

COALITION SENATORS' DISSENTING REPORT

Principles of Coalition Higher Education Policy

1.1 Principles of access, equity and excellence in higher education have been core principles for Coalition Senators over a long period of time. In fact, principles were expounded and implemented by Sir Robert Menzies, with respect to the reform principals of the bill, addressed by the Committee. Coalition Senators would refer interested parties to the Education and Employment Legislation Committee reports on both the original bill and the additional report that addresses the amendments to the original bill. The Legislation Committee has been diligent in its investigation of the legislation, seeking to present evidence in a practical manner and make practical suggestions around legislative amendments. It is a great pity the Reference Committee has not chosen such a path to deal with this issue.

The importance of universities to Australia

1.2 Coalition Senators believe that Australia's universities are the drivers of social equity and economic development. Universities are the method by which aspirations are raised and opportunities are created. Coalition Senators have a long and proud tradition of allowing more Australians to go to universities and this will continue to be policy.

The autonomy of universities

1.3 Coalition Senators have and will continue to believe that it is universities, not Canberra bureaucrats, who are best placed to know the most about their particular student cohort. Further, Coalition Senators believe that it is in the best interests of students when universities are allowed more freedom.

The importance of quality in Australia's higher education sector

1.4 Traditionally Australia has had one of the highest quality education sectors in the world. It is critical that Australia continues to have one of the best higher education sectors in the world. However, this position is slipping. As Universities Australia has said, without significant reform Australia's higher education sector 'will slide into mediocrity'.¹ Coalition Senators is committed to ensuring that Australia's higher education sector is the absolute best it can be, and is the best in the world.

The crucial role of universities in creating opportunity

1.5 Since the Menzies reforms of Australia's higher education sector Coalition Governments have been committed to allowing more disadvantaged students to access higher education. The Menzies reforms opened up Australia's higher education sector to groups of people who previously could not access higher education.

¹ Universities Australia, *Submission 30*, p.

1.6 As such the reforms by John Dawkins in the 1980s, and the establishment of the Demand Driven System should be thought of as extensions of reforms which Sir Robert Menzies started. Coalition Senators Government's current reform package is the next step along that evolutionary path started by Menzies, and walked by Dawkins and Gillard.

The importance of research

1.7 Coalition Senators are committed to adequately funded research in Australia. This is why the Government spends \$9 billion a year on research. Further, Coalition Senators note that on 16 March 2015 Minister Pyne guaranteed National Collaborative Research Infrastructure Strategy for 2015-16. It should also be noted that the previous Government was unwilling to provide funding past June 30 2015.

Specific response to majority report

1.8 Coalition senators completely reject the partisan manner in which the opposition have approached the public debate to continue their scare campaign in an area of policy where there has been a long tradition of bipartisan support for increasing access whilst encouraging excellence in our higher education system.

1.9 The majority committee report uses inflammatory and highly emotional language to discuss important policy area and fail to put forward any genuine policy alternatives from the inquiry process is disappointing.

1.10 Instead, in their majority report, Labor and Greens Senators have rejected all ideas because their starting place is fundamentally flawed. Deregulation is the problem.

1.11 Similarly they claim the government is "rushing radical changes". Failing to acknowledge the more than 30 reviews, 10 months of consultation, extensive committee inquiries, and support of private and public higher education providers is another case of ideology trumping the sensible evolution of Australia's higher education system.

1.12 The majority also claim that as a result of the reforms students will not be able to attend high prestige universities unless they can pay for them. While the majority rely on assertion, Government Senators prefer to rely on evidence based research. A report prepared for the European Commission in 2014 showed that there is no impact on participation in higher education when fee rises occur and there is an income contingent loan scheme in place.² Further, the experience in England over the past few years has found that where there are significant fee rises, the proportion of disadvantaged students participating in higher education goes up.

1.13 Coalition Senators of the Committee refer to the concurrent inquiry of the Senate Standing Legislation Committee on Education and Employment on the Higher Education and Research Reform Bill 2014, which reported on Friday 13 March 2015.

² European Commission, *Do changes in cost-sharing have an impact on the behaviour of students and higher education institutions?*, May 2014.

1.14 There are a number of individual points in the majority report of the Senate Education and Employment References Committee which are important to rebut.

1.15 Since the Legislation Committee reported on 13 March 2015 the Minister has announced that the 20 per cent reduction in CGS funding will be separated and dealt with in a separate Bill. Further, the Minister has guaranteed that the National Collaborative Research Infrastructure Strategy will receive Commonwealth funding for 2015-16.

1.16 Despite the rhetoric in the report prepared by the majority Senators for this Committee inquiry, the Government engaged in extensive review processes prior to the announcement of the Higher Education Reforms. The Government commissioned the Hon. David Kemp and Mr Andrew Norton to review the Demand Driven System. Many relevant submissions were received by the Commission of Audit. Consultation was also undertaken in the development of the 2014-15 Budget.

1.17 The Government also engaged in extensive post-Budget consultation through the operation of the Legislation and Finance Working Group, chaired by Professor John Dewar and the Quality, Deregulation and Information Working Group, chaired by Professor Peter Shergold.

1.18 The higher education sector has been extensively reviewed since the 1950s. Since the Murray Review, commissioned by the Hon. Sir Robert Menzies there have been 33 reviews into higher education in Australia.

