

The University of Sydney responses to Questions on Notice received from the Senate Education and Employment Legislation Committee, as part of its inquiry into the *Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill 2020*

Questioner (Senator) and date question received	Question on Notice	University response
O'Sullivan 15/09	How much was your surplus?	<p>The University's annual report, tabled in the NSW Parliament each year and made publicly available here, provides extensive details about its financial performance. The most recent published annual report covers the 2019 academic year. At page 39 it provides the following summary of the University's operating result:</p> <p>'The University of Sydney's parent only financial statements for the year ended 31 December 2019 show a modest underlying margin of \$9.8 million (2018: \$27.4 million). This operating surplus excludes quarantined items that cannot be spent on day-to-day operations.</p> <p>If quarantined items (such as unspent funds relating to specific research grants, philanthropic funds allocated by donors to certain purposes and funds that must be spent on specific capital investment projects) are included, the University recorded a 2019 operating result of \$177.9 million (2018: \$169.6 million).</p> <p>While an operating result of \$177.9 million reflects the University's financial position in accordance with Australian accounting standards, it does not represent a surplus that can be spent freely.'</p>
O'Sullivan 15/09	How much did you pay Professor Soutphommasane to be the director of culture and strategy?	<p>Prof Soutphommasane is Professor of Practice (Sociology and Political Theory) and Director, Culture Strategy at the University. His salary is commensurate with his experience and expertise as the former Race Discrimination Commissioner at the Australian Human Rights Commission.</p>
Carr 15/09	In relation to government investment in research and development, we don't compare favourably to the OECD. But I'd be very happy to, on notice, give the committee the latest numbers from the OECD about where we sit.	<p>The Federal Government's Industry Department publishes some data about Australia's gross levels of investment in R&D (GeRD) and its key components, including activity funded by: Business (BeRD), Government (GovERD) and Higher Education (HeRD).</p> <p>The Department's current summary notes: 'Government expenditure on R&D as a share of GDP (GovERD to GDP) has also been declining but not nearly to the same extent [compared to Business R&D BERD] with the latest estimate at 0.17 per cent in 2018–19.'</p> <p>According to Department's 'Innovation Indicators' published by its Chief Economist, in 2017 Australia's GovERD was 0.21 per cent of GDP, which was the OECD average for that year and placed Australia 20th of 37 countries.</p>

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		<p>The OECD Main Science and Technology Indicators confirm that Australia level of 'GovERD' as share of GDP has been trending downwards in recent years, while there has been an increasing trend across OECD and non-OECD countries.</p> <p>It is also important to note, however, that the Commonwealth and other Australian governments provide funding for R&D that is reported to the OECD under the HeRD component. The full extent of the Commonwealth's investment in R&D is tracked through the Science, Research and Innovation Budget Tables, maintained and published by the Federal Department of Industry.</p>
Carr 15/09	<p>[Inaudible] the UK have just committed to research and development spending of three per cent of GDP, and Korea to five per cent. We're in, I think, the low 1s, and that I will take on notice.</p>	<p>Australia's GERD (Gross expenditure on R&D) as a proportion of GDP decreased from 1.88% in 2015-2016 to 1.79% in 2017-2018.</p> <p>https://www.abs.gov.au/statistics/industry/technology-and-innovation/research-and-experimental-development-businesses-australia/latest-release</p>
Faruqi 15/09	<p>There is evidence—and evidence that I'd be happy to provide on notice—that students from First Nations backgrounds are doing a general education first before they enter a particular professional field, and there is a whole set of arguments about why that might be the case.</p>	<p>Evidence in this emerging field currently provides incomplete indications of student journeys progressing from generalist through to specific, in terms of degree enrolment and vocational outcome. The current literature focuses on rates of transition to university, enrolment, attrition and graduation, rather than changes to specialisations or fields of study. Nevertheless, a cogent narrative is emerging from the evidence, suggesting students from First Nations backgrounds are engaging in generalist degrees as a first step to university level study:</p> <p>1. Generalist areas of study, especially humanities, arts and social sciences are a popular field of study for Aboriginal and Torres Strait Islander students.</p> <p>Approximately 35% of the University of Sydney Aboriginal and Torres Strait Islander students are currently enrolled in courses that will have the highest student contribution amounts – \$14,500 under the proposed changes.</p> <p>At a national level, these same areas of study attract more than 50% of all enrolled Aboriginal and Torres Strait Islander students (DESE, Table 6.1, 2019 Student Data).</p> <p>2. In addition to matters of individuals' 'choice' of degree, there is evidence that university access systems often result in high proportions of Aboriginal and Torres Strait Islander enrolment in generalist degrees.</p> <p>A review of Australian enabling programs (an important university access pathway for Aboriginal and Torres Strait Islander students), found that, "most ...universities provided qualified articulation into general course programs." (Pitman et al., 2017).</p>

