

Key Policy in discussion	HIGHER EDUCATION
Portfolio and or agency	Education
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Key Portfolio Issues

The 2023-24 Budget contains very little for higher education other than a modest increase in funding to support the creation of 4,000 new places over the next four years and some changes to work limits for international students. This year's budget overlaps the Australian Universities Accord, which is reviewing the higher education system with a view to overhauling university funding. It will deliver its final report in December 2023, possibly leading to a significant impact on the 2024-25 Budget.

Budget Measures

Overall, the budget measures relating to university education are positive; however, the real changes will not occur until the Australian Universities Accord delivers its final report in December 2023.

In terms of direct funding, the 2023-24 Budget provides \$127m to create 4,000 additional commonwealth-supported places at universities for courses that relate to the nuclear-powered submarine program, including STEM and management disciplines ([Budget Paper No 1](#), p 64, 2023-2024). Of these additional places, 800 will be allocated to South Australian universities, with the remaining places allocated across the country.

There will also be 320 additional medical places over four years to bolster Australia's regional health workforce (The [Education Portfolio Budget Statements 2023-2024](#). Budget Related Paper 15, p. 16).

The following table summarises the projected increase in expenses for higher education.

Summary of expenses – higher education

Sub-function	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	\$m	\$m	\$m	\$m	\$m
Higher education	10,587	10,902	11,485	11,946	12,322
Student assistance	4,783	5,362	5,789	6,088	6,369

Source: Budget Paper No 1, Table 6.7, p. 209

The increase is largely due to the provision of 20,000 additional Commonwealth supported places commencing in 2023 and 2024 in the October Budget measure *Strengthening Australia's Higher Education Sector*.

The estimated increase in expenses for student assistance derives from the Government's 2023–24 Budget measure *Increase to Working Age Payments*. It expects an increase in the number of people accessing the Student Payments program due to an increase in unemployment. This estimated increase in expenses is also driven by an increase in the value of Higher Education Loan Program (HELP) loans issued to students resulting from the provision of 20,000 additional Commonwealth supported places commencing in 2023 and 2024 under the October Budget measure *Strengthening Australia's Higher Education Sector*, and the *Job-ready Graduates* higher education reform package announced in the 2020 July Economic and Fiscal Update. Expenses under HELP mainly reflect the estimated cost to the Government of providing concessional loans, which will vary with enrolment numbers, and the number and value of HELP loans (Budget Paper No 1, p. 209, 2023-2024).

In other developments, indexation on [student loans](#) will rise to 7.1 per cent in June, adding to the debt burden students will have to repay. Nevertheless, the proportion of HELP debt not expected to be repaid on new debt is expected to be equal to or below 2022-2023 (The Education Portfolio Budget Statements 2023-2024. Budget Related Paper 15, p. 56).

It is anticipated that the number of international students will reach pre-pandemic levels in 2024, a year earlier than predicted in the October Budget (Budget Paper No 1, p. 64, 2023-2024). The [cap on working hours](#) for international student visa holders will be reinstated from 1 July 2023. In an effort to deal with labour shortages, however, the cap will be increased from pre-pandemic levels to 48 hours a fortnight. Students working in aged care will be exempt from the cap until 31 December 2023.

International university graduates with eligible qualifications from Australian institutions will be able to work for an [extra two years](#) from 1 July 2023, designed to strengthen the pipeline of skilled labour.

Throughout the budget papers, there is an emphasis on building responsive education and skills systems that will enable Australians to benefit from the latest waves of technological change and a recognition that responding to climate change will require an increase in the science and technology workforce (Budget Paper No 1, p. 137, 2023-2024). Qualifications in ICT are seen as particularly important (Budget Paper No 1, p. 150, 2023-2024).

Research will benefit from the 2023-2024 Budget, although not from the Department of Education, Skills and Employment, with the Government providing \$988.2 million over 5 years from 2021-22 (and around \$325.1 million per year ongoing) to deliver an ambitious research reform package that will drive university-industry collaboration, workforce mobility and research translation and commercialisation.

