

Andrew Herd
Director Higher Education Reform
Higher Education Reform Feedback
Higher Education Group
GPO Box 9880
CANBERRA ACT 2601

Dear Mr Herd

RE: SUBMISSION TO HIGHER EDUCATION REFORM GROUP

On behalf of Charles Sturt University (CSU) I am pleased to respond to the Federal Government's "*Driving Innovation, Fairness and Excellence in Australia Education*".

Charles Sturt University (CSU) is Australia's largest regional university, with more than 39,000 students and approximately 2,100 FTE staff. Established in 1989, the University traces its roots to the formation of the Bathurst Experimental Farm and Wagga Wagga Experimental Farm in the 1890s.

In one form or another, research, innovation and education has been integral to the University's character and mission for more than a century.

The options canvassed are wide ranging and have the potential to effect deep disruptions in the Australian higher education sector.

Change is needed, but as a university with a very distinct and important mission we are concerned that we protect the best of what has been achieved as well as facilitating growth and adaptation into the future.

We value the opportunity to contribute to further debate about reform of the sector and look forward to further discussions after the Government has had time to digest all the feedback.

In the interim, please do not hesitate to contact my office on email: vc@csu.edu.au or telephone: 02 6338 4209.

Yours sincerely



Professor Andrew Vann
Vice-Chancellor

July 2016

SUBMISSION TO HIGHER EDUCATION REFORM GROUP

**DRIVING INNOVATION, FAIRNESS AND EXCELLENCE IN
AUSTRALIAN HIGHER EDUCATION**

Charles Sturt University

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Terms of Reference

On 3 May 2016 the Minister for Education and Training, Senator the Hon Simon Birmingham, released an options paper concerning future higher education policy: *Driving Innovation, Fairness and Excellence in Australian Higher Education*. The Minister subsequently invited feedback on the paper and policy issues raised.

The following is provided as context in the consultation paper:

“The Government welcomes feedback on the ideas presented in this paper and any other ideas to improve Australia’s higher education system that stakeholders wish to raise. Submissions should recognise the need to put the funding of Australia’s higher education sector on a sustainable footing for institutions, students, the Government and taxpayers, including currently budgeted savings.

The Government and Minister, informed by the Expert Advisory Panel, will work with students, parents, employers, higher education providers and peak bodies to finalise legislation for its revised reform proposals.”

Key Recommendations

Opportunity and Choice

- Recommendation:** We do not support the provision of subsidies for all undergraduate courses at all registered higher education providers.
- Recommendation:** To improve participation rates for students from non-traditional backgrounds, a demand driven system for sub-bachelor courses should be introduced at all public universities.
- Recommendation:** CSU supports a more equitable process for allocating subsidised postgraduate places between universities and across courses and this should include better targeted support for courses identified as delivering significant community benefit and limited private benefit.
- Recommendation:** Introducing time-limited learning entitlements for Commonwealth subsidies would disadvantage students from non-traditional backgrounds.
- Recommendation:** We do not support the full introduction of demand driven funding for postgraduate work.

Fairness and Equity

- Recommendation:** It is important that the Higher Education Participation and Partnerships Program (HEPPP) is retained, and framed in a way that enables holistic and systematic whole of university programs. As well, funding should be targeted to evidence-based approaches where evaluation guides and informs practice.
- Recommendation:** We agree with the need to evaluate, but suggest that the performance of individual universities not just the sector, is studied. That is, it is important to understand how the funding/program framework enables effective support at universities with the highest number of students, and universities that can demonstrate improved outcomes.
- Recommendation:** Given the particular role of regional universities and evidence of the success of our holistic approach on access participation and success of regional and rural, Indigenous and low-SES Australians, we suggest consideration of rolling the bulk of HEPPP funds into a regional loading.
- Recommendation:** Stability and the ability to design and deliver multi-year organisation wide programs of funding is important.
- Recommendation:** Establish an integrated, regional development focused set of policies to support regional and rural universities to further grow and diversify regional communities and economies.

Recommendation: Ensure policy focus does not simply support regional presence, but supports regional and rural universities that are embedded in and part of regional and rural Australian communities.

Recommendation: Look beyond singular focused infrastructure or technological solutions, to a multi-faceted view of rural and regional higher education, taking into account the different, and often-unique challenges and opportunities faced by various institutions.

Excellence and Quality

Recommendation: CSU recommends the Flagship Courses model not be pursued, seeing it as more a marketing exercise for universities than policy designed to deliver real innovation or results for students

Recommendation: CSU recommends not pursuing Flagship Course as we believe they are likely to increase the cost to students of delivering vital skills and qualifications needed by rural and regional Australian economies and/or act as a disincentive for potential students to undertake such courses.

Recommendation: The purpose of Quality Indicators for Learning and Teaching (QILT) be affirmed as quality and performance in learning and teaching to ensure purity of function.

Recommendation: Attrition benchmarking information be made available on the Department's website but not on QILT.

Recommendation: Student-centred market research be undertaken to determine what improvements to QILT would be of value before proceeding.

Recommendation. Any review recognise different information for student decision-making best resides in certain locations but must be integrated to improve value.

Recommendation: Improvements consider the use of consistent branding of QILT and Admissions and linking from provider information sources through a code of practice.

Affordability

Recommendation: Cluster funding should represent the academic program and subjects, rather than mode of delivery or characteristic of student, which should be addressed separately.

Recommendation: Some adjustment to student contribution, for example up to 15 per cent would be acceptable, but not at the rate required by the original deregulation proposal.

- Recommendation:** Potential consolidation of clusters should be considered, with caveat that no discipline disadvantaged by changes.
- Recommendation:** Student load funding should be at a level required to support teaching and learning, as well as a base level of scholarship and research. The importance of research outside areas supported through the National Innovation and Science Agenda (NISA) and other government initiatives should be recognised.
- Recommendation:** Establishment of a policy process examining the cost of university to students as part of a broader intergenerational fairness economic narrative, and how cost of access to higher education interacts with other elements of intergenerational economic circumstances.
- Recommendation:** Establishment of measures to recover debts owed by deceased estates, in line with recent moves to recover debt from graduates who have relocated overseas should be considered.
- Recommendation:** Adjustments to repayment thresholds and rates should be considered

Introduction

Charles Sturt University is very pleased to have the opportunity to respond to this options paper. Australia's universities urgently need certainty, policy and funding stability if they are to fulfil their important role to help our country transform and meet a challenging future.

The options canvassed are wide ranging and have the potential to effect deep disruptions in the Australian higher education sector. Change is needed, but as a university with a very distinct and important mission we are concerned that we protect the best of what has been achieved as well as facilitating growth and adaptation into the future. We also note that across different section of the paper, various suggestions canvassed appear to contradict objectives stated elsewhere. As such, any package of change requires careful consideration, ensuring all policy measures drive at uniform outcomes.

For the record, we would like to comment on the assertion that the Coalition's higher education reform package had the support of almost all Vice-Chancellors. Whilst not objecting to fee deregulation as a matter of principle, the Vice-Chancellor of Charles Sturt University is on public record as having deep concerns about the level of cuts proposed in the package and very substantial concerns about the potential for market failure both in metropolitan and regional areas under the settings proposed.

The package as proposed did not have the support of Charles Sturt University.

Repeated studies have shown the significant public return from investment in higher education. We acknowledge the significant increase in funding to the higher education sector over recent decades. We would however note the enormous productivity and efficiency gains that have been achieved by universities through this period.

