

**Curtin Student Guild submission to the Senate Employment and Education Legislation
Committee Inquiry into the principles of the *Higher Education and Research Reform*
Bill 2014**



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Introduction

The Curtin Student Guild is the representative, advocacy and service provider to the body of students at Curtin University, Western Australia. It represents over 38 000 students¹.

We thank the committee for the opportunity to submit to its inquiry.

Our submission will focus on the following areas:

- The principles of the *Higher Education and Research Reform Bill 2014*
- Alternatives to deregulation in order to maintain a sustainable higher education system
- The appropriateness and accuracy of government advertising in support of higher education measures, including those previously rejected by the Senate

As the Guild has previously argued, the crux of the Government's higher education changes is the deregulation of university fees and the introduction of private providers to the system.² This is major structural change, comparable to the introduction of HECS after a period of free education. The *Higher Education and Research Reform Bill 2014* maintains these key features. Despite the scrapping of the increased interest rate on HECS/HELP loans and other changes, the Bill contains numerous regressive measures, for example, the cut to government funding of universities and the 10% reduction in the HECS/HELP repayment threshold.

Our opposition is to the Bill in its entirety. We note that if the Bill were further amended to withdraw regressive changes such as these, but the deregulation of fees introduced, the government would have achieved its aim of absolving itself of responsibility for university funding. By doing so, it allows universities to set fees as high as they like, removing caps, and leading the way to a US-style education system by marketising higher education.

As we have previously addressed these issues, we will not repeat them here. Further information regarding our position on deregulation, scholarships, and the potential impact of these proposed reforms at Curtin University can be found in our organisation's submission to the Senate inquiry in September 2014.³

Principles

Our principles

The Guild submits that some broad principles of higher education should be:

- Cost should not be a disincentive to study
- All universities should be adequately resourced
- Access to higher education is a right

¹ Curtin University Student Statistics 2009-2013, Office of Strategy and Planning, April 2014. Retrieved from <https://planning.curtin.edu.au/stats/students2009-2013.cfm>

² Curtin Student Guild submission to the Senate Employment and Education Legislation Committee on the *Higher Education and Research Reform Amendment Bill 2014*, Submission no. 126, September 2014, p.2.

³ Curtin Student Guild submission to the Senate Employment and Education Legislation Committee on the *Higher Education and Research Reform Amendment Bill 2014*, Submission no. 126, September 2014.

In this vein, the Guild would like to underline its in-principle support for the widening of Commonwealth Supported Places (CSPs) to include sub-degree courses. The problem with the proposed bill is that it packages together this widening of Commonwealth support with handouts to private, for-profit providers for these courses, and the complete deregulation of fees for all tertiary courses.

Similar changes have recently taken place in the Victorian vocational education sector, with disastrous results. In summary:

- Private providers used misleading advertising, including false promises of a guaranteed job and a range of incentives, from iPads to payments for inducing enrolments⁴;
- Quality has declined and providers have engaged in dodgy practices such as subcontracting delivery to non-registered providers, letting students complete courses in less than a quarter of the normal duration,⁵ and
- Providers had massive profit rates of around 30%.⁶

We submit that similar outcomes are likely if this bills passes.

Students for sub-degree courses should have the same access to government support as students enrolled in bachelor degrees. This bill is not about providing them with that support. There is nothing genuine in the government's proposal as reflected by the cuts to the funding of the Tertiary Education Quality and Standards Agency (TEQSA) in the range of around 40% or \$34 million⁷. This move by the government is a clear indication that there is no concern for the quality of education provided to students. Rather, this proposal is a fig-leaf for increased privatisation of the sector, taxpayer-funded handouts to private, for-profit providers with insufficient government oversight over their practices, the deregulation of fees and the introduction of a two-tiered education system more broadly.

We note that organisations such as the National Union of Students (NUS) and the NTEU have also shown in-principle support for the extension of CSPs to sub-degree higher education qualifications.⁸ As such, any suggestion that student organisations or education-sector unionists are selfish or elitist is ill-informed at best and mischievous at worst.

Their principles

The proposed government legislation follows entirely the principles of user-pays, and is based on a free-market ideology. There appears to be a blind faith in market forces to dictate appropriate student fees despite all evidence to the contrary. The notion of education as a right, or the belief in the value of education for its own sake, is entirely missing from the government's principles.

⁴ Felix Leung, Duncan McVicar, Cain Polidano, and Rong Zhang, "Positive early impacts of the Victorian Training Guarantee on VET enrolments", National Vocational Education and Training Research Program - Melbourne Institute of Applied Economic And Social Research, 19 May 2014.

⁵ Serena Yu and Damian Oliver, 'The capture of public wealth by the for-profit VET sector,' Workplace Research Centre, University of Sydney Business School, January 2015, p. 5.

⁶ Ibid, p. 4.

⁷ Graham Hastings, National Union of Students Research Briefs, 2014 series, No. 3, May 2014, p. 2.

