

**CURTIN STUDENT GUILD SUBMISSION TO AUSTRALIAN SENATE ON  
DEREGULATION OF HIGHER EDUCATION**



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## **Introduction**

The Curtin Student Guild is opposed to all of the measures in the *Higher Education and Research Reform Amendment Bill 2014*. We view the proposed changes to higher education as unnecessary and unfair, and the biggest attacks to higher education in at least a generation.

While not the focus of this inquiry, we would like to take this opportunity to note the many other negative budgetary measures from the point of view of our members: the \$7 co-payment for Medicare, the 6-months waiting period for Newstart, the increase in price of medicine, the cuts to many Indigenous programmes and so on. The Guild has also campaigned against these changes.

The Guild echoes many of the criticisms of the Pyne package made by organisations such as the National Tertiary Education Union (NTEU) and the National Union of Students (NUS). Given the short time-frame for this submission, and in the interest of avoiding excessive repetition, we will keep our comments to a minimum.

This submission will also explore issues not part of, or seldom in, the public limelight: our view that increased student debt should be seen not only as a deterrent to study but also as a cut in living standards to students, ex-students and graduates; the view that scholarships of any kind are no substitute for a fully accessible system of higher education for all, and alternative policy proposals including a return to free education and a large increase in government funding for the sector.

We will also examine in depth the likely impact on current and future Curtin University students of these changes.

The Guild notes the lack of consultation with students regarding its changes, and expresses its dismay that at the recent briefing at the time of the legislation's introduction to Parliament the NTEU and NUS (stakeholders if ever there were) were excluded.

## **Deregulation**

Critics and supporters of the Pyne package alike agree that its core lies the deregulation of university fees and the introduction of private providers to the system. This is major structural change, comparable to the introduction of HECS after a period of free education. The other features of the Pyne package, while extremely concerning in their own right, are not structural changes but rather (regressive) alterations to the current higher education policy environment. If these were amended or discarded, but the deregulation of fees introduced, the government would have achieved its aim of absolving itself of responsibility for university funding by allowing universities to set fees as high as they like and removing caps, marketising higher education and moving towards a US-style education system.

Despite the best efforts of Minister Pyne and his supporters in the Group of Eight to assert otherwise, it is clear that in a deregulated system fees would skyrocket. The purpose of the Pyne package is two-fold:

1. Further shift the burden of paying for higher education onto students/ex-students and away from government.
2. Provide universities with a mechanism to increase fees so that funding levels (and by extension quality of education, type and extent of courses offered) become an issue between universities and the student as consumer, with government taking a back-seat role.

The Pyne package would be worthless as a policy instrument were fees not to rise significantly.

### *How high will fees go?*

While the government has refused to release its modelling with regard to fee increases, all indications point to significant fee ‘hikes.’

Some of these indicators include:

1. The fact that **Bond University**, a private institution not subject to the current HELP cap, currently charges domestic undergraduates \$317 000 for a Medicine (surgery) degree, \$127 000 for Law and \$95 000 for an Arts-Commerce 3-year degree.<sup>1</sup> With no legal obstacle to other institutions charging this, and a market precedent, it is likely than many elite institutions will use this as a ballpark figure when setting fees.
2. **Bruce Chapman**, the architect of HECS, has predicted that fees for some degrees will rise to \$120 000, comparable to what international students are charged.<sup>2</sup> Chapman<sup>3</sup> supports the Pyne package if the interest rate increase (see below) is amended, so his prediction is particularly compelling.
3. The **NTEU**’s modelling shows that if a 25% surcharge is adopted in lieu of an increased interest rate, and universities increase their fee by enough to ‘break even’ (i.e. maintain pre-budget levels of funding per place) as well as an additional 10% increases to compensate for the current under-

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<sup>1</sup> National Tertiary Education Union (NTEU). (2014). *A degree shouldn't cost a mortgage: NTEU analysis of higher education changes in the 2014 Federal Budget*, p. 8.

<sup>2</sup> See, e.g., Knott, Matthew and Gilmore, Heath ‘Graduates could pay up to \$120 000 in debt, HECS architect warns, *Sydney Morning Herald*. May 16, 2014. Available online <http://www.smh.com.au/>.

