

The Senate

Education and Employment
Legislation Committee

Higher Education Support Legislation
Amendment (A More Sustainable, Responsive
and Transparent Higher Education System)
Bill 2017 [Provisions]

August 2017

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Chapter 1

1.1 The Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017 (the bill) was introduced into the House of Representatives on 11 May 2017 by the Hon Mrs Karen Andrews MP, Assistant Minister for Vocational Education and Skills.¹

1.2 On 11 May 2017, the Senate referred an inquiry into the provisions of the bill to the Senate Education and Employment Legislation Committee for inquiry and report by 9 August 2017.²

Conduct of the inquiry

1.3 Details of the inquiry were made available on the committee's website. The committee also contacted a number of organisations inviting submissions to the inquiry. Submissions were received from 63 individuals and organisations, as detailed at Appendix 1.

1.4 The committee held two public hearings:

- 24 July 2017 in Melbourne; and
- 25 July 2017 in Wodonga.

1.5 The witness lists for these hearings can be found at Appendix 2.

Structure of the report

1.6 Chapter 2 outlines the background to the bill and the measures contained in it.

1.7 Chapter 3 considers in more detail several of the measures in the bill raised by submitters:

- amendments to the student repayment threshold, the rates of repayment of Higher Education Loan Program (HELP) debts, and the maximum student contributions for courses;
- the proposed efficiency dividend for universities;
- performance-contingent funding;
- medical, dental and veterinary science loadings;
- Higher Education Participation and Partnerships Program subsidisations for low socio-economic status, indigenous and regional students; and

1 *Votes and Proceedings*, No. 49, 11 May 2017, p. 741.

2 *Journals of the Senate*, No. 41, 11 May 2017, pp. 1346–1348.

- amendments to enabling, sub-bachelor, postgraduate courses, and work experience in industry units

Compatibility with human rights

1.8 The bill's statement of compatibility with human rights states that the bill is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.³

1.9 The Parliamentary Joint Committee on Human Rights reviewed the bill in its fifth report of 2017. A response was requested from the Minister for Education and Training on a number of matters, and this was received on 7 July. At the time of drafting for this report, the response had not yet been publicly released.⁴

Scrutiny of Bills Committee

1.10 The Senate Standing Committee for the Scrutiny of Bills (Scrutiny of Bills Committee) considered the bill in its Scrutiny Digest 6 of 2017 and had no comment.⁵

Financial Impact Statement

1.11 The Explanatory Memorandum noted that the overall financial impact of the bill is a saving to the Budget of \$2.8 billion in underlying cash terms over 2017-18 to 2020-21.⁶

Acknowledgments

1.12 The committee thanks those individuals and organisations who contributed to this inquiry by preparing written submissions and giving evidence at the public hearing.

1.13 References in this report to the Hansard for the public hearings are to the Proof Hansard. Please note that page numbers may vary between the proof and official transcripts.

3 Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017, Statement of Compatibility with Human Rights, *Explanatory Memorandum*, p. 6.

4 Parliamentary Joint Committee on Human Rights, *Report 5 of 2017*, 14 June 2017, pp. 22–30.

5 Senate Standing Committee for the Scrutiny of Bills, *Alert Digest 6/17*, 4 June 2017, p. 29.

6 For more detail, see Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017, Statement of Compatibility with Human Rights, *Explanatory Memorandum*, p. 4.

Chapter 2

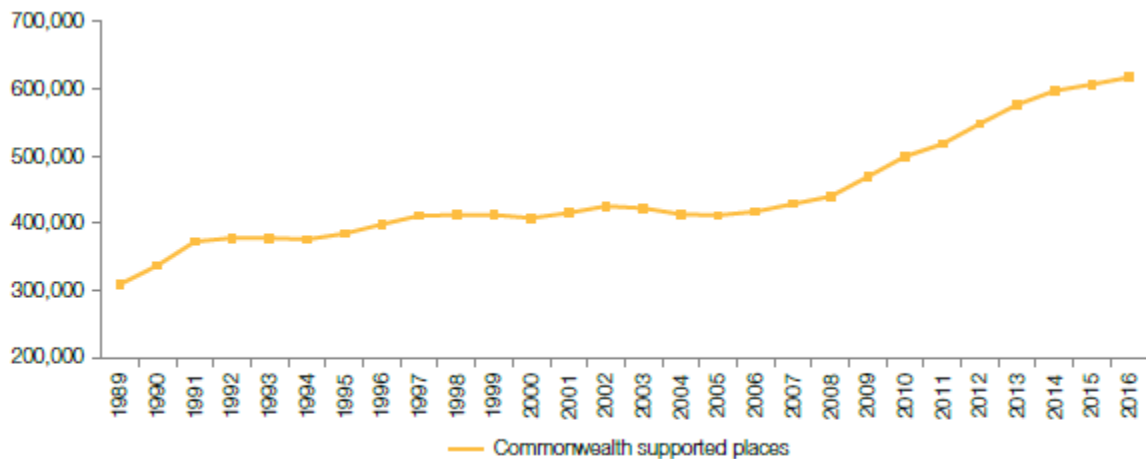
Overview of the bill

2.1 This chapter outlines the measures proposed by the Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017 (the bill), and related budget measures.

2.2 Australia's modern and successful system of higher education is world renowned. Six Australian universities are ranked in the top 100 and nearly half of all Australian universities in the top 300. Education is Australia's third largest export industry, largely due to the contribution made by higher education. In 2016 the value of education export income to the Australian economy was \$21.8 billion.¹

2.3 The numbers of students in Commonwealth Supported Places (CSPs) has increased significantly, particularly since 2009 when demand driven undergraduate funding began to be phased in.² This increase in CSPs is illustrated clearly in Figure 2.1.

Figure 2.1—Commonwealth supported places (CSPs), 1989-2016³



Source: Department of Education and Training data

2.4 The introduction of demand driven funding has seen the cost of funding this system rise by 71 per cent, double the rate of growth in Gross Domestic Product (GDP).⁴ This trend is illustrated in Figure 2.2.

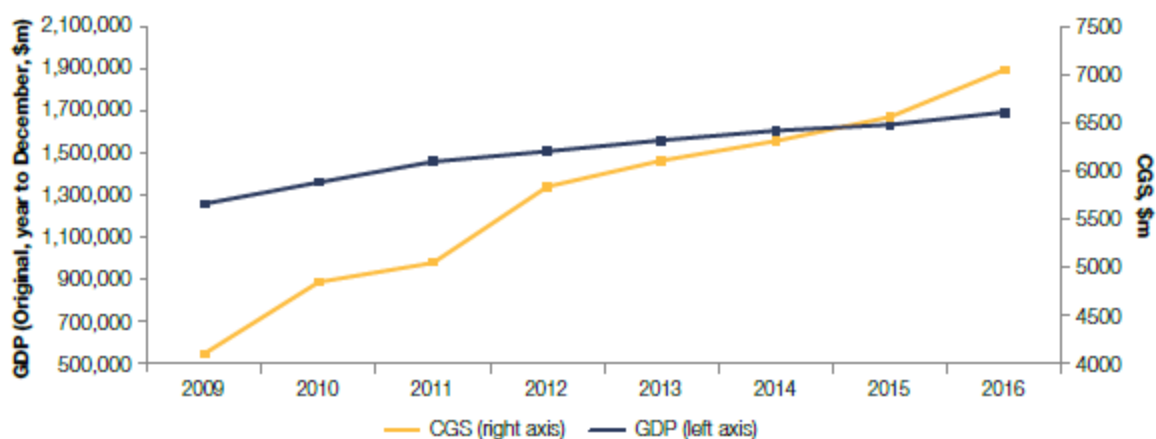
1 Australian Government, *The Higher Education Reform Package*, May 2017, p. 2.

2 The Hon Ms Karen Andrews MP, Assistant Minister for Vocational Education and Skills, *House of Representatives Hansard*, 11 May 2017, p. 4324.

3 Australian Government, *The Higher Education Reform Package*, May 2017, p. 4.

4 Australian Government, *The Higher Education Reform Package*, May 2017, p. 2.

Figure 2.2—Commonwealth Grant Scheme (CGS) expenditure and Gross Domestic Product (GDP) (\$m)⁵



Source: Based on Department of Education and Training data and ABS, *Australian National Accounts: National Income, Expenditure and Product*, Cat 5206.0

2.5 The rapid rise in students has led to a significant increase in taxpayer funding for higher education. Expenditure under the Commonwealth Grants Scheme has increased from \$4.1 billion to \$7.1 billion between 2009 and 2016.⁶

2.6 Furthermore, as Senator the Hon Simon Birmingham, Minister for Education and Training has explained, approximately 25 per cent of student loans are not expected to be repaid unless changes are made, and the total level of student debt will reach \$59.7 billion by 2019-20.⁷ These funding arrangements are clearly not fiscally viable in the long term. The Minister has stated that 'the current funding arrangements are not sustainable and need to be fixed if future generations are to enjoy the benefits of an affordable, world-class higher education.'⁸

2.7 This bill will ensure that the Commonwealth continues to provide targeted support to students, while simultaneously ensuring that students make a fair and equitable financial contribution to their studies and repay their student loans sustainably.

2.8 The Hon Ms Karen Andrews MP, Assistant Minister for Vocational Education and Skills, explained that these reforms have been 'designed with fairness, transparency and sustainability at their core', and been informed by an extensive consultation process and over 1,200 stakeholder submissions.⁹

5 Australian Government, *The Higher Education Reform Package*, May 2017, p. 4.

6 Department of Education and Training, *Submission 41*, p. 3.

7 Australian Government, *The Higher Education Reform Package*, May 2017, p. 2.

8 Australian Government, *The Higher Education Reform Package*, May 2017, p. 2.

9 The Hon Ms Karen Andrews MP, Assistant Minister for Vocational Education and Skills, *House of Representatives Hansard*, 11 May 2017, p. 4324.

2.9 These reforms will give effect to the government's promise to bring the budget back to balance and reform the higher education system.¹⁰ The 2017-18 Education and Training Portfolio Budget Statement explains that:

Through reform to funding for post-graduate, enabling and sub-bachelor qualifications students will have more choices than ever, allowing them to find the right provider and the right qualification to meet their higher education ambitions. A fairer sharing of the costs of higher education will ensure the system is sustainable and that Australians can continue to access one of the best higher education systems in the world on the basis of merit, not capacity to pay. By rebalancing the share of funding between students and taxpayers and the application of an efficiency dividend on universities, these reforms will save \$2.8 billion over the next four years in underlying cash terms.¹¹

2.10 The key measures will require students 'to share marginally more of the cost, universities to share some of the efficiencies of scale realised in recent years and the debt from growth in student loans will need to be better managed.'¹²

2.11 After the Government's announced this package of higher education reforms in the 2016-17 Budget, it consulted widely with the higher education sector over an extended period.¹³ As part of this broad consultation process, in May 2016, the Government published a policy options paper entitled *Driving Innovation, Fairness and Excellence in Australian Higher Education*, and sought submissions in relation to the proposed options for reform. As stated above, over 1,200 submissions were received. The Minister also appointed an expert advisory panel to advise on the content and implementation of the final package.¹⁴

2.12 The bill contains five schedules:

- Schedule 1 will adjust the cost of higher education between taxpayers, higher education providers and students by increasing the student contribution and introducing an efficiency dividend for grants made under the Commonwealth Grant Scheme (CGS);
- Schedule 2 will reform the CGS to introduce a performance component to CGS funding and a competitive tender process for enabling courses;

10 Ms Karen Andrews MP, Assistant Minister for Vocational Education and Skills, *House of Representatives Hansard*, 11 May 2017, p. 4324.

11 *Portfolio Budget Statements 2017-18 Budget Related Paper No. 1.5, Education and Training Portfolio*, p. 13

12 Australian Government, *The Higher Education Reform Package*, May 2017, p. 2.

13 Department of Education and Training (DET), *Consultation on the future of higher education reform*, www.education.gov.au/consultation-future-higher-education-reform (accessed 28 July 2017).

14 DET, Media Release, *Expert panel to help take higher education reform from paper to policy*, 10 October 2016, <https://ministers.education.gov.au/birmingham/expert-panel-help-take-higher-education-reform-paper-policy> (accessed 28 July 2017).

- Schedule 3 will amend the Higher Education Loan Program (HELP) eligibility and repayment arrangements, reducing the current income threshold and updating the HELP debt rates of repayment. It will also alter Commonwealth subsidy eligibility for permanent residents and New Zealand citizens.
- Schedule 4 will change how other grants under the Act give effect to the Higher Education Participation and Partnerships Program (HEPPP) reforms, securing the funding for this program in legislation and introducing student loadings for low socio-economic (SES) students; and
- Schedule 5 will make two minor amendments to clarify that 'vocational awards' are not higher education awards, and update two university names.¹⁵

2.13 In introducing these changes, the bill seeks to amend the *Higher Education Support Act 2003* (Higher Education Support Act), *Income Tax Assessment Act 1997* (Income Tax Assessment Act), and *VET Student Loans Act 2016* (VET Act).

Schedule 1—the costs of higher education

2.14 Schedule 1 will amend the Higher Education Support Act to respond to the substantial increases in Commonwealth expenditure on higher education funding since 2009, and the fact that these increases have outstripped the average costs to equivalent full-time students benefiting from that funding.¹⁶

2.15 A key policy rationale behind these amendments is research indicating that a higher education delivers significant private benefit to individuals. Research conducted by Deloitte Access Economics in 2016 indicates that, graduates obtain an average private benefit (in terms of improved wages and employment outcomes) of 47 per cent, while the public will obtain the remaining 53 per cent benefit.¹⁷

2.16 In light of the significant benefit which has flowed to the higher education sector following the introduction of the demand driven system,¹⁸ Schedule 1 will introduce an efficiency dividend for universities. Commonwealth contribution amounts towards the eight different 'clusters' of higher education disciplines, will decrease by 2.5 per cent in 2018 and again in 2019.¹⁹

2.17 This efficiency dividend will be offset by an increase in the contributions that universities can charge Commonwealth supported students, at a rate of 1.8 per cent per annum for four years from 2018.²⁰ This equates to a total increase of 7.5 per cent,

15 *Explanatory Memorandum*, pp. 1–2.

