



Council of Australian Postgraduate Associations Incorporated

## **Council of Australian Postgraduate Associations**

Submission to the Education and Employment Reference Committee,  
inquiry into the principals of the  
*Higher Education and Research Reform Bill 2014*

February 2015



Council of Australian Postgraduate Associations Incorporated

Compiled with the assistance of the staff and office bearers  
of the Council of Australian Postgraduate Associations (CAPA)  
and its affiliated member organisations.

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**[www.capa.edu.au](http://www.capa.edu.au)**

## Foreword

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The Council of Australian Postgraduate Associations (CAPA) is the peak body representing the interests of Australia's 340,000+ postgraduate students, with over 60,000 undertaking research degrees and over 280,000 pursuing coursework or combined research programs. Founded in 1979, CAPA is a membership based non-profit organisation, our members include over thirty postgraduate associations, and the National Indigenous Postgraduate Association Aboriginal Corporation (NIPAAC). CAPA carries out its mission through policy, research and activism, communicating the interests and issues of postgraduate students to the Federal Government, Federal Opposition and minor parties, and higher education stakeholders. CAPA is Australia's longest continuously running student peak body and celebrated 35 Years in 2014.

CAPA makes this submission to the *inquiry into the principals of the HERR bill 2014* to express its concerns about the impact that the HERR bill will have on postgraduate students and thoughts on achieving a sustainable higher education system. In doing so the submission offers constructive criticism of the principals of the HERR bill and offers recommendations for the Education and Employment Reference Committee's consideration.

### Recommendations

- That the question of sustainability and the ongoing funding of the higher education system be addressed through a process of consultation with stakeholders, taking into account the global education context
- Fee Deregulation and fees for PhD students be rejected in the interest of ensuring that national HELP debt does not balloon to US levels
- HELP interest remains indexed to CPI with the current income payment threshold
- HELP interest be frozen for the duration of a Doctorate (PhD) degree
- That the affects of the HERR bill reforms on low SES, indigenous and other disadvantaged groups be fully evaluated
- That appropriate measures are put in place to ensure that these groups are not put at further disadvantage by reforms to the higher education system, and that steps are taken to increase their participation in higher education
- That fee waiver scholarships are provided for if a new fee on research degrees is introduced
- The current advertising campaign cease immediately due to multiple violation of the Short-term Interim Guidelines on Information and Advertising Campaigns
- The Campaign is reviewed by the Independent Communications Committee under the new Guidelines on Information and Advertising Campaigns by non-corporate Commonwealth Entities
- That funding cuts to research infrastructure, including those to the Research Training Scheme are abandoned by the federal government and that investment into these areas is increased

## The principles of the Higher Education and Research Reform (HERR) bill 2014

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The principals that underpin the Higher Education and Research Reform (HERR) bill are in conflict with those principals to which the Australian higher education sector must aspire. Higher education contributes to Australia's social, cultural and economic capital, and these outcomes are directly linked to a healthy society and competitive economy.

*The functions of higher education in modern Australia must reflect aspirations greater than simply serving a market role. They must reflect the aspirations of a society and a nation what are both innovative and inclusive - CAPA*

The bill and its reforms are driven by a short sighted, reactionary financial and economic agenda, bent on achieving a budget surplus in the face of what has been dubbed one of the worst economic crises in our life time. The world's economies are still recovering, and the full social cost has yet to be realised, millions of people still find themselves without work and many more forced to live in relative poverty with limited access to social services. Education and skills play a critical role in fostering much needed social progress, and offer an inclusive means to spur economic growth in our worlds recovering economy.

The reforms being proposed seek to shift the balance of public and private funding in Australia's higher education system dramatically towards a reliance on private investment by the individual student and establish a competitive market driven environment for public and private higher education institutions in Australia. While education does benefit the individual substantially, this benefit is then distributed within that society, promoting economic growth and greater social inclusion. The more people who are educated in a society, the greater the benefit to that society.

*Education and skills hold the key to future wellbeing and will be critical to restoring long-term growth, tackling unemployment, promoting competitiveness, and nurturing more inclusive and cohesive societies - OECD<sup>1</sup>*

The Australian government is choosing to divest in education at a time when the rest of the developed and developing world is investing heavily in their education systems. The government is choosing to ignore the obvious – that the global competitive environment is changing and divesting in education will put Australia at a serious competitive disadvantage.

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<sup>1</sup> OECD (2014), Education at a Glance 2014: OECD Indicators, OECD Publishing. Retrieved from <http://dx.doi.org/10.1787/eag-2014-en>

As access to education and the level of educational attainment continue to grow - particularly in emerging economies, the nature of competition and work globally is in a state of transition. Opportunities for low skilled - traditional employment are likely to become more scarce, the OECD estimates that on average over 80% of tertiary educated adults are employed, compared with less than 60% of adults with below upper secondary education. OECD data confirm that those hit hardest by the recent economic crisis were young, low-educated adults. A lack of education and skills increases the risk of unemployment, and negatively effects income, health, well-being and social cohesion. In the long term divesting in education will place a significant cost burden on Australian society. The Australian government is irresponsibly choosing to defer their current economic and financial burden for Australia's future generations to deal with.

