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RUN QUESTIONS FINDINGS OF THE REVIEW OF THE REGULATION IMPACT STATEMENT

RUN challenges the findings of the review of the Government's regulation impact statement on the higher education reforms, prepared by the Office of Best Practice Regulation, which has found that the proposed changes will not have a negative impact on the financial viability of regional universities.

Responding to the report, the Chair of the Regional Universities Network (RUN), Professor Peter Lee, said that the report's findings did not fully take into account the nature of the student market in regional Australia, which is characterised by low density and demand, and represented by a high proportion of female and mature age students, often from low SES backgrounds.

"In addition, the report has not specifically addressed the issue of the proposed 20 per cent decrease in Government funding and what this will mean to regional universities. We are much more dependent on this funding than larger, metropolitan universities – Government funding averages 67 per cent for RUN universities compared to 56 per cent for the Group of Eight universities," Professor Lee said.

"Also, the report offers no comment on the issue of the proposed design of the Commonwealth Scholarships, which will mean that regional universities are unlikely to have sufficient funds to fully assist their low SES communities."

The report contends that the introduction of demand driven funding has seen domestic enrolments at regionally headquartered universities grow at a slightly higher rate than that of all public universities, suggesting that regional universities are able to attract students at a price point equal to their competitors, and that they have the scope to increase tuition fees to the level of their competitors.

"The growth in student numbers at regional universities with the introduction demand driven system was responding to unmet aspiration and demand when there was a level playing field with respect to fees," Professor Lee said.

"Deregulation of undergraduate student fees is a new and untested development, and the student market in regional Australia is different to that in capital cities. Mature age students, who make up 50 per cent of the student body at regional universities compared to 24 per cent for the sector as a whole, may, faced with a range of increasing financial pressures, be put off higher education altogether."

Secondly, the report notes that while regional and rural communities tend to have higher proportions of low SES households than metropolitan communities, this is unlikely to

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constrain regional universities from increasing tuition fees, given the ability to defer higher education costs under the HELP loan scheme.

“Historically, low SES students have participated in higher education at a lower rate than other groups, which points to a market failure despite the HELP loan scheme,” Professor Lee responded.

“The behaviour of the mature age market in a deregulated environment is untested. The proposed higher interest rates, and longer repayment times, have the potential to deter female and mature age students, as well as students from low SES backgrounds, from higher education. Many students may never pay off their HELP debts. Twenty-two per cent of RUN’s undergraduate students (including 18 per cent female) are studying teaching and nursing, professions that are not highly paid.”

Thirdly, the report notes that regional universities will continue to have access to regional loadings under the Government’s proposed reforms, which provide additional funding to offset the disparity in costs and revenue for regional compared to metropolitan universities. “Many regional universities receive only very modest funding from the regional loading, and some, no funding, from this source. It is not designed to address the issue that we face in a deregulated fee environment, that is the thin market characterised by low population density and demand that operates in regional areas,” Professor Lee said.

Lastly, the report notes that regional universities are expected to be in a stronger position to grow their sub bachelor course offerings and take advantage of the additional revenue from the extension of demand driven funding.

“While RUN welcomes the extension of the demand driven system to sub-bachelor places, we do not expect that this will yield a significant increase in revenue to our universities to make up for the proposed significant loss in government funding,” Professor Lee said.

“It is critical to continue to grow the proportion of educated professionals working in the regions if regional Australia is to have sufficient, educated professionals to participate in the world economy. Training people at regional universities is the best way to address this.

“Given the tight public funding environment, RUN accepts that the deregulation of student fees is the only feasible way that the sector can maintain quality and remain internationally competitive, provided that the particular circumstances facing regional and disadvantaged students and regional universities are recognised in the new policy regime,” Professor Lee said.

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