As a sector, we are successfully educating and graduating a wider demographic of students than ever before, many of whom in decades past would not have dreamed of university as an option.

This is building the skills base of the nation as we move to a more innovative and higher value-add economy. We have substantially increased the number of Indigenous enrolments and completions. We have improved the quality of learning and teaching significantly and revolutionised pedagogy including the use of technology. We have built one of Australia's largest export industries through international education. We are better integrated with industry than ever before, even if we have still more to do in that space. We are far more productive in research than ever before and have a greater appreciation of quality and impact. Australian universities are taking community and industry engagement much more seriously than ever before.

The Australian university system is recognised as being a global exemplar.

All of this has been built on investment from Government and from the entrepreneurialism, hard work and dedication of university staff who are working harder, more efficiently and more effectively than ever before. This is a significant call on public funding, but an enormously valuable one.

We note the request that responses recognise the need for a financially sustainable system, including currently budgeted savings. However, we respectfully reject this premise and consider that the economic case for cuts to higher education funding have not been compared to existing or proposed investments.

This is particularly so when increased costs for students will manifest as repayments for graduates which will reduce their disposable income and hence have an identical impact to increased taxation even if not strictly seen that way.

We are concerned that this will exacerbate issues of inter-generational fairness at a time when it is acknowledged that the older generations have been the chief winners from economic settings, including financial mechanisms such as superannuation, negative gearing over investment in economic innovation.

We value the opportunity to contribute to further debate about reform of the sector and look forward to further discussions after the Government has had time to digest all the feedback.

Charles Sturt University

Charles Sturt University (CSU) is Australia's largest regional university, with more than 39,000 students and approximately 2,100 FTE staff. Established in 1989, the University traces its roots to the formation of the Bathurst Experimental Farm and Wagga Wagga Experimental Farm in the 1890s. In one form or another, research, innovation and education has been integral to the University's character and mission for more than a century.

CSU is a unique multi-campus institution with campuses at Albury-Wodonga, Bathurst, Canberra, Dubbo, Goulburn, Manly, Orange, Parramatta, Port Macquarie and Wagga Wagga, as well as various study centres.

The University's commitment to the development and sustainability of rural and regional Australia is informed by the unique research focus undertaken, and the partnerships it has formed with each of its campus' local communities, local industry, and with the broader regions it serves.

CSU offers a comprehensive suite of research and academic training programs that focus on addressing rural and regional labour market needs, growing regional economies, and preparing students for the jobs of the new economy through rural and regional Australia.

As one of Australia's largest online and distance education providers, CSU has been able to leverage its course profile and special expertise in professional education to deliver nationally available study programs supporting labour market skills development regardless of student location.

Our rural and regional focus, as well as strength in online and distance education, positions CSU as a leading institution in providing higher education opportunities to first-in-family applicants, mature aged students, as well as those from disadvantaged backgrounds.

The success of the University is demonstrated by its sector-leading performance in work-integrated learning, graduate employment and graduate incomes. Underpinning this success is the close links that the University has forged with industry, both regionally and nationally.

For example, the University is internationally recognised as a leader in work-integrated learning with students spending extended periods in employment with our industry partners as part of their degree learning and applying their knowledge in practice.

Research excellence, with a strong commitment to addressing the complex regional needs through innovation, has long been at the centre of CSU's mission.

As evidenced by the recent Excellence in Research for Australia results (ERA 2015), Charles Sturt University is recognised internationally for competitive research strengths in agricultural science, horticultural production, food and wine sciences, crop and pasture production, veterinary science, animal production, education, curriculum and pedagogy, environmental science, applied ethics, philosophy, religious studies, criminology, nursing and marketing.

The University's researchers work in consultation and collaboration with end-users, industry, the professions and communities for the public good.

CSU has a proud tradition of delivering high-quality research that creates new knowledge, benefits people's lives, enhances the profitability of regional industries and helps communities grow and flourish. Through its Higher Degree by Research programs, CSU is training the next generation of researchers and professionals who use critical thinking and seek to influence the world for the better.

The recently announced AgriSciences Research and Business Park, to be located on the Wagga Wagga campus exemplifies our industry focus. The AgriSciences Research and Business Park will facilitate industry engagement and collaboration, economic growth, wealth creation, employment and skills development. Success will be evidenced by the recognition of Wagga Wagga as a world-standard centre for agricultural innovation, research and development, extension, education and training.

Today, CSU continues a 100-year tradition of engagement and leadership with our local communities, of research and innovation in collaboration with industry, expansion in the educational opportunities offered to our diverse student body, and preparing students for employment markets emerging with the evolution of regional and the national economy.

Opportunity and Choice:

The Best Options for Students

Recommendation: We do not support the provision of subsidies for all undergraduate courses at all registered higher education providers.

Private Higher Education Providers (NUHEP) provide important niche provision in the sector and their strong growth to date indicates that they have been very successful under the existing policy settings. Given the pressure on the Federal budget, there is also a strong argument to prioritise investment in publicly owned and publicly accountable institutions at this stage. CSU therefore does not support the recommendation to provide subsidies for all undergraduate courses at all registered higher education providers. As a minimum all registered higher education providers (including non-university providers) should be subject to the same public information provision, quality controls, checks and measures as university providers before Commonwealth Supported Places were rolled out widely. To date this has not been occurring and this raises concern that with an expansion of Commonwealth support we might see similar problems to those that have arisen in the VET sector.

Sub-Bachelor Courses

Recommendation: To improve participation rates for students from non-traditional backgrounds, a demand driven system for sub-bachelor courses should be introduced at all public universities.

CSU supports a demand driven system for sub-bachelor courses at public universities.

With CSU's strong focus on students from non-traditional backgrounds (e.g. rural, regional, low-SES and Indigenous Australians) sub-bachelor courses are especially important for improving access (providing pathways) for students who otherwise may not get the opportunity to study, and for enabling students to succeed in their study.

CSU currently has a cap of 368 equivalent full-time student load (FTSL) on sub-bachelor Commonwealth Grant Scheme (CGS) places. Of this, 199 EFTSL is allocated to our Study Link enabling program. Study Link is a suite of short, non-credit bearing subjects designed to increase students' skills and confidence in preparation for university success.

Our experience is that students who complete Study Link subjects are more likely to succeed in their study. In 2015 we oversubscribed Study Link and we are projected to oversubscribe again in 2016.

Our remaining sub-bachelor CGS places are allocated to Associate Degrees, Advanced Diplomas and Diplomas. By far the majority of this is allocated to our Diploma of General Studies. The Diploma of General Studies is a one-year full-time pathway program for students who wish to study at CSU but do not meet the entry requirements or require further preparation for bachelor level study. Students who successfully complete the Diploma are guaranteed entry into a CSU degree. The Diploma has enjoyed steady growth since its inception and over 60 per cent of students who complete the Diploma go on to further study at CSU.

At CSU we believe that moving to a demand driven system (removing the CGS cap) for sub-bachelor places will provide more students from non-traditional backgrounds an opportunity to succeed at university, and that this would go some way to reducing the disparity between

participation rates in regional and non-regional areas. This is especially important with the introduction of market reforms in the VET sector which has led to volatility and significant changes in TAFE and the quality of some private providers being under intense security – both of which result in fewer alternatives for country students.

Postgraduate Places to Support Innovation

Recommendation: CSU supports a more equitable process for allocating subsidised postgraduate places between universities and across courses and that this should include better targeted support for courses identified as delivering significant community benefit and limited private benefit.