<sup>3</sup> Hare, J. (2014, September 17). Price and quality ‘will be confused’ by deregulation of university fees. *The Australian*. Retrieved from <http://www.theaustralian.com.au/higher-education/>

- funding of higher education, then there will be \$100 000 degrees in some courses.<sup>4</sup>
4. The government's own **Treasury** papers predict student debt to rise by 58% to 43.6BN by 2016-17 and to double to over \$50BN by 2018.<sup>5</sup> This is consistent with the projections of \$100 000 degrees that many commentators and stakeholders have made.

*Cap on loans but not fees scenario*

We note that in the United States of America there is no cap on fees, but there is a cap on government loans.<sup>6</sup> The government has expressed concern as to the level of government debt, and commentators have raised the issue of student 'doubtful debt' (ie. debt not expected ever to be fully repaid) as something that could put the entire HECS scheme in jeopardy<sup>7</sup>. If deregulation is passed, there is nothing stopping the government from in later years continuing the Americanisation of higher education by introducing a cap on government loans. This would limit both the initial outlay and amount of 'doubtful or bad debt 'owed' to the government. This 'caps on loans but not fees' approach leaves it between universities, students, and banks to make arrangements concerning fees, loans and debt repayments. This would be an appalling outcome for students, ex-students and the wider community, but it is a situation the government appears to be laying the groundwork for.

We note with extreme concern the deleterious effect of debt on US graduates and ex-students, as discussed below.

*Cut in the standard of living of graduate/ex-students*

Increased fees represent a cut in the living standard of graduates/ex-students, which are comparable to a real wage cut. Even if students are not deterred by increased fees (which would be absurd), the changes are still unfair as they impact people's quality of life. This crucial issue has not been prominent in the public debate.

The US example provides a glimpse into what a future Australian education system might look like if the changes are adopted. NUS Research Coordinator

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<sup>4</sup> National Tertiary Education Union, *University Fees, Funding and \$100 000 Degrees*, NTEU Briefing note, 9 September 2014.

<sup>5</sup> Based on Commonwealth of Australia data. Budget 2014-15, Budget Strategy and Outlook, Budget Paper No. 1, 2014-15, statement 7-21.

<sup>6</sup> Hastings, G. (2014). National Union of Students Research Briefs, No. 7.

<sup>7</sup> APN Newsdesk (2014, September 14). Forget glass ceiling, university debt may hold women back. Retrieved from <http://www.sunshinecoastdaily.com.au/>

\*For more on doubtful debt see Norton, A and Cherastidham I, 2014, 'Doubtful debt: the rising cost of student loans,' Grattan Institute.

Graham Hastings has identified these findings of an American survey into the impact of student debt on young people's lives<sup>8</sup>:

- 63% surveyed said their debt affected their ability to make larger purchases such as a car;
- 74% said they have put off saving for retirement or other investments;
- 75% indicated that student loan debt affected their decision or ability to purchase a home;
- 30% responded that their student loan debt was the deciding factor, or had considerable impact, on their choice of career field; and
- 43% said that student debt has delayed their decision to start a family.

The report based on the survey argues that:

'Even those never personally hampered by student loan debt are being impacted as society at large bears the burden of career paths not taken, first homes not purchased, entrepreneurship stalled, public sector employment diminished, investments not made, and lives delayed.'

Another budget measure which will be detrimental to Australia's education economy is allowing universities to charge Higher Degree by Research (HDR) students' fees for the first time. Under this reform, Research Training Scheme students will be charged a capped tuition fee of up to \$3900 per year, deferrable through HELP (**Schedule 5**).

Charging students up to \$3900 per year to do a PhD will be detrimental to productivity, innovation and research in Australia. Given the fact that most postgraduate researchers will likely still hold undergraduate debt, this will mean their previous undergraduate debt will continue to accrue interest while they undertake postgraduate study<sup>10</sup>. If today's 10 year bond rate is used, a research student with an undergraduate debt of \$60,000 will accumulate interest over more than \$15,000 assuming they take four years to finish their PhD<sup>9</sup>. It is of no consideration to the government that research of this level is of significant public benefit, where these students will eventually become a part of the Australian workforce and will go on to discover, innovate, and improve the quality of life for its citizens<sup>10</sup>. After four years, the student's total debt will equate to over \$75,000<sup>10</sup>. A report from the Melbourne Institute at the University of Melbourne has suggested that if there were a large proportion of students (namely women) who were unable to repay their loans during their working lives, it has the potential to jeopardise the entire HECS system moving forward<sup>10</sup>.

