

UNIVERSITIES AUSTRALIA SUBMISSION

SUBMISSION TO SENATE SELECT COMMITTEE ON COVID-19

MAY 2020

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EXECUTIVE SUMMARY

Australia’s universities are deeply involved in the nation’s response to the COVID-19 outbreak. Universities are deploying their expertise and resources to assist government and health services plan and respond to the crisis, as well as carrying out the vital research on understanding the SARS-Cov2 coronavirus and looking for potential treatments.

However, the restrictions brought about by the COVID-19 outbreak have brought deep disruption to universities. Campuses have been effectively closed by social distancing requirements and international travel restrictions are expected to have severe impacts on the ability and willingness of overseas students to commence or continue studying in Australia. The disruption to universities, including the loss of international students is expected to have a significant financial impact on universities, causing the loss of 21,000 jobs in the university sector over the next year. Universities Australia modelling estimates that the university sector could lose between \$3.1 to 4.8 billion in 2020 and up to \$16 billion to 2023.

	2020	2021	2022	2023	2020 to 2023
Estimated revenue losses compared to business-as-usual	\$3.1 to \$4.8 bn	\$5.8bn	\$4.2 bn	\$2.9 bn	\$16 bn

The financial impact of the outbreak will be felt most heavily in the university research and development (R&D) capability. Currently, university researchers are working as hard as they can to help Australia weather the health, economic and social effects of the pandemic. Australian universities are conducting hundreds of research projects to help us understand and fight the COVID-19 pandemic, as well as contributing expert knowledge to government to help shape Australia’s pandemic response.

Universities conduct more than a third of Australia’s R&D and fund the majority of it from own-source funds, rather than government grants. As Australia’s expenditure on R&D has hit a 15-year low of 1.79 per cent of GDP (compared with an average of 2.4 per cent across the OECD), universities have taken responsibility for performing an increasing share of the nation’s research—from 24 per cent of Australia’s R&D a decade ago, to 34 per cent in 2017-18. However, a substantial portion of Australia’s R&D is in jeopardy, with estimates that \$3.3 to 3.5 billion of university R&D activity could be at risk.

Universities are grateful that the Commonwealth has sought to ease the regulatory burden on the sector, as well as guaranteeing existing Commonwealth Grant Scheme funding against any downturns in domestic student enrolment for 2020. Nonetheless, Australia’s R&D capacity is at risk unless universities are able to source additional funding to continue this activity.

Despite the Commonwealth’s welcome guarantee of existing funding, universities remain disappointed that the Commonwealth has sought to impose unique restrictions on the eligibility of the university sector to access financial assistance under the JobKeeper scheme, assistance which would materially assist the universities to save jobs and valuable R&D capability.

Australia’s universities are also deeply concerned about the plight of international students and temporary visa holders more generally, many having lost their jobs and are suffering serious hardship. Although universities are using their already stretched resources to provide assistance to international students in Australia, they are not able to meet the very high levels of need. We would call on the Commonwealth to join other jurisdictions in contributing to hardship funds.

History tells us that domestic demand for university places increases during times of economic downturn. The current capped system will not be able to cater to those additional Australians who want to study to boost their skills to work in the post-COVID-19 economy.

Australia's future in a post-COVID-19 world will necessarily rely on the expertise of Australia's university researchers and skilled graduates—those with the knowledge to help the community stay safe and healthy, and to help Australia's economy power up again. Australia's universities are working day and night to support Australia through the COVID-19 crisis, and we are determined to continue that effort. Without additional support, it is difficult to see how Australia's universities will play their critical role in national recovery.

Recommendations:

- **Recommendation 1:** The Australian Government should develop a national response and funding package to avert the imminent R&D crisis to ensure that Australia's national R&D capability can support Australia's recovery and is not permanently impaired.
- **Recommendation 2:** The Australian Government should increase the number of Commonwealth Supported Places available to domestic students to ensure that Australians have the opportunity to study during the COVID-19 crisis and recovery period.
- **Recommendation 3:** The Australian Government should provide temporary assistance to international students and other temporary visa holders caught in Australia during the COVID-19 crisis
- **Recommendation 4:** Regulators, accreditors and governments should continue to foster the collaborative and flexible approaches developed through the COVID-19 crisis.

INTRODUCTION

Universities Australia welcomes the opportunity to make a submission to the Senate Select Committee on COVID-19's inquiry into the Australian Government's response to COVID-19 and related matters. Universities Australia is the peak body for the university sector, representing Australia's 39 comprehensive universities. Universities Australia's members educate more than 1.4 million students and conduct research and development on behalf of the nation.

Australia's universities are heavily involved in the response to COVID-19. From medical and health experts providing advice to authorities on measures to combat the outbreak of the disease, to the university research laboratories working tirelessly on learning more about the virus and developing potential vaccines and treatments, to university engineering teams working to help shore up supplies of critical items like ventilators, personal protective equipment and hand sanitiser, to experts in a range of disciplines working on ways to reduce the economic and social impacts of the disease to the community. Universities are also critical to the development of Australia's health workforce, training the skilled health and medical professionals at the forefront of the battle against COVID-19.