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Investing in Australia's University Research Commercialisation

Payments (\$m)

	2021-22	2022-23	2023-24	2024-25	2025-26
Department of Education Skills and Employment	-	-	-	-	-
Commonwealth Scientific and Industrial Research Organisation	-	9.3	9.3	9.4	9.5
Australian Research Council	-	-	-	-	-
Total – Payments	-	9.3	9.3	9.4	9.5

Source: [Budget Paper No 2](#), p. 75

Funding includes:

\$505.2 million over 5 years from 2021-22 (and around \$182.3 million per year ongoing) to establish Australia's Economic Accelerator (AEA) grants to support university research projects from proof-of-concept and proof-of-scale through to commercialisation. Funded projects will align with the National Manufacturing Priorities and will be done in partnership with industry.

\$295.2 million over 5 years from 2021-22 (and around \$142.8 million per year ongoing) to establish new research training pathways for students and researchers, creating new opportunities to work with industry through new Industry PhDs and Fellowships, and deliver reforms to the Australian Research Council's Linkage Program.

Analysis

Although spending on universities is relatively modest, spending in other areas including school and foundation education programs, and Indigenous education may have an indirect, but positive effect on the sector in the next few years by enabling potential applicants to access university education. Likewise, increased funding for disability support and childcare may assist potential applicants.

The Government's contribution of an additional \$9.3 million to the implementation of the National Teacher Workforce Action Plan will not fund additional university places or scholarships, but at least some of it may go to university education faculties tasked with providing assistance and guidelines for early career teachers.

Background: current circumstances of women in this portfolio

Women in higher education, both students and staff, were badly affected by the government's refusal to provide a comprehensive support package to the university sector in the 2020-2021 budget following the catastrophic financial losses deriving from the global pandemic.

Staff in the Australian university sector are highly casualised and female. The [Workplace Gender Equality Agency 2020](#) survey demonstrated female staff make up 59 per cent of all tertiary education sector employees; 75.9 per cent of part time employees and 59.4 per cent of casual employees in the sector. The student population is also [predominantly female](#). Women make up 39.7 per cent of 15–74-year-olds enrolled in a bachelor's degree, and 20.6 per cent of 15–74-year-olds enrolled in a postgraduate degree, compared with 38.3 per cent and 16 per cent of males respectively. Any additional funding that might assist female staff and students would be welcome, but the current budget will provide little hope.

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As noted in the **Impacts on Young Women** section, HELP indexation [will increase](#) from 3.95 per cent to 7.1 per cent as of 1 June 2023. In practical terms, this means that student loan debt of young people will be increasing by hundreds or even thousands of dollars overnight. For example, a 10k debt will increase by \$710 and a 50k debt will increase by \$3550. This will particularly impact young women, similarly to when the Coalition [doubled university fees during the pandemic](#), the costs increased for female-dominated degrees like arts and law, when male-dominated degrees like maths and engineering were subsidised. The debt increase of the HELP fee will be predominantly felt by women.

Gender implications of this budget measure

The one exception to the disappointing scenario outlined in the 2023-2024 Budget is the creation of new Commonwealth-supported places that relate to the AUKUS security partnership. While it has long been recognised that there are structural barriers inhibiting the advancement of female academics in STEM, the demand created by the nuclear-powered submarine program may create new opportunities.

Implementation of the National Teacher Workforce Action Plan may also benefit female students and staff as teaching is a female dominated occupation.

On the whole, the higher education sector will be awaiting the outcome of the Australian Universities Accord with a degree of impatience.

Recommendations

NFAW recommends that the Australian Government:

Recognise the pivotal role of higher education in the development of society.

Acknowledge the role of higher education in the transformation of the [Australian economy](#) to carbon neutrality.

Restore *per capita* funding through the Commonwealth Grants Scheme to enable universities to provide quality teaching and research. Appropriate funding will allow universities to avoid a return to unsustainable funding models based on international student fees. Appropriate funding will also end the universities' dependency on casual staff and encourage them to institute fair employment agreements.

Increase Austudy payments to all students with the peripheral costs associated with university education such as travel. Create a supplementary payment for childcare costs in recognition of the fact that women bear most of the costs involved. Create additional scholarships/fellowships to support early career researchers.

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