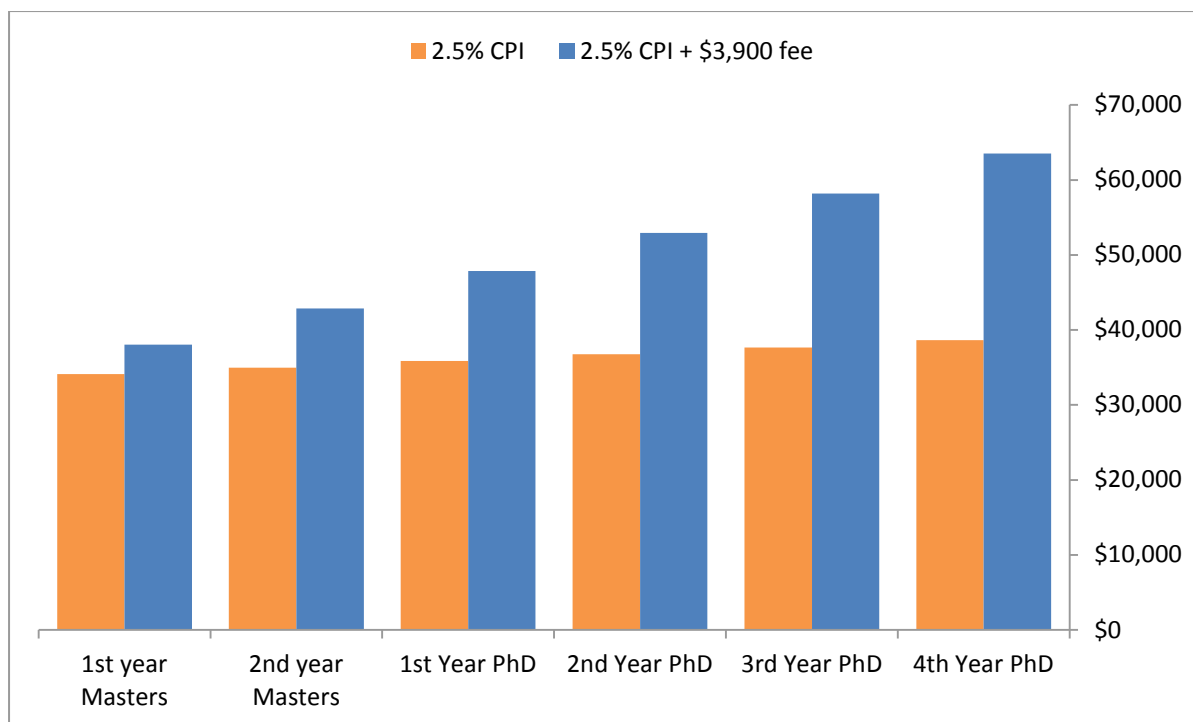
The Council of Australian Postgraduate Associations (CAPA) believes that Australia deserves a better solution to its current economic and financial burdens and that the government has a responsibility to maintain and improve Australia's higher education system - as it is one of Australia's most important national assets. The following sections of this submission will address the inquiries terms of reference, pointing out issues with the HERR bill reforms through constructive comment and proposing potential alternatives from the perspective of postgraduate students.

## 2. Alternatives to deregulation in order to maintain a sustainable higher education system

University fee deregulation affects both domestic undergraduate and postgraduate students alike. An undergraduate student who goes on to complete a 2 year Masters' by Research degree and then a 4 year Doctorate (PhD) degree will accumulate a substantial Fee-HELP debt over their 9+ years as a university student. In an environment where a fee of up to \$3,900 per year is also charged for a research degree as proposed by the HERR bill, the total debt will be compounded over the 6 years as a postgraduate student. A science graduate starting with a \$33,300 Fee-HELP debt under the fee would end up with a final debt over \$63,000 - almost double the amount they started with.

	1st year Masters	2nd year Masters	1st Year PhD	2nd Year PhD	3rd Year PhD	4th Year PhD
2.5% CPI + \$3,900 fee	\$38,032.50	\$42,883.31	\$47,855.40	\$52,951.78	\$58,175.57	\$63,529.96
2.5% CPI	\$34,132.50	\$34,985.81	\$35,860.46	\$36,756.97	\$37,675.89	\$38,617.79

**Table 1:** Growth of a science student's \$33,300 Fee-HELP debt over a 2 year Masters and 4 year PhD degree currently compared with under a new \$3,900 fee.

