

08/06/2017

Committee Secretary
Senate Education and Employment Committees
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee,

The Australian Technology Network of Universities (ATN) would like to thank you for the opportunity to comment on the Higher Education Support Legislation Amendment (*A More Sustainable, Responsive and Transparent Higher Education System*) Bill 2017.

The ATN is a national collaborative group of five major universities including QUT, University of Technology Sydney, RMIT University, University of South Australia and Curtin University.

The ATN firmly believes that a sustainable, accessible, quality education system and the innovation agenda are core to Australia's long-term prosperity and societal wellbeing.

Collaboration has always been important for the ATN and its members, and students are at the heart of everything we do. ATN universities all have genuine linkages to industry as an inherent part of both our teaching and research. We are committed to developing work-ready graduates by connecting them to world leading innovators and thinkers. We believe that it is vital that we equip graduates with employability skills that industry require to ensure they can adapt to the new jobs of the future. Partnerships with industry provide our students with the opportunities to gain practical knowledge and experience in their areas of study. Our graduates lead changes in society, provide innovative solutions to global problems and are equipped with the skills to enter the modern workforce.

ATN universities are committed to high quality research that contributes practical solutions to real-world challenges. The ATN are also leading participants in Australia's Cooperative Research Centres linking government, industry and researchers. Ninety three per cent of ATN research is ranked at world-class or above. Our end-user approach to address global research challenges increasingly makes us the partner of choice for business, government and industry. With two thirds of ATN university research income coming from industry and end users since 2010, the ATN understands the importance of university and industry collaboration.

The ATN is pleased that the focus of higher education reform is on education outcomes, improved industry linkages and accessibility of education, noting that successful universities are critical to the successful delivery of the aims outlined in the National Innovation and Science Agenda.

However, we do have serious concerns about asking students to pay more at the same time as asking universities to deliver more with less, because ultimately this will lead to diminishing returns. Australia's sustainable, world-class higher education system has ensured that universities are the largest non-resource contributor to the Australian economy and a global success story, with international education contributing \$22 billion per annum.

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Our submission focusses on the key areas of the higher education reform package:

The five per cent efficiency dividend

The proposed cuts to universities will put detrimental pressure on universities that have already contributed \$3.9 billion to budget repair since 2011/2012¹. We believe that the proposed cuts will undermine the sector's ability to enact the proposed reforms while maintaining the high quality educational outcomes enjoyed by previous generations of Australians. A well-resourced university sector will deliver a more productive and innovative society, and contribute to Australia's future prosperity.

It is important to note that the Deloitte review: *'Cost of delivery of higher education'* reflects only some aspects of university operations, and in no way can be used as a justification for further cuts to university funding. University operations extend far beyond just teaching. A more nuanced understanding of higher education funding is required.

For example, university expenditures often extend beyond any given financial year, regardless of when the income is received. Research grants are usually for longer than just one year and research infrastructure expenditure is rarely associated with a one off payment. It would be no different to assuming the costs of building a house are simply the costs of materials. Rather, the cost of building a house includes the costs associated with design, permits and engaging with councils plus the skilled workers. The same argument holds for universities. A basic interpretation of university finances and reported costs creates the illusion that universities have ample room on the balance sheet to simply absorb cuts – it needs to be understood that surpluses are not profits.

The proposed efficiency dividend of five per cent, implemented over two years, will have a significant impact, including on research infrastructure investment. Australian universities have already had the \$3.7b Education Investment Fund (EIF) repurposed. This means that the cost of research infrastructure has been taken on directly by institutions. Reducing the level of investment in research and university infrastructure across Australia will have a significant impact on jobs, both directly and indirectly.

The abolition of EIF will lead to the dramatic, long-term degradation of Australia's education and knowledge infrastructure. Universities agreed in decades past to relinquish individual capital grant funding to create a pooled resource administered by the government. This was to provide efficient and timely investment in renewal and new capital across Australia's universities to support teaching and research activities. The direct outcome of abolishing EIF will be the degradation of university infrastructure and assets or force further cuts to university operating budgets.

The ATN is committed to providing the highest quality education to all of our students. However, ongoing cuts to funding at the same time as universities are being asked to deliver more will ultimately result in diminishing returns.

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¹ <https://www.universitiesaustralia.edu.au/Media-and-Events/submissions-and-reports/The-facts-on-university-funding/The-facts-on-university-funding> accessed 28 May 2017

Enshrining the Higher Education Participation and Partnerships Program (HEPPP) in legislation

Given the ATN's strong focus on equitable outcomes and longstanding advocacy in this area, the ATN commends the decision to enshrine HEPPP in legislation, thereby protecting support for disadvantaged students.

