

# **AUSTRALIAN GREENS' DISSENTING REPORT**

## **Introduction**

1.1 The Australian Greens supported the referral of the Higher Education and Research Reform Amendment Bill 2014 to the Senate Education and Employment Legislation Committee because we were concerned that the bill would have such a destructive impact on higher education and research in Australia.

1.2 Strong investment in higher education will lead to substantial public benefits for Australia's economy and society, including the development of new industries and job creation.

1.3 The only barriers to a system of free higher education that is well funded and prioritises quality education and research are political, not technical. The Commonwealth could choose to raise revenue or re-prioritise spending in order to boost funding to public higher education.

1.4 The Australian Greens have a long-term commitment to high quality, well-funded public higher education that is accessible to all students regardless of their background.

1.5 The Coalition Government announced its intention to slash nearly \$5 billion in funding to higher education in the 2014 Federal Budget, lift the cap on student fees and charge higher interest rates on student debt despite campaigning in the lead up to the 2013 Federal Election on a platform of 'no changes to university funding arrangements'.

1.6 These proposed cuts have been opposed by a vigorous and successful student and staff campaign that has mobilized tens of thousands of members of the community.

1.7 Australia is already one of the lowest public funders of higher education in the OECD and the cuts proposed in the bill would take us substantially further backwards.

## **Substantive elements of the bill**

1.8 The bill contains a wide range of interlocking measures that when taken together will create an unfair, inequitable and elitist higher education system in Australia. Separate provisions of the bill are dealt with individually below.

### ***Deregulation of student fees***

1.9 The majority report states:

As public funding for higher education has stagnated or fallen through successive governments, international rankings of Australia's top

universities have remained static or fallen, especially relative to regional competitors.<sup>1</sup>

1.10 The lack of guaranteed, high levels of funding has been used as the primary justification by the university sector for supporting fee deregulation. Numerous vice chancellors stated that their support for fee deregulation was driven by the fact that successive federal governments had inadequately funded higher education and the 2014 Federal Budget stripped nearly \$5 billion from the sector.

1.11 However, it has been disappointing to see vice chancellors, particularly those from the Group of Eight, not fight strongly against the government's proposed cuts, but instead use them as an opportunity to give themselves greater flexibility in the form of fee deregulation.

1.12 Rather than being driven by any genuine "competitive agenda" it is clear that fee deregulation is being pushed by the government as a tool by which to shift the cost burden of higher education onto students.

1.13 By cutting student subsidies by an average of 20 per cent per place the government is essentially forcing all universities to raise their fees in order to retain their current level of funding.

1.14 Analysis by the National Tertiary Education Union has found that \$100 000 degrees could become a real possibility under fee deregulation:

Analysis undertaken by the NTEU found that the cost of attaining a university degree in Australia will rise substantially as a result of these changes and there will be cases where the cost of a degree at some Australian universities will exceed \$100,000. The NTEU's latest analysis shows that the cost of attaining a five year medical degree, for example, would rise from about \$50,000 at present, to well over \$90,000 as a direct result of government cuts to funding per student and the imposition of interest rates on student debt. The analysis shows that universities would only need to increase fees by as little as 10% above that necessary to compensate for cuts to funding for there to be \$100,000 degrees.<sup>2</sup>

1.15 Fears of prohibitively expensive degrees were raised by other witnesses as well, such as the ACTU, National Union of Students and the independent National Centre for Social and Economic Modelling, based at the University of Canberra.

1.16 The new fee structure announced by the University of Western Australia, which will see students pay \$16 000 a year, will very quickly see five year degrees costing in the range of \$100 000 once interest on student debt is included.

1.17 Not a single witness agreed with the Minister's proposition that university fees would go down as a result of deregulation. Given that university vice-chancellors are viewing fee deregulation as a tool to boost revenue, it is obvious that fees will increase across the board if this bill is passed by Parliament.

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1 Committee majority report, p. 14.

2 National Tertiary Education Union (NTEU), *Submission 111*, p. 9.

### ***Commonwealth Scholarship Scheme***

1.18 The very name of the proposed scheme is highly misleading as no Commonwealth funding will be provided.

1.19 Further, the government has already confirmed that money will only begin to flow into the scheme once universities increase their fees more than 20 per cent in order to make up for the cut in student subsidies.

