



BOND UNIVERSITY

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Committee Secretary
Senate Education and Employment Legislation Committee
PO Box 6100, Parliament House
Canberra ACT 2600
Email: eec.sen@aph.gov.au

Dear Committee Secretary

Please find enclosed a submission to the Higher Education and Research Reform Amendment Bill 2014 Inquiry.

Bond University believes that a robust higher education system is critical to the long-term economic and social prosperity of our nation. We support key elements of the Higher Education Reform Bill when taken as a package. It is a policy that will support quality, encourage innovation, and drive expansion, and will result in more higher education opportunities for more Australians. The current funding model and regulatory regime have held back the sector by not encouraging diversity and innovation and, as a result, made the sector less responsive to the diverse and changing requirements of our students.

In particular, we support the proposal to harmonise the HELP loan scheme so that all undergraduate students have equitable access to the Government loan scheme. Zero real interest loans with income-contingent repayments are a proven and effective measure for removing financial barriers to entry and extending opportunity.

Bond students are able to access FEE-HELP loans and over 80% of our students are deferring at least some of their tuition costs in this way. However, Bond undergraduate students must pay a 25% FEE-HELP loan fee that is not charged to HECS-HELP students, and there is a life-time limit on FEE-HELP borrowings that is not imposed on HECS-HELP students.

These circumstances contravene the principles set out within the Commonwealth Competitive Neutrality Policy Statement. They are also inequitable. All students are investing in their futures and there is no reasonable justification for continuing to offer inequitable loan terms to different groups.

We encourage the Commonwealth to consider bringing forward the effective date for the introduction of the HELP changes to 1 January 2015. Under the current plan, Bond undergraduates' enrolling in 2015 will still have their HELP loans inflated by the 25% loan fee and they will be further impacted by the new indexation rates from 2016. We are concerned that some students will be motivated to unnecessarily interrupt or delay their study.

We also encourage the Commonwealth to reconsider the proposal to increase the rate of indexation on students' HELP debt. Higher indexation will be a perceived barrier for some students and introduce inequities for students whose career or life choices cause them to take longer to repay their debt.

Yours sincerely

Vice-Chancellor and President



Bond University Submission to the Higher Education and Research Reform Amendment Bill 2014 Inquiry

Bond University has long argued that the common funding arrangements and regulatory requirements embedded within the current higher education policy framework have inhibited diversity and innovation within the sector. The Reform Bill proposals will allow institutions to better respond to the needs of students.

A key feature of the reforms and their success in enabling students from all parts of society to invest in their future will be the positive benefits of harmonising the current HELP schemes. Rationalising and extending the HELP scheme will help provide equal access to higher education.

Increasing diversity and opportunity

Quality education is essential to Australia's future economic and social well-being. Our higher education institutions represent key national infrastructure and, in an ideal world, access to our institutions would be free for all citizens. However, our national resources are not infinite so we must look for ways to deliver the best possible system and spread the costs as equitably as we can. This is why we support, and we would urge committee members to support, key elements of the current reforms.

Australia's higher education system is highly regarded by international standards. For several decades, international students have been attracted to our universities and invested in their future through undertaking studies in Australia. Such mobility enhances the social, trade and business environment in our region and provides a significant economic benefit to our country. International students seek education opportunities in Australia because of the high quality and international standing of our institutions. We must protect these attributes for our general economic well-being.

Governments around the globe are struggling with how to best configure public investment in higher education. In Australia, the current level of public funding is unlikely, in isolation, to be sufficient to drive the continuous improvement and pursuit of excellence across teaching and learning, research and community engagement, which will be necessary if we are to maintain our global competitiveness.

Our nation's student body is diverse. We must cater for sub-bachelor, undergraduates, postgraduates, coursework and research, school-leavers and mid-career professionals, and people from a wide range of domestic and international, geographic, cultural and socio-economic backgrounds. Even within any of the so-called student cohort groups, we must be responsive to the needs of individual learners. Moreover, our students require access to a broad range of experiences to succeed in an increasingly competitive, complex and globalised world.

Australian university students are effectively paying fees already through their student contributions, and have done so since the introduction of HECS in 1989. The balance of the mix between public funding and fees levied on the direct beneficiaries of higher education is a matter for government in consideration of the competing priorities on the Federal Budget. We do not believe that high quality education can be provided without some funding being derived from the users of that service. Nor do we believe that it is unreasonable for the beneficiaries to make a personal contribution. The proposed reforms will establish a more competitive market in this regard.

Australia's schooling system provides us with a useful model to consider. Around 40% of secondary students in Australia attend non-government, Catholic or Independent schools. Our private schools

provide us with different approaches to education, different secular and religious philosophies, different attitudes to extra-curricular activity and personal development, and different levels of parental and community engagement. Parents and their children can choose the school that best fits their values, ambitions and circumstances.

