

# CHAPTER 1

## Background to the inquiry

### Reference

1.1 On 11 February 2015 the Senate referred the following matter to the Senate Education and Employment References Committee (the committee) for inquiry and report by 17 March 2015:

- (a) the principles of the Higher Education and Research Reform Bill 2014;
- (b) alternatives to deregulation in order to maintain a sustainable higher education system;
- (c) the latest data and projections on student enrolments, targets, dropout rates and the Higher Education Loans Program;
- (d) structural adjustment pressures, and the adequacy of proposed measures to sustain high quality delivery of higher education in Australia's regions;
- (e) the appropriateness and accuracy of government advertising in support of higher education measures, including those previously rejected by the Senate;
- (f) research infrastructure; and
- (g) any other related matters.<sup>1</sup>

### Conduct of the inquiry

1.2 Details of the inquiry were made available on the committee's website. The committee also contacted a number of organisations inviting submissions to the inquiry. Submissions were received from 71 individuals and organisations, as detailed in Appendix 1.

1.3 A public hearing was held in Canberra on 6 March 2015. The witness list for the hearing is detailed in Appendix 2.

### Legislative context

1.4 On 28 August 2014 the Hon. Christopher Pyne, MP, introduced the Higher Education and Research Reform Amendment Bill 2014 (the HERRA bill) in the House of Representatives.<sup>2</sup> Subsequently, the Senate Education and Employment Legislation committee (the Legislation committee) inquired into the HERRA bill and tabled its report on 28 October 2014.<sup>3</sup> Submissions were received from 164 individuals and organisations, as detailed in Appendix 3.

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1 *Journals of the Senate*, 11 February 2015, p. 2142.

2 *Votes and Proceedings*, 28 August 2014, p. 765.

3 Senate Education and Employment Legislation Committee, *Higher Education and Research Reform Amendment Bill 2014*, October 2014.

1.5 On 3 December 2014 the HERRA bill was defeated in the Senate.<sup>4</sup> However, on 3 December 2014 the Hon. Christopher Pyne MP introduced the Higher Education and Research Reform Bill (the HERR bill) in the House of Representatives,<sup>5</sup> the core provisions of which remain the same as those contained the HERRA bill.

1.6 Unchanged in the HERR bill are the:

- deregulation of fees for Commonwealth Supported Places (CSPs) at universities;
- 20 per cent cut in the Commonwealth Grant Scheme (CGS);
- 10 per cent reduction in funding for the Research Training Scheme (RTS) together with the enabling of universities to charge RTS supported students tuition fees; and
- reduction of the minimum repayment threshold for Higher Education Loan Program (HELP) debts.<sup>6</sup>

1.7 The HERR bill also proposed some amendments to the initial HERRA bill, but when considered in the context of a deregulated environment they fall well short of addressing fundamental concerns raised by stakeholders at large.

#### *Legislation committee inquiry*

1.8 It should be noted that on 12 February 2015 the Senate referred the provisions of the HERR bill to the Legislation committee for inquiry and report by 17 March 2015.<sup>7</sup>

### **Australia's higher education sector is world-class**

1.9 Australia's higher education sector is robust and sustainable, and has an international reputation founded on the quality of its institutions and the courses they provide. It is innovative and equitable and something Australians can be proud of. The radical changes proposed in the HERR bill could rapidly destroy this.

1.10 Higher education is Australia's largest non-resource export industry, earning in excess of \$15 billion annually. However, the future prosperity of this sector depends on maintaining quality, excellence and the reputation of our international industry.

1.11 The package proposed by the Abbott government seeks to change the fabric of Australian society. They stand to reverse important social and economic achievements that benefit all Australians, while distracting us from the real challenge – tweaking a higher education system that has proven successful.

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4 *Journals of the Senate*, 2 December 2014, pp 1948–9.

5 *Votes and Proceedings*, 3 December 2014, p. 1044.

6 See Higher Education and Research Reform Amendment Bill 2014 and Higher Education and Research Reform Bill 2014.

7 *Journals of the Senate*, 12 February 2015, p. 2156.

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1.12 Australian higher education must continue to advance knowledge and scholarship, aid the national research and innovation enterprise and meet the country's labour force needs while balancing goals of excellence, access and participation. In this context, there is no denying the fact that public investment in higher education is declining. However, there is no evidence to support the Abbott government's scare campaign that immediate action must be taken and that fee deregulation is the only option.

1.13 The Abbott government's higher education policy is callous and short-sighted and when compared to processes surrounding previous radical changes, it does not stack up. There has been no green and white paper, nor a tailored or independent review. Any substantial reform must be the result of the right structured process of design, modelling, safeguards, consultation and transition – not a rushed piece of legislation that takes the low road of increasing inequality of access, opportunities and outcomes that the Australian people neither need nor want.

1.14 The committee is deeply concerned about the underlying principles of this package. The scale of the proposed cuts and the regressive impacts of the proposed policy will affect students and graduates – present, past and future. The committee is appalled that the Abbott government has advanced deceptive arguments that graduates should pay more for their education because of the public benefit they will receive. In this context, the committee is particularly interested in the tax-payer advertising campaign that misled the Australian public.

1.15 Chapter 2 of the report discusses the inequity of fee deregulation. Chapter 3 of the report details the immediate threat the package poses to Australia's research infrastructure. Chapter 4 of the report examines the need for an informed debate about higher education in Australia and briefly discusses some of the alternatives to fee deregulation.

### **Acknowledgements**

1.16 The committee thanks those individuals and organisations who contributed to the inquiry by preparing written submissions and giving evidence at the hearing.

### **Notes on references**

1.17 References in this report to the *Hansard* for the public hearing are to the *Proof Hansard*. Please note that page numbers may vary between the proof and the official transcripts.