



Submission to

**Senate Inquiry into higher education funding and
regulatory legislation**

from

THE AUSTRALIAN EDUCATION UNION

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AEU SUBMISSION TO THE SENATE INQUIRY INTO HIGHER EDUCATION FUNDING AND REGULATORY LEGISLATION

The Australian Education Union (AEU) is pleased to make the following submission to the Senate Inquiry into higher education funding and regulatory legislation.

The AEU represents 155,000 members across the spectrum of education provision in Australia and is vitally concerned and interested in the issues in the inquiry terms of reference. The AEU represents over 14,000 TAFE teachers with a significant minority of those teaching higher education courses and/or employed in dual sector institutions delivering both TAFE and higher education courses.

In particular the AEU is concerned to ensure that all young people are able to access quality education and training opportunities at school age and beyond school whether that be through higher education or TAFE institutions.

The AEU supports the general comments in the National Tertiary Education Union (NTEU) submission and make the following additional points.

Introduction

The AEU is concerned that the Howard Government, so called, higher education reforms will create a barrier to access for millions of young people in the years to come and to many older workers for whom continuing education and skills development is vital for sustainable employment and income generation. It is not possible to provide fair outcomes for all when some people begin their education journey from a socio economically disadvantaged position.

There is a need for increased public investment in knowledge and skills development that not only adds to the competitive advantage of Australian products and services in domestic and international markets but also provides the basis for social cohesion, community development and democratic participation for all.

Exclusion or creation of financial barriers for intending higher education students could also lead to an overflow effect in TAFE which is experiencing unmet demand of 40,000 per year over recent years.

The long term solution is to invest more in public education which is the most efficient and equitable method for preparing people for jobs, sustainable careers as well as economic and social advancement for the nation.

Instead of the Government falsely addressing the issues of public education and teacher shortages as national priorities these reforms act as a deterrent to many potential students wishing to enter the education profession or to beginning workers and those seeking access to lifelong learning opportunities.

The main focus of this submission is on teacher supply, teacher education and pathways for beginning teachers, the financial cost of higher education and its effect on access to lifelong learning, debt as a deterrent to study, the overflow effect on TAFE and the effect of extending HECS to TAFE.

Teacher Supply

The AEU believes that the Federal government, in collaboration with State and Territory government's, should construct national priorities for the higher education sector which would lead to appropriate support, direction and encouragement from government. One of the most important of these national priorities should be in the area of teacher supply.

Resource support and political direction needs to be set in order to ensure that our higher education produce the sufficient number of quality teachers our nation will require in the years ahead to meet the curriculum needs of our school and tertiary students. This will involve a coordinated approach from all levels of government and a sustained resource commitment.

As Lovat says "if left unaddressed, these challenges have the potential to slow the advancement of the profession generally and impair the quality of teaching and learning in schools, in particular. The challenges include ensuring there is an adequate supply of teachers, particularly teachers of certain subjects such as languages other than English, mathematics, science, information technology and physics, as well as enough teachers to service schools in rural areas. A further and related issue is that of remuneration." (Lovat et al, 2003, p2)

The Federal government has a particular responsibility and opportunity to develop policy in relation to the educational opportunities for Indigenous Australians.

The AEU believes that the Federal government must urgently develop policies, which lead to a substantial increase in the number of Indigenous Australians attending and succeeding at university. This will require specific federal intervention in enrolment policy, income support and curriculum development to ensure that there is a massive boost in the number of Aboriginal and Torres Strait Islander students graduating from Australian universities.

As the union with the bulk of our membership in the school and TAFE sectors we have constant first-hand experience of the negative effects the rising cost of a university education has on those most socially disadvantaged. The high level of personal or family income students have to devote to a university education has discouraged countless thousands of socio-economically disadvantaged students to even aspire to a university education.

It is imperative that the provision of scholarships be substantially increased in order to allow able students of modest means to enter and stay at university. It is also essential that the current means-test thresholds be revised to allow a greater a far greater proportion of capable students to enroll at university.

