

HIGHER EDUCATION SUPPORT LEGISLATION AMENDMENT (A MORE SUSTAINABLE, RESPONSIVE AND TRANSPARENT HIGHER EDUCATION SYSTEM) BILL 2017.

**A Submission prepared by the Student
Representative Council (Adelaide), inc.**



**Student
Representative
Council**



About the Student Representative Council (SRC)

The SRC is the representative body for students at the University of Adelaide. The SRC's objectives are:

- i. To provide representation for all students of the University of Adelaide;
- ii. To maintain and advance the welfare of all students of the University of Adelaide;
- iii. To promote the principle of equality of all persons regardless of race, sex, gender, economic circumstance, differing physical or mental health, sexual orientation, colour, culture, national origin, age or ethnicity;
- iv. To promote the right of all students to an equitable and accessible, high quality public education;
- v. To provide a democratic and transparent forum in which students' affairs and interests can be governed in an effective and accountable manner; and
- vi. To promote and protect the autonomy of student organisations; and
- vii. To educate students, the University and wider communities on matters pertaining to these objectives.

The officers and members of the SRC are democratically elected annually, by and from the students of the University of Adelaide. The SRC is a not-for-profit incorporated association, affiliated to the Adelaide University Union.

We are pleased to provide the following submission to the Senate inquiry on the ***Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017*** on behalf of the SRC.

Mark Pace
SRC President
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Summary

The SRC believes that no aspect of the so-called 'Higher Education Reform Package' is salvageable and that the proposals should be rejected outright.

Our submission to this inquiry encompasses our responses to specific schedule items that directly impact student participation in higher education, the quality of higher education in Australia, and the sustainability of the higher education sector in general. The proposed reforms will significantly inhibit the right Australians have to enjoy a high quality, equitable and accessible higher education system.

The increased student contributions will price students out of higher education while university funding to provide a quality education is simultaneously cut. Graduates will be repaying the HELP debts before they see private benefit from their qualifications, and will see some marginalised groups of lower income brackets with marginal tax breaks of up to 100 per cent. Proposed reallocations of program funding would further leave some student groups and higher education providers with significant uncertainty and undermine the overall integrity and security of the higher education system.

The SRC is calling for the Senate to reject the proposed legislative amendments as they stand, and calls on the Australian Government to prioritise public investment to ensure a fully-funded, accessible higher education system.

Schedule 1 - Costs of Higher Education

Increasing student contributions to an average of 46 per cent of degree costs will impose further barriers to higher education, pricing potential students out of tertiary studies. The proposed increased student contributions will see the cost of a four-year degree for graduates increased between \$2000 and \$3,600¹.

The HELP repayment system works as an invisible barrier of entry for potential university students. The thought of leaving a four year degree with up to \$50,000 of debt discourages individuals, particularly those from low-SES backgrounds, or fresh high school graduates. It would take several years for low-income graduates at the proposed repayment rate.

A series of studies by Universities Australia into equity in higher education indicate since 2001, socially advantaged students are three times more likely to attend university than students from low socioeconomic status². As university fees increase, students from socially disadvantaged backgrounds will be the first to be priced out of higher education.

Increased student debts will burden this generation of graduates. Tertiary qualifications are heralded as a necessity for employment in the modern economy, but the 'private benefit' from qualifications - the rationale for student fee contributions - has been diminishing. This generation will be the first priced out of the housing market, with decreasing graduate opportunities and low wage growth for decades³. Loading further debt onto this generation is simply unsustainable.

The proposed 2.5 per cent efficiency dividend, which equates to a \$2.8 Billion cut to university funding, has also been rationalised under false pretences. The previous capital grant scheme, which funded a majority of university infrastructure and educational

¹https://docs.education.gov.au/system/files/doc/other/ed17-0138_-_he_-_glossy_budget_report_acc.pdf

²<https://www.universitiesaustralia.edu.au/news/media-releases/Advancing-equity-and-participation-in-Australian-higher-education#.WTh9MGiGNPY>

³<http://www.flinders.edu.au/sabs/nils-files/publications/working-papers/WP%20228%20Has%20the%20graduate%20job%20market%20been%20swamped.pdf>



resources ceased in 2014⁴. Universities are now required to fund their capital needs through their own surpluses. Any attempt to paint university surpluses as a result of excess funding is an absurdity, and any reductions in funding will directly affect the quality of the resources which Australian university students can access.