It is vitally important that universities remain accessible to all Australians and the legislating of HEPPP ensures that universities can provide Australia's most disadvantaged with additional and much needed support as they pursue higher education studies. The legislating of HEPPP also provides much needed funding certainty to equity practitioners to develop and implement programs to improve the success and attrition of disadvantaged students at university. This funding certainty will enable universities to plan long term investments that will build aspiration in underrepresented communities.

We recognise that HEPPP is one of the most vulnerable sources of funding in higher education currently because it is not protected by legislation and would likely be the first casualty of ongoing uncertainty in the sector. The decision to enact a per student loading (indexed) for HEPPP students is positive, providing funding certainty that will assist universities to adequately plan programs to improve retention and success rates for vulnerable students. The ATN is proud of the projects that have been funded as part of HEPPP. Examples of these include:

RMIT's "I Belong" Program, targeting low SES secondary school students in Years 9 – 12.

RMIT were allocated funding from HEPPP to support the "I Belong" program, which aims to build aspiration among students from disadvantaged backgrounds. The outreach program provides tertiary immersion and preparation programs for low SES middle-secondary students from schools and groups that are underrepresented in higher education. Since 2012, 13,5000 students have participated in a wide range of "I Belong" programs including workshops, presentations from industry experts, and Tertiary Experience Days. A recent evaluation of I Belong conducted by the Director of the National Centre for Student Equity in Higher Education, Professor Sue Trinidad, confirmed that the programs are of excellent quality and effectively respond to the issues experienced by low SES, regional and Indigenous students that contribute to their low rates of participation in higher education.

The UTS U@Uni Schools Outreach program

The UTS U@Uni Schools Outreach program is a key component of the UTS Widening Participation Strategy which provides a whole-of-university approach to increase the number of students from under-represented communities successfully completing university study. The program includes offering an integrated suite of programs for high school students that aims to:

- build aspiration for tertiary study
- support academic attainment
- widen participation in higher education

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Outreach activities include U@Uni Summer School program for Year 11 students from U@Uni partner schools to participate in two week intensive workshops in areas such as media production, business, engineering and IT. Such programs have contributed to UTS increasing its number of commencing domestic undergraduate students with a low SES background by 40 per cent over the 2011-2015 period, and nearly doubling commencements of Indigenous students from 85 in 2011 to 145 in 2015.

Queensland Widening Participation Consortium

The approach of the Queensland Consortium (8 public universities including QUT) has brought large-scale partnership-based benefits to low-SES and Indigenous schools and communities across Queensland. Without HEPPP, the scale and reach of this would not have been possible. Higher education enrolment data of low SES and Indigenous students in Queensland is slowly improving as a result, rising from 19.6 per cent in 2010 to 20.3 per cent in 2014, however the true effectiveness of the collaboration is underscored in the Queensland Widening Participation Consortium Case Studies 2011-2015 report providing key evidence detailing the demonstrable impact of these activities.

The ATN universities are also proud of the excellent equity programs that our universities fund from their operational expenditures.

Changes to HECS/HELP

The ATN has long advocated that Australia should have a sustainable, world-class higher education system that remains affordable and accessible to all who are eligible, regardless of background or circumstance. The HECS/HELP system is one of the greatest features of Australia's tertiary education system.

While we accept the sustainability of this system is of utmost importance as it means that higher education is accessible to all, regardless of their financial circumstances, the ATN is wary of any measures that place increased financial burden on students. The HECS/HELP system of income contingent loans ensures that university education is accessible to all. The system is designed to ensure that the student costs of university study are fully deferred until the student reaches a threshold limit of income.

Currently this threshold starts at \$51,927 (indexed) for 2018-19. The proposed changes bring this threshold down to \$42,000 (indexed) for 2018-19. We are wary of the introduction of a lower band, and the impact it may have on low income earners.

