

University of Sydney submission to the Senate Education and Employment Legislation Committee's inquiry into the *Universities Accord (Student Support and Other Measures) Bill 2024 [Provisions]*, September 2024

Summary

The University of Sydney welcomes the opportunity to assist the Committee with its inquiry into the provisions of the [Universities Accord \(Student Support and Other Measures\) Bill 2024](#) (the Bill).

The University's submissions to the various stages of the recent [Australian Universities Accord](#) review of Australia's tertiary education system ([December 2022](#), [April 2023](#), [September 2023](#)) consistently stressed the need for policy changes to address the affordability of higher education - as fundamental to improving equity of access and to meeting the nation's future skills needs. In this light, the measures contained in Schedules 1 (HELP indexation relief), 2 (Student Services and Amenities Fee (SSAF) changes) and 3 (FEE-FREE Uni Ready courses) are readily supported.

The policy intent of Schedule 4 (Commonwealth Prac Payments) of the Bill is also strongly supported. These amendments seek to establish the legislative framework by which the Commonwealth will, for the first time, provide targeted financial support to higher education students undertaking mandatory placements in courses leading to registration as nurses, midwives, teachers and social workers. This initiative is very welcome as a first step towards addressing the issue of 'student placement poverty'. However, we have some concerns about the Government's proposed approach to administering these welcome new payments, which arise from inadequate consultation with students and providers about practical implementation issues before the Bill was presented to the Parliament.

For the reasons outlined below, we urge the Committee to consider and make recommendations to the Parliament on two important policy questions raised by the Government's proposed approach to implementing the Commonwealth Prac Payment:

1. Are universities the appropriate entities to administer this new student income support payment, noting:

- the apparent absence of a regulatory impact assessment demonstrating that the pros and cons of all available delivery options have been considered carefully and consulted on with students and providers;
- the Government's proposal that the Department of Employment and Workplace Relations (DEWR) will administer the payment for nursing students enrolled with vocational education and training providers;¹ and
- the Department of Social Services' longstanding experience administering similar student income support payments (Youth Allowance, ABSTUDY, Austudy and more recently the Tertiary Access Payment) through Services Australia's established systems and processes for assessing student eligibility, conducting means tests based on confidential information, and making eligibility decisions and payments consistently under a uniform policy a single national financial payment platform.

2. Should eligibility for the Commonwealth Prac Payment be extended to include international students committed to staying in Australia for a period after graduation or permanently, noting:

- that the cost of the measure is being met by increases to the student visa application charge (VAC) from \$710 to \$1,600 from 1 July 2024;²
- the Government's desire to see more international students enrolled onshore in fields that align with Australia's skills needs;³ and
- that many international students also legally work up to 24 hours per week to support themselves while studying, complete placements alongside their domestic classmates and face very similar financial and other challenges when completing mandatory placements.

We discuss these and related issues in more detail below.

Feedback on Schedules 1, 2 and 4 of the Bill

Schedule 1 – HELP indexation

The changes proposed in Schedule 1 to the way HELP debt indexation will be calculated annually in the future are welcome and we urge the Committee to recommend that the Senate support them. These changes will modestly improve tertiary education affordability over the long-term by reducing HELP debt burdens during periods of high inflation and by reducing the compounding effect from the annual indexation of HELP debts.

However, we note that the Government has not yet committed to addressing the underlying cause of the growing HELP debt burden facing many current and future students, despite the Accord's strong findings and recommendations for action to address this problem.⁴

As a result, hundreds of thousands of current and future students - disproportionately women, First Nations students and those from lower socioeconomic backgrounds because of the fields in which they prefer to study - will continue to incur extremely high HELP debts due to changes to student contribution amounts that have applied since 2021 under the previous Government's [Job-ready Graduates Package](#) of 2020. Until the Government addresses the inequities of the post-JRG higher education framework, Commonwealth-supported students enrolling in many popular courses face HELP debts of between \$50,000 and \$90,000 for their first degrees alone. As highlighted by the Accord's analysis and subsequent commentary, continuation of the JRG funding settings risks various long-term implications for government, individuals and society.⁵

Schedule 2 – Student Services and Amenities Fee (SSAF) changes

The University has no significant objections to the amendments proposed in Schedule 2, which will require higher education providers to allocate a minimum of 40 per cent of annual Student Services and Amenities Fee (SSAF) revenue to student-led organisations and to also provide for transition arrangements of up to three years for providers that need time to reach the 40 per cent. For many years the University of Sydney has allocated more than 40 per cent of SSAF revenues to affiliated student-led organisations.

It is important for the Committee to note, however, that these amendments effectively reshape the SSAF from being primarily about providing quality support services to students, to being about providing financial support for student organisations - regardless of the quality of the services provided, the extent to which they reflect student priorities, and the management of the funds received. The changes will also remove the ability of universities to withhold or withdraw SSAF funding from student-led organisations in the event of genuine concerns with how the funds are being applied, if doing so would put the university at risk of falling below the minimum 40 per cent requirement.