Recommendation: Introducing time-limited learning entitlements for Commonwealth subsidies would disadvantage students from non-traditional backgrounds.

Recommendation: We do not support the full introduction of demand driven funding for postgraduate work.

CSU also supports a more equitable (transparent and consistent) process for allocating subsidised postgraduate places between universities and across courses. This includes better-targeted support to postgraduate courses identified as:

- Delivering significant community benefits (and where private benefits are limited). This should include the pre and post-service disciplines of teaching, nursing, policing and social welfare.
- Skills deepening qualifications consistent with NISA providing that the subsidies are effective in growing load and that there are jobs available when students complete their study.
- Being in other areas (either discipline area or demographic) of professional skill shortage.

CSU does not support the introduction of a time-limited learning entitlement for Commonwealth subsidies, as we believe this will disadvantage students who study part-time, which is a necessity for many students from non-traditional backgrounds. Many of these study half time or less and some not expect to complete even an undergraduate degree within seven years. We also do not support the full introduction of demand driven funding for some, or all, postgraduate work. While there needs to be a review of existing historical CGS postgraduate allocations to ensure they are distributed transparently against the above principles, we believe that because of significant private benefit and employer contribution to post graduate study the majority should remain fee-paying.

Fairness and Equity:

Improving Support for Disadvantaged Students

CSU has an inclusive approach that aims to enhance access, participation and success of students from equity groups. We have a specific focus on successfully enabling students from non-traditional backgrounds, with 70 per cent of our students being the first in their family to attend university. This profile is not surprising for a regional university with both on-campus and online student profile, which has a focus on access as well as excellence.

CSU's approach to access, participation and success of equity groups whether on-campus or online involves an holistic approach using systemic, organisation wide, interdependent strategies funded by different fund sources; for example: HEPPP Indigenous Support Program, Indigenous Access Strategy, Student Services and Amenities Fees, and Commonwealth Grant Support funds.

This holistic approach requires significant co-investment of funds and for this reason we argue that it is essential that the HEPPP continue, at least for regional universities where many students are likely to have demographic backgrounds that include more than one of the following: Indigenous, Rural & Remote, low-SES or first in family.

The evidence provided in this section has led to us making the following recommendations:

Recommendation: It is important that the Higher Education Participation and Partnerships Program (HEPPP) is retained, and framed in a way that enables holistic and systematic whole of university programs. As well, funding should be targeted to evidence-based approaches where evaluation guides and informs practice.

Recommendation: We agree with the need to evaluate, but suggest that the performance of individual universities not just the sector, is studied. That is, it is important to understand how the funding/program framework enables effective support at universities with the highest number of students, and universities that can demonstrate improved outcomes.

Recommendation: Given the particular role of regional universities and evidence of the success of our holistic approach on access participation and success of regional and rural, Indigenous and low-SES people, we suggest consideration of rolling the bulk of HEPPP funds into a regional loading.

Recommendation: Stability and the ability to design and deliver multi-year organisation wide programs of funding is important.

Data presented below provides strong evidence of the success of our holistic approach, and that this success is significant in comparison to the sector. Critical to our success has been the adoption of evidence-based whole of university strategies (for example the *Outreach Team*, *Study Coaches*, *1st Degree Program*, and Indigenous student initiatives) that include innovative use of technology, and the web.

CSU's inclusive ethos and long-term vision related to equity group participation in higher education has been coupled with a coherent approach to strategies that stretch across multiple years. This is critical, as a feature of the current regime that mitigates against effective and sustained outcomes is having to work with an annualised program and workforce. In particular, discontinuities created by funding staff contracts on a 10 -11 month contract may perpetuate siloed, smaller, project type approaches, rather than the required university-wide multi-year programs similar to those adopted by CSU.

CSU data from 2011 to 2015 on total actively enrolled domestic undergraduate students shows increases across all equity groups, except for students from non-English speaking backgrounds

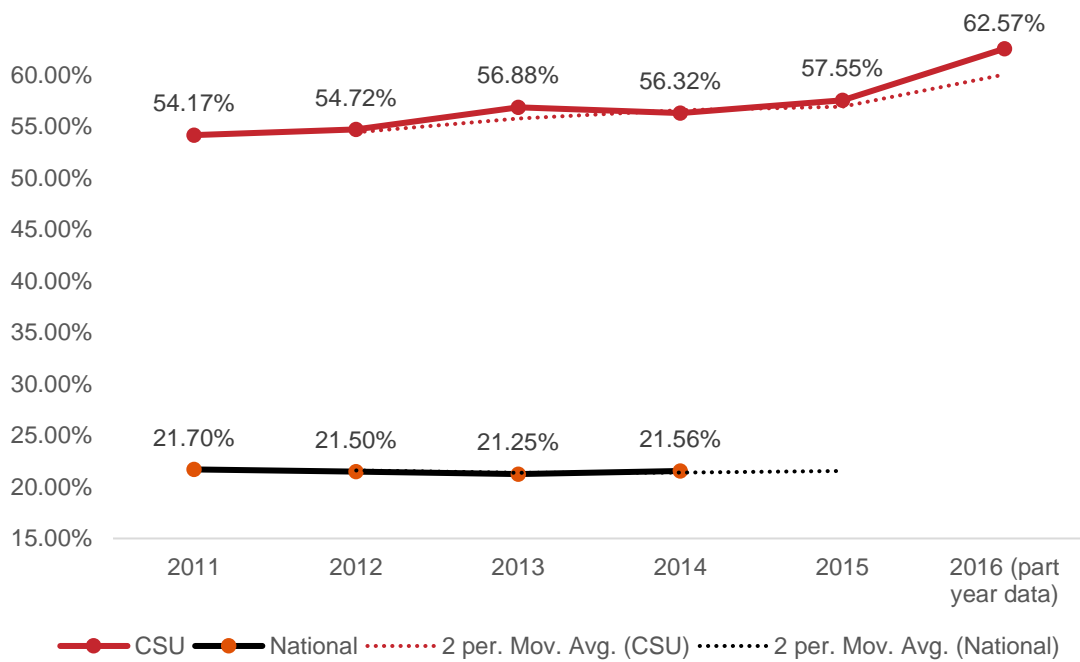
Disadvantaged group	General Community (percentage)	Higher Education enrolments (percentage)	CSU 2011 (percentage)	CSU 2015/6 (percentage)
Students from low-SES background	25.0	15.7	22.98	23.85
Persons with disability	8.3	5.5	4.0	4.7
Indigenous Australians	2.7	1.5	2.2	3.2
Regional and remote (ASGS)	25.8	20.6	55.4	59.1
Non-English speaking background	5.4	3.9	1.8	1.6

Of importance is the success of our approach with regional and remote people and Indigenous Australians. This has resulted in:

