



17 August 2020

The Hon Dan Tehan MP  
Federal Minister for Education  
Parliament House  
CANBERRA ACT 2600

Dear Minister

**Re: Job-Ready Graduates Exposure Draft**

Thank you for the opportunity to comment on the exposure draft of the legislation to give effect to the Government's proposals for reform of funding arrangements for Australian universities. The proposals set out in *Job-Ready Graduates* will lead to significant changes to funding for universities, and therefore warrant careful consideration by all involved.

As Australia's largest regionally-based university, Charles Sturt welcomes the strong focus on supporting regional universities and enhancing participation in higher education by regional students. In particular, we welcome the new indexation arrangements, the prospects for growing undergraduate places, demand driven funding for Commonwealth Supported Places (CSPs) for regional and remote Indigenous students, the additional places for our Joint Program in Medicine, and the commitment to build research capability in regional universities. We are particularly gratified that the Government has agreed with Charles Sturt's recommendations to extend grandfathering arrangements for current students, and to appoint a regional university representative to the Research Sustainability Working Group.

We look forward to working with the new Regional Education Commissioner and sharing our experience and expertise in providing on-campus and online education in rural, regional and remote areas. While we understand that this is a role with a national focus, Charles Sturt suggests that the Government considers basing the Commissioner in a regional area, especially if there is appropriate infrastructure already in place.

Charles Sturt notes that the additional investment in Regional University Centres (RUCs) aligns well with our operations as Australia's largest and most experienced provider of online university education. We intend to actively partner with RUCs wherever possible to support our online students.

Charles Sturt suggests that the Government consider opportunities to locate RUCs on regional campuses. This too would make effective use of existing infrastructure and facilities, provide a supportive learning environment for students, and increase the range of educational opportunities available to people in regional areas.

The student support arrangements in *Job-Ready Graduates* will help address the critical and persistent attainment gap between students from rural, regional and remote areas and their metropolitan counterparts. The Tertiary Access Payment will reduce the additional costs faced by

these students, a factor that many reviews – most recently the Napthine Review – have shown to be a significant barrier to participation in higher education.

The measures targeted at Indigenous students, including the Indigenous, Regional and Low SES Attainment Fund (IRLSAF) are particularly welcome. Charles Sturt produces among the highest number of Indigenous graduates each year, with sector leading employment outcomes. The introduction of demand driven funding for regional and remote Indigenous students will boost their participation in higher education, and Charles Sturt is well prepared to provide new Indigenous students with the education they want and any support they need.

We also have an exemplary record in enrolling, supporting and graduating low-SES and first-in-family students, and we suggest that the operation of the IRLSAF should recognise and provide additional funding for universities with a proven track record in this regard, as well as providing incentives for all universities to boost participation by Indigenous students and other disadvantaged groups.

Charles Sturt supports the proposal to make some Work Experience in Industry courses eligible for Commonwealth Grants Scheme (CGS) funding. Work-integrated learning is a core part of many programs at the University, notably in paramedicine, nursing, accounting, and engineering. Extending CGS funding to such programs will enable Charles Sturt to expand on our provision of work experience in industry and build on our record as a university with strong graduate employment outcomes and effective engagement with industry.

The introduction of a funding envelope for CSPs will provide useful flexibility for the University and allow us to respond quickly and effectively to shifts in student demand and employer needs. As this is a new model for CSP funding, and one introduced at a time when the wider situation for universities remains uncertain, Charles Sturt suggests that at least during any transition period, the regulations underpinning the funding envelope and other elements of *Job-Ready Graduates* should allow universities a high degree of flexibility for the allocation of places within the envelope. In particular, this could be achieved by indexing growth in the funding envelope on the basis of all CSPs, not just notional undergraduate bachelor degree places.

A related and key issue for regional universities is the mechanism for bidding for priority places, mentioned in the *Job-Ready Graduates* discussion paper. Charles Sturt suggests that the Government considers supporting 'centres of teaching excellence' in priority fields of education, potentially tied to existing areas of teaching and research strength, with some located at regional universities with a demonstrated track record. Weighting some priority places toward regional universities would be consistent with other elements of the Government's proposed reforms, and early advice on how the places will be allocated will allow universities to plan accordingly. The same applies to some other elements of the Government's proposed reforms, including the funding for research capacity building and the National Priorities and Industry Linkage Fund (NPILF).

The latter is crucial because the detail will help Charles Sturt manage the most important of the proposed reforms, the changes to Commonwealth and student contribution amounts. These changes represent a significant resourcing challenge for Charles Sturt due to the mix of disciplines we offer and the spread of students across those disciplines, especially in the sciences.

