

Higher education reforms briefing followed by a panel discussion on the implications for HASS

Chair

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The Government's Higher education funding plans

15 September 2017

Conor King

Executive Director



**CHARLES DARWIN
UNIVERSITY**

**JAMES COOK
UNIVERSITY**

**GRIFFITH
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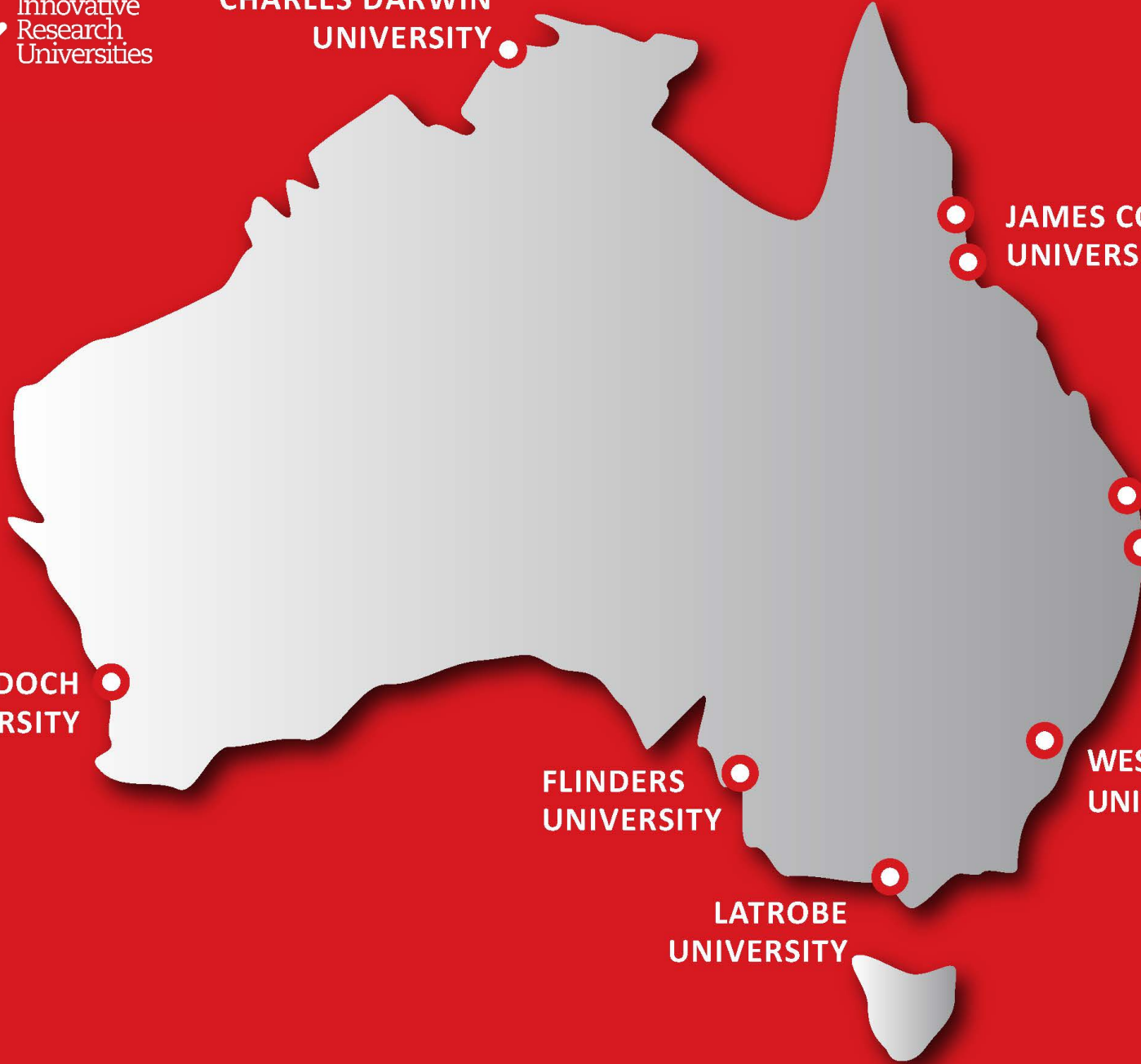
**MURDOCH
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**FLINDERS
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**WESTERN SYDNEY
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**LATROBE
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*Inclusive
Excellence*



The political realities

- Legislation passed House of Representatives. Reach Senate week 16 October 2017
- Labor (26), Greens (9 – 2), Senator Lambie oppose: 36
- Government (29) looking to align:
 - Senators Leyonhjelm and Bernardi
 - One Nation (4)
 - Nick Xenophon Team (3)
 - Senator Gichuhi
 - Senator Hinch
- Nick Xenophon Team crucial to any chance of passage

Why is there a HE fiscal challenge?

- A degree or VET the standard required. From 2005 to 2015 of those in the workforce
 - HE qualification from 23% to 31%
 - VET qualification from 26% to 32%
 - Without post school qualifications from 42% to 32%

Growth in enrolments, 2009 to 2015 (equivalent full time students)

Discipline Group	2009	2011	2013	2015	Change	% Change
Health	64,649	75,485	84,583	93,105	28,456	44%
Natural and Physical Sciences	63,029	70,773	80,936	84,777	21,748	35%
Creative Arts	42,589	47,224	54,040	56,791	14,202	33%
Engineering and Related Technologies	26,983	30,118	33,571	35,134	8,151	30%
Agriculture, Environmental and Related Studies	5,909	6,621	7,290	7,564	1,655	28%
Information Technology	14,838	15,350	16,945	18,831	3,993	27%
Education	39,911	42,238	47,135	48,119	8,208	21%
Law	26,265	26,948	28,446	30,906	4,641	18%
Society and Culture (excluding law)	103,806	111,213	118,993	122,088	18,282	18%
Management and Commerce	59,524	60,531	64,152	66,349	6,825	11%
Architecture and Building	11,151	11,624	11,251	11,705	554	5%
TOTAL	458,654	498,125	547,342	575,369	116,715	25%

The trilemma $3 = 1+2$

1. **Government fiscal resistance: decreasing commitment**
2. **Student charges - difficult to increase**
3. **University pressure for revenue to meet expectations: increasing**

Pyne solution

- **20% reduction in Government base funding**
- **Universities to set student contribution to any level**
- **Government saves, university revenue maintained or improved, education potentially better**
- **Risk of \$100,000 degrees undermined changes**

Birmingham solution

Government saves: less revenue puts pressure on education

- 1. 'Efficiency dividend' cut to base funding of 5%**
- 2. Students pay a further 7.5% with matching reduction in Government base funding**
- 3. HELP repayments toughened – lower initial payment point, rates on higher incomes increased**
- 4. 7.5% of base funded tied to 'performance'**
- 5. Postgraduate voucher scheme**

Some positives and further negatives

6. HEPPP built into legislation as a per student rate
7. Opening up of sub-bachelor places
8. Changing enabling
9. NZ and permanent residents become fee paying

Impact for CGS and Student payments

		2017	2018	2019	2020	2021
For every \$100 of revenue from Commonwealth grant scheme and student contributions						
Govt	Base from previous year	\$58.00	\$58.00	\$55.78	\$53.61	\$52.81
	Less student increase		-\$0.77	-\$0.78	-\$0.79	-\$0.81
	Efficiency dividend		-\$1.45	-\$1.39	\$0.00	\$0.00
	New Total		\$55.78	\$53.61	\$52.81	\$52.01
	Loss		-\$2.22	-\$4.39	-\$5.19	-\$5.99
	Percentage change from 2017		-3.8%	-7.6%	-8.9%	-10.3%
Student	Base from previous year	\$42.00	\$42.00	\$42.77	\$43.55	\$44.34
	1.824% increase		\$0.77	\$0.78	\$0.79	\$0.81
	New total		\$42.77	\$43.55	\$44.34	\$45.15
	Gain		\$0.77	\$1.55	\$2.34	\$3.15
	Percentage change from 2017		1.8%	3.7%	5.6%	7.5%
University revenue		\$100.00	\$98.55	\$97.16	\$97.16	\$97.16
	Loss		-\$1.45	-\$2.84	-\$2.84	-\$2.84
	Percentage change from 2017		-1.5%	-2.8%	-2.8%	-2.8%
	Student %	42%	43%	45%	46%	46%
	Government %	58%	57%	55%	54%	54%

Government argument

- Overall fiscal problem requires all areas to contribute
- University revenue grown substantially, should allow for an efficiency
- Evidence of change in expenditures suggest further efficiencies possible
- Need stronger pressure to perform
- Resolve problem of how to fund postgraduate places

University arguments against

- the challenges ahead for the future of work
- the need for university to plan ahead, using sensible levels of annual surpluses to renew and reinvent
- universities use well the resources now provided
- the annual efficiency taken by Government
- the comparison internationally
- the contrasting approach to school funding that provides a reasonable level of resource per student.

Playing with data

- Government HE expenditure growing faster than GDP
- Universities spending that much less on educating students than previously
- Government funding due to grow by 23% by 2021
- Average funding per head higher than previously

**23% growth in Government expenditure? (\$
billions)**

Overall cash - Yes

	2017	2021	Change	
All programs	\$17.2	\$21.1	\$3.9	23%

CGS : No!

	2017	2021	Change	
CGS	\$7.1	\$7.1	\$0.0	0%

Nor research, HEPPP or other stuff..

	2017	2021	Change	
CGS	\$7.1	\$7.1	\$0.0	0%
HEPPP	\$0.14	\$0.16	\$0.02	14%
Research grants	\$2.8	\$3.1	\$0.3	11%
Other	\$0.7	\$0.9	\$0.2	29%

Cash advance on loans... Yes

	2017	2021	Change	
HELP loans	\$6.4	9.8	\$3.4	53%

Which loans: not HECS for funded students. But Fee-HELP..

	2017	2021	Change	
HELP loans	\$6.4	9.8	\$3.4	53%
HECS HELP	\$5.1	6.2	\$1.0	20%
Other HELP	\$1.3	3.6	\$2.4	189%

HELP is not normal 'expenditure' – except when it suits..

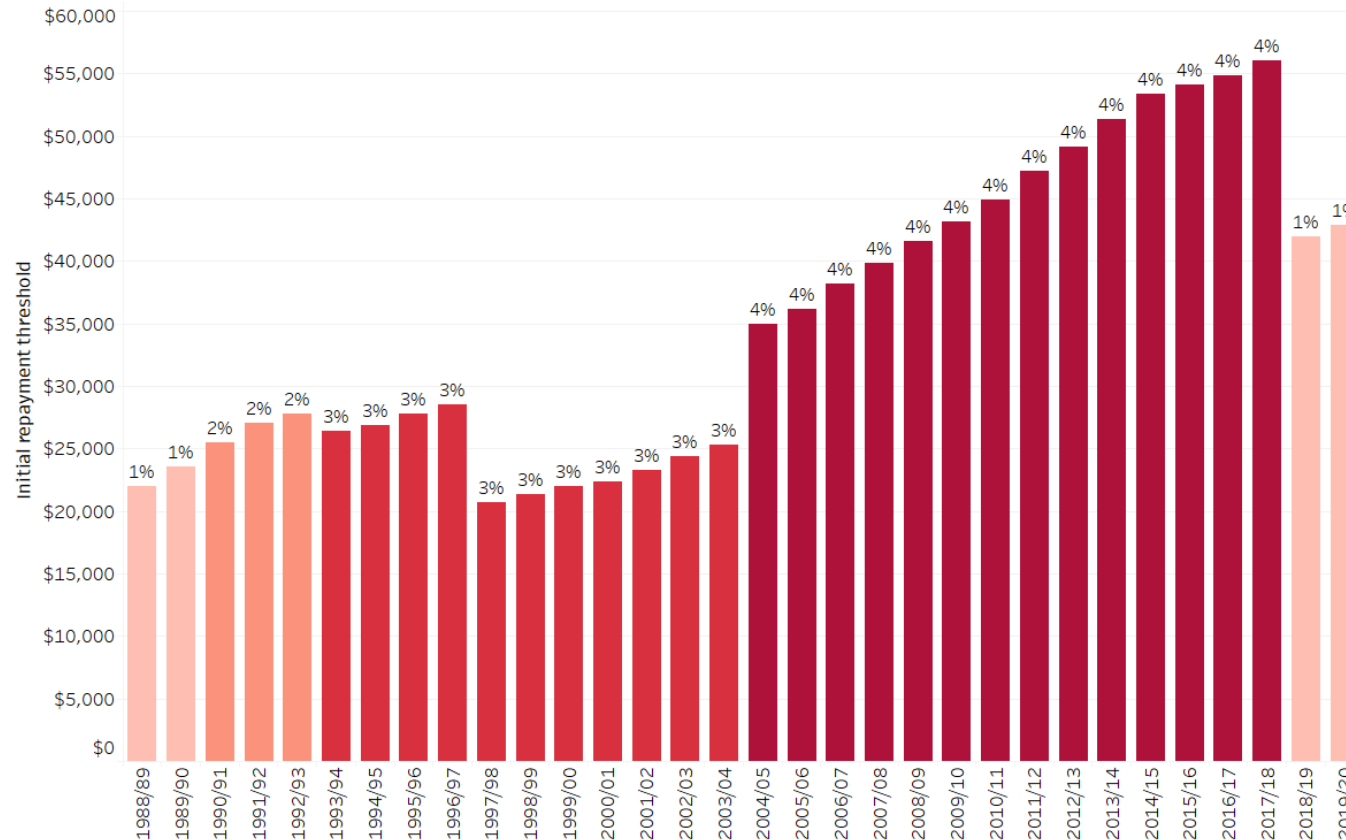
	2017	2021	Change	
CGS	\$7.1	\$7.1	\$0.0	0%pp
HECS HELP	\$5.1	\$6.2	\$1.0	6%pp
Other HELP	\$1.3	\$3.6	\$2.4	14%pp
Research grants	\$2.8	\$3.1	\$0.3	2%pp
Other	\$0.8	\$1.1	\$0.2	1%pp
Total	\$17.2	\$21.1	\$3.9	23%

HELP threshold debate

- From contribution (good to pay) to loan (bad not to repay)
- Living income, other pressures
- Sustainability of HELP

HECS then HELP income threshold for repayment 1989-90 to 2017-18

Initial HELP repayment thresholds: 1988/89 - 2019/20



Performance contingent funding

What little we know:

- Annual process with outcome known in advance of year
- Hence data sets must be a year or more dated
- Balance university by university differences with overarching objectives

Postgraduate vouchers

- No information about basis on which Government wishes to select
- Roughly 35,000 out of annual over 90,000 PG commencing students
- Criteria:
 - Discipline and course?
 - Student background?
 - Student capability?

Other elements

QUESTIONS?