The University of Western Australia Submission to the Senate Education and Employment Legislation Committee

Regarding the: Higher Education and Research Reform Amendment Bill 2014

The University of Western Australia welcomes the opportunity to make the following submission to the Education and Employment Senate Committee as part of its inquiry into the provisions of the Higher Education and Research Reform Amendment Bill (2014).

The University of Western Australia (UWA) was founded more than 100 years ago as the state’s first university. Its aim then, and now, is to advance the welfare of its community. UWA is already ranked in the top one per cent of the world’s universities, but our goal is to be recognised as one of the world’s top 50, for education as well as research and community engagement. In August 2014, the internationally recognised Academic Ranking of World Universities, ranked UWA 88th in the world, and fourth in Australia.

The University is an active member of the Group of Eight and Universities Australia, and is supportive of the views each of these peak bodies have expressed to the Committee in their submissions.

The Senate Committee’s inquiry into the Higher Education and Research Reform Amendment Bill (2014) provides an important opportunity to consider publicly the future direction of higher education in this country.

Consideration must be given to how we will create a truly world class higher education system by training and teaching the minds of the future, partnering globally to help solve the challenges facing society today and into the future, and building an innovative and highly skilled country and workforce.

This discussion comes at an important time for the sector as we face a number of emerging challenges and opportunities created through increased global competition, the emergence of new disruptive technologies, funding uncertainty (including from government sources) and changing community and stakeholder expectations about the impact of our efforts.

The University of Western Australia shares the Go8’s view that the current policy and funding settings for higher education and research are not sustainable or effective. This is a view shared across Australia’s 39 public universities.

While Australia has a good higher education system with four universities, including UWA, ranked amongst the world’s top 100, according to the Academic Ranking of World Universities (ARWU), the limited comparative data available suggests we underperform compared to many of our global competitors.

Data by the Australian Survey of Student Engagement (AUSSE) and its North American counterpart the National Survey of Student Engagement (NSSE) shows that on average, US students find their study more academically challenging than Australian students do. Australian students report lower levels of contact with teaching staff and are less likely to have participated in “enriching educational experiences”. Fifty-three per cent of US students had participated in a practicum, internship, fieldwork or clinical placement, while only 28% of Australian students had had a similar experience.
“Hard analysis shows that our rhetoric is better than our performance. Australian higher education is not bad but it is not yet brilliant. To build an education system that is brilliant, we have to stop funding universities the same way regardless of how they teach. We have to stop the endless per-student funding cuts to higher education.” Young, I (2014) National Press Club Address 30 July

The Government is seeking to deliver what can be regarded as the most sweeping changes to Australia’s higher education system by removing price barriers on universities, opening the market to new competition, and delivering more choice to students.

The University of Western Australia is broadly in favour of the Government’s higher education reform package. UWA believes that the changes, if implemented, will allow universities across the country to differentiate and play to their strengths, provide greater choice to students by opening up the higher education market to new competitors, offering differing price points, and ensuring there is appropriate and sustainable investment in teaching, research and community engagement activities.

“Whilst we claim to ‘punch above our weight’ in research, we do not out-perform the countries with an embedded scientific culture that we might aspire to match such as the Western European democracies, Scandinavia or the US and Canada. We can and should aim higher.” Chubb, I (2014) STEM: Australia’s Future

UWA accepts that the status quo is not sustainable as it will over time erode the quality of our education and research activities - not a good position to be in when our nearest Asian competitors are investing heavily in these areas. The Minister for Education, the Hon. Christopher Pyne, has correctly acknowledged that universities in China, Hong Kong, Taiwan and Singapore are rapidly improving their position in world rankings. Five years ago there were no Chinese universities in the top 200; now there are six. With $250 billion a year being invested in Chinese universities, UWA believes it is only a matter of time before these universities enter the top 100, placing further competitive pressure on the leading Australian institutions.

The Higher Education and Research Reform Amendment Bill has many elements and is therefore complicated. UWA, along with other universities, has carefully considered all aspects of the Bill and how it will impact on the sector.

The key aspects which UWA supports are:

- the deregulation of fees to allow each university to set their own prices;
- the creation of a new commonwealth scholarships scheme (CSS) which will require each university to allocate 20% of additional fee income to measures which support access for students from disadvantaged backgrounds;
- greater competition by providing commonwealth funding for students undertaking courses at non-university higher education providers (NUHEPs); and
- the retention of the HECS system meaning students won’t need to pay for their education upfront.

However, there are some aspects of the current proposal which will have a considerable negative impact on the higher education sector and students. The main elements requiring further consideration are:

- The introduction of real interest rate charges on student debts which will disadvantage graduates who are out of work or earning less than the threshold, or who take career
breaks. The proposal particularly disadvantages women taking time out of the workforce to raise children;

- Reducing the number of funding clusters from 8 to 5, along with an "on average" 20 per cent cut to student funding, unnecessarily complicates the transition to a new funding arrangement; and

- The cluster funding changes will have a disproportionate financial impact on science and technology courses. It is unclear why funding rates for STEM subjects should be cut at more than ten percentage points above average cuts.

