

Australasian Council of Deans of Arts, Social Sciences and Humanities

SUBMISSION

Australian Productivity Commission

5-year Productivity Inquiry: From learning to growth

20th October 2022

Thank you for the opportunity to make a short submission to the Australian Productivity Commission's *5-year Productivity Inquiry: From learning to Growth*.

The Australasian Council of Deans of Arts, Social Sciences and Humanities represents more than 250 deans, and associate and deputy deans, from 43 universities across Australia and New Zealand, leading schools and faculties that teach tens of thousands of students and employ several thousand scholars in the HASS disciplines. Led and governed by an executive committee, DASSH supports those who have responsibility for governance and management of research, teaching and learning across those member institutions.

We would like to address a number of key points raised in the Report.

How education is viewed in the Report:

The report describes the outcomes of education in quite utilitarian terms.

It is important to ensure the broader benefits of education are captured and valued in the recommendations. In particular, knowledge for its own sake has an intrinsic value. Education contributes to civic values and creates the conditions for a more informed, engaged and productive citizenry.

Further, in a democracy, the importance of judgement, free expression and association are underpinned by high quality, broad ranging and general education system.

Support for university fee findings:

We strongly support the observations that students are best placed to judge for themselves what education suits their interests and their aspirations.

"Government subsidies for tertiary education could be allocated more efficiently and equitably, without necessarily increasing the total amount of public funding," the Report says.

“Currently, governments set differential subsidies based on targeting public benefits and skill needs, but these have little impact on student choice because income-contingent loans eliminate upfront fees and make price differences less salient.”

Our members believe attempting to manipulate student preferences through price signalling is counterproductive to the aims of having an efficient and high-quality tertiary system.

DASSH strongly supports the evidence that shows human capital will be more in demand in the future than ever before.

“As our reliance on the services sector expands, people’s capabilities (‘human capital’) will play a more important role than physical capital in improving productivity,” the Report states.

“General and foundational skills will continue to underpin the workforce’s contribution to productivity, and as routine tasks are automated, newly created jobs will increasingly rely on areas such as interpersonal skills, critical thinking, working with more complex equipment, and accomplished literacy and numeracy.”

The skills described in the Report are derived through the education of students in the arts, social sciences and humanities. It is impossible to know in advance what the value of these disciplines or specific courses offered within our degrees will be in part because of the rapidly changing nature of the labour market and the innovative ways in which knowledge is put to use in society.

Additionally, our members support the proposal for sustained growth in the tertiary system. However, growth is intrinsically tied to the way government subsidises places in the system and way it changes incentives for universities to enrol students. The form growth takes will be a function of the funding model that the government establishes.

Public and private benefit of education:

Because of the inherent difficulty in knowing in advance the public or private benefit of courses, any skills shortages should be addressed through other policy levers than price signalling around courses. This is especially true given the unpredictability of emerging skills, shortages, and emergencies. The COVID-19 pandemic, for instance, demonstrated the necessity of widespread media and scientific literacy, creative problem-solving and basic understanding of social cohesion, all skills imparted through humanities, arts and the social sciences, alongside epidemiology and immunology. It is vaccination not vaccines alone that saves lives. Australia came through the pandemic as well as it did because of its balanced educational system, which is reflected in a relatively stable civic society.

As the Report notes: “‘Skills shortages’ are a poor basis for setting subsidies in both theory and practice.”

“While the public benefits of tertiary education provide a strong rationale for subsidisation, they cannot be reliably estimated by course. Setting subsidies with reference to the private benefits of tertiary

education (expected lifetime earnings) or simply offering a flat subsidy could be more efficient and equitable.

Determining Government subsidy levels:

As the Report states: “Government subsidies for tertiary education could be allocated more efficiently and equitably, without necessarily increasing the total amount of public funding.”

DASSH believes that the cost of delivery is the best model for determining government subsidy levels. However, research capability is fundamental to university teaching. While high quality research does not necessarily translate into quality teaching, nonetheless, university teaching is predicated on academic staff undertaking research and this makes university education qualitatively different from VET programs.

Research is a regulatory requirement for the right to be a university in Australia and this needs to be recognized in determining the cost of delivery upon which subsidy levels should be determined.

Teaching quality:

We support the determination to improve teaching quality as an ongoing goal, and there is a critical need for more robust and equitable assessments of teaching quality than are currently used. Employer surveys, earnings levels and student survey each provide useful but ultimately limited means of determining quality. There is a pressing need to develop multi-faceted, fine-grained and neutral means through which quality can be measured and on which improvement programs can be credibly constructed.

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