

SUBMISSION TO THE SENATE STARTUP YEAR BILL INQUIRY

3 April 2023

INTRODUCTION

Universities Australia welcomes the opportunity to make this submission to the Senate Education and Employment Committee on the *Education Legislation Amendment (Startup Year and Other Measures) Bill 2023* (the Bill).

As the peak body representing Australia's 39 comprehensive universities, UA worked closely with the government on the development of the Startup Year program, and the introduction of this bill was welcomed by our members.

In our original submission to the Government's Startup Year consultation, UA recommended that the Government establish a working group to work through some of the constraints outlined in the consultation paper:

- the purpose of the program,
- the value proposition for students,
- funding arrangements and
- implementation issues.

UA thanks the Government for addressing several of the issues raised by stakeholders through the consultation process. While further clarification has been provided, UA continues to recommend that the Government establish a working group and/or work with the university sector to address outstanding issues.

PURPOSE OF THE PROGRAM

Recommendation: Establish a working group to provide advice to Government on the development of the Startup Year Program.

In our first submission to the Startup Year consultation, UA expressed concern that the purpose of the program had not been fully established. At the time, it was unclear whether Startup Year was intended to be a practical educational program aiming to build a pool of skilled entrepreneurs with experience in the startup ecosystem, or if the aim was to create new firms.

In his Second Reading speech introducing the Bill, the Minister for Education the Hon Jason Clare MP said the Bill will:

extend up to 2,000 income contingent loans each year to eligible students participating in higher education based accelerator programs. These will be programs which build skills in entrepreneurship and connect students with the support, mentorship and facilities they need to develop their startup ideas.

UA understands this to mean that the primary purpose of the Startup Year program will be educational, rather than the creation of new firms.

In order to address any uncertainty, UA recommends that a working group be established as a mechanism to provide advice to Government on the development of the Startup Year pilot program to ensure a sustainable program with a clear value proposition for students.

FORMAL RECOGNITION OF THE QUALIFICATION

Recommendation: Government should work with UA and other stakeholders on the development of Startup Year Guidelines.

UA notes that the Bill establishes legislative authority to create SY-HELP Guidelines. The Explanatory Memorandum sets out that the guidelines will include a set of expected core capabilities that Startup Year programs will be required to equip students with to ensure a consistent student experience across courses.

New section 128B-25 also sets out that an 'accelerator program course' will lead to the award of a qualification accredited by the higher education provider.

This inclusion directly addresses issues raised by UA during consultation on the Bill. In our first submission, UA highlighted that in order to provide incentives for students to take on additional HELP debt, the program should deliver more than is currently offered by existing accelerators programs run by universities, some of which are free to a limited number of participants.

UA particularly welcomes the inclusion of guidelines and would be pleased to work with Government on the development of these during the pilot phase of the program.

FUNDING AND DURATION OF THE PROGRAM

Recommendation: Government should recognise that not every Australian university will be able to offer a Startup Year program under the current funding mechanism, and that the current funding (\$11,800) will not deliver a full year of tuition.

In our submission to the Startup Year consultation, UA highlighted two main funding issues:

1. That clarity on the flow of funds was required in order to assess whether the program would be sustainable; and
2. That the proposed funding mechanism for Startup Year meant that many universities would not be able to offer the program to students, and that universities with existing accelerators may be the only providers able to afford to run the program.

Relating to the first point, UA welcomes the Bill's clarity on flow of funding and notes that payments of SY-HELP will be made directly to the universities to deliver the Startup Year programs, instead of to the student. This is in line with the purpose of the program being educational.

Relating to the second point, UA is still of the opinion that mainly universities with existing accelerators will be able to participate in the Startup Year program. Universities with these programs could expand their existing programs, offering additional places to students and recent graduates through the Startup Year program.

For other universities, scaling up will be more problematic. Universities without existing accelerator programs may be unable to develop a program that would make them eligible for Startup Year. It is very likely that universities without existing programs will not be able to participate within the existing funding envelope.

Additionally, UA notes that universities will be prevented from charging a course fee that exceeds the amount specified in funding cluster four of HESA (currently set at \$11,800).

This amount of \$11,800 remains less than the funding required for a university to deliver a one-year program. The Bill appears to recognise this by allowing eligible students to receive two discrete SY-HELP loans over their lifetime to fully cover the cost of participation in the program.

UA expects that universities offering a Startup Year program would run the program over the course of two semesters, requiring students to apply for both SY-HELP loans that they are eligible to receive over their lifetime. Even under this configuration though, some universities will not be able to deliver the program without drawing on internal reserves. This will pose a risk for the sustainability of the program.

PILOT PROGRAM

Recommendation: Government, in partnership with UA, should establish a working group to provide timely advice throughout the Startup Year pilot period.

UA notes that the Startup Year program will begin with a twelve-month pilot commencing in July 2023. As previously stated, UA strongly recommends that an expert working group be established that could quickly focus on the key issues raised by universities during the consultation period and the future pilot. UA suggest the working group will also undertake a formal evaluation at the conclusion of the twelve-month pilot.

This working group could provide timely advice to Government during the pilot program, and UA would be pleased to work with Government to set up and manage this group.