



18 September 2014

Committee Secretary
Senate Education and Employment Committee
PO Box 6100, Parliament House
Canberra ACT 2600
Email: eec.sen@aph.gov.au

Dear Committee Secretary,

Please find the following submission from the **Australian Technology Network of Universities (ATN)** to the Higher Education and Research Reform Amendment Bill 2014 inquiry.

By way of background, the ATN comprises five leading Australian universities. Together we teach around 250,000 higher education students at our campuses in Australia and across the globe. The ATN has long-championed the principles of access and equity that have ensured our members are increasingly first choice universities for more students.

While the Bill is multifaceted, the ATN has focused its submission on threshold issues for our members. The submission is framed by core principles of maintaining quality, equality of access and participation and the financial sustainability and affordability of Australia's university system.

The ATN cautiously supports the removal of the maximum student contribution amounts that providers can charge for Commonwealth supported places. However, such fee deregulation must only be introduced if accompanied by appropriate safeguards which ensure students are not unfairly burdened by crippling debt levels.

The ATN believes that the Commonwealth Scholarships Scheme is an important safeguard to protect equitable participation and should be legislated as a package with fee deregulation. In order for the Scheme to be both efficient and effective, it must be administered by universities and not centralized within Government. The maintenance of Higher Education Participation (HEPP) Funding for access by all universities will remain essential to progress access and participation goals.

The ATN rejects as regressive the application of the 10-year Australian Government Bond rate to the repayment of outstanding student debt. This measure should be scrapped in favor of less regressive alternatives.

Yours sincerely

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ATN submission- Higher Education and Research Reform Amendment Bill 2014

Preamble

The **Australian Technology Network of Universities (ATN)** joins with Universities Australia in supporting the following changes to the Higher Education and Research Reform Amendment Bill 2014:

- A reduction in the magnitude of the proposed 20 per cent cut in the Government contribution to tuition fees;
- An improvement to the fairness of the student loans scheme, ensuring that it is affordable for both students and the taxpayer; and
- The development of a package to help avoid potential market failures particularly for institutions which serve disadvantaged and regional students.

The ATN further believes that the following principles must underpin any reform agenda:

- Australia should have a sustainable higher education system which remains affordable and accessible to all who are eligible, regardless of background or circumstance;
- The ATN rejects out of hand any proposal which leads to a threshold being applied to the current Higher Education Participation Program (HEPP);
- The ATN rejects as regressive the application of the Bond rate to the repayment of outstanding student debt;
- The ATN supports a system whereby universities retain complete autonomy over their institutional scholarship schemes;
- The Government and the learner should be equal partners in bearing the costs of education; and,
- Funding shortfalls precipitated by cuts in Commonwealth funding must now be borne by the students themselves.

It is against this backdrop that the ATN makes the following submission. It addresses the key areas identified in the Terms of Reference that the ATN wishes to focus on noting that individual ATN members may make their own specific submissions.

Removal of caps on student contributions

The ATN is a strong advocate of the demand driven system as a significant reform which ensures access for all students who qualify to attend an Australian university. However, the ATN recognises that the cost of that reform, introduced by the previous Labor Government and continued under the current Coalition Government, has been significant and is not sustainable in the current economic climate of strong fiscal restraint across all portfolios.

The long-term financial sustainability of Australia's uncapped system has always been a concern – even to its most ardent supporters – and it has created significant budget challenges from the start with the gap between budget estimates for the 2009-10 year and the 2011-12 year some \$500 million (11 per cent). This gap then jumped by over \$800 million (16 per cent) for the financial year of 2012-13.

Clearly this is not sustainable.

The ATN believes any reform agenda must ensure a financially sustainable university sector which remains affordable and accessible to all who are eligible, regardless of background or circumstance.

It is in that context that the ATN *cautiously* supports the removal of the maximum student contribution amounts that providers can charge for Commonwealth supported places. However, such fee deregulation must only be introduced if accompanied by appropriate safeguards which ensure students are not unfairly burdened by crippling debt levels.