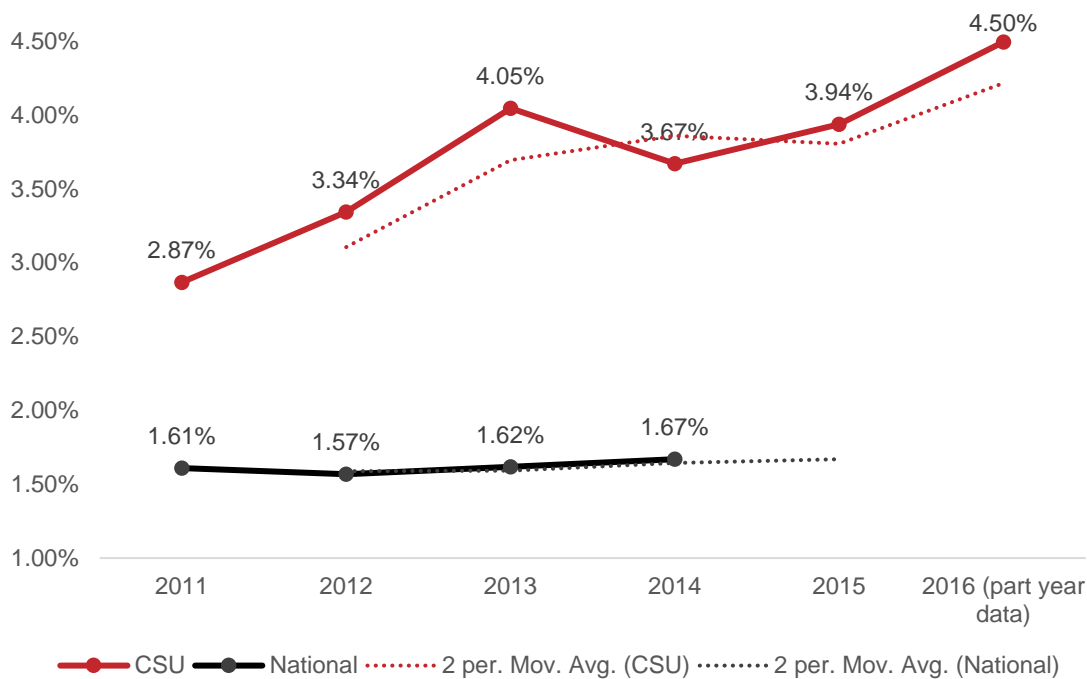
- Significantly greater numbers of regional and remote students than the average national higher education (38.5 per cent points above the national average), **and** across the past five years a 3.7 percentage point increase (from 55.4 per cent to 59.1 per cent) in the number of these students attending CSU; and
- Significantly greater numbers of Indigenous Australian students than the average national higher education (1.7 percentage points above the national average), **and** across the past five years a 1 percentage point increase (from 2.2 per cent to 3.2 per cent) in the number of these students attending CSU.

It is important to note that raising participation rates for Indigenous peoples requires more than work in aspiration with schools and/or scholarship. Success depends upon the bridge made between communities and the University and the range of strategies employed to enable students to feel a sense of belonging. CSU has a whole of University strategy underpinning this work.

Scrutiny of commencing student data presents additional evidence of the cumulative effect of our approach to equity, including through strategies such as the HEPPP funded *Future Moves* program that includes *Danygamalanha* funded through Indigenous Support Program funds. As can be seen, CSU's growth in commencing students from regional and remote areas is strong in comparison to the flatness of the national data.



In addition, CSU's rate of growth in commencements among Aboriginal and Torres Strait Islander students has outstripped the national growth rate, with the proportion now sitting well above parity with population figures.



Progress rate data provides evidence of our success in applying different funds in an evidence-based approach to impact upon student success. Although HEPPP drives a focus on students from low-SES background, we have combined different funds to enhance work with students from our footprint, resulting in targeted strategies to address the needs of regional and rural students, and Indigenous Students, many of whom are also from low-SES background.

Outcomes from this approach can be seen in the table below of progress data. Although progress rates for low-SES background students have remained around 84 per cent, significant increases occurred for Indigenous Australians (an increase of 6.9 per cent) along with moderate improvement in progress rates for students with disability and regional and remote students.

Disadvantaged group	CSU Progress Rate 2011 (percentage)	CSU Progress Rate 2015 (percentage)
Students from low-SES background	83.7	83.8
Persons with disability	74.9	77.4
Indigenous Australians	69.2	76.1
Regional and remote (ASGS)	83.3	84.7

Collectively, commencement and progress data indicate that total participation rates of key equity groups will continue to climb at CSU over the next few years, and that this will have a positive effect on completions. At this time, as CSU enrolments for equity groups involve significant numbers of distance education students enrolled part time, the full impact of our strategies is yet to be seen. However, it is reasonable to believe that the increases in equity group student enrolments and increases in equity group progress rates will lead to increases in equity group completions.

Supporting the Regional Presence of Universities

According to the Australian Bureau of Statistics (ABS), Australia's current population is slightly in excess of 24.1 million. Of this, as of 2013, 66 per cent resided in one of Australia's eight capital cities. This rate is expected to increase to 72 per cent of the population by 2053, of which 89 per cent will live in the four largest of the capitals. This makes Australia one of the most densely urbanised countries, and has already begun to present significant issues in terms of infrastructure and planning.

Along with unprecedented increases in housing costs, which has seen vast swathes of the population largely priced out of housing stock in suburban areas of the major cities, particularly Sydney and Melbourne, congestion, pollution, provision of land to meet schooling needs in growing suburbs, and numerous other issues have arisen. These are predicted to only increase as Australia's population continues to grow at a significant rate.

In short – Australia is not Singapore. While our capital cities and inner suburban CBDs will continue to play a leading role in Australia's economy and educational infrastructure, we cannot continue down the path of merely investing in the inner-capitals and hoping that the issues associated with vast population increase can be dealt with. We need to invest in the regions to better position Australia to continue to expand both its economy and population, while also maintaining liveability. Regionally based universities are a critical part of the investment that is required.

Recommendation: Establish an integrated, regional development focused set of policies to support regional and rural universities to further grow and diversify regional communities and economies.

Recommendation: Ensure policy focus does not simply support regional presence, but supports regional and rural universities that are embedded in and part of regional and rural Australian communities.

Recommendation: Look beyond singular focused infrastructure or technological solutions, to a multi-faceted view of rural and regional higher education, taking into account the different, and often-unique challenges and opportunities faced by various institutions.

Contribution to Regional Economies

Regional universities play a major role in the economic and social landscape of regional communities across Australia. We are drivers of economic activity and expansion, important infrastructure centres, producers of the skills and expertise required by industry, and increasingly play an expanded role in social and community settings.

CSU is particularly proud of our status in our communities. Singularly amongst Australian regional universities, we are truly multi-campus, and consider ourselves a unique part of each community we operate in, whilst still also remaining true to our “one university” ethos. This is demonstrated most particularly in the economic impact we have in our regions.

In research undertaken for CSU by the Western Research Institute, the University was found to have an annual flow-on regional economic output of just under \$1 billion. For every \$1 of CSU activity, a multiplier effect of \$4.75 was found, and our out-of-region student load of just over 8,000 was found to represent an additional \$60 million income for our regions. Given our significant expansion in Port Macquarie, we are expecting that future figures will increase.

However as universities, and under the current policy environment, we are limited by the extent to which we can further expand this contribution. Provision of services, infrastructure and the associated requirements is more expensive in regional and rural Australia. At the same time, compared to major metropolitan areas, we often lack the ability to find efficiencies in volume – the efficiencies of scale cannot be delivered when scale beyond that already captured is not possible.

In such circumstances, universities are reliant on government, both state and federal, to provide the policy setting and funding availability to fully realise the potential of regional and rural Australia. As the options paper notes, pursuing higher education is an often-costly proposition for regional students – and this barrier remains represented in figures demonstrating lower rates of higher education enrolment and completion amongst rural and regional student groups. While as universities we are committed to putting in place what measures we can to improve this situation, we are reliant on government support to further enable this.