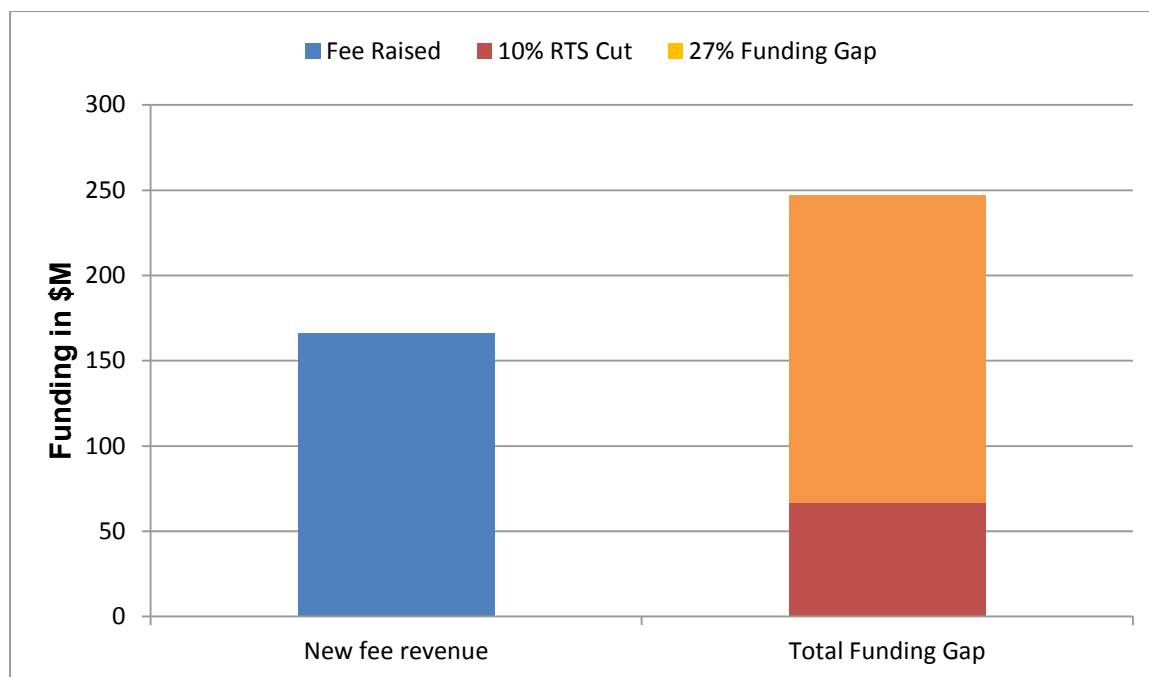


**Figure 1:** Growth of a science student's \$33,300 Fee-HELP debt over a 2 year Masters and 4 year PhD degree currently compared with under a new \$3,900 fee.

The current rhetoric of university fee deregulation has been focused on the impacts to the undergraduate student, but fee deregulation at one level will impact the entire higher education system. A discussion of sustainable higher education funding and alternatives to fee deregulation must view the higher education sector as a system, where the effects of a change to one part will flow on to others. This will allow the implications of one funding mechanism to be weighed against another. In this context claims that university fee deregulation at an undergraduate level will provide a sustainable financial solution and not lead to excessive fee debt are hard to justify.

Universities must already subsidise funding gaps from other sources, an important example is the existing gap between the full cost of research training, and Research Training Scheme (RTS) funding – estimated in 2011 by Deloitte economics to be on average 27%.

The proposed fee on research degrees is not a sustainable funding solution. No formula has been disclosed which explains how the \$1,700 and \$3,900 rates have been calculated. As a result while the fee could cover a 10% cut to the Research Training Scheme it would not cover the existing 27% funding gap. Also the fee is set at a fixed rate by the legislation with no means of adjustment, meaning it is unlikely to keep pace with inflation or the increasing cost of research training.



**Figure 2:** Comparison of maximum potential income from a \$3,900 fee charged to all EFTSL Research Masters' and Doctorate (PhD) candidates in 2013 with the combined 27% RTS funding gap and 10% funding cut.

In 2013 there were 42,612 EFTSL PhD and Masters by Research students according to DET data, if those postgraduate students all paid a \$3,900 fee it would raise \$166.19M. In 2013 10% of RTS funding was \$66,864,010 and 27% of RTS funding was \$180,532,829. The difference between monies raised from the fee and the total funding gap would be \$81.2M.

The issues repeatedly brought up by the federal government are that higher education is both a privilege and a drain on the economy. It is through this belief that the government has peddled the idea that the current higher education sector is unsustainable. Part of this argument is brought on by the constant backlash that results from cuts to the higher education sector that appears to be an annual event. An enquiry made in 2001 into the Capacity of Public Universities to Meet Australia's Higher Education Needs produced a report titled *Universities in Crisis*. This report made many key recommendations into what is required of universities in the future and more alarmingly the inability for universities in the current climate to meet these requirements. What has become clear in the last decade is the need for more funding to universities.

Deregulation has been floated as the saviour of universities but the economic and social costs of this reform are both unfair and no more than a quick fix. Complete deregulation in the Australian system is no more than an attempt to model the system after that of the US. But the question has yet to be put to stakeholders as to whether the US system is the system to aim for. Massive student loans, a two tier education system and a widening

between the haves and have nots are all symptoms of this system. There are countless OECD countries that instead of removing public investment from higher education have increased it. Why are examples such as Finland not considered when looking to reform the higher education sector?

When looking for alternatives to make the higher education sector more sustainable it seems that the expenditure is measured but the income (both real and social) is ignored. Once the higher incomes, increased taxes, greater social awareness and innovation output are all considered is not the higher education sector already sustainable?

The argument has been made that deregulation must go through since no one has yet to come up with an alternative system. The alternative is simple, all that needs to be done is for it to be accepted that the higher education sector is one of the largest economic sectors in the country. That its outputs include both economic benefits as well as social benefits and that the measure of a successful society is the stability and growth of its education and research. Once this fact has been established it becomes easy to see that public funding of education and research is the duty of society and furthermore private investment in research and education should be encouraged and not have the benefits legislated against.

Alternatives to deregulation have been asked for in this submission however until now there has been a complete lack of consultation with stakeholders. If a true reform is to go ahead and be accepted by the entire sector it can only occur through consultation with, what are, some of the most qualified stakeholders in the country. Not through the current quick fix that is being pushed through on one group of people's personal ideology.

## **2. Recommendations**

- That the question of sustainability and the ongoing funding of the higher education system be addressed through a process of consultation with stakeholders, taking into account the global education context.