Further deregulation of student fees would have the effect of discouraging school students from disadvantaged backgrounds from accessing higher education.

AEU members know, as teachers of school and tertiary students, that such processes, which are formed in the context of increasing the private costs of higher education will deter many students permanently from attending higher education.

Government policies which increase the burden on families and diminishes the hope and expectation of ordinary Australians that they might attend university inevitably raise the real prospect that to aim for university has the concomitant certainty of long-term debt. Merit, not the capacity to pay, should determine university entrance policy. Such deregulation of fees will certainly lead to a more unequal Australia.

Financial Impact – Teacher Education

Any change to the current funding regime that imposes additional costs on students has the potential to further deny access to further and higher education. Restricting access for those who meet entry requirement will for example exacerbate the current teacher shortage by cutting off the traditional pathways to teaching.

The traditional pathways to becoming a teacher can amount to a range of fee/debt implications, none of which lead to the conclusion that teaching and life-long learning is regarded by the current federal government as a national priority.

For example a Higher Education Contribution Scheme (HECS) – Higher Education Loan Programme (HELP) graduate of any education degree of four years duration, even at the discounted rate of \$3680 will have a debt amounting \$14,720, and rising to \$15,416 by 2005 due to indexation.

In addition teachers who must maintain professional expertise and development through a lifetime of further study during their career to ensure the best teaching standards for students will of necessity require a post graduate FEE-HELP loan or up-front payment.

Depending on the level of post graduate work and in what field, the deregulated fee and/or loan (\$50,000 maximum) could amount to \$46,000 upwards, (as per funding for a full fee Education placement).

What is important to note is that on top of the HECS debt, the repayment method prioritises the HECS loan to be repaid first, (once achieving the starting salary of \$30,000) whilst the HELP loan continues to accrue at market rates of interest.

The rigidity of the proposed Learning Entitlements is effectively a barrier for potential teachers who articulate to a Diploma of Education after a generic Bachelor Degree.

For example a student in Band 1 (accounting, commerce, administration, economics, maths, statistics, computing, built environment, health, engineering, science, surveying, agriculture) and Band 2 (humanities, arts, behavioural science, social studies, foreign languages, visual and performing arts) would use up a minimum of 3 years from their Learning Entitlement then would have to undertake an additional year to complete their Diploma of Education.

Such a HECS-HELP debt for generic degrees in themselves would amount to a Band 1 cost of \$11,040 to \$15,030 (2005 rate) or for a Band 2, \$15,726 to \$21,411 (2005 rate). Add to this the cost of the Diploma of Education (if still eligible under Learning Entitlement for a HECS place) will result in costs upwards of \$18,884 to \$25,265 to achieve teacher qualification under this method.

Again, the complication is that if a student changes their mind, takes longer due to family/work responsibility or fails, there is a real possibility that the student would use up their Learning Entitlement and be forced to take up a FEE-HELP loan or pay for an up-front place to complete their teacher qualification (Diploma of Education). This could amount to upwards of \$46,000 though the loan is capped at \$50,000. Most full fee degrees offered currently already exceed the \$50,000 cost of a FEE-HELP loan, before any deregulation takes place, and prestige becomes a motivating factor for universities to charge even higher rates for places.

If current or future students graduate with more than one type of loan then they will pay back their HECS loan first, thus incurring full-fee or postgraduate loan interest while paying off their interest free loan. Voluntary payments can be made to full-fee paying or postgraduate loans but they will not receive any bonus. (Standfield, 2003, p3)

Financial Impact – Lifelong Learning

As part of the Government's insistence that FEE-HELP will encourage lifelong learning and the acquisition of new skills, it is proposed that individuals can have the option of receiving an additional Learning Entitlement from the Commonwealth after a certain number of years.

However, Learning Entitlements (ie. 5 year limit on a publicly funded placement/degree) are inflexible and inhibit future teachers' access to flexible training and further education options (as does PELS/fee HELP debt).