We believe the tide of public and political opinion is turning and it is clear from the 2016 Federal Election that regional electorates expect an innovation agenda that speaks to their concerns. As noted above Australia is not Singapore and cannot set its national strategy as if it needed to think solely about capital cities. If we wish to harness the full potential of our regions, a process in which universities must play a critical role given the needs for education and skills in economic growth and expansion, then government funding streams must be made available.

Infrastructure or Loan Facility

As seen throughout the 2016 federal election campaign, the provision of funding, whether infrastructure, capital or other, too often appears to hinge on the political dynamics of the electorate

in which a university or other recipient falls. Marginal seats see a race to support, while safer electorates face a more difficult road towards funding provision.

This is ultimately a self-defeating circumstance. While measures in marginal electorates may actually represent real need and a positive use of funds to drive growth and economic expansion, it leaves other areas of equal or greater need, with strong cases for similar arrangements, in a disadvantaged position. While an argument may be made that the provision/financing of a new infrastructure fund or loan facility represents part of the answer to this conundrum – and in turn drives the take up of higher education and subsequent economic and social benefits in rural and regional areas – it is a limited view of the overall issue.

While there are circumstances where infrastructure funding is the question/matter at hand, what is actually of greater concern, and would ultimately represent a better use of government money with higher outcomes, is a form of real, long-term support. Regional universities produce proven outcomes for regional communities. We drive economic expansion and growth, as well as social development. But we need government to support us in supporting the regions.

Such a long-term support mechanism or fund – not a short term transitional arrangement but future planned investment - would represent a true mechanism to overcome the costs of smaller, fragmented markets, and drive the outcomes that regional Australia can deliver for the nation as a whole. Vitally, it is not simply a handout or call for additional funding. Rather, it is an investment to deliver real outcomes and in turn drive the growth in higher education, and subsequently regional economies, that delivers back into the national economy and employment markets.

Noting the, at times, competing demands of various policy portfolios, CSU would also recommend that such an approach may be delivered through a more inclusive, whole-of-government regional development policy. This would enable institutions such as CSU to engage with Ministers, government departments and other private sector and community stakeholders to tie in with existing regional development and regional education strategies, delivering the improved outcomes and return on investment that comes from addressing all issues, rather than a fragmented approach which only addresses individual concerns as they arise.

Expansion, Better Utilisation, or Rationalisation

As a multi-campus institution, CSU has first hand experience in the benefits that may arise from the linkage of campuses across regions, and the rationalisation of infrastructure to ensure best usage. Our multi-campus operation allows the university to develop certain economies of scale where they would not otherwise exist, as well as strive to streamline other operations as much as possible, developing a lean but focused organisation and freeing up capital for use in more productive areas.

Given this, CSU supports measures to best utilise existing facilities and rationalisation of existing estates. However this must only be in relevant and proper circumstances. It must not be used as a reason to prevent investment in regional areas and regional institutions. Experience from Australia and other countries, such as the merger of UMIST and the University of Manchester, suggests that there can be far greater benefits released from rationalising educational institutions in urban areas rather than in regions.

Similarly, our experience in using study centres and virtual networks, as well as our major expansion into Port Macquarie, demonstrates the potential for both transformative infrastructure investment, and the prioritisation of networks and virtual teaching. As with rationalisation however, the key is that the solution must be appropriate to the circumstance. Rather than attempt a one-size-fits-all approach, which earmarks top-down solutions for specific local conditions, it is far better to tailor the outcome to fit the circumstance.

This tailored approach would result in both better outcomes and use of resources in regions, with a more appropriate accounting for Commonwealth support at the government level.

Collaboration Opportunities and Technologies

CSU is one of the largest providers of distance education opportunities and facilities in the Australian higher education sector, and a strong supporter of the use of technology to make a university education available to students who would otherwise not be in a position to access the option. This includes those living in more remote areas or removed from an established campus offering their choice of courses. Similarly, we also undertake significant collaboration, such as our study centre in Wangaratta operated in partnership with the Goulburn Ovens Institute of TAFE.

However, while experiences such as the Geraldton Universities Centre have had a positive local impact, and provide lessons regarding technology and collaboration in making courses available in different regions, the limitations of the example must be acknowledged.

Primarily, the Geraldton model has been the success it has due to unique circumstances. Significant investment thanks to the mining industry has provided the model with funding not otherwise available in other parts of the country. Without this funding option, whether Geraldton would have been such a success is questionable. Therefore, if government is willing to provide such funding across the country, collaborative models such as Geraldton may be available in other underserved regions. But without such additional investment, it is difficult to replicate such success.

The issue of technology poses similar possibilities and limitations. While technology is doubtlessly vital in extending higher education where campuses are not available, it is not, and cannot be the whole solution. Our experience shows that school leavers tend to struggle in a pure Distance Education environment. Rather, extending higher education to students without established campus options requires a multi-mode approach, utilising all tools we have available to best meet growing demand from non-traditional student groups.

Regions Presence v Regional Universities

Increasingly in the higher education sector, there is a difference between universities that have a presence in regional Australia, and regional Australian universities. CSU is proud to be the latter. We are of the regions, and serve the regions. For CSU, the regions are not simply an area for potential expansion and increase in student load; they are our home and where we make our investments. This differentiation is vital to the future of regional communities and economies across the country.

Policy measures must be put in place that encourage the growth of regional populations in the important 35 and under demographic, and subsequently encourage and support the growth, development and broadening of regional economies. This means we must provide university-aged individuals the opportunity to study in the regions, continue to live in the regions, and develop their career in the regions. All too often this is not possible with universities that simply have a presence such as clinical placements in regional Australia.

Limited regional presence from metropolitan universities often dictates limited study options, and even the need to relocate to metropolitan areas to complete part of the degree. By contrast, regional universities mean students can study predominantly in their regions, and make their life there. This is how real regional development and regional growth occurs. The above quoted CSU regional impact figures are just one example of the economic outcome that stems from regional universities, not universities with a small regional presence.

If the conversation regarding regional Australia and higher education cannot move beyond an almost grudging sense of regional presence to a true embrace of regional universities and regional higher education, the nation will never be properly positioned to grasp the opportunities. Instead we will continue to see students forced to relocate to the capital cities to complete their education, robbing regional Australia of the skills and capital necessary to grow. This is not to say that students should not have the opportunity to relocate for study if they wish to. But government must not hobble regional universities and provide perverse incentives to facilitate such moves. To do so is merely to distort the higher education market and put regional universities at a further disadvantage.

Excellence and Quality:

Flexibility to Innovate

The government's previous reform package was aimed at the dual outcome of reducing government costs while providing further funding to universities. This options paper proposes a form of 'innovation', Flagship Courses (FC), which were floated after the Lomax-Smith Review and appear to be the successor policy proposal. As outlined in the options paper, the government states it continues to be committed to a form of fee flexibility for universities.

Therefore, the FC model appears to be a compromise between the current system, and that of the previous deregulation policy agenda. The FC model also appears to have been designed as a means to continue increases in participation in higher education, as per the government's stated commitment to the demand driven system, but without the additional burden this is placing on Commonwealth budgets.

However, as with a number of other potential policy options discussed in this paper, outlined at high level, the FC model provides insufficient information to fully analyse its impacts.

As per the contents of the options paper, and noting other comments made by Minister Birmingham, exactly what a FC is remains up for discussion. While the terms 'excellence' and 'innovation' are used, we are not clear what they actually might mean.