The ATN does not believe that the solution can be found in the existing Mission-based Compact system. Compacts were initially envisioned as a partnership agreement between a university and the Commonwealth Government to achieve both institutional and national objectives. The Compact encouraged achievement of certain Government objectives in particular areas, such as low SES participation, with additional Commonwealth funding. This funding recognised the resource intensity required to deliver equity-based outcomes.

With this taxpayer funding now gone and the intent of Compacts less obvious, the more recent iterations of the Compact have become 'low value-high burden' reporting obligations for universities. Therefore the ATN seeks the removal of compacts in favour of alternatives, such as fee deregulation, that promote responsible financial autonomy for universities to respond to the needs of their students and their broader community.

Fee deregulation and equitable participation at university must not be mutually exclusive.

Australia's public universities were not established to make a profit for shareholders, nor do they exist to make a financial return for government. Rather, they exist to deliver a common good through the provision of teaching and research.

A responsibility to serve the needs of disadvantaged students is explicitly enshrined in the founding legislation of many universities and this cannot be abandoned with the introduction of fee deregulation. For example, the *University of South Australia Act 1990* requires UniSA to:

'provide such tertiary education programmes as the University thinks appropriate to meet the needs of the Aboriginal people...

'provide such tertiary education programmes as the University thinks appropriate to meet the needs of groups within the community that the University considers have suffered disadvantages in education.'

Similarly, RMIT University is directed by the *RMIT Act 2010* to:

'use its expertise and resources to involve Aboriginal and Torres Strait Islander people of Australia in its teaching, learning, research and advancement of knowledge activities and thereby contribute to—

- i) realising Aboriginal and Torres Strait Islander aspirations; and*
- ii) the safeguarding of the ancient and rich Aboriginal and Torres Strait Islander cultural heritage...*

'to provide programs and services in a way that reflects principles of equity and social justice.'

However the capacity for our universities to fulfill this community role has been severely hampered by significant financial cuts (either mooted or introduced) since 2012. These include the former Government's \$1 billion in cuts announced in the 2012 mid-year economic review and their proposed \$2.3 billion cuts announced just six months later. The 2014/15 budget included a further 20 per cent cut to the Commonwealths Grants Scheme.

These cuts, combined with the continuation of the demand driven system, have led to a financially unsustainable university funding system, and to an environment in which fee deregulation is needed to ensure that our universities continue to deliver the quality teaching and research that our prospective students will demand, and which the strength of our economy requires.

There is also the issue of how the removal of caps on student contributions will affect the quality of course offerings. High quality degrees provided by Australian universities come at a financial cost. Costs are greater where teaching is informed by, and incorporates, cutting-edge research, or utilizes state-of-the-art infrastructure, such as interactive learning spaces. These aspects bolster knowledge and skills to a level increasingly expected by students and employers in Australia and around the globe.

The ATN, for its part, will not accept a second-rate higher education system for Australia. Neither should Government, prospective students, parents, employers or the broader community.

Our best minds need and deserve the best quality courses. The future agricultural scientists, teachers and nurses of this country need access to education that is affordable and world class. A competitive market driven by student demand and cost to the student provides the means to achieving both.

The ATN universities' commitment to providing high quality degrees and ensuring equity participation will be enhanced by fee deregulation, not weakened by it.

The ATN urges the Senate to ensure the passage of deregulation as a package which includes the provision for Commonwealth Scholarships to ensure access is maintained by disadvantaged students, whilst protecting the quality of degrees and the integrity of the Australian university system.

Establish a Commonwealth Scholarship Scheme to support disadvantaged students;

The ATN supports the establishment of a Commonwealth Scholarship Scheme to accompany fee deregulation. However, this support is contingent upon individual universities having administrative autonomy within the Scheme.

The premise of the Commonwealth Scholarships Scheme is that the scholarships only come into effect once revenue collected is additional to that collected in 2015.