Our modelling indicates an overall reduction of around \$1,600 per EFTSL, with significant reductions in support for courses in science, technology, engineering and mathematics (STEM) – most particularly, for Charles Sturt, for courses in agricultural and environmental sciences. These are high-cost programs, often cross-subsidised by higher volume and lower cost courses, to maintain their viability under current arrangements, yet are critical to regional areas and to



Australia as a whole. A reduction in funding for these programs could mean the University may need to concentrate enrolments in a smaller number of courses, leading to fewer opportunities for regional students and with flow-on effects for the agricultural workforce. Charles Sturt suggests that the Government considers providing additional support for programs in agricultural and environmental sciences through regional loading, priority places, indexation arrangements or the NPILF, or some combination of them.

Further, as has been noted by various commentators, the proposed funding changes could create a perverse incentive for universities to enrol more students in non-STEM areas, providing them with higher revenue. While this revenue could be used to cross-subsidise more expensive STEM courses (assuming this is permitted under the revised GCS guidelines), the result would be fewer STEM places on offer – a result at odds with the intent of *Job-Ready Graduates*. Charles Sturt suggests this outcome could be avoided through effective consultation with universities during the development of future mission-based compacts, and in the mechanism for awarding priority places, rather than through prescriptive and potentially intrusive reporting arrangements.

The proposed changes to student contributions are a particular concern for courses in Social Work, Clinical Psychology and Mental Health. There is high demand for health and allied health graduates, with strong growth forecast in the future, especially in regional areas. This has been acknowledged in the 2019 Graduate Outcomes Survey<sup>1</sup>, the Australian Government's 2019 Employment Projections released in November 2019<sup>2</sup>, and the *Report for the Minister for Regional Health, Regional Communications and Local Government on the Improvement of Access, Quality and Distribution of Allied Health Services in Regional, Rural and Remote Australia*<sup>3</sup>, published in June 2020, along with numerous other reports.

The challenge of providing health and allied health services to rural, regional and remote populations on par with those available to metropolitan residents is well known. Allied health services, such as social work and mental health services, have become even more important in regional areas that are struggling with the economic and social impacts of drought, bushfires and a global pandemic. A critical part of the solution to this challenge is training more medical and health professionals at regional universities, since experience and research – including a recently-published study in the *Medical Journal of Australia*<sup>4</sup> – shows that health and medical students who undertake training in regional areas are much more likely to go on to practice in regional areas. This is part of the rationale for our new Joint Program in Medicine based in Orange, which will accept its first intake of students in 2021.

With these factors in mind, Charles Sturt strongly supports the recommendation of the Australian Council of Heads of Schools of Social Work for the Government to re-consider the placement of Social Work, Clinical Psychology and Mental Health in Commonwealth Contribution Cluster 1 and Student Contribution Band 4, and instead place them in Commonwealth Contribution Cluster 2 and Student Contribution Band 2 along with other allied health fields. The Government could also consider regional loading arrangements for CSPs in these fields.

Charles Sturt also notes that if the Government's assumptions about how students will respond to the price signals in *Job-Ready Graduates* are correct, one result would be fewer enrolments in health and allied health courses at a time of increasing need across the country, further reinforcing the urgent need to reconsider the proposed cost arrangements for these courses.

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<sup>1</sup> [https://www.qilt.edu.au/docs/default-source/gos-reports/2019-gos/2019-gos-national-report.pdf?sfvrsn=cdceec3c\\_4](https://www.qilt.edu.au/docs/default-source/gos-reports/2019-gos/2019-gos-national-report.pdf?sfvrsn=cdceec3c_4)

<sup>2</sup> <https://lmip.gov.au/default.aspx?LMIP/GainInsights/EmploymentProjections>

<sup>3</sup> [https://www1.health.gov.au/internet/main/publishing.nsf/Content/815AFEED0337CF95CA2581D30076D095/\\$File/National\\_Rural\\_Health\\_Commissioner's\\_Allied\\_Health\\_Report\\_to\\_the\\_Minister\\_June\\_2020.pdf](https://www1.health.gov.au/internet/main/publishing.nsf/Content/815AFEED0337CF95CA2581D30076D095/$File/National_Rural_Health_Commissioner's_Allied_Health_Report_to_the_Minister_June_2020.pdf)

<sup>4</sup> DOI:10.5694/mja2.50697



There is also some risk attached to the proposed cost increases for Humanities and Social Sciences courses, which are often the entry to tertiary education for mature-age students, women, and Indigenous students, thereby increasing participation across these cohorts. As graduates they experience better employment outcomes over the medium term compared to others in their cohort, and often go on to undertake a second, more 'vocational' degree or graduate qualification, also with good employment outcomes. Yet the Government's proposals will have a significant, if not disproportionate, impact on such students, potentially limiting their opportunities for fuller employment and economic prosperity.