16 *Explanatory Memorandum*, p. 13.

17 Deloitte Access Economics, *Estimating the public and private benefits of education*, 2016, pp. 47, 131.

18 *Explanatory Memorandum*, p. 13.

19 *Explanatory Memorandum*, p. 13.

20 *Explanatory Memorandum*, p. 13.

and will see students contributing approximately 46 per cent of the cost of their course, on average.²¹

2.18 The bill will also specify the maximum student contribution which a higher education provider can charge a Commonwealth supported student for a unit of study within a particular funding cluster.²² For example, under proposed subsection 93-10(1), in nursing courses with a census date on or after 1 January 2018, the maximum student contribution amount will be \$6,561.²³

2.19 The *Higher Education Reform Package* explains that, once fully implemented in 2021, these amendments would result in an increase in total student fees of between \$2,000 and \$3,600 for a four year course.²⁴ The Explanatory Memorandum states that this shift in education funding from the Commonwealth to students will 'assist in budget repair and...improve the fairness and sustainability of higher education'.²⁵

2.20 Schedule 1 will also extend the application of the medical student loading to veterinary and dentistry students, allowing the Minister to enter into three year funding agreements with higher education providers, and specifying the maximum number of Commonwealth supported places for these disciplines.²⁶

2.21 These course funding amendments will not apply to 'enabling courses', which would be re-defined to mean a course which is:

- intended to only develop the skills and knowledge required to gain entry into, or to succeed in, an initial undergraduate course of study;
- not a secondary school qualification
- not a course, which the Minister has determined by legislative instrument to not be an enabling course.²⁷

Schedule 2—the Commonwealth Grant Scheme

2.22 Schedule 2 will amend provisions relating to sub-bachelor (diploma, advanced diploma and associate degree) courses, enabling courses, Commonwealth supported postgraduate coursework places, and work experience in industry (WEI) units.²⁸

2.23 The bill will also introduce a performance-contingent element to the CGS, which will be worth up to 7.5 per cent of the total CGS cluster funding from 1 January 2018.²⁹

21 *Explanatory Memorandum*, p. 15.

22 *Explanatory Memorandum*, p. 16.

23 *Explanatory Memorandum*, p. 17.

24 Australian Government, *The Higher Education Reform Package*, May 2017, p. 10.

25 *Explanatory Memorandum*, p. 17.

26 *Explanatory Memorandum*, p. 14.

27 *Explanatory Memorandum*, p. 17.

28 *Explanatory Memorandum*, p. 24.

Sub-bachelor courses

2.24 The bill will introduce demand driven funding for sub-bachelor courses. The Explanatory Memorandum states that this will help to address the inefficient over and under-enrolment between universities, as well as providing better support for under-prepared students.³⁰

Enabling courses

2.25 The bill will also amend the current enabling course scheme, which does not require a student contribution. Students undertaking an enabling course with a census date on or after 1 January 2018 would contribute \$3,271 for a full-time study load that year, a sum which can be deferred via a HELP debt.³¹ The Explanatory Memorandum explains that:

Given Australian taxpayers are asked to commit to funding for enabling students, it is not unreasonable that enabling students are also asked to make a financial contribution. Enabling students who make a contribution to the cost of their course are also more likely to continue their study...Students in enabling courses will be able to borrow their contribution amount through the Higher Education Loan Program and will continue to face no up-front fees.³²

2.26 Furthermore, from 1 January 2019, the numbers of enabling course places will be fixed 'on a cyclical basis through a three year competitive tender process'.³³ The Explanatory Memorandum notes that this is designed to identify education providers who achieve high standards of academic preparation and deliver quality student outcomes, as measured by course completion rates and/or successes in later study.³⁴

Postgraduate places

2.27 Under further amendments, which will operate from 1 January 2019, non-medical and non-research Commonwealth supported postgraduate student places will be distributed via a 'student-centred' model.³⁵ The Explanatory Memorandum states that, in the past, postgraduate place allocation has been piecemeal and resulted in uneven access to places for particular courses:

It is important that support continue for the delivery of postgraduate qualifications where these are necessary for professional entry, to support rapid retraining in areas of workforce shortage or meet other national priorities...In line with feedback received in response to the Government's

29 *Explanatory Memorandum*, p. 23.

30 *Explanatory Memorandum*, p. 23.

31 *Explanatory Memorandum*, p. 24.

32 *Explanatory Memorandum*, p. 24.

33 *Explanatory Memorandum*, p. 24.

34 *Explanatory Memorandum*, p. 24.

35 *Explanatory Memorandum*, p. 24.

policy options paper, *Driving Innovation, Fairness and Excellence in Australian Higher Education*, the Government has decided to introduce a system for allocating Commonwealth supported postgraduate places directly to students for use at the university of their choice.

The creation of a student-centred approach with a clearer set of priorities will enable the Government to focus places where they are needed. This reform will provide a mechanism to target national priorities through the prioritisation of scholarship applicants.³⁶

Work experience in industry

2.28 The bill will also establish Commonwealth contributions to WEI units being credited towards a Commonwealth supported qualification up to one-sixth of the student's total study load.³⁷

Performance-contingent university funding

2.29 Lastly, Schedule 2 will make 7.5 per cent of a university's CGS cluster funding contingent on meeting performance requirements, which will be developed with the sector this year.³⁸ The Explanatory Memorandum does advise that in 2018 universities will be required to participate in admissions information reform, teaching cost and research transparency initiatives, and that from 2019 funding will also be linked to 'institutional performance metrics'. It also explains that unused funds would be redistributed among remaining participants to ensure that sector funding does not reduce.³⁹

2.30 Items 48 and 49 of the bill will make minor amendments to the *Income Tax Assessment Act 1997* to state that an entire grant payable to a higher education provider for the scholarship place of a student is exempt from income tax.⁴⁰

Schedule 3—the Higher Education Loan Program

2.31 Schedule 3 will amend access to the HELP scheme, and the repayments required for HECS-HELP loans. In doing so it will amend both the VET Act and Higher Education Support Act.

Permanent residents and citizens of New Zealand

2.32 Schedule 3 of the bill will make Australian permanent residents and New Zealand citizens ineligible for Commonwealth supported places from 1 January 2018, while simultaneously extending their access to student loans.⁴¹ Members of this cohort who commence a course of study as a Commonwealth supported student before

36 *Explanatory Memorandum*, p. 24.

37 *Explanatory Memorandum*, p. 25.

38 *Explanatory Memorandum*, p. 25.

39 *Explanatory Memorandum*, p. 25.

40 *Explanatory Memorandum*, p. 42.

41 *Explanatory Memorandum*, p. 46.

31 December 2017 will remain in a Commonwealth supported place for the remainder of that study. Permanent humanitarian visa holders will remain eligible for a Commonwealth supported place and HELP loan for the remainder of their current course of study. A small cohort of New Zealand Special Category Visa (SCV) holders who arrived in Australia as dependent children, have been long-term residents, and became a permanent resident mid-study will be eligible for Commonwealth supported places and HELP loans for their current course of study only.⁴²

2.33 The *Higher Education Reform Package* provides two case studies, set out in Figure 2.3, to illustrate the effects of these changes:

Figure 2.3—Two scenarios illustrating the current situation and impacts of the proposed reforms⁴³

Scenario 1: Permanent resident in a Commonwealth supported place

Current situation: Elizabeth is a UK citizen who moved here when she was one year old and is an Australian permanent resident. She wants to study engineering at university. As she is not an Australian citizen, she is not able to access a HELP loan but may access a government subsidy through being in a CSP. Elizabeth will have to pay her student contribution amount upfront, as well as her student services and amenities fee.

After measure is enacted: Elizabeth will no longer receive a CSP, but she will be able to defer her tuition fees by accessing a FEE-HELP loan. If her university chose to charge Elizabeth for the current full cost of a subsidised place, her fees could be \$27,021 per year.

Scenario 2: New Zealand citizen in Australian higher education

Current situation: Jonah is a 19 year old New Zealand citizen who arrived in Australia two years ago. Although Jonah arrived as a dependent minor, he does not satisfy the other long-term eligibility requirements to access a HELP loan. Jonah wants to study a Bachelor of Nursing and would have to pay his student contribution upfront.

After measure is enacted: Jonah no longer has access to a CSP, but he can access a FEE-HELP loan. He can enrol in an undergraduate fee paying place and defer his fees. If his university chose to charge Jonah for the current full cost of a subsidised place, his fees would be \$20,462 per year.

2.34 The *Higher Education Reform Package* states that these reforms ensure 'that the contribution that permanent residents and NZ citizens make to the Australian economy is recognised and supported.'⁴⁴

2.35 Schedule 3 of the bill will also change the HELP repayment arrangements. Item 35 of the bill will set the minimum repayment income for accumulated HELP debts in the 2018-19 year at \$41,999.⁴⁵ Item 36 of the bill will insert a new table

42 *Explanatory Memorandum*, p. 46.

43 Australian Government, *The Higher Education Reform Package*, May 2017, p. 19.

44 Australian Government, *The Higher Education Reform Package*, May 2017, p. 19.

45 *Explanatory Memorandum*, p. 46.

listing the income repayment thresholds and the applicable percent rates for compulsory repayment of HELP debts. The repayment percent rates will range between one per cent (for incomes between the minimum repayment income level and \$44,520 in the 2018-19 year), and 10 per cent (for incomes in excess of \$119,882 in the 2018-19 year).⁴⁶

HELP debt repayment rates

2.36 From 1 July 2019 repayment thresholds will be indexed using the Consumer Price Index (CPI) rather than the Average Weekly Earnings (AWE). As outlined in the *Higher Education Reform Package*,⁴⁷ this amendment will reflect National Commission of Audit's 2014 recommendation to improve the sustainability of HELP by reducing the indexation rate for HELP thresholds and indexing using the CPI.⁴⁸

Schedule 4—Other grants

2.37 Schedule 4 will embed the proposed new funding arrangements for the HEPPP into the Higher Education Support Act, giving them legislative effect. The HEPPP currently consists of participation, partnership and National Priorities Pool components.

2.38 The proposed amendments reflect the findings of a 2016-17 evaluation of the HEPPP, which noted that, while the program has encouraged universities to work towards increasing the numbers of low-SES students attending and graduating from university,⁴⁹ it should be enhanced by the introduction of a funding formula which will incorporate an allocation based on a change in each university's low SES success rate.⁵⁰

2.39 The well recognised relationship between education attrition rates and SES are illustrated in Figure 2.4.

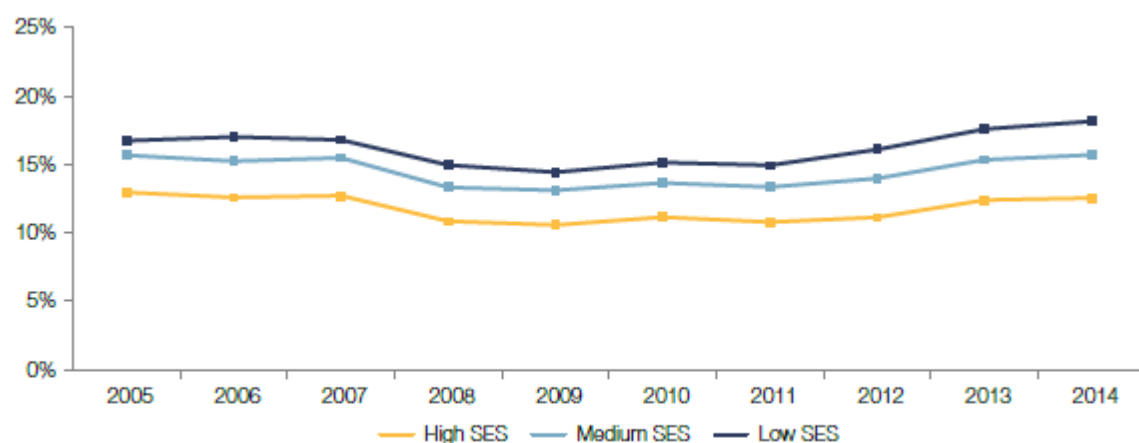
46 *Explanatory Memorandum*, p. 50.

47 Australian Government, *The Higher Education Reform Package*, May 2017, p. 18.

48 National Commission of Audit, *Towards Responsible Government: Appendix to the Report of the National Commission of Audit*, Volume 1, 2014, p. 342.

49 ACIL Allen Consulting, *Evaluation of the HEPPP: higher education participation and partnerships program*, March 2017, p. 140.

50 ACIL Allen Consulting, *Evaluation of the HEPPP: higher education participation and partnerships program*, March 2017, p. 152.

Figure 2.4—Attrition rates by socio-economic status⁵¹

Source: Department of Education and Training—*Selected Higher Education Student Statistics*

2.40 Under the proposed amendments, the HEPPP will be divided into two components: Access and Participation Fund, and National Priorities Pool.

2.41 The Access and Participation Fund will include:

- a low-SES student loading of \$985 will be payable to eligible providers for each low-SES domestic student enrolled in an undergraduate course of study; and
- performance funding allocated to providers if the provider improves the outcomes of either or both eligible low-SES students and/or Indigenous students enrolled in an undergraduate course of study.⁵²

2.42 The National Priorities Pool will provide payments to eligible bodies corporate from a total pool of \$9.5 million (to be indexed).

2.43 The Act will also legislate for the introduction of HEPPP Guidelines, to be made by the Minister under section 238-10 of the Act. These guidelines will detail the types of grants payable.⁵³

Schedule 5—Minor and technical amendments

2.44 Schedule 5 will make two uncontroversial amendments to the Higher Education Support Act to:

- update the names of two universities; and
- amend the definition of a 'higher education award' to reflect an amendment to the Australian Qualifications Framework, and confirm that VET courses of study are not higher education awards for the purposes of the Act.

