

**Senate Standing Committee on Employment and Education**

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

**Submission from Professor Graeme Orr**

Given the limited consultation period, forgive me for focusing on the very serious problems in this Bill, rather than any virtues.

**A SLOGANEERING TITLE**

‘Job-Ready Graduates’ is a public relations slogan used to frame the Minister’s original policy announcement. Such slogans make a mockery of the business of drafting and enacting legislation as law.<sup>1</sup> It is bad enough that opposition and minor parties use slogans in private members’ bills: they at least have the excuse of needing to attract attention for proposals that may never receive any parliamentary attention. For government-sponsored legislation – by administrations that have access to everything from government advertising budgets to National Press Club pulpits to launch such policies – sloganeering titles of legislation are embarrassing for the public servants, media, lawyers and citizens who have to mouth them.

**B WILDLY DISPROPORTIONATE FEES FOR SOME HUMANITIES AND SOCIAL SCIENCES DISCIPLINES. YET NOT OTHERS**

The table below, taken directly from the bill, speaks for itself. The funding ratio between say law and engineering (two equally employable professions) is 15:1.

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<sup>1</sup> [G Orr, ‘Names Without Frontiers: Legislative Titles and Sloganeering’ \(2001\) 21 \*Statute Law Review\* 188.](#)

Medicine has higher average earnings than law,<sup>2</sup> and is much more costly to teach, yet medical students pay \$3200 pa less in fees than law students. The ratio of student fees paid between most of humanities, and two parts of humanities (English, Visual and Performing Arts), will be more than 12:1 under this bill.

Such ratios are not just unjust to the students concerned. They bear no proportion to the actual social value of the respective disciplines. The Bill assumes that becoming a teacher (‘Education’) is to be highly encouraged. Yet becoming a teacher with knowledge of very important subject areas for high school students’ employability and citizenship is not (compare fees to do university units in Accounting, Economics, Commerce or Studies in Society/History).

I note that ‘English’ is nowhere defined in the Bill, nor in the 2003 Act. Defining the boundaries of funding clusters and which units of study are allocated appear to be left to bureaucratically generated Commonwealth Grant Scheme Guidelines under section 33-35. The Department treats ‘English’ as a cluster as broader than ‘English as a language/second language acquisition’ (though the latter would be more consistent with the government’s ‘jobs ready’ or international trade driven policy to lower fees for ‘language’ study’). Because the Department treats ‘English’ as including literature. The absurdity of funding an English Literature student at 12 times the rate of a student of any other aspect of the humanities is patent.

**Commonwealth Contribution Amount**

Item	Per Place in Discipline Cluster	The amount
1	Law, Accounting, Administration, Economics, Commerce, Communications, Society and Culture	\$1,100
2	Education, Clinical Psychology, English, Mathematics, Statistics, Allied Health, Other Health, Built Environment, Computing, Visual and Performing Arts	\$13,500
3	Nursing, Foreign Languages, Engineering, Surveying, Environmental Studies, Science	\$16,500
4	Agriculture, Medicine, Dentistry, Veterinary Science	\$27,000

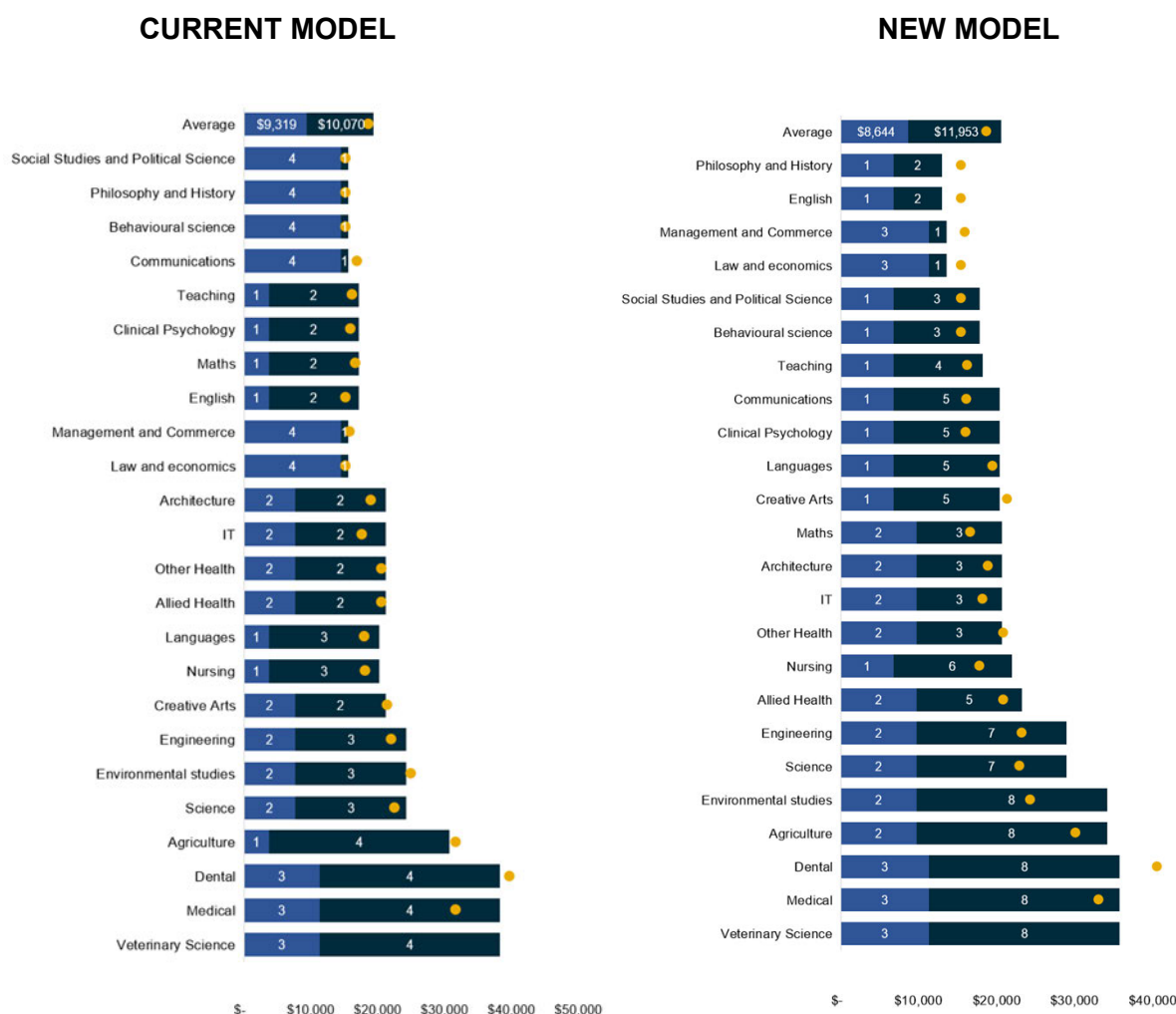
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<sup>2</sup> A Norton & I Cherastidtham, *Mapping Australian Higher Education 2018* (Grattan Institute, 9/2018) Fig 10.6