Universities are vital national infrastructure. They play a fundamental role in the economic and social wellbeing of the nation, through the production of skilled graduates that provide critical skills to the labour market and wider community; through the conduct of research that brings new knowledge, practices and innovation that drives productivity, and through their community outreach, leadership and service that makes Australia a better place to live.

Australia's universities are non-profit, publicly-focused institutions. Their activities are conducted for and on behalf of the communities they serve. Every dollar that a university receives is spent pursuing scholarly teaching and research, as well as the myriad other activities that universities undertake in partnership with the community.

The COVID-19 crisis means universities will suffer significant revenue declines this year and for many years to come. As a result, universities will be less able to invest in research on behalf of Australia, and the nation's research and development capability is expected to contract substantially.

COVID-19 DISRUPTIONS AT UNIVERSITIES

The outbreak of COVID-19 has led governments around the world to introduce public health measures to slow the spread of the disease, including border closures and physical distancing.

Physical distancing requirements

The requirement to maintain physical distance between people necessitated the near-complete shutdown of university campuses partway through Semester 1. Universities moved to teaching students using online delivery methods; suspended most physical research activities and asked as many staff as possible to work from home. Whole curriculums were moved online over a very short time and students and staff adapted quickly to different ways of teaching and learning. Wherever possible, courses are proceeding for completion on normal timeframes, with universities working to provide students with as much flexibility and support as they can.

In some cases, there is more substantial disruption to normal learning and teaching activities. Some courses that require clinical or practical placements and face-to-face collaborations have been suspended or deferred. Universities Australia has been working with stakeholders to ensure that students are not disadvantaged and that placements can be resumed as soon as possible.

Restrictions on international mobility

As a central part of the Australian Government’s response to the COVID-19 crisis, border restrictions were progressively introduced from February with the suspension of entry into Australia for persons having been in mainland China in the preceding fourteen days, to the full closure of Australia’s borders to non-residents on 26 March. For universities, this means that international students outside of Australia cannot enter Australia to commence or continue studies. Although many student visa holders were able to enter Australia before the borders fully closed, the indefinite length of the border closure and the lack of confidence in international mobility means that Australia’s university sector is expecting a significant decline in enrolments from international students from semester 2, 2020. In 2018, 84,408, or 45 per cent of commencing international students started their study in the second half of the year. As of 17 May 2020, 22 per cent of higher education student visa holders were outside Australia. These students, and any commencing students, will be unable to enter Australia to study until border restrictions are lifted.

Restrictions on international mobility also create disruption to normal academic activities such as international research collaboration, exchanges and conferences, which are vital to research productivity and help to enrich the student experience.

FINANCIAL IMPACTS

The COVID-19 crisis is expected to substantially impact university finances. Although domestic undergraduate student enrolments are expected to remain strong, universities are anticipating significant reductions in enrolments from international students, as well as impacts to other sources of revenue such as investment income, income from industry and other fees and charges as travel restrictions and general economic disruption reduce the ability of students to commence or continue courses.

Universities Australia estimates that the university sector is expected to experience a revenue shortfall of approximately \$3.1 to 4.8 billion in 2020¹, and up to \$16 billion between 2020 and 2023 as a result of the COVID-19 crisis, due to the fall in international student tuition fees and other income not sourced from Commonwealth and state/territory governments.

Table 1: Estimated university revenue losses

	2020	2021	2022	2023	2020 to 2023
Estimated revenue losses compared to business-as-usual	\$3.1 to \$4.8 bn	\$5.8bn	\$4.2 bn	\$2.9 bn	\$16 bn

Source: Universities Australia modelling based on Department of Education, Skills and Employment university financial data. For modelling assumptions, see Appendix 1.

Universities are unable to offset the shortfall through enrolments of additional domestic students. In 2017, the Commonwealth Government imposed a cap on total Commonwealth Grant Scheme (CGS) funding. This meant that universities have been unable to provide fully-funded additional Commonwealth Supported Places to students in excess of their 2017 student load. A cap on funding in nominal terms necessarily means a decrease in real funding. In 2020, the Government introduced a Performance Based Funding Scheme which provides for a maximum increase of

¹ UA has revised the revenue loss estimates for 2020 to include the fall in other income not sourced from Commonwealth and state/territory governments and new estimates on international student enrolments.

1.36 per cent to the total CGS funding in 2020.² This small increase is not enough to compensate for the real decrease in CGS from two years (2018 and 2019) where total CGS funding was frozen at 2017 levels. Further, increases in total CGS from Performance Based Funding this year and in the future will be below inflation, so funding continues to decline in real terms. It should be noted that undergraduate student courses offered by universities are subject to price and quantity regulation by the Commonwealth, meaning that universities are unable to offer places to more domestic students and are unable to substantially increase revenue from the domestic market.

As publicly-focused, not-for-profit institutions, universities have limited means by which to source additional revenue to offset this shortfall. Universities do not have shareholders to make equity injections, and some universities have reported difficulties in accessing additional debt funding. Furthermore, some universities are required to seek permission from their respective state or territory government before borrowing additional funds. Although established in most cases by a state or territory law, universities are independent bodies corporate, legally distinct from the Crown and they are not able to rely on the resources of their respective state or territory government to provide liquidity at this time.

