RMIT Submission to the Senate Education and Employment Legislation Committee

Higher Education and Research Reform Amendment Bill 2014

February 2015

Introduction

RMIT (the University) would like to thank the members of the Senate Education and Employment Legislation Committee (the Committee) for their consideration of this submission that addresses the inquiry into the provisions of the Higher Education and Research Reform Amendment Bill 2014 (the Bill).

The University's comments refer to the most recent version of the Bill that was tabled in the Parliament on 3 December 2014. Noting RMIT provided a previous submission to this Committee in relation to the initial version of this Bill in September 2014, the University has focused its submission on the substantive amendments that have been made in this second version of the Bill as well as other provisions where there is cause to highlight them.

Key messages

1. RMIT reaffirms its cautious support for the Bill's core proposal; that legislative provision be extended to deregulate fees for Commonwealth supported students provided a careful and planned approach is adopted;

2. RMIT recommends that the Senate consider a number of amendments to the Bill so as to ensure the long-run success of this reform.

1. Summary of RMIT statements

The University reaffirms its cautious support for the Bill's core proposal; that legislative provision be extended to deregulate fees for Commonwealth supported students by removing the current maximum student contribution amounts.

Properly implemented and with amendments made, the University believes it can deliver an exciting and engaging future for students under the reform proposal settings.

Funding stability will enable long term investments in our staff and facilities. Price differentiation will enable honest appraisals of the value proposition the University offers to students and will drive service level efficiencies.

The University is focused on student experience, graduate employability and industry relevant research that involves our students. All of these facets can be facilitated under the proposed settings.

The University takes the view that the Bill, as currently drafted, still requires significant amendment prior to being accepted by the Parliament and becoming law.

The subsidy reduction for new Commonwealth supported students at universities by an average of 20 per cent, the introduction of charges for Research Training Students, and the replacement of the current Higher Education Grants Index (HEGI) with the Consumer Price Index (CPI) all need to be significantly moderated or removed entirely from the current Bill.

As currently drafted, these amendments will increase the possibility of short-term price distortions as a consequence of government funding cuts.

Providing these funding reductions can be removed, the University believes that moderate price competition combined with the sectors pastoral care responsibilities will provide safeguard against excessive fee rises for students.

In addition, a number of provisions need to be removed from the Bill and treated separately by the Parliament. In the main, these measures enjoy bipartisan support and require urgent attention.

These measures should not be delayed as a consequence of the ongoing debate over the merits of fee deregulation. Funding for the Australian Research Council and the Future Fellowships scheme are the most pressing of these provisions.

The University would also appreciate the Committee scrutinising particular provisions outlined in the Bill to ensure that they align with the Government's reform purpose and intent. These include the proposed Structural Adjustment Fund and HECS pause for the primary carer of children under the age of five.

The University continues to provide support for the broad thrust of the Australian Technology Network and Universities Australia position on this Bill.

2. The Bill requires amendments to realise its potential

The following section outlines the University's substantive comments in relation to the inquiry into the provisions of the Higher Education and Research Reform Amendment Bill 2014 (the Bill)

2.1 Retention of Consumer Price Index (CPI) indexation arrangements

In its submission to the Education and Employment Legislation Committee in September 2014 RMIT called for the removal of the ten-year bond rate (capped at six per cent) as the basis for indexing outstanding HELP debts. RMIT would like to acknowledge and thank the Government for reversing this initial change and retaining, in Schedule 1, the Consumer Price Index (CPI) as the indexation rate for HELP debts.

2.2 RMIT recommends removal of uncontroversial provisions from the Bill

There are a number of provisions in the Bill that should be removed and treated separately. These provisions are largely uncontroversial and appear to enjoy bi-partisan support in the Parliament. The inclusion of these provisions in the Bill politicises important amendments at the expense of good policy. These provisions include:

- Schedule 5: Provision to amend the ARC Act to allow additional investment in research through the Future Fellowships Scheme;
- Schedule 5: Provision to amend the ARC Act to apply indexation and add an additional forward estimate amount;
- Schedule 9: Provision to update the name of the University of Ballarat to Federation University Australia; and,
- Schedule 10: Provision to allow certain New Zealand citizens who are Special Category Visa holders to be eligible for HELP assistance.

