



## **Regional Universities Network (RUN)**

### **Submission to the Senate Education and Employment Legislation Committee inquiry into the Higher Education and Research Reform Bill**

#### **Introduction**

The Regional Universities Network's (RUN) submission on the Higher Education and Research Reform (HERR) Bill will be submitted to both the Senate Education and Employment Legislation Committee, and the Senate Education and Employment References Committee, and addresses five of the terms of reference of the latter committee's inquiry. The submission should be read in conjunction with the RUN submission to the Senate Education and Employment Legislation Committee inquiry on the Higher Education and Research Reform Amendment Bill made in September 2014.

We would welcome the opportunity to expand on our submission if requested by Committee members.

#### **(a) The principles of the Higher Education and Research Reform Bill**

RUN approaches the debate around the Higher Education and Research Reform (HERR) Bill (and its predecessor legislation) on the basis that a strong Australian university system able to compete globally should be underpinned by principles of:

- access, participation and fairness;
- efficiency and effectiveness of operations, that respects the autonomy of institutions and the need for accountability and 'value for money' of the public investment in higher education; and

- a powerful and innovative culture across each university's research, teaching and community engagement activities.

In this context, the specific priorities for the RUN universities include:

- improving access and participation for regional and rural students, across undergraduate and into postgraduate studies. (In turn, high proportion of these students are from low socio-economic, Indigenous and/or 'first-in-family' backgrounds);
- expanding opportunities for pathway programs, given the well-known disadvantages faced by many prospective students from outside the capital cities; and
- support for national research infrastructure and research human capital development, including those choosing to work in, and explore the research priorities facing, regional Australia.

RUN has welcomed the debate on higher education over the last 12 months. It has prompted a broader public discussion about the role of universities and the university system's contribution to Australia's economic and social progress at a national and local level.

However, we are very concerned if this higher education debate remains highly charged, overtly partisan and unresolved. This uncertainty is particularly detrimental to 'non-traditional' students, who may lack the confidence and familial history – but not academic capacity – to embark on university studies.

Accordingly, RUN reiterates its position on the HERR Bill, namely that we:

- oppose the proposed 20 per cent cut to the Commonwealth contribution to student places;
- consider that deregulation of student fees provides a way forward to provide some financial certainty to the sector for the future;
- support the Structural Adjustment Fund, aimed at assisting universities operating in 'thin markets' (as proposed by RUN in its September 2014 submission). RUN has raised concerns about the quantum of the fund, noting that the proposed \$100 million over 3 years is insufficient, given the extent of other proposed changes in the HERR Bill (including the 20 per cent cut to the Commonwealth contribution to student places), and that the fund will address the needs of various types of universities; and

- support the retention of the Demand Driven System (DDS) for bachelor places and the proposal to expand this to include sub-bachelor places. This reflects the role of RUN universities (and others in the sector) in providing specific programs that are vital to assist less well-prepared students succeed at university, and to maintain the quality and competitiveness of the Australian higher education sector.

RUN would **not support** any proposal that inhibits the capacity of prospective regional students who are less well-prepared to embark on university level studies. This type of proposal is also contrary to principles of access, participation and fairness. For example:

- any system of ‘hard caps’ on places (the Commonwealth determining the number of Commonwealth Supported Places a university may have in various courses) or ‘soft caps’ (a general agreement between the Commonwealth and a university on growth in student places negotiated through compacts, potentially with limitations on the Australian Tertiary Admission Rank (ATAR) of students accepted for study, or limitations in growth in student numbers in various courses as informed by the labour market).
- a scenario where the DDS was retained for students with high ATARs, and soft caps applied to others. This would run counter to the long held proposition that universities themselves are in the best position to judge who should enter universities. To allow any government a role in selection of students by any means creates very dangerous precedents.

### **(b) Alternatives to deregulation in order to maintain a sustainable higher education system;**

That the Australian higher education sector is under financial pressure is indicated by:

- the trend in the student : academic staff ratio (without casuals) which shows a 7.5 per cent increase from 2008 to 2012 (Department of Education, 2013)<sup>1</sup>, and a higher student : academic staff ratio when Australian universities are compared to their international counterparts: the world’s top 200 universities have a ratio of 11.7:1; Australian universities in the top 200 (7) have a ratio of

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<sup>1</sup> RUN, unpublished, from Department of Education student data, 2013

14:1; and the average ratio for all Australian universities is 21.7:1 (Universities Australia, 2014)<sup>2</sup>;

- student engagement survey data which indicates that Australian university students are less engaged than their US counterparts, particularly with respect to the measures of student and staff interaction, enriching educational experiences, and supportive learning environment (AUSSE, 2012)<sup>3</sup>; and
- the fact that 10% or more of staff have been made redundant at a number of Australian universities over the past 2 or 3 years.