We are therefore concerned that the FC model might turn out to be a further mechanism resulting in higher costs for students, including those gaining little personal, as opposed to societal, benefit from their degrees in pure monetary terms.

Would a Model of Flagship Courses Provide Worthwhile Incentives?

Recommendation: CSU recommends the Flagship Courses model not be pursued, seeing it as more a marketing exercise for universities than policy designed to deliver real innovation or results for students

A primary concern for CSU regarding the FC model is the extent to which it could become simply a marketing exercise by universities, as opposed to a policy model concerned with actual innovation or excellence in specific areas of study.

Similar to our concerns regarding the previously proposed scholarship schemes as expressed in later parts of this response, CSU argues that the FC model would provide further opportunities for already well-positioned metropolitan institutions to engage in additional marketing and to reap financial benefits, despite comparatively less need.

How to Regulate?

As already expressed, CSU holds significant doubts about how to distinguish a proposed FC as excellent and innovative, as opposed to simply marketed as such. What distinguishes a course from simply being a specialisation of a university, in comparison to being innovative? What does innovative or excellent actually mean? Until this lack of detail is addressed, further discussion of potential regulation is premature.

Limits to Flagship Courses

Again, CSU hold significant concerns regarding the FC model as a policy moving forward. However, should a form of FC be agreed upon, CSU supports the proposed maximum 20 per cent of overall enrolments limit.

Flagship Courses Fees for Students

As well as the university's concerns regarding the nature of the proposed FC model, CSU is also of the opinion the FC have the potential to place additional cost burden onto students without delivering tangible benefits, especially in regional and rural Australia.

As an example, CSU's degrees in agriculture and veterinary sciences are widely regarded as an innovative and high-quality degree within the Australia landscape, and are both major drivers of student relocation to regional Australia in pursuit of the qualifications. As such, both are two the core courses CSU would consider within the FC framework. Furthermore, both courses are key deliverers of the skills needed for the continued expansion and growth of rural and regional economies, particularly in rural and regional New South Wales.

However in both cases, graduates with these qualifications do not enjoy the higher earnings received by graduates of various other courses. If said degrees were to be made CSU FC, graduates would therefore be saddled with higher debts, yet little additional salary expectations. This may in turn act as a disincentive for potential students to pursue such qualifications, which would be an extremely poor outcome for rural and regional Australia.

Recommendation: CSU recommends not pursuing Flagship Course as we believe they are likely to increase the cost to students of delivering vital skills and qualifications needed by rural and regional Australian economies and/or act as a disincentive for potential students to undertake such courses.

As discussed in our response to the previous section of the options paper dealing with universities in rural and regional areas of Australia, each institution has a marked impact on their local communities, but needs further support to in turn support local economic growth. The implications of the FC model may be the perverse outcome of stifling rural and regional universities' ability to drive such growth, through dissuading students in these markets to pursue certain courses, and decreasing the number of graduates with critical knowledge and skill.

More Information for students

CSU supports improved quality information that students that assists student decision-making and influences university performance. This includes our support for changes to make student admissions policies and processes more transparent, as per our previous responses. However, CSU does not necessarily believe that more information is better in every case.

QILT Purpose

Recommendation: The purpose of Quality Indicators for Learning and Teaching (QILT) be affirmed as quality and performance in learning and teaching to ensure purity of function.

Recommendation: Attrition benchmarking information be made available on the Department's website but not on QILT

By its own naming, QILT is about quality and performance in learning and teaching. The options being suggested, including provider profiles and more detailed course information such as fees, are of concern as these are not indicators of quality and performance. More importantly, university and course profile information is better provided with support and application information by the individual institutions and presumably is one of the reasons why the My University website was decommissioned.

Recent requests from the Department through Universities Australia regarding new reports on attrition suggest that this might also become a future indicator on QILT. CSU agrees that while this might be an important indicator for institutional benchmarking, its introduction should be carefully considered due to its potential to be misinterpreted by potential students. In particular, attrition is modulated heavily by the overall educational capital that students bring and this needs to be disentangled from the quality of learning, teaching and support at institutions. This has been attempted by the Good Universities Guide in normalising for ATAR. As noted in Universities Australia submission to HESP in May 2016, to which we concur, ' a sizeable proportion of attrition are driven by factor that are external to the university, the student experience, teaching quality and admissions procedures'.

Genuinely Student-centred Review

Recommendation: Student-centred market research be undertaken to determine what improvements to QILT would be of value before proceeding.

While we agree with the options to make the information more meaningful and improve engagement with students, this work should be on the basis of genuinely student-centred information and advice.

At present the value of QILT seems to have greater influence on university performance and marketing through rankings rather than on student decision-making. CSU has undertaken research on student discovery of institutions and courses and their journey towards finalising their study decisions. Our experience would suggest that QILT does not play a significant role in that decision journey at this stage.

Student-centred market research should be undertaken to determine when, with whom and how the QILT information plays a part in the student decision-making process and how it could be improved before any work or extra reporting requirements are placed on providers.

Integration to Improve Exposure

Recommendation. Any review recognise different information for student decision-making best resides in certain locations but must be integrated to improve value

Recommendation: Improvements consider the use of consistent branding of QILT and Admissions and linking from provider information sources through a code of practice.

To be successful QILT needs better awareness and exposure but this does not mean it should become the gateway and hold all the information for students deciding on higher education study. QILT needs to be part of an integrated system and one that does not place undue burden on

institutions. The three main items in this system follow; all are independent of each other, but must work in an integrated way:

- i) Institution and course information is best on the provider's site;
- ii) Quality and performance information is best on the QILT site; and
- iii) Transparent admissions is best on the provider site but provided in a consistent way (as recommended in UA submission to HESP).

The integration of the above should also form part of the review recommended previously. An example of how it could work could be:

- Students could discover courses and information on a provider website.
- Regardless of provider, students would see a link with a recognised and consistent QILT logo that takes them to the relevant quality and performance information on the QILT site.
- Later in their decision journey students would be able to see against each course on the provider site, a consistent 'Admissions' logo used by all providers that links to consistent, clear and simple admission information as recommended by UA, potentially comparable to a Product Disclosure Guide used in the insurance industry.
- Providers might follow a code of practice rather than having to introduce regulation.

Views on specific options in the paper:

- **Undertake a longitudinal survey of graduate outcomes:** CSU understood that this was covered by the GOS-L, the replacement for Beyond Graduation Survey (BGS).
- **Further develop the employer satisfaction survey:** This is a useful performance indicator but we would need to see results of the current survey before offering further comments on further development. We would want to be sure that response rates would be high enough to be valuable at an institutional level.
- **Collect and publish additional information on prospective earnings data, course information, and fees:** We do not agree with this proposal. QILT provides prospective earnings data already based on Graduate survey. See notes on QILT purpose regarding other information.
- **Integrate with Australian Tax Office or other actual earnings data to publish real graduate employment and income data:** We do not agree as we expect this to be problematic, as annual earnings do not necessarily reflect an annualised income. It may be more useful in longitudinal studies rather than for recent graduates.
- **Publish university profile information, course information and new survey data on the website:** We do not agree on publishing profile and course information. See notes above on QILT purpose.
- **Capture student involvement through the development of an online application:** See notes above on genuinely student-centred information.

- **Enhance the website to support frequent and meaningful student engagement, both domestically and internationally, through social media:** See notes above on genuinely student-centred information.