## **3. The latest data and projections on student enrolments, targets, dropout rates and the Higher Education Loans Program**

The Higher Education Loan Program is perhaps one of the most important programs and allows for the continuing provision of higher education to all Australians. By providing loans with an interest that is linked to the Consumer Price Index (CPI) students have been able to attend university since 1989. Benefits to students and universities of this program are well known by all of those in the sector however there has been a substantial benefit to the economy and federal budget that is often overlooked. The linking of HELP to the CPI has



prevented the cost of HELP to the Federal budget from ballooning out to a level that could have outstripped any federal budget deficit. Since the introduction of the demand driven system there has been a marked increase in student numbers and thus the number of students wishing to access HELP<sup>2</sup>. In both the past Higher Education Reform Package rejected by the senate and the current package the sustainability of the HELP program has been questioned however it is CAPA's belief that the function and importance of the HELP program to the future of Australia cannot be overstated.

HELP is perhaps the most unique student loan program in the world and allows students of any economic background to access higher education based on merit. Under the new demand driven system this has become increasingly important as universities accept a larger number of students. This has increased availability of higher education for students, and an increased income for universities through increased commonwealth supported place income and an increase in the number of international students accepted.

When compared to student loan programs like that in the United States the importance of HELP becomes clear. Many of the US student loan programs require payment to be made regardless of the graduates' income and with an interest rate that cripples graduates for years to come. One unforeseen result of this system is the cost to the US federal budget as student loans have skyrocketed. The total of this debt has reached over \$1trillion and amounts to 6% of the federal deficit<sup>3</sup>. Furthermore this massive debt is sourced out to other financial institutions which are subject to economic fluctuations and do not provide the stability of HELP. Such a massive and unstable debt is the result of a loan system that has been largely privatised, has larger than inflation level interest rates and forces students to pay back loans before they are financially able to. All of these issues are prevented through the HELP program.

It is the current concern that HELP will increase with increasing student numbers and also the amount of "doubtful debt" will also increase<sup>4</sup>. Under the current system and worse, under the higher education reforms package, HELP loans will eventually reach high levels and "doubtful debt" will undoubtedly increase. By deregulating fees there is an increasing risk that the final HELP debt of students will be much more substantial. The result in this

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<sup>2</sup> National Commission of Audit (February 2014) "*Towards Responsible Government*" Australian Government, retrieved from <http://www.ncoa.gov.au/report/index.html>

<sup>3</sup> Chris Denhart, 2013 "*How the \$1.2trillion college debt crisis is crippling students, parents and the economy*" Forbes, retrieved from <http://www.forbes.com/sites/specialfeatures/2013/08/07/how-the-college-debt-is-crippling-students-parents-and-the-economy/>

<sup>4</sup> Andrew Norton, 2014 "*Doubtful debt: The rising cost of student loans*" Grattan Institute, retrieved from <http://grattan.edu.au/report/doubtful-debt-the-rising-cost-of-student-loans/>

increase per student will lead to a larger national HELP debt and result in the exact opposite as to what was trying to be achieved by cutting funding to universities. Furthermore the incentive to leave Australia and avoid the HELP debt has will be increased resulting in an increase in “doubtful debt” levels. Increasing the cost of an undergraduate degree is just one strain on the HELP system. So far the discussion around the HELP system only focuses on the cost undergraduate degrees but what of the cost of an increasing postgraduate population?

The concept of charging a fee to research students is going to have multiple effects on the HELP debt for individual students as well as the national debt. Postgraduate students (most of which rely on scholarships for income) will not be able to afford the cost of the \$3,900 annual fee to perform their research<sup>5</sup>. This will leave research students with the choice of poverty or increasing, what will already be a substantial HELP debt. The average PhD takes 4.6 years and would result in an increase of the HELP debt of \$16,000+. During this period of study a research student will not be able to pay off any of their HELP debt which will continue to accrue interest. A final consideration with the effect of postgraduate research under the new system will be the disincentive to perform research in Australia. With a massive HELP debt from undergraduate study, fees to partake in postgraduate research and an increasing debt while studying will provide the biggest incentive to be a research student overseas where the debt is no longer an issue. Again we see an avenue in which “doubtful debt” will only increase under the proposed higher education reforms.

So the question becomes how can we make HELP sustainable so that this important and unique program is available to students in the future? There are two facets that would potentially provide the greatest avenue for sustainability of the HELP scheme. Firstly there is a need to ensure that there is incentive for students to remain in Australia and therefore recover more of this “doubtful debt”. This can be achieved by investment into postgraduate training as well as in research in general. Both of these avenues provide incentives for graduate students to not only remain in Australia but achieve employment that will ensure the payback of debt. Rejection of the fees for research students also provides incentive for domestic graduates to remain in Australia rather than travelling overseas and taking their HELP debt with them.

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<sup>5</sup>Council of Australian Postgraduate Associations (2015) “*Submission to the Senate Education and Employment Legislation Committee, inquiry into the provisions of the Higher Education and Research Reform Bill 2014*”, retrieved from <http://www.capa.edu.au/reports/submission-sceel-inquiry-provision-herr-bill-2014/>

The second facet to ensuring the sustainability of the HELP scheme is ensuring that the national HELP debt does not reach the unsustainable levels seen in the US. Rejection of fee deregulation and the fees for research students will of course have an important effect on slowing the growth of HELP debt however this does little in slowing the growth. One way of slowing the growth of the national HELP debt has already been suggested by the federal government. By freezing the growth of HELP for primary care givers for 5 years the government is providing a cheap and effective way to help out those disadvantaged through having a HELP debt whilst simultaneously slowing the growth. Postgraduate students also suffer an unfair disadvantage when partaking in postgraduate study. Table 2 shows the amount of HELP debt that can be accrued by a student during their postgraduate studies under the Higher Education Reform package. By freezing the HELP debt of students during their study the government can provide both incentives for Australian students to remain in Australia for their postgraduate studies and slow the growth of the national HELP debt. Modelling based on the HELP debt savings under the current cost of higher education however shows that in the first year freezing the HELP debt for a postgraduate student could cost as little as \$29million based on an average HELP debt of \$28,300 per student. Over 4 years the cost could be as little as \$166million based on an interest of 2.5% and accounting for a PhD student growth rate of 3%. For such a small cost to the federal government we can simultaneously incentivise students to remain in Australia for postgraduate studies and actively slow the growth rate of the national HELP debt.

