

Pre-Budget Submission: Action for 2021 Commonwealth budget

The Innovative Research Universities (IRU) group argues in this pre-budget submission for the Commonwealth Government to:

1. work with the higher education sector and the state governments to make available safe and workable quarantine solutions for international student entry into Australia; and
2. create a revamped research funding system to sustain Australia's leading position in world research output post-Covid-19.

Overview

2021 will make clear the full consequences of the Covid-19 disruption of 2020. With Australia's borders still closed to international students, the university sector faces another challenging year.

The challenge for the 2021 higher education budget is to ensure that universities continue to deliver education and research despite Covid-19 as a major interrupter, through to when we have a functional post-Covid-19 pandemic world. This requires a known and workable means for travel between Australia and other countries.

Across 2020 Australia's universities adapted rapidly. Universities introduced online learning for all students, re-arranged access to research facilities to ensure research continued and adjusted to the absence of international students who were prevented from coming to Australia to live and study.

IRU members suffered a 10% to 15% reduction in revenue, forcing significant action to reduce expenditure while maintaining good education and research outcomes. In contrast to the many businesses that had a short period of shutdown then rapid recovery, universities work to a longer-term rhythm where demand is slower to reduce but also slower to recover.

In response the Government introduced its Job-Ready Graduates package to provide medium-term certainty to universities' domestic funding from 2021. It provided a significant increase to the Research Support Program for 2021 to ameliorate the impact on research revenue of lower international student fee revenue and cutbacks from research users.

International student arrivals remain blocked until major quarantine systems capable of working with several thousand people a week can be implemented. The Covid-19 vaccines are likely to assist but the full impact remains unclear.

The 2020 experience shows that confident predictions are not possible. Universities require further tailored support to ensure they reach the post pandemic world with full capacity to deliver education and research.

A functioning international student entry system

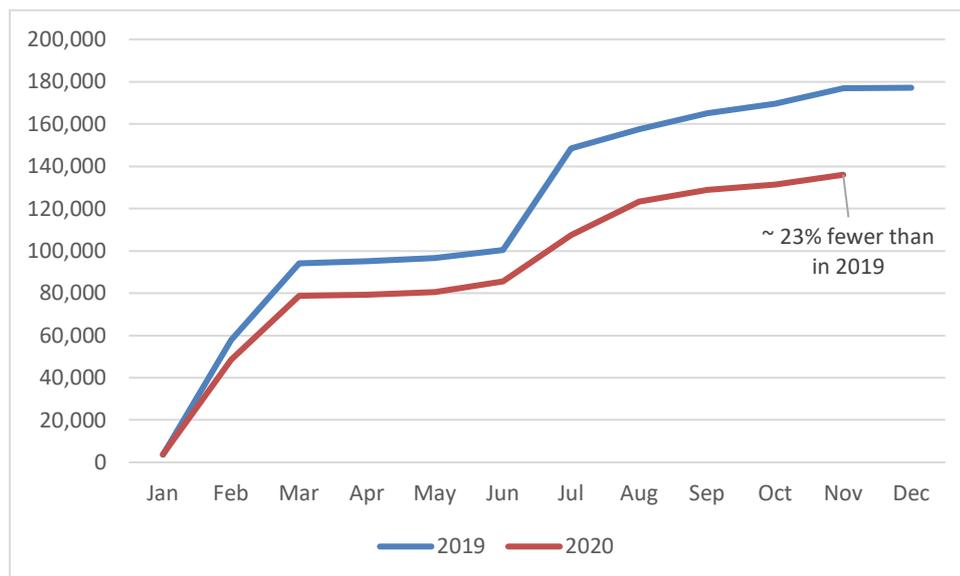
By the end of 2020, international higher education commencements were down by 23%. The longer the Covid-19 restrictions prevent students from entering Australia, the greater the longer-term impact on Australia as a major international education hub.

The average international student spends \$100,000 per year while in Australia.¹ Much of this is spent beyond the fee for education on accommodation, food, domestic travel and entertainment, providing valuable support to a wide range of other industries. The expenditure beyond fees occurs when students are in Australia – not studying online at home. The Australian Government estimates that international education supports at least 250,000 jobs in the broader Australian economy.¹

The data on international student numbers is for 2020 – see figure one. For 2021 the picture is far worse. IRU members are facing a 30 to 50% decline in international students in first semester 2021 compared to 2019.

Existing students at the beginning of 2020 did their best to maintain enrolment studying online, whether from Australia or from their home countries. As they complete studies, they are not being replaced by as many new commencing students. The challenge is the willingness of prospective students to choose Australia while learning remains online.