Affordability:

A Fair Share from Taxpayers and Graduates

Whilst there are imperfections in the funding cluster system (including the student contribution), it is preferred that the nature of the current differential funding that reflects costs of education should be modified only to address obvious inequities that are sector wide and identified under the relativities between funding clusters beneath. All universities have a focus on a particular mission and recognise that some level of socialisation occurs. This is the mission of the university and should be a legitimate exercise of the respective university.

Maintaining the current funding system provides equity between institutions and best matches resourcing requirements to expected costs. The funding should reflect what is required to achieve nationally accepted standards and allow students to be equally able to graduate and achieve the professional accreditation necessary for their respective profession.

To maintain high quality higher education, noting that one of the key means of demonstrating scholarship is through research; CSU believes it is vital that base funding include maintaining the currency of the teaching staff through scholarship and base level research to ensure the intellectual capital of the university.

It is submitted that cluster funding (including the student contribution) should reflect the academic program irrespective of the mode of delivery and, the characteristics of the student (eg low-SES or indigenous) and locality (such as region) should be dealt with separately. These can be better identified, resourced and managed through specific funding mechanisms that more appropriately address these requirements. It is through these mechanisms that opportunity and choice can be best delivered.

Recommendation: Cluster funding should represent the academic program and subjects, rather than mode of delivery or characteristic of student, which should be addressed separately.

Recommendation: Some adjustment to student contribution, for example up to 15 per cent would be acceptable, but not at the rate required by the original deregulation proposal.

Recommendation: Potential consolidation of clusters should be considered, with caveat that no discipline disadvantaged by changes.

Recommendation: Student load funding should be at a level required to support teaching and learning, as well as a base level of scholarship and research. The importance of research outside areas supported through the National Innovation and Science Agenda (NISA) and other government initiatives should be recognised.

Adjustment to Commonwealth Subsidy and Student Contribution

CSU does not support the fee deregulation system as was proposed by the current government as mooted two years ago. The issues that are seen as inequitable or unjust are as follows;

- Based on a current 60/40 government/student contribution, in order to reduce the government contribution by say 20 per cent means that the student contribution must increase by 30 per cent to simply allow an equivalent level of funding. This increase in student contribution or debt is seen as being too high and will inevitably lead to a compromise in access and opportunity.
- In particular, we argue significant inequity is present in the proposed scholarship fund. Whilst this is not mentioned in the discussion paper, it was strongly mooted in previous government pronouncements. The proposed scholarship scheme gives the greatest capacity to universities with the least need. Across the areas of disadvantage, CSU's ranking (based on highest proportions) is ranked eighth by low-SES and fourth by both indigenous and students from rural and remote areas. By contrast, six of the Group of Eight are in the ten lowest ranked (i.e. lowest proportion) by need yet would have the highest capacity to create such a fund. CSU has done a considerable amount of work and can make its analysis available to show the inequity and impact.

The University would find acceptable a moderate change in funding re-distribution. A shift to increase student rates by no more than 15 per cent would be considered acceptable which would facilitate a 10 per cent shift in the government contribution. In this, the scholarship system as was proposed should be abandoned. This would create a 55/45 average funding differential. As noted in the introduction, we believe there is a strong economic case for investing in university education. However, given the pressure on the Federal budget and the economic value of university participation and payback through expected higher earnings over the student's lifetime, a "majority share" by the government is considered an overall acceptable compromise.

It would be proposed that this be applied uniformly to maintain equality in the funding of student places rather than a deregulated and open market systems as was proposed.

Relativities between Disciplines in Funding Clusters

The funding cluster and HECS bands offers 11 different university funding bands. The proposal to vary the clusters from eight to five as was proposed was flawed in several disciplines, there were several where the funding cluster moved down the funding scale and would further increase the student contribution under the proposed deregulation model.

There are many examples, environmental science the most extreme, where it would lead to a 90 per cent increase in student contribution to keep overall funding equal.

CSU would support some consolidation of funding clusters recognising a convergence in teaching delivery methods but such consolidation should not reduce overall funding or disadvantage students of particular disciplines through differential adjustments to HECS contribution rates.

CSU participated in the Base Funding Review in 2011 as one of the sample sites. At the time, it determined that the average level of funding was \$16k/EFTSL and that it was under funded by \$300/EFTSL or two per cent. A clear recommendation of the Bradley Review was a general increase in funding. It is noted that an increase in cluster funding no matter however well justified is not on the table in considering the options paper. The government is urged to consider economic benefit to the nation of this. This is particularly so now there is bi-partisan agreement to return

indexation to CPI which given wage movements is likely to impose ongoing real-terms cuts on universities.

All universities recognise a level of cross-subsidisation occurs to ensure the mission and objectives of each respective university is met from the gross funding made available. In CSU's case and as an example, it double weights indigenous study subjects to ensure the right level of resources and to drive outcomes that the University sees as being core to its mission. Such mission-determined funding re-distribution is necessary and it is important that the funding distribution prioritises simplicity and allows for mission differentiation.

Despite this, the Base Funding Review did identify two key funding issues for the University and these are even more relevant in 2016:

- That the funding cluster for humanities is the most under-funded. In particular, social work and welfare studies were found to be under-funded. These courses are more closely aligned with allied health in the way education is delivered, the intensity and requirement for work placement in order to gain accreditation means it should be funded at cluster 5 (allied health).
- That a significantly increasing cost is that of work and clinical placements. Universities are now required to pay for their practicum and clinical placement costs and for a number of programs, this has become an increasingly competitive market to find suitable placements for many professions, most notably the health workforce. Practicums and clinical experience are requirements for professional accreditation in many fields and with the exception of Teacher Education and Nursing, the cost of this exposure to the professional workplace has had to be absorbed in the base funding. The cost of practicums to CSU's health programs, (excluding nursing as it is specifically included in the cluster funding) now represents over 2 per cent of faculty expenditure and this cost is increasing as the market for placements becomes more competitive. CSU has approximately 40 per cent of its load in health-related disciplines and should be reflected in the cluster funding. Health Workforce Australia has made some funding available however, this scheme has been closed and will bring additional and unfunded costs to the University.

CSU has approximately half of its Commonwealth supported load on-campus, the other half by distance or on-line. This is a unique operating model. The proposal seeks a potential differentiation by mode. As a leader and one of the largest providers of multi-mode education, we can confirm that there is no cost differential between on-line and on-campus delivery. Whilst there may be higher asset costs (facilities) with on-campus delivery, there are higher curriculum development costs with on-line and most students undertaking on-line education do so by studying at part-time rates and so have relatively higher admission, enrolment and support costs where these costs are more determined by headcount rather than teaching load.

Cross Subsidisation Across Courses and Between Teaching and Research

Student load funding should cover the cost of teaching and learning informed by scholarship whilst allowing for a base level of research capability at a standard that is internationally competitive and facilitates the national teaching standards. There is a need to recognise NISA but equally, a need to ensure disciplines outside of STEM (Science, Technology, Engineering and Maths) are also given the same opportunity. Not all research and scholarship leads to quantifiable outputs, which is remunerated separately. All university teaching and research staff have 30 per cent or more of their workload dedicated to research and scholarship and this cost should be borne by the student load funding.

Affordable Loan Scheme and Other Options

Current debates concerning the cost and recovery of the HELP scheme have tended to focus on individual measures with a clear preference towards a system that costs government less and recovers a higher percentage of its outlays. Measures proposed in the options paper range from lower repayment income thresholds combined with higher rates of repayment, to tests on household income, as well as instituting various loan fees. These are obviously important considerations due to current fiscal and budget realities.

