



**Submission from the
University of Wollongong
to Senate Inquiry:**

***Higher Education and
Research Reform Bill 2014***

February 2015

Introduction

The University of Wollongong (UOW) welcomes the opportunity to be invited to make a submission to:

1. the current enquiry by the Senate Education and Employment Legislation Committee in relation to the *Higher Education and Research Reform Bill 2014*; and
2. the current enquiry by the Senate Education and Employment References Committee into the principles of the *Higher Education and Research Reform Bill 2014, and related matters*.

UOW recognises that higher education policy is inherently challenging in an environment of continuous change, and that this is a timely opportunity to simplify the current system and improve the capacity of both Universities and Government to provide an outstanding tertiary education for Australian and International students. Moreover, the major issue confronting political systems across the world is to devise a policy framework which ensures the long-term financial sustainability of the higher education system given its central importance in a knowledge-based economy.

By way of background, UOW started in 1951 as a small college of the University of NSW. UOW gained autonomy in 1975 and has grown substantially to now having just over 31,000 current students (including more than 11,500 international students), and approximately 2,500 EFT staff. Since 2012, UOW has been ranked in the Top 50 of global universities less than 50 years old. UOW is a major entity in NSW based in the Illawarra but with on-shore satellite operations in Nowra, Bega, Batemans Bay, Moss Vale, Loftus and Sydney CBD.

UOW'S export business is built around the delivery of higher education services both onshore (Wollongong and Sydney campuses) and offshore through partnership operations in the major international hubs of Dubai, Singapore and Malaysia, and most recently through the acquisition of a tertiary college in Hong Kong which moved to UOW control in January 2015.

UOW is ranked in the top 2% of Universities in the world, and rated as 1st in Australia for Educational Experience and Graduate Outcomes by the 2013 Australian Good Universities Guide. UOW works with leading Australian businesses and world-renowned companies in innovation and development. We lead the way in research through a number of highly ranked research clusters and the SMART infrastructure research facility, the Illawarra Health and Medical Research Institute (IHMRI), the Australian Institute for Innovative Materials (AIIM), the Sustainable Buildings Research Centre (SBRC) and Early Start Centre. In addition, UOW's Innovation Campus provides businesses access to leading researchers, cutting-edge R&D facilities, enterprising organisations and the well qualified students and graduates.

The economic and social impact that UOW provides is significant. The University is now responsible for an economic impact of over \$2 billion annually with direct and indirect job creation of close to 8,000 full time equivalent jobs on an annual basis. Equally, the proportion of the Illawarra community with a degree has doubled in the last 10 years.

UOW reiterates that the proposed deregulation of fees at the domestic undergraduate level is not entirely new in the Australian context. All international students and domestic postgraduate fee-paying cohorts are subject to a highly successful and competitive deregulated environment. The objective of deregulation is to allow universities the autonomy to manage their own income streams, with any operating margins reinvested into education and research to make our internationally renowned system more competitive in a changing global environment.

In drafting this submission, UOW is proposing an alternative policy option which it believes will not only provide further opportunity for Australians to access higher education but ensure our universities are internationally sustainable. This is designed to address *reference point ii* of the principles of the *Higher Education and Research Reform Bill 2014*, ie alternatives to deregulation in order to maintain a sustainable higher education system.

Proposed Policy Option

The current Higher Education Reforms propose the establishment of a Commonwealth Scholarships Fund financed by a contribution of 20% of *additional* revenues raised from deregulation of domestic undergraduate student tuition fees.

