

# DEMOCRATS SUPPLEMENTARY REPORT

## 1. Introduction

- 1.1 The Democrats support the Chair's report.
- 1.2 We are in substantial agreement with most of the recommendations and observations. Accordingly, our supplementary comments will be confined to additional issues or areas where we have different views to that covered in the Chair's report.
- 1.3.1 There are no issues raised in the Chair's report that we consider to be trivial or unwarranted, consequently our silence on many significant issues cannot be construed as indifference, but rather, reflect our satisfaction that the Chair's report covers them in an appropriate manner.

## 2. Universities in Crisis

- 2.1 To describe our universities as being in 'crisis' is not a description that can or has been made lightly. The Committee has read and heard compelling evidence that the current Government's vigorous, indeed ideological, pursuit of marketisation of education in combination with cutbacks in public funding have been the principal factors resulting in our universities in crisis.
- 2.2 The Democrats believe that the case for substantial and urgent re-investment of public funds in our universities is over-whelming and failure to do so will constitute a serious abrogation of responsibility to Australia's future social, cultural and economic prosperity.
- 2.3 While the changes in the roles, expectations and conceptions of our public universities are complex; there is nothing *inevitable* or *necessary* about the way our universities have declined. Rather, the crisis reflects deliberate government policy *choices* about competition, markets, increasing reliance on private funds and quasi-corporate governance structures and practices implemented by the ALP in the late 1980s and intensified by the coalition since 1996.
- 2.4 In his somewhat infamous *mea culpa* speech on the 15<sup>th</sup> of April, 2000 the Prime Minister made this important admission:

We believed that every problem could be solved by the unrestrained operation of market behaviour and some naive notion that trickle-down economics from that unrestrained operation would solve every problem.<sup>1</sup>

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<sup>1</sup> Tony Walker, *New Caring Pm Opens Poll Campaign*, *Australian Financial Review*, Monday 17 April 2000

The Prime Minister was talking about the Coalition's general approach but the comments are particularly apposite in the context of education policy.

- 2.5 The Democrats believe the Prime Minister's comments highlight three fundamental challenges for education policy in the decade ahead:
1. Ensuring Government catches up with community understanding that education is an investment not a cost,
  2. winding back the reliance on marketisation as a policy instrument in education, and
  3. restoring a clear understanding of the fundamental role and responsibility of the Commonwealth in ensuring we have a robust, accessible, public education system.
- 2.6 As was often noted by submittees, it is instructive that nearly all OECD countries including Ireland, Singapore, Sweden, the Netherlands, UK and the USA have made substantial increases in public investment in education and research. They have all recognised that in a global knowledge economy, there is a significantly enhanced role and responsibility for Government to ensure a robust, well-resourced higher education and R&D capability.
- 2.7 Despite the undeniable crisis, the Democrats acknowledge significant achievements in the current environment. Indeed, during the course of the inquiry we were struck by the resilience and ingenuity of so many academics, students, general staff and senior management to try and nurture their institutions in extraordinarily difficult circumstances.
- 2.8 However, this is not sustainable. Damage has already been done and we believe there is strong evidence that many areas of university life have already gone past the brink and are in decline, terminally so in some cases we fear. The consequences in some areas, notably the loss of one or even two generations of key academics, will require decades to repair.
- 2.9 The Democrats believe the crisis in our universities will continue at an accelerated pace unless the urgency of the situation is recognised and there is commitment to immediate and on-going re-investment.
- 2.10 While regional and new universities seem to be suffering more, it is vital to note that significant problems were identified in the Group of Eight universities. The crisis is systemic. However, as the committee discovered, in many respects the university is a very limited unit of measure, as aggregate data masks the highly differentiated consequences at disciplinary level.
- 2.11 Accordingly, we strongly endorse the Chair's recommendation of significant expansion in public investment in the higher education system over a ten-year period (R. 1.39).