⁸ Graham Hastings, National Union of Students Research Briefs, 2014 series, No. 3, May 2014, p. 2.; NTEU submission to inquiry into the *Higher Education and Research Reform Amendment Bill 2014*, 22 September 2014, pp. 13-14.

The measures in the new bill do not in any way alter the principles underpinning the government's higher-education system – principles which suggests those who benefit from undertaking an education should be responsible for the costs of doing so. The medium-term strategy of the government is to significantly shift the cost of funding for higher education to students, and to increase the funding available to elite universities through the massive hikes in student fees that those institutions propose.⁹

We submit that the proposed changes are a genuflection on the part of the government towards public opinion and the opposition of key stake-holders such as staff and student unions. The proposed amendments to the bill acknowledge that the changes will hit those who can least afford to attend university– graduates with low future incomes, women, Indigenous students, students with a disability, students from low-SES backgrounds and so on.

We further note that the proposal for a 'new' scholarship fund is not new at all but rather involves the sparse distribution of existing funds to more equity groups under the guise of a different name. In addition the Guild argues that scholarships are not a substitute for a fully funded public education system which would provide adequate student welfare and be accessible to all.

Alternatives to deregulation

➤ An increase in government funding to higher education

We note that both the Bradley and Lomax-Smith reviews called for an increase in funding.¹⁰ The Bradley Review recommended that universities' base funding for teaching and learning be increased by ten per cent.¹¹ We support an immediate increase to base funding of at least ten per cent, and note the declining funding suffered in the sector over the decades. We also suggest that the Opposition call for more funding to the sector lest they be accused of not providing viable alternatives to deregulation.

➤ Free education

The Guild holds to the principle that higher education should be free. HECS/HELP is a double tax, and a regressive one at that. Former students contribute to government revenue once through ordinary taxation and then again through their HECS/HELP repayments. HECS/HELP is regressive as the charge applies to all students taking a course, regardless of the income they earn. The reintroduction of free education, as has recently occurred in Germany, would resolve this problem. In addition, it would increase access to education by allowing debt-averse students to study. Furthermore it would increase the living standards of graduates and former students alike.

⁹ For example, the \$16 000 a year degrees the University of Western Australia would offer under fee deregulation.

¹⁰ Bradley, D., Noonan, P., Nugent, H., & Scales, B. (2008, December 17) Review of Australian Higher Education (Bradley Report), Department of Education, Employment and Workplace Relations, Canberra. Retrieved from <http://www.industry.gov.au/> ; Lomax-Smith, J.D., Watson, L., & Webster, B. (2011, October). *Higher Education Base Funding Review Final Report* (Australian Government). Retrieved from www.deewr.gov.au/

¹¹ Bradley, D., Noonan, P., Nugent, H., & Scales, B. (2008, December 17) Review of Australian Higher Education (Bradley Report), Department of Education, Employment and Workplace Relations, Canberra, Recommendation 26.

➤ Public accountability agreements

The Curtin Student Guild positively views the proposal submitted to the Senate by the National Tertiary Education Union (NTEU) for universities to enter into 'Public Accountability Agreements' with the government.

Universities need to be held accountable for the quality of education they provide. A requirement that universities justify any increase to their places of more than 15% may promote the trend towards increasing class sizes, a lack of student support and deteriorating conditions for staff. The Guild's many years of student representation have seen over time the declining quality of higher education and the willingness of institutions to sacrifice the learning experience of their students in favour of budget surpluses.

➤ Changes to student income support

Student allowances while studying should be increased to at least the level of the poverty line. It is well documented that students work an ever-increasing number of hours on top of their study in order to make ends meet, and that around two-thirds of students live below the poverty line. Providing adequate student support payments would both ameliorate the poverty experienced by students when undertaking their degrees and widen access to education by presenting tertiary education as a realistic option for students from disadvantaged backgrounds.

Additionally, eligibility criteria for student income support should be widened to capture a larger demographic of students who require financial assistance. Cutbacks to student income support and relevant services at the Curtin campus have been realised as the on-campus Centrelink office was relocated in 2013. The relocation of this important service has meant that students are required to needlessly travel off-campus to access, update, or make changes to their Centrelink benefits.

The Curtin Student Guild also submits that the Student Start-Up Scholarships should be retained. When combined with increases to Youth Allowance/Austudy, this money could be effectively utilised in the purchase of items such as textbooks and computers as it was originally intended. Currently, many students find themselves using their Start-Up Scholarship on basic living expenses like food and rent. For many of the same reasons, relocation scholarships in all forms should be reinstated or maintained.