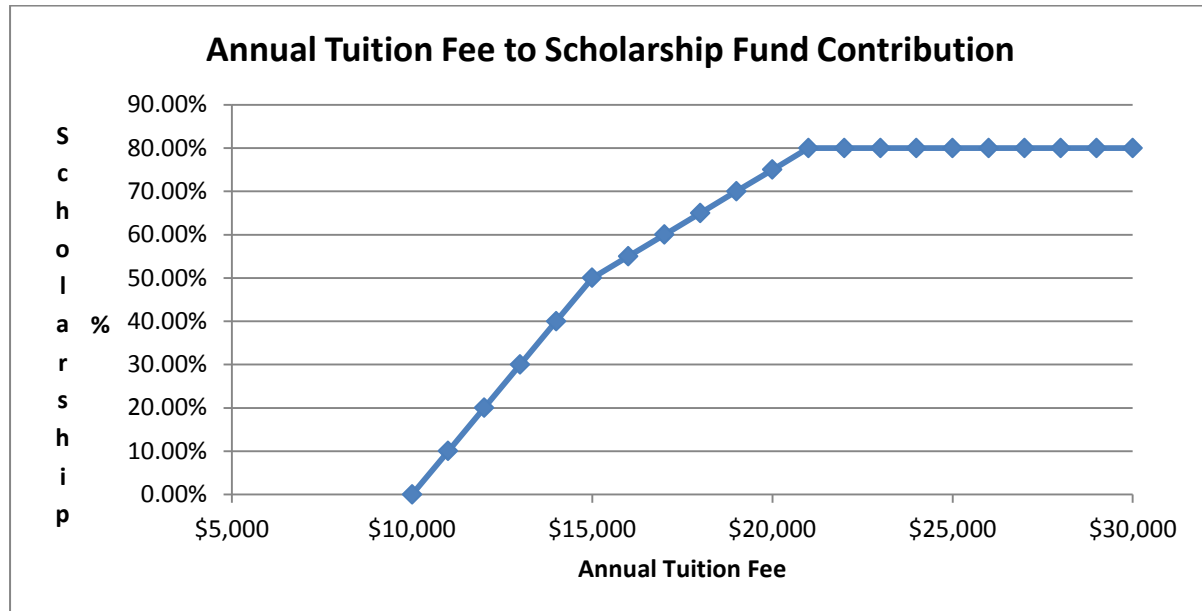
The University of Wollongong (UOW) is proposing a progressive alternative to the flat 20% of additional revenues proposed in the existing reform package, and seeks to create a scholarship fund driven by the total revenue base from these fees.

This proposal is predicated on the current level of Commonwealth funding reductions in the proposed legislation, ie an average of 20%.

Our proposal is for:

- An initial 10% contribution to apply for annual tuition fees payable by domestic undergraduate students commencing at \$10,001.
- A further 10% increment would then apply for every increase of \$1,000 beyond the \$10,001 base level up until \$15,000.
- For annual tuition fees above \$15,001 there would an incremental increase of 5% for every increase of \$1,000 beyond the \$15,001 base level until reaching a maximum 80% of annual tuition fees in excess of \$20,000.
- Fees under the threshold of \$10,000 would be exempt from the contribution levy.

The chart below illustrates the model:



If this model was adopted it will generate the following effect on the Commonwealth Scholarship Fund and the net resources available to a university:

Annual Tuition Fee	Scholarship Component	Net
6,000	0	6,000
9,000	0	9,000
12,000	300	11,700
15,000	1,500	13,500
18,000	3,300	14,700

The University of Wollongong remains supportive of the Government's proposal that additional funding resulting from deregulated fees be used to provide access and participation opportunities for disadvantaged students. This could include scholarships and bursaries, school liaison activities, outreach activities, tutorial support, mentoring, and fee exemptions. This is an important component to address the inequality in access to education, particularly for students from low socioeconomic backgrounds. The University is also proposing that the Commonwealth Scholarships Fund be allocated at the institutional level rather than from a centrally funded pool.

The University contends that this policy modification will mitigate many of the major concerns associated with earlier versions of the higher education proposals, while preserving the key elements of the reforms:

- 1) The fee structure of universities will be moderated
 - By having an increasing proportion of fees allocated to the Commonwealth Scholarship Fund, universities will be limited in the way they divert funds to other functions.
 - The ramping of the scholarship function will act as a disincentive to raise fees.
- 2) In 2016 prices, \$100,000 degrees will be rare
 - Under this proposal a university charging \$25,000 a year for a 4 year law degree will be required to put 35% of this fee into its scholarship pool compared to approximately 11% under the current proposal.
- 3) Access to university will be fair
 - Higher education will continue to be free at the point of delivery and repayment of fees will occur when graduates are in the workforce and earning salaries above a defined threshold.
 - Universities with higher fees will automatically have proportionally more resources available to allocate to fair access activities.
- 4) Students from low SES backgrounds will be encouraged
 - The policy allows for a diversity of uses of these funds – such as school liaison, pre-university engagement and scholarships.
 - Universities with higher fees will have to work more extensively with low SES communities.
- 5) Higher fee level transparency
 - Will encourage institutions to set fees by program and outcome, giving students a much clearer visibility of their financial liability rather than have them be determined by the ad-hoc combination of funding clusters in the current system.
- 6) The funding for universities should be more sustainable
 - A threshold below which the university is free to allocate all these resources to a full range of activities is an essential feature of the model, as it drives sustainability and acts to generate competitive tensions across degree providers.
 - The position of the threshold should be index linked to preserve the overall benefits of the policy.
- 7) Fees will vary between and within universities
 - Universities will be free to set their own fees on all courses independently of each other.
 - This will generate a differentiated fee structure and more competition across the sector.

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