51 Australian Government, *The Higher Education Reform Package*, May 2017, p. 7.

52 Under proposed section 42-25, the total pool of these grants will be \$13,348,307, to be indexed under the Act.

53 *Explanatory Memorandum*, p. 62.

Chapter 3

The issues

3.1 This chapter outlines the issues raised by submitters and witnesses in relation to the proposed amendments to the Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparency Higher Education System) Bill 2017 (the bill). This chapter will also set out the committee's views.

3.2 This chapter will address:

- amendments to the student repayment threshold, the rates of repayment of Higher Education Loan Program (HELP) debts, and the maximum student contributions for courses;
- the proposed efficiency dividend for universities;
- performance-contingent funding;
- medical, dental and veterinary science loadings;
- Higher Education Participation and Partnerships Program (HEPPP) subsidisations for low socio-economic status (SES), indigenous and regional students; and
- amendments to enabling, sub-bachelor, postgraduate courses, and work experience in industry (WEI) units.

3.3 Before delving into these issues, it is important to note the current status of the Australian higher education sector. Universities Australia outlined the various contributions made by the sector to Australia's society and broader economy:

Australia's university system is one of the best in the world. It educates more than 1.3 million students in each year, employs more than 120,000 staff and supports a further 40,000 jobs. The sector contributes more than \$2 billion each year to Australia's regional economies, and sustains in excess of 14,000 regional jobs. It delivers three quarters of the value, currently at around \$22.4 billion, of Australia's highly successful international education sector, and is responsible for the high esteem in which Australia is held as a destination of choice for international students.¹

3.4 It is also important to outline Australia's relatively new demand-driven system of allocating university placements.

A demand-driven higher education system

Background

3.5 Australia has a long-standing commitment to an open and accessible university admissions system. This admissions system has been adjusted, in some

1 Ms Belinda Robinson, Chief Executive, Universities Australia, *Proof Committee Hansard*, 25 July 2017, p. 14.

cases significantly, to ensure that university remains an accessible option and responds to Australia's changing economic and labour needs, and the demand for a higher education qualification.

3.6 A major adjustment to the higher education system was the removal of university fees in the 1970s, which led to a marked increase in university attendance. However, the maintenance of caps in student places meant that the capacity of the free higher education to address social inequality was limited.

3.7 More recently, Australia's demand-driven funding model means that the Commonwealth Government will fund every domestic bachelor degree student who has been admitted to a public university, in any course (with the exception of medicine), and without restriction on numbers of students.² The Commonwealth Government remains strongly committed to the demand-driven system.

Demand-driven funding model outcomes to date

3.8 The Australian Government is committed to ensuring that higher education is responsive to student choice, affordable and sustainable, and procedures learning and employment outcomes now and for future generations. The demand-driven funding model is instrumental in achieving this.

3.9 It is expected that the 40 per cent higher education attainment target by the year 2025 will be comfortably met under this demand-driven model.³ Indeed, in some areas university attendance rates already exceed this. For example, the Australian National University Social Research Centre found that in 2016, 51.2 per cent of NSW year 12 students were undertaking a Bachelor degree.⁴

3.10 Since the demand-driven model was introduced the numbers of students from low-SES backgrounds, including regional and remote students, has also increased. With the expansion of uncapped placements to sub-bachelor and other preparatory courses, this participation will be further enhanced.

Updating the demand-driven funding model to ensure its longevity

3.11 As the evidence outlined in this report will demonstrate, the current manifestation of the demand-driven higher education funding model is fiscally unsustainable. Funding for higher education must be more affordable if we are to sustain existing levels of access to higher education for future generations. For the demand-driven model to continue into the future, the Government must revise its mechanics in order to future-proof it. That is what this bill will do.

2 The Hon Dr David Kemp and Mr Andrew Norton, *Review of the Demand Driven Funding System—Final Report*, 2014, p. 3.

3 Group of Eight Australia, *Future Demand for Higher Education in Australia*, March 2014, p. 2.

4 Australian National University Social Research Centre, *NSW Secondary Students' Post-School Destinations and Expectations*, 2016 Annual Report, p. 8.

3.12 Under the demand-driven system, Commonwealth supported places (CSPs) grew by 30 per cent from 2009 to 2013. Since 2009, student funding has increased by 71 per cent, at more than twice the rate of growth in the economy.

3.13 University funding per student has also risen rapidly since 2010, increasing by 15 per cent to 2015. Over the same period, the cost for universities to deliver course rose by only 9.5 per cent, according to independent analysis from Deloitte Access Economics.

3.14 This data indicates that universities have benefited from economies of scale brought about by enrolment growth over the last five years, and can return an efficiency dividend to assist with Budget repair. An efficiency dividend of 2.5 per cent in 2018 and 2019 reduces Commonwealth funding for teaching by 4.9 per cent and total resourcing for teaching by only 2.8 per cent when student contributions are taken into account.

3.15 We know that higher education provides significant economic benefits to individuals. Independent analysis by Deloitte Access Economics confirms that graduates accrue substantial economic benefits from higher education, with between 45 and 47 per cent of the benefit accruing to the individuals, on average.

3.16 The government will lift the maximum student contributions that universities can charge by 1.8 per cent per year for four years from 2018. This equates to a total increase of 7.5 per cent and will result in students contributing, on average, around 46 per cent of the cost of their course.

3.17 As is currently the case, these charges will not be paid up-front. Students will be able to repay their contributions gradually over time, and contingent on their income level. The system will continue to afford opportunities to low-SES students, including students from regional and remote areas of Australia, many of whom have to leave home to pursue study.

3.18 These measures will ensure that demand-driven funding will continue to provide affordable access to one of the most highly regarded higher education systems in the world for students now and in the future.

Student debt repayment

3.19 The committee heard a range of evidence about the proposed amendments to HELP debt repayment rates, and the income threshold for repayment, as well as the proposed increase in student contributions to their coursework.

3.20 The committee heard arguments that a reduction in the minimum income threshold for those repayments to commence, coupled with an changes in the rates of HELP debt repayment, may deter or 'price out' potential students from attending university,⁵ and place undue and unfair financial pressure on those students who do.⁶

5 Adelaide University Student Representative Council, *Submission 9*, p. 3; University of New England, *Submission 11*, p. 2.

Some submitters also expressed concern at the proposed increase in student contributions for courses.⁷ The Adelaide University Student Representative Council for example argued that lowering the repayment income threshold will result in graduates beginning to repay their HELP debts before they start to see the private benefit from their qualifications.⁸

3.21 However, the committee heard strong evidence that the proposed amendments will strengthen a student loan system and ensure its ongoing financial sustainability so that future generations are able to enjoy the benefits of an affordable, world-class higher education.

Student contribution levels

3.22 Professor Bruce Chapman, an economist and academic who designed the original student loan system, explained that studies demonstrate that increases in student debt do not elicit a behavioural response from potential students.⁹ That is, students are not deterred from study by the prospect of a higher level of income-contingent debt. He explained that when student fees were re-introduced under the Higher Education Contribution Scheme (HECS) model, and fees leapt from zero dollars to \$3,000 and \$4,000 per annum overnight, enrolments rose.¹⁰ He submitted that this includes students across the SES spectrum, as indicated by the number and mix of students in Australia and the United Kingdom before and after significant past changes to student loan levels:

England adopted a version of HECS that's very similar, and they had price caps. They still have price caps. The price cap went from 1,000 British pounds per full-time student year in 2011 to 3,000 pounds per full-time student year—this is, obviously, a 300 per cent increase. There was a small decrease in applications the first year and, the year after that, nothing else; nothing happened. All the analysis of the socioeconomic mix showed no compositional change.¹¹

3.23 Professor Chapman went on to argue that the need to attend university to attain a higher education means that a behavioural response to fee increases is unlikely:

If you're a young person...or anybody who wants a university education and you want to be an accountant, a nurse a doctor or whatever, or you

6 Australian Association of Social Workers (AASW), *Submission 3*, p. 5; University of New England, *Submission 11*, p. 2; University of Southern Queensland (USQ), *Submission 14*, p. 4; Australian Catholic University (ACU), *Submission 20*, p. 21; and Victoria University, *Submission 23*, p. 9.

7 See IRU, *Submission 17*, p. 8; Australian Medical Students' Association (AMSA), *Submission 22*, p. 6.

8 Adelaide University Student Representative Council, *Submission 9*, p. 2.

9 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 June 2017, p. 4.

10 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 June 2017, p. 4.

11 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 June 2017, p. 4.

always thought you'd go to university, the doubling of the charge, particularly with an income-contingent arrangement, is not going to suddenly make the alternative, which is retail work, unskilled labour or going overseas to study—that will cost you much more because you have to pay up-front—more attractive. So the government, with that kind of monopoly, has really got a situation where it's extremely hard to imagine behavioural responses.¹²

3.24 Mr Andrew Norton, Higher Education Program Director with the Grattan Institute, likewise observed that 'debt aversion seems to be reasonably consistent across the SES spectrum'.¹³ The Institute further posited that data showing the relationship between earnings and income level indicates that 'higher education remains a financially attractive proposition' and the proposed increases in student contributions should not materially affect a person's decisions about attending university.¹⁴

3.25 Professor Chapman further highlighted that by indexing debts to the Consumer Price Index (CPI), debts will not rise in real terms.¹⁵

HELP income thresholds and new rates of repayment

3.26 The committee also heard evidence that, while the amendments will reduce the minimum income at which HELP debt repayments will commence, the repayments at these lowest income bands will be modest.

3.27 Mr Norton posited that the minimum annual income threshold of \$42,000 represents a decision by government to identify the income levels at which most government income protection schemes are found and exceed them.¹⁶ Mr Norton also pointed out that the minimum income threshold is only assessed on an individual level, and does not take into account the fact that many graduates live in joint households with a higher level of disposable income.¹⁷

3.28 Professor Chapman submitted that this threshold will minimise capturing individuals who did not graduate, something which could unfairly disadvantage people in rural and remote locations.¹⁸ He argued that the real issue is the rate at which that debt is required to be repaid,¹⁹ and noted that the repayment rate is just one

12 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 June 2017, pp. 4–5.

13 Mr Andrew Norton, Higher Education Program Director, Grattan Institute, *Proof Committee Hansard*, 24 July 2017, p. 54.

14 Grattan Institute, *Submission 24*, p. 16.

15 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 June 2017, p. 3.

16 Mr Andrew Norton, Higher Education Program Director, Grattan Institute, *Proof Committee Hansard*, 24 July 2017, p. 52.

17 Grattan Institute, *Submission 24*, p. 4.

18 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 June 2017, p. 8.

19 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 June 2017, p. 2.

per cent at the minimum income levels.²⁰ The Department of Education and Training (DET) explained that the repayment rate at this lowest income level equates to just \$8 per week.²¹

3.29 Several witnesses compared international student loan models with Australia's model. The Grattan Institute submitted that the US mortgage-style loan repayment system is cumbersome and bureaucratic, and leads to poor outcomes for students, who are required to meet fixed monthly repayments towards debts which were assessed based on historical income.²² Professor Chapman agreed, stating that:

In the United States, you might have a 10-year [repayment] period. If you're unemployed, you pay. If you're looking after a child and not working, you pay. If you're disabled, you pay. Well, you have to pay, but many of these people don't... [T]he big deal is the rate of repayment.²³

3.30 The Grattan Institute also argued that the UK provides a poor model for student debt recovery, owing to the low levels of overseas debtor compliance, and the low repayment levels, which it argues are a fundamental design flaw.²⁴

3.31 The department outlined the comparative generosity of Australia's proposed rates of repayment, explaining that in New Zealand student loan repayments commence at a rate of 12 per cent on an income of \$17,000 per annum.²⁵

3.32 Professor Chapman also highlighted the unfairness of mortgage-type student debt systems, and, using Thailand as a case study:

If I said to you, 'We've got a normal debt, a mortgage type debt, like student loans in the US, Canada and Thailand, for example.' Those normal debts are kind of pernicious and it is completely sensible for people to be bothered by those kinds of debts. The reason is that if they don't have the money they're still required to pay and, if they're required to pay and they cannot pay because they're poor, in Thailand that's an illegal act, so you'll be bankrupted and you'll be taken to court...you will lose your credit reputation. That's why the other loan systems are really shockers, basically. They do so much damage to debtors because they are often insurance.²⁶

3.33 He argued that debts which are income-contingent like Australia's system, do not deter would-be students because the personal risks associated with a failure to repay are not present:

20 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 June 2017, p. 8.

21 Mr David Learmonth, Deputy Secretary, Higher Education, Research and International, Department of Education and Training (DET), *Proof Committee Hansard*, 25 July 2017, p. 41.

22 Grattan Institute, answers to question on notice, 27 July 2017 (received 31 July 2017).

23 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 June 2017, p. 4.

24 Grattan Institute, answers to question on notice, 27 July 2017 (received 31 July 2017).

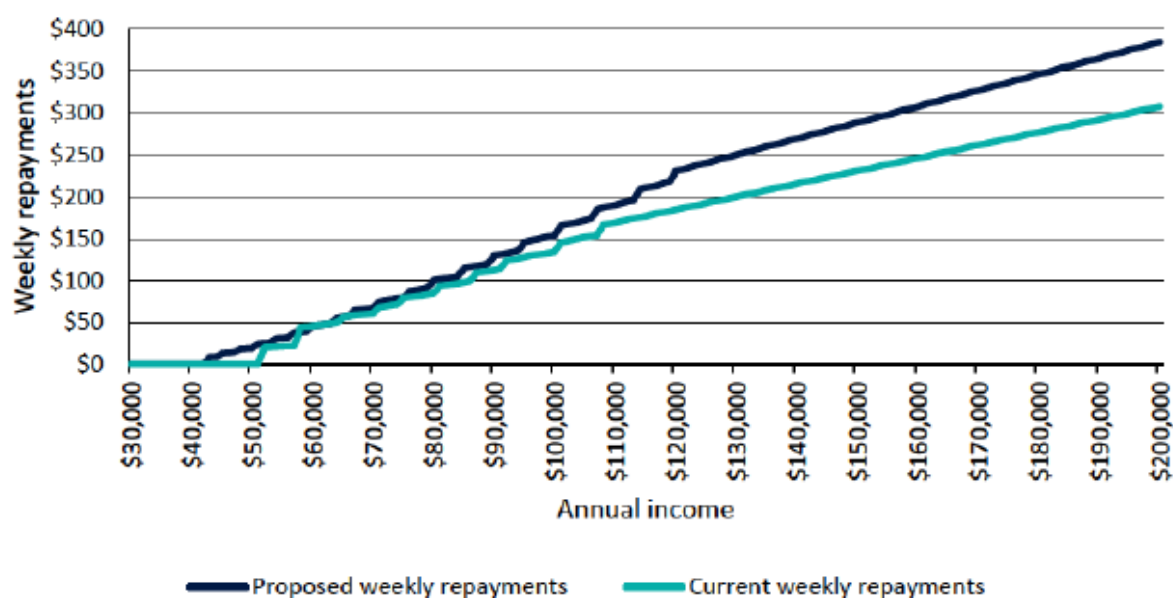
25 Mr David Learmonth, Deputy Secretary, Higher Education, Research and International, DET, *Proof Committee Hansard*, 25 July 2017, p. 41.