In contrast, the higher education sector is dominated by large, comprehensive, public universities which account for 94% of domestic students and have a median domestic enrolment of around 21,000 students. Each university draws the majority of their domestic students from their local area, often within a radius of only 20-30 kilometres, and among many of these large players there is a similarity of mission resultant from common funding arrangements and regulatory requirements.

To move forward in an increasingly competitive global landscape we must build a sector where more institutions of different shapes, sizes and structures can thrive. With this in mind, the expansion of the demand driven system to include more non-university higher education providers (NUHEPs) is an important element of the proposed reforms. Their influence on the market will help drive innovation and diversity. Critically, the focus on teaching and successful graduate outcomes by NUHEPs will encourage cost effective models which will ensure healthy price competition and serve as a floor to moderate fee rises.

Helping students to invest in their future

In introducing the proposed higher education reforms we must not reduce opportunity or create insurmountable hurdles for students from different social backgrounds and economic circumstances. Zero real interest loans with income-contingent repayments are a proven and effective measure for helping students to overcome financial barriers to entry and extend opportunity. The system of HECS loans is widely regarded internationally as best practice. This is why the amendments to the HELP scheme proposed within the Reform Bill are important and should be supported alongside the deregulation measures.

Domestic graduates from private universities deliver the same public benefit to our nation as graduates from the public university sector. However, undergraduate students at private universities must pay a 25% FEE-HELP loan fee that is not charged to students elsewhere under the HECS system. This is an inequitable situation and a policy setting that interferes with the natural principles of choice.

There is also a life-time limit on FEE-HELP borrowings that is not imposed on HECS-HELP students. The removal of the student loan fee levied only on private undergraduate students, and the removal of life-time limits on FEE-HELP will increase equity and opportunity in the sector.

The Government should resist any proposal to extend caps on loans under the revised HECS-HELP scheme. A cap on the loans scheme will disadvantage high achievers dedicated to lifelong learning from taking on further studies beyond their first degree. Moreover, experience from overseas has shown that a cap is likely to serve as a price signal around which some institutions will group.

We encourage the Government to reconsider the proposal to increase the rate of indexation on students' HELP debt. It will act as a perceived barrier for some students and introduce inequities for graduates whose valid career or life choices cause them to take longer to repay their debt.

Competitive Neutrality

The Commonwealth Competitive Neutrality Policy is an agreed commitment shared by all Australian Governments and detailed in the Competition Principles Agreement which was executed by the Council of Australian Governments in 1995. It requires that government business activities should not

enjoy competitive advantages over their private sector competitors simply by virtue of their public sector status.

The current higher education policy settings, which exclude private universities from Commonwealth Grant Scheme subsidies for student tuition and impose more favourable loan terms on students in publicly funded universities, are potentially in direct contravention of this policy.

Transition Issues

The combined effect of delaying the removal of the 25% FEE-HELP loan fee to 1 January 2016 and the proposed HELP debt new indexation rate means that students enrolling at private universities in 2015 will still have to wear the burden of the 25% current loan fee and then be charged the new rate of indexation on the debt related to that loan fee from 2016. This 'double hit' is surely an unintended consequence that will impact the 2015 cohort of students in private universities.

The consequence is that at private universities some students will consider deferring or slowing their study plans to avoid the less favourable terms in 2015. We are also concerned that some new students who were planning to start in 2015 might delay their study plans for a year. It is a perverse incentive that is working against the students' interests. While it makes sense to delay the expansion of the Demand Driven System until 2016 to allow institutions time to adjust, the same justification should not extend to the loans scheme which has the greatest impact on individual students.

About Bond University

Bond University is Australia's first private University, established under an Act of the Queensland Parliament in 1987. Our mission is to inspire our students with a personalised and transformational learning experience, in a University that is internationally recognised for its independence and innovation. We are small by Australian standards with 4,000 students enrolled and a student to staff ratio of around 10:1, which is the lowest in the country and much less than the average of 21:1. We offer a genuine three-semester-per-year model which allows undergraduates to enter employment or further studies 12 months ahead of most of their peers. We are a not-for-profit organisation and any financial surplus is reinvested in the student experience.

Our focus is on delivering an outstanding experience for our students. Our success is evidenced by many indicators including the Good Universities Guide 2015 where, for the ninth year running, we have been awarded more five-star ratings for educational experience than any other Australian university.

Bond operates independently of the Commonwealth Grant Scheme and our students do not benefit from any direct Government contribution towards tuition. Our domestic students represent a broad cross-section of the community and over 80% use FEE-HELP to fund some or all of their tuition. Our students have all made a considered and deliberate decision to step outside of the public system and invest in an educational experience that suits their particular needs and ambitions.

Despite being a private university, Bond invests heavily in its scholarships program. Indeed, we understand that Bond has the highest per capita scholarship provision in the Australian university sector. Our scholarships are funded through a mix of internal allocations (mainly from student tuition) and the generosity of industry and philanthropic donations.

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