Notwithstanding the uncertainty as to the length an individual must wait for the opportunity to return to study in a publicly funded place, (when they can receive another learning entitlement), the current proposition that the first learning entitlement fails to have regard to is the legitimate time factors in completing a first degree, much less the specifics of pathways to becoming a teacher.

The failure of subjects due to extenuating circumstances or events, the need for personal leave (carers, maternity, grieving/sorry business, part-time work pressures) and the right to change preferences/subjects/courses are variances that have social catalysts as well as simply being legitimate flexibilities that acknowledge some students' indecision when contemplating an education degree.

Further, there are several examples of the necessity and indeed preference for education professionals to return to undertake further study such as the need to gain additional technological skills, update and expand on area of expertise in the form of a Masters or PhD, and even to acquire another area of expertise to compensate for staff shortages.

More obvious examples include women seeking to re-enter the workforce after time off for child-rearing work or simply education workers retraining to cope with rapid changes to their industry under globalisation or other structural changes.

Prior to the proposed changes all postgraduate coursework places in teaching and nursing were HECS places. The Government proposes to now change this restriction in the current package to enable universities to charge full-fees in the new 'national priority' disciplines of education and nursing, disciplines largely dominated by women. (Standfield, 2003, p)

In a move that could not only deter women from taking up the call to these national priorities, students may well be left stranded in their attempt to get further training or change their areas of expertise, as the introduction of Learning Entitlements means teachers would no longer be able to access a HECS place once they have finished their undergraduate degrees.

Acknowledging the pathways to teaching previously discussed, they would be approaching the end of their five years of publicly assisted study, and therefore as a postgraduate student would now have to borrow or accept a FEE-HELP loan to complete their coursework, or not graduate at all.

Therefore education degrees would not be cheap, especially for those attempting to embark on further study (necessary to fill the gap in many classrooms). Instead of Government falsely addressing education and the teacher shortage as a national priority, these reforms act as a deterrent and in fact as a slap in the face, certainly not a concession for those wishing to enter the education profession.

The Debt Deterrent

With little research being conducted into the impact debt has on current and projections of the impact on future students, this is often an unknown quantity in debates surrounding the issue of who should foot the bill for higher education. However, the research that has been done, (by those who are experiencing the real effects of that debt – the organisations of current students) indicate the many aspects of their lives that are impeded by the size of their student debts. Some studies into such areas demonstrate the potential and real impact on home ownership, borrowing capacity, factors for age when leaving home, fertility, migration, and most insightfully the concept of debt aversion.

HECS costs and other financial burdens of attending university are currently seen as a major deterrent by potential students of low socioeconomic backgrounds, especially women and indigenous students, even before the implementation of this package increases fees.

A recent study commissioned by DEST found that the anticipated cost of university can be a decisive factor for low socioeconomic background students when they are considering higher education. (Standfield 2003, p4).

The overall HECS debt is now \$9 billion, double the figure from four years ago. The total HECS bill that students owe will rise to \$11.5 billion in 2005-2006. Most students will graduate with a HECS debt of between \$11,000 and \$30,000. (Standfield, 2003, p1) If current or future students graduate with more than one type of loan then they will pay back their HECS loan first, in other words their full-fee or postgraduate loan will be attracting interest while they pay off their interest free loan. The loans attract interest for the first 10 years, after that they continue to be indexed at the rate of inflation.

The Australian Vice-Chancellors' Committee admits that the impact of further increasing university fees is not known, yet welcomes deregulation of fees.

The Federal Government has refused to undertake research into issues of debt aversion in the student community, because such research would stop the implementation of these policies, which load graduates up with debt.

At least one commentator claims that '...student debt affects the capacity of graduates to own a home, have a family, and access private finance such as mortgages, personal loans and credit cards. (Pearse, 2003, p3)

In Australia, compulsory student debt repayments delay the capacity of graduates to save a first home deposit and make mortgage repayments.

