



## **Submission to the Senate Inquiry into the Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017**

The University of Southern Queensland (USQ) acknowledges the requirement as part of standard good practice to regularly review and where appropriate reform "the funding, provision and administration of higher education in Australia". As a fiscally responsible university committed to broad access to relevant higher education and its potential future impacts, USQ recognises that this review and reform may involve reasoned adjustments to the funding sourced from students and provided across the higher education sector to individual universities.

Nonetheless **USQ strongly objects to the current package** because:

- It treats current, future and potential students inequitably.
- It ignores the implications for the Australian Higher Education sector as the nation's top services export industry (and third top export industry overall), the research engine driving Australia's future economic wealth and social health, and, in many regions, urban and regional, a major contributor to local employment as well as local economies and communities. Universities are key players in the increasingly integrated approach to regional development; USQ engages deeply and broadly in its communities.
- Depending on yet unknown CGS Guidelines it treats universities inequitably. Indeed, it seems likely to force some universities to choose between their socio-economic mission and viability. It may have as an unintended (or not) consequences of forcing the closure of one or more universities. None of which when known on the global stage will be beneficial to Australia in the international education market which constitutes a major exposure for the Australian economy.

These objections arise from the fact that:

- The reforms as proposed are so complex and embed so much uncertainty into operational budgeting that:
  - o it is difficult to understand their direct and perhaps more concerning, their broader social and economic implications, and
  - o it is difficult to see how universities should or could plan properly for the 2018 (and 2019) financial years, and, properly (transparently) inform stakeholders including staff and continuing and potential students of the implications of the reforms.

- The detail around many of the significant changes proposed has yet to be developed. Even if the HESLA Bill is passed later than August/September 2017, the subsequent modified CGS Guidelines will then have to be adopted. These timelines even in the best case still leave it as impossible to properly inform prospective and current students nor to properly formulate university budget forecast that by legislation must be final before the end of 2017.
- The above mentioned quality of the reforms reflects a lack of systematic consultation that could arguably be expected around a nation's higher education system much less the nation's largest service export industry, and a key local employment sector.
- The implementation of the proposed reforms appears (depending on unknown details) to entail an escalation in reporting and monitoring requirements that neither universities nor the Department appear to have the resources to readily undertake.

The detail around many of the significant changes proposed has yet to be developed. There must be transparent, fair, exhaustive and inclusive consultation and implementation processes, with all parts of the sector fully involved. There should be shared objectives to address necessary fiscal requirements but through processes that are streamlined and certain, not complex and uncertain. There are other options that are better balanced that could be explored that may improve genuine relevant performance measures while not putting up higher the hurdles for students, regardless of background, wanting to make the effort.

For the sake of transparency and on the grounds of significant practical considerations, the start date for the reforms (or most components) should be pushed back to 1 January 2019. Even if the HESLA Bill is passed later than August/September 2017, the subsequent modified CGS Guidelines will then have to be adopted. These timelines even in the best case still leave it as impossible to properly inform prospective students – and indeed continuing students – what the reforms mean for 2018. Pragmatically given that university forecast budgets for the coming year must be approved in the prior year, there is a complete lack of clarity around what actually should be planned for, and, given the range of systems that will need updating, there will not be sufficient time to prepare for implementation by 1 January 2018.

In the following we provide a brief commentary against each of the components of the reforms. (Some of our comments may become out-dated given the reform details seem to be in a state of flux. However the core commentary remains valid.)

Before we progress to that commentary, USQ would like to express a strong objection to the lack of grandfathering within the reforms. This lack is counter to past practice and seems to create an unreasonable (and very sudden) impost on students who entered higher education through Commonwealth Supported Places in good faith.

