



University of
South Australia

University of South Australia submission to the Senate Education and Employment References Committee on the *Higher Education and Research Reform Amendment Bill (2014)*

The University of South Australia (UniSA) welcomes the opportunity to make a submission to the Senate Education and Employment References Committee's inquiry into the proposed reforms to higher education outlined in the *Higher Education and Research Reform Amendment Bill (2014)* (the Bill).

The Bill represents substantial reforms to Australia's higher education system that provide an opportunity to significantly expand and diversify opportunities for students, provide more support for disadvantaged students, and to ensure that Australia's higher education system remains world-class and sustainable into the future.

UniSA supports the positions of Universities Australia and the Australian Technology Network of Universities in encouraging the Senate to pass the Bill, following consideration of some key matters. Comments on the principles of the Bill and related matters, as well as recommendations for further consideration, are provided against the Terms of Reference below.

i. The principles of the *Higher Education and Research Reform Amendment Bill (2014)*

This section provides responses and recommendations in line with the following key principles of the Bill:

1. Ensuring a sustainable higher education system
2. Expanding opportunities for students
3. Extending support for disadvantaged students
4. Investing in world-class research

1. Ensuring a sustainable higher education system

UniSA supports the Government's intent to ensure our higher education system will be on a strong financial footing, and sustainable into the future, through continuing to share the costs associated with higher education between students and the public. However, the Commonwealth Government's plan to significantly reduce its contribution to tuition fees by 20 per cent is of significant concern given the upward pressure this will place on students' contributions to their tuition fees. In line with the positions of Universities Australia and the Australian Technology Network of Universities, UniSA urges the Committee to recommend a moderation in the Commonwealth's proposed reduced contribution to student tuition under the Commonwealth Grants Scheme.

Recommendation: That the Committee recommends moderating the 20 per cent funding cut to Commonwealth Supported Places.

Despite successive governments acknowledging the need for a strong, high quality higher education system, funding to higher education, both for teaching and research, has been the subject of successive policy and funding changes. Funding cuts have invariably followed funding injections creating a chaotic and short term funding system for the sector. This pattern significantly impedes the capacity of the sector to plan for the long term or to make the strategic investments in, for example research, necessary for a sustained and ongoing contribution to Australia's economic and social development. It also encourages behaviours within the sector, such as enrolment patterns, that ensure short-term financial viability at the expense of high quality outcomes.



University of
South Australia

Acknowledging the current fiscal environment and the clear message from successive governments that it is unable or unwilling to make the level of public investment necessary to ensure a long-term sustainable higher education system, UniSA supports the introduction of fee deregulation. We believe the Bill, as now presented, supports fee deregulation without compromising student participation. It is pleasing to note that the Government will continue to make available HELP loans to assist students to manage their tuition fees, and that in this Bill, the indexation rate on HELP debt will remain in line with CPI.

The HELP scheme and the introduction of scholarships as discussed below, in combination with the requirement now introduced in the Bill, to ensure domestic fees must remain less than international fees, and price monitoring by the ACCC or some other appropriate body, provide appropriate supports and protections for students in a fee-deregulated environment.

It is in this context that the university supports fee deregulation. It will provide greater funding certainty, it creates a true demand driven system and gives universities the flexibility to set fees in a way that takes into consideration the backgrounds and circumstances of their student cohort.

Recommendation: That the Committee recommends support for fee deregulation for Commonwealth Supported Places.

2. Expanding opportunities for students

As a university committed to enabling broad access and pathways to higher education, UniSA supports the expansion of the demand driven system to include sub-bachelor programs to provide greater opportunities and choice for students. The University's access college, UniSA College currently offers foundation and diploma pathway programs for individuals who have experienced educational disadvantage, and who require additional academic preparation and support prior to commencing a bachelor degree. Completion of a diploma pathway program also provides credit when a student progresses to the bachelor program ensuring students do not accrue unnecessary debt when proceeding to higher education through this pathway. The opportunity to expand our suite of sub-bachelor pathway and para-professional programs is therefore welcomed.

Recommendation: That the Committee recommends support for the retention of the demand driven system and its expansion to incorporate sub-bachelor programs.

In the current fiscal environment we would question the Government's proposal to extend the demand driven system to private higher education providers. The Government already supports students enrolled in programs with private providers through FEE-HELP. The modelling undertaken to investigate the level of subsidy that might apply to private providers acknowledged the lower cost structures for private providers supporting their ability to already compete favourably in a demand driven system.

We are also concerned that, as we saw in the VET sector, access to public subsidies within a private market can result in erratic market behaviours that can reduce quality outcomes, such as enrolling under prepared students leading to higher rates of attrition and increased student debt and a poor return on investment for the public funds expended. While it is expected that such quality issues will be dealt with by TEQSA, TEQSA has experienced significant cuts in funding and its ability to regulate across a fully demand driven system has yet to be tested.