Discipline	Cost of 3 year bachelor degree	masters 1st year	masters 2nd year	1st year PhD	2nd year PhD	3rd year PhD	4th year PhD
Science	\$48,000.00	\$53,100 .00	\$58,327 .50	\$63,685 .69	\$69,177 .83	\$74,807 .28	\$80,577 .46
Non-science	\$48,000.00	\$50,900 .00	\$53,872 .50	\$56,919 .31	\$60,042 .30	\$63,243 .35	\$66,524 .44

**Table 2:** HECS debt increases for postgraduates including the proposed research student fees based on an undergraduate + masters degree under the deregulated UWA proposed fee structure<sup>6</sup>.

HELP is perhaps the single most unique aspect of the Australian Higher Education System. It allows access to higher education for Australian students based on merit rather than economic background. Without this system millions of students may not have been able to access higher education leading to a two tier education and a two tier society. In its current state the HELP program is already sustainable providing more benefit to the economy and society than interest based private student loans would. However through some minor

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<sup>6</sup> University of Western Australia (2014) Submission to the Senate Education and Employment Legislation Committee, Retrieved from [http://www.uwa.edu.au/data/assets/pdf\\_file/0010/2612773/UWA-senate-submission.pdf](http://www.uwa.edu.au/data/assets/pdf_file/0010/2612773/UWA-senate-submission.pdf)

changes to the HELP system, such as freezing HELP for postgraduate students during their degree course, this system can be kept sustainable for decades to come.

Industry of employment	2007-08	2011-12	2015-16	2019-20	Count	Percentage change (%)
Parks and gardens	611	766	931	1120	509	<b>83.3</b>
Legal and accounting services	1346	1596	1964	2429	1083	<b>80.5</b>
Grain, sheep and beef cattle farming	555	952	950	962	407	<b>73.3</b>
Community care services	857	1060	1248	1477	620	<b>72.3</b>
Marketing and business management services	1718	1949	2338	2817	1099	<b>64</b>
Government administration	4730	5261	6311	7515	2785	<b>58.9</b>
Computer services	1431	1588	1864	2164	733	<b>51.2</b>
School education	2088	2356	2736	3121	1032	<b>49.4</b>
Hospitals and nursing homes	4550	5205	5894	6665	2115	<b>46.5</b>
Scientific research	5919	6514	7439	8405	2486	<b>42</b>
Medical and dental services	3191	3527	3873	4252	1061	<b>33.2</b>
Exploration	774	867	928	962	188	<b>24.3</b>

**Figure 3:** Projections of size of doctorates employed, by selected industries, 2007-20207 (adapted from Edwards 2010)

### 3. Recommendations

- Fee Deregulation and fees for PhD students be rejected in the interest of ensuring that national HELP debt does not balloon to US levels.
- HELP interest remains indexed to CPI with the current income payment threshold
- HELP interest be frozen for the duration of a Doctorate (PhD) degree

## 4. Structural adjustment pressures, and the adequacy of proposed measures to sustain high quality delivery of higher education in Australia's regions

Regional universities are already struggling to adjust in the demand driven higher education environment, and once again they will be disproportionately affected by higher education sector reforms, this time those contained in the Higher Education and Research Reform

<sup>7</sup> Edwards, DE. (2010). "The future of the research workforce: estimating demand for PhDs in Australia Journal of Higher Education Policy and Management", Australia Journal of Higher Education Policy and Management, Vol. 32, No. 2.

(HERR) bill – of greatest concern is university fee deregulation, the new fee on research degrees and the \$173.7M funding cut to the Research Training Scheme (RTS).

In recognition that a demand driven system has caused structural adjustment pressures and that a deregulated fee environment will exacerbate them the government has made provisions in the HERR bill for a Structural Adjustment Fund (SAF) with \$100M budgeted for in the Mid-Year Financial and Economic Outlook (MYEFO). Up to \$53,500,000 will be distributed in the 2016 grant year; \$31,000,000 in 2017 and \$15,500,000 in 2018.

#### **Objective of the Structural Adjustment Fund (SAF)<sup>8</sup>**

*...to foster structural adjustment or reform in higher education by providing assistance in the 3 years following commencement of Schedule 1 to the Higher Education and Research Reform Amendment Act 2014 to:*

- a) higher education providers operating in markets where there is low capacity to immediately achieve additional revenue; and*
- b) moderately research-intensive higher education providers in relatively low population centres that have a relatively high proportion of students from a low socio-economic background and, consequently, limited capacity to immediately re-direct resources to maintain their research efforts.*

While it is commendable that the government is recognising the need to support regional universities and is providing financial assistance the objectives of the SAF speak to an agenda of revenue raising and fee re-direction, not investment in the needs of disadvantage students or ensuring these students are able to continue participating in higher education.

A fee on research degrees will likely exclude low Socio-Economic Status (SES) and disadvantaged people aspiring to undertake a Research Masters of Doctorate (PhD) degree. Low SES students and those from disadvantaged backgrounds including indigenous students will be disproportionately affected by this and other changes in the HERR bill. The main concern here is the financial barrier that a new fee on research degrees will create and that this will adversely effect regional universities who support a large number of low SES students or those from other disadvantaged backgrounds and diverse equity groups.