One of the key elements of the reform package is the deregulation of University fees for undergraduate courses. It should be noted by the Committee that Australian higher education is already partially deregulated through the introduction of the demand driven system which removed the cap on the number of university student places, and post-graduate courses are already subject to price competition.

UWA supports fee deregulation for undergraduate courses as a response to a longstanding underfunding of universities by successive governments. Unwillingness by government on behalf of taxpayers to provide the necessary levels of funding needed to sustain a world class higher education system makes it essential that alternative funding arrangements, such as fee deregulation, are considered.

“It is clear that greater control over their capacity to raise resources could be of benefit to institutions, improving their competitiveness and enabling them to deliver higher quality teaching to students…The aim of policy should be to bring us closer to the goal of a flexible, responsive, quality higher education system based on clear policy objectives, rather than history and politics.” Review of the Demand Driven Funding System – Final Report

Two independent reviews of the University system – the Bradley and Lomax-Smith reviews – have recommended that government increase per student funding to universities. Instead there has been a steady decline.

Studies and various Government reviews have shown that Australia has historically under-invested in university education. Australia is significantly under-investing in tertiary education:

- A variety of funding reduction measures totalling $3.3 billion were announced by the previous government. These included the reduction of payments to universities as well as measures affecting loans and scholarships, and other benefits for students;

- Australia ranks 25th out of 30 OECD countries for public investment in tertiary education and is investing 32 per cent less than the OECD average in tertiary education;

- Real public investment in tertiary education grew 65 per cent over the 1995 to 2010 period for average OECD countries, compared to 22 per cent growth in Australia; and

- Expenditure per tertiary student decreased by 0.12 per cent per annum in Australia between 1995 and 2010, whereas, on average across the OECD, expenditure per student increased by 0.9 per cent per annum in real terms over the same period.

Since the May budget there has been extensive commentary and speculation about the budget measures, including claims they will herald the arrival of hefty university fees that will impose significant debt on students. Such speculation is alarmist and unhelpful.

It also is important to acknowledge the success of the HECS system which has meant we can ensure that academic ability, not personal circumstance, is the only barrier to university entry.
UWA is one of only two universities in Australia to recently change its course structure bringing it into line with other leading international universities. UWA offers three-year undergraduate degrees across four fields of study—arts, commerce, design and science—together with a specialist undergraduate research pathway (the Bachelor of Philosophy (Honours)) for the very highest achieving students.

Having one of the most modern, flexible and internationally recognised course structures in the country allows the University of Western Australia to develop a simple and innovative pricing structure - should fee deregulation occur.

Based on the current legislation, UWA proposes to set an annual fee (student contribution) of $16,000 commencing in 2016 for domestic (Commonwealth-supported) students per annual full-time enrolment (48 points of credit) in any of our five undergraduate degrees (BSc, BA, BCom, BDesign, BPhil(Hons)). The price will be subject to annual indexation.

The University of Western Australia has developed this pricing proposal based on the following points.

- The pricing is commensurate with UWA’s standing as one of Australia’s leading universities, and one of the world’s top 100 universities.
- The proposed pricing scheme is simple, and easily understood. Each (6-point) subject unit will incur a HECS charge of $2000.
- All UWA undergraduate degrees lead to a range of professional degrees at the postgraduate level, each with a high level of flexibility.
- Student choice of units will not be influenced by differing prices per unit of study. Instead subject choice will be academically-motivated, by interest and career plan.
- While the cost to deliver units will vary, with higher delivery costs for laboratory-based disciplines, the cost disparity will be offset by different levels of Commonwealth contribution per funding cluster.
- The pricing addresses reductions in cluster funding proposed in the current legislation, as well as reductions in funding imposed by the previous government, and funding deficits identified in the Bradley and Lomax-Smith Reviews.
- Undergraduate degree fees will need to rise by on average 30 per cent to simply maintain the current funding level. For example, in the case of UWA’s most popular course – science, including engineering science majors – the University’s fees would need to rise to $14,213 just to compensate for the recent funding cuts without raising a single extra dollar for the University.
- 20% of the increased revenue will provide additional support for disadvantaged students (including rural and indigenous students). Additional funding will also be directed to improving the quality of education and the student experience at UWA.

The University has decided to be among the first in the country to signal its pricing intentions through this submission to counter much uninformed speculation about possible fee levels. The University of Western Australia is offering future students the possibility to obtain a three year undergraduate degree from one of the world’s top 100 universities for under $50,000.

In addition, the University feels compelled to announce its fees strategy at the earliest opportunity to provide greater certainty to current and prospective students regarding its pricing plans in a deregulated market. However, this fee pricing strategy would need to be reconsidered should the Senate amend the Bill.
The University of Western Australia welcomes the opportunity to outline its views on the future of higher education in Australia. The Higher Education and Research Reform Amendment Bill (2014) provides a rare opportunity to ensure Australia has a world class higher education sector that will deliver further benefits to Australia and its citizens. While there are particular aspects of the Bill that require further careful consideration and amendment, the University of Western Australia urges the Senate to support the proposed higher education reforms. Doing so will ensure Australian universities are appropriately and sustainably funded, provide greater choice to students through increased competition and encourage universities to differentiate and play to their strengths.