Recommendation: That the Committee recommends that plans to extend the demand driven system to include private higher education providers be opposed at this time.



University of
South Australia

3. Extending support for disadvantaged students

In respect to the Government's proposed access and equity measures, the maintenance of the Higher Education Participation Programme is essential for universities to continue to provide support for students from disadvantaged backgrounds. In the Bill it is proposed that grants as part of the Higher Education (Access and Participation) Programme will be provided to universities based on their proportion of students from a low SES background. Further, whilst the new Higher Education Participation (Scholarship Fund) Programme will provide additional financial assistance for low SES students a threshold of low SES student enrolments is proposed. It is our position that support should be provided to all low SES students, regardless of the university that they attend.

Recommendation: That the Committee recommends that all low SES students, regardless of the university that they attend, will be supported through the Higher Education Participation Programme.

We acknowledge that the Commonwealth Scholarship Scheme will provide additional support for students from disadvantaged backgrounds to access higher education. UniSA believes that universities understand the unique needs of their student cohort, and that each university should be responsible for administering its own scholarship fund. We do not support the pooling of funds, as has been proposed within some parts of sector as there is clearly a varied distribution of equity engagement in the sector already.

Recommendation: That the Committee recommends the retention of the current intent within the Bill that each university should administer its own scheme for the distribution of scholarships to students under the Commonwealth Scholarship Scheme.

4. Investing in world-class research

UniSA's comments with regard to research infrastructure and the ARC Future Fellowship Scheme are provided below (Term of Reference vi: Research Infrastructure)

UniSA is not supportive of the proposed 10 per cent per annum reduction in Research Training Scheme (RTS) funding provided to universities and the related introduction of student contributions for research training students.

Across Australia, postgraduate students are the engine of research productivity – UniSA is not in favour of a measure which may potentially deter the innovators of tomorrow from pursuing the opportunity to work with the best researchers possible.

Institutions will have the option to absorb reductions in RTS funding, however, university-based-research is already absorbing many direct, and indirect, costs associated with supporting world-class research and its related infrastructure; for example, the full-cost of research is not funded by grants, and the shortfall is not made up by research block grant funding. This presents a major issue for Australian universities who are competing in the international arena to attract and retain outstanding postgraduate students, and to provide them with a high-quality, contemporary postgraduate training experience.

Recommendation: That the Committee recommends that any further reduction in research training funding, including the 10 per cent per annum reduction in RTS funding and introduction of student contributions for research students be opposed.



University of
South Australia

ii. **Alternatives to deregulation in order to maintain a sustainable higher education system**

As stated above, UniSA supports the introduction of fee deregulation as a significant step toward the creation of a sustainable higher education system. That said, we would make the following additional recommendations regarding funding:

1. Retention of the Higher Education Grant Index (HEGI)

Schedule 8 of the Bill recommends replacement of the HEGI indexation formula with the CPI. This indexation applies to all grants and regulated student contribution amounts for current students, including research grants and Australian Postgraduate Awards.

The HEGI was introduced in 2012 in response to the need within the sector for a grants indexation system that takes better account of wages growth. Whilst the CPI might be a better rate than the indexation formula used prior to 2012, it is unlikely to be as generous as the HEGI, and does not reflect the existing cost pressures for the sector and therefore will likely diminish real funding growth.

Recommendation: That the Committee recommends retention of the Higher Education Grant Index as the indexation formula to all grants, the regulated student contribution amounts for current students, including research grants and Australian Postgraduate Awards.

2. Review of the funding tiers

The University supports the reduction of the current eight funding clusters to five funding tiers, and the reduction in funding complexity that this provides. We are concerned, however, at the treatment of science and engineering within the proposed tiers.

The system by which the split between the Commonwealth contribution and the student contribution based on the discipline of the course of study, has been in place since 1997 and has been the subject of incremental policy change ever since. The relativities between disciplines and the split between the public and private contribution now vary widely and may no longer reflect an appropriate split between the public and private benefits of higher education for a given discipline or professional outcome.

In a deregulated environment it is critical that the mechanism by which the public contribution to higher education is determined remains sufficient to ensure the ongoing sustainability of the system (at least at OECD average for public investment in higher education) that is reflective of the significant public contribution made by higher education and its graduates to the economic growth and the social well-being of the nation. Ensuring an appropriate level of ongoing public investment will provide an additional safe guard to students in a deregulated environment.

Recommendation: That the Committee recommends that a mechanism be put in place to ensure that the funding tiers appropriately reflect the relativities between disciplines and continue to ensure an appropriate level of public investment in higher education.