Figure one: Commencing Higher Education international students 2019 compared with 2020



¹ <https://ministers.dese.gov.au/tudge/supporting-international-students-support-australian-jobs#:~:text=International%20students%20are%20extremely%20important,to%20become%20great%20Australian%20citizens.>

The impact is greater for those considering for the first time where to study. Universities would normally see another 80,000 higher education students enter Australia in the middle of the year, but in 2020 second semester came and went without new arrivals and fewer students commencing online.

Consistent with Australia's great success in avoiding community transmission of Covid-19, we need a large-scale quarantine and monitoring system that learns from the various initiatives over recent months. Universities and their prospective students understand that a quarantine period is the safest way to protect themselves and the wider community, even when a vaccine is available worldwide, to identify those few infected individuals.

These include students at Howard Springs in Northern Territory, sporting events such as the Australian Open and some groups of seasonal workers.

The other major hubs for international education of UK, US, and Canada are open to student travel. The low risk of Covid-19 in Australia may appear a factor to favour Australia, but students need to be able to come here to gain from that low risk of disease. For many students, there is no greater risk in the US or UK than in their home country. Hence the market is moving to those countries students can go to, away from those with border restrictions.

The Commonwealth Government needs to work with the higher education sector and the state governments to make available safe and workable quarantine solutions for international student entry into Australia.

Long-term support for research capacity

The Commonwealth Government's 2020 Budget commitment of an additional one billion dollars to the Research Support Program in 2021 is the first step towards a revamped research funding system to sustain Australia's leading position in world research. It is the major injection of funding that IRU called for when Covid-19 hit Australia early in 2020. Without this step, university research capacity would be substantially damaged.

The investment targets universities' main research fund where they determine the directions ahead and the staff and resources needed to achieve them. No government has invested so much additional money into that fund since it was created in 2001.

Australia's production of around 3% of world research is proportionately higher than Australia's proportion of world GDP and well ahead by population. The related measures to stimulate change, focusing on integrating universities with research end-users will encourage better outcomes and test out options.

The Research Sustainability Program is one-off. It responds to the immediate challenge.

Through its Research Sustainability advisory group, the Government now needs to construct the long-term system Australia's research system requires, one that is realistic about the breadth of inputs from research end-users, governments and international students paying for university education.

The Medical Research Future Fund provides a model for a long-term government investment that targets the use of research for immediate value in improving lives and businesses, complementing the

National Health and Medical Research Council's programs. A fund for non-medical research to work alongside the Australian Research Council programs would be a major useful change.

Research is the priority for action.

Revenue for research remains under threat for a variety of reasons, all of which are related to Covid-19:

- fewer international students entering Australia means far less money invested in research. International student fees contribute about [a quarter](#) of total university research funding.
- there is uncertainty about the future of third-party research funding. State Governments and businesses invest over \$2.5 billion a year in research on issues important to them, far more than the Australian Research Council and the National Health and Medical Research Council. They will be under great pressure to pull back new investments as a result of the Covid-19 downturn.

If capacity is lost in Australia's research system now, it will not be easy to ramp it up again quickly, if and when adequate revenue is found in the future. A [2020 brief](#) by the Chief Scientist for the National Covid-19 Co-ordination Commission estimates that 7000 research jobs could be lost in Australia due to Covid-19.

In contrast to Australia, the UK Government has offered to [cover up to 80% of the value of the missing international revenue](#) that would otherwise be spent on research by each university. The gap funding in the UK will comprise low-interest loans with long pay-back periods and a smaller amount through government grants. The UK Government has also announced a longer-term [UK research and development roadmap](#).

The Commonwealth Government needs to create a revamped research funding system to sustain Australia's leading position in world research output post-Covid-19.

About the IRU

Innovative Research Universities (IRU) is a coalition of seven comprehensive universities committed to innovation and inclusive excellence in teaching, learning and research in Australia.

The members' impact is local and global, focusing on advancing communities through education, resources, opportunities, translational research and enterprise.

Through its members working collectively, the IRU seeks to be at the constructive centre of Australian university policymaking.

Our membership is Charles Darwin University, Flinders University, Griffith University, James Cook University, La Trobe University, Murdoch University and Western Sydney University.

ⁱ <https://www.smh.com.au/politics/nsw/hard-to-see-a-safe-corridor-nsw-shelves-plan-for-return-of-international-students-20210107-p56scz.html>