### **Efficiency Dividend of 2.5 per cent per annum in 2018 and 2019 under the Commonwealth Grant Scheme (CGS)**

USQ accepts that the proposed dividend cuts are less than previous proposals. However there appears to have been no consideration of how they will impact on individual universities and distinctive aspects of their missions. For instance we question why there is a shorter and therefore far more negative timeline (and larger quantum) for the efficiency dividend (2018, 2019) as opposed to the longer timeframe (4 years) over which the student contributions are increased to the government's benefit. This mismatch will potentially further increase the potential student disquiet that they are paying more but universities are delivering reduced student experiences. And the additional risk here is that this will become the perception of international students.

### **Performance contingent funding under the Commonwealth Grant Scheme**

USQ cannot responsibly support the introduction of performance contingent funding under the CGS. This is because:

- Even the most fiscally responsible institution will struggle to deal with such a large quantum of operating budget becoming uncertain and potentially delayed.
- There is no evidence that universities are not performing well the difficult act of maximising student success for active students while retaining necessary academic standards. At the very least, there needs to be a more finessed discussion about performance rather than just seeking to curtail a "fair go" to those who may succeed.
- Continuing on from the previous point, without compromising quality, it is already in the interest of universities to as far as possible facilitate students' progressing because funding is determined by actual unit enrolments.
- TEQSA already exists as a strong overseer of performance. With respect to its legislated risk management role TEQSA could be expected to actually increase risk assessments if the Higher Education Reforms as proposed are passed.

Furthermore this type of funding is inequitable as it seems to be a substantial risk to those universities such as USQ that address broader socio-economic needs especially outside capital city limits. We are very concerned about simplistic metrics that have unintended bias against multiple student cohorts that should validly have access to a chance to access the future opportunities that higher education opens up – and which in the longer term provide significant benefit back to the nation. Such metrics given the size of the proposed performance quantum will be very confronting to universities that may have to choose viability over mission. To put in black and white, is the intent unemployment rather than education for what are referred to (inappropriately we would argue) as under-prepared students.

Following on from the above, if performance funding was to be introduced despite the significant case against such, we suggest that it is at a much lower level than the 7.5 per cent proposed, given the size and importance of the CGS as a funding source. A total rate of say 1-2 per cent based on performance would provide some sort of buffer against adverse outcomes, complemented

by a safety net, until there was confidence in the metrics. And also needed is clarity on the payment point – if payments are made in the subsequent year, there will be a need to treat the quantum as a cut in the budget forecasts that are mandated for the year before. Despite this suggestion we re-iterate our strong objection to any performance based quantum.

### **Increased student contributions and lower threshold for repayment of student debts**

While we note that student contributions have not increased since 2005, we are concerned that the proposed increase in contributions is excessive and inequitable because of its potential impact on those who are mature age and studying part-time.

A decrease of the first threshold for the repayment of student loans from around \$52,000 to \$48,000 instead of \$42,000 would achieve the underlying objectives but would mitigate the adverse effect on low income households. This proposal also works against possible performance metrics as financial circumstances have been shown to be a major contributor to students dropping out of university.

We support altering the indexation of the threshold to grow in line with CPI.

### **Enabling courses**

We are concerned about the new distribution mechanism for the enabling courses which appears to be bureaucratic, potentially costly and may not be transparent.

The introduction of tendering for enabling places seems an unnecessary complication that adds to the cost of delivering such courses at the same time as the introduction of uncertainty around the demand for and therefore the income from such courses. It is unclear what body or organisation will undertake the tendering process for enabling places and allocate load to universities, or how the places will be allocated. There will need to be due consideration given to the distribution of places to universities which serve student cohorts that require this pathway, including in the regions.

It is essential that there are adequate enabling places provided to universities, and there is currently no guarantee that this will be the case. As a result, some students may be channelled into sub-bachelor rather than enabling courses, where the latter might suit them better. Furthermore based on evidence of the transition difficulties of VET students entering university, it is questionable how effective non-university providers will be in preparing students for entry into university studies and university generally; enabling programs currently run by USQ provide beneficial exposure to university culture and processes.

Consideration should be given to implementing the abolition of the loading until 1 January 2019 to provide more time to adapt to the new system, particularly if the passage of the legislation is delayed past August/September 2017. Or, as mentioned above, the HEPPP student funding should be extended to eligible enabling students.