Adelaide University will experience a \$9.2 million dollar decrease in funding in 2018, as a result of the efficiency dividend⁵. Adelaide University has produced small scale surpluses as a result of the recommendations made by the 2014 Higher Education Infrastructure Working Group, indicating universities that wish to expand infrastructure must develop healthy surpluses. Cutting Adelaide Universities funding by almost \$10 million -in 2018 alone- will compromise the high quality of education provided, as additional strain is placed on the university to both fund learning expenses in addition to developing surpluses for future infrastructure projects.

Finally, increases in student contributions don't equate to additional funding or quality for universities, and will not offset the proposed cut in university operating costs. Instead, it is a tax hike on those attending or who have attended university. University funding has continually been cut as a budget saving measure, and the higher education sector has contributed \$3.9bn in budget repairs since 2011/12⁶.

Schedule 2 - Commonwealth Grant Scheme

The proposed higher education reform package encompasses several restructures in the allocation of commonwealth supported funding which threaten the quality and accessibility of higher education in Australia.

⁴https://docs.education.gov.au/system/files/doc/other/higher_education_infrastructure_working_group_final_report.pdf

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https://docs.education.gov.au/system/files/doc/other/ed17-0138_-_he_-_glossy_budget_report_acc.pdf

⁶<https://www.universitiesaustralia.edu.au/Media-and-Events/submissions-and-reports/The-facts-on-university-funding>



While the changes to postgraduate coursework degree funding have the potential to improve accessibility of postgraduate study in the long term, there are concerns that need to be addressed to ensure current and future students are not disadvantaged in their decision to start postgraduate study in the coming years as the scholarship system is implemented.

The policy changes will not affect students who had commenced their studies with a Commonwealth Supported Place (CSP) before the policy announcement, but the new student-centred scholarship system will not come into effect until 2019. Students who commence postgraduate study in the meantime must rely upon a CSP under the current arrangements, but will only have that place until the end of 2018. To continue study with the supported place they will be required to apply for a scholarship under the new scheme, raising significant concerns:

- The number of student scholarships to be made available has not been published, and the amount of demand may result in some students being unable to achieve a scholarship to finish their studies.
- The courses that will be funded have not been published, meaning a student who commences a program with a CSP may find their program is not approved in the new scheme, leaving them without supported funding options to complete their degree.

Beyond 2019 the availability of the scholarship positions is still uncertain: no information has been given about the number of scholarships available and the courses which can be studied with a scholarship. The University of Adelaide offers postgraduate coursework degrees across a range of disciplines, but the availability of scholarships for these programs has not been confirmed. It appears the supported courses could be regularly changed, making it hard for potential students to plan their future study. In addition, the mechanism of obtaining a scholarship and then applying to an institution has not been clarified, which may complicate the application process for new students.



The uncertainty means postgraduate degrees are less accessible until at least 2019: potential students may not be able to commit to a degree without certainty of funding support, and the students who choose to accept a CSP may be unable to complete their degree if they cannot get a scholarship in 2019. There needs to be more transparency about how the scholarships will be accessible to potential students, and more information must be released to ensure students planning to start a postgraduate degree over the next few years are not disadvantaged or deterred by uncertain funding.

The SRC is deeply concerned the impact proposed changes to enabling courses will have on marginalised groups in higher education. Enabling courses promote accessibility for students in the sector, and the introduction of up to \$3271 of upfront fees will disproportionately affect students from socially disadvantaged backgrounds.

A recent review into the pathways to higher education identified that approximately 50 per cent of students enrolled in enabling courses are from equity groups⁷. The review outlined how marginalised groups who completed an enabling degree in the lead up to their bachelor will outperform those who entered their bachelor degree directly.

