



University of New England (UNE)

Submission to the inquiry into the Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017

The University of New England welcomes the opportunity to provide a submission to the Senate Standing Committee on Education and Employment inquiry into the Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017.

Proposed Efficiency Dividend of 2.5 per cent per annum in 2018 and 2019 under the Commonwealth Grant Scheme (CGS)

The effects of the efficiency dividend are understood and will have the expected direct impact of reducing revenue for UNE. By the Department's estimate, this will cost UNE around \$6million per annum once fully embedded. UNE is disproportionately impacted by changes in Commonwealth grants as we rely more on Commonwealth grants than other Australian universities. While the big city universities are able to attract large cohorts of international students (and the associated fee windfall) our regional location, which impacts on student work prospects and access to their local ethnic communities, makes it difficult to attract international students.

While UNE has a competitive disadvantage in the international market, we have a proven advantage in delivering courses by distance for people wanting to enter professions such as teaching, health care, accountants, and clinical psychology. Most of the students that we teach are not school leavers but rather people already working and looking to get the skills to enter a profession or expand their skill set to meet changing workforce demand. While there is much diversity in our student cohort, our student data shows that a typical UNE student is female, aged in her mid-thirties with dependents and lives in Western Sydney. The changes announced in the budget will have a particularly harsh impact on the capacity of this cohort to access higher education.

Performance contingent funding under the Commonwealth Grant Scheme

The most insidious of the measures is the proposed 7.5% "performance-driven funding." This is the percentage of our Commonwealth funding that is to be tied, in 2018, to us complying with the admission transparency measures. This is problematic in that it is unlikely that any university will be in a position to fully comply in time for 2018 enrolments, but we do at least understand what it is about. From 2019, that 7.5% of our funding is to be tied to some performance metric relating to retention and completion. We have no details other than that the measures will have to be negotiated with individual universities with the subtext being that student retention and completion times will be a key aspect of this.

We know from recent studies that those students at most risk of deferring studies, dipping into and out of higher education or dropping out completely are low SES, Aboriginal, mature age, part-time or regional students.

In response to such performance contingent funding, it is likely that some universities may start to exclude students in these "at risk" categories, thus exacerbating pre-existing educational disadvantage amongst the above mentioned groups.



Changes to funding for postgraduate Commonwealth Supported Places (CSP)

The changes in the funding of postgraduate study will potentially have a very significant impact on UNE. As background, UNE has been highly successful in gaining access to capped postgraduate Commonwealth Supported Places. There was a policy of allocating these places to universities that provided courses/qualifications that enable students to enter an occupation or profession. UNE has built a course profile and made successful submissions to the Commonwealth for places to enable students to study courses such as education, psychology, and agricultural economics at postgraduate level. Under the proposed voucher scheme, funding will be allocated to students according to an unknown criteria, to study courses identified based on the Government's idea of future needs. Nonetheless, it can be assumed that students will make their decisions based on limited information and the brand strength and geographic location of the alternative institutions. We know that attracting and retaining professionals in regional areas of Australia is very much related to their place of study. To the extent that the Commonwealth is prepared to determine the types of study that it will fund, it should also determine the extent to which such study should be undertaken in regional institutions. We think it is thus important to ensure that regional institutions are able to attract a good proportion of post-graduate students. *We request that the implementation arrangements for this reform ensure that due regard be given to the need for students to study at regional institutions.*

Changes to HECS/HELP loan repayments

A further significant risk is the impact that the changes in HECS/HELP loan repayments will have on our students. UNE students, at graduation, have higher employment rates and a higher median salary than the average of all universities. These statistics reflect the fact that most of our students are mature aged and already working. Due to their circumstances most will have cost-of-living pressures associated with their stage of life, including children, mortgages and other financial commitments. Even small changes in HECS/HELP loan repayments have immediate and significant effects on these students. While for the school leaver cohort, the loan costs are deferred and can be planned for in advance. For the mature aged cohort, the effects are immediate and largely unavoidable. The lowering of the threshold and changes in repayment rates will result in our typical students paying significantly more. The available data shows that UNE students have a median income of \$60,000 compared to a sector median of \$56,000. Under the new arrangements, UNE students at the median income level will be paying 1% more than someone at the sector median.

On top of the increase of student share of tuition fees, we have a real concern that demand for higher education among our student cohort will fall significantly due to the lower repayment threshold. No one knows the elasticity of demand for higher education. The Department assumes that it is inelastic and it may well be for the school leaver cohort. It is our concern that our mature aged student cohort will feel the pinch from these changes and this will impact significantly on student retention and our ability to attract working students and this will have corresponding broader economic impacts. *We request that you ensure that, in defining these arrangement in legislation that some relief from loan repayments be provided for mature aged students who are working while studying.*



Cost of delivery of agriculture fields of study

The Deloitte report on the cost of teaching, which was used to inform these policy changes, identifies the cost of teaching compared to the funding provided in various fields of education. The policy announcement included additional funding for dentistry and veterinary fields of study on the basis that funding provided is clearly insufficient compared to the reasonable cost of delivery. We would like to bring your attention to the fact that the report also highlighted that the “other agriculture” field of study is also significantly under-funded. For UNE, the Deloitte report identifies that the cost of delivering these courses is 1.39 times the funding provided. A key aspect of the cost of delivering these courses relates to the extensive facilities that we have for handling and analyzing animals and feed at the UNE campus and farms. For a flourishing agricultural sector, it is vital that additional funding be allocated to the delivery of agricultural field of study.

The University of New England is happy to provide further information if required. Please contact Rebecca Schaefer, Chief of Staff to the Vice-Chancellor and CEO, by email vcadministration@une.edu.au.