As universities have few options to offset the revenue loss caused by the COVID-19 crisis, universities will be forced to make significant savings in their budgets. Universities are taking all prudent steps, such as deferring capital expenditure, reducing administrative expenses where possible and banking savings from activities no longer possible, such as travel. University operational costs have increased as a result of the COVID-19 crisis in other areas such as extra cleaning and moving teaching of courses online rapidly.

Staff costs are the largest expense for universities. It is expected that the university sector will shed **21,000** full-time equivalent jobs as the crisis takes hold. To date, the Commonwealth has not provided access to financial assistance that will allow any of these jobs to be retained.

Universities understand that all around Australia, communities are suffering. As the economic disruption from COVID-19 hits, more than a million Australians are expected to be out of work and whole regions will feel the hardships of the twin health and economic crises. Universities are keen to play their part in the recovery, and in supporting their communities as they always have.

In some instances, the impact on universities will also have significant effects on their surrounding communities. Universities are large employers and are often the largest employer in a town or region. The crisis has already forced universities to announce campus closures and more may be announced as universities work through their institutional responses.

The crisis will have significant effects on so many Australians. Many university students who ordinarily support themselves through casual work may be out of work. Those Australians already facing barriers to university study, such as distance or economic disadvantage may find themselves unable to continue their study. Universities are seeking to support students and communities as best they can but will have fewer resources to do so.

² Department of Education, Skills and Employment, [Performance-Based Funding for the Commonwealth Grant Scheme, 2019](#).

THE THREAT TO AUSTRALIA'S R&D CAPABILITY

The effects of the financial shock to the university sector will be felt most heavily in Australia's research and development capacity. In 2017-18, Australia's universities undertook 34 per cent of Australia's total R&D, and more than 70 per cent of public sector research.³ In 2018, Australia's universities contributed an estimated \$12.2 billion into research and development.⁴ Australia's universities invest in research on behalf of the nation, developing new knowledge, technology, practices and innovations that improve the economic, social, cultural and environmental wellbeing of the community. However, as the COVID-19 crisis impacts university revenue, \$3.3 to 3.5 billion—or more than a quarter—of university R&D activity is at risk.

Why is university R&D so important?

Universities employ researchers who create new knowledge, technology and practices that allow improvements in economic prosperity, social and community wellbeing, and ultimately improve the quality of life for all Australians.

- University research allows discovery of **knowledge** about natural and human systems
- University research creates **expertise** that can be called on in times of crisis.
- University research leads to **innovation** that solves problems

Without **knowledge, expertise, and innovation**, we cannot defeat COVID-19. The tools to defeat the pandemic and the associated economic and social disruption will come from all fields of research, working together. The contributions of university researchers has already sped up the development of potential vaccines; created innovative solutions to resource shortages, helped design how COVID-19 information is communicated to people, helped to develop global models for the spread of the disease and so much more.

Experts in such a wide range of fields are only found inside universities. The private sector, government and specialised research institutes make valuable contributions, but the vast majority of Australia's public good R&D is done in universities.

Without university R&D, we would not have access to this standing army of experts, working to guide the country through this crisis. If a successful vaccine against COVID-19 is developed, it will rely on knowledge that has been generated in a university somewhere, probably including some discoveries made at an Australian university.

University research improves the life of every Australian—either through the economic contribution that Australian university research makes, or through discoveries, innovation and knowledge that Australian universities have brought into being.

Australian industry increasingly relies on these discoveries and innovations to fuel their growth, with universities performing the highest proportion of Australia's applied research.

³ Australian Bureau of Statistics 2019, 'Gross Expenditure on R&D (GERD)', *Research and Experimental Development, Businesses, Australia, 2017-18*, cat no. 8104.0, 20/9/2019.

⁴ Australian Bureau of Statistics 2020, 'v – by source of funds, 2016', *Research and Experimental Development, Higher Education Organisations, Australia, 2018*.

R&D is vital to economic and community recovery

If Australia is to have a knowledge-led recovery from COVID-19, it will need all of the R&D capacity it can muster. Given the structure of our R&D system, this means universities will play a key role in the recovery effort but only if they are supported through the economic shock of the pandemic.

The expertise and knowledge developed within the research centres of universities has already been put directly into public service to help combat two different catastrophes just in the last nine months. University experts have been critical to responses to both the COVID-19 and bushfire crises.

During the bushfire crisis, universities worked side-by-side with their local communities—from providing accommodation and food to evacuees and visiting firefighters, to sending out health and medical teams to impacted communities. They provided veterinary services for the millions of animals, provided advice and expertise to state governments on how to help support the physical, economic and emotional needs of the thousands of Australians who had lived through the terrifying ordeal. For universities, this is just a normal part of serving their communities with every means available to them.

Universities are now deeply involved in the COVID-19 response. Universities are undertaking projects that are directly fighting the virus, like research into vaccine and drug therapies, to better understanding the genetics of the virus and how the body responds to it, to work on understanding how the virus spreads and helping to design effective public health interventions. Universities are also undertaking other vital work to support the response, like testing personal protective equipment, to assessing the mental health needs of populations living in lockdown, to providing supplies and other resources to local health services. Activities to help the COVID-19 response are being undertaken at every university across Australia.