It's inequitable that socially advantaged students who enter directly through high school will negate the costs of enabling courses in their pursuit of a higher education. The Australian higher education system must promote and prioritise equity and accessibility through retaining existing funding arrangements for enabling courses.

The *Higher Education Reform Package* also introduces the system of performance-based funding to Australian universities, with 7.5 per cent of each university's Commonwealth grant funding moved to a contestable pool tied to university performance. In 2018 universities will be assessed on admissions and financial transparency, and from 2019 universities will be ranked on a range of indicators pertaining to student retention and success.

⁷<https://www.ncsehe.edu.au/wp-content/uploads/2016/07/Final-Pathways-to-Higher-Education-The-Efficacy-of-Enabling-and-Sub-Bachelor-Pathways-for-Disadvantaged-Students.pdf>



While promoting principles of financial transparency for universities has merit, the SRC is deeply concerned about how success will be measured from 2019 onwards, which will disproportionately impact some universities and will have the effect of promoting a two-tier higher education system. Assumptions from commonly used educational indicators imply success can be measured by employment of graduates, student attrition rates, and student satisfaction.

Short-term employment measures such as the Australian Graduate Survey (AGS) as a measure of success will disproportionately impact universities in states with high unemployment and youth unemployment rates. South Australia currently experiences the highest unemployment rate in Australia of about 7 per cent⁸, which will hinder the opportunities graduates seeking work in South Australia have, and negatively impact the amount of Commonwealth funding South Australian universities receive. The proposed *Higher Education Reform Package* promotes an environment of competition between institutions, and may see indicators like employment which is beyond a universities scope, contingent to their Commonwealth funding.

Student attrition rates as a measure of success will further foster an environment which will compromise decisions students make which will impact them for the rest of their working lives. Students starting a degree and transferring to another discipline are not accounted for in the tools universities use to measure attrition, and challenge the ideology of education as a public good. Students need an environment where flexibility is promoted, and where changing degree does not have an adverse affect on their universities commonwealth funding. Attrition as an indicator promotes a culture of students locked into degrees they've commenced irrespective to their personal interests and demand of labour.

The changing nature of the student body also means that students are more likely than ever before to enter and exit higher education. Universities are enrolling mature age and non-High School leavers in significant numbers, and these students are likely to balance study with work and family commitments - taking variable study loads that have little to do

⁸http://lmip.gov.au/default.aspx?LMIP/LFR_SAFOUR/LFR_UnemploymentRate



with university itself.⁹ Due to a chronically underfunded system of income support, students face new financial pressures and take increased workloads to assist their studies. A 2015 survey by the National Union of Students outlined 44 per cent of students who seriously consider deferring or permanently stopping their studies cited financial reasoning¹⁰. With the Fair Work Commission's decision to reduce penalty rates - which students rely on disproportionately - and an underfunded and inefficient welfare system, financial pressure on students continues to grow. Many of the factors that attribute to student attrition rates are beyond the scope of a university, and reducing the funding to universities that have low attrition rates will inhibit their ability to promote student welfare on campus.

The SRC is concerned how the competitive nature of performance-based funding will promote a two-tier system in Australian higher education, as the competitive nature of performance-based funding is incompatible with Australian higher education principles. For universities who fail to reach the negotiated benchmarks, the punitive element of performance contingent resourcing means their funding for the year will be cut by up to 7.5 per cent as they try and achieve the next year's benchmarks, with reduced resources. Universities will have less funding available to identify and address issues within academic communities, and are then far less likely to achieve future benchmarks and indicators of success. This directly inhibits the quality of education for universities who fail to make benchmarks in a given year, and will have an escalating, long-term 'downward spiral' effect on universities.

Performance-based funding is incompatible with the principles of creating and maintaining an equitable and accessible higher education sector in Australia. If universities fail to reach sector-wide benchmarks in a public education system, they require additional funding and resources to remedy pre-existing issues which hinder performance and retention. Any public funding model must be designed to promote the success of all universities nationwide, not the select few who currently outperform others.