1.19 The majority report argues that the current funding regime for universities is sustainable. This is not the view of Australian higher education experts, as well as the university peak bodies and Vice Chancellors. For instance, in their submission Universities Australia wrote:

Despite strong public support for a well-funded university system, public investment in Australian universities remains inadequate and low compared with other OECD countries.³

1.20 Further, the CEO of Universities Australia was quoted in the Department of Education and Training's submission, she said that:

We do not believe that it is possible to maintain the standards that students expect or the international reputation that the sector enjoys without a new approach that has at its core long-term financial sustainability and less university exposure to policy instability, political whim and idiosyncratic approaches to funding that are impossible to predict from one six-month period to the next.⁴

1.21 Rather than being sustainable, the traditional cycle of boom and bust for higher education sector funding in Australia has created an unstable and unworkable operating environment. This is exemplified by the \$6.6 billion dollars of cuts to higher education which were announced by the previous Government.

³ Universities Australia, *Submission 30*.

⁴ Department of Education and Training, *Submission 68*, p. 5

1.22 Coalition Senators note that the chief proponents of the argument that universities are sustainable are not expounded by those who oversee, or run universities. Further, it is surprising that those in the majority of this Committee chose to put so much faith in the arguments put forward by scholars such as Professor Louise Watson, who is willing to see up to \$5 billion cut out of higher education in Australia.

1.23 Finally, in their report majority senators relied heavily on evidence given by Mr Ben Phillips of NATSEM. Government Senators have consistently pointed out that Mr Phillips does not have particularly strong qualifications either in higher education policy analysis, or in fact economic analysis more generally. It is also significant that Mr Phillips is employed by the University of Canberra whose Vice-Chancellor is the only one who does not support the Higher Education reforms. It is for this reason that Mr Phillips' analysis is not surprising.

1.24 It is telling that Mr Phillips and NATSEM were willing to stake their so-called 'independent' reputation on a website which has been used by the Labor party to seek campaign donations. Government Senators legitimately tried to question how much NATSEM was paid to do this blatantly political work, however, were blocked by the Chair citing commercial-in-confidence. Given that university accounts are public this was perplexing.

Key points of the Higher Education reform package

1.25 Coalition Senators once again reiterate our support for a system that is accessible, equitable and excellent.

1.26 The benefits to students of the Higher Education and Research Reform Bill 2014 are significant. According to the submission by the Department of Education and Training, as a result of the expansion of the Demand Driven System an additional 83,000 students a year will receive Commonwealth support from 2018.⁵

1.27 The Department of Education and Training's submission also illustrates the significant problems with not passing these reforms. For instance, if the reforms do not pass, 64,000 primary caregivers will not get the benefit of the Government's proposed HECS indexation pause for primary caregivers.⁶

1.28 There have been no reasonable alternatives proposed to the Government's proposal. Coalition Senators note that this Committee, set up to review alternatives approaches to funding higher education has not offered alternatives. Rather the recommendation is that the Government revisit the 2011 Base Funding Review, the recommendations of which were not adopted by the previous Government.

1.29 All of the higher education peak bodies – Universities Australia,⁷ The Regional Universities Network,⁸ the Innovative Research Universities,⁹ the Australian

⁵ Department of Education and Training, *Submission 68*, p. 9.

⁶ Department of Education and Training, *Submission 68*, p. 11.

⁷ Universities Australia, *Submission 30*, p. 2.

⁸ Regional Universities Network, *Submission 23*, p. 3.

Technology Network,¹⁰ the Group of Eight¹¹, TAFE Directors Australia¹², the Australian Council of Private Education and Training¹³ and the Council of Private Higher Education¹⁴ - have indicated their support for the Higher Education and Research Reform Bill with amendments in either submissions, or in prior public submissions.

1.30 There has been a dishonest and baseless scare campaign against the higher education reforms. As stated in the concurrent report from the Senate Education and Employment Legislation Committee:

Given that there is no reliable evidence to suggest that fees will rise unacceptably high, and that students will not be asked to contribute to these costs until they can afford to ... the spectre of skyrocketing courses fees was little more than a politically driven scare campaign.¹⁵

1.31 Evidence from universities has put the lie to the baseless scare campaign. For instance the Queensland University of Technology has released their fees making it clear that if fees were de-regulated their pricing would be roughly a third of what those propagating the scare campaign would have the Australian public believe.

1.32 Coalition Senators are pleased to note that data provided from the Department of Education and Training shows that this scare campaign has had no impact on the number of year 12 students applying to universities.

Recommendation 1

1.33 Coalition senators reject the Senate Education and Employment References committee majority report and the additional comments by the Greens, as another taxpayer funded politically motivated scare campaign.

Senator Bridget McKenzie

Deputy Chair

⁹ Innovative Research Universities *Submission 14*, p. 1.

¹⁰ Australian Technology Network of Universities, *Submission 33*, p. 1.

¹¹ Group of Eight Australia, *Submission 32*, p. 1.

¹² TAFE Directors Australia, *Submission 22*, p 1.

¹³ Council of Private Education Inc, *Submission 21*, p. 3

¹⁴ Council of Private Education Inc, *Submission 21*.

¹⁵ Senate Education and Employment Legislation Committee, *Higher Education and Research Reform Bill 2014 [Provisions]*, March 2015, p. 12.