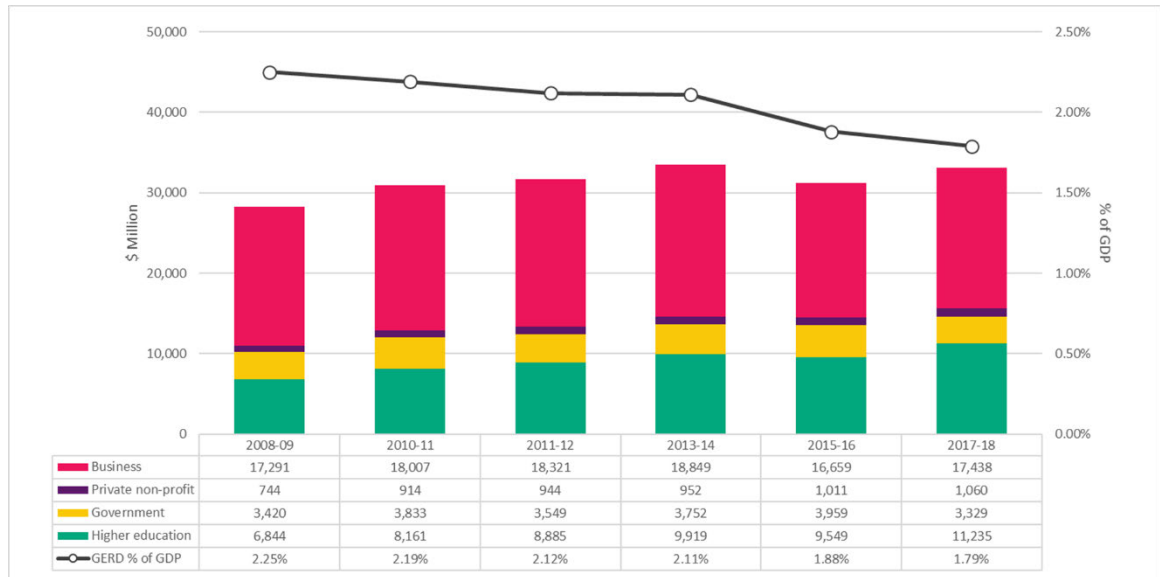
Beyond the response to crises, university R&D is responsible for a substantial part of Australia's prosperity. In 2015, the stock of university research was estimated to be responsible for around 10 per cent of gross domestic product, and had been responsible for adding an average of \$10 billion to GDP each and every year over a 30-year period.⁵ University research will be an important part of helping Australia renew its economic prosperity as the crisis fades.

Universities are essential to Australia's ongoing R&D capability

Universities have been playing an increasingly important role in Australia's R&D landscape. Universities accounted for 34 per cent of Australia's research effort in 2017–18, an increase from 24 per cent in 2008–09. Over the same period, business' contribution to the nation's research effort declined from a peak of 61 per cent in 2008–09 to 53 per cent in 2017–18. Government's contribution also decreased from 12 per cent to 10 per cent over the same period (Figure 1).

⁵ Deloitte Access Economics (2015), *The importance of universities to Australia's prosperity*, p.30

Figure 1: Composition of Australia’s gross expenditure on R&D (GERD)



Source: ABS 2019, *Research and Experimental Development, Businesses, Australia, 2017–18*, Cat. No. 8104.0.

This shift in the Australian R&D research system has meant an increasing reliance on universities as a source of ideas and inputs into innovation. Notwithstanding the efforts of the university sector, the levels of national R&D investment have been trending in the wrong direction for over a decade. These declines have been driven by both a reduction in business investment in R&D, but also in Government’s diminishing role as an R&D performer.

The level of business R&D as a share of GDP is currently at 0.94 per cent, or what it was in 2004. Government R&D as a share of GDP is currently at 0.18 per cent, the lowest level recorded since 1981. In constant price terms (2015 US dollars, PPP), the Australian Government performed \$2.138 billion of R&D in 2017 or spending levels last seen in around 1990 (\$2.093 billion).

Gross expenditure on R&D stood at 1.79 per cent in Australia in 2017, levels not seen since 2004. At the same time, the OECD average was at 2.40 per cent in 2018. For comparison, the levels of investment in R&D of some of our regional and more broadly, international competitors in 2018 were 4.53 per cent for Korea, 3.26 per cent in Japan, 2.20 per cent in France, 3.13 per cent in Germany and 4.94 per cent in Israel.

These nations also have strong manufacturing capabilities, something that the Government is looking to reinvigorate through the narrative of sovereign capability.

Universities work hard to fund Australia’s research capability

The university R&D capability—ready to be deployed in the service of the nation—exists solely because universities have worked hard to create the means to invest in research and development. The Commonwealth provides around a third of the funding used for research, with additional amounts coming from state and territory governments, industry and philanthropy. Together, these contributions make up less than half of the investment in Australian university research. In 2018, universities invested \$12.2 billion in R&D, an increase of 11.8 per cent from 2016. The majority of higher education R&D expenditure—56 per cent or \$6.8 billion—comes from revenue built by universities themselves.⁶

⁶ Australian Bureau of Statistics (2020), ‘v – by source of funds, *Research and Experimental Development, Higher Education Organisations, Australia, 2018*.

