



Science & Technology AUSTRALIA

Higher Education Support (Charges) Bill 2018 and Higher Education Support Amendment (Cost Recovery) Bill 2018

2 November 18

To the Senate Education and Employment Committees,

Thank you for the opportunity to contribute to the Higher Education Support (Charges) Bill 2018 and Higher Education Support Amendment (Cost Recovery) Bill 2018.

Science & Technology Australia (STA) is the peak representative body for more than 70,000 scientists and technologists in Australia through our member organisations, including associations and societies, research institutes, and research strategy bodies such as councils of deans. Our mission is to connect science and technology with governments, business, and the community, to enhance the role, reputation and impact of science.

STA appreciates the opportunity to provide evidence regarding this legislation.

Higher Education in Australia is essential in providing education for the next generation, overall public good, and generating great national wealth and can become even more significant with greater federal support. However, in recent years there have been numerous attempts to decrease the public investment in this sector. The implementation of this legislation will further reduce the resources available to universities. STA is concerned that this will exacerbate the negative effects that reduced investment is already having on the sector.

STA recommends that the following legislation be rejected:

1. The Higher Education Support (Charges) Bill 2018; and
2. The Higher Education Support Amendment (Cost Recovery) Bill 2018

Please find a more detailed response below.

Yours Sincerely,

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Introduction

The Higher Education sector serves four vital functions in Australia. It provides education for the nation's future workforce; it produces world-class research; it educates and builds relationships with future leaders in nations around the world; and it injects billions of dollars annually into the Australian economy. Despite these benefits, over the past four years the federal government has been winding back public investment in higher education. These reductions have occurred through cuts to research funding or by placing caps on the support provided to educate Australian students.

STA is greatly concerned at the state of higher education in Australia and in particular the cost these regular reductions in resource availability are having on the sector as a whole. The resulting disadvantage appears counter-intuitive given the significant contributions made by this sector.

Recent funding cuts to universities

Higher education is the third largest export industry in Australia¹. Research undertaken by Universities Australia has shown that provides a boost to the Australian economy by more than \$140 billion annually². Despite the benefits that a strong higher education sector can provide for Australia and Australians, there have been consistent calls to cut funding from universities since 2012.

While these amendments do not directly serve to cut government investment in higher education, STA believes they will build upon existing stressors. Charging an extra fee to universities at a time when their funding has been reduced will have negative effects on students, research, and the international education sector as outlined below.

The negative repercussions of scarce higher education investment

Already the sector is struggling with investment scarcity, with some universities reporting financial difficulties³ and others beginning to slide in international rankings⁴. These rankings directly affect Australia's capacity to attract international students and serve as a litmus test for the health of the sector.

According to enrolment numbers reported to the Department of Education and Training, the total number of student places at Australian universities increased from 717,700 to 1,082,000 between 2005 and 2017⁵. Much of this increase was a result of the demand-driven system introduced in 2012, as it allowed for all students who were capable to obtain a university degree.

On top of increasing overall federal investment through Commonwealth supported places, this system also increased the number of graduates entering

¹ ["Australia's Education Exports at Record High"](#) Universities Australia, 2017

² ["Data Snapshot 2018"](#) Universities Australia, 2018

³ ["Victorian Auditor-general raises concerns about Federation University's long-term future"](#) ABC News, 2018

⁴ ["Australian universities slide down rankings prompts funding warning"](#) The Sydney Morning Herald, 2018

⁵ ["Student summary data"](#) Department of Education and Training, Accessed October 2018

the workforce and contributing to the Australian community. Recent graduate surveys indicate that 1 in 9 graduates are employed full-time with a median salary of \$70,000 within the first three years of graduating⁶. Decreased resource availability resulting from funding freezes, and now this proposed fee, will decrease both the number of students that can be provided with an education.

STA would like to raise two areas of concern regarding funding requirements of universities that should be taken into consideration. Namely, a potential for universities to over-rely on international fee-paying students to cross-subsidise the cost of domestic student education, and; the falling ranking of Australian universities internationally. An over-reliance on international student income can leave universities' capacity to educate Australian students at the mercy of international market forces. For example, previously international enrolments declined when perceptions of low international student safety adversely affected parents' willingness to send their children to Australian universities⁷.

Following the 2017 audits, universities were found to be facing a "market concentration risk" according to the New South Wales Auditor-General⁸. In New South Wales alone, overseas students contributed \$2.8 billion in 2017, with 57% of these students coming from China⁹. Such a market concentration risk threatens the financial independence of the sector. International education provides a benefit to the sector and the economy however it is important that the sector is not be overly reliant on using international student fees subsidising domestic education and research.

Our international reputation (and therefore international student demand) is also at risk from falling university rankings. Australian universities failed to maintain their high placements in the recent Times Higher Education rankings¹⁰. Universities have suggested that this drop has been a result of the \$2 billion funding freeze announced as part of the Mid-Year Economic and Fiscal Outlook in 2017¹¹. This funding freeze directly reduces the amount of investment available for domestic student education and limits the number of students that can be provided with a university education.

This fall in international rankings hurts Australia by negatively affecting the international student market as well as Australia's standing in the global community as an innovative and educated country. This impacts on our researchers' capacity to attract co-investment and international research partnerships.

STA is concerned that by introducing an administrative fee to higher education institutions for the FEE-HELP program, there will be a further burden added to

⁶ ["Graduate job hopes still solid, says data"](#) The Australian, 2018

⁷ ["Safety and Quality Issues Deter Overseas Students"](#) The Australian, 2011

⁸ ["Universities 2017 Audits"](#) New South Wales Auditor-General's Report, 2018

⁹ ["Universities rely too much on foreign student fees, auditor says"](#) The Guardian, 2018

¹⁰ ["World University Rankings 2019"](#) Times Higher Education, 2018

¹¹ ["Global rankings display an Australian university system stagnating under pressure"](#) Group of Eight, 2018

the sector, leading to further reductions in resources available for the core activities of Australian universities.

Costing of these fees is unclear

According to the explanatory memorandum accompanying the legislation it is anticipated that the fee will be calculated based on the enrolment numbers of an institution¹². While it could be expected that an increase in work is required to administer the FEE-HELP program for larger universities, there is also expected to be a level of economics of scale that would apply to larger institutions.

As well as administration of the FEE-HELP program this legislation is also aimed at recovering the cost of data collection from higher education institutions by the Department of Education and Training. Data collection and reporting is a requirement from the Department for the provision of funding to tertiary education institutions. Given the time and cost of collections and reporting of data for both the Department and higher education institutions it makes little sense to charge education institutions the cost of this data handling.

¹² [“Higher Education Support Amendment \(Cost Recover\) Bill 2018: Explanatory Memorandum”](#)
The Parliament of the Commonwealth of Australia, 2018