While not forming a part of the Bill, funding to support the continuation of the National Collaborative Research Infrastructure Strategy (NCRIS) Program has been tied to the outcome of this Bill. As a related point the University would urge the Government to follow through on its commitment in the Federal Budget 2014-15 and guarantee ongoing funding support for these critical national research facilities

2.3 RMIT continues to support the following measures

RMIT believes that there are a number of measures outlined in the Bill that are important to provide continuing support for within the spectre of the fee deregulation debate.

These measures provide important and incremental improvements to the higher education sector and should be pursued irrespective of the decision to deregulate undergraduate student fees. These measures include:

- Schedule 1: Provision to provide demand-driven funding for sub-bachelor degrees;
- Schedule 1: Provision to merge FEE-HELP and HECS-HELP loan schemes for all higher education students; and,

- Schedule 4: Provision to establish a new minimum repayment threshold for HELP debts of two per cent when a person's income reaches $50, 638 in 2016-17.

2.4 RMIT continues to oppose the following measures

RMIT believes that there are a number of provisions contained within the Bill that need to be removed or significantly amended in order to effectively and sustainably progress the Bill's reform outcomes. These include:

- Schedule 1: Provision that reduces subsidies for new Commonwealth supported students at universities by an average of 20 per cent;
- Schedule 5: Provision that enables universities to charge Research Training Scheme students a capped tuition fee which will be deferrable through HELP; and,
- Schedule 8: Provision to replace the current Higher Education Grants Index (HEGI) with the Consumer Price Index (CPI) from 1 January 2016.

3. Questions regarding the efficacy of certain provisions

The following provisions should be appraised by the Senate with a view to ensuring that a sustained evidence base and proper policy rationale can be established for their inclusion in the Bill.

While RMIT supports measures aimed at assisting universities and their students, this should not prevent the Senate from ensuring that there is proof that these measures will be effective in achieving what they set out to do.

3.1 Structural Adjustment Fund

All Table A providers, that have significant community obligations, will require Structural Adjustment Funding in the event this Bill is passed. The current wording of the provision suggests only providers operating in particular markets and with relatively low population centres will be eligible for Structural Adjustment Funding. In reality all providers will face significant adjustment costs. These costs are better worked through in consultation with all providers and with specific outcomes in mind.

RMIT recommends that the provision as outlined in Schedule 1, Chapter 6 be reviewed by the Committee with a view to aligning Structural Adjustment Funding with proper purpose and explicit policy intent.

3.2 Indexation relief for primary carers

Schedule 3 includes a provision to introduce indexation relief arrangements for primary carers of children under the age of five. The University supports this measure in principle as a means of ensuring the continued participation of primary carers. So long as this indexation relief is underpinned by an established benefit, the University would support the preservation of this provision.

4. Income contingent loans and fee deregulation

A core and critical theme that has surrounded this reform process is fee deregulation as a principal policy proposition and its interaction with the income-contingent loan scheme.

Although contested and deeply (and regrettably) politicised, this issue of central importance must be addressed in a non-partisan way by the Committee.

There are genuine concerns that the combination of fee deregulation and income-contingent loans provides an unsustainable funding environment and one that will compound student debts beyond reasonable or manageable levels.

In and of itself this does not prevent the consideration of a stable and managed path toward deregulation. It does suggest that a more careful approach than the one currently outlined in the Bill may be needed. It also reinforces arguments that drastic reductions to public subsidies at the outset of this reform process as well as the introduction of large numbers of new providers might act to destabilise the longer term intent of the policy.

The University urges the Committee to understand the potential for adverse consequences from this policy interaction, and ensure as a threshold concern, that there are safeguards put in place to ensure student debts do not become unsustainable.