A large part of this funding is sourced from revenue from international student tuition fees. Through the contribution of international students over the last three decades, Australia has been able to build and maintain a globally-respected university research system. This system has increasingly taken on the responsibility for research and development for the nation, as research expenditure by government and business has declined as a proportion of GDP. University research and development has earned the Australian university sector a reputation for quality, integrity and excellence. It is the quality of institutions, along with lifestyle factors, that have made Australia a destination of choice for international students. It is a model that has provided educational, cultural and economic opportunities for local and overseas students, created employment (directly and indirectly) for thousands of Australians, and supported essential R&D for the nation.

Existing funding will not safeguard R&D

Through several independent studies,⁷ it has been established that funding for domestic students in Commonwealth Supported Places provides little funding for activities other than teaching and learning, on average. The Commonwealth Grant Scheme provides funding to universities on a per-student basis to support university activities. Universities are required to undertake a range of activities beyond learning and teaching, including research and community engagement, as well as maintenance of essential infrastructure and up-to-date equipment. These activities are supported through income derived from several sources, including fee income from international students. The expected financial shock to universities will mean less funds available to support research and other essential university activities.

When the Government makes research funding available to universities, in almost all cases this research funding requires co-funding by universities. Additionally, universities invest in research on their own initiative to develop areas of strategic importance and sustain research between competitive grant cycles. The public sector research capability would not be sustainable without university co-funding.

Universities are responsible for a diverse range of research. Universities are well known for their basic, or discovery research activities, but universities also undertake applied research for both pre-commercial and public benefit outcomes. In fact, universities perform 43 per cent of all applied research, in addition to 90 per cent of all basic research in Australia. This university R&D capability strongly supports the ability of industry to bring innovations to market.

A wide range of R&D is at risk

Universities Australia analysis shows that, in 17 of the 22 Fields of Research, university internal funding is supporting 40-99 per cent of expenditure (the main exceptions are ICT, technology, engineering, agriculture and chemical sciences). This funding allows universities to maintain national capacity in disciplines not attracting government or industry funding. It is also important to manage other disciplines through grant funding cycles and make strategic investment in new research capabilities.

Independent estimates of the quantum of university R&D at risk are staggering. Under a collapse of international education, figures from respected higher education analyst Andrew Norton suggest that up to \$3.3 billion of research could be in jeopardy.⁸ Analysis conducted by Professor Chris Moran of Curtin University has concluded that \$3.5 billion of university R&D could be at risk. This means that some 28 per cent of Australia's university R&D capacity could disappear.

⁷Deloitte Access Economics, *Transparency in Higher Education Expenditure*, A report to the Australian Government Department of Education, Skills and Employment, various years (2018, 2019).

⁸ Norton, A (2020), *How reliant is Australian university research on international student profits?*, *Higher education commentary from Carlton*.

This will hurt every Australian and every part of the community—from health and hospitals, to agriculture and primary industry, to industry looking for expertise to reinvigorate a sovereign manufacturing capability. The 21,000 job losses expected in the university sector will disproportionately impact the research and development capability and will significantly affect researchers earlier in their careers. Early career researchers need to build experience at a variety of institutions and tend to be employed under short term or casual arrangements. It is a sad reality that many of these younger researchers will suffer most from the impacts on university revenue. The loss of significant university research capacity would also jeopardise efforts to improve the representation of women in STEM disciplines. It would be expected that many of these researchers will be forced to look for work outside the university sector, and their valuable expertise may be lost to Australia's research system permanently. This has a follow-on impact for the pipeline of research productivity, as talented researchers no longer produce important discoveries, nor mentor new researchers.

Without intervention, Australia faces a collapse in public sector research capability. Recovering the capability may take a decade or more, if indeed it can fully recover.

RESPONSES TO THE COVID-19 SITUATION

Universities have worked closely with a range of government agencies at both Commonwealth and state and territory level since the beginning of the COVID-19 situation. Universities continue to follow the advice of the Australian Health Principals Protection Committee, as well as public health advice of relevant state and territory governments. Federal, state and territory governments have introduced measures to ameliorate the effects of COVID-19 on the economy, and some of these have been of relevance to the university sector. Universities have also taken actions to reduce the impact of the COVID-19 crisis on members of the community.

THE AUSTRALIAN GOVERNMENT RESPONSE

Higher Education Relief Package

In response to the university sector's concerns, the Minister for Education, Dan Tehan, announced a 'Higher Education Relief Package' on 12 April 2020. Under this package, the Government:

- committed to continuing payments of the Commonwealth Grant Scheme (domestic student subsidies) at the maximum amount for universities in 2020, regardless of changes in enrolments, as well as providing flexibility in how places were distributed between various course types;
- will allow universities to defer repaying any overpayment of Higher Education Loan Program payments to between 2022 and 2029;
- provided waivers and refunds of regulatory charges paid to entities within the Education, Skills and Employment portfolio between January and June 2020;
- deferred full cost recovery arrangements for the Higher Education Loan Program (due to commence in 2020) and the Tertiary Education Quality and Standards Agency (introduction contingent on the passage of legislation);
- waived loan fees payable by students in the FEE-HELP and VET Student Loans schemes for domestic full-fee places for six months, and

- asked universities to offer discounted online ‘short course’ qualifications between May and December 2020.⁹

Relevant parts of this package are discussed in further detail below.