The pressures on Australian universities over the past decades, and the contributions made by many reviews of the sector under both Coalition and Labor governments, have contributed to a belief that deregulation of student fees is the best way to support the Australian university system. RUN is not convinced about the merits of yet another large scale review of the higher education sector, which in turn, contributes to continued uncertainty for students.

RUN would support an amendment to the HERR Bill that establishes an oversight committee of the fees set in a deregulated environment. We are open to proposals as to whether that body is an expert panel, the Australian Competition and Consumer Commission, the Productivity Commission or something else. While there may be some concerns that such a body has the potential to affect universities' autonomy, RUN considers that the need for fairness to students (and ultimately, taxpayers through the HELP system) should be the prevailing principle.

RUN notes that there are a number of proposed additional amendments to the HERR Bill which the Committees may wish to consider in their respective deliberations:

- an increase in student fees to more than offset the decrease to the Commonwealth Grant Scheme funding;
- progressive reduction in Commonwealth Grant Scheme funding with increasing fees (Professor Bruce Chapman's model); or
- allowing universities to opt out of Commonwealth supported places for some courses altogether, and to be able to charge students fees at a flexible rate in those subjects. (However, RUN would not support the option of a university

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<sup>2</sup> Universities Australia, submission to the Senate Employment and Education Legislation Committee inquiry on the Higher Education and Research Reform Amendment Bill, September 2014.

<sup>3</sup> AUSSE 2012, Australasia University Executive Summary Report, ACER, 2012.

either staying in the current system or opting for fee deregulation as this creates a binary system).

RUN reiterates its opposition to any alternative to deregulation of student fees that involves imposing hard or soft caps on university places as this will negatively impact on increasing the participation in higher education in regional Australia.

The uncapping of student places through the DDS has assisted regional universities increase the number and proportion of low socio-economic status (SES) and regional students at university:

- in 2013, 32 per cent of RUN universities' commencing, domestic, undergraduate students were from low SES backgrounds and their enrolments had increased by 26 per cent between 2009 and 2013; and
- enrolments by students from regional and remote backgrounds at RUN universities grew by 18.5% between 2009 and 2013 (RUN, 2014)<sup>4</sup>.

Continuation of the DDS is vital to further develop educational opportunities for regional communities, to ensure an adequate supply of professionals working in the regions, and to help address the social and economic disadvantages faced by many regional communities. For this reason, RUN opposes any alternative inhibiting the DDS or that does not support the provision of adequate funding for sub-bachelor and pathway programs that helps address perceived quality issues for less well-prepared students.

RUN is pleased that the HERR Bill incorporates a number of elements that positively addresses some of the issues raised by RUN in its September 2014 submission:

- a structural adjustment fund has been established to assist universities "in transition";
- the application of a threshold to the Higher Education Access and Participation Program (HEAPP) to ensure that universities with high proportions of low SES students receive maximum benefit from the fund;
- scholarships to be funded from the HEAPP to complement the Commonwealth Scholarships; and

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<sup>4</sup> RUN, unpublished, from Department of Education student data, 2014.

- keeping the interest rate on student loans to the consumer price index. RUN also endorses the provision to give interest rate relief to students with children under 5 years of age.

### (c) The latest data and projections on student enrolments, targets, dropout rates and the Higher Education Loans Program;

The announcement of the demand driven student system in 2009, and its introduction in 2012, facilitated rapid growth in student numbers, including at regional universities, which appears to have now slowed somewhat.

Following years of relatively stability, commencing, domestic, undergraduate enrolments grew by around 22-23 per cent between 2009 and 2013 across the sector (compared with 21.9 per cent at RUN universities), and by 34-35 per cent between 2008 and 2013 across the sector (35.3 per cent at RUN universities) <sup>5</sup> (see Table 1).

More moderate growth in student enrolments continued in the first half of 2014 up 3.3% for commencing students on a sector-wide basis compared with the first half of 2013 (compared to 5.7 per cent at RUN universities) <sup>6</sup>.

Table 1. Domestic, undergraduate enrolments at Australian public universities

	Enrolments									% increase 2008 - 2013	% increase 2009 - 2013
	2005	2006	2007	2008	2009	2010	2011	2012	2013		
All public universities	251,797	256,273	263,426	267,543	291,375	310,471	317,030	341,385	358,065	33.8%	22.9%
% increase on previous year		1.8%	2.8%	1.6%	8.9%	6.6%	2.1%	7.7%	4.9%		
RUN universities	24,751	25,061	26,619	27,002	29,982	31,906	32,704	34,544	36,544	35.3%	21.9%
% increase on previous year		1.3%	6.2%	1.4%	11.0%	6.4%	2.5%	5.6%	5.8%		

In 2008, the Review of Australian Higher Education (the Bradley Review), set targets for higher education attainment and participation. The former Government adopted the following: that at least 40 per cent of 25-34 year olds will have attained at levels of bachelor level or higher by 2025; and, by 2020, 20 per cent of undergraduate enrolments in higher education should be students from low SES backgrounds.