## C PERVERSE EFFECTS

The underlying policy was centred in part on defunding the humanities particularly, and areas like law further. Indeed that was framed in the slogan ‘Job-Ready Graduates’.

The Discussion Paper, released at 5:23 pm on a Friday evening, however, revealed a major mismatch between what might be called ‘price to students’ and ‘cost of production’. It suggested little attention to the fact that higher education is not just a service acquired by students, but a set of disciplines delivered by university schools and faculties. Figure 11 of that Discussion Paper almost spoke for itself:



Recall that in terms of Commonwealth funding per future EFTSU, the policy and bill disfavour some disciplines in wildly disproportionate ways. Some professional and business disciplines are labelled as if essentially of private value only (Law, Economics, Accounting, Commerce). Whilst most Humanities disciplines appear to be labelled either the same way, or as somehow not relevant to ‘job ready graduates’.

Yet, at a glance, the ‘new model’ above reveals the continuation or exacerbation of certain perverse incentives. In revenue terms, it will become more, not less attractive for universities to teach more students in Management, Commerce, Law and Economics, Philosophy, History. Some related courses, like in Social and Political Science will not just be more attractive to teach in revenue terms, relative to the current model. They will become attractive to teach more of in absolute terms.

I note these are courses that have a history of being taught in ‘chalk and talk ways’, given low levels of total funding compared to STEM and Health clusters. (Yet courses where students will now pay almost full cost in fees. That is, courses the policy appears to label as having almost no public compared to private benefit.)

As I understand it, the government says the new model is advantageous in aligning total potential funding closer to estimated cost per student in many clusters. And in some clusters (eg Nursing, Agriculture and Mathematics and Science) making these clusters more attractive, revenue-wise, to teach.

Yet the perverse effects noted above may be exacerbated in areas where taking in new students can be accommodated more cheaply, because of lower marginal costs or existing capacity. This seems likely in already high student fee yet high demand disciplines with relatively inelastic student demand, such as Law.

The ramifications of these discipline or cluster incentives and disincentives deserve serious modelling. At present, universities have been rushing to experiment with more hybrid and online teaching – yet retrenching casual staff – to cope with pandemic-generated budget holes and physical distancing requirements. Modelling,

at a disciplinary level, the interaction of these changing incentives with both the fluid ‘costs’ of teaching in terms of the cost of deliver and the costs imposed on staff workloads and research foregone, is no less important.

#### **D DEFUNDING TEACHING, PER EFTSU**

Finally, comparing the ‘New Model’ to the ‘Current Model’ reveals that funding – revenue to universities for teaching Commonwealth funded, Australian students – will *drop by* \$1208 per EFTSU per annum, as an average. (Possibly worse if universities do not charge the full permissible ‘student contribution’ per cluster; although experience suggests that is unlikely.)

To a ‘degree’ (pun half-intended) extra local enrolments, which are expected thanks to the pandemic, will be absorbed and taught by the system at closer to marginal cost than full cost. But this assumes existing capacity to absorb them. Such capacity cannot be assumed in many areas and universities, given the unpredicted, and deeply damaging loss of international enrolments and fees during the pandemic.

#### **E THESE ASPECTS OF THE BILL SHOULD BE SCRAPPED, AND REAL CONSULTATION WITH THE SECTOR AND STAKEHOLDERS**

This would ordinarily go without saying. It applies doubly given the pandemic’s radical impacts on university budgets, with the loss of billions in international student fees and other revenue, and the almost certain expectation that universities will expand local places to accommodate high levels of unemployment caused by the pandemic.

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