Regulatory flexibility

Universities Australia would like to put on record its thanks to both the Department of Education, Skills and Employment (DESE) and the Tertiary Education Quality and Standards Agency (TEQSA), who have sought to reduce administrative and regulatory burden on the sector where possible, and to work with universities to find solutions. These entities have worked with the sector to extend flexibility to Universities Australia members in this time of difficulty. Both entities have responded constructively to Universities Australia’s requests for consideration of issues and have made concrete contributions to reducing the resources that universities need to divert to non-core activities. Examples of flexibility extended by agencies in response to Universities Australia’s advocacy on behalf of the sector include extending registration periods for higher education providers so as to avoid providers needing to go through the lengthy, time-consuming process of re-registration while dealing with the COVID-19 crisis and extending the transition arrangements on research block grants to give universities additional certainty for 2021 research budgets. Postgraduate research students, a crucial part of Australia’s research effort, have benefited from increased flexibility in government-funded scholarship arrangements.

Certainty for domestic student funding

As part of the Higher Education Relief Package, the Government has committed to continuing to make Commonwealth Grant Scheme (CGS) and Higher Education Loan Program Payments (HELP) at their full rates, regardless of movements in domestic enrolments. The sector is appreciative of the Government’s efforts to provide some measure of financial certainty for universities through the guarantee of payments under the CGS and HELP schemes and flexibility to fully utilise Commonwealth Support Places of different types.

Impacts on domestic enrolments as a result of the COVID-19 pandemic, appear to be limited to date, counter to earlier fears. So while this measure is welcome, it is absorbed by the normal costs of educating local students.

Regulatory fee relief

As part of the relief package, the Government announced waivers of TEQSA fees for the first half of 2020, as well as deferral of full cost recovery of TEQSA’s activities and DESE’s administration of the HELP scheme. While Universities Australia is grateful for these measures, we continue to argue that cost recovery for departmental services such as the administration of the HELP scheme is inappropriate, and that cost recovery for TEQSA should not be implemented until a rational charging model that effectively apportions charges in proportion to regulatory risk and effort can be settled upon.

Income support payments

The Government has also extended additional income support to students under the Youth Allowance and Austudy payments. Universities Australia recognises the importance of expanded income support at this difficult time. Many students ordinarily rely on casual work in hospitality or other service industries that have been effectively shut down by public health measures to fully or

⁹ Tehan, D (2020), *Higher education relief package*, media release, 12 April 2020; Department of Education, Skills and Employment (2020), *Higher education relief package - Frequently Asked Questions*.

partially support themselves. The expanded income support (including the coronavirus supplement) will help these students get by until such time as casual work is once again available. UA notes that extending the coronavirus supplement to student payments was an important step to ensure that students would not face a choice between continuing their studies without part of their usual livelihoods, or deferring their studies so as to be eligible for unemployment payments.

Short courses

Under the Higher Education Relief Package, the Government announced ‘*short, online courses... to develop skills for new jobs in National Priority areas such as nursing, teaching, health, IT and science*’ with the ‘*cost to study short, online courses will be slashed to help Australians retrain.*’ While Universities Australia is strongly supportive of the Government’s policy objective to engage Australians in education and training during the period of the pandemic, elements of the policy design are problematic.

The initiative asks universities to implement six-month short courses in a range of disciplines and make them available to students at discounted prices. Students completing such courses would receive a qualification called a certificate. At the graduate level, universities already offer certificates to students completing a course of study equivalent to half of an effective full-time student load, designed to provide a student with additional knowledge to bolster their existing professional career. However, the offering of short courses at the undergraduate level may require further consideration to ensure that students are provided with a sufficient quantum of new knowledge to meaningfully improve their job prospects.

While the Government has decided that 20,000 places in short courses will be available to Australians at discounted rates, it has provided no additional funding to universities to make these courses available. In fact, universities receive between 13 and 35 per cent less resourcing per student to deliver these courses. Although these courses will be delivered online, they are unlikely to cost universities any less to teach. Australian universities will continue to provide the highest levels of educational quality and support to students—which students have rightly come to expect from Australia’s universities.

JobKeeper

Australia’s universities are large, organisations that operate on a not-for-profit basis and are registered charities. Every dollar earned supports teaching, research and community engagement. Like many organisations impacted by the COVID-19 crisis, universities were expecting to access the Government’s JobKeeper scheme to ensure that valuable academic staff engaged in teaching and research could be retained for the foreseeable future, and to provide economic ballast against the financial shock of COVID-19. However, universities have been disappointed that the Government has repeatedly sought to craft legislative instruments specifically to exclude universities from the scheme, while publicly maintaining that universities would be eligible on the same terms as other businesses or not-for-profit organisations.¹⁰

Like other organisations, we also note that the restrictions in the scheme that prevent a large number of casual employees from accessing the scheme is not in the best interests of the speedy recovery of the economy, and ignores that casual workers often hold valuable human capital in many organisations.