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		<p>3. Although we cannot easily track whether students study generalist degrees before entering a particular professional field, some data suggest this is occurring.</p> <p>At a national level, university student data (Table 6.1, 2012, 2019) shows that 17.3% (2019) of Aboriginal and Torres Strait Islander students use postgraduate study to hone or diversify their academic specialisation, with the numbers of students classified as studying postgraduate diplomas in a new course/discipline increasing between 2012 and 2019.</p>										
Pratt 19/09	<p>1. Please provide modelling of the impact of the JRG package for your institution from 2021 to 2025:</p> <p>a. Taking into account only the elements in the legislation under consideration</p> <p>b. Taking into account the full JRG package</p>	<p>1.a</p> <table border="1" data-bbox="1073 501 1379 647"> <tr><td>2021</td><td>-\$26.3m</td></tr> <tr><td>2022</td><td>-\$25.4m</td></tr> <tr><td>2023</td><td>-\$24.7m</td></tr> <tr><td>2024</td><td>-\$24.5m</td></tr> <tr><td>2025</td><td>-\$24.8m</td></tr> </table> <p>This is the impact we have modelled of proposed CGS cluster and student contribution band changes on the University across the 5 years – 2021-2025, including the impact of grandfathering arrangements for current students who continue their studies beyond 2020.</p> <p>1.b</p> <p>On 15 August 2020 the Department of Education, Skills and Employment provided the University with draft modelling of the impact of the full JRG package on it over the period 2021-24. This modelling indicates that once the various other measures are applied, transition funding of \$14.5m, \$8.5m and \$1.3m will be required in 2021, 2022 and 2023 to maintain the University's net Commonwealth funding at pre JRG levels.</p>	2021	-\$26.3m	2022	-\$25.4m	2023	-\$24.7m	2024	-\$24.5m	2025	-\$24.8m
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Pratt 19/09	<p>2. According to the Department's calculator, what will be the funding cut for universities in 2024 compared to 2019 due to the cluster funding changes?</p>	\$24.96 million										
Pratt 19/09	<p>3. According to your own modelling, what will be the funding cut for universities in 2024 compared to 2019 due to the cluster funding changes?</p>	<p>\$24.5 million</p> <p>Please note that our modelling is based on 2020 forecast Commonwealth supported numbers (24.5k Equivalent Full Time Student Load (EFTSL)), whereas the government modelling is based on 23.8k EFTSL.</p>										
Pratt 19/09	<p>4. Please provide modelling on the impact on the fees paid by women students and indigenous students, based on your most recent enrolment data.</p>	<p>Under the proposed changes, we estimate that University of Sydney Commonwealth supported students will, on average, pay 5.2% more to cover the full cost of their studies. The estimated change in the impact for our women and Aboriginal and Torres Strait Islander students is set out in the table below.</p> <table border="1" data-bbox="1073 1367 1641 1422"> <tr><td></td><td>Women</td><td>Aboriginal and Torres Strait Islander</td></tr> </table>		Women	Aboriginal and Torres Strait Islander							
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		<table border="1" data-bbox="1073 258 1635 346"> <tr> <td>Old funding</td> <td>40.8%</td> <td>39.9</td> </tr> <tr> <td>New funding</td> <td>46.4%</td> <td>45.0</td> </tr> <tr> <td>Change</td> <td>+5.7%</td> <td>+5.2%</td> </tr> </table> <p data-bbox="1073 370 2059 504">It is important to note the enrolment profile of different providers may vary significantly, based on their course offering and the different characteristics of the students they attract. As noted in our submissions on the Bill, nationally women and Aboriginal and Torres Strait Islander students are heavily represented in the fields that will have the highest student contributions under the proposed changes.</p>	Old funding	40.8%	39.9	New funding	46.4%	45.0	Change	+5.7%	+5.2%
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Pratt 19/09	<p>5. Please provide estimates of the number of additional places that will be 'created' according to the government's calculator, each year over ten years.</p> <p>a. And the rates that will be paid for those places.</p>	We are unable to answer this question as we need further clarification about the Government's proposed method for allocating the additional places to 2024 and beyond.									
Pratt 19/09	6. Do you expect to be able to fill those places?	This depends on demand from students who satisfy the University's admission requirements. Demand for university places tends to increase during recessions. This has been our experience to date for Semester 2, 2020 and in terms of applications for Semester 1, 2021.									
Pratt 19/09	<p>7. Do you expect there will be unmet demand?</p> <p>a. If so, please provide details of the shortfalls for each year, and the basis for those projections.</p>	We anticipate demand for Commonwealth supported places from qualified candidates to exceed the numbers of these places we will offer in 2021. However, demand varies widely between courses and, while we monitor applications closely, we do not model expected shortfalls.									
Pratt 19/09	<p>8. Will Students in Cluster 1 immediately start paying at the cap for student's contributions?</p> <p>a. If not, what will the student contribution be?</p> <p>b. Please give details for each field of education code if it varies.</p> <p>c. Please provide these figures for 2021, 2022, 2023, 2024, 2025, 2026 from your current modelling.</p>	<p>Yes – for students who commence from 2021 – if the Bill passes in time for the Government's proposed changes to student contribution amounts to start from 1 January 2021.</p> <p>Under the Government's grandfathering arrangements, continuing students enrolled on courses where student contributions increase will keep paying the current amounts (indexed to the CPI) until they complete their studies.</p>									
Pratt 19/09	<p>9. In your existing modelling to date how much of student contribution will be directed back into that cluster?</p> <p>a. If it is not the same for each area in the cluster, please provide figures for field of education code.</p> <p>b. Please provide these figures for 2021, 2022, 2023, 2024, 2025, 2026 from your current modelling.</p>	We have not modelled this. The answer will depend on the cost of delivery in each field in each year, as well as complex questions about how we support core research, research training, infrastructure, equipment and other services in each area.									

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Pratt 19/09	<p>10. Will the Government contributions to cluster 1 be spent in this cluster or other clusters in 2021?</p> <p>a. If the funding for cluster 1 is not spent in cluster one, to which cluster/s will it be directed?</p> <p>b. Please provide these figures for 2021, 2022, 2023, 2024, 2025, 2026 from your current modelling.</p>	<p>We are unable to answer this question in any detail prospectively.</p> <p>The University sets its budget annually, based on the most reliable revenue forecasts it can make, and adjusts its operating expenditure estimates accordingly.</p> <p>As a not-for-profit institution, when setting our budget, we aim to ensure that our operating costs do not exceed total available revenues in any given year, or over the budget cycle if short-term deficits cannot be avoided.</p>

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