### **Scholarship system for postgraduate coursework places**

It is undeniable that inequities exist in the current distribution of Commonwealth-supported postgraduate coursework places, and, this was created through long term government management of that process. There has been lack of clarity around the basis of decision making. Hence there are grounds to be concerned that the same inequities will transfer over to the proposed scholarship system.

These concerns are further enforced by the already evident lack of clarity around the process for allocation (and indeed re-allocation) of these scholarships to students and how it will change the payment of CSP postgraduate fees to institutions. There should be transparent, and fully inclusive, consultation with the sector on the roll-out of any new arrangements.

This reform is one where USQ particularly wishes to object to the lack of grandfathering. Introducing the new postgraduate coursework place provisions on a phased basis to moderate their "sudden" impact would give time to build confidence in the new system and for universities to adjust.

Longer term, this reform does not address the pressing need for Australia to establish the means to have a work-force that regularly over increasingly extended working lives, need to refresh/realign their knowledge and skills. This is emerging as critical for the individuals' own employment sake but equally for the socio-economic future of the Nation. Perhaps options around less CGS but for more (all) eligible postgraduate students should be considered.

### **Uncapping of Commonwealth Supported Places (CSPs) in approved sub-bachelor courses**

In principle USQ supports this uncapping but questions the restrictions on the uncapping. For instance, sub-degrees may prove a good means to re-skill those in digitally disrupted industries but this may be limited because of uncapping only being for "first award" students; perhaps this should be time bound.

### **Higher Education Participation and Partnership Program**

USQ welcomes the legislation of the Higher Education Participation and Partnerships Program. Nonetheless:

- USQ questions the provision of the low SES student payment because of the "false generosity" (and therefore potential future reduction) in making it per student (which is what we believe is now confirmed) and not the usual per EFTSL while limiting it to only students enrolled in undergraduate awards and not for instance enabling awards.
- USQ questions the performance funding formula and the notion that any student cohort's success can continually improve. If academic quality is to be maintained there needs to be a point where retention of existing high performance standards is the objective; this reality was recognised in the performance formulation within the previous Compacts. Therefore funding should be for remaining in the appropriate "excellence band" as well as for improvement if below that band.

A similar comment would probably apply to other uses of performance metrics in the reforms if the details were known.

- There is a need for the evaluation framework to be released prior to the funding announcements, and prior to Access and Participation plan deadline.

### **Regional hubs for higher education**

As an active participant in the Geraldton regional hub, USQ is very supportive of the expansion of this model. We would hope to be actively engaged in the consultations around and implementation of these. We would nominate Roma and Mt Isa as strong Queensland candidates for such hubs, and, believe that this approach might serve Warrnambool better than a reluctant university presence.

### **Commonwealth expansion of support for work experience in industry units**

We consider this to be a somewhat minor change. However, we take the opportunity to flag the escalating cost of mandatory placements across a range of professions including nursing and education which will be exacerbated by the diminished income to universities from student load in these areas.

### **Scholarships for regional students to study STEM subjects**

USQ welcomes these scholarships for rural and regional students to study STEM subjects - that is unless these scholarships lead to an exit from the regions of students. This is because based on established evidence, there will then most probably be losses to the future regional workforce at the very time of growing need with respect to the STEM expertise in which regional universities tend to specialise. At the very least, USQ would argue that there should be some weighting allocated for regional study in the evaluation of scholarship applications. This is consistent with other government policy which is encouraging prioritisation of development for regional Australia.

### **Medical student loading extended to include veterinary science and dentistry units of study**

USQ is not currently able to offer any of these. From a regional, rural and remote perspective, we would argue for attaching stronger conditions to these loadings around preparing such students for and encouraging such students into the workforces outside capital city limits.

### **Replacing subsidies and loans for most permanent residents and New Zealand citizens**

The cost-benefit analysis around replacing subsidies with loans for these student cohorts seems lacking. Do the savings made justify any damage to international relationships that is likely to occur?