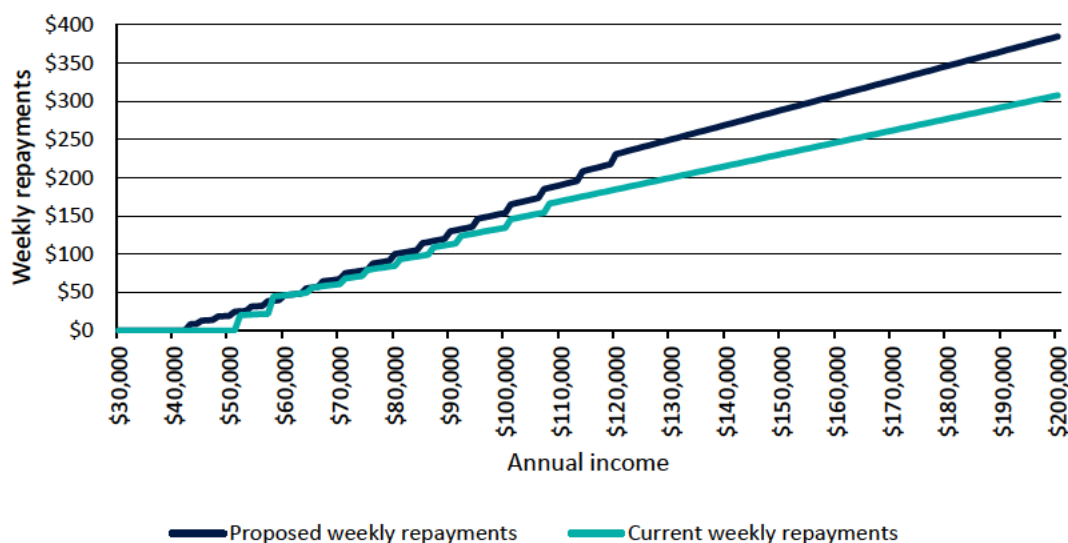
The ATN is however pleased to note that our suggestion is supported, namely that repayments should be ratcheted up so that high income earners pay more both in real terms and at a higher rate, because they have a greater capacity to pay. Figure 1 highlights the growing impact this has on weekly repayments for graduates who earn greater than \$110,000 per annum.

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Figure 1. Proposed vs current HECS/HELP Repayment Thresholds



Funding of work integrated learning units

The ATN strives to be the network of choice for industry. Work integrated learning (WIL) is a key component of this so the inclusion of a supplement to encourage more industry/university collaboration is welcomed, a shift that is consistent with the recommendations of our 2015 PwC report '*Innovate and Prosper*'².

The ATN universities strongly believe in incorporating work experience in industry (WEI) units into their curriculum where possible, at both the postgraduate and undergraduate level. The ATN strongly commends the inclusion of funding WEI units. WEI units promote employability, mobility of students and improve knowledge transfer between industry and universities.

Much is made publically about the lack of collaboration between universities and industry. One of the mechanisms to increase collaboration is ensuring greater engagement and mobility between the two. Increasing the opportunities for university students to engage with industry through WEI or WIL will increase the opportunities for industry to benefit from university students and for university students to complement their traditional education with employability skills.

Expansion of sub-bachelor places to the demand driven system

The ATN is also pleased to note the extension of the demand driven system to include sub-bachelor places, effectively expanding higher education to a new cohort of students. We particularly welcome the requirement to ensure that the courses respond to industry needs,

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² PricewaterhouseCoopers and Australian Technology Network (2016). *Innovate and Prosper: Ensuring Australia's Future Competitiveness through University-Industry Collaboration*. Accessed at: <https://www.atn.edu.au/siteassets/publications/atninnovateprosper.pdf> accessed 30 May 2017

guaranteeing that universities continue to deliver the highly skilled graduates required by our transforming economy.

Expanding the sub-bachelor program into the demand driven system provides potential students with increased choice. Additional pathways into a bachelor degree will mean that students are more familiar with the higher education sector than if they had entered directly into a bachelor degree. Moreover, students who study at the sub-bachelor level, compared to those who enter the labour market directly from high school, should have improved employability outcomes. They should also have greater confidence in their abilities when progressing into bachelor programs which should, in turn, improve retention.