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<sup>8</sup> American Student Assistance (2013). Life Delayed: The Impact of Student Debt on the Daily Lives of Young Americans, 2013 ([www.asa.org](http://www.asa.org)). Cited in Graham Hastings, National Union of Students Research Briefs, No. 7, 2014.

<sup>9</sup> Bexley, E. (2014, May 21). Raising the cost of a PhD. Retrieved from <http://theconversation.com/raising-the-cost-of-a-phd-26912>

<sup>10</sup> APN Newsdeck. (2014, September 4). Forget glass ceiling, university debt may hold women back. Retrieved from <http://www.sunshinecoastdaily.com.au/>

The compounding debt situation is worsened for women, who are more likely than men to take a career break to start a family. The Melbourne Institute's financial modelling predicts that the time for women to repay their student debt will increase from 12 to 26 years (using median female graduate earnings)<sup>11</sup>. Modelling by the NTEU shows that a woman with an accounting degree who takes a three-year break will be paying back their student loans into their 70's, as their debt accrues approximately \$45,000 in interest using the 10-year bond rate<sup>12</sup>. To propose this significant financial burden on women who make the choice to leave the workforce to start a family is an appalling act by the Coalition government.

The Guild also opposes the 10% reduction in the HECS repayment threshold (**Schedule 4**) as this means HECS/HELPs debtors will have to repay their debt, and thus cut into their living standards earlier, when they can less afford to do so.

Of course, the issue of students from low-SES backgrounds and equity groups being deterred from higher education by high fees is a very real issue. We note the low proportion of students from low socioeconomic backgrounds attending university currently (15.47% on average nationally, 12.85% at Curtin University and only 3.69% at the Australian National University).<sup>13</sup> Government policy should be aimed at increasing the proportion of students from low socio-economic backgrounds; instead it is pushing in the other direction.

## Scholarships

The Guild does not consider scholarships of any kind to be a substitute for accessible higher education for all. If education were free and student allowances liveable, scholarships would be unnecessary. Students should not have to rely on the goodwill or charity of others to be able to attend university – it should be a right.

The introduction of equity scholarships funded by the increase in student fees to the amount of \$1 per every \$5 (**Schedule 2**) is another installation of inequity in the reform package. According to the NTEU, the scholarship scheme imposes a

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<sup>11</sup> Bracey, A. (2014, September 9). Senate inquiry into higher-ed reform. Retrieved from <http://www.campusreview.com.au/>

<sup>12</sup> Kurtis, K. (2014, May 27). Interest on uni loans will hit women more. Retrieved from <http://www.theaustralian.com.au/>

<sup>13</sup> National Tertiary Education Union, *A degree shouldn't cost a mortgage: NTEU analysis of higher education changes in the 2014 Federal Budget*, National Tertiary Education Union, 2014, p. 18.

25% levy onto all students (with interest)<sup>14</sup>. The equity scholarship scheme shifts the responsibility of providing equal access to higher education for students from low SES demographics from the Commonwealth and places it entirely in the hands of students. The NTEU has also argued that those universities who have the most low-SES students are not in a position to raise fees, and therefore will be at a disadvantage in offering scholarships to those students who need it most<sup>18</sup>.

The Guild submits that the current scholarship scheme is a dishonest smokescreen for the extreme hardship and inequity that deregulation would cause. Even the title, 'Commonwealth Scholarship' is a misnomer – the Commonwealth is not providing the funding for it!

Minister Pyne, on the one hand asserts that fees will not rise significantly, while on the other he describes the scholarships scheme as the largest in Australian history. The Minister does not realise that he cannot have it both ways – either fees will rise significantly and there will be a large scholarships scheme, or fees will only increase slightly in which case the scholarship scheme will be negligible.