Many postgraduates survive of an Australian Postgraduate Award (APA) allowance or equivalent scholarship, a total of \$25,392 (pa) in 2014. The proportion of students living off

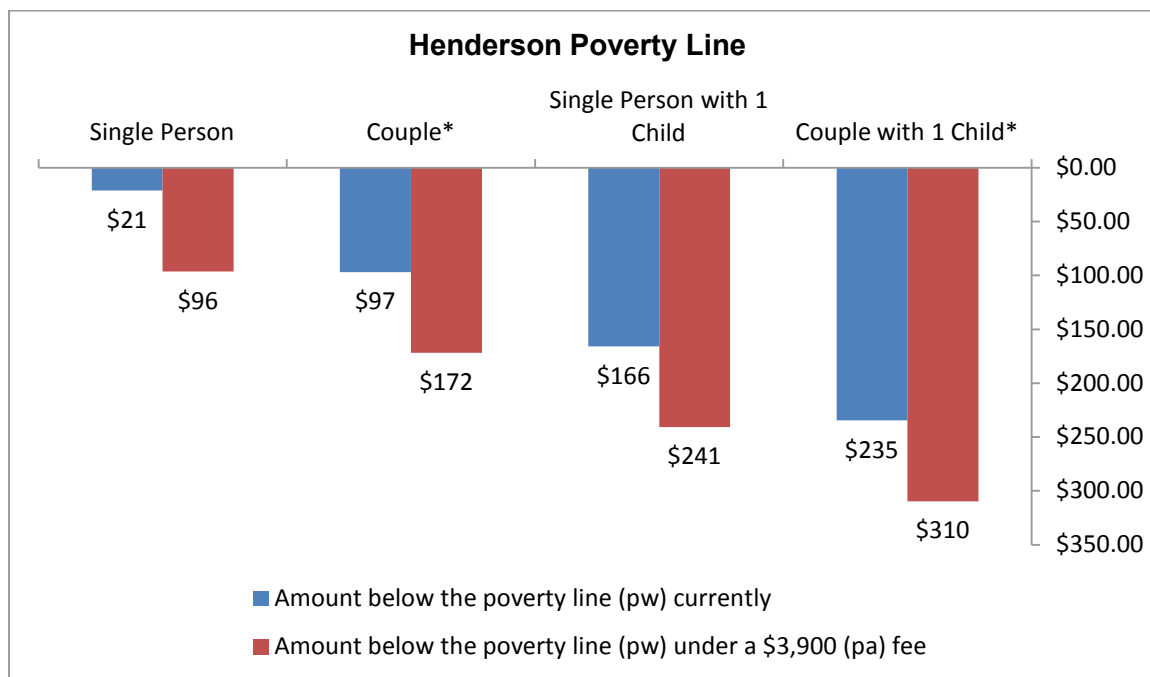
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<sup>8</sup> Objectives of the Structural Adjustment Fund (2015) Retrieved from [http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22legislation%2Famend%2Fr5325\\_amend\\_660d2786-fafd-4b9d-9a12-1cf1d1b6e4eb%22](http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22legislation%2Famend%2Fr5325_amend_660d2786-fafd-4b9d-9a12-1cf1d1b6e4eb%22)

the allowance may also be significantly greater at regional universities. The APA allowance per week is currently below the Henderson Poverty line, and if a postgraduate student chose to pay a new \$3,900 fee upfront it would [drop] their weekly income significantly further below the poverty line.

Income Unit	APA at \$488.32 (pw)	APA less \$1700 fee	APA less \$3900 fee	Poverty Line
Single Person	\$21.21	\$53.91	\$96.22	<b>\$509.53</b>
Couple (Head not in work force)	\$96.92	\$129.62	\$171.93	<b>\$585.24</b>
Single Person with 1 Child	\$165.82	\$198.52	\$240.83	<b>\$654.14</b>
Couple with 1 Child (Head not in workforce)	\$234.64	\$267.34	\$309.65	<b>\$722.96</b>

**Table 3:** The estimated gap between the poverty line and APA allowance (per week) for 2014, using Poverty line estimates from the Melbourne Institute of Applied Economics and Social Research from the June Quarter 2014.



**Figure 4:** Comparison of the amount per week (pw) that a person (income unit) on an APA allowance in 2014 was living below the Henderson Poverty line<sup>9</sup>, and the amount (pw) under a \$3,900 fee should they choose to pay upfront from their APA income. [ \* ]head not in workforce.

Currently no fee waiver scholarships exist for this fee, but their introduction should a fee be placed on research degrees will be critical in supporting the continued participation of low

<sup>9</sup> Melbourne Institute of Applied Economics and Social Research (2014) Poverty Lines: Australia, Retrieved from <https://melbourneinstitute.com/miaesr/publications/indicators/poverty-lines-australia.html>

SES and disadvantaged students in higher education. However this measure, or others to reduce the fee burden will also make the fee less effective – if 15.1%<sup>10</sup> of postgraduate students in Australia are from a low socio-economic background then this will further reduce the revenue raised or increase the risk that Fee-HELP debt will not be recovered.