- 2.12 The ten-year period draws attention to the fact that the problems are deep rooted and of a generational nature. They do need to be addressed systematically over a long period.
- 2.13 However, we are concerned that the recommendation could also give licence to Government deferral. We note, for instance, that the \$2.9 billion package in *Backing Australia's Ability* is substantially back-loaded with only \$155 million being committed for the first year of the four-year phase in of the Government's innovation package.
- 2.14 The urgency of applying additional investment cannot be over-emphasized.

**RECOMMENDATION: that at minimum, \$500 million additional funds is committed to university operating grants in 2002, as part of a 20% increase over 3 years to take account of unfunded changes in cost structures since 1996. That this 3 year initial re-investment be the basis for a 10 year commitment that is a more realistic basis for public investment in higher education.**

**RECOMMENDATION: That the Government bring forward the increases in ARC Competitive Grants and research infrastructure announced in *Backing Australia's Ability* such that one third of the total increase is effective in 2002, two thirds in 2003 and the total in 2004.**

### **3. Critic and Conscience**

- 3.1 There are very good reasons for increasing investment in higher education in the context of innovation and the challenges and opportunities of the global knowledge economy. In addition, as the Chair's report notes, it is vital the fundamental democratic functions of universities are defended: As 'critic and conscience' underpinned by academic freedom, education committed to independent critical intellectual inquiry, sustained scholarship and the nurturing of original creative endeavour. This ethos is taken up in MCEETYA's National Protocols for Higher Education Approval Processes.<sup>2</sup>
- 3.2 The Democrats are most concerned that even though all jurisdictions signed off on the National Protocols in March 2000, as yet no jurisdiction has passed relevant legislation to comply with this impressive document. We regard this as an urgent task not only for universities but also to underpin a national TAFE and private VET system.

**RECOMMENDATION: That the Commonwealth apply financial penalties for States and Territories that have not enacted relevant legislation to give force to the National protocols by December 31, 2002.**

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<sup>2</sup> [http://www.detya.gov.au/highered/mceetya\\_cop.htm](http://www.detya.gov.au/highered/mceetya_cop.htm)

#### 4. Investment - Academic Core

- 4.1 There was a very widespread consensus that there needed to be significant additional investment in our universities. As Professor Marginson made clear, public investment is more than funds for recurrent expenditure.

While expenditures on these academic resources are recorded as current expenditures, in one sense they are akin to fixed capital investment, in that the benefits are partly drawn on in years subsequent to the current year. Academic resources, especially the combined knowledge-capacity of the individuals working in universities, constitute an on-going social infrastructure which accumulates (or erodes) over time, depending on the capacity augmented by current outlays.<sup>3</sup>

- 4.2 The Democrats believe that it is the quality of the knowledge-capacity of academics that is the irreducible core of the capacities of public universities to meet Australia's higher education needs.
- 4.3 Therefore, it is of profound concern that the evidence to the committee shows systemic under-mining of the quality of that knowledge capacity. This is manifest in the de-professionalisation of academics through loss of autonomy, casualisation, increasing bureaucratisation, declining quality of the workplace through excessive and unbalanced workloads, the 'brain drain' and increasingly uncompetitive salary levels.
- 4.4 While hard to quantify, we gained the impression that an element in the various manifestations of declining quality such as 'soft marking' referred to the committee were not just fear of career consequences but also an internalisation of a defective academic culture.
- 4.5 The Democrats believe that a necessary condition of reversing the crisis in Australia's public universities is repositioning academic culture at the heart of the university and providing adequate resources to enable a strengthened, professional academic culture to flourish.
- 4.6 There is no single recommendation that goes to this but rather a combination of additional resources, clarified mission and role of universities, more accountable governance, recognition of teaching and community activities and professional development. If the various recommendations in the Chair's report are implemented then in combination they will go some way to restoring the centrality of the academic resource that underpins teaching and research.