### Private providers

The expansion of government funding to support diploma, advanced diploma and associate degrees and to bachelor and sub-bachelor courses at private providers and non-university higher education providers (**Schedule one**) will call into question the standards of education these providers are offering students. National Tertiary Education Union president Jeannie Rea predicts that "businesses will be set up in Australia for the express purpose of being able to gain a government subsidy, rather than educating students to get a proper qualification"<sup>15</sup>. Much like the failures seen in the VET sector in Victoria, for-profit private providers and non-university higher education providers will flood the market with cheap and low-quality diplomas which exploit students and leave them under-skilled and undertrained<sup>14</sup>. David Hetherington and Jarrod Rust, authors of *Training Days: Models of Vocational Training Provision: Lessons from the Victoria Experience*, suggest that a blow-out of funds as a result of the market design in the sector have funnelled exorbitant amounts of public money into private providers in areas of skills surplus<sup>16</sup>. According to the NTEU, the impact on the TAFE sector included a significant increase in student fees, cuts of

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<sup>14</sup> NTEU. (2014, July 31). A Degree Shouldn't Cost a Mortgage: NTEU Analysis of Higher Education Changes in the 2014 Federal Budget. Retrieved from [http://issuu.com/nteu/docs/a\\_degree\\_shouldn\\_t\\_cost\\_a\\_mortgage/](http://issuu.com/nteu/docs/a_degree_shouldn_t_cost_a_mortgage/)

<sup>15</sup> Bita, N. (2014, September 06). When 'qualified' is no guarantee of competence. Retrieved from <http://www.theaustralian.com.au/>

<sup>16</sup> Hetherington, D. & Rust, J. (2013). Training Days: Models of vocation training provision: lessons from the Victorian experience. Retrieved from [http://www.percapita.org.au/\\_dbase\\_upl/Training%20Days.pdf](http://www.percapita.org.au/_dbase_upl/Training%20Days.pdf)

at least 2,500 TAFE staff, and the closure of many campuses and courses<sup>17</sup>. Figures from the Victorian TAFE sector in 2013 report enrolments of 18,800 students in areas of aged or disability care, which is equivalent to half the total numbers of workers in the entire industry and nine times the annual number of job vacancies filled per year<sup>18</sup>. If the reforms are passed, we will likely find ourselves in a similar situation where there will be massive budget blow-outs, loss of jobs, campuses, less graduates in areas of skill shortages, an oversupply of graduates in other areas, and a massive increase in student fees.

In addition, the Guild submits that the inclusion of private provider accessibility to public funding equates to government handouts to private business. In effect, this is a transfer of wealth from students, ex-students and graduates straight into the profits of private providers. Rather than the government contributing money to private, for-profit companies, it should be using the money to properly fund higher education.

### **Potential impact at Curtin University**

Over the past two years, Curtin has undergone major changes and ‘course rationalisation’ as Curtin positioned itself towards becoming a “research intensive” university and as a result of Labor’s proposed budget cuts. A statement released in 2013 by Curtin University announced a range of drastic course cuts and a funding cut of 20 percent across all schools<sup>19</sup>. Should these reforms be passed, we are likely to see further cutbacks to accommodate the lack of funding, financial unsustainability and cost pressures the reforms will have on the ability to provide a high standard of education at Curtin University.

These changes which have already taken place reduced the number of course and majors currently offered at the Bentley campus which has meant that large numbers of students were not able to complete their courses of study. The reduction in course offerings have severely limited the ability of students to choose from a variety of subjects across a number of disciplines. The University has also sought budget savings through the consolidation of student services by launching a program by the name of EQUIP. The EQUIP program has resulted in a numerous redundancies, early retirement offers, and unwelcome changes to staffing structures across several areas including Finance and Commercial

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<sup>17</sup> Kniest, P. (2014, June 26). Deregulation of Victorian vocational education: A case study in policy and market failure. Retrieved from <http://www.nteu.org.au/article/Deregulation-of-Victorian-vocational-education%3A-A-case-study-in-policy-and-market-failure-16469>

<sup>18</sup> Hare, J. (2014, September 15). TAFE and the damage done. Retrieved from <http://www.theaustralian.com.au/higher-education/>

<sup>19</sup> Curtin University. (2012, August 29). VC Note to Staff. Retrieved from <http://blogs.curtin.edu.au/vice-chancellor/note-to-staff/>

Services, Human Resources, Research Administration, Academic Administration and Corporate Relations & Development<sup>20</sup>.

The uncapping of student places and the influx of students coupled with the reduction in staff has resulted in numerous cost-savings measures being implemented across the university. Additional changes at Curtin have also included the support for more common first year units as well as an increase in online learning. The Guild believes that the reliance on common first year units which are taught to a large number of students under a reduced number of staff have led to delays in unit feedback, underperforming students, and reduced overall student satisfaction at Curtin University.