26 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 June 2017, p. 6.

Income-contingent debts like this offer insurance... [In Thailand] debt repayment obligations are not income-contingent and, if young people go into the labour force—this is true in the United States as well—in recession and they are unemployed and facing the loss of credit reputation that comes from defaulting on the debt, their families help them out. We don't need that here because it's all income-contingent. So-called debt-aversion I can completely understand in a world of non-income-contingent repayment, because it means bankruptcy, it means credit reputation loss and it's a very bad thing.²⁷

3.34 The department explained that the proposed new graduation in rates of repayment will mitigate the current peaks and cliffs in the repayment levels between income bands, particularly in the \$50,000 to \$60,000 range, making the steps more progressive.²⁸ This smoothing of repayments is illustrated in Figure 3.1.

Figure 3.1—current and proposed HELP repayment thresholds²⁹



3.35 The department also pointed to research that demonstrates that 'the current repayment rates create incentives for HELP debtors to minimise their reported HELP repayment income to allow them to make lower repayments.'³⁰

University efficiency dividend

3.36 In addition to the proposed student contribution increases outlined above, the bill proposes to reduce the Commonwealth's contributions under the CGS via two

27 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 June 2017, p. 6.

28 Mr Dom English, Group Manager, Higher Education Group, DET, *Proof Committee Hansard*, 25 July 2017, p. 42.

29 Australian Technology Network of Universities, *Submission 19*, p. 5.

30 Department of Education and Training, *Submission 41*, p. 18.

efficiency dividends of 2.5 per cent applied in each of 2018 and 2019 (also outlined in chapter 2).

3.37 A number of universities and university representation organisations submitted that Australian institutions of higher education cannot absorb the proposed efficiency dividends, and outlined the existing cost savings measures which they have put in place.³¹

3.38 However, in outlining their current efforts to make savings, some universities highlighted the range of areas in which efficiencies are already being found. Victoria University, for example, explained that over the past five years it has reduced staff levels and developed a 'fit-for-purpose staff profile', while simultaneously increasing its level of student satisfaction.³² The department likewise highlighted that in Queensland, only one in four universities have a cost management framework in place,³³ while other Australian universities fund extracurricular marketing including sponsoring football teams.³⁴

3.39 The department explained that universities have benefited from a significant increase in funding since the demand driven funding system was introduced and, despite a modest decrease in the total base funding provided by the Commonwealth for each CSP, Commonwealth funding in 2021 will still be higher than at any time prior to the introduction of this new system.³⁵ The department also highlighted the economies of scale evident in number of universities, including the Australian Catholic University, which has seen an increase in CSPs of 220 per cent, a corresponding growth in Commonwealth funding of 227 per cent, while only requiring an increase in academic workforce of 68 per cent during the same period.³⁶

3.40 The department also advised that the average operating surplus for universities in the last reported year (2015) was 6.1 per cent.³⁷

31 See Western Sydney University (WSU), *Submission 6*, p. 4; Regional Universities Network (RUN), *Submission 8*, p. 2; Adelaide University Student Representative Council, *Submission 9*, p. 4; James Cook University, *Submission 10*, p. 2; University of New England (UNE), *Submission 11*, p. 1; Griffith University, *Submission 13*, p. 4; Flinders University, *Submission 16*, p. 3; Australian Technology Network of Universities (ATNU), *Submission 19*, p. 2; ACU, *Submission 20*, p. 1; AMSA, *Submission 22*, p. 3; Victoria University, *Submission 23*, p. 7; University of Newcastle, *Submission 30*, p. 3; University of New South Wales (UNSW), *Submission 32*, p. 4; and Universities Australia, *Submission 35*, p. 17.

32 Victoria University, *Submission 23*, p. 6.

33 Mr David Learmonth, Deputy Secretary, Higher Education, Research and International, DET, *Proof Committee Hansard*, 25 July 2017, p. 47.

34 Mr David Learmonth, Deputy Secretary, Higher Education, Research and International, DET, *Proof Committee Hansard*, 25 July 2017, p. 48.

35 DET, *Submission 41*, p. 24.

36 Mr David Learmonth, Deputy Secretary, Higher Education, Research and International, DET, *Proof Committee Hansard*, 25 July 2017, p. 46.

37 Mr David Learmonth, Deputy Secretary, Higher Education, Research and International, DET, *Proof Committee Hansard*, 25 July 2017, p. 47.

3.41 The *Higher Education Reform Package* also notes that while average funding for universities per student increased by 15 per cent between 2010 and 2015, an independent study by Deloitte Access Economics found that university course delivery costs only increased by 9.5 per cent during that same period.³⁸

3.42 Overall, the *Higher Education Reform Package* report concludes that the efficiency dividend will constrain the growth of taxpayer contributions to the higher education sector, while reducing net university incomes for CSPs by only 2.8 per cent:

This application of an efficiency dividend will deliver a reduction in the growth of taxpayer funding for universities and drive improvements at an institutional level throughout the higher education sector. Taking into account changes to taxpayer funding and student contributions, the net reduction in university income for Commonwealth supported places will be 2.8 per cent.³⁹

Performance-contingent funding

3.43 Some universities raised concerns about the prospect of the 7.5 per cent performance-contingent funding component (outlined in chapter 2) having a negative impact on them because of the particular challenges which they face. James Cook University, for example, explained that as a regional institution operating over a large geographical area, it bears higher costs of operation than most metropolitan universities.⁴⁰ Charles Sturt University likewise highlighted its high levels of low-SES and Indigenous students, and submitted that performance contingent funding which does not take account of this 'could have a perverse outcome'.⁴¹

3.44 The department explained that these performance-contingent funding measures will need to be workable and take into account individual university's unique circumstances, and are expected to evolve over time:

If you are going to leave a demand-driven system in place, you will want something to focus the mind on ensuring that there is an outcome from that investment—a student gets a degree and gets a job—and from, indeed, the loans the student might take on... But how we operationalise that will have to be done with the sector. It is going to be nuanced and sensitive to circumstance. We don't intend it to be an across-the-board cookie cutter; there will be some nuance in relation to an individual's mission.⁴²

3.45 The department outlined the process which will be put in place in the first year, and the additional arrangements which will be implemented after that time:

38 Australian Government, *Higher Education Reform Package*, p. 2.

39 Australian Government, *Higher Education Reform Package*, p. 12.

40 James Cook University, *Submission 10*, p. 1.

41 Professor Toni Downes, Deputy Vice-Chancellor, Academic, Charles Sturt University, *Proof Committee Hansard*, 25 July 2017, p. 3.

42 Mr David Learmonth, Deputy Secretary, Higher Education, Research and International, DET, *Proof Committee Hansard*, 25 July 2017, p. 51.

[I]t is a pretty simple proposition for the first year: give us some data on what you spend and be transparent with your students against this action plan which has been welcomed.

The second year is where we will start to see some performance at risk, if you like, on some additional metrics. They will be absolutely worked up with the industry.⁴³

Medical, dental and veterinary science loading

3.46 Veterinary studies and dental studies are two fields in which the costs of delivery are unavoidably high. Analysis by Deloitte Access Economics on the cost of delivery showed that veterinary science and dentistry are significantly underfunded, with costs as much as double the actual funding received in some universities.⁴⁴

3.47 The bill allows for additional per student loading for these two disciplines, on the same basis as the existing medical student loading. As the Explanatory Memorandum stated:

While some universities would continue to spend more on these disciplines than they receive through base funding, expanding medical loading to veterinary science and dentistry will alleviate the severity of this underfunding, while still encouraging institutions to look for efficiencies in their delivery of these courses.⁴⁵

3.48 The Group of Eight (Go8), Innovative Research Universities (IRU) and the Regional Universities Network (RUN) expressed support for this measure. The Go8 submission noted that extending the medical student loading to veterinary science and dentistry units would result in increased Commonwealth funding of \$2.5 million per year to Go8 universities from 2018.⁴⁶

Higher Education Participation and Partnerships Program

3.49 The measures contained in Schedule 4 of the bill ensure that the Higher Education Participation and Partnerships Program (HEPPP) is better targeted and enshrined in legislation.

3.50 The department stated that the reforms provide an incentive for universities to not only enrol students from low-SES backgrounds, but to fully support them through to completion of their studies. The department noted that universities that improve

43 Mr David Learmonth, Deputy Secretary, Higher Education, Research and International, DET, *Proof Committee Hansard*, 25 July 2017, p. 51.

44 Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017, *Explanatory Memorandum*, p. 14; see also Department of Education and Training, *Submission 41*, p. 24.

45 Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017, *Explanatory Memorandum*, p. 14.

46 See Group of Eight, *Submission 44*, p. 37; Innovative Research Universities, *Submission 17*, p. 8; Regional Universities Network, *Submission 8*, p. 6.

their success rates for low-SES students and Indigenous students will also receive additional performance funding.⁴⁷

3.51 The department also informed the committee that the reform of HEPPP was discussed and positively received at a forum for equity practitioners held by the department in May 2017:

The forum expressed strong support for the new approach and, particularly, around the certainty that the legislated loading provides. This mirrors the support from the Australian Technology Network of Universities, the Group of Eight, Universities Australia and the Regional Universities Network.⁴⁸

3.52 Whilst commending the move to enshrine HEPPP in legislation, some stakeholders flagged reservations about the reduced future funding for the program set out in the 2017-18 Budget Forward Estimates, requested additional clarification on some aspects of the reforms, or recommended the program be further expanded.⁴⁹

3.53 Several higher education stakeholders articulated their support for the reforms to the committee during the inquiry and commended the decision to enshrine HEPPP in legislation.⁵⁰ For example, Universities Australia (UA) noted:

UA strongly supports the Government's proposal to enshrine the program and its funding in legislation. This will help protect HEPPP against arbitrary budget cuts and further erosion of this program...

UA also welcomes additional funding for the National Priorities Pool (NPP) component of HEPPP, along with a sharper focus for the NPP on research and evaluation that will make HEPPP even more effective.⁵¹

3.54 The Australian Technology Network of Universities (ATN) also expressed support and outlined the significance of the reforms:

It is vitally important that universities remain accessible to all Australians and the legislating of HEPPP ensures that universities can provide Australia's most disadvantaged with additional and much needed support as they pursue higher education studies. The legislating of HEPPP also provides much needed funding certainty to equity practitioners to develop and implement programs to improve the success and attrition of disadvantaged students at university. This funding certainty will enable

47 Department of Education and Training, *Submission 41*, p. 26.

48 Department of Education and Training, *Submission 41*, p. 27.

49 See for example National Tertiary Education Union, *Submission 4*, p. 36; Equity Practitioners in Higher Education Australasia, *Submission 62*, p. 6; University of Western Australia, *Submission 55*, p. 4; and University of Canberra, *Submission 60*, p. 6.

50 For example Regional Universities Network, *Submission 8*, p. 7; Innovative Research Universities, *Submission 17*, p. 23; and Universities Australia, *Submission 35*, p. 35.

51 Universities Australia, *Submission 35*, p. 35.

universities to plan long term investments that will build aspiration in underrepresented communities.⁵²

3.55 Open Universities Australia (OUA) welcomed the HEPPP reforms, particularly as of their 2016 undergraduate enrolments, 37.5 per cent of students were categorised as being from low, or the lowest socio-economic groups.⁵³

3.56 The University of New South Wales (UNSW) also welcomed the protection of HEPPP and reiterated that numerous reports and evaluations have supported the significant impact and effectiveness of the program.⁵⁴

Student contributions to enabling courses

3.57 Enabling courses have a significant role to play in helping underprepared learners in considering further university studies, and have been recognised as a preparation tool for students with social or educational disadvantage.⁵⁵ However, in 2014 just 52 per cent of Commonwealth supported students who started an enabling course went on to further study the following year.⁵⁶ As outlined in Chapter 2, the bill will fix the numbers of places in these courses, allocating them on a cyclical basis through a competitive tender process, and will require a student contribution.

3.58 Some witnesses outlined their concerns about the proposed introduction of student contributions towards enabling courses. Professor Toni Downes, Deputy Vice-Chancellor of Charles Sturt University, for example, cautioned that the introduction of fees in this area could unfairly disadvantage rural and low-SES students who are least able to pay fees when making a decision about whether they are ready to attend university.⁵⁷

3.59 However this argument overlooks the fact that students undertaking enabling courses will not pay fees upfront but instead will have access to an income-contingent student loan. In this regard the department submitted that 'there is no evidence that students are deterred by fees when these fees are deferrable through the loans system.'⁵⁸

3.60 Finally on this point, as outlined above, Professor Chapman disagreed that the introduction of such a fee will deter students from enrolling:

[W]hen HECS was introduced, the charge went from zero to, in current dollars, \$3,000 or \$4,000 a year overnight. Enrolments went up. We've done a lot of work on the socioeconomic mix in aggregate. There was no

52 Australian Technology Network of Universities, *Submission 19*, p. 3.

53 Open Universities Australia, *Submission 38*, p. 2.

54 University of New South Wales, *Submission 32*, p. 1.

55 Australian Government, *Higher Education Reform Package*, p. 25.

56 Australian Government, *Higher Education Reform Package*, p. 25.

57 Professor Toni Downes, Deputy Vice-Chancellor, Academic, Charles Sturt University, *Proof Committee Hansard*, 25 July 2017, p. 3.