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<sup>3</sup> Professor Simon Marginson, *Submission No. 81*, p 5

## 5. Substitution of public funds by private funds

- 5.1 The debate over private and public benefits in education is long standing, particularly in terms of financing. A crucial theme in a number of submissions was the very different nature of public and private goods.<sup>4</sup>
- 5.2 The Government makes much of the fact that since the cutbacks in public funding to universities announced in 1996, total revenues from all sources to universities have increased. They have.
- 5.3 However, the increased resources from private sources have not replaced diminishing public resources – they have not gone into the core activities of teaching, learning, scholarship and fundamental research. Rather, the increased revenues from private sources have primarily gone into marketing, recruitment of international students, commercial research and off-shore campuses.<sup>5</sup>
- 5.4 The key point is public funding delivers very different types of educational and research goods than those achieved by private sources.
- 5.5 As with basic research, generic skills, critical thinking, breadth and creativity in graduates are not easily captured by markets, thus there is no incentive for private investment from industry. Yet, as the Innovation Summit Implementation Group report makes clear it is precisely these graduate attributes that are essential to underpin an innovation society.<sup>6</sup>
- 5.6 Thus, there is a serious contradiction between the educational outcomes generated by marketisation – what the AVCC terms *impatient capital* - and the long-term *patient capital* needs to underpin an innovation society.

**RECOMMENDATION: That the very different goods achieved by public and private provision of education and research is formally recognised in funding and policy.**

## 6. Research

- 6.1 As the Chair's report notes (Ch. 6) there were many submissions expressing concern over imbalances between basic and applied research, funding models that do not take into account the very different modes of research between applied sciences, humanities and arts, a crude funding mechanism for

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<sup>4</sup> See for instance, Professor Simon Marginson, *Submission No. 81*, p 11, and AVCC arguments concerning role of *patient capital* in AVCC, *Submission No. 315*

<sup>5</sup> *ibid*

<sup>6</sup> Innovation Summit Implementation Group, *Innovation - Unlocking The Future*, p.

postgraduate research which is likely to create perverse outcomes and a 'serious strategic' error with the cutting of the number of research students.<sup>7</sup>

- 6.2 Many of these issues have received substantial and exhaustive coverage elsewhere in the debates around the Government's White Paper, *Knowledge and Innovation*, the Chief Scientist's Report, the Innovation Summit Implementation Group Report and *Backing Australia's Ability*.
- 6.3 The Democrats affirm the central role of basic research in underpinning innovation and share the concern of many submittees that the short term focus of funding priorities and incentives are creating unhealthy distortions in Australia's basic research capability.
- 6.4 In addition, we note with some concern the personal comments of Professor Vicki Sara from the ARC that the distinctions between basic and research are out of step with current conceptualisation of research.<sup>8</sup> While recognising the fluidity and dynamic interaction between basic and applied research, we believe the distinctions are well understood in practice and intuitively among the research community and must be preserved as a bulwark against further deterioration in the national commitment to basic research.
- 6.5 The Democrats are most concerned that the projects orientation of ARC grants and funding regimes insensitive to the very real distinctions in research practice and outcomes have created an environment inimical to reflection on fundamental questions. Accordingly, we believe additional funds should be made available to complement the ARC's 'discovery' programs to provide researchers with time relief from teaching and other responsibilities and fully compensating institutions for all costs associated with that time.
- 6.6 The Democrats are unimpressed with the rationale for changes to postgraduate research and share Professor Browne's concern with the White Paper's "decision to reduce national research capacity at a time when our competitors continue to invest heavily in research education efforts".<sup>9</sup>

**RECOMMENDATION: That the number of fully funded postgraduate research students be restored to 2000 levels of 25,000 EFTSU.**

**RECOMMENDATION: That additional funds of \$10 million be allocated to the ARC for a "reflections" program that gives academics grappling with fundamental conceptual issues in their disciplines, notably the core sciences and**

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<sup>7</sup> see for instance, RMIT, *Submission No. 281*, CAPA, *Submission No. 236*, Harriet Baillie UNSW Postgraduate Board, *Submission No. 273*.