¹⁰ The [Coronavirus Economic Response Package \(Payments and Benefits\) Amendment Rules \(No. 2\) 2020](#) specifically imposes additional restrictions to the eligibility of organisations that are listed as Table A or Table B providers in the *Higher Education Support Act 2003* – that is, universities. No other entities are similarly restricted.

UNIVERSITY RESPONSES

Universities have taken action in response to the COVID-19 outbreak to minimise impacts to students and staff and to continue their important role in the community.

Transition to online learning

As physical distancing restrictions have been implemented, universities have rapidly acted to ensure the safety of students and staff by moving as much teaching as possible to online modes of delivery. Although many universities were well-placed to roll out online classes, it has nevertheless been a significant challenge to move all classes online in a matter of two to three weeks. Universities are deeply grateful to their hardworking staff who have implemented new online methods of delivery to ensure that students can continue to learn throughout the COVID-19 crisis. In many cases, the difficulties imposed by the crisis have led to incredible innovation, creativity and resilience from staff and students.

Nonetheless, it is impossible to escape the challenges associated with the rapid transition to online learning. Although online learning is an established mode of delivery for many courses, there remain a significant number of learning activities that are difficult to carry out remotely, including some laboratory and practical classes. Additionally, it is also important to remember that face-to-face learning is an important and effective way to teach. For some students, the rapid and unexpected transition to online learning has presented serious challenges. These include students lacking reliable or affordable internet access or equipment for online study. Many universities have made available access to loan equipment or mobile broadband devices for students in need and continue to support students through hardship funds and dedicated support services.

For some students and staff, online learning and teaching presents unexpected challenges. Those students already suffering disadvantage are likely to be disproportionately affected by COVID-19 restrictions, as they may lack the necessary resources to study effectively at home. For those students and staff experiencing housing stress, family violence or economic difficulties, regular study or work may become impossible.

The transition to online study will be particularly hard for those studying far from home. This includes international students, as well as Indigenous students who may be unable to return to their communities during the pandemic. These students may feel profound isolation, as they are removed from both social contact in the normal course of their studies, as well their home community social support systems.

During this time, Universities Australia has collaborated with the Office of the e-Safety Commissioner to develop a toolkit offering 14 resources for universities, students and staff to foster safer online communities.

Universities understand that for some students (particularly final year students), external placements are necessary to complete their course. For example, clinical or in-school placements are mandatory course requirements health and teaching courses. In multiple cases, external placements have been severely interrupted. Many of these placements are coordinated with local or state health or education services, which have understandably been stretched. Through Universities Australia's Health Professions Education Standing Group, a national set of principles for clinical placements has been developed, and some clinical placements are gradually resuming. Universities will continue to work with health services to ensure access to clinical placements is resumed as quickly as possible and that students are able to complete their studies with as little disruption as can be safely accommodated.

Professional accreditation

Many university courses are accredited by external bodies for the purposes for admission to a profession. Examples include regulated professions such as medicine, nursing and allied health, teaching and others, as well as a wide variety of unregulated professions. During the pandemic, there has been significant disruption to courses, with most courses not being delivered in the usual way. This has presented challenges to ensure the continuing accreditation of courses, as activities such as site visits, practicals and examinations are either not possible or only possible with significant modification.

Universities have worked with professional accrediting bodies to ensure that student learning outcomes can be satisfactorily demonstrated through the pandemic, and have encouraged professional accrediting bodies to take a flexible approach to maintaining accreditation of courses to ensure that Australia will continue to have a supply of qualified graduates to undertake critical roles in the community. Universities Australia has worked with the Australian Council of Professions to develop a set of national principles for professional accreditation during the COVID-19 pandemic and is pleased that some professional accrediting bodies are showing a flexible approach to maintaining accreditation during this period. Universities Australia would urge all professional accrediting bodies to review the principles and ensure that their accreditation procedures will be fit for purpose during the COVID-19 crisis.

Similarly, Universities Australia has worked with accreditation bodies in the health professions to support adaptive and flexible responses to the challenges of professional accreditation during this period. Universities Australia acknowledges the efforts of the Department of Health, DESE, the Australian Health Practitioners' Regulation Agency, the Health Professions Accreditation Collaborative Forum and the National Alliance of Self-Regulating Health Professions in helping to work through, apply and advocate for flexible responses for professional accreditation and clinical placement availability. Universities Australia commends the collaborative approach of regulators and other stakeholders and looks forward to continuing this cooperation in the future.

Temporary visa holders

Universities Australia, and its member universities, remains concerned for the welfare of temporary visa holders, including students, in Australia. Temporary visa holders in Australia are excluded from almost all forms of government assistance during the pandemic, with the Government indicating that overseas students are able to draw down superannuation if they have been in the country for longer than 12 months, and that they may be able to access help through \$7 million provided to the Red Cross to deliver '*emergency relief and some casework support to people facing significant vulnerabilities who are on temporary visas.*'¹¹ This is an inadequate response to the plight of the more than two million temporary visa holders who are, through no fault of their own, in Australia for the duration of the pandemic. Many of these visa holders will have lost employment and will have few resources or support networks available to them. Over decades, international students have made a profound contribution to the economic and cultural fabric of Australia and we should make every effort to ensure they continue to feel welcomed and secure.