58 Department of Education and Training, *Submission 41*, p. 20.

change. The biggest and absolutely consistent finding on analysis of social economic mix and changes to contingent loan arrangements is that you find nothing.⁵⁹

Demand driven sub-bachelor courses

3.61 Schedule 2 of the bill seeks to expand the demand driven funding system to include approved sub-bachelor (diploma, advanced diploma, and associated degree) courses at public universities from 1 January 2018. This expansion aims to provide better support for under prepared students which should lead to improved retention and completion rates.⁶⁰

3.62 UA strongly supported the extension of the demand-driven funding system to sub-bachelor courses, noting it was a change that it has long advocated for. Its submission summarised the benefit of the measure in the following manner:

Providing more CSPs [Commonwealth Supported Places] in associate degree, advanced diploma and diploma courses will improve the availability and diversity of pathways into bachelor degrees, especially for students who have not had the chance to perform at school at a level that reflects their abilities. These qualifications are also valued by employers in their own right.⁶¹

3.63 In regard to the implementation of the changes, UA stated:

UA supports the prudent safeguards which the Government has proposed in order to ensure that the legislative change will realise the policy intent. The sector will work with Government to ensure a rigorous but responsive process for identifying 'approved courses' to supply skills to the labour market, both directly from sub-bachelor courses and through improved articulation from sub-bachelors to bachelor degree courses.⁶²

3.64 Similarly, OUA also welcomed the extension and emphasised that sub-bachelor degrees were a responsive method of providing higher qualifications to students that suited their career and professional needs. OUA stated that the scaffolded nature of sub-degree programs (i.e. a structured path from diploma to degree) is particularly beneficial to part-time students, who are at a greater risk of dropping out of study without any form of qualification, and without recognition for the academic credits they may have accumulated.⁶³

59 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 June 2017, p. 4.

60 Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017, *Explanatory Memorandum*, p. 23.

61 Universities Australia, *Submission 35*, p. 35.

62 Universities Australia, *Submission 35*, p. 35.

63 Open Universities Australia, *Submission 38*, p. 1.

Student-centred postgraduate places

3.65 There was agreement among the department and university representatives that the current system of allocating Commonwealth supported postgraduate places is flawed.⁶⁴

3.66 Dr Perkins, Executive Director of RUN, in acknowledging this, also argued that there is not enough detail in the proposal for stakeholders to understand how places will be allocated and distributed going forward:

We really have no idea how scholarships will be allocated. Will it be on merit, need, regionality? What will the national priorities be? Will universities be able to allocate these postgraduate coursework places before all Commonwealth supported places have been allocated? It is really the lack of transparency and clarity, I think, that concerns us most with this.⁶⁵

3.67 Ms Belinda Robinson, Chief Executive of UA, agreed that this element of the reform package would require more consultation with the sector to achieve the stated policy objectives.⁶⁶

3.68 The department confirmed that this element of the reform package would indeed involve consultation with the university sector:

The way in which the new system will work should see an increase in the number of people who are supported in postgraduate given that it will be portable and the students will be able to choose where they go. We are also talking about a minority—a large minority, but a minority—of the postgraduate scene. The funded places are about 40 per cent of the postgraduate load in universities, but it's an important 40 per cent. How it will work, again, will be one of those things that we will work through with the sector.⁶⁷

3.69 Departmental officials explained that after consultation with the sector had occurred, the Senate would have the final say on the postgraduate arrangements through the disallowance mechanism:

...these [reforms to postgraduate placements] are very broad enabling provisions in the legislation. The Senate will ultimately have the power to

64 See Mr David Learmonth, Deputy Secretary, Higher Education, Research and International, DET, *Proof Committee Hansard*, 25 July 2017, p. 53; Dr Caroline Perkins, Executive Director, RUN, *Proof Committee Hansard*, 25 July 2017, p. 10; and Professor Toni Downes, Deputy Vice-Chancellor, Academic, Charles Sturt University, *Proof Committee Hansard*, 25 July 2017, p. 10.

65 Dr Caroline Perkins, Executive Director, RUN, *Proof Committee Hansard*, 25 July 2017, p. 10.

66 Ms Belinda Robinson, Chief Executive, UA, *Proof Committee Hansard*, 25 July 2017, p. 15.

67 Mr David Learmonth, Deputy Secretary, Higher Education, Research and International, DET, *Proof Committee Hansard*, 25 July 2017, p. 53.

disallow the particular arrangements should the Senate choose to do so, following consultation on that detailed work-up.⁶⁸

Work experience in industry units

3.70 Currently, the estimated 2,600 Commonwealth supported students who undertake a WEI unit each year do not receive any Commonwealth contribution towards the completion of those units.⁶⁹

3.71 Moving forward, those students will receive a Commonwealth contribution towards such units where they are credited towards a Commonwealth supported qualification, up to a maximum of one-sixth of the student's total study load.

3.72 Mr Coltan, Deputy Vice-Chancellor of Swinburne University, commended this proposed amendment, explaining that work experience is 'in Swinburne's DNA', and is available for undergraduate students in every discipline.⁷⁰ Mr Coltan described the policy as an appropriate change, and one which acknowledges the true cost of delivering focused work experience opportunities for students.⁷¹

3.73 Ms Megan Lilly, of the Australian Industry Group (AIG), noted that WEI and similar units have a powerful role to play in addressing the gap in graduates who attain full-time employment after graduating.⁷²

Regional and remote students

3.74 Several regional institutions explained the unique challenges faced by non-metropolitan universities. These include:

- low participation rates in the local population;⁷³
- the cost of delivery to regional students is higher than the cost of delivery to other categories of students;⁷⁴
- providing a professional workforce across a large geographic area;⁷⁵ and

68 Mr David Learmonth, Deputy Secretary, Higher Education, Research and International, DET, *Proof Committee Hansard*, 25 July 2017, p. 37.

69 Australian Government, *Higher Education Reform Package*, p. 26.

70 Mr David Coltman, Deputy Vice-Chancellor, Pathways and Vocational Education, Swinburne University of Technology, *Proof Committee Hansard*, 25 July 2017, p. 70.

71 Mr David Coltman, Deputy Vice-Chancellor, Pathways and Vocational Education, Swinburne University of Technology, *Proof Committee Hansard*, 25 July 2017, p. 70.

72 Ms Megan Lilly, Head, Workforce Development, Australian Industry Group (AIG), *Proof Committee Hansard*, 25 July 2017, p. 32.

73 Professor John Dewar, Vice-Chancellor, La Trobe University, *Proof Committee Hansard*, 25 July 2017, p. 1.

74 Professor John Dewar, Vice-Chancellor, La Trobe University, *Proof Committee Hansard*, 25 July 2017, p. 2.

75 Professor Sandra Harding, Vice-Chancellor, James Cook University, *Proof Committee Hansard*, 25 July 2017, p. 2.

- regional university undergraduate cohort is largely made up of first-in-family, mature aged, part-time students, as well as those from disadvantaged minority backgrounds, including high indigenous proportions, and rural and remote communities.⁷⁶

3.75 A number of the measures proposed in this bill and in the broader reform package are particularly important for students from regional and remote locations.

3.76 As the *Higher Education Reform Package* explains, regional students will benefit from both the enhancements to the HEPPP and increased Commonwealth support for sub-bachelor level places.⁷⁷ It further highlights that:

The provision of \$15 million from 2017-18 to 2020-21 will assist communities to establish and operate up to eight regional study hubs, improving access to higher education for students from rural and remote areas of Australia. Such hubs typically support regional students to study courses locally delivered by distance from any Australian university by providing greater access to study support and infrastructure.⁷⁸

3.77 Two regional study hubs have already been established in Geraldton, Western Australia and Cooma, New South Wales, and work is being undertaken to establish further hubs around Australia.⁷⁹

3.78 In this context it important to recognise the current Independent Review into Regional, Rural and Remote Education. On 2 March 2017, Deputy Prime Minister, the Hon Barnaby Joyce MP and the Minister for Education and Training, Senator the Hon Simon Birmingham announced this independent review. A discussion paper was recently released and submissions are being sought. A report will be provided to the Government by the end of 2017.⁸⁰

Committee view

3.79 The committee acknowledges the strong level of interest in this bill, and thanks the submitters and witnesses who participated in this inquiry and engaged with the department in the significant consultation which preceded this bill.

3.80 The committee strongly supports Australia's demand-driven higher education funding model. This model has made higher education opportunities more equitable, and provided greater access to universities for students across Australia.

3.81 However, the demand-driven funding model entails significant increased costs to the Commonwealth. Under the current arrangements these costs are increasing at an

76 Professor Toni Downes, Deputy Vice-Chancellor, Academic, Charles Sturt University, *Proof Committee Hansard*, 25 July 2017, p. 3.

77 Australian Government, *Higher Education Reform Package*, p. 31.

78 Australian Government, *Higher Education Reform Package*, p. 31.

79 Australian Government, *Higher Education Reform Package*, p. 21.

80 See Commonwealth of Australia, *Independent Review into Regional, Rural and Remote Education*, Discussion Paper, July 2017.

unsustainable rate. Given Australia's current fiscal position, the model must be adjusted to ensure that future students are protected and can be assured of access to affordable, world-class higher education supported by the Commonwealth.

3.82 The committee believes that the proposed amendments to the contributions which students are expected to make towards their education, including the level of payments required and the rates at which repayments will be made, are reasonable and equitable. The evidence demonstrates that they will not unfairly disadvantage people on a lower income or deter potential future students.

3.83 The committee is of the view that the change to student fees is a modest increase to ensure the integrity of the system into the future. The Government will lift the maximum student contributions that universities can charge by 1.8 per cent per year for four years from 2018. This equates to a total increase of 7.5 per cent and will result in students contributing, on average, around 46 per cent of the cost of their course using an income-contingent loan facility. A student who commences a four year nursing degree in 2018 will see their fees increase by around \$1,250 from \$26,550 to \$27,800.⁸¹ A student who commences a six year medical degree in 2018 will see their fees increase by around \$3,900 from \$68,000 to \$71,900.⁸²

3.84 Irrespective, students do not pay a single dollar up front toward the cost of their degree and only need to make repayments once they are earning \$42,000 or more. Those on incomes at the minimum income thresholds will make modest repayments of 1 per cent or \$8 per week. For graduates with incomes above \$120,000 the repayment rate increases to 10 per cent. This is fair and equitable.

3.85 The committee also notes that students will now contribute, on average 46 per cent of the cost of their course, a proportion which corresponds very closely with the 47 per cent private benefit which students receive from those studies over time, on average. The remaining average 53 per cent is classified as public benefit, and refers to all the benefits which arise indirectly because of a student's 'enhanced human capital attainment'.⁸³ This includes benefits which flow not just from a person's professional employment, and the direct benefits of contributing to Australia's economy, but also non-market benefits including reduced poverty and inequality.⁸⁴

3.86 The department also cited Grattan Institute research which quantifies the very significant 'income premium' of between \$700,000 to \$900,000 over a graduate's lifetime:

The Grattan Institute's analysis of 2011 Census data, found that Bachelor degree graduates can earn up to around \$900,000 more income over their working life than persons whose highest level of education was year 1211.

81 Australian Government, *Higher Education Reform Package*, p. 11.

82 Australian Government, *Higher Education Reform Package*, p. 11.

83 Deloitte Access Economics, *Estimating the public and private benefits of higher education*, July 2017, p. 9.

84 Deloitte Access Economics, *Estimating the public and private benefits of higher education*, July 2017, p. 8.

Males are estimated to earn an income premium of \$900,000 over their working life compared to males whose highest level of education was year 12 (after deducting the costs of education and income tax). Females are estimated to earn an income premium of \$700,000 over their working life compared to females whose highest level of education was year 12 (after deducting the costs of education and income tax).⁸⁵

3.87 The committee also notes Professor Chapman's expert evidence that even though the numbers of individuals with a university degree have increased dramatically, the rate of return in terms of private benefit from that education remains unchanged.⁸⁶ In light of this, the committee regards this proposed amendment as fair and equitable.

3.88 The committee notes the opposition to an efficiency dividend from the university sector. However, it believes that the hard data in relation to university revenue versus expenditure clearly supports this modest funding decrease. Universities continue to generate more revenue than they expend, and maintain a surplus of 6.1 per cent on average. Many universities also continue to identify cost-savings in their operation, indicating that operational savings can already be found. Furthermore, universities must be part of ensuring that the entire higher education sector is financially sustainable. This small efficiency dividend will help to ensure the sector ongoing viability.

3.89 The committee has carefully noted the concerns raised about performance-contingent funding for universities, particularly the concern that there is insufficient detail to understand how performance will be assessed and funding provided. The committee notes the department's assurance that it will undertake wide-ranging consultation in the implementation of this element of funding, and encourages the department to complete this in a timely manner.

3.90 The committee notes the similar concerns in relation to student-centred postgraduate places. Again, the committee encourages the department to consult widely and in a timely manner in relation to these changes to the allocation of Commonwealth-supported postgraduate places.

3.91 It is the view of the committee that this bill will, if fully enacted:

- balance the Commonwealth's need to recover student debts over time with the need of students to access a fair and high-quality system of higher education without facing high upfront fees;
- make the higher education system fairer, particularly for students from rural and regional locations, and low SES backgrounds;
- make the funding of the higher education system more transparent and sustainable; and

85 Department of Education and Training, *Submission 41*, p. 13.

86 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 June 2017, p. 5.

- positively contribute to the Government's promise to bring the budget back to balance.

Recommendation 1**3.92 The committee recommends that the Senate pass the bill.****Senator Bridget McKenzie****Chair**

Labor Senators' Dissenting Report

1.1 Labor Senators strongly oppose the Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017 ('the bill') in its current form.

