



Office of the Hon Dan Tehan MP
Minister for Education

Parliament House
CANBERRA ACT 2600

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Ms Karen Lee
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Dear Ms Lee

Thank you for your email of 8 July 2020 to the Hon Dan Tehan MP, Minister for Education regarding the Job-ready Graduates package (the package) of reforms to higher education. The Minister has asked me to reply on his behalf.

The COVID-19 pandemic has highlighted vulnerabilities across all sectors of Australia's economy, and higher education is no exception. While Australian Government funding to the university sector is already at a record high, the system must adapt to be able to support Australians through this period. We know demand for higher education increases during economic slowdowns and students seek job relevant skills to help them enter and re-enter the workforce. The new arrangements under the package will support the increased demand from school leavers and provide more options for upskilling and reskilling workers who have lost jobs due to COVID-19.

As you are aware, on 19 June 2020, the Government announced the package to deliver more job-ready graduates. The package will create 100,000 new university places by 2030 and provide additional support for students in regional and remote Australia. The Government already provides more than \$18 billion a year to fund our universities and this will grow to \$20 billion by 2024. With the passage of legislation, the package will commence on 1 January 2021.

Australia is facing its biggest jobs crisis since the Great Depression and our higher education sector must respond and play a critical role in supporting Australia's economic recovery. It must produce job-ready graduates that reflect Australia's expected economic, industry and employment growth, which is why there is an increased focus on areas of industry and community priority as well as work relevant qualifications. The new arrangements aim to encourage prospective students to consider adding skills sought by employers, as well as their own preferences. In addition, higher education providers will work closely with industry to ensure graduates have the job-ready skills and experience they need in a challenging labour market.

The Commonwealth Grant Scheme (CGS) funding clusters and student contribution bands are being simplified to make Government funding clearer, simpler and more sustainable. Overall, the Government will continue to pay more than half of the costs of Commonwealth supported places (CSPs), with funding prioritised to the areas that will produce graduates most needed by the labour market. This means that CSP students studying courses in key growth areas including science, nursing, teaching, engineering and information technology (IT) will see significant reductions in their student contribution for those units. While some fields of study will see increases in student contribution amounts for units, almost 60 per cent of students will see either a reduction or no change in their student contribution.

The changes are based at a unit level, not a degree level. This means that by choosing electives that respond to employer needs in subjects like mathematics, English, science and IT within their degree, students can not only reduce their total contribution but also enhance the skills they bring to employment.

Additionally, the reforms align the total combined public and private funding for higher education units with contemporary data on the cost of delivering university education. The new higher education funding model is based on university self-reported data on the actual cost of delivery of teaching in universities.

I note your support for the humanities in your email. However, it is important to appreciate that degrees such as English, Languages, and Creative Arts are all taught at discounted rates in the package. Moreover, the changes in the package are based at a unit level, not a degree level. This means that within a generalist Arts degree by choosing electives that respond to employer needs in subjects like English, mathematics, science and IT, students can reduce the total cost of their study and enhance the skills they bring to their future employment.

Current students who are already studying in a CSP will be grandfathered so they pay either the new lower rates or current rates. From 1 January 2021, current students who enrol in units where the student contribution has decreased will have these reduced amounts applied. Current students who enrol in units where the student contribution has increased will have grandfathering arrangements applied, whereby their student contribution and CGS amounts remain as they are under the current arrangements (with existing rates indexed by the Consumer Price Index each year). For more information about grandfathering arrangements visit www.dese.gov.au/document/better-university-funding-arrangements-reducing-complexity-and-targeting-job-ready.

Current Year 12 students looking to enrol in a course of study in 2021 should be assured that they will continue to have access to the course of their choice under Australia's world leading higher education funding model. Under our Higher Education Loan Program (HELP), no student needs to pay anything up front and student loans are only repaid when the student is earning over \$46,620 (in 2020–21). A person on the lowest repayment threshold, which starts at 80 per cent of the median earnings for all Australian employees, will pay only \$8.80 to \$10.20 per week. Access to HELP is not determined by age, income or background and means that eligible students can participate in higher education without the barrier of upfront fees.

Prospective students should also remember that an investment in higher education is one of the best investments they can make—higher education graduates have a substantial advantage in the labour market, with lower rates of unemployment and higher earnings than school leavers and vocational education graduates.

In addition to providing more student places at Australian universities overall, the Government's package proposes funding of over \$400 million over the next four years, to increase opportunities for regional and remote students to attend university, and to lift investment in regional university campuses. Eligible regional and remote students will receive direct financial support for their higher education study with a \$5,000 one-off Tertiary Access Payment and receive improved travel support where they are eligible for Fares Allowance. Additionally, all Aboriginal and Torres Strait Islander students from regional and remote areas will have a guaranteed CSP upon admission to their university of choice and for the first time, the Higher Education Participation and Partnerships Program will support regional, remote and Indigenous students, in addition to low socio-economic status students, to access and complete higher education.

Regional communities will benefit from strengthened and newly established Regional University Centres, enhanced regional research opportunities and regional growth through additional funding to regional university campuses. More information can be found at www.dese.gov.au/more-opportunities-regional-australia.

More information on the package can be found on the Department of Education, Skills and Employment's website at www.dese.gov.au/job-ready.

Thank you for bringing your concerns to the Minister's attention.

Yours sincerely



PHIL CONNOLE
Chief of Staff