Another factor we can attribute to the declining satisfaction at Curtin is the overreliance on casual staff. On the increasing reliance on casual staff at universities, Stephen Matchett has said,

*"Casuals are an academic underclass, overworked and underpaid, just not for the full year – and every VC knows it. While the prospect of student fees cross-subsidising research upsets people the reality is that this is what casuals do now, teaching classes at low cost to free up research staff and they will do a lot more of it if deregulation occurs<sup>21</sup>."*

In January 2014, the NTEU anticipated that over 230 jobs were likely to be cut as the university introduced new teaching-focused and research-only roles<sup>22</sup>. The National Tertiary Education Union has reported a large shift to casualised teaching staff, with the Go8 issuing a policy note with supporting data that indicates only half of all academic appointments are full-time teaching and research staff<sup>23</sup>.

Curtin's regional campuses will also take a hit as a result of deregulation. Regional campuses across the country will be faced with having to compete for students who want to go to elite institutions. Fee deregulation will mean that smaller scale universities will miss out on the opportunity to provide equal access to education and provide employment to thousands of people across regional Australia<sup>24</sup>. Regional universities will not be in a position to raise their

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<sup>20</sup> Curtin University (2014, April 28). EQUIP Focus Areas. Retrieved from [https://equip.curtin.edu.au/focus\\_areas](https://equip.curtin.edu.au/focus_areas)

<sup>21</sup> Matchett, S. (2014, August 10). Lazarus lines up with students. Retrieved from <https://campusmorningmail.com.au/>

<sup>22</sup> Trounson, A. (2014, January 2014). Job loss fears grow at Curtin. Retrieved from <http://www.theaustralian.com.au/higher-education/>

<sup>23</sup> Hare, J. (2014, September 10). Academe facing part-time future. Retrieved from <http://www.theaustralian.com.au/higher-education/>

<sup>24</sup> Rhiannon, L. (2014, May 14). Comment: Abbott's assault on public higher education. Retrieved from <http://www.sbs.com.au/news/>

fees in order to compete and will struggle to provide a quality education to those students who do choose their institution<sup>25</sup>. They will be forced to find alternative methods to teaching large numbers of students with the least amount of expenditure, which is likely to lead to lower quality education with less resources and services available for students.

Any moves to deregulate fees and force the university sector to compete on price and prestige will only see additional measures to cut costs, courses, and services in an attempt direct more funds into research to gain an international reputation to justify extortionate student fees.

### **Effects on equity groups at Curtin**

#### *Mature Age students*

Curtin University has a large proportion of mature age students who, under deregulation, may be deterred in taking on excessive HECS debt in pursuit of further education. The lower repayment threshold reforms threaten to garnish the wages of mature age students who have mortgages, families, and a number of financial obligations. The chairwoman of Universities Australia, Professor Sandra Harding, cited research from the UK that shows mature age students are more likely to be price sensitive to increases in tuition costs<sup>26</sup>. A 2003 report into the 1996 changes to HECS found that reforms had reduced 'mature age' applicants by approximately 17,000 per year<sup>27</sup>.

It is a major concern of the Curtin Student Guild that other groups of students such as international, students of low socioeconomic status (low SES), and Indigenous students will also be significantly impacted by the reforms.

Economist John Quiggin has been quoted as saying that microeconomic reforms such as deregulation are misguided and only serve to reduce social mobility, as competition will drive uniformity rather than diversity in the higher education sector<sup>28</sup>. This will be especially true for disadvantaged populations where social mobility is already limited by structural inequality. Hannah Forsyth, Lecturer in Australian History at Australian Catholic University, has argued that competition will create social stratification amongst students and the middle class will be forced to pay whatever fees the elite institutions ask, or lose status<sup>29</sup>. She argues

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<sup>25</sup> Alexander, S. (2014, May 8). Online courses and fee hikes won't improve the quality of Australia's higher education. Retrieved from <http://www.aare.edu.au/blog/?p=285>

<sup>26</sup> Hurst, D. (2014, May 23). University leaders have serious concerns about higher education plan. Retrieved from <http://www.theguardian.com/>

<sup>27</sup> Aungles, P., Buchanan, I., Karmel, T., & MacLachlan, M. (2002). HECS and opportunities in higher education.