<sup>8</sup> Professor Vicki Sara (ARC), *Committee Hansard*, Canberra 13 August 2001, p. 1320

<sup>9</sup> Emeritus Professor Mairead Browne, *Submission No. 257*, p. 3

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**humanities teaching relief to enable and encourage considered reflection and speculation.**

## **7. Accountability**

- 7.1 A strong theme in the inquiry (explored in quite some detail in the Chair's report) is the inadequacy of accountability mechanisms. The Democrats support the Chair's report and relevant recommendations, however, we do wish to stress that while it is entirely proper for the Commonwealth, on behalf of the community, to require that universities are accountable of their use of public funds, it must also be acknowledged that accountability is a two way street. That is, Governments notably through their departments and agencies, should be accountable for the requirements they make of universities.
- 7.2 There was considerable, and adverse, comment on the increase of administrative burdens on staff. The committee heard many persuasive comments that bureaucratisation was seriously undermining the time and energy available for core teaching and research functions and contributed to the de-professionalisation of academics by undermining professional trust. While, there is clearly an overlap between information gathered to fulfil DETYA requirements and information necessary for the proper functioning of universities, the Democrats are concerned with the lack of accountability of DETYA requirements.
- 7.3 The Department collects a range of data for statistical analysis much of which is necessary and of high quality by international standards. Moreover, we are concerned there are gaps in data collection, which seems to lead to over-determination and politicisation of existing data. This is notably the case with the *Course Experience Questionnaire* and the *Graduate Destination Survey*, both of which are robust instruments for taking a snapshot of student expectations and employment outcomes shortly after graduation but do not and cannot provide longitudinal analysis of outcomes.<sup>10</sup> A serious defect in terms of the generic/vocational debate.
- 7.4 However, there are diminishing returns on Commonwealth requirements for data collection. It is of concern that the Commonwealth, as the Department acknowledge, has not estimated the compliance costs to universities of providing information.<sup>11</sup>
- 7.5 The Democrats acknowledge the quality and value of the Department's annual publications and internet services but are concerned that some data and information collected is not made available publicly either at all or in a timely fashion.

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<sup>10</sup> We stress our criticism is not of the instruments per se, but rather use (and misuse) beyond their scope.

<sup>11</sup> DETYA response, Question on Notice No. 1 - 13 August 2001.

- 7.6 We note, for instance, that the Department advised this committee on 14 November 2000 that its analysis of completion data for postgraduate research students would be available in a month<sup>12</sup>. Nearly a year later this has still not been provided to the committee or placed in the public domain. The issue, in this case, was completion rates was a key element justifying the significant policy and funding changes to postgraduate research announced in December 1999 in the White Paper, *Knowledge and Innovation*. The Department's failure to honor its commitment to the committee to even provide retrospective evidence supporting the policy changes, raises serious concerns about either its capacity to fully support the Government due to loss of sufficiently skilled staff or censorship or even - and we do not make this comment lightly - the manufacturing of evidence.
- 7.7 The Democrats believe there is a strong case for ongoing cost/benefit analysis of the data required by DETYA and identification of gaps in collection and analysis. We believe this should be a clear and urgent responsibility of the cross-sectoral advisory body recommended by the Chair at 4.135.

**RECOMMENDATION: That a term of reference for the cross-sectoral advisory body be ongoing cost-benefit analysis of reporting requirements and provision of advice to the Minister of important gaps in data.**

## **8. Instrumentalisation of Education**

- 8.1 As the Chair's report notes, a common concern of students, academics, the Department of Defence, the learned academies - notably the Australian Academy of Science - and professional organisations including the Institutions of Engineers and the CPAs was the narrowing and increasing vocational orientation of courses and reduction of intellectual content in all courses, vocational or otherwise.
- 8.2 This is particularly associated with the serious decline in the range and rigor of the enabling disciplines - mathematics, physics, chemistry and philosophy, history and languages - but also the advent of a plethora of niche badged vocational courses designed to attract students in a competitive environment.
- 8.3 There were compelling arguments that vocationalism did not provide a good grounding for work and further education and training and thus were not in students' long term interests, moreover they were not generating graduate attributes desired by many employers.
- 8.4 The committee was frequently advised that universities are offering these courses due to student demand, however, Professor Macintyre, for instance, has