Schedule 4 – Commonwealth Prac Payments

Background

Through Schedule 4 and detailed supporting guidelines, the Commonwealth will for the first time and from 1 July 2025, provide eligible nursing, midwifery, social work and teaching students with up to \$319.50 per week of mandatory placement to help them meet living and other costs during these weeks of practical training. According to the budget papers, the estimated cost of the measure is \$427.4 million over 2024-25 to 2027-28. However, the accuracy of this calculation is uncertain, noting that the Department only requested critical data from providers at the end of August 2024, for return by 8 October 2024.

The University strongly supports the policy intent of Schedule 4. As the Accord and Government have noted, teaching, nursing, midwifery and social work courses predominantly comprise women, with students from low socioeconomic status and First Nations backgrounds also heavily represented. While students in many other fields face similar financial challenges when completing mandatory placements, the University supports the Commonwealth Prac Payment as a welcome first step towards addressing the 'placement poverty' challenge highlighted by the Accord.⁶ We hope that this measure proves

successful and can be expanded to other professions in the future, helping to achieve the Government's socioeconomic and skills objectives.

Improving policy consistency, reducing duplication, and minimising administrative costs to maximise benefits for students

We are concerned, however, that the higher education sector and individual providers were not consulted prior to the Bill's tabling, to identify and agree with the Government the most appropriate, efficient and cost-effective way to administer the new Commonwealth Prac Payment. We are particularly concerned that passage of Schedule 4 as proposed would place responsibility for administering the payment with individual universities when there may be other more suitable options available to the Government. Relevantly, for example, while the [Tertiary Access Payment](#) introduced by the previous Government to provide financial assistance to students from regional, rural and remote communities required to move away from home for their studies or training was initially administered by providers, but from 2022 all students have applied through Services Australia.⁷

In addition to there being no consultation with providers about practical implementation of the Prac Payment before the Bill was tabled, we are not aware of a regulatory impact assessment being prepared – a crucial component of any best-practice public policy process as recommended by the Department of Prime Minister and Cabinet's guidelines.⁸

In the absence of consultation, draft guidelines, definitions in the Bill or a regulatory impact assessment of available policy options, we have relied on information from previous statements in the [Budget fact sheet, information provided by the Department at a Budget Estimates hearing](#), and the [Department of Education's](#) website, for detail about how the Government intends for the Prac Payment to be administered. From the Department's website, it appears that the Government does intend to consult and include details on eligibility criteria and how the payments will be administered in the *Program Guidelines* and *Other Grants Guidelines*.⁹

While we currently seek clarity on definitions and eligibility issues, we have conducted an initial assessment of the possible administrative requirements and make the following observations and recommendations based on the information that is publicly available:

The Budget fact sheet and the [Study Assist website](#) indicate students will be eligible if they are:

- on Australian Commonwealth income support payments such as Youth Allowance, Austudy and ABSTUDY; and
- need to work more than 15 hours per week during their normal university studies.

It also appears that there needs to be an assessment of whether the student has been working at least 15 hours per week immediately preceding the commencement of the placement. A new system would need to be set up for both these tasks with ongoing staffing to administer this payment. This would be replicated across all the higher education providers that teach the relevant Bachelor and Master courses.

We are not aware of the Department consulting with students or providers about the appropriateness of the proposed minimum 15 hours per week eligibility requirement. We are concerned that some categories of students - for example - single parents with complex caring responsibilities or students with disabilities, who may not undertake more than 15 hours of paid employment per week, may still require additional financial assistance to meet further costs incurred while completing mandatory placements. Students facing these challenges are also more likely to be studying part-time and may complete their placements over a longer period and reduced intensity. These are the sorts of practical issues that should have been discussed and resolved with student representatives and providers before the Bill was tabled in Parliament.

We recommend that the Department of Social Services (Services Australia, Centrelink) administers the Commonwealth Prac Payment for students enrolled with Australian universities, as the Department already holds the income support payment data and is best placed to make the assessment of individual students' employment and financial circumstances for the purposes of any means testing.

Administration by Services Australia would also make the eligibility rules and assessment process transparent and consistent for all students who are potentially eligible regardless of their provider. It would reduce the overall cost of administration by removing the need for every higher education provider to establish and maintain their own staff resources, policies, administrative systems and processes. Here we note also that the Government proposes that the Department of Employment and Workplace Relations (DEWR) will administer the practicum payment for nursing students from VET providers.¹⁰

Administration of the Prac Payment by Services Australia would also eliminate the need to provide the five (5) per cent administrative fee to higher education providers as proposed by the Government, thus maximising the funding available to support students through the economies of scale.

