine
Committee Secretary
Senate Education and Employment Legislation Committee
PO Box 6100
Parliament House
CANBERRA, ACT 2600

By email: eec.sen@aph.gov.au

Dear Mr Raine,

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

Thank you for your email (dated 4 September 2020) inviting the Academy of the Social Sciences in Australia to make a submission to your inquiry into the *Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill 2020*.

The Academy welcomes the opportunity to provide feedback on the proposed reforms. Please find our submission attached.

The Academy welcomes the opportunity to discuss any of the matters raised in this submission. Please contact Andi Horsburgh, Policy Manager on 0466 123 178, or via email: andrea.horsburgh@socialsciences.org.au.

Yours sincerely,

Professor Jane Hall FASSA FAHMS
President



SEPTEMBER 2020

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

ACADEMY OF THE SOCIAL SCIENCES
IN AUSTRALIA SUBMISSION TO:

**SENATE EDUCATION AND
EMPLOYMENT LEGISLATION
COMMITTEE**



Submission to the Senate Education and Employment Legislation Committee inquiry into the *Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill 2020*

10 September 2020

The Academy of the Social Sciences in Australia (the Academy) welcomes the opportunity to provide a submission to the Senate Education and Employment Legislation Committee inquiry into the *Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill 2020*. The Academy supports the Government's intention *for students to receive an education that sets them up for future success*¹ particularly during the difficult economic conditions resulting from COVID-19.

The proposed reforms represent some of the most significant changes to higher education in Australia in decades and will have a profound impact on Australia's university sector. Decisions taken now will determine how the system develops over the decades ahead and its ability to provide future generations of Australian students with a high-quality education. Because of this, it is critically important that decisions are based on sound evidence and informed by appropriate consultation with experts and stakeholders to devise an optimal approach that enhances outcomes and reduces the risk of unintended consequences.

The Academy supports the Government's ambition to increase the number of domestic student enrolments and the measures to support Indigenous students and those from regional and remote areas. However, there are areas of the Bill which the Academy believes must be changed in order to deliver the Government's stated objectives and to retain our national capacity to respond to rapidly changing social and economic circumstances in the future.

Social sciences play a critical role in our capacity to design and implement effective social, health, economic and environmental policy

The social sciences are disciplines linked by a common objective of understanding human behaviour and our social institutions. In broad terms, the proposed changes to fee structures will see government contributions to most social science courses decrease and student contributions increase.²

As we have seen clearly in the response to COVID-19, the social sciences are critical to the nation. While medical science has been front and centre of the response, social scientists will continue to play a powerful role in advising on successful policy implementation and the direction of our national recovery efforts. What motivates people to wear masks, the effects of social isolation, pedagogies to optimise remote learning and the economic measures needed to support our national recovery all rely on social science expertise.

Graduate outcomes data demonstrates there is little difference in employment outcomes between generalist science and generalist humanities, culture and social science degrees. A 2020 report of medium-term graduate outcomes found 61.9 per cent of humanities, culture and social sciences graduates and 61.6 per cent of science and mathematics graduates were in full-time employment four months after completing their course. Three years after graduation this had

¹ Available: <https://ministers.dese.gov.au/tehan/job-ready-graduates-most-likely-succeed>

² Available: https://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/7527030/upload_binary/7527030.pdf

risen to 87.0 per cent for humanities, culture and social sciences graduates, and 87.1 per cent for science and mathematics graduates.³

Qualifications in the social science, arts and humanities 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.⁴

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; skills that *"have become widely acknowledged as important in driving business success"*.⁵ 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.

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

The history of Australian higher education funding policy indicates that students are not highly sensitive to price signals in their tertiary enrolment decisions.⁶ Instead, students typically make study choices based on interest in the course content and their beliefs about employment prospects.⁷ Australia's system of income-contingent loans also serves to limit the financial impact of study decisions. It follows that the most effective way to increase the supply of graduates in areas such as teaching⁸ and nursing is to improve wages and conditions in these occupations.

However, university supply side responses to the government incentives are important because in many cases student and university incentives are misaligned.⁹ Universities, who are under immediate financial pressures as a result of COVID-19 are likely to be more sensitive to price signalling and may reduce offerings in some areas that have been identified as priorities. For example, STEM disciplines are estimated to deliver about \$4,500 per student per year less than they do now.¹⁰ 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.

It is therefore not clear the Bill will achieve its intended purpose in respect to incentivising student enrolment behaviour and the Academy suggests that this aspect of the Bill should be revisited to ensure the desired outcome. While there is no perfect method to determine appropriate student and commonwealth contributions,¹¹ alternate options should be explored.

The package also aims to support more Indigenous students to access higher education, by providing a guaranteed bachelor-level Commonwealth supported place. However, evidence

³ Available: https://www.qilt.edu.au/docs/default-source/gos-reports/2020-gos-l/2020-gos-l-national-report.pdf?sfvrsn=954ec3c_2

⁴ Available: <https://socialsciences.org.au/publications/the-social-sciences-shape-the-nation/>

⁵ Available: <https://www2.deloitte.com/au/en/pages/economics/articles/value-humanities.html>

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/2020/07/12/funding-incentives-for-students-and-universities-in-the-tehan-reforms-some-are-aligned-others-contradict-each-other/>

¹⁰ Holden, Richard. "University Fee Changes Will Hurt the STEM disciplines" The Australian, 22 June 2020

¹¹ Available: https://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/7527030/upload_binary/7527030.pdf

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.

Further information and analysis are required before pursuing significant changes to Australia's higher education system

While it is reasonable for the Government to set funding priorities for areas of future labour market need, it is imperative that such priorities are accompanied by clear evidence around the identification of those needs.

In this case it is not evident that there has been a formal labour market analysis undertaken to guide changes. And without such an analysis, the changes run the risk of guiding students into courses of study that may in exacerbate rather than improve any mismatch between future employer requirements and graduate skills.

Further, during the Bill second reading, Minister Tehan noted the amendments proposed in schedule 1 of the Bill will improve *efficiency in Commonwealth spending for higher education and will enable the government to support more university places*.

While the Academy supports the Government's ambition to fund an extra 39,000 university places by 2023, the analysis underpinning this outcome is unclear and should be released for scrutiny. In addition, the lack of certainty over resulting implications for research funding requires further information more careful analysis to avoid adverse unintended consequences.

Given that there are legitimate questions about whether this Bill will achieve the Government's objectives, the Academy recommends further deliberation before any changes are introduced. This process should include robust modelling of the potential implications and costs and include proper consultation with a range of experts in the sector to devise reform proposals.

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 .

About the Academy

The Academy of the Social Sciences in Australia was established in 1971 as an independent, not-for-profit organisation that draws on the expertise of its 680 elected Fellows – each leading scholars and commentators – 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.

¹² Available: <https://caep.cass.anu.edu.au/sites/default/files/docs/2019/1/CAEPRCensusPaper11PostschoolEducation.pdf>