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<sup>12</sup> Senate EWRSBE Committee, Consideration of the Provisions of the *Australian Research Council Bill 2001* and *Australian Research Council (Consequential and Transitional Provisions) Bill 2001*, Hansard, Canberra 14 November 2000, p.



provided a compelling argument for critical examination of the supply side. Core sciences and humanities are considerably less able to attract industry and other forms of external funding which establishes feedback loops whereby as supply is rationalised by course cuts, reductions in staff and inadequate infrastructure so demand is affected.<sup>13</sup>

- 8.5 The Democrats are most concerned that there is a vicious cycle at play producing sub-optimal outcomes, particularly long term outcomes, for students, business and national objectives to enhance and deepen a creative, generative and flexible innovation culture.
- 8.6 We strongly disagree with the Chair's assertion that the shift toward applied research and vocationalism is in large part a result of university amalgamations and the redesignation of CAEs as universities (2.1). We do not believe the committee received evidence that could substantiate such as assertion and, moreover, is not consistent with the more reflective assessment of the evidence in the Chair's own report.
- 8.7 In our view, the evidence of the inquiry keeps coming back to marketisation of education as being the principal driver in the shift to vocationalism. This involves a complex intersection of factors including constituting students as consumers by emphasizing private benefit and thus the need for immediate employability, powerful normative Neo-liberal discourses around 'student choice' and increasing financial pressures on students, which is changing their relationship to study.<sup>14</sup>
- 8.8 We endorse the Chair's defence of a broad liberal education and believe that Government has the primary role in ensuring that education better serves long term needs and objectives by strengthening the academic core of universities and ensuring students are better placed to constructively engage in their studies by improving income support.

## 9. Private Funding - Student Fees

- 9.1 The Democrats do not agree with the Chair's argument that "the committee agrees with the principle of students making an appropriate contribution to the costs of their higher education, in recognition of the private benefit they enjoy and as valuable source of supplementary revenue" (3.24).

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<sup>13</sup> Professor Macintyre, *Funny You Should Ask That: Higher Education as a Market, The Idea Of A University: Enterprise or Academy? Proceedings Of A Conference Organised By Manning Clark House And The Australia Institute*, Pamela Kinnear (Ed), Discussion Paper No. 39, Canberra: The Australia Institute, 2001.

<sup>14</sup> On the latter see in particular the recently released AVCC study M. Long and M Hayden, *Paying Their Way: A Survey Of Australian Undergraduate University Student Finances*, Canberra: AVCC, 2001 (also available at [www.avcc.edu.au](http://www.avcc.edu.au))

9.2 As Professor Ian Lowe noted;

The HECSs scheme gives the impression that university education should be seen by individuals as a personal investment in their future earning capacity. This is driving student choice away from the skills that are needed in the broad national interest toward the skills that maximise the probability of achieving a financial return on the investment in fees. The repayment as a future taxation liability constitutes a real, intangible incentive to our brightest graduates to seek overseas employment in preference to working here. The incentive is clearly working.<sup>15</sup>

9.3 The Democrats are committed to the principle of universal access to free, publicly provided education and note the outstanding success of Ireland, which re-introduced free education in the 1980s. We are concerned that manufacturing political consensus over private benefit and thus the legitimacy of student contributions through HECS, or fees more generally, is unhealthy as it eliminates the possibilities of serious discussion of re-introducing free education.

9.4 We note the standard arguments that free education is ‘middle-class welfare’ however we believe this simply points to the real problem; persistent policy failure of government’s to address structural barriers, of which fees are one. It is an indictment on this and the previous government that designated equity groups, except those with a disability, remain as under-represented in 2000 as they were in 1991.<sup>16</sup>

9.5 Notwithstanding our commitment to free education, the Democrats believe the original model of HECS is the fairest way to extract a private contribution from students. As the Chair’s report details, this model has been substantially changed by the current Government with the introduction of differential HECS in 1996 and the lowering of the repayment threshold to \$22,346 in 2000/1.

