



# NEWMAN COLLEGE

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The Committee Secretary  
Senate Education and Employment Committee  
Parliament House, Canberra, ACT 2600

Dear Sir/Madam,

I write to submit some comments on the Higher Education and Research Reform Amendment Bill 2014 and on the speech of Minister Pyne.

I am currently the Rector of Newman College, a residential college affiliated to the University of Melbourne. There are 283 students in residence at Newman College in 2014 – 208 undergraduates and 75 graduates and postgraduates. This is my second incumbency as Rector of Newman College (2006-2014). I was previously Rector from 1987 to 1990. I have also been Rector of St. Thomas More College at the University of Western Australia (1979-1984) and at St. Leo's College at the University of Queensland (1998-2001). In addition to these Head of College responsibilities, I have occupied full-time, part-time and sessional lecturing appointments in the Faculties of Arts and Education at the University of Melbourne, at Claremont and Nedlands Colleges of Advanced Education (now Edith Cowan University), at Murdoch University and at the University of Queensland. Further, I was the Foundation Director of the Goody Centre for Bioethics in Perth, and I have served on over twenty Human Research Ethics Committees in universities, hospitals and research institutes, including a six year appointment as a member of the Australian Health Ethics Committee, one of the four principal committees of the National Health and Medical Research Council. In effect, I have been involved in tertiary education and student welfare for over forty years.

The comments I wish to submit focus on four points in the 2014 Act.

1. The radicality of the funding cuts to the university sector.
2. The taxpayer/tertiary student distinction.
3. The competitive standing of Australian universities.
4. The likely effects of fee-deregulation on country and regional students.

1. The radicality of the funding cuts to the university sector

The university sector is reputed to be the third largest export industry in Australia. It is unconscionable that the Government should be contemplating not a 5%, not a 10%, but a 20% funding cut to such an important industry. Consider, for instance, the outcry if similar cuts were proposed for primary or secondary education, for health, welfare or tourism. Further, this is a funding cut that is not going to be introduced over as a number of years, but within a year of the Bill being passed. This is surely the most radical intervention in the history of tertiary education in Australia, in effect a substantial step towards further privatising the university sector. And all this without any hint in the 2013 pre-election policy statements of the then Opposition!

## 2. The taxpayer/tertiary student distinction

The Education Minister makes much of the distinction between the hard-working taxpayer and the privileged university student. He suggests that the student is the under-paying beneficiary of the taxpayer's generosity. This, of course, is nonsense. It is the nature of the educational enterprise that each generation contributes to the educational costs of the next generation – which, in turn, pays for the educational costs of the following generation. The university student of today becomes the taxpayer for the next generation of university students. Further, the university students of today is, on the Minister's own admission, already paying 40% of their educational costs even before they will be contributing to the educational expenses of the next generation through taxation. Further again, the Minister sees a university education as the gateway to a higher salary. He neglects to admit also that a higher salary is also the gateway to a higher subsequent rate of taxation. May I suggest, contrary to the Minister's implication that university students do not pay their way and are a privileged group financially, that they do in most cases more than repay society for the costs of their tertiary education. And, of course, they are mainly responsible for contributing to the "knowledge nation" that Australia must become if it is to survive in the Asian sphere of influence. The Minister's attempt to highlight the distinction between the taxpayer and the university student not only does not measure up financially but it is narrow and short-sighted from a more general economic and political perspective.

Finally, may I reiterate the point of the radicality of the Minister's intervention in proposing a 10% increase in student contributions. Not only is this a very significant proportionate increase – in effect a 25% increase over the current 40% contribution – but it will be an even more substantial financial impost in a climate of deregulated fees.