<sup>28</sup> The Australian. (2014, September 12). Tap goes on, tap goes off. Retrieved from <http://www.theaustralian.com.au/higher-education/>

<sup>29</sup> Forsyth, H. (2014, May 28.) It's not just about student fees, it's about institutionalised inequity. Retrieved from <http://theconversation.com/>

that disadvantaged groups will have to forego university as a matter of ‘consumer choice’ which will further embed inequality into the socioeconomic landscape of Australia<sup>29</sup>.

### *Indigenous students*

Problems of social inequality are worsened for Indigenous populations in regional areas where access to higher education is a limited resource but plays an essential role in shaping the communities and lives of Indigenous Australians. Curtin University has 401 enrolled Indigenous students<sup>30</sup> as of March 2014, and 12.9% of its student population is considered low SES<sup>31</sup>. With such a small cohort of students enrolled, it is especially important to ensure the reforms do not threaten the accessibility of higher education for Indigenous students. Coupled with the proposed cuts to the Indigenous Tutorial Assistance Scheme (ITAS), these reforms have the potential to undermine accessible pathways to higher education for Indigenous populations across Australia.

### *International Students*

According to 2013 statistics, Curtin’s international student population comprises 19.5% of the student body<sup>7</sup>. These numbers are significant when we consider that international education activity in Australia contributed \$15 billion to the economy in 2013 up from \$14.5 billion in 2012<sup>32</sup>. Australia is now being considered one of the most expensive places in the world to go to University and not deemed one of the highest quality providers of tertiary education<sup>33</sup>. The escalating cost of getting a degree under a deregulated system will push international enrolments to other countries ranked more favourably in terms of quality of education and cost<sup>33</sup>. Increases in fees for domestic students to levels which match those of international levels will only serve as justification for fee increases to be imposed on international students at a later date to recoup funding lost as a result of the reforms. International students in the future will likely be paying more money for the same, if not worse, quality of education.

## **Regional Campuses**

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<sup>30</sup> Curtin University (2014, March 23). Supporting Indigenous Students at Curtin. The Student Equity Strategy (2014-2017).

<sup>31</sup> Trounson, A. (2014, August 25). Regionals lobby Senate to get bigger slice of poor student loading. Retrieved from <http://www.theaustralian.com.au/higher-education/>

<sup>32</sup> Australian Government. *Export income to Australia from international education activity in 2013*. Research Snapshot, Australia: Department of Education, 2014.

<sup>33</sup> Hall, A. (2014, September 11). Australia most expensive place for international students to get university education: survey. Retrieved from <http://www.radioaustralia.net.au/>

Professor Lee Dow argues that regional students are already face financial pressures as a result of relocating to attend university and a deregulated system will exacerbate these costs<sup>34</sup>. The smaller and poorer markets of regional Australia will not be able to sustain fee increases which could have the potential to lead to a decrease in fees to attract students<sup>34</sup>. Concerns about deregulation stem from the fact that regional universities are not in a position to raise their fees to match the cuts to higher education and will therefore be forced to operate on minimal teaching and research budgets<sup>34</sup>. Those students with high ATAR scores in regional areas will likely be lured away from regional campuses by enticing scholarship offers<sup>34</sup>. This sentiment was echoed by Katherine Jones, the Students Association Welfare officer at the University of Newcastle, who said, “Deregulating fees could result in lower standards at regional universities. We're very concerned that in lowering fees in regional areas this will mean the universities aren't as well funded as some of the big sandstone universities and there'll be a drop in the quality of education that's given to regional and remote students, and regional campuses<sup>35</sup>.”

## **Policy alternatives**

Deregulation is not the inevitability which the government portrays. In broad terms, the Curtin Student Guild recommends as a policy alternative:

1. A large increase in funding to higher education; and
2. The reintroduction of free tertiary education.

### Increased Funding

The Guild strongly opposes the measures to cut funding in the budget, including the 20% average funding cut per CSP (**Schedule 1**), and the replacement of the current Higher Education Grants Index (HEGI) with the Consumer Price Index (CPI) from January 1 2016 (**Schedule 8**).