However, in all cases the discussion fails to consider such options and alternatives as part of the broader discussion concerning both higher education policy, and economic circumstances for current and future graduates.

CSU believes that in considering various options concerning the affordability of the HELP system, student and graduate repayments etc., it is important we take into account the overarching issue of intergenerational fairness.

As reported in the LF Economics report *Parental Guidance Not Recommended*, the average house in Sydney now costs 12 times the average wage, and it is estimated that first homebuyers have to save for nine years to secure a deposit. While Sydney is clearly the most expensive housing market in Australia, prices in Melbourne and other mainland capitals have similarly increased and are seen as out of reach for a large segment of youth. Such housing price increases have also been seen in a number of CSU's regional communities and centres. Combined with the lower average wages of regional areas, this puts similar pressures on new graduates.

In addition to the housing market, today's youth, including graduates, face significantly higher costs of living pressures, medical costs and already increased education costs compared to previous generations. It is within these circumstances that proposals are made that would have the primary effect of either increasing debt or forcing increased percentages of earnings be spent in repaying HELP debts.

While CSU acknowledges the issue of intergenerational fairness is a complex one. It takes into consideration the tax, health and education systems as a whole, as well as various other facets. However, while it is therefore beyond the singular scope of this options paper, this does not mean it can be dismissed.

Rather, as part of the broader debate over securing future economic prosperity, broadening national and regional economies, and ensuring a workforce prepared for the jobs of the future, we need to take a holistic approach and grasp this opportunity to best position the Australian higher education system to work within current fiscal realities, while also not further disadvantaging future generations.

Recommendation: Establishment of a policy process examining the cost of university to students as part of a broader intergenerational fairness economic narrative, and how cost of access to higher education interacts with other elements of intergenerational economic circumstances.

Recommendation: Establishment of measures to recover debts owed by deceased estates, in line with recent moves to recover debt from graduates who have relocated overseas should be considered.

Recommendation: Adjustments to repayment thresholds and rates should be considered.

Repayment Thresholds

CSU is concerned that should there be changes to repayment thresholds, modelling would be required to understand impact on more vulnerable potential student cohorts i.e. rural and regional, low-SES, mature aged etc. However, we appreciate that given current economic circumstances, certain measures may be required.

The current threshold is for HELP repayments to commence once taxable income reaches \$54,126 (2016 rates). The comparison with other nations and being the highest in the OECD is noted, although the fact that this allows students to engage in higher education without undue fear of the debt burden, as seen in the United States of America, is one of the reasons the Australian system is so highly regarded by other countries.

The average graduate employment salary for the University is approximately \$60,000, the second highest across Australia. In the case of a school and recent school leaver, it may be expected that on gaining employment a graduate will receive a significant uplift in income compared with their student income.

However, increasing portions of graduates are mature age, including those with family (including single parent and disadvantaged families) where the uplift in income and financial commitments may not be the same as school leavers. Their circumstances must be taken into account in changes to HECS repayment thresholds.

It would seem reasonable that a lower threshold should apply to limit the burden on the government and maximise recovery. There may be benefits in a scheme to incentivise higher repayments, particularly recent school leavers where they join the workforce upon graduation. Alternatively, a higher indexation once salary reaches a certain threshold may act to incentivise earlier repayments. If a lower commencing threshold applies, then it is also reasonable that a steeper increase in the repayment rates may apply once salary is above the average graduate starting salary.

Loan Fee

Though CSU appreciates the concern of the Federal Government regarding the cost of the HELP scheme, specially the level of debt incurred that is not paid back, we are strongly opposed to those measures that would further tax both current and future generations who already face costs previous generations were immune to. As such, CSU opposes any form of HELP loan fee. In our view, this is simply a graduate tax, and if it were being imposed to counter other write-offs of HECS-HELP and Fee-HELP, it would be a preferred strategy to address directly the loss or write-off rather than this being an added burden to the compliant graduates who are making HELP repayments.

We note that consistent arguments have been put that cutting tax rates and liabilities for business, and in some cases higher income earners, is a form of economic stimulation. However, should such tax cuts be instituted at the same time a HELP loan fee cost is put in place, the end results in simply shifting tax burdens onto graduates. In turn, this places further economic constraints on those graduates.

Indexation of HELP Payments

The University does not support indexation of HELP debts above the current CPI rate. The idea of a higher rate during the early announcement of the Coalition's education policy was met with strong opposition and this sentiment should be noted. Particularly should a form of fee deregulation be considered, additional measures to increase price sensitivity might be required. One option may be a higher level of indexation applies only once a taxpayer reaches a higher level of income to

incentivise higher repayments. This may be seen as an equitable and balanced approach. However in such circumstances substantial modelling would be required to both inform debate and allow an understanding of all implications.

Renewable lifetime loans

The concept of a HELP debt cap is noted with it being refreshed once repaid or partly repaid. The cap should be reasonable and not act as a barrier mid-way through having commenced a course or new program. This should not be limited by time, recognising that part time students take longer to complete a course. Within this framework, the concept has merit.

Household Income

The University does not believe that household income should be considered in determining entitlement to HECS-HELP or Fee-HELP. A student studying a higher education course would be expected to be an adult either on commencing or completion and therefore should take personal responsibility for their financial affairs. We also believe it would raise arguments about pooling tax-free thresholds for income tax or tax on superannuation.

Discontinue HECS-HELP Benefit

CSU does not support the discontinuation of the HECS-HELP benefit.

Recovery of Debts from Deceased Estates

Following recent legislation that sought to recover HELP debts from graduates who subsequently relocated overseas, CSU does not oppose moves to recover HELP debts from deceased estates. We note that other loans, debts and tax burdens are all currently recovered from deceased estates, and there is little reason that HELP debt should be treated differently.

Other Proposals

While not included in the options paper, CSU notes proposals that have appeared in media to allow graduates to use superannuation funds to repay their HELP debts. We feel this is in sharp contradiction with the purpose of superannuation as a tool to save for retirement and reduce the overall burden of the Commonwealth via the old age pension.

While allowing graduates to repay their HELP debt out of superannuation may reduce Commonwealth burdens in this area, it would likely result in increased costs for those very graduates come retirement in the form of pension and welfare payments. Furthermore, at the current 9.5 per cent superannuation contribution rate, in practice this proposal would mean graduates would not begin actually accumulating superannuation for at least three years.

Finally, we also note the point made by Andrew Norton that the precedent such moves would set would inevitably lead to calls for superannuation to be able to be used for other purposes, further undermining the purpose of the superannuation system.

Summary:

CSU is delighted to put forward our recommendation regarding these important questions to this Government Expert Advisory Panel options paper.

CSU welcomes the opportunity to put forward our views regarding these important questions. The rapid change and growth experienced by the higher education sector in recent years, coupled with international trends and economic conditions highlights the need for streamlined, coherent policy certainty for institutions and government.

In rural and regional Australia especially, universities represent vital economic and social drivers. As central infrastructure landmarks, partners for business, and in the provision of a skilled workforce, rural and regional universities have an impact to local communities and economies far beyond our pure student load.

At a time of slow economic growth, and the need to expand regional economies across Australia in order to drive future employment and living conditions, a stable policy setting for universities could not be more vital. In such a setting, universities will be best positioned to fully realise opportunities, and plan for future needs.

CSU would welcome the opportunity to expand on any of the above if required by the panel.