#### 4. Recommendation

- That the effects of the HERR bill reforms on low SES, indigenous and other disadvantaged groups be fully evaluated.
- That appropriate measures are put in place to ensure that these groups are not put at further disadvantage by reforms to the higher education system, and that steps are taken to increase their participation in higher education.
- That fee waiver scholarships are provided for if a new fee on research degrees is introduced

#### 5. The appropriateness and accuracy of government advertising in support of higher education measures, including those previously rejected by the Senate

Substantial claims have been made in the \$16m advertising campaign trying to sell the Higher Education Reforms Package. Perhaps the most contentious claim made in both fact sheets and video advertising is the claim that “Government assistance will cover around half your undergraduate university course fees and HECS is available for the rest....”<sup>11</sup>. This claim has been made on the basis that when deregulation occurs the fees will remain the same. Under the proposed fee structure of The University of Western Australia<sup>12</sup> (under deregulation) the federal government would have to significantly increase the amount of funding provided to commonwealth supported payments and not decrease the funding as is still in the current education reform package. Furthermore under deregulation there is no limit on what tertiary education providers can charge so the claim that the Federal Government will continue to pay half cannot be true. In this manner the campaign is in

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<sup>10</sup> Edwards, D., Bexley, E. & Richardson, S. (2011) Regenerating the Academic Workforce: the careers, intentions and motivations of higher degree research students in Australia: findings of the National Research Student Survey (NRSS), Australian Council for Education Research and Centre for the Study of Higher Education.

<sup>11</sup> Australian Government (2015) “*Your future is Australia’s future*”, retrieved from <http://www.highered.gov.au/>

<sup>12</sup> University of Western Australia (2014) Submission to the Senate Education and Employment Legislation Committee, Retrieved from [http://www.uwa.edu.au/data/assets/pdf\\_file/0010/2612773/UWA-senate-submission.pdf](http://www.uwa.edu.au/data/assets/pdf_file/0010/2612773/UWA-senate-submission.pdf)

violation of the Short-term Interim Guidelines on Information and Advertising Campaigns<sup>13</sup>, specifically Principle 2, section 12 and section 13. The campaign does NOT distinguish clearly between facts, comment, opinion and analysis nor are these presented “facts” verifiable or accurate.

While there are issues associated with the accuracy of the government advertising in support to the higher education measures there are also issues with the appropriateness of this advertising. Throughout the advertising campaign there is no reference to the effects that these reforms will have on postgraduate students. There is no mention of the introduction of fees to PhD students and no mention of the cuts made to universities in either the RTS or commonwealth supported places. An introduction of a fee for research students is a substantial reform however in media releases by the federal government and within the advertising campaign there has been no mention of this reform. RTS funding cuts have also been scarcely mentioned in advertising of the education reform package. By only selectively including information to the public about the effects of this reform to undergraduate the advertising campaign is shown to be biased by trying to ignore the effects that some of these reforms will have and in which no involved party approves of. According to the certification<sup>14</sup> as signed by the CEO for this campaign the aims are “To inform the public of new, existing or proposed government policies, or policy revisions;” and “To provide information on government programs or services or revisions to programs or services to which the public are entitled”. Of the first aim the lack of mention of fees for research degrees indicates that the campaign in question does NOT inform the public of this policy as it fails to include all of the relevant information. Of the second aim it is clear that the public is not being provided with the information to which it is entitled. Numerous questions by postgraduate students indicate that they are unsure as to whether the cuts to the RTS will continue to go through or if the research student fee will apply to students that have already begun their research. These violations of the information and advertising campaigns guidelines makes the campaign less about informing the public as required but more about pushing through a political agenda of a specific party.

Principle 4 section 23 indicates that “the medium and the volume of advertising should be cost effective and justifiable”. CAPA is astounded by the cost of this advertising campaign,

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<sup>13</sup> Department of Finance (June 2014) “*Short-term Interim Guidelines on Information and Advertising Campaigns*” Australian Government, Retrieved from <http://www.finance.gov.au/sites/default/files/interim-guidelines-information-advertising.pdf>

<sup>14</sup> Department of Education 2014 “*Chief Executive Certification for Government Advertising Campaigns*” retrieved from [http://docs.education.gov.au/system/files/doc/other/signed\\_ceo\\_certification\\_phase\\_one.pdf](http://docs.education.gov.au/system/files/doc/other/signed_ceo_certification_phase_one.pdf)



an advertising campaign that fails to present the public with all of the information required to make an informed decision. The argument made for some of these reforms (in particular cuts to the RTS) have been focused around the budget deficit argument. The cost of this advertising campaign at a time when the budget deficit is a key issue for the federal government can only be considered as waste. Below is an example of what the \$16 million could have provided to the higher education sector instead of being spent on an uninformative and ineffective advertising campaign.

**What could \$16 million have provided to the higher education sector?**

- A. 630 Australian-postgraduate awards
- B. 480 Undergraduate Science degrees
- C. 9% of the cut to the RTS

In a climate where the federal government claims savings must be made it is deplorable to think that 630 domestic PhD scholarships could have been awarded instead of an advertising campaign that does not even cover the whole package. There is an expectation that this advertising campaign will continue until the reforms are passed into legislation however considering the cost and the bias of this advertising it is CAPA's position that the advertising be stopped immediately.

Under the most recent guidelines on information and advertising campaigns it will be a requirement for the effectiveness of any campaign to be reported on<sup>15</sup>. This campaign is ongoing and should be subject to such reporting. Should this report indicate that the advertising campaign was ineffective, biased or incomplete there should be an expectation of consequences for the wasting of taxpayer funds.

**5. Recommendations**

- The current advertising campaign cease immediately due to multiple violation of the Short-term Interim Guidelines on Information and Advertising Campaigns.
- The Campaign is reviewed by the Independent Communications Committee under the new Guidelines on Information and Advertising Campaigns by non-corporate Commonwealth Entities.