## 3. The competitive standing of Australian universities

I am more than a little disappointed – I might even say, "bewildered" – at the haste with which the Australian university Vice-Chancellors have jumped on the Government bandwagon of deregulating student fees. It is almost as if they are willing to accept, rather than oppose, a 20% cut in funding as long as they can have a free hand in deregulating fees. In the face of Government reluctance to fund tertiary education adequately and in the absence of American style philanthropy, they see the deregulation of student fees as the only sure way to maintain their standing in the international rankings. But, of course, these rankings are determined by research output, not by student satisfaction. So, students will be paying more so that international research indexes will be maintained. There will be an argument, of course, that excellence in research results in superior teaching and thus that it is of benefit to students as well as maintaining international rankings. But I suspect this link between research and teaching is becoming increasingly tenuous. Rather, it is the hubris of Vice-Chancellors that is playing the research and rankings tune, and it is the students who will be asked to pay the piper. I believe many Vice-Chancellors still indulge the dream of competing with universities like Oxford, Cambridge, Harvard, Princeton etc. They fail to really recognize that these are small, elite institutions, powered by extensive philanthropical endowments, and that they have few similarities with the large government-funded universities that are characteristic of the Australian tertiary scene. Inevitably, at best Australian universities will gravitate towards the second level (100-200) in the international rankings. It is a small price to pay for continuing to regulate fees and retain student accessibility.

Some Vice-Chancellors will argue that unless their universities retain their current rankings, they will fail to continue to attract the full-fee-paying international students whose fees are so

necessary to balance university budgets. I believe these fears are alarmist and are used to justify accepting, rather than opposing, the 20% cut in Government funding. Although there are a number of Asian universities which are now ranked in the top 200 universities internationally, the Asian tertiary cohort is also rapidly expanding and seeking international opportunities.

#### 4. The likely effects of fee-deregulation on country and regional students

The deregulation of student fees is proposed to compensate for the 20% cut to university funding. In the Australian tertiary climate this has long been seen as the most reliable way to bolster university budgets. The determination of the Government to cut university funding has made the deregulation of fees not only desirable but imperative. In most instances it will mean at least a 30% increase in fee-debt, and perhaps even more if the interest rate on the debt is compounded at 6% annually.

While this will entail a significant further impost on all students, it will particularly disadvantage country and regional students. In addition to fee-debt arising from university tuition accounts, they will also have to bear the burden of paying accommodation costs up-front if they come to a metropolitan, or even in some cases, a regional university. So, they will have up-front board and lodging costs on entering university, a significantly increased tuition fee debt on graduation and then the burden of taxation when they become wage-earners. Under the present higher education dispensation these combined costs for a country or regional student are considerably more than those a commuting metropolitan student, but under the legislation proposed by the Minister, with deregulated tuition fees, these further costs may prove to be a significant disincentive to entering upon tertiary studies for country and regional students.

While I recognize that there is provision in the new Act to assist disadvantaged students, in the absence, however, of any explicit recommendations to assist country and regional students with accommodation and other expenses, I suspect that this under-represented cohort in the tertiary population will continue to be further disadvantaged by the deregulation of fees.

#### 5. Conclusion

In conclusion, then, may I suggest that in examining the Higher Education Bill the following points be kept in mind:

- Tertiary education is an important element in Australia's development not only in its own right and internally but also as part of the desired "knowledge nation" profile that Australia is intent on promoting in the Asian sphere of influence.
- Tertiary education is one of Australia's most successful export industries. It is unconscionable that Government support be withdrawn.
- The proposed cuts (20%) to university funding are savage and radical.
- The increase in fee-debt that students will incur is correspondingly severe – a 25% increase at least, more likely 30-40%.
- The financing of tertiary education through taxation is of its nature intergenerational – it is not characteristically "user-pays". The tertiary students of one generation become the taxpayers for the next generation of students.
- The response of the Vice-Chancellors to the proposed cuts in funding has been supine at best. They have been seduced by the prospect of the Government's licence to deregulate fees. Their acquiescence is sustained by unrealistic hopes of competing with the first rank of elite universities overseas.

- The present HECS system and regulated fees has been remarkably successful both in promoting accessibility to tertiary education and sustaining the appropriate standing of Australian universities in the international market.
- In short, if the system is not broken, why fix it?

If any further information is required, I may be contacted at the above address.

Yours faithfully,

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