

Australia: Higher education reform package advances “user-pays” agenda

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Last month’s federal budget highlights the Howard government’s intention of pushing ahead with its “user-pays” agenda for Australian universities. Described by Treasurer Peter Costello as “the biggest shake-up and restructure of the higher education system”, it signals a further attack on state provision of higher education with billions of dollars in university funding to be directly provided by students.

This will be achieved through two measures. On the one hand, Higher Education Contribution Scheme (HECS) fees, the existing partially government subsidised scheme that provides for a proportion of university places, are set to increase by up to 30 percent.

On the other, the proportion of university places open to full-fee paying students will be doubled, from 25 to 50 percent. From 2005-6, when the new program begins, half of all undergraduate places on offer will be available to students paying full fees.

Taken together, the measures dramatically transfer the burden of higher education funding away from the government, placing it squarely on the backs of students and their families.

In a comparatively short period, Australia’s higher education system has undergone an historic transformation. Just one generation ago, the Whitlam Labor government scrapped university fees in a measure that was popularly regarded as a step towards a more equal society. Little more than a decade later, however, the Hawke and Keating Labor government re-introduced the principle of user-pays. This provided the framework for subsequent governments to ever more openly pursue a privatisation agenda for higher education.

Access to tertiary education for broad masses of people, a basic requirement for the development of a modern, cultured society, has been overturned. Instead, governments, in line with big business directives, have slashed spending on universities and opened up tertiary education as a new field of profit making for private investors. As a result, Australian students now pay a higher proportion of university funding than in any other OECD country.

In 1989, Labor introduced fees for domestic students in the form of HECS, an income-contingent, non-interest bearing student loan scheme. By 1996, when Labor was swept from office, HECS charges constituted 20 percent of the cost of a

university degree. The incoming Howard government, in addition to inflicting a \$600 million budget cut on Australian universities, a blow from which they have never recovered, wasted no time in increasing HECS costs. Currently HECS charges amount to 40 percent of the cost of a degree. This proportion is set to rise to 56 percent, according to the National Tertiary Education Union, if all the universities apply the 30 percent surcharge.

The budget measures are based on “reforms” outlined in Education Minister Brendan Nelson’s *Backing Australia’s Ability*, a second attempt by the Howard government to push through a sweeping transformation in the higher education system. In November 1999, three years after the Liberal government came to office, Nelson’s predecessor David Kemp, leaked a radical blueprint for the deregulation and privatisation of universities to the media.

Kemp proposed the introduction of a voucher system and the replacement of HECS with a loans scheme charging market rates. These measures were greeted with broad hostility from students and academics. A surprise defeat of the state Liberal government in Victoria forced Howard to disown Kemp’s submission.

Backing Australia’s Ability, however, reprises the main thrust of Kemp’s proposals. While not using the term “voucher”, Nelson’s package introduces a five-year cut-off for students in government supported places, a move designed to crack down on students taking “too long” to complete their degrees. A \$30 million information tracking system is to be set up to monitor students’ progress.

In addition, the measures include the introduction of the Higher Education Loan Program (HELP) for fee-paying students at public and some private universities. This program will impose commercial-style conditions for student loans with interest rates at 6.5 percent. The same rates will also be levied on HECS surcharges. According to a report in the *Sydney Morning Herald*, Nelson “sold” his package to federal cabinet by claiming that HELP would deliver the government more than \$2 billion in savings within eight years.

Nelson has attempted to counter widespread criticisms of the “reforms” by claiming that it provides additional government money for universities and that university fee hikes will not

deter students from attending university.

According to Nelson, *Backing Australia's Ability* injects \$1.5 billion into universities over four years through the replacement of the traditional block funding grants with a new commonwealth scheme. But university vice-chancellors have criticised the lack of detail provided in the budget and it remains unclear whether this is new government money or simply a re-shuffling of existing funding. Furthermore, about half of the promised \$1.5 billion is tied to workplace and administration reforms. For example, \$404 million in government money is contingent on universities agreeing to implement industrial reforms, including measures to push academics into individual employment contracts.

According to a recent article in Melbourne's *Age* newspaper, the plan offers no additional public resources for universities. The newspaper reported that government funding for higher education in Australia fell from 0.9 percent of GDP in 1996 to 0.6 percent at present and is set to "contract as a proportion of GDP to 0.5 percent in 2003-4 and 2004-5". The *Age* calculates that an additional \$3 billion a year is required to lift state spending on tertiary education back to 1996 levels.

Other reports refute government claims that fee increases have not affected student enrolments. According to a study by Bob Birrell from Monash University, the number of full-time undergraduates aged 19 who were eligible to receive a youth allowance had dropped by one-third between 1998 and 2001. Birrell said this indicated a dramatic decline in the number of young students from low-income families being able to access higher education.

Last week, the Labor Party opposition accused the federal government of suppressing a report revealing a significant drop in the number of disadvantaged students attending university since fees were increased. The 600-page report, according to the *Sydney Morning Herald*, showed fewer students enrolling in the most expensive courses: medicine, veterinary science, law and dentistry.

Although the federal budget freezes fees for some university courses, such as nursing and teaching, and a small number of scholarships are provided for the disadvantaged as an added sop, it is inevitable that cash-starved universities will impose substantial fee rises in all other areas. Increasingly, access to higher education will be denied to the vast majority of students marginalising growing layers of young people.

Three decades after the Labor and Liberal governments began their wrecking operation against state funding of universities, the poor state of higher education is now being utilised as an argument for the scrapping of universal provision and the creation of a two-tier higher education system.

The best-placed universities are being given a green light to operate according to market dictates. High fees will be charged for the "popular" courses, i.e., those leading to a career in higher paying professions. In fact, Alan Gilbert, vice-chancellor of one of Australia's leading universities, has already

announced that the University of Melbourne would be charging domestic undergraduates \$150,000 for its six-year medicine degree.

Universities unable to attract wealthier students will be relegated to second-class status and forced to compete for a declining share of state-funded student places. Already, the vice-chancellor of the University of Western Sydney, in which a high proportion of working-class students is enrolled, has announced the university will be \$300,000 worse off in the first year of the government's new funding scheme.

Whole departments in areas such as philosophy and history will be sacrificed on the altar of profitability and lead to a further deterioration in the general level of education and culture. This trend is already well underway, according to University of Melbourne Professor of Mathematics Hyam Rubinstein in a submission to Brendan Nelson during the minister's yearlong higher-education review. Rubinstein pointed out that of the 16 positions for professors of mathematics and statistics in Melbourne's three universities, 10 were vacant. Only three of these positions would be filled and the remaining seven lost, he warned.

While Labor and the minor parties have vowed to block the passage of the government's legislation in the Senate, in reality, Nelson has been able to advance his package because neither of these organisations nor the education unions are in fundamental disagreement with the direction of Howard's "free market" agenda and therefore cannot launch a genuine challenge to Nelson's reforms.

On the other hand, there is a deep-seated opposition by ordinary people to the government's agenda. This opposition, although unable at this point to find any means of expression, nevertheless has explosive consequences. A glimpse of this was provided in a March opinion poll that put education at the top of Australians' priority list, above health and way ahead of defence.

Another was provided by federal Parliamentary Secretary for Family and Community Services, Ross Cameron in an astonishing public outburst. Cameron lashed out at people who expected free medical care and education and said they made him "want to throw up." Claiming that the government had increased spending on education and health, Cameron said he had been sickened by the debate over the government's federal budget. He admitted, however, that the higher-education measures could damage the government, adding, "There are a number of areas in Australian life where there is a gulf between community expectations and the capacity of government to deliver."



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