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## RESPONSE TO QUESTION ON NOTICE

The principles of the Higher Education and Research Reform Bill  
2014, and related matters

6 March 2015

**Dr Gwilym Croucher**

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*Extract from Proof Hansard, page 29:*

**Senator McKENZIE:** Professor Watson in her submission recommends taking \$5 billion out of the higher education sector because Australian universities do not really need the money. I was at a forum where I think she was heard to comment that it does not look like chronic underfunding yet. That is not what I have been hearing from vice-chancellors at all, Mr Brett, that there is \$5 billion around to be found. Can you each comment on Professor Watson's claims.

**Mr Brett:** I did not hear Professor Watson's claims so I am not sure exactly what was said.

**Senator McKENZIE:** She recommended taking \$5 billion out of the higher education sector, and suggested there was no chronic underfunding.

**Senator KIM CARR:** She said that, but we will check in *Hansard* what she said about further reductions.

**Mr Brett:** In response to Senator McKenzie's question around whether I would support a \$5 billion cut to higher education, the answer to that is no.

**Senator McKENZIE:** Do you think there are \$5 billion worth of savings to be found?

**Mr Brett:** No, I do not.

**Senator McKENZIE:** Dr Croucher?

**Dr Croucher:** I would not want to comment on the statement made as I am not exactly familiar—

**Senator McKENZIE:** On notice, could you review her submission?

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*Response, provided by Dr Gwilym Coucher:*

Professor Watson's submission notes that a mechanism to 'make higher education more sustainable' would be to set per place Commonwealth teaching subsidies to a 'uniform low rate, based on the cost of a student place by discipline'.

This rightly asserts substantial savings could be generated from the \$5 billion per annum that the Commonwealth currently spends on direct subsidies. To make substantial savings, however, would require either reduced per place funding or the balance of the savings made up with additional student contributions.

There is evidence that the system at present is underfunded, so any cut in the total per student amount may risk quality. For example, the Bradley Review and Base Funding Review identified underfunding of teaching in the present system. The former seeking an increase of 10 per cent (recommendation 26 of the final report, p. 149) and the latter finding underfunding in some disciplines (p 55 of the final report).

To rationalise the current subsidy system and deliver a uniform lower rate would likely require significant planning to avoid unintended consequences. In particular, to address effectively the anomalies and inconsistencies in the different per discipline rates, the purpose of the Commonwealth subsidy needs to be clearly set out. The current rates are largely historical. They are ultimately based on the relative funding model used as part of the changes brought in by Minister John Dawkins in the late 1980s and early 1990s and do not represent the cost of delivery in different disciplines.