HIGHER EDUCATION AND RESEARCH REFORM AMENDMENT BILL 2014

Murdoch University submission to the Senate Education and Employment Legislation Committee, September 2014

19 September 2014

To members of the Committee

Murdoch University would like to thank the Committee for the opportunity to make a submission to its review of the Higher Education and Research Reform Amendment Bill 2014.

Murdoch University is located in metropolitan Perth, Western Australia. It is a comprehensive Australian research university that is ranked in the world’s top four percent of Higher Education institutions and is ranked 60 in the top 100 universities under the age of 50 (THE World University Rankings 2013-2014). The University has a strong focus on equipping graduates with both scholarly and ‘hands-on’ experience. It is proud of its reputation of raising participation rates of first-in-family and low SES students in university studies. Our researchers routinely engage with significant social and scientific challenges, contributing to existing knowledge and to new innovation. The University is renowned for its translational research where leading scholarly knowledge is applied to real world problems.

Murdoch has developed significant strengths in a select range of academic fields covering the natural and life sciences, medical sciences and social sciences. This emphasis has been instrumental in making the University a robust international research-led institution pursuing excellence. The University has combined this focused approach with an active commitment to access and equity, and to developing community engagement. This means that we have a particular set of concerns regarding the higher education legislation currently before the Australian Parliament. These sit next to some more general comments on the wider impact the suggested changes have for the Australian higher education sector.

Murdoch welcomes the Government’s initiative in addressing the pressing issue of the ongoing financial viability of Australian higher education. In real terms, funding per student has been declining steadily over recent decades and universities are now facing the situation where they are increasingly unable to absorb cuts. Governments of both political persuasions have not been willing to redress the funding shortfall in the sector.

The reform package currently before the Parliament suggests a way around this impasse. This has become a pressing imperative to ensure that Australia’s university system can maintain and develop its record as a high quality provider of higher education both domestically and as Australia’s fourth largest export industry. In the context of further Commonwealth budget cuts to universities and in particular to the government funding of student tuition costs, deregulation will allow universities to raise the additional revenue through increased student contributions to ensure the continued delivery of quality higher education.

Murdoch is encouraged by the Government’s expressed wish to increase participation in higher education through its reform package. In this regard the University considers it critical to strike a balance between meeting the revenue shortfall and the financial burdens imposed on students. Murdoch is exploring the percentage increase of fees to meet the revenue needed while remaining steadfast about the importance of retaining the HECS-HELP scheme and students’ ability to defer payment.
Currently the Bill proposes a reduction of funding per student that overall amounts to a 20% cut. In line with the other universities in the Innovative Research Universities (IRU) group, Murdoch considers that this level of reduction should be ameliorated so that Government funding can be retained at more reasonable levels. This is of special concern to universities like Murdoch where the balance between revenue shortfall and student affordability can be directly correlated with the participation rates of some our key demographics. There is also the wider issue of the need for public investment in the sector to ensure the development of the skills, knowledge and social capacities critical to the nation’s long-term prosperity.

The IRU is making a submission on how the Bill may be changed on a number fronts to overcome what the group sees as weaknesses in the Government’s reform plan. Murdoch would like to make an emphatic case about the proposed changes to the indexing of graduates HELP debt to the ten-year bond rate.

The argument for this change to graduate debt indexing has centred on the need for students to make a greater contribution to the cost of their education and the earnings gains they will benefit from overtime. Murdoch would like to suggest that there is an assumption underpinning this view that needs to be critically assessed. This entails the pattern of how students proceed through higher education. In the prevailing discussion, it is assumed that students progress more or less continuously from high school to a university degree and finally into the work force. This traditional model of educational progression is by no means universal and is becoming less the norm.

What is becoming more common is people accessing higher education at various and differing points in their work and life cycles. People return to study to up-skill or re-skill in pursuit of career advancement or because of shifting demand in labour markets. There is also a distinct cohort that enters higher education later in life for the first time after being in the labour market for sometime. In addition, people who have been out of work can use a return to study as a pathway from welfare back into the labour market.

Murdoch has a strong record in facilitating access into higher education that does not readily fit the traditional model often assumed in the current public debate. A considerable proportion of our student population is mature age.\(^1\) We operate a range of special pathway and articulation programs that enable students without the regular entry requirements to track into university studies.\(^2\) We have recently established a program with Centrelink to assist students into study. Moreover, Murdoch is a stand out case in Western Australia with a significant percentage of our students coming from low SES backgrounds.\(^3\)

Across the range of cases, the incurring of higher debt will have a dampening effect on patterns of participation. It will certainly pose strong disincentives to those groups already carrying levels of debt associated with such things as housing and child rearing, quite aside from the negative effects for people on lower incomes, and those who are out of the labour force for periods of maternity and parental leave.

The impact of the new debt indexing arrangements on all of these groups is of serious concern to Murdoch given our ongoing mission to raise participation rates among non-traditional demographics.

Second, we would like to draw attention to another problem associated with the new debt indexing arrangements. This concerns its impact on the willingness of those qualified to take on higher degree study. The incurring of greater debt at the undergraduate level combined with income foregone during years of higher degree study and subsequent modest academic income levels, presents a strong disincentive for potential candidates. This is not simply about individuals no longer taking on further higher-level study. It also has much wider ramifications for the nation’s abilities in building a knowledge economy. Societal capacity building is directly correlated with people undertaking higher degree training, and any diminution in this area should be of grave concern to our nation’s policymakers.
Finally, there is the related issue of the distribution of funds under the Commonwealth Scholarships Scheme (CSS) to support students from disadvantaged backgrounds. We strongly advocate that these funds be pooled for distribution to universities based on enrolments of the target group of students along with an established record of improving access and equity. This would mean that the pooled funds would flow back to a provider on the basis of the proportion of students it has enrolled from the target groups thus ensuring that the scholarship scheme is properly focused on supporting eligible students. It would also make it less susceptible to forms of gaming, for instance, where it is used as a recruitment ploy by an institution to lure potential students who have not prioritized that university.

A key emphasis of this pooling approach is on demographic criteria rather than geographic location, applicable to students in the target groups from both metropolitan and regional areas. The pooling and distribution of CSS funds along these lines will positively assist those universities with active and genuine commitments to increasing access and equity to realize the set aims of the scheme.

To summarize, there are three major points we urge the Committee to consider in amending the Bill:

- That the Government draw back from the 20% cut in student tuition funding to a more reasonable and appropriate level of public investment in higher education
- That student HELP repayments be indexed to CPI and not be set to the 10 year bond rate
- That the Commonwealth Scholarship Scheme be structured on a pooling basis and orientated according to demographic criteria covering metropolitan and regional institutions

Murdoch would welcome discussion on any aspects of this submission with Committee members.

Notes

1 The percentage of Mature Age students commencing at Murdoch University in 2013 was 46.3%, compared to national average of 36.9%. Murdoch’s all-load undergraduate students for the same year was 59.7% Mature Age. Sources: Murdoch University internal data; Selected Higher Education Statistics—2013 Student Data, 2013 Commencing Students, Table 1.2


2 Murdoch’s key pathway program is OnTrack:

   http://our.murdoch.edu.au/Student-life/Study-successfully/OnTrack/

3 23.8% of all undergraduate students at Murdoch University in 2011 were from Low SES backgrounds, compared to the WA state average of 13.9%.

   Source: Low SES (postcode measure) 2011 SEIFA Education and Occupation Index. Selected Higher Education Statistics—2013 Student Data, Appendix 2, Equity groups, Table 2.6