All 39 Universities Australia member institutions have set up schemes for hardship assistance to international students, yet their efforts cannot sustain temporary visa holders indefinitely. Universities commend the efforts of state and territory governments to provide some assistance to temporary visa holders in their jurisdictions and is deeply grateful to those communities across Australia that have stepped up to offer help, food or other assistance to international students. Universities Australia argues that all guests in our country should be treated hospitably and

¹¹ Rustone, Anne, *Urgent support for 300 charities and community organisations*, <https://www.anneruston.com.au/urgent-support-for-300-charities-and-community-organisations>, 14/4/2020

compassionately, as we would want Australians to be treated when in difficulty overseas. Universities Australia continues to call on the Commonwealth to join the university sector in offering support to temporary visa holders in Australia, whose hardship could be severe without access to any safety net or support networks.

Admission to university in 2021

Understandably, there is some anxiety in the community about the prospect and challenges of admission to university in 2021, especially amongst Year 12 students who have experienced disruption to their final year of secondary studies in 2020. Universities Australia has developed a statement on admissions for 2021, outlining that students have a number of options for entrance to university next year. Universities would like to reassure the community that prospective students will be able to apply for admission in 2021 as normal and that universities will be looking to offer flexibility, understanding and compassion for 2021 applicants.

2021 AND BEYOND – THE VITAL ROLE OF UNIVERSITIES IN RECOVERY

For most people alive today, it would be difficult to imagine a time of greater uncertainty. This year began with catastrophic bushfires in all states and territories, exacerbated by a drought that has brought hardship to many rural communities. The subsequent health impact of COVID-19, the restrictions on social contact and the significant economic dislocation is without parallel in modern times.

It is in times of uncertainty that we rely on expert knowledge to help guide the way ahead. Specialists in public health, in economics and logistics, in environmental and social wellbeing, in data science and in epidemiology, are all working for the benefit of Australians to chart a COVID-safe future. They are working day and night, just like experts in disasters, in recovery and rehabilitation, in ecology and emergency management were working through the Black Summer to help authorities fight, and then help, communities to recover from the unprecedented bushfires.

Australia's universities are home to more than 110,000 researchers and research students that are the custodians of this expertise. They face challenging times ahead, as financial uncertainty forces universities to make changes to their staffing profiles. These experts will be vital to helping Australia recover from the pandemic and its ensuing economic and social disruption. Advances in public health, in vaccines and treatments for the disease, in new ways to culturally enrich our lives, in making a services economy more resilient to shocks — these advances will be based on knowledge developed in our universities.

Australia's universities have a central role to play in national prosperity and progress. For many Australians, the disruption caused by the pandemic will fade as life resumes a new normal. For others, the recovery will be slower as affected industries reorganise around a renewed domestic focus. For universities, and their contribution to the nation, the disruption is only beginning. Further dislocation is likely over the next few years, as research activity slows and, in some cases, ceases altogether.

The activities of universities over the next few years should underpin an economic resurgence—more skilled graduates to help create new business models, and new discoveries to improve economic and social wellbeing. Without support for R&D, it will be increasingly difficult to fuel productivity and create jobs. With a thriving university sector and strong R&D capability, we will offer Australians the best chance of the quickest recovery.

APPENDIX 1: ESTIMATES OF REVENUE LOSSES

This attachment outlines Universities Australia’s modelling on estimated revenue losses for the university sector between 2020 and 2023, compared to the business-as-usual (BAU) scenario.

MODELLING RESULTS

The university sector is estimated to lose between **\$3.1 to \$4.8 billion** in 2020 and up to **\$16 billion** between 2020 and 2023.

	2020	2021	2022	2023	2020 to 2023
Estimated revenue losses compared to business-as-usual	\$3.1 to \$4.8 bn	\$5.8bn	\$4.2 bn	\$2.9 bn	\$16 bn

MODELLING ASSUMPTIONS

1. The calculations are based on the published operating results for 2018 (latest available).
2. Under the business-as-usual (BAU) scenario, we assume:
 - a. International student enrolments are projected to grow five per cent per annum—i.e. average enrolment growth between 2008 and 2018—on average across the sector.
 - b. All income streams—except Commonwealth Grant Scheme funding—are expected to increase by estimated CPI increase of 2 per cent per annum between 2020 and 2023.
3. We have assumed most universities’ income streams would decline following the COVID-19 pandemic compared to the BAU scenario, except for revenues from domestic Commonwealth-supported students and other government grants.
4. We have modelled the following scenarios for:
 - a. international student fees; and
 - b. other private/unregulated income—i.e. FEE-HELP, other fees and charges, investment income, royalties and trademarks, consultancy and contract, philanthropic donations, non-government grants and other income.

Estimated revenue losses compared to BAU	2020	2021	2022	2023
a) International student fees	-20%	-40%	-30%	-20%
b) Other private/unregulated income	-15%	-20%	-10%	-5%

5. We have also made an estimate of a larger negative impact on university revenues for 2020:
 - a. a 33 per cent decline in international student fees; and
 - b. a 20 per cent decline in other private/unregulated income.