Although the current Government has abandoned the targets, it is useful to consider the progress in regional Australia compared to the nation as a whole.

The proportion of 25-34 year old persons with a non-school qualification at Bachelor degree level or above in 2014 was 42.2 per cent for major cities, 21.8 per cent for inner regional, 19.5 per cent for outer regional, and 17.8 per cent for remote and

<sup>5</sup> RUN, unpublished, from Department of Education student data, 2013.

<sup>6</sup> RUN, unpublished, from Department of Education student data, 2014.

very remote areas<sup>7</sup>. Clearly, major progress in higher education attainment is still to be made in regional Australia.

RUN universities play an important role in boosting low SES participation in higher education. They attract a significantly higher proportion of their students from low SES backgrounds, reflecting the demographic characteristics of their communities.

In 2013, 32 per cent of RUN universities' commencing, domestic undergraduate students were from low SES backgrounds and their enrolments had increased by 26 per cent between 2009 and 2013<sup>8</sup> (Table 2). Sector-wide growth in low SES enrolments grew even more markedly (39 per cent), although they still comprise only 18.5 per cent of the overall student cohort.

Table 2. Domestic, commencing, undergraduate, low SES enrolments, 2009-2013

Domestic, commencing, undergraduate, low SES enrolments, 2009 - 2013									
	2009 (a)	2010 (a)	2011 (a)	2012 (a)	2013 (a)	2012 (b)	2013 (b)	Increase between 2009-2013 (%) (a)	Low SES enrolments as share of total 2013 (b)
Public universities - commencing students	32,074	35,817	37,481	41,899	44,635	41,691	44,249	39.2%	18.5%
% growth on previous year		11.7%	4.6%	11.8%	6.5%	-	6.1%		
RUN universities - commencing students	5,474	5,953	6,174	6,593	6,880	7,041	7,378	25.7%	32.0%
% growth on previous year		8.8%	3.7%	6.8%	4.4%	-	4.8%		

(a) Low SES postcode measure is based on the students' postcode of permanent home residence, with the SES value derived from the 2006 SEIFA Education and Occupation Index for postal areas, where postal areas in the bottom 25% of the population aged 15-64 being classified as Low SES.

(b) Low SES postcode measure is based on the students' postcode of permanent home residence, with the SES value derived from the 2011 SEIFA Education and Occupation Index for postal areas, where postal areas in the bottom 25% of the population aged 15-64 being classified as Low SES.

The student cohort in regional Australia is, in general, less well prepared for university than many students in capital cities.

While support for less well-prepared students to succeed at university is provided by the Higher Education Participation Program (and will be by the Higher Education Access and Participation Program as outlined in the bill), expanding the DDS to sub-bachelor places as provided in the HERR Bill will assist in giving more pathway options to students. At present, Government funding for sub-bachelor places is limited to a small and inadequate number of places.

<sup>7</sup> Australian Bureau of Statistics, 6227.0, Education and Work, 2014.

<sup>8</sup> RUN, unpublished from Department of Education, Selected Higher Education Student Statistics, 2013.

**(d) Structural adjustment pressures, and the adequacy of proposed measures to sustain high quality delivery of higher education in Australia's regions;**

The Government has substantially adopted the recommendations made by RUN in its submission to the *Senate Education and Employment Legislation Committee* inquiry on the HERRA Bill. In that submission, we argued for a Competitive Regions fund, specifically targeted to those providers operating in thin markets whose total proportion of domestic undergraduate students from regional and remote areas is higher than the mean for all providers.

However, as previously stated, RUN remains concerned about the quantum of the Structural Adjustment Fund provided for in the HERR bill, and also its duration. The provision of \$100 million over three years to 'help universities in transition' is not adequate to support universities operating in thin markets, particularly if accompanied by a 20% cut in the government contribution. Without amendment, RUN considers that the funding for the Structural Adjustment Fund should be increased to \$300 m per annum to assist regional universities operating in thin markets, and more if it is to be used to address other universities and issues.

RUN supports a review of the transitional arrangements a couple of years after the implementation of the reforms, as recommended in the Regulatory Impact Statement on the HERRA Bill. This will determine whether there is a need for an ongoing Structural Adjustment Fund beyond the three years.

**(f) Research infrastructure**

RUN welcomes the support for the National Collaborative Research Infrastructure Strategy and Future Fellows in the HERR Bill. These two schemes are vital to maintain a critical research capacity in Australia. If the HERR Bill should not be passed by the Senate it is important that the two research measures are still funded.

A handwritten signature in black ink that reads "Peter Lee". The signature is written in a cursive, flowing style.

Professor Peter Lee  
Chair, RUN

20 February 2015