Overview

1.2 Australia's higher education system is world-leading. It supports more than one million students, both international and domestic, and our universities directly employ 120,000 people and support another 40,000 jobs.

1.3 Australia's income contingent loan scheme—the Higher Education Loan Program (HELP)—is one of the exceptional aspects of Australia's education system. Australian students from any background can pursue a higher education with support from the Commonwealth, and repay their student fees gradually on an income-contingent basis.

1.4 Labor has a strong record of transforming our higher education system and boosting participation. The Whitlam Government abolished fees and saw the doors of universities opened to a generation of Australians. The Hawke Government substantially lifted the number of university places and saw the participation of women in higher education reach 50 per cent in 1987. In our last period in office, Labor increased funding for universities from \$8 billion to \$14 billion each year, introduced the demand-driven system which has seen an additional 190,000 students get a place at university, and through the Higher Education Participation and Partnerships Program (HEPPP), saw an additional 36,000 students from disadvantaged and under-represented backgrounds get a place at university.

1.5 Australia's public investment in education is around 0.7 per cent of Gross Domestic Product (GDP), the second lowest in the Organisation for Economic Co-operation and Development (OECD). Australia's students pay the sixth highest fees in the OECD.¹

1.6 If passed into law, this bill would undermine the fairness of Australia's higher education system by:

- cutting \$3.8 billion from the higher education system, over five years;
- disproportionately impacting regional universities;
- unfairly imposing retrospective changes to the student loan scheme, impacting students who have already graduated, including students with loans for vocational programs;
- imposing punitive fees on students taking enabling courses which creates a potential barrier to tertiary education for a significant cohort of under-prepared and disadvantaged students;

1 Organisation for Economic Co-operation and Development (OECD), *Education at a Glance 2016 OECD Indicators*, Table B3.2 and B5.1.

- imposing additional fees on New Zealanders and Permanent Residents, many of whom have lived and studied at Australian schools, and who will contribute to Australia's skilled workforce and economy; and
- putting higher education jobs at risk by cutting funding to universities.

1.7 As a result of the cuts, increased fees, and changes to HELP re-payment proposed in this bill, Australian students will have to pay more, for less, sooner.

1.8 Labor Senators are also deeply concerned about the poor level of consultation by the Government in developing the measures in this bill, particularly the proposal to introduce a postgraduate voucher scheme, and performance-contingent university funding. Labor Senators are also concerned at the significant emphasis which has been given to research commissioned by the Department of Education and Training (DET) from Deloitte Access Economics, and the Government's failure to acknowledge the caveats incorporated into that research by Deloitte. This research is relied on almost exclusively by the Government and the majority report to justify the bill. At the same time, the Government and the majority report have ignored or marginalised the extensive evidence produced by those with direct experience in the sector: the tertiary education providers.

1.9 Labor Senators are concerned about the insufficient level of detail about how a number of reform proposals in this bill would operate.

1.10 Labor is also deeply concerned about ministerial discretionary power provided in this bill, particularly in relation to the proposal for performance based funding and the introduction of a postgraduate voucher scheme.

1.11 Labor is critical of the process the Government has taken to develop the policy package in this bill. Labor strongly believes higher education policy should be developed through a proper process. This bill is not reform; it is simply a series of poorly thought through measures wrapped up in a series of cuts.

Economic case for investment in higher education

1.12 Labor Senators note that:

- investment in Australia's higher education sector is good for our economy. Universities Australia (UA) noted that:

Modelling by Deloitte Access Economics shows the university sector contributed around \$25 billion to the Australian economy in 2013, and accounts for over 1.5 per cent of Australia's GDP. Universities directly and indirectly accounted for 160,000 full-time equivalent jobs.

...University education added an estimated \$140 billion to Australian GDP in 2014, due to higher labour force participation and employment of university graduates and increased productivity of the workforce. Australia's GDP is 8.5 per cent higher due to these impacts.²

- universities are significant employers;

2 UA, answers to questions taken on notice, 25 July 2017 (received 1 August 2017).

UA notes that:

Across Australia, universities employ more than 120,000 staff, both academic and non-academic staff. Universities employ people in occupations ranging from lecturers and researchers, to various kinds of skilled professionals and tradespeople, and a wide range of service and support jobs. In some regional centres, the local university is one of the biggest employers in town.

... The funding cuts proposed in the amendment Bill will inevitably lead to job losses at universities.³

- Australia's future economy will require a higher skilled workforce, as indicated in analysis from the Mitchell Institute;⁴
- the bill does nothing to set Australia up for the workforce challenges in a more globally competitive economy; and
- while our neighbours are investing in higher education, research, and skills, this bill would undermine our economic competitiveness.

The University sector is united in its opposition to this bill

1.13 Labor Senators note almost uniform opposition to this bill from the sector.

Higher Education Loan Program (HELP)

1.14 Labor believes it is appropriate for students to make a personal contribution toward the cost of their university qualifications and reiterates its support for continuation of the HELP, which was first called HECS (the Higher Education Contribution Scheme) when Labor introduced it in 1989.

1.15 Labor notes that the HELP program has been pivotal to the architecture of Australia's fair higher education system—particularly because the system requires no up-front payment for tuition costs, re-payments are made through the tax system when a student earns a reasonable wage, and debt is indexed at the Consumer Price Index (CPI).

1.16 Labor believes lowering the HELP re-payment threshold to \$42,000 is unfair. \$42,000 is around \$6,000 more than the minimum wage, and would mean Australians with a HELP debt on low incomes would be required to make re-payments. This change would also impact women, particularly those who have returned to the workforce part time after taking parental leave.

1.17 Labor notes that impact of lowering the HELP re-payment threshold, in combination with the tax and transfer measures included in the 2017 Budget, will mean some Australians will face effective marginal tax rates of more than 100 per cent. For those caught between these policies, they will experience considerable

3 UA, *Submission 35*, p. 20.

4 Mitchell Institute, *Expenditure on higher education and training in Australia*, December 2016, www.mitchellinstitute.org.au/wp-content/uploads/2016/12/Mitchell-Institute-Expenditure-on-education-and-training-in-Australia-2016-FINAL.pdf (accessed 7 August 2017).

financial stress; for example, Australians with a HELP debt earning \$51,000, most of whom are likely to be women, will have less disposable income than someone earning \$32,000.

1.18 Labor notes the comments by the DET that the lowering of the threshold to \$42,000 was based on analysis by the Grattan Institute.⁵

1.19 Labor notes the Grattan Institute's comments that the proposed change to \$42,000 was not modelled on savings or average wages, but rather it was modelled on a 'comment by the Labor Party' that '\$40,000 was too low'.⁶

1.20 Labor believes there is insufficient evidence or research on the impact of higher fees and student debt on disadvantaged, older and other students (including those in enabling courses).

1.21 Labor notes Professor Bruce Chapman's comments that the original scheme was not designed with consideration of whether it would intersect with the tax and social security systems.⁷

1.22 Labor is concerned about the retrospectivity of the changes to HELP repayment arrangements and notes Professor Bruce Chapman's concerns:⁸

I understand that it is completely legal to change the repayment conditions for people who've already finished their degrees or at least finished their university experience. But I think it could be described as somewhat unethical or at least a bit of a surprise—and often a surprise is not noticed—for people who have completed their university experience under what they might have understood to be a contractual arrangement with the Commonwealth with respect to the nature and the structure and the particular arrangements to do with repaying a HECS debt.⁹

1.23 Labor is concerned about the impact of changes to HELP on students whose debt arises from unscrupulous providers in the VET system.

1.24 Labor notes the comments from Bruce Chapman that the 'price inelasticity' is based on research from the UK which focusses entirely on students undertaking a degree course.¹⁰

5 Mr David Learmonth, Deputy Secretary, Higher Education, Research and International, Department of Education and Training (DET), *Proof Committee Hansard*, 25 July 2017, p. 40.

6 Mr Andrew Norton, Higher Education Program Director, Grattan Institute, *Proof Committee Hansard*, 24 July 2017, p. 57; Grattan Institute, answers to questions on notice, 27 July 2017 (received 31 July 2017).

7 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 July 2017, p. 2.

8 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 July 2017, p. 9.

9 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 July 2017, p. 1.

10 Professor Bruce Chapman, answers to questions on notice, 27 July 2017 (received 27 July 2017).

1.25 Labor notes the comments from Professor Colin Stirling, Chair of Innovative Research Universities (IRU), about the changes in student participation (by groups) in the UK after the increase in fees in 2012:¹¹

The Higher Education Funding Council of England has analysed the impact of the 2012 increase in student charges and the graduate introduction of funding for all applicants in English with reports at <http://www.hefce.ac.uk/analysis/impact/>. The conclusion is that the changes have driven down the number of older and part time students.

... A further study <https://www.suttontrust.com/research-paper/independent-commission-on-fees-2015/> by the Independent Commission on Fees, the body set up to monitor the impact of higher fees, said raising the cost of undergraduate tuition to £9,000 a year as led to 'a significant and sustained fall in part-time students and mature students'. It added: 'We believe that the new fee regime is a major contributory factor.'¹²

1.26 Labor notes research from La Trobe University which confirmed that financial barriers are a disincentive to study for students from a low socio-economic status (SES) and regional backgrounds.¹³

1.27 Labor notes the concerns about the size of the program. The Government claims that the 'fair value of outstanding debt now stands at \$36.8 billion'.¹⁴

1.28 Labor notes the evidence from the National Union of Students (NUS), in particular their reference to UA's 2012 survey *University student finances in 2012: a study of the financial circumstances of domestic and international students in Australia's universities*, which found that 66 per cent of Australian students were worried about their financial situation, 50 per cent were in personal budget deficit, and 25 per cent of students (who work while they study) are working more than 20 hours a week.¹⁵

1.29 Labor notes the Grattan Institute's comments that extending full-fee loans (through HELP) to New Zealander and Permanent Resident students could potentially 'wipe-out' any savings from the changes to HELP re-payments (if the expected increased take up of places is to occur, including at postgraduate level).¹⁶

1.30 Labor would like to see the following:

11 Professor Colin Stirling, Chair, Innovative Research Universities (IRU), *Proof Committee Hansard*, 24 July 2017, p. 12.

12 Innovative Research Universities, answers to questions on notice, 25 July 2017 (received 31 July 2017)

13 La Trobe University, answers to questions on notice, 25 July 2017 (received 31 July 2017); Professor John Dewar, Vice-Chancellor, La Trobe University, *Proof Committee Hansard*, 25 July 2017, p. 1.

14 Australian Government, *Higher Education Reform Package*, p. 2.

15 Ms Sophie Johnston, National President, National Union of Students (NUS), *Proof Committee Hansard*, 24 July 2017, p. 30.

16 Grattan Institute, answers to questions on notice, 27 July 2017 (received 31 July 2017).

- a full analysis of the impact of re-payment thresholds on young Australians, with particular emphasis on:
 - the intersection of HELP re-payment with the tax and social security system;
 - the impact of HELP re-payments on young Australians' ability to save for a house or start a family;
 - the impact of higher fees, debt, and earlier re-payments on low-SES students, regional, rural, Indigenous and older students from disadvantaged and underrepresented backgrounds;
 - an assessment of price elasticity in tertiary education fees where students have access to income-contingent loans—drawing on evidence from Australia and internationally; and
- a full analysis of the private benefit from university courses (according to different disciplines in the *Higher Education Support Act 2003*), according to level, including enabling, sub-bachelor, bachelor and master by coursework.

1.31 Labor notes the comments by Professor Bruce Chapman that HELP should be for all of the tertiary system—not just in degrees.¹⁷

1.32 Labor also notes Professor Chapman's comments that 'TAFE upfront fees are a horror'.¹⁸

Cuts to university funding

1.33 Labor opposes the 'efficiency dividend' of 2.5 per cent to Commonwealth Grant Scheme (CGS) funding in 2018 and 2019.

1.34 Labor believes that these cuts will put at risk teaching-intensive university campuses, particularly those in the regions, and have the potential to cost jobs.

1.35 Labor is concerned about the Government's use of data from the Deloitte Report about the costs of delivering higher education as a justification for their cuts.¹⁹

1.36 UA noted the following limitations about the 2016 Deloitte Report:

UA is aware of the limitations of the 2016 costing exercise. These limitations are inherent in the exercise of estimating the cost of teaching in the higher education sector. Deloitte Access Economics themselves acknowledge these limitations in their report.²⁰

17 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 July 2017, p. 2.

18 Professor Bruce Chapman, private capacity, *Proof Committee Hansard*, 24 July 2017, p. 8.

19 Deloitte Access Economics, *Cost of delivery in higher education*, December 2016, https://docs.education.gov.au/system/files/doc/other/deloitte_access_economics_-_cost_of_delivery_of_higher_education_-_final_report.pdf (accessed 7 August 2017).

20 UA, answers to questions taken on notice, 25 July 2017 (received 1 August 2017).

1.37 The Group of Eight Universities (Go8) noted the concerns raised by Deloitte and identified the report's cautions against using its findings to compare university costs:

Caution should be taken in drawing inferences about the sufficiency of CGS funding directly from these ratios. While not specifically stated in the *Higher Education Support Act 2003*, there is a general view that CGS funding is intended to cover some level of base research activity (which may be excluded from the definition of teaching and scholarship costs used in this study), and the cost of such research may vary as a proportion of teaching costs.²¹

1.38 Labor notes the Go8's assessment that these cuts are the biggest since the 1996 Howard Budget,²² and UA's assessment that the cuts are the equivalent of getting rid of one whole university.²³

1.39 Labor is deeply concerned about the capacity for universities to fund infrastructure, given the cuts in this bill and the fact the Government has abandoned the Education Investment Fund (EIF). Labor notes the concerns of a significant number of universities in their submissions about the challenge for funding future infrastructure.

