

15th September 2014

Submission to the Senate Committee Enquiry

Higher Education and Research Reform Amendment Bill 2014

Dear Committee members

I am writing to you in my personal capacity as a Professor of Software Engineering. My views expressed below are my own and not those of Swinburne University of Technology nor CORE Australasia. However, my roles and responsibilities to these two organisations inform my comments here. I also have two daughters attending University and a son nearing University attendance age. Previously I was Professor of Software Engineering and Head of Electrical and Computer Engineering at the University of Auckland, New Zealand. The New Zealand government embarked on rather similar “reforms” some time ago and has since reversed many, after very poor outcomes.

Interest Rates on HELP loans

Using the government bond rate is simply a madness. After a similar move previously and large increases to defaults, movement overseas and negative reaction, the New Zealand moved to interest-free loans while studying, moving to interest rates between CPI and bond rate when in the workforce / moved overseas. If nothing else, I would urge the same approach in Australia.

However, I suggest a radical alternative - a graduate tax – that would be a much fairer and better scheme i.e. an additional tax for those with higher education qualifications vs upfront fees. This takes into account disparate incomes in the workforce, out-of-the-workforce periods, and taxes incomers to Australia to contribute to tomorrow’s higher education graduates.

Deregulation of Undergraduate Fees

Whatever the claimed “market forces” argument, the US is a prime example of the massive failure of this approach – forget the top ~100 Universities – think of the ~2000 colleges and universities and the massive loans incurred to little benefit and massive cost, personal and societal. All we will create is massive loans for graduates (and non-graduates) resulting in a huge drag on the economy and exodus of talent, to Australia’s detriment.

As above, a graduate tax is a much better scheme in my view. Get rid of student contributions altogether.

Reducing Commonwealth Supported Place funding in STE(M) Fields

Mathematics seems to have escaped the axe and indeed given a good boost. However all other STEM disciplines have suffered especially Engineering with approximately \$4,000 per year cut per CSP. This is disastrous – we will across the board in Science, Technology and especially Engineering have to increase student contributions 40-50% by 2016 to keep pace with TODAY’s funding levels – which is actually underfunding our STE areas compared to those internationally.

Private Provider Access to Commonwealth Supported Places

Again the New Zealand experience shows this is a terrible mistake – it was a complete disaster and was unwound by subsequent governments.

We already compete ferociously for domestic and international students e.g. my own University and RMIT, Monash and Deakin. Adding private providers to the mix will provide no benefit whatsoever. We – the public providers - are committed long-term to Australia's benefit rather than any profit motive. Large public good comes from our education and research efforts, underfunded as they currently are compared to the OECD averages. Make no mistake – this will suffer and a large number of poor quality courses will be on offer. A very strong regulator is the least that is needed and AQSA and TEQSA do not have sufficient funding and autonomy to do their jobs in both the vocational and higher education areas.

Cuts to ARC, CSIRO, DSTO and other Research Organisation Funding

Funding for research in Australia is poor by OECD standards, both public and private. On the public side, the “efficiency dividends” are totally counter-productive and will seriously hurt Australian science.

Abolition of Several University / Industry Collaboration schemes

The rationale for the abolition of many of these excellent schemes e.g. Researcher in Business is unclear to me. More of these schemes are needed, not less.

While the government complains on one hand of insufficient collaboration between industry and universities they remove excellent schemes to support this.

Introduction of Research Training Scheme Fees

These make no sense whatsoever and will again seriously hurt Australian science.

In summary, these “reforms” will very significantly hurt Australian higher education and research. They are a retrograde set of measures that fail to address a number of key problems in the wider higher education and research space:

1. Systemic underfunding of higher education places and research, putting us near the bottom of the OECD. Reduction of vocational education funding and higher education funding is in stark contrast to school and early childhood increased funding over the past five years. There is no way around this fact – Australia substantially under-invests in higher education and research.
2. Burdening today and tomorrow's student populations with crippling loans. This is a madness. Absolving those in the workforce who had free higher education from their fair contribution to tomorrow's graduate education – the New Zealand taxpayer funded my own higher education in full and I was willing to pay a higher contribution for this benefit. I do in Australia via higher marginal tax rates on my higher earning capacity – but this is not contributed back to higher education or research.
3. Loss of critically needed talent – I predict a significant loss of talent from our higher education graduates and our researchers over the next five to ten years if these “reforms” are enacted. This will cripple Australian competitiveness across the board.
4. No long-term careers in research, science and R&D, in good measure due to both underfunding and constant tinkering.
5. Poor incentives for university / government-funded research lab and private industry collaboration, from funding scheme, taxation, and – again – almost constant tinkering.

Yours Sincerely

John Grundy, PhD