

26 July 2002

The Secretary
Senate Employment, Workplace Relations
and Education Legislation Committee
Suite S1.61, Parliament House
Canberra
ACT 2600

Dear John,

RE: Higher Education Funding Amendment Bill 2002 Inquiry

As discussed with Andrew Nette, please accept our initial submission to the above inquiry. A more detailed, supplementary submission will be provided next week.

The NTEU's concerns about the bill relate solely to the changes to the Postgraduate Education Loans Scheme (PELS) contained in Part 2 of the Bill, and are both procedural and substantive.

Procedural

The procedural concerns relate to the prejudicial effect of passage of this clause on the current review of higher education. *Higher education at the Crossroads* explicitly asks:

Should private providers have wider access to public subsidies on the same basis as public institutions as a means of stimulating differentiation?

– what criteria should private institutions be required to meet? (p. 40)

Passage of this bill would answer this question in the affirmative well before the process is complete. Worse still, is that it would do so without establishing the criteria which need to be met. There is a danger in establishing a principle in this area in an *ad hoc* manner and thus not establish ongoing processes for its later application.

Substantive

Irrespective of the procedural issues, NTEU has serious concerns about the substance of the policy. The extension of public subsidies to private providers is an extremely contentious issue which has implications for both public sector accountability and the question of what is a university.

The context for this amendment is clearly one in which some within the sector are working towards the extension of full public subsidies to private providers. The unilateral extension by Dr Kemp of Higher Education Contribution Scheme (HECS) liable places to the Fremantle campus of Notre Dame University, without reference to the Parliament and directly contradicting the undertakings of his representatives in both chambers, gives a clear indication of the intention. There is a clear precedent to indicate that any extension of a public subsidy to private providers constitutes the 'thin end of wedge' and inevitable pressure to further extend subsidies to private providers.

It is important to note that while PELS does not provide a direct subsidy, there is an implicit subsidy through non-repayment by those who do not exceed the repayment threshold for long enough and through indexation at the rate of inflation. There are strong economic arguments to show that PELS does include a significant public subsidy, which have been most persuasively presented by Dr Bruce Chapman.

The most fundamental concerns relating to the extension of public subsidies to private providers (including not for profit) are around accountability and quality. Public institutions in receipt of public subsidies are accountable for their financial activities, their governance arrangements (which include external representation of the broad public interest) and the requirement that they comply with democratically mandated standards, in areas such as anti-discrimination and equality of employment opportunity. Further, these accountability mechanisms can be used to fulfil social objectives such as increasing equality of opportunity in student access, supporting research for diffuse public benefit, and to provide a critical, expert voice on matters of public importance. More practically, they are also required to provide data to public agencies to be used for both accountability and planning purposes. The distinctive feature of private institutions is that these requirements do not apply to them. These problems are further exacerbated in the case of for-profit private providers, for which organisational missions and resource allocation are necessarily distanced from educational outcomes.

Another distinctive feature of public institutions is the active role which government can take in assuring the quality of education provided. A distinction should be drawn between institutions accredited as being of sufficient quality to be allowed to operate and those which receive active support from the government through public funding. Private providers are at arm's length from governmental processes and as such are less accountable for performance and in their mission.

Some of the institutions proposed for inclusion in the Bill specifically highlight a number of these concerns. For example, there are concerns about the equity of providing public subsidies to religious institutions which may be operating outside anti-discrimination provisions. This highlights the lack of process for dealing with these issues. No case has been put forward as the basis upon which these four institutions have been chosen in preference to a

plethora of similar institutions, nor has any evidence of quality assurance been provided.

The issues raised here are merely a summary of the broad concerns which exist in relation to extending PELS to the four private providers named in the Bill. To support the Bill in its current form would create a dangerous precedent and seriously undermine the policy framework for public universities. **Accordingly, Part 2 (Items 8-21) of HEFAB 2002 should be rejected in its current form.**

I trust that these preliminary comments are of use to the Committee. The NTEU looks forward to further elaborating these concerns through a supplementary submission and through appearance before the Committee.

Yours sincerely,

Dr Carolyn Allport
NATIONAL PRESIDENT