1.40 Labor notes the table provided by UA illustrating the impact (in dollar terms) of the proposed cuts, per university, over the next four years:

Table 1– Indicative total cuts to Commonwealth Grant Scheme (CGS) and base funding over the next four years, by provides (in 2018 dollars) ²⁴

	Indicative total cuts to CGS funding over four years (in 2018 dollars)	Indicative total cuts to base funding over four years (in 2018 dollars)
Australian Catholic University	\$ -61.6 m	\$ -34.9 m
Charles Darwin University	\$ -15.1 m	\$ -8.6 m
Charles Sturt University	\$ -49.3 m	\$ -28.3 m
CQ University	\$ -30.2 m	\$ -16.4 m
Curtin University of Technology	\$ -74.9 m	\$ -41 m
Deakin University	\$ -91.6 m	\$ -50.3 m
Edith Cowan University	\$ -41.7 m	\$ -23.7 m
Federation University Australia	\$ -17.4 m	\$ -9.9 m
Flinders University	\$ -42.7 m	\$ -24 m
Griffith University	\$ -85.6 m	\$ -47.3 m
James Cook University	\$ -37.1 m	\$ -21.2 m

21 Group of Eight (Go8), answers to questions on notice, 24 July 2017 (received 31 July 2017).

22 Ms Vicki Thomson, Chief Executive, Go8, *Proof Committee Hansard*, 24 July 2017, p. 13.

23 Ms Belinda Robinson, Chief Executive, UA, *Proof Committee Hansard*, 24 July 2017, p. 14.

24 UA, answers to questions taken on notice, 25 July 2017 (received 1 August 2017).

La Trobe University	\$ -68.1 m	\$ -36.8 m
Macquarie University	\$ -65.2 m	\$ -33.8 m
Monash University	\$ -104.1 m	\$ -57.4 m
Murdoch University	\$ -26.6 m	\$ -15.1 m
Queensland University of Technology	\$ -89.8 m	\$ -47.7 m
RMIT University	\$ -80.4 m	\$ -44.3 m
Southern Cross University	\$ -22.7 m	\$ -12.6 m
Swinburne University of Technology	\$ -49.8 m	\$ -26.8 m
The Australian National University	\$ -25.6 m	\$ -14 m
The University of Adelaide	\$ -51.7 m	\$ -29.2 m
The University of Melbourne	\$ -81.8 m	\$ -46.5 m
The University of New England	\$ -33.5 m	\$ -18.7 m
The University of Newcastle	\$ -63.2 m	\$ -35.5 m
The University of Notre Dame Australia	\$ -18.8 m	\$ -10.9 m
The University of Queensland	\$ -96.5 m	\$ -54 m
The University of Sydney	\$ -91.6 m	\$ -51.7 m
The University of Western Australia	\$ -50.8 m	\$ -27.9 m
University of Canberra	\$ -26.9 m	\$ -14.9 m
University of New South Wales	\$ -85.1 m	\$ -47.4 m
University of South Australia	\$ -56.5 m	\$ -30.9 m
University of Southern Queensland	\$ -37.4 m	\$ -20.9 m
University of Tasmania	\$ -51.3 m	\$ -29.8 m
University of Technology, Sydney	\$ -63.2 m	\$ -33.9 m
University of the Sunshine Coast	\$ -25.2 m	\$ -14.4 m
University of Wollongong	\$ -45.7 m	\$ -25.2 m
Victoria University	\$ -39.8 m	\$ -22 m
Western Sydney University	\$ -98.3 m	\$ -54.1 m
Sector Total	\$ -2096.8 m	\$ -1161.9 m

Notes: UA estimates based on 2015 Commonwealth-Supported student load. We assume student load remains unchanged at 2015 level over the next four years for simplicity.

1.41 Labor notes the evidence from IRU, which shows the per-student funding will reduce by over 4 per cent because of the cuts, and their concern the impact of re-balancing of CGS and student contributions will have on university revenue.²⁵

1.42 Labor notes the concerns of the Australian Catholic University (ACU) that CGS cuts will have an uneven impact across the sector:

The impact of the CGS cuts will be highly uneven across the university sector, and they disproportionately affect universities that admit a greater proportion of low-SES students. This imbalance stems from the fact that universities that are more reliant on CGS funding (as a proportion of their total revenue) tend to enrol a larger share of students from a low socioeconomic background. These are universities that cannot rely on

25 IRU, answers to questions on notice, 27 July 2017 (received 31 July 2017).

wealthy benefactors and large cohorts of international students, for example, to make up lost income.

Universities in regional Australia will feel an impact up to three times greater than some of their metropolitan counterparts. To illustrate, the data shows that regional-based universities including the University of Southern Queensland and Charles Sturt University are around three times more dependent on CGS funding—and will therefore be penalised much more severely—than the University of Melbourne and the University of Sydney.²⁶

1.43 Labor notes the table provided by ACU, which provides a breakdown of CGS Revenue as a percentage of total revenue by university:

26 Australian Catholic University (ACU), answers to questions on notice, 27 July 2017 (received 1 August 2017).

Table 2 – CGS Revenue as a percentage of total revenue by University²⁷

COMMONWEALTH GRANT SCHEME (CGS) REVENUE AS A PERCENTAGE OF TOTAL UNIVERSITY REVENUE (2015)³²	
University	CGS (% of total revenue)
Australian Catholic University	44.6
Western Sydney University	41.4
University of Sunshine Coast	40.2
Southern Cross University	39.8
Charles Sturt University	36.6
The University of Notre Dame Australia	36.3
University of New England	36.2
University of Southern Queensland	35.8
Edith Cowan University	35.2
University of Tasmania	34.3
Flinders University	32.4
University of Newcastle	32.3
University of South Australia	30.6
Deakin University	30.5
James Cook University	30.5
Victoria University	30.3
Griffith University	30.2
Central Queensland University	30.1
La Trobe University	29.9
University of Canberra	28.9
Murdoch University	27.9
Queensland University of Technology	27.4
Curtin University	26.8
Swinburne University of Technology	25.7
University of Wollongong	24.9
University of Technology, Sydney	24.7
RMIT University	24.2
Australian National University	23.7
Federation University Australia	22.8
Charles Darwin University	22.1
Macquarie University	20.5
The University of Adelaide	20.0
The University of Queensland	18.5
Monash University	17.2
The University of Western Australia	16.9
University of New South Wales	16.4
The University of Sydney	15.0
The University of Melbourne	13.1

 = Group of Eight

³² Formally 'Commonwealth Grants Scheme and Other Grants'. Data has been derived from the Australian Government Department of Education and Training, *Finance 2015: Financial Reports of Higher Education Providers* (2016). Accessible via https://docs.education.gov.au/system/files/doc/other/finance_2015_3.pdf

1.44 Labor notes Regional Universities Network's (RUN's) assessment that universities in regions rely on CGS for about 40 per cent of their funding, whereas the Go8 relies on about 20 per cent.²⁸

1.45 Labor also notes UA's reference to the slower growth in commencing CSPs (decline of 0.5 per cent in 2016).²⁹

Performance funding

1.46 While Labor is supportive, in principle, of exploring the concept of performance-based funding in higher education, the proposed mechanism in this bill is totally inadequate, and cannot be supported in its current form.

1.47 Labor is concerned that 'reserving' 7.5 per cent of CGS funding for performance funding has the risk of being too punitive and risks the financial viability of some universities.

1.48 Labor is also concerned about drafting of this provision, which leaves almost 'total discretion' for the Minister to distribute funding for universities as he or she sees fit.

1.49 Labor notes the concerns raised by the Vice-Chancellor of the Australian Catholic University, Professor Greg Craven, about this level of ministerial discretion in the bill:

As drafted, the Bill provides virtually unlimited discretion to the Minister – via the CGS Guidelines – in relation to the following critical matters:

- (a) The conditions universities will be required to meet to receive their performance-contingent funds...
- (b) The criteria used to assess the eligibility of students for 'merit-based' postgraduate scholarship and the process for awarding such scholarships...
- (c) The criteria used to determine whether sub-bachelor courses will be eligible for demand-driven Commonwealth supported places.

... ACU is particularly concerned about the proposed ministerial discretion involved in making an extremely large portion of universities' funding contingent on completed unspecified performance metrics. This is of particular concern in view of the danger and uncertainty it poses to universities' operating budget.³⁰

1.50 Labor is not satisfied that the Government has adequately or transparently outlined the type of performance measures that universities would be assessed under in order to access performance funding in future years.

28 Dr Caroline Perkins, Executive Director, Regional Universities Network (RUN), *Proof Committee Hansard*, 25 July 2017, p. 7.

29 Mr Mike Teece, Policy Director, Academic, UA, *Proof Committee Hansard*, 25 July 2017, p. 17.

30 ACU, answers to questions on notice, 27 July 2017 (received 1 August 2017).

1.51 Labor notes the concerns about attrition from across the sector and the commitment made by the Chair, Senator McKenzie, that the Minister will take into account varying factors around attrition before imposing it as a performance measure for funding.³¹

1.52 Labor notes the range of university concerns about the risk to their long term viability if 7.5 per cent of funding is 'at risk' through this measure.

Postgraduate voucher scheme

1.53 Labor acknowledges that the allocation of postgraduate places for non-medical coursework places is historical and needs reform. However, the proposal in this bill is poorly thought through, and Labor Senators cannot support it in its current form.

1.54 Labor believes the provisions in the bill establishing the postgraduate voucher scheme are too vaguely drafted. It provides for a significant level of ministerial discretion to allocate future postgraduate places.

1.55 Labor notes the concerns of Professor Craven about the ministerial discretion in this part of the bill (noted above at 1.50).³²

1.56 Labor is also concerned about the introduction of a 'voucher system' in the Australian higher education market for the first time.

1.57 Labor notes concerns from the University of Melbourne around the poor consultation process.³³

1.58 Labor notes that an unidentified 'body' could be established in order to administer the scheme.

Sub-bachelor places

1.59 Labor supports, in principle, the extension of the demand-driven funding system to sub-bachelor places at universities, but we have very strong concerns about the impact this measure could have on TAFE.

1.60 Labor notes the Government's poor record in TAFE, skills and apprenticeships. Since 2013, the Government has cut more than \$2.8 billion from TAFE, skills and apprenticeship with a further additional \$600 million cut in the 2017 Budget. Between 2013 and 2015, there decline of 75 per cent in TAFE and vocational education capital infrastructure, and the hours of training delivered by TAFE fell by over 25 per cent.

1.61 Labor criticises the Government for its poor consultation with TAFE on the development of this measure.

31 Senator Bridget McKenzie, Chair, Senate Education and Employment Legislation Committee, *Proof Committee Hansard*, 25 July 2017, p. 5.

32 ACU, answers to questions on notice, 27 July 2017 (received 1 August 2017).

33 Professor Margaret Sheil, Provost and Acting Vice-Chancellor, University of Melbourne, *Proof Committee Hansard*, 24 July 2017, p. 16.

1.62 Labor notes concerns from a range of stakeholders on this issue, including TAFE Directors Australia.³⁴

1.63 Labor notes the concerns about uncapping of sub-bachelor places by the Australian Industry Group (Ai Group):

We're quite concerned [about the extension of sub-bachelor places]. We do not really see where the policy logic comes from. Absolutely, it is in the face of the vocational education and training system, which we see as having been underfunded and suffering some pretty significant damage in recent times...

...Our concern is that we would lose a suite of qualifications that are actually pivotal in companies and they could be diluted to a quasi-academic model without delivering the same work-facing outcomes.³⁵

Enabling courses

1.64 Labor strongly opposes the imposition of fees and tendering out of enabling courses.

1.65 Labor believes that it is particularly punitive to make students in enabling courses pay fees in order to prepare for university study, particularly given the large number of low-SES, Indigenous and other under-represented and disadvantaged students who undertake these courses.

1.66 Labor notes that the Government did not consult with the peak body for this matter, the National Association of Enabling Educators Australia (NAEEA).³⁶

1.67 Labor is also deeply concerned about the freezing of numbers for enabling courses through the proposed tendering process, especially given the fact there is significantly more demand for these places than the current funding allocation.

1.68 Labor notes evidence from Mr David Bull, President of NAEEA, who said universities are 'over-enrolling' in enabling courses, teaching around 25,000 students while only funded for around 9,600 places.³⁷

1.69 Labor believes a tendering process will undermine and put at risk decades of excellent work by universities in developing these preparation courses.

1.70 Labor believes the provisions in this part of the bill are inadequate to ensure that disadvantaged students will be provided for properly.

1.71 Labor notes evidence from the University of Newcastle outlining the transformative impact of enabling courses:

34 TAFE Directors Australia, *Submission 43*.

35 Ms Megan Lilly, Head, Workforce Development, Australian Industry Group (AiG), *Proof Committee Hansard*, 25 July 2017, pp. 35–36.

36 Mr David Bull, President, National Association of Enabling Educators Australia (NAEEA), *Proof Committee Hansard*, 24 July 2017, p. 65.

37 Mr David Bull, President, NAEEA, *Proof Committee Hansard*, 24 July 2017, p. 63.

Students enrolled in enabling programs are more likely to be mature-age and to be a member of a recognised equity group. They often face multiple axes of economic and social disadvantage which have contributed to their level of preparation for university study, as well as work and family responsibilities.

Enabling programs do a lot of the 'heavy lifting' for the higher education sector in supporting students from equity groups to enter and succeed at university.

As highlighted in the recent review by the National Centre for Student Equity in Higher Education of the efficacy of enabling and sub-bachelor pathways, 'a greater proportion of students enrolled in and transitioning via enabling pathways are from recognised equity groups than any of the other sub-bachelor pathways examined'.³⁸

1.72 Labor notes the concerns raised by the NAEAA about fees and debt impacts on enabling student cohorts:

The association is very concerned about the abolition of the enabling loading and its replacement with a student contribution fee. Our figures suggest that this would be a saving to the government of about \$30 million annually, which is not a huge amount of money—and, of course, it would be \$30 million that, under the proposed student contribution fee, would then be extracted from generally these underrepresented and disadvantaged groups of students. Whether they would be likely to continue to enrol in these sorts of programs if a student contribution fee were introduced is highly questionable. In fact, there is a lot of evidence to suggest that a very large proportion of students who currently enrol in enabling programs would not do so if an associated fee were introduced. Also, these students would eventually, if they go on to undergraduate studies, have a larger HECS debt than your normal, traditional entry student. So we are very concerned about the abolition of the enabling loading and the introduction of a student contribution fee.³⁹

New Zealander and Permanent Resident Changes

1.73 Labor does not support these changes. Labor believes it is unfair to impose full international fees on these students, many of whom have lived and studied in Australia for many years, plan to settle permanently in Australia and who will contribute to Australia's skilled workforce and economy.

