

## Opposition senators' supplementary comments

Opposition senators agree that this bill should be passed without amendment, primarily because the supplementary funding provided by this bill is so desperately needed by students, universities and the sector as a whole.

However, there are significant features of the Bill that warrant consideration by the Committee on behalf of the Senate. Given this committee's historical interest in the health of our university sector, it would be a mistake to simply recommend this bill's passage without commenting on the ongoing aspects of Government policy contained in this Bill, that continue to change the fundamental nature of our universities, and threaten the viability of Australia's fourth-largest export industry.

### Indexation

One of the significant purposes of this amendment bill is to provide supplementation to university grants across the forward estimates.

In their submission to the inquiry, the Australian Vice-Chancellors' Committee stated that 'the existing index is not realistic. This Bill does not adequately address the real cost of the provision of services.' Their analysis is correct. The lack of adequate indexation continues to be one of the most significant constraints on the sector.

The rate of indexation being applied to university operating grants this year means grants will increase by just 2 per cent. By comparison, average weekly earnings rose by an average of 4.5 per cent annually between 1998 and 2004. As salary costs are the largest component of university operating expenses, ranging between 45 and 70 per cent, this gap between indexation and wage costs continues to expand. Since 1995, the gap between rising average salary costs and the rate of indexation provided by the Commonwealth has accumulated to more than \$500 million.

The OECD's latest report, *Education at a Glance 2006*, has highlighted the falling public investment in the higher education sector in this country, both in real terms and relative to our developed world competitors. While the rest of the OECD countries have increased public investment in tertiary education by an average of 48 per cent, in Australia it declined by 7 per cent.

Worse still, the report shows Howard Government increases in HECS and full-fee degrees mean Australian university students are now paying the second highest fees in the world. A decade of national government policies which emphasise private expenditure on higher education have forced Australian public universities to rely on more short-term and tenuous sources of institutional funding, such as full-fee degrees for Australian undergraduates and on international students also paying full fees.

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There are now almost 100 Australian degrees costing more than \$100 000, a situation which highlights the Prime Minister's broken promise that his Government would never allow any degree to cost more than \$100 000.

The OECD Report comments on trends in higher education around the world, and says:

[I]ncreasing private spending on tertiary education tends to complement, rather than replace, public investment. The main exception to this is Australia[.]<sup>1</sup>

As is clear from the figures contained in this independent and credible assessment, Australia is the major example of national government policy leading to the forcible replacement of public investment in higher education with increased private expenditure.

Adequate indexation linked to high-quality educational outcomes is essential to sustain and strengthen the quality of university education in Australia. Opposition senators strongly urge the Australian Government to reconsider its funding policies which threaten the quality of higher education services available to Australian and international students.

## **Student Debt**

The significant measure in Schedule 2 of the bill is to increase the FEE HELP limit to \$80,000 for most students and to \$100 000 for medical, dental and veterinary science students. This was announced in the Budget, and is the second proposed FEE HELP increase this year. These changes to FEE HELP are significant, increasing the total debt available to students.

As noted earlier, there are now almost 100 full fee degrees in Australia costing more than \$100 000, so it is clear these increases are not sufficient to meet the real cost of these degrees.

According to the *Good Universities Guide 2007*, a full fee paying place in Medicine/Arts will set students back \$237 000 at the University of New South Wales and \$219 100 at the University of Melbourne. Medicine at Bond University costs \$233 100, while Medicine/Law at Monash University would build up a debt of \$214 600.

These massive increases in university fees are forcing up the total debts faced by students and graduates by \$2 billion a year, taking Australia further down the track of an American-style university system. The Department of Education, Science and

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1 OECD, *Education at a Glance 2006*, Paris.

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Training provided answers to this inquiry which show university graduates and students will owe over \$20 billion by 2009-10.<sup>2</sup>

Clearly the increases in the FEE HELP limit are needed to assist students faced with the rapidly mounting debts incurred by those undertaking full-fee degrees, and Labor senators will not oppose this measure. However, Labor opposes full fee degrees for Australian undergraduates at our public universities.

### **Regulation of higher education in the external territories**

In response to a question on notice from Opposition senators, the Department revealed that the proposed guidelines for regulation of higher education providers in the external territories are being developed and will be implemented without reference to the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA).<sup>3</sup> Opposition Senators are concerned that additional accreditation and governance regulations will be developed separately from a national accreditation framework. The involvement of MCEETYA would assist national consistency in accreditation, a vital ingredient needed to ensure quality of higher education in Australia and our external territories.

**Senator Gavin Marshall**  
**Deputy Chairman**

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2 Department of Education, Science and Training, *answers to questions on notice*, p. 7.

3 Department of Education, Science and Training, *answers to questions on notice*, p. 10.