Cost of proposals

Increased funding towards higher education is often presented as unrealistic. In particular, free education is seen as a pipedream. However, the Go8, a firm supporter of fee deregulation, has shown that free education would only cost an additional \$8.3BN a year.¹² We submit that free education, an increase to base funding and student allowances is not 'unaffordable,' but rather that the government prioritises other areas of expenditure and revenue raising. While there are many ways of meeting the costs of our proposals, the Guild would like to draw the Committee's attention to the following measures:

¹² Group of Eight Australia (2014, August 26). *No such thing as a free degree*. Retrieved from <https://go8.edu.au/publication/no-such-thing-free-degree>

- *The corporate tax rate* - **The** corporate tax rate has fallen from 49% in 1986 to 30% currently.¹³ The budget further cuts the rate to 28.5%. These cuts to the level of corporate tax represent billions upon billions of dollars of lost government revenue that could be used to fund free, accessible, quality public education for all. Maintaining or raising the level of corporate tax would net Treasury billions of dollars.
- *The Carbon/Mining Tax* – The abolition of the Carbon Tax and the Mining Tax has reduced government revenue (\$7.6 billion and \$3.4 billion annually)¹⁴ that could be used to increase funding to higher education. The Emission Reduction Fund that replaced the Carbon Tax is a cost to the government and is less effective at addressing climate change.
- *Abolishing tax concessions and subsidies to mining companies* - These are estimated at being worth at least \$4.5BN a year from the Federal government alone.¹⁵

Government advertising: misleading, deceptive, partisan and costly

The Guild views the government advertising campaign as party-political advertising to sell an extremely unpopular and failed policy. It is a misleading, deceptive and costly campaign with cost projections over \$15M. This is an irresponsible use of public money that could be better spent on education. It is particularly alarming that this campaign was commenced after the *Higher Education and Research Reform Amendment Bill 2014* was defeated in the Senate.

Much of the government advertising is misleading and deceptive. For our purposes here, two examples will have to suffice. These are:

1. *‘The government will continue to pay a big share, around half, of your course fees.’*¹⁶

The government currently pays, on average, approximately 60% of the cost of a Commonwealth supported place (CSP), with students paying the remaining 40%. The government has argued that this is too much, and that a reduced government contribution will both ‘repair the budget’ and better reflect the private benefit to students of higher education. Counter-arguments to this have been dealt with elsewhere.¹⁷ For our purposes, we question whether this is a factual claim suitable for a government information campaign.

The proposed bill will reduce the government contribution by 20% on average. It then allows universities to make up the shortfall, or make a windfall, by removing any cap on the fees charged. The government would only pay 50% of fees if universities ONLY

¹³ Australian Government – Treasury. (2014) A history of Australia’s company tax rate. Retrieved from <http://www.treasury.gov.au/PublicationsAndMedia/Publications/2012/btwg-consult-guide/HTML/history>

¹⁴ Austin, A. (2015, February). Abbott and Hockey's budget megafail II: The revenue writedown debacle. Independent Australia. Retrieved February 27, 2015 from <https://independentaustralia.net/politics/politics-display/joe-hockeys-budget-megafail-part-2.7384>

¹⁵ Grudnoff, M. (2013, June). Pouring more fuel on the fire: The nature and extent of federal government subsidies to the mining industry, Policy Brief No. 52, Retrieved from www.tai.org.au

¹⁶ These quotations are taken from the government website www.highered.gov.au (accessed 12/02/2015).

¹⁷ See for example: Curtin Student Guild submission to the Senate Employment and Education Legislation Committee on the *Higher Education and Research Reform Amendment Bill 2014*, Submission no. 126, September 2014.

increased fees by the minimum amount necessary to compensate for the 20% average government cut. There is no legislative requirement universities to do this. Given the opportunity to do so, it is likely that many universities will increase fees significantly. UWA has already released their fee structures under deregulation. Their projections suggest that a student undertaking a Commerce degree course will only see the government contributing slightly more than 10% of funding per place¹⁸. The sweeping claim that the government will continue to pay ‘around half’ of student’s fees is simply wrong.

2. *‘University graduates earn on average over 75% more than school leavers over their lifetime’*

According to the ABC, the real figure is closer to 30-40%.¹⁹ In addition, comparing university graduates to Year 12 school leavers with no other training is like comparing apples with oranges as many people will have obtained some form of vocational training.

It is insulting and wasteful to spend \$15M of taxpayers’ money trying to sell a package which is in broad terms poorly understood by the community and has been rejected by the Parliament and community alike. The Guild condemns the presentation of dubious and misleading claims as fact.

Conclusion

Students deserve a properly funded public education system accessible to all. The current bill erodes the public nature of higher education and dramatically shifts the burden of funding further onto individual graduates and ex-students. The Curtin Student Guild calls on the government immediately to withdraw its reform measures, and urges Senators to vote down the bill in its entirety should the bill be presented. The implementation of these reforms will undoubtedly be to the detriment of higher education in Australia.

¹⁸ See for example: <http://www.theguardian.com/australia-news/2014/dec/09/higher-education-ad-makes-demonstrably-untrue-claims-labor> (accessed 12/02/2015).

¹⁹ See <http://www.abc.net.au/news/2014-05-29/pyne-graduate-earnings-and-unemployment-claim-overblown/5446462> (accessed 12/02/2015).