⁹<http://www.news.com.au/finance/work/careers/university-attrition-rates-why-are-so-many-students-dropping-out/news-story/3e491dd119e1249a5a3763ef8010f8b5>

¹⁰https://d3n8a8pro7vhm.cloudfront.net/nus/pages/106/attachments/original/1441591802/NUS_Penalty_Rates_Submission_4_09_15.pdf?1441591802



This austerity funding model will compromise universities, in some cases beyond their scope and control, and escalate long-term disadvantages institutions receive as a result of failures in performance. To promote principles of success and student retention we need a fully funded higher education system, not a system which has a multiplier effect that compounds the funding crisis faced by universities.

Schedule 3 - Higher Education Loan Program

The lowering of the HELP repayment threshold to \$42,000 will mean graduates make repayments at significantly lower incomes, while the proposed threshold indexation to the Consumer Price Index (CPI) in the long term will work to tighten the gap between repayment thresholds and minimum wage.

In principle, graduates repay HELP debts because their tertiary qualification works to provide more opportunities and higher incomes. The proposed lower repayment thresholds would mean graduates will be paying back student debt long before they see any private benefit from their education - if ever.

The lowering of repayment thresholds raises an ideological question as to why graduates make contributions to the cost of their education. Asking graduates to repay debt below the average Australian income suggests repayment is purely a budget revenue measure, contrary to the intended purpose, where graduates contribute once they receive a 'private benefit' in the form of above average incomes and additional opportunities.

A \$42,000 repayment threshold means graduates will be paying back fees at 20 per cent above the Australian minimum wage, and significantly below the Australian average yearly earnings of \$60,000¹¹. This means graduates who are earning below average yearly earnings, and above \$42,000 a year, will be repaying their HELP debt without seeing a 'private benefit' from their qualification.

¹¹<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>

A recent study of the Flinders National Institute of Labour Studies indicates graduate opportunities have been decreasing since 2008. Between 2008 and 2014, the proportion of new graduates in full-time employment has continued to decrease from 58.6% for 2008 graduates, to 39.4% in 2014¹².

The benefits associated with a tertiary qualification provide less additional opportunities and potential to earn higher incomes, and the proposed lowering of the repayment threshold will see graduates adversely paying back loans with less private benefits than before.

Marginalised groups will suffer the most under the proposed income repayment threshold for graduates. An additional 200,000 Australians will additionally be making HELP repayments with the proposed repayment threshold, and two thirds of those will be women on below-average incomes¹³.

The National Foundation for the Australian Women's report 'Gender lens on the Budget' has identified women earning below the national average will be paying an effective marginal tax rate of up to 100 per cent. The lowering of repayment thresholds, changes to the Medicare levy and family tax benefit (A) will disproportionately affect women. Graduates earning \$51,000, whom are primarily women, will have less disposable income than someone earning \$32,000¹⁴. Repayment thresholds must uphold the principle of equality, and any changes to repayment must consider the strain placed on marginalised groups.

The change to index repayment thresholds to the CPI further introduces long term barriers for graduates repaying their HELP loans. The CPI traditionally increases at a slower rate than average weekly incomes, which means the gap between average Australian incomes and the minimum income repayment threshold will expand, and graduates repay their HELP loans proportionally closer to the Henderson poverty line.

¹²<http://www.flinders.edu.au/sabs/nils-files/publications/working-papers/WP%20228%20Has%20the%20graduate%20job%20market%20been%20swamped.pdf>

¹³<https://grattan.edu.au/wp-content/uploads/2016/03/968-HELP-for-the-future.pdf>

¹⁴ <http://www.nfaw.org/wp-content/uploads/2017/05/FINAL-Gender-Lens-2017.pdf>



Indexation of minimum income repayment thresholds should in the long term work to close the gap between average yearly incomes and minimum repayment thresholds. Indexation must therefore be attached to the slower increasing average weekly incomes.