1.74 Labor is also concerned about the impact of student debt if New Zealanders and Permanent Residents are to take out loans for full-fee courses, many of which will be three to four times higher in price than they pay now.

38 University of Newcastle, *Submission 30*, pp. 8–10.

39 Mr David Bull, President, NAEAA, *Proof Committee Hansard*, 24 July 2017, p. 62.

1.75 Labor notes the concerns of the Grattan Institute about the impact of additional NZ and PR students taking out full-fee loans will have on the long-term HELP debt held by the Commonwealth.⁴⁰

1.76 Labor also notes that the Grattan Institute commented that the proposal is 'quite unusual' and 'more problematic'.⁴¹

Regulatory Impact

1.77 Labor is concerned about the potential for significantly higher regulatory burden on universities as a result of measures in this bill.

1.78 Labor notes the Go8's assessment of the regulatory impact:

The Go8 is extremely concerned at the potential additional regulatory and administrative burdens that will be imposed on students, universities and government if this Bill is passed. These additional burdens are at odds with recent reports targeted at decreasing sector red-tape - such as the Review of Higher Education Regulation Report (October 2013) and the Review of Reporting Requirements for Universities (December 2013). While much of the regulatory and administrative burdens associated with the Bill and the associated reform package are yet to be fleshed out, it appears likely that a number of the measures will require significant new administration and regulation at a high cost to both government and universities.⁴²

Higher Education Participation and Partnerships Program

1.79 Labor Senators welcome the preservation of Higher Education Participation and Partnerships Program (HEPPP) funding, albeit at a lower rate of funding than when Labor was last in office.

1.80 Labor believes that HEPPP should be presented in a separate bill.

Other measures

1.81 Labor Senators support the Commonwealth funding for workplace units of study, additional CGS funding for dentistry and veterinary science units.

1.82 Labor Senators support the technical and other amendments in Schedule 5 of the bill.

40 Grattan Institute, answers to written questions on notice, 27 July 2017 (received 31 July 2017).

41 Mr Andrew Norton, Higher Education Program Director, Grattan Institute, *Proof Committee Hansard*, 24 July 2017, p. 56.

42 Go8, answers to questions on notice, 24 July 2017 (received 31 July 2017).

Recommendation 1

1.83 Labor Senators recommend that the bill should not be supported in its current form.

**Senator Gavin Marshall
Deputy Chair**

Senator the Hon Jacinta Collins

Senator Deborah O'Neill

Australian Greens' Dissenting Report

1.1 The Australian Greens consider greater investment needs to be made in Australia's higher education sector. We recognise that investing in education is essential for Australia's future prosperity and ability to participate meaningfully in a continually globalised world. A properly funded higher education sector is an important investment in both the economy and the social and human capital of the nation. The Turnbull Government's proposal to cut funding to the university sector, as part of a budget saving measure, forcing students to pay more for what would be a lesser-value degree does not foster a clever and innovative country. There is a direct link between the decreasing access to education, particularly secondary and higher education and the level of growing inequality.

1.2 The Greens share serious concerns with students, the National Tertiary Education Union and universities themselves, that under this legislation, Australia's higher education policy would take a drastic backwards step and contribute to a growing inequality in the nation.

1.3 Small and regional universities that have a higher reliance on commonwealth funding, yet provide a vital service to students outside of capital cities, would be adversely affected by these changes. According to the Australian Catholic University submission, "as is the nature of an 'efficiency dividend', some universities will need to look to cutting less 'efficient' or unprofitable operations, notwithstanding their social or national value."¹

1.4 Universities have become a target for Government cuts over the years. Universities Australia highlighted in its submission recent funding cuts to the sector in arguing against the Bill; Since 2011-12, \$3.9 billion in net budget savings from the sector have been made, on top of which the \$3.7 billion Education Investment Fund (EIF), that provides funds for the building and renewal of university facilities, including classrooms, lecture theatres, laboratories, libraries and student study spaces, was also cut.²

1.5 The Government's proposed funding cut to universities under this bill was the single biggest cut in the budget. The Australian Greens share deep concerns from within the sector that by increasing the student's financial contribution to their degree, as well as lowering the HECS repayment threshold to \$42,000, young people from low socio-economic backgrounds would be priced out of an education. According to the Central Queensland University: "...there is a very real possibility that the proposed shift from funded enabling load to a user-pays system will deter potential students from these cohorts from enrolling. While FEE-HELP does ensure that students are not expected to pay course costs until their earnings pass the thresholds

1 Australian Catholic University, *Submission 20*, p. 1.

2 Universities Australia, *Submission 35*, p. 5.

set by the government, it should be remembered that sustainable finance remains a key factor for those cohorts using enabling courses, who are typically debt-adverse.”³

1.6 The Australian Greens also share the concerns of the Australian National University Students’ Association that the removal of Commonwealth Supported Places for permanent residents is a disappointing move, making study in Australia potentially unaffordable, particularly impacting students from New Zealand.⁴

Recommendation

1.7 That the Senate rejects the Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017.

Senator Sarah Hanson-Young

3 CQUniversity, *Submission 59*, p. 3.

4 Australian National University Students’ Association, *Submission 37*, p. 3.

Appendix 1

Submissions and additional information

Submissions

Number	Submitter
1	Mr Kevin Balshaw
2	Ms Patricia Balshaw
3	Australian Association of Social Workers
4	National Tertiary Education Union
5	Council of Private Higher Education
6	Western Sydney University
7	Australian Council for Private Education and Training
8	Regional Universities Network
9	Adelaide University Student Representative Council
10	James Cook University
11	University of New England
12	National Union of Students
13	Griffith University
14	University of Southern Queensland
15	The Council of Australian Postgraduate Associations
16	Flinders University
17	Innovative Research Universities
18	Deans of Arts, Social Sciences and Humanities
19	Australian Technology Network of Universities
20	Australian Catholic University
21	Charles Darwin University
22	Australian Medical Students' Association
23	Victoria University
24	The Grattan Institute
25	Mr Brendan Kelly
26	Mr Roland Mak
27	Ms Sabrina Barrington
28	Mr Duncan Beard
29	Council of Australian University Librarians
30	University of Newcastle
31	University of Melbourne Student Union

32	University of New South Wales
33	University of Melbourne
34	The University of Sydney
35	Universities Australia
36	Australian National University
37	ANU Students' Association
38	Open Universities Australia
39	Bond University
40	University of Melbourne Graduate Student Association
41	Department of Education and Training
42	Curtin Student Guild
43	TAFE Directors Australia
44	Group of Eight
45	University of South Australia Student Association
46	The University of Notre Dame Australia
47	Name Withheld
48	The University of Queensland
49	Charles Sturt University
50	La Trobe University Student Union
51	The University of Technology Sydney
52	Swinburne University of Technology
53	University of Canberra, Victoria University and Western Sydney University
54	Name Withheld
55	The University of Western Australia
56	Queensland University of Technology
57	La Trobe University
58	TAFE Queensland
59	CQUniversity
60	University of Canberra
61	University of South Australia
62	Equity Practitioners in Higher Education Australasia
63	Deakin University

Answers to questions taken on notice

- Answers to written questions on notice by Professor Bruce Chapman, asked by Senator Collins on 27 July 2017; received on 27 July 2017
- Answers to written questions on notice by the National Tertiary Education Union, asked by Senator Collins on 27 July 2017; received on 31 July 2017

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- Answers to written questions on notice by the Innovative Research Universities, asked by Senator Collins on 27 July 2017; received on 31 July 2017
 - Answers to written and verbal questions on notice by the Group of Eight, asked by Senator McKenzie, Senator Collins and Senator Reynolds, at the public hearing in Melbourne on 24 July 2017; received on 31 July 2017
 - Answers to written questions on notice by La Trobe University, asked by Senator McKenzie and Senator Collins on 27 July 2017; received on 31 July 2017
 - Answers to written questions on notice by James Cook University, asked by Senator McKenzie and Senator Collins on 27 July 2017; received on 31 July 2017
 - Answers to questions on notice by the Innovative Research Universities, asked by Senator McKenzie at the public hearing in Melbourne on 24 July 2017; received on 31 July 2017
 - Answers to written questions on notice by the University of Technology, asked by Senator McKenzie and Senator Collins on 27 July 2017; received on 31 July 2017
 - Answers to written questions on notice by Western Sydney University, asked by Senator McKenzie and Senator Collins on 27 July 2017; received on 31 July 2017
 - Answers to written and verbal questions on notice by Regional Universities Network, asked by Senator McKenzie, Senator Collins and Senator Reynolds, at the public hearing in Wodonga on 25 July 2017; received on 31 July 2017
 - Answers to written questions on notice by Victoria University, asked by Senator McKenzie and Senator Collins on 27 July 2017; received on 31 July 2017
 - Answers to written questions on notice by the Grattan Institute, asked by Senator Collins on 27 July 2017; received on 31 July 2017
 - Answers to written questions on notice by Swinburne University of Technology, asked by Senator McKenzie and Senator Collins on 27 July 2017; received on 31 July 2017
 - Answers to written questions on notice by the Department of Education and Training, asked by Senator Collins on 27 July 2017; received on 31 July 2017
 - Answers to written questions on notice by The University of Newcastle, asked by Senator McKenzie and Senator Collins on 27 July 2017; received on 31 July 2017
 - Answers to written questions on notice by The University of Melbourne, asked by Senator McKenzie and Senator Collins on 27 July 2017; received on 1 August 2017

- Answers to written questions on notice by The Australian Catholic University, asked by Senator McKenzie and Senator Collins on 27 July 2017; received on 1 August 2017
- Answers to questions on notice by the Grattan Institute, asked by Senator McKenzie at the public hearing in Melbourne on 24 July 2017; received on 1 August 2017
- Answers to written questions on notice by the Ai Group, asked by Senator Collins on 27 July 2017; received on 1 August 2017
- Answers to written questions on notice by Charles Sturt University, asked by Senator McKenzie and Senator Collins on 27 July 2017; received on 1 August 2017
- Answers to written questions on notice by the Australian Chamber of Commerce and Industry, asked by Senator Collins on 27 July 2017; received on 1 August 2017
- Answers to written and verbal questions on notice by the Australian Technology Network of Universities, asked by Senator McKenzie and Senator Collins, at the public hearing in Melbourne on 25 July 2017; received on 1 August 2017
- Answers to written and verbal questions on notice by Universities Australia, asked by Senator McKenzie and Senator Collins, at the public hearing in Wodonga on 25 July 2017; received on 1 August 2017

Tabled documents

- Document (1) tabled by the National Tertiary Education Union at a public hearing in Melbourne on 24 July 2017.
- Document (2) tabled by the National Tertiary Education Union at a public hearing in Melbourne on 24 July 2017.
- Document tabled by the National Association of Enabling Educators Australia at a public hearing in Melbourne on 24 July 2017.

Appendix 2

Public hearings

Melbourne Victoria, 24 July 2017

Committee members in attendance: Senators McKenzie (Chair), Collins (substitute member) and O'Neill (participating member)

Witnesses

Professor Bruce Chapman (private capacity)

Australian Technology Network of Universities

Ms Renee Hindmarsh, Executive Director

Innovative Research Universities

Professor Colin Stirling, Chair

Mr Conor King, Executive Director

Group of Eight

Ms Vicki Thomson, Chief Executive

University of Melbourne

Professor Margaret Sheil, Provost and Acting Vice-Chancellor

Australian Chamber of Commerce and Industry

Ms Jenny Lambert, Director, Employment, Education and Training

National Tertiary Education Union

Ms Jeannie Rea, National President

Mr Paul Kniest, Policy and Research Coordinator

Council of Private Higher Education

Mr Simon Finn, Chief Executive Officer

Dr Simon Livingstone, Board Member

Dr Donald Owers, Chair

Grattan Institute

Mr Andrew Norton, Higher Education Program Director

National Association of Enabling Educators of Australia

Mr David Bull, President

Australian Catholic University

Professor Greg Craven, Vice-Chancellor and President

Victoria University

Professor Peter Dawkins AO, Vice-Chancellor and President

Swinburne University of Technology

Mr David Coltman, Deputy Vice-Chancellor, Pathways and Vocational Education

Western Sydney University

Professor Scott Holmes, Acting Vice-Chancellor and President, and Deputy Vice-Chancellor and Vice-President, Development, Engagement, Research and International, and Dean, School of Business

University of Newcastle

Professor Caroline McMillen, Vice-Chancellor and President

Wodonga Victoria, 25 July 2017

Committee members in attendance: Senators McKenzie (Chair), Collins (substitute member) and Reynolds (participating member) (via teleconference)

Witnesses

La Trobe University

Professor John Dewar, Vice-Chancellor

Professor Richard Speed, Pro-Vice-Chancellor, Regional

Charles Sturt University

Professor Toni Downes, Deputy Vice-Chancellor, Academic

Mr Peter Fraser, Director, Government and Community Relations

James Cook University

Professor Sandra Harding, Vice-Chancellor

Regional Universities Network

Professor Greg Hill, Chair

Dr Caroline Perkins, Executive Director

Universities Australia

Ms Belinda Robinson, Chief Executive

Mr Mike Teece, Policy Director, Academic

University of Technology Sydney

Professor Andrew Parfitt, Acting Vice-Chancellor

Australian Industry Group

Ms Megan Lilly, Head, Workforce Development

Department of Education and Training

Mr Dom English, Group Manager, Higher Education Group

Ms Katerina Lawler, Acting Branch Manager, Funding Policy and Legislation, Higher Education Group

Mr David Learmonth, Deputy Secretary, Higher Education, Research and International