1.20 As the NTEU argue in their submission:

There are inherent inequities built into the design of the program given that the average value of scholarships offered by universities with the largest numbers of disadvantaged (low SES) students will be lower and, in many cases, not even sufficient to offset the increase in fees.<sup>3</sup>

1.21 The National Union of Students also criticises the operation of the scheme and the lack of any guidelines prior to the release of the bill.<sup>4</sup>

1.22 According to the private education sector, only 10 per cent of private providers have over 500 students and therefore would be part of the proposed scholarship scheme.<sup>5</sup>

### ***New indexation for all HELP debt***

1.23 The proposed application of real interest rates to HELP debt has been criticised as the most unfair and regressive element of the bill.

1.24 As Professor Chapman argued in 1996:

The lack of a real rate of interest on the debt is also worth highlighting. It means that those former students who earn relatively low incomes over their lifetimes are given greater subsidies in the form of implicit access to an interest free loan. The orders of magnitude of this subsidy can be quite large. For example, [it was] demonstrated that male lawyers, because they earn high incomes relatively quickly after graduating, in effect pay up to 30 to 50 per cent more (in present value terms) than do public sector teachers who spend five years out of the labour force after graduating.<sup>6</sup>

1.25 The Australian Nursing and Midwifery Federation pointed out the sexist nature of the proposed changes:

The other issue of course with these proposed changes to the higher education scheme is that nursing is a female dominated profession; 92 per cent of nurses are female. When you take into account the part-time nature of women's work and also, often, the time that women take off to have

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3 NTEU, *Submission 111*, p. 17

4 National Union of Students, *Submission 130*, p. 19.

5 *Proof Committee Hansard*, 9 October 2014.

6 Chapman, B., 'The rationale for the Higher Education Contribution Scheme', *Australian Universities Review*, January 1996, p. 43ff, quoted by Australian Chamber of Commerce and Industry, *Submission 140*, p. 8.

children or to manage family responsibilities, it would be no surprise to you that we do not support these proposed changes because of the impacts that they potentially have on nursing and on the ability of the general public to be able to sign up for university courses that lead to registered nurse qualifications.<sup>7</sup>

1.26 The Australian Education Union also supported the notion that these changes would have an unfair impact on women and low-income earners.

1.27 The fact that the majority committee report calls on the government to reconsider its position on charging a real interest rate on student debt highlights the immense weight of the evidence heard in the inquiry regarding the unfair and regressive nature of the proposal.

### ***Research Training Scheme***

1.28 The proposal to charge research students was criticised by a wide range of witnesses as noted in the majority report.

1.29 Innovative Research Universities alleged that the amendments ignored the contribution of researchers or research teams:

The amendments treat research students solely as students consuming resources for a potential payoff following graduation....A thorough rethink of the place of research students is required to address the mechanisms by which Government supports their development and their living costs. This should ensure coherence with undergraduate funding where universities are funded for all students who enrol. The Government should be encouraging additional research students not discouraging enrolments.<sup>8</sup>

1.30 The Council of Deans and Directors of Graduate Research submitted that the proposed amendments will negatively impact on the quantity and quality of Australia's research graduates and decimate Australia's research workforce.

The driver for charging fees is in part to meet shortfalls in the research training scheme (RTS) as a result of the proposed budget cuts. The need for a highly trained research workforce across industry, business, government and the academy is clear and higher education institutions have been working towards enhancing programs to produce better qualified graduates more prepared for roles across multiple sectors. Cutting the RTS is counter-productive and will place additional financial pressure on institutions and will stifle their ongoing efforts to enhance the quality of research training by focussing on and providing broader skills development in the HDR graduates.<sup>9</sup>

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7 The Australian Nursing and Midwifery Federation, *Proof Committee Hansard*, 8 October 2014.

8 Innovative Research Universities, *Submission 98*, p. 10.

9 Council of Deans and Directors of Graduate Research, *Submission 118*, p. 1.

1.31 The Council of Australian Postgraduate Associations strongly criticised the \$174.7 million cut to the Research Training Scheme and the proposal to charge research students a fee for their degree.<sup>10</sup>

***Extending Commonwealth funding to private providers***

1.32 The committee heard strong evidence from the Australian Education Union regarding the problems associated with allowing private providers to access public funding for higher education:

These matters are of real concern for us. A government that is intent on deregulating and applying market principles is not too interested in enforceability of many things at all. Who is going to hold these operators to account—including the dodgy operators in the VET sector—who have not been held to account thus far?