Extension to international students who commit to staying in Australia

The amendments in the Bill do not limit the payment to domestic students, however, the Explanatory Memorandum and the [2024-2025 Budget Commonwealth Prac payment fact sheet](#) are clear that the payment will not be available to international students. The Government has announced that the cost of the Commonwealth Prac Payment is being met from the recently announced increase in the student visa application charge (VAC) from \$710 to \$1,600 from 1 July 2024.¹¹ It has also made clear in its draft International Education and Skills Strategic Framework that it wants to increase the number of international students studying in fields that align with Australia's skills needs in the hope that they will take advantage of post-study work rights and pathways to permanent residency.¹²

While international students would not meet the criteria of receiving a Commonwealth income support payment, their visa conditions do allow them to work up to 24 hours per week. Like their domestic counterparts, international students completing nursing, midwifery, teaching and social work qualifications may need to forego paid work to complete mandatory placements, particularly if they need to move from their normal place of residence to a regional or remote area to complete a rural placement.

We also note here that international students in NSW are not eligible for concession fares on public transport, further exacerbating their costs if mandatory placements incur either temporary relocation elsewhere in the state, or significant changes to their daily commutes.

We recommend that the Commonwealth Prac Payment is extended to international students enrolled in eligible nursing, midwifery, teaching and social work courses where they can demonstrate that they:

- need to work more than 15 hours per week during their normal university studies; and
- are committed to remaining in Australia after graduation to work in an area related to their field of study for a minimum time period set by the Government.

We are also seeking clarity on a small number of other issues (including other eligibility criteria and whether the payments are expected to form part of a student's taxable income or will be considered non-taxable) and look forward to these being the subject of consultation and confirmed by Government.

Endnotes

¹ <https://www.education.gov.au/higher-education/commonwealth-prac-payment>

² <https://minister.homeaffairs.gov.au/ClareONeil/Pages/fee-Increase-for-international-students-July-1.aspx>

³ <https://www.education.gov.au/international-education/consultations/draft-international-education-and-skills-strategic-framework>

⁴ [Australian Universities Accord Final Report \(February 2024\)](#)

Findings and recommendations related to the Job-ready Graduates Package

Findings

"The Job-ready Graduates package needs urgent remediation. Its intended purpose of influencing students' choice of courses through price signals has failed. While some students are paying less, the overall funding balance has shifted in the direction of

lower government contributions and higher student contributions. Many students have extremely high student contributions resulting in large HELP loans that do not reflect their future earning potential.” (p.12)

“Changes made to funding through the Job-ready Graduates package unfairly affected some students (particularly those studying humanities, human movement, society and culture, and communications) and reduced the amount of funding available to universities to deliver subjects that are critical to future jobs and innovation like science, engineering and mathematics. (p.15)

Recommendations

16. That to reduce the long-term financial costs of studying for students, the Australian Government make student contributions fairer and better reflective of the lifetime benefits that students will gain from studying, and reduce the burden of HELP loans, by introducing fairer and simpler indexation and repayment arrangements. This should involve:

- a. reducing student contributions to address the most significant impacts of the Job-ready Graduates (JRG) package starting with students in humanities, other society and culture, communications and human movement, and moving toward a student contribution system based on projected potential lifetime earnings...

⁵ See for example:

[Australian Universities Accord Final Report \(February 2024\)](#), ‘Replacing the Job-ready Graduates (JRG) package. The JRG package needs to be replaced. Its purpose of providing price signals to influence student subject choices has failed. Only 1.5% of students applied to enrol in courses they would not have applied for under the pre JRG student contribution arrangements. It has left some students facing extremely high student contributions and large HELP debts that do not reflect their future earning potential, and tilted the overall cost burden of higher education further on to students and away from the Australian Government.’ (p.4)

<https://australianinstitute.org.au/post/people-are-starting-with-much-larger-hecs-help-debts-than-in-the-past-and-it-is-only-going-to-get-worse/>

<https://andrewnorton.net.au/2024/07/18/job-ready-graduates-price-effects-an-update-with-2022-enrolment-data/>

⁶ [Australian Universities Accord Final Report \(February 2024\)](#)

Recommendation relevant to student placement poverty

Financial support for placements

15. That to reduce the financial hardship and placement poverty caused by mandatory unpaid placements, the Australian Government work with tertiary education providers, state and territory governments, industry, business and unions to introduce financial support for unpaid work placements. This should include funding by governments for the nursing, care and teaching professions, and funding by employers generally (public and private) for other fields.

⁷ [Tertiary Access Payment - Department of Education, Australian Government](#)

⁸ <https://oia.pmc.gov.au/resources/guidance-impact-analysis/australian-government-guide-policy-impact-analysis>

⁹ <https://www.education.gov.au/higher-education/commonwealth-prac-payment>

¹⁰ <https://www.education.gov.au/higher-education/commonwealth-prac-payment>

¹¹ <https://minister.homeaffairs.gov.au/ClareONeil/Pages/fee-Increase-for-international-students-July-1.aspx>

¹² <https://www.education.gov.au/international-education/consultations/draft-international-education-and-skills-strategic-framework>