University of
South Australia

iii. **The latest data and projections on student enrolments, targets, dropout rates and the Higher Education Loans Program**

Table 1 shows UniSA's enrolment from 2009 to 2014. The years 2010 and 2011 have been included, with 2009 as the baseline, to cover the transition to the demand driven system and the progressive lifting of the caps by 5% and 10% respectively. As **Table 1** shows UniSA has shown consistent growth since the introduction of the demand driven system.

Table 1: Growth in Commonwealth Supported Places, University of South Australia, 2009 -2014

CSP Load (EFTSL)	2009	2010	2011	2012	2013	2014	Growth 2009 -2014
Masters by Coursework	516.7	864.2	905.3	967.2	1,023.8	946.9	83%
Other Postgraduate	551.4	573.4	543.3	547.9	574.8	474.2	-14%
Bachelor degrees	13,661.5	13,931.5	14,086.1	14,067	14,132.5	14,223.8	4%
Sub-bachelor	150	136.3	136.3	179.4	220.5	187.6	25%
Enabling program	171.1	244.6	343.1	450.6	507.6	594.2	247%
Total	15,050.7	15,749.9	16,014.1	16,212.2	16,459.2	16,426.7	9%

These data might be interpreted as suggesting that demand for places at university appears to have plateaued. However, demographic patterns in South Australia, for example, project an upturn in school leavers from 2018. This combined with the current wide-ranging structural adjustment in Australia's economy moving from a semi-skilled manufacturing base to a knowledge and service-based economy reinforces the need for sustained and ongoing investment in a meritocratic, open, demand-driven higher education system which will also assist in the development a high skilled workforce.

iv. **Structural adjustment pressures, and the adequacy of proposed measures to sustain high quality delivery of higher education in Australia's regions**

UniSA supports the intent of the Structural Adjustment Fund to assist universities to transition to the new deregulated environment. We are concerned, however, with the strict approach that the Government has proposed to applying this funding only to universities based in regional areas. This support should not only be provided to universities based entirely in Australia's regions, but also to universities with both regional and metropolitan campuses that attract large numbers of regional students.

UniSA also supports Universities Australia's proposal to make this Fund available to assist all universities that provide higher education to cohorts of students from disadvantaged communities (including low SES) as universities transition to the new operating environment and that the level of the funding for structural adjustment be increased to \$500 million over the forward estimates.

Recommendation: That the Committee recommends the extension of the Structural Adjustment Fund to assist any university with a large cohort of students from regional or other disadvantaged communities with the transition to a fully deregulated higher education market and the level of funding be increased to \$500 million over the forward estimates.

v. **The appropriateness and accuracy of government advertising in support of higher education measures, including those previously rejected by the Senate**

The University has no comment to make on this matter.



University of
South Australia

vi. **Research infrastructure**

The University of South Australia supports the Government's overarching principle – to invest in research excellence, with a commitment to supporting high quality outcomes and innovation. In an increasingly competitive international environment, with high levels of mobility across the research landscape, we need to ensure that Australia is able to keep abreast of the global competition. While separate from the research related reforms in the Bill it is pleasing to see the Government's commitment to strengthening the higher education research system through investment in the continuation of the National Collaborative Research Infrastructure Strategy (NCRIS).

UniSA strongly supports the allocation of \$150 million in 2015-16 to facilitate ongoing NCRIS investment across Australia. We acknowledge that though NCRIS, many Australian researchers have been able to access world-class, and in some instances world-leading, equipment and facilities. NCRIS funding has also helped facilitate the establishment of highly productive and ongoing partnerships between industry, government, business and the research sector.

We note that the proposed investment is for the calendar years 2015-16 – many world-class, state-of-the-art research equipment and facilities will require a sustained level of investment beyond the indicated time frame. Clarity and continuity of an ongoing funding source is critical in ensuring that we are able to continue to leverage the existing benefits of the previous \$2.5 billion investment in research infrastructure across the past decade.

UniSA also welcomes the additional funding allocation to the Australian Research Councils' Future Fellowship scheme within the Bill. The Future Fellowship scheme provides a critical template for the important elements required to build a contemporary Australian research workforce. It is pleasing the Government is committed to ensuring that the research endeavours of productive and engaged 'outstanding mid-career researchers' are adequately supported, through the extension of a funding mechanism designed to attract and retain the best and brightest Australian researchers. One major consideration for universities is to ensure that the Future Fellows scheme adds significantly to Australia's workforce capacity, rather than replacing the role of other fellowship schemes within the current landscape.

However, it remains unclear whether the proposed additional investment in the Future Fellowship scheme and continued NCRIS investment will be at the expense of other funding opportunities.

Recommendation: That the Committee recommends that the funding for both programs be provided on an ongoing basis, irrespective of the outcomes of the Bill.

Professor David Lloyd
Vice Chancellor
University of South Australia

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