The Department of Education reports that in 2013 there were 113,105 domestic undergraduate students from a low SES background in the Australian university system (Low SES SA1 Measure¹). Around 16,191, or 15% of these low SES undergraduate students studied with the ATN universities. This is a notable accomplishment given that the ATN represents just five institutions out of more than 40 in the University sector.

It is extremely significant in the context of the current legislative debate that it is understood the ATN enrolls such a high proportion of low SES students. In the current debate, while some providers seek preferential financial treatment or profess their expertise owing to seemingly large percentages of low SES students, the reality is they often have a smaller actual headcount of disadvantaged students when compared to ATN universities.

¹ Low SES SA1 measure as reported by the Department of Education (2013) is based on a geocoded SA1 (Statistical Area 1), with the SES value derived from the 2011 SEIFA Education and Occupation Index

For many years, and even in times where per student CGS funding has been reduced, the ATN universities have maintained exceptional scholarship and support programs to support low SES students.

TEQSA reported that in 2012 around 93 per cent of students were enrolled in universities rather than private providers (NUHEPs). In other words, it is the case that the vast bulk of Australian students study at universities which were founded via legislation to act for and in the best interests of their community.

Australian universities must be able to continue to work to ensure more disadvantaged students attend and succeed at university.

Whether fee deregulation passes into legislation or not, the reality is that there will still be disadvantaged students seeking assistance at university in 2016 and beyond. The question is how we address this effectively.

Universities currently receive Higher Education Participation Program (HEPP, formerly HEPPP) funding to create and maintain programs that improve the access and participation of disadvantaged students. It has been suggested by some that a threshold be introduced to make HEPP funding available *only* to those universities where the cohort of low SES students as a percentage of all students exceeds a certain level.

Although not part of the Higher Education and Research Reform Amendment Bill, the ATN rejects any suggestion a HEPP threshold should be introduced as a means to concentrate equity funding with a small group of universities. An artificial threshold would restrict the level of support available at many leading universities and thereby reduce the choice of providers for low SES students. This could potentially create a two-tiered University system, with significant negative outcomes.

As outlined above, many outstanding metropolitan universities have a high headcount of low SES and disadvantaged students who are supported by equity programs funded via the HEPP. This would not be captured by a contrived threshold that only considers the low SES cohort as a percentage of the student population. This is highlighted by the table below, which demonstrates the importance of considering low SES student headcount at an institution rather than seeking to derive a threshold based on seemingly high percentages of the low SES.

In the provided example below, while University B has only 300 more low SES students than University C, a threshold at a contrived level (for example, 13-15 percent of all students) would mean that the 3,390 low SES students at University C may no longer be able to receive participation support provided by HEPP funding.

Provider	Low SES student headcount (SA1 measure¹)	Low SES as a % of all domestic undergraduate students (2013)
University A	3,715	35.5%
University B	3,690	17.3%
University C	3,390	11.3%
University D	3,222	10.6%

Universities need to be able to assist disadvantaged students through additional scholarships for tuition, accommodation and other related costs. The ATN believes that fee deregulation with the accompanying safeguards provided by the Commonwealth Scholarship Scheme is an effective means to assist in this endeavor.

Importantly, given their decades of experience in both understanding and meeting the needs of their disadvantaged students, universities should be given full authority to administer and distribute Commonwealth Scholarships.

There should be no appetite to repeat past mistakes by centralizing the administration of Commonwealth Scholarships as a single pool. Not only would this prove ineffective, it would also create increased red tape and cost for the Government and for universities.

Replace the CPI indexation of HELP loans with the 10 year government bond rate;

The ATN rejects as regressive the application of the 10-year Australian Government Bond rate to the repayment of outstanding student debt. Modelling has clearly demonstrated the negative economic impact of such a measure on the future productivity of our nation.

Legislation relating to this measure should be extracted from the broader package of reform legislation and scrapped in favor of less regressive alternatives. This should not delay the progress of the critical aspects of legislation relating to fee deregulation and Commonwealth Scholarships.