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<sup>15</sup> Department of Finance (February 2015) "Guidelines on Information and Advertising Campaigns by non-corporate Commonwealth entities" Australian Government, retrieved from <http://www.finance.gov.au/sites/default/files/campaign-advertising-guidelines.pdf>

## 6. Research infrastructure

There can be no doubt that with the mining boom over the Australian economy is going to need to adopt, adapt and improve. One avenue of investment that can boost the Australian economy is the higher education sector and research. Projections of the number of employees needing doctoral degrees in the future have already indicated that Australia is already going to fall behind. The increasing requirement for doctoral degrees is not uniform across disciplines and as such investment into research infrastructure is the key to the future of Australia's innovation as well as its economy.

The Australian Bureau of Statistics recently announced a fall in the mining investment of 5.4% (\$19.7billion)<sup>16</sup> giving a clear indication that the mining boom is well and truly over. It has become more important than ever that the Australian economy needs to focus on renewable sources such as education and research. Higher Education is the largest service industry in Australia and the largest in states such as Victoria providing an already established area that just await strong investment. The combination of funding for higher education and research can provide the Australian economy with an innovation boom that will not only rival the mining boom but also remain economically viable indefinitely.

The culture and economy in Australia is already leading towards an increase in the production of doctoral students from the higher education sector. However cuts to the research training scheme makes it impossible for universities to continue to produce high calibre research graduates and increase numbers to what will be needed in the future. Figure 3 shows the anticipated increase in the need for doctoral graduates expected by the market. As this modelling suggests Australia is woefully unprepared for these needs and will result in a skills shortage in the not too distant future. Even with this anticipated need we have already seen that there is an increasing funding gap to the RTS of 27%<sup>17</sup>. This funding gap will need to be addressed immediately and any cuts to the RTS rejected. Increased funding into the RTS has the dual benefit of not only preparing for the workforce needs of the future but providing a boost to the research and innovation output of Australia. According to

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<sup>16</sup> Australian Bureau of Statistics (2014) "5625.0 – Private New Capital Expenditure and Expected Expenditure, Australia, Dec 2014" retrieved from <http://www.abs.gov.au/ausstats/abs@.nsf/mf/5625.0?OpenDocument>

<sup>17</sup> Edwards, DE. (2010). "The future of the research workforce: estimating demand for PhDs in Australia Journal of Higher Education Policy and Management", Australia Journal of Higher Education Policy and Management, Vol. 32, No. 2.

the Australian Bureau of Statistics PhD students provided 57%<sup>18</sup> of the total human resources in research at the Higher Education level. This is the largest chunk of human resources devoted to research in the sector so increased funding of the RTS will have an immediate and dramatic effect on Australia's research output.

Other areas of research infrastructure have also suffered severe cuts in the past which has damaged the research output of Australia. Part of the education reform package is cuts to the ARC and the NHMRC<sup>19</sup> and directly affects the future of Australia's research and the future of Australia's postgraduate students. In the past it has been a given that research postgraduate students are able immediately enter academia with research grants waiting. This is no longer the case due to a combination of cuts to research grants such as the ARC and the NHMRC. A study by The Group of Eight Australia on the changing PhD<sup>20</sup> has examined some of the massive issues that are now facing research students after graduation. There are already reports on the increase in casual contracts for researchers<sup>21</sup> due to the funding issues in the ARC and NHMRC. The result of this is researchers spending what should be research time into writing of the next grant application. This is not a step towards increasing innovation and research in Australia but rather a step towards training grant writers. Without investment into research infrastructure research graduate students will have no choice but to leave research or travel overseas.

Perhaps the most alarming issue with the cut to the RTS and research infrastructure is the threat that these cuts may continue regardless of the fate of the Higher Education Reform Package<sup>22</sup>. Holding research funding hostage in order to push through Higher Education Reforms is akin to holding the economic future of Australia hostage in order to enforce a political ideology.

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<sup>18</sup> Australian Bureau of Statistics (2012) "8111.0- Research and Experimental Development, Higher Education Organisations, Australia, 2012" Retrieved from <http://www.abs.gov.au/ausstats/abs@.nsf/PrimaryMainFeatures/8111.0?OpenDocument>

<sup>19</sup> Australian Academy of Science (2014) "2014-15 Federal Budget: Analysis of Measures Relating to Science, Research and Innovation" retrieved from <https://www.science.org.au/sites/default/files/user-content/2014-15federalbudgetinitialanalysis.pdf>

<sup>20</sup> The Group of Eight Australia, (2013) "Discussion Paper: The Changing PhD" Retrieved from <https://go8.edu.au/publication/discussion-paper-changing-phd>

<sup>21</sup> Findings of the National Research Student Survey (2011) "*Regenerating the Academic Workforce: The careers, intentions and motivations of higher degree research students in Australia*", Centre for the Study of Higher Education, retrieved from [http://www.cshe.unimelb.edu.au/people/bexley\\_docs/RAW\\_Combined.pdf](http://www.cshe.unimelb.edu.au/people/bexley_docs/RAW_Combined.pdf)

<sup>22</sup> Christopher Pyne E&OE transcript Press conference – Parliament House Wednesday 29 February 2015, Retrieved from <https://www.science.org.au/sites/default/files/user-content/2014-15federalbudgetinitialanalysis.pdf>

## **6. Recommendations**

- That funding cuts to research infrastructure, including those to the Research Training Scheme are abandoned by the federal government and that investment into these areas is increased.