And:

The rapid demise of the public TAFE system, particularly in Victoria, but also across the country—the damage that has been done to the TAFE system as a result of an incredibly rapid opening up of the market—has been quite well documented. It has been accompanied by a huge growth in both the number of private providers—now in excess of 5,000 across the country—and the amount of public funding that has now gone to the private sector. So in a relatively short period of time the market has opened up.

The damage to TAFE is best documented in Victoria but certainly is not restricted to Victoria. In Victoria the vast majority of TAFE colleges, according to the Victorian Auditor-General, are now struggling financially. TAFE market share in Victoria has dropped from about 75 per cent in 2008 to around 27 per cent in 2014. In fact, some commentators think it has dropped below that, if you take into account some practices around subcontracting of delivery, because the TAFEs themselves can no longer—on the basis of the public subsidy they are getting—afford to deliver the qualifications themselves.

That shift in the market has been equally significant in South Australia. South Australia was one of the first states to act upon the requirements in the 2012 national agreement and open up their market. There again, you see public TAFE provision where the share of the market has dropped below 50 per cent. It is really occurring around the country.

What is troubling, particularly in terms of the experience that the TAFE and VET sector brings to this bill, is the opening up of the market. It has been accompanied by some of the most appalling practices by private providers who, because of the inadequacy of the regulatory system and the rapidity with which the market has opened up, have been engaged in what could only be seen as deplorable practices. They exploit students through the delivery of lower-level qualifications, as these providers have accessed more and more public funds, and cherry pick delivery. Where they deliver

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10 Council of Australian Postgraduate Associations, *Submission 132*, p. 3.

anything—a lot of them have been delivering very little—they focus on the high-turnover end of the market.

They have also been exploiting the opening up of VET FEE-HELP in the sector. In this sector, as a result of the 2012 national agreement, VET FEE-HELP was introduced in earnest. In 2008 around \$25 million was allocated to VET FEE-HELP. By 2014, by midway this year, more than \$700 million so far has been allocated to VET FEE-HELP. The vast majority of that, around 75 per cent, has gone to the private sector.

The result of this has been a significant series of question marks around the quality of provision in the private sector. There has also been a whole series of questions around the cost of qualifications. Far from the opening up of the market in VET leading to a downward pressure on price, we now see the spectre of \$30,000 being charged for diplomas and advanced diplomas in VET. In fact, a degree at a public university would cost less. That cost is being shifted, at least temporarily, through the Commonwealth, onto students.

The market has not acted, in the sector, either to increase quality or in any way to represent value for money for individual students. It represents a real threat to the quality and reputation of qualifications in the sector. It really opens up the whole question of the exploitation of young people who are embarking on a future with their qualifications.<sup>11</sup>

1.33 When this bill is looked at holistically, what becomes clear is that what the government is actually proposing is to make savings in the public higher education sector and raise revenue off students by increasing student fees while simultaneously delivering a \$500 million windfall to private providers.

1.34 Nothing in this bill would force private providers to reduce their fees as a result of receiving government support. In fact, evidence in the VET marketplace shows that, over time, private providers are likely to charge more than their public equivalents and simply pocket government support in the form of profit.

## **Conclusion**

1.35 While the government continues to claim the higher education sector is supportive of the bill, the evidence heard by the committee contradicts this. The higher education sector is a much broader and more diverse group than simply university executives. Students, staff and independent experts have presented strong and well researched submissions arguing about the inherent inequity in the bill.

1.36 Despite the government attempting to present the bill as some kind of genuine attempt to improve accessibility in the higher education sector, it is clear the primary motivation is to achieve budget savings in the order of \$5 billion.

1.37 If the government was so certain that the changes proposed in the bill are sound policies that are supported by the sector and the community, they would have taken these policies to the last federal election.

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11 Australian Education Union, *Proof Committee Hansard*, 8 October 2014, pp 50–51.

1.38 The debate around funding higher education in Australia does not need to be about what level of funding cuts are “fair”. There is no reason, other than the dogmatic application of economic rationalism, as to why federal governments can’t increase university funding across the board.

1.39 This bill fundamentally misrepresents the value Australians place on higher education.

1.40 If this bill is passed it will create an inequitable and elitist higher education system which limits access to our highest quality public education institutions.

### **Recommendation 1**

**1.41 The Australian Greens recommend that the bill not be passed.**

### **Recommendation 2**

**1.42 The Australian Greens recommend that the Senate Education and Employment References Committee establish an inquiry to investigate the benefits of base funding increases to universities and the abolishment of student fees.**

**Senator Lee Rhiannon**