9.6 The clearest evidence that differential HECS is a deterrent to participation in higher education is the decline in applications for undergraduate study. There was a combined drop of 14,970 (6.4%) in the first two years of the current HECS system and while there were minor increases in 1999 and 2000, applications were 8,408 lower in 2000 than in 1996.<sup>17</sup>

9.7 It is not clear how strongly correlated the drop in applications is to differential HECS, however, there was a strong perception that it is a disincentive particularly in crucial science and engineering disciplines. Professor

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<sup>15</sup> Professor Ian Lowe, *Submission No. 16*, p. 2

<sup>16</sup> NTEU, *Submission No. 283*, pp. 30-31. NESB students increased their representation between 1991 and 1996 and indeed were over-represented as % of reference value between 1993 - 1998. However, since 1996 they have declined back to 1991 levels.

<sup>17</sup> NTEU, *Submission No. 283*, p. 32

MacGillivray, President of the Deans of Science argued that students were opting for generic business or arts degrees over generic science degrees because they are cheaper.<sup>18</sup> Moreover, there is an important argument that differential HECS is a distinct disincentive for teacher training in the sciences, as science teachers will enter the profession with a significantly higher debt than a teacher with a social science or humanities background.

- 9.8 In the original concept of HECS - which was never fully implemented by the ALP - repayments were scheduled to commence when recipient's income reached average male earnings. The committee heard evidence from many student groups and those closely associated with student welfare, that the income threshold was far too low and some full time students were paying while they were studying.
- 9.9 The Democrats reject the Chair's comments that "the committee is largely unsympathetic to such cases, which suggest that students are perhaps engaging in a lifestyle decision to increase their earnings to the detriment of their studies" (8.76). Setting aside the patronising tone this comment reveals a lack of awareness from other committee members of diversity of the student cohort, notably mature age students. It pre-supposes that students are young and single and fails to acknowledge older students, particularly women with the responsibilities of children, who are hardly making frivolous life-style choices. Moreover, the Democrats reject the assertion of the Chair's report that repayment rates are not excessively onerous (8.77).
- 9.10 While acknowledging the Chair's recommendation that the government review differential HECS (R. 3.72) the Democrats believe more decisive action is required to lessen disincentives and distortions in the current HECS framework.
- 9.11 While we would prefer that fees and charges be abolished;

**RECOMMENDATION: That differential HECS be abolished and a single HECS rate scheme is set at the current band 1 level.**

**RECOMMENDATION: That HECS-exempt places are provided for teaching qualifications for students in science and mathematics to encourage a reversal of the serious shortage of qualified science and maths teachers in primary and secondary education.**

**RECOMMENDATION: That the HECS repayment threshold be restored to average male earnings over the next three financial years.**

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<sup>18</sup> Professor MacGillivray, Deans of Science, *Committee Hansard*, p. 853

**RECOMMENDATION:** That growth funding to institutions be contingent on their capacity to meet agreed targets of increasing participation from indigenous, low SES, rural, regional and remote students.

**RECOMMENDATION:** That the Government provide 10,000 HECS-exempt scholarships to be allocated to fields of study deemed to be areas of national strategic importance (ie. photonics) or areas where there is unmet demand for graduates but little private benefit but high public benefit (eg nursing).