The NTEU predicts that the savings measure in Schedule 8 which replaces the current Higher Education Grants Index (HEGI)<sup>36</sup> with the Consumer Price Index (CPI) will in most cases be much lower in terms of providing funding to Universities than the current Higher Education Grants Index (currently 3.02 percent to a reduction of 2.9 per cent<sup>37</sup>). This has large-scale implications for pay

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<sup>34</sup> Trounson, A. (2014, July 29). Uni reforms hurt regional students and unis: Lee Dow. Retrieved from <http://www.theaustralian.com.au/higher-education/>

<sup>35</sup> ABC News, (2014, May 14). Mixed response to deregulation of uni fees. Retrieved from <http://www.abc.net.au/news/>

<sup>36</sup> Kniest, P. (2014, June 27). The end of public higher education in Australia. Retrieved from <http://www.nteu.org.au/degremortgage/article/The-end-of-public-higher-education-in-Australia-16467>

<sup>37</sup> Australian National University. (2014, May 14). From the Vice-Chancellor's desk: Higher Education Budget 2014. Retrieved from <http://vcdesk.anu.edu.au/2014/05/14/higher-education-budget-2014/>

negotiations as Universities will be looking to tie their staff pay rises in line with CPI and the amount they will receive in grants from the Government. Those who have already negotiated pay agreements above CPI could potentially slam students with increased fees to make up for the shortfall of funds lost without the higher rate under the previous HEGI scheme<sup>38</sup>.

Curtin Guild was a vociferous opponent of the then \$2.8BN cuts introduced by the Labor government, after which it organised a demonstration of some 700 students, the largest on campus in 25 years. The Curtin Student Guild is of the opinion that rather than imposing further cuts, a large increase in funding is required.

We further believe that it is a weakness of Labor's opposition to deregulation that it has not pledged to increase funding to higher education if elected to government. The Guild calls on the Opposition to re-think its medium-term strategy for higher education and commit to a significant increase in funding for higher education if elected. We note that both Labor-commissioned reviews, the Bradley and Lomax-Smith reviews respectively, called for an increase in funding. Labor not calling for this allows the Coalition to credibly accuse Labor of having no alternatives.<sup>39</sup> This has also positioned Universities Australia to exclude the option of increased funding from government, citing as it does, the funding cuts carried out by administrations of both political hues.

### 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. It is often asserted, or simply assumed, that free education is a pipedream or exorbitantly expensive. This is untrue.

The Go8, a firm supporter of fee deregulation, has shown that free education would only cost an additional 8.3BN a year.<sup>40</sup> While there are many ways of

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<sup>38</sup> Matchett, S. (2014, May 23). Pyne ploughs on: the new order will start on schedule. Retrieved from <http://campusmorningmail.com.au/>

<sup>39</sup> 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/](http://www.deewr.gov.au/)

<sup>40</sup> 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>

meeting this cost, the Guild proposes would like to draw the Committee's attention to the following areas of revenue and expenditure.

1. **Maintaining, or raising the level of corporate tax.** Corporate tax rate has fallen from 49% in 1986 to 30% currently.<sup>41</sup> 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.
2. **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.<sup>42</sup> If government subsidies to an industry making mega-profits were abolished it would pay for more than half of the additional cost per year of free education.
3. **Abolishing the policy of mandatory detention of refugees and offshore processing.** This is an inhumane policy. It also costs billions of dollars every year, money whose sole purpose is to deter refugees from exercising their right to seek asylum under international law.<sup>43</sup>
4. Reducing the defence budget and withdrawing the purchase of \$24BN of fighter jets.

## Conclusion

The Curtin Student Guild calls on the government immediately to withdraw its reform measures. It should resolve the higher education funding crisis - a crisis of its own making - by increasing direct, untied government grants to universities. It should also act on previous recommendations of the student movement, welfare agencies and many others by increasing student allowances to at least the poverty line, reducing the age of independence to 17, and widening eligibility. Any moves to implement these reforms will be to the detriment of tertiary education, and society more broadly, in Australia.

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<sup>41</sup> 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>

<sup>42</sup> 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](http://www.tai.org.au)

<sup>43</sup> Loewenstein, A, (2013). Profits of Doom, Melbourne University Press, Melbourne, p. 27. \*In 2013, Serco's contracts alone amounted to \$1.86BN. Serco only operates mainland detention centres, not those offshore.