

Dr Michael Spence
Vice-Chancellor and Principal

20 February 2015

Senator Bridget McKenzie
Senator for Victoria
Chair, Senate Standing Committee on Education and Employment, Legislation
PO Box 6100
Parliament House
Canberra ACT 2600

By email: eec.sen@aph.gov.au

Dear Senator McKenzie

Higher Education and Research Reform Bill 2014 (Cth)

The University of Sydney welcomes the opportunity to comment on the provisions of the *Higher Education Research and Reform Bill 2014* ("**the Reform Bill**") and related matters. Our submission is intended to complement and support the submission made by Universities Australia and the Group of Eight Universities.

Our submissions on the previous *Higher Education and Research Reform Amendment Bill 2014* argued that the Bill should be passed with amendments to: reduce the severity of the proposed cuts; continue to index HECS-HELP loans at the Consumer Price Index (CPI); and set aside for review the proposed introduction of tuition contributions for domestic higher degree by research students.

We are very pleased the Reform Bill addresses one of our major concerns with the previous Bill by retaining the CPI indexation of HECS-HELP. This will significantly reduce the future debt burden for students, while the proposed interest freeze for primary carers of young children also makes the Reform Bill fairer.

The proposed establishment of a cap on course fees for domestic students linked to the fees paid by international students, combined with the ACCC's role in monitoring trends in prices, should keep a check on the fees charged by providers. The additional scholarship and structural adjustment packages for regional universities address concerns about potential impacts from the reforms on providers operating in thin markets, and on students from low socioeconomic backgrounds from these areas.

We continue to believe, however, that the Reform Bill would benefit from amendments to reduce or phase in the proposed 20 percent cut to public funding per student, and that the proposed introduction of tuition contributions for domestic higher degree by research students should be set aside for detailed review.

Passing the Reform Bill will benefit students. Students will continue to face no upfront tuition fees. The real value of their debts will not increase over time. There will be increased competition between existing and new providers, which will drive diversification, innovation and offer students more choice. Providers will be able to increase the quality of their educational offerings and significantly improve facilities and support services, while at the same time ensuring wider access to higher education.

As we noted in our comments on the previous Bill, the main factor deterring low socioeconomic background and regional students from higher education is not tuition fees, payment of which can be deferred under HECS, but the cost of living while studying.

Under the proposed reforms, providers would be able to offer more support to these students. During the debate on the previous Bill, we committed to providing financial assistance to up to a third of our students, if the reforms were passed. We are deeply committed to ensuring that the brightest students, regardless of their social or cultural background, should have access to a world class education.

Without the proposed reforms, further deterioration in funding for higher education is likely to leave in place the barriers that currently prevent access to higher education for lower socioeconomic background and regional students. In addition, the quality of the student experience will continue to decline, as may the international rankings and competitiveness of our universities, with flow-on impacts for the international education export market.

It is also likely that without these reforms, the cost to the taxpayer of supporting the large numbers of students expected to undertake higher education in the next few decades will increase significantly under a demand-driven system that encourages growth rather than a focus on quality and excellence. Some providers may also be forced to decrease the number of course offerings, dropping those that are costly to run, but of great significance to the economy and society.

The opportunity for significant structural reform in higher education does not come often. This Bill represents a once in a decade opportunity to improve the way the system is funded and operates. The debate on these reforms so far has demonstrated that views about higher education funding are strongly held across the community and political spectrum. However, it is crucial that Members of Parliament consider the evidence carefully when deciding the best possible outcome for students and the nation.

There is no need for further reviews at this time, beyond the two the Senate currently has underway. The evidence in support of the need for reform is contained in the reports of successive reviews dating back to the Bradley Review of 2008, the Crossroads Review of 2002 and many before it. The Base Funding Review of 2011 quoted the following extract from our submission at the time:

“The current cluster funding framework (based as it is on the Relative Funding Model – RFM – established over twenty years ago) has passed its use by date. We do not believe that further tweaking or short term fixes to the current arrangements will be sufficient to underpin in the long-term a high quality Australian higher education system.” **Base Funding Review Report, 2011 p.38.**

That review made a number of recommendations that would have addressed many of the sector’s challenges, but these were never actioned. Our position on the need for substantial funding reform has not changed since 2011. Recent reforms and large cuts to offset the cost of the demand-driven system only increase the need for reform and policy certainty.

We urge the Senate to pass the Reform Bill with amendments to:

1. remove or reduce the impact of the proposed cuts to Commonwealth funding;
2. set aside the proposed introduction of fees for higher degree by research students for separate consideration;
3. establish workable regulatory safeguards to ensure:
 - a. equity of access to all providers by students from low socioeconomic and other disadvantaged backgrounds;
 - b. any fee increases are reasonable and aligned transparently to each institution’s actual costs of service provision;
4. establish an independent expert body to report on the implementation of the reforms annually for at least the first three years from 1 January 2016.

Yours sincerely,

signature removed for electronic distribution

Dr Michael Spence
Vice-Chancellor and Principal