Charles Sturt is also concerned about the Government's proposals for new integrity and accountability arrangements. The provisions in the exposure draft of the legislation go well beyond anything foreshadowed in the *Job-Ready Graduates* discussion paper or your subsequent announcement, on 24 June 2020, for a new 'integrity unit' in the Tertiary Education Quality and Standards Agency (TEQSA).

The proposed amendment to Section 104-1A of the *Higher Education Support Act 2003* (HESA) is a blunt instrument for dealing with a relatively small number of students with a high fail rate. Moreover, the amendment does not appear to take into account that some students may struggle to progress in their studies for reasons other than academic ability, as the manifold challenges of 2020 show. Charles Sturt has found that progress rates are cohort specific, and given the many social disadvantages faced by rural, regional and remote students, some degree of flexibility in monitoring their progress is desirable. The Government's proposals do not appear to offer much flexibility, and so are likely to have a disproportionate impact on regional participation.

Further, though the draft legislation does not give any indication of how the student progress expectations will be monitored or reported on, it is difficult to see how TEQSA or any other agency could monitor student progress without adding to the overall regulatory and reporting burden for universities, and intruding on their autonomy.

As with other Australian universities, Charles Sturt already has an Academic Progress Policy<sup>5</sup> which "requires each student to progress through their course at a rate that will enable them to complete the course in a specified maximum time", sets out clear expectations for all courses and all students, provides for "the exclusion of students who fail to progress satisfactorily and for the termination of enrolment for students who fail to complete in the maximum allowed time", and, most importantly, allows students to appeal against exclusion or termination. Rather than imposing a new and intrusive reporting arrangement, the Government may prefer to rely on universities to apply the policies and procedures they already have in place. Alternatively, Charles Sturt suggests that the Government could ask TEQSA and universities to develop an appropriate reporting framework for reporting on and managing the very small number of students who abuse Commonwealth support for higher education in the manner outlined by the Minister in some of his recent discussions with the media.

Charles Sturt also has strong reservations about the proposal to allow a Minister to call for an audit of any higher education provider, including universities. This represents a significant intrusion on universities' autonomy, and should be implemented only if accompanied by stringent safeguards and used only when no other option is available. For example, the Minister should be prepared to publish his or her reasons for requiring an audit, and, recognising that the act of doing so would lead to reputational damage for the institution involved, the reasons should be clear, based on publicly-available information, be directly aligned to compliance with HESA and any associated guidelines, and sufficient to justify an external inquiry. Charles Sturt also suggests that the Government should consider amending section 19-180(2) to ensure that any audit is carried out by

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<sup>5</sup> <https://policy.csu.edu.au/document/view-current.php?id=250>



an appropriate, independent and competent body, in acknowledgement of the scale and complexity of Table A providers' operations.

Finally, Charles Sturt University notes that the exposure draft for amendments to HESA and the associated explanatory material provide no information on key components of *Job-Ready Graduates*, particularly the proposed indexation arrangements for CGS funding, including the different indexation for metropolitan, outer metropolitan and regional universities. This information is critical for planning how we can implement the new course costings in a way that ensures the financial viability of the University and provides the best opportunities for rural, regional and remote students, and for the communities we serve.

Charles Sturt recommends that Government provide, as soon as possible, information on the indexation arrangements; the transition arrangements mentioned in the discussion paper, and how this will be distributed across the sector; the IRLSAF and NPILF; the allocation of priority places; and the research capacity funding, along with any revisions to the Commonwealth Grants Scheme Guidelines, to support revised planning for 2021 and beyond.

In closing, I would like offer my thanks for your open and consultative approach to managing the many challenges facing Australia's higher education sector. Charles Sturt has always enjoyed an effective working relationship with State and Commonwealth ministers, and their commitment to and support for regional education has been particularly welcome in recent months as regional communities have wrestled with a prolonged drought, intense bushfires, and of course the COVID-19 pandemic. I look forward to continuing our working relationship in future, and as always would welcome the opportunity to put forward more information on any of the suggestions and recommendations set out here.

Yours sincerely



**Professor John Germov**  
Acting Vice-Chancellor