**RECOMMENDATION:** That additional HECS places be provided for postgraduate coursework studies.<sup>19</sup>

## 10. Student Income Support

- 10.1 The Committee received detailed evidence that student income support measures are inadequate in terms of the quantum of funds available, a punitive parental income test, lack of rental assistance for Austudy recipients and the restrictions on access to Austudy through the independence test.<sup>20</sup>
- 10.2 The AVCC has recently published a survey of Australian undergraduate student finances that confirmed the extensive evidence from many student associations to the inquiry, which shows students' financial concerns are having substantial impact on their studies with 70% of students being forced to work two days a week, on average, during the teaching semester just to survive. The report found that more than a third of undergraduate students are missing classes because of work commitments and this is seriously undermining their capacity to study.<sup>21</sup>
- 10.3 The Democrats share the widespread concern that inadequate and overly restrictive student income support measures are a false economy, as the community is not gaining the optimum benefits of university education.
- 10.4 The Democrats were also most concerned that the AVCC report is only the 4<sup>th</sup> comprehensive survey on student finances and comes a decade after the last ABS survey and 17 years since the last conducted by the Commonwealth Department of Education. It is a damning indictment of years of Coalition and ALP neglect that the impact of major changes to higher education policy has occurred without analysis of the financial impacts on students.

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<sup>19</sup> CAPA, Submission No. 236, p. 7. The significant problems in postgraduate coursework are examined in detail in the Democrats report in the Senate EWRSBE Committee, Consideration of the Provisions of the Innovation and Education Bill 2001.

<sup>20</sup> See, for instance, comprehensive discussion in Student Financial Advisers Network and the Australian and New Zealand Student Services Association, *Submission No. 233*; NUS, *Submission No.*, Monash Student's Association, *Submission No. 278*

<sup>21</sup> M. Long and M Hayden, *Paying Their Way: A Survey Of Australian Undergraduate University Student Finances*, Canberra: AVCC, 2001 (also available at [www.avcc.edu.au](http://www.avcc.edu.au)). See also submission from Professor Craig McInnes (Centre for the Study of Higher Education), *Submission No.*

**RECOMMENDATION: That the current parental income threshold be lifted.**

**RECOMMENDATION: That the age of independence be lowered to 18, failing that, 21.**

**RECOMMENDATION: That all forms of student income support be raised to parity with the age pension over a 5 year period.**

## **11. Internationalisation**

- 11.1 A distinctive change in Australia's higher education sector in the past decade is the rapid internationalisation of the student cohort. The export of education has become a major industry in its own right earning Australia billions in fees, living costs and consumption.
- 11.2 As the Chair's report notes, there was considerable media focus on allegations of 'soft marking' during the course of the inquiry. The Democrats are concerned that there was considerable slippage in media commentaries and some submissions such that there was a tendency to conflate 'soft marking' and internationalisation of the student cohort.
- 11.3 The Democrats believe international students provide a substantial, albeit difficult to quantify, public benefit. While not a theme explored in detail during the course of the inquiry, a number of submissions did allude to the strong benefits of education being an international experience for *all* students.
- 11.4 In part, this reflects the increasingly global nature of the international labour market particularly in the professions and thus there is a strong argument that Australian students benefit from close interaction with students from different cultures but also there is an important epistemological argument about the benefits of engagement with a diversity of modes of knowledge. Such defences of internationalisation differ from, but complement, the strategic benefits and ethical dimensions of the Colombo plan from an earlier period of internationalisation of education.
- 11.5 The Committee did not investigate these aspects of internationalisation as the focus of attention was the dangerous distortions of debilitating competition including 'soft marking' and the pressures for undercutting fees, thus it is in no position to comment on the extent to which these are rhetorical flourishes or have transformed the university experience.
- 11.6 The key point we wish to make is we do not accept the premise of the Chair's recommendation 3.123 that a MCEETYA review of the direct and indirect costs of providing higher education for international students should lead to a fee-paying regime, which ensures there is no public subsidy of the private benefits that accrue to international students.

11.7 We do not oppose the MCEETYA review, and it does not follow that we are necessarily arguing for public subsidy of international students' fees, however we do argue that the premise of no public good from internationalisation of the student cohort must be critically examined.

**RECOMMENDATION: That the benefits to Australia and Australian students from internationalisation of the student cohort be an explicit term of reference of any MCEETYA review of the direct and indirect costs of the provision of education for international students.**

Senator Natasha Stott Despoja

Leader of the Australian Democrats