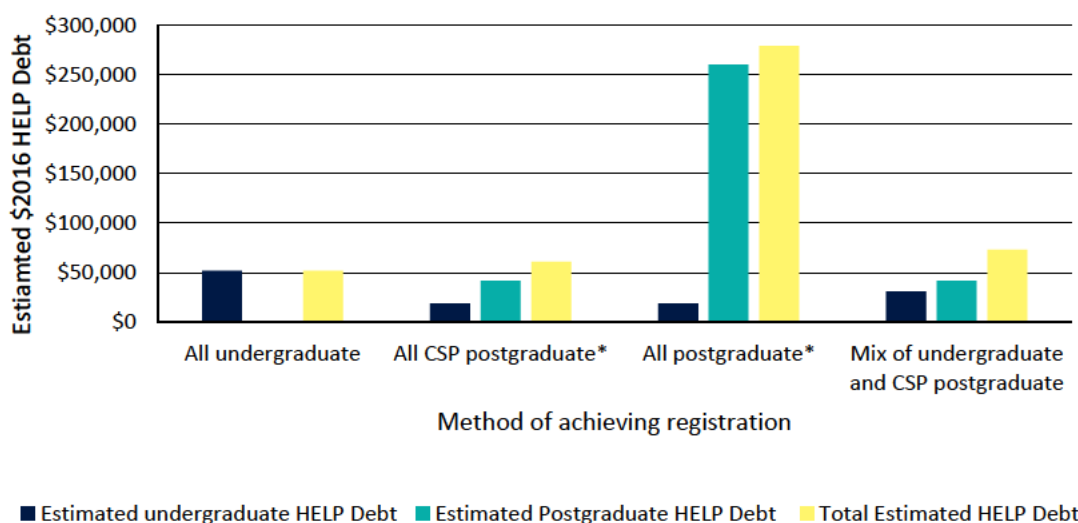
ATN universities have long advocated for the need to increase accessibility and pathways into university studies based on the students' needs, and are supportive of this measure.

Improving the transparency of postgraduate Commonwealth Supported Places (CSP) allocations

We look forward to working with the Government to ensure a postgraduate system that is student-centric at its core, although we recognise that this requires a careful and nuanced approach. The ATN is supportive of the changes to the postgraduate CSP allocations which will result in a more equitable distribution, whereby the student attracts the CSP funding and not the institution.

The move to this system will increase student transparency while also helping to rid the postgraduate CSP system of historical discrepancies. An example of this involves dentistry where three universities have different approaches resulting in vastly different outcomes for students. Registration for dentistry requires approximately five years of university study, which can be at different university levels: all undergraduate, a mix of under- and postgraduate, or all postgraduate. These are demonstrated below in Figure 2.

Figure 2. Estimated HELP debts associated with dentistry registration



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* assumes cheapest 3 year undergraduate course

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A student undertaking the all undergraduate program would graduate with an estimated 2016 HELP debt of \$52,000. A graduate undertaking the undergraduate then postgraduate option would accrue an estimated HELP debt of \$31,200 for their undergraduate study plus an estimated \$100,000+ in postgraduate debt. If a graduate was to undertake a postgraduate model only of study, the estimated debt would exceed \$260,000 plus undergraduate debt. If however, the student secured a postgraduate CSP then they would only generate an estimated postgraduate 2016 HELP debt of \$42,000³. By changing the postgraduate CSP allocation to the student, as opposed to the institution, students are not disadvantaged by their place of residence; rather, a merit based mechanism ensures a more equitable distribution of CSPs.

Further, such a reform also drives the sector towards innovation and creativity in the postgraduate space. It will be postgraduate qualifications that are likely to change most radically in the next 5-10 years. Micro qualifications, modular approaches, blended work and formal learning, and campus intensives will all become increasingly common and vital to provide the changing skill set required for the modern workforce and society.

The ATN welcomes the opportunity to work with the government on implementation details; however, we would urge that the timing of these changes are given serious consideration. The ATN acknowledge that students enrolled prior to 1 January 2019 will be grandfathered.

Proposed performance metrics

In principle, the ATN does not oppose the notion of improving university accountability and transparency through the introduction of performance measures. However, the introduction of measures that potentially have an impact worth tens of millions of dollars to an institution requires careful consideration and consultation. The ATN have supported the Quality Indicators for Learning and Teaching (QILT) which have contributed to increasing university accountability and transparency. We note that in the Explanatory Memorandum it states that the final performance assessment and distribution mechanism will be developed with the sector in 2017, yet the Senate is not due to report until August 2017.

Making 7.5 per cent of the CGS contestable may also make it challenging for universities to make decisions on how to allocate future funds if they are not certain of the quantum available to them. Furthermore, we would want to ensure that any measures were reflective of what can be controlled by a university, not external factors such as the employment market that may have a significant lag. We look forward to engaging with the Minister and the Department on the development of any metrics to ensure that whatever measure is used is fair, equitable and transparent.

Please do not hesitate to contact the ATN Directorate on _____ or via e-mail at _____
to discuss any elements of the submission further.

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³ Coaldrake, P. & Stedman, L. (2016). Raising the stakes: Gambling with the future of universities. Second edition. University of Queensland Press: St Lucia.

Yours sincerely,

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