This has resulted in the following trends:

- The proportion of 20-24 year olds living at home increased from 42% in 1986 to 47% in 1999, while the proportion of 25-29 year olds living at home increased from 12% to 17% over the same period.
- The median age of first home buyers had risen from 30.2 years in 1988 to 31.8 years in 1996-97.
- The current national level of home ownership is beginning to fall after three decades of remaining stable at 70%.
- Home ownership is predicted to fall to under 60% over the next 30 years, and to become closer to 50% in Sydney over the same period.

Student debt has also meant that Australians are delaying having their first child, and choosing to have fewer children. For example Australia's fertility rate reached a record low in 2001 with women having an average of 1.73 children, and men an average of 1.67 children. This is significantly lower than the average of 2.1 children per couple needed to replace our current population and may have influenced, as Pearse says, '...the median age of Australian mothers at the birth of their first child (rising) from 24 in 1975 to 29 in 2000'. (Pearse, 2003, p3)

The nearest similar situation to Australia is New Zealand where significant debt burden for higher education graduates has resulted in a brain drain.

As Pearse says, 'In 1999, economic modelling in New Zealand revealed that it would take the average male university student 17 years to repay a loan of \$20,000, while it would take the average female student 51 years to repay a loan of the same size. And further 'before student debt is considered as a policy solution for inadequate public investment in higher education, the wider social and economic impact of this debt should be researched and monitored.'" (Pearse, 2003, p5)

In February 2003, Universities UK, the British equivalent of the Australian Vice-Chancellors' Committee, released a study entitled Attitudes to Debt which examined levels of debt aversion among a large sample of school leavers and further education students and the impact of debt aversion on their participation in higher education.

The study concludes that debt aversion does deter entry to higher education, particularly for equity groups.

Prospective students with tolerant attitudes towards debt were one and quarter times more likely to go to university than those who were debt averse, all other things being equal.

Debt aversion deterred entry into higher education but was also a social class issue. The most anti-debt are the focus of widening participation policies and include:

- those from the lowest social classes;
- lone parents;
- Muslims, especially Pakistanis; and
- black and minority ethnic groups.

The least anti-debt were:

- attending independent schools;
- from the highest social classes; and
- men."

(Pearse, 2003, p19)

The difference between incomes for men and women and the fact that women spend more time outside of the paid workforce already means that women take longer to pay off their HECS debts. Nearly 93% of men will have paid their HECS debt by age 65, but only 77% of women will be in a similar position. (Standfield, 2003, p1) With lower expectations of future income from continued disadvantage in the labour market, women will be less likely to consider studying and take on a high debt as HECS loans increase by up to 30 per cent.

As Lovat says ‘... with the value of federal funding failing to keep up with escalating costs throughout the 1990s, and then with the deliberate withdrawal of 6% of overall higher education funding from 1996 to 1999, the cost of teacher education is barely able to be sustained and will reach crisis proportions over the next few years without some further injection of funding.’ (Lovat et al, 2003, p16)

The AEU believes that it’s the Federal Government’s responsibility for the injection of those funds for the public benefit, rather than saddling students with debt under the false notion of a “private benefit”.

TAFE Overflow Effect

There are over 40,000 potential students turned way from TAFE each year.

If further barriers are imposed on access to higher education this may further increase the level of TAFE unmet demand and could displace less advantaged student as a result of the overflow effect. This could be further exacerbated by the Howard government offer to the states under a new ANTA Agreement 2004-06 which denies the state any additional TAFE places even though the system is increasingly in demand with historic growth of around 5% per annum.

Attachment 1 is the Australia Bureau of Statistics unmet demand statistics for the last four years and Attachment 2 is the breakdown by state and territory of the unmet demand across all educational sectors for 2003.

It is likely that students unable to access a higher education place, who then seek to enroll in TAFE, will further increase unmet demand in TAFE.

HECS in TAFE

The suggestion that a HECS-like system of fees be introduced into TAFE for higher education course is the thin edge of the wedge. This was suggested in the Crossroads Discussion Paper and is being discussed by the Howard Government as a way of imposing new costs on students. The imposition of HECS in TAFE would change the character and student composition of TAFE fundamentally. It would most certainly lead to a higher financial burden on TAFE students and would change the purpