

Slashing university funding cannot be masked by wishful thinking

The Innovative Research Universities (IRU) urges the Senate to examine closely the claim that total university funding will increase if the HE reform package is passed. The claim is based on highly speculative assumptions that mask the real and calamitous impact that the package will have on Australian universities, on future students and on thousands of jobs.

The cuts will not be offset by wishful thinking about being saved by New Zealanders and permanent residents.

“The Minister for Education and Training has repeatedly said that universities will enjoy funding growth of 23% from 2017 to 2021. Yet the Government's own figures show that Commonwealth Grant Scheme (CGS), the main funding for Australian students' education, will see zero growth over this same period” says Professor Colin Stirling, IRU Chair.

So how is the claimed increase to occur?

“The Government's modelling is predicated on an unprecedented surge in the numbers of Permanent Residents and New Zealanders choosing to study in Australia. The Government's modelling requires the number to more than treble from 20,000 to at least 64,500. This assumes more Permanent Residents and New Zealanders students will choose Australian universities under the package because they will be eligible for Fee-HELP.”

This projected growth is highly improbable.

Another part of the HE reform package means that students would no longer be eligible for CGS support. The Government's modelling assumes that their fees will nearly treble - to over \$100,000 for an engineering degree (up from \$37,412) or \$60,000 for a nursing degree (up from \$19,683).

Will Permanent Residents and New Zealander students swallow this fee increase? Some might, but a significant percentage of these students are mature age. The international evidence demonstrates that such students are highly price sensitive and will flee the system, as happened in the UK.

“Based on the evidence, the proposed changes will be a substantial disincentive for prospective Permanent Residents and New Zealander students.

Rather than stimulating a growth surge of 64,500 full-fee paying students in the sector, the evidence predicts a decline. Thus, the claimed funding from extra students simply evaporates. Instead, the sector faces yet another financial crunch as Permanent Resident and New Zealander students vote with their feet.

The cuts being proposed for universities are deep and damaging and will not be offset by wishful thinking. They will cost jobs in every State and Territory by asking students to pay more to get less.

“The Senate should act in the national interest to protect our world-class higher education sector by opposing the proposed reforms to Higher Education” said Professor Stirling.

END

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Demystifying the 23% funding increase fallacy- Government predictions of growth in Commonwealth higher education expenditure, 2017 to 2021

	2017 \$b (estimate)	2018 \$b (estimate)	2019 \$b (estimate)	2020 \$b (estimate)	2021 \$b (estimate)	Change	% of change
CGS	\$7.1	\$6.9	\$6.9	\$7.0	\$7.1	\$0.0	0%
HECS HELP	\$5.1	\$5.3	\$5.6	\$5.9	\$6.2	\$1.0	6%
Other HELP	\$1.3	\$2.5	\$2.9	\$3.2	\$3.6	\$2.4	14%
HEPPP	\$0.1	\$0.1	\$0.2	\$0.2	\$0.2	\$0.0	0%
Research grants	\$2.8	\$2.9	\$2.9	\$3.1	\$3.1	\$0.3	2%
Other	\$0.7	\$0.8	\$0.8	\$0.9	\$0.9	\$0.2	1%
Total	\$17.2	\$18.6	19.2	\$20.2	\$21.1	\$3.9	23%

Source: Government tables released to justify the 23% claim. IRU has estimated how much of that is HECS-HELP based on the known proportionate relationship to the Commonwealth Grant Scheme – starting at 42% student payments to 58% Commonwealth Grant Scheme in 2017 and changing through to 46% to 54% in 2021.

	2017–18 Target	2018–19 Target	2019–20 Target	2020–21 Target
Government predicted number of places for which FEE-HELP loans are paid	84,300	135,100	141,600	148,800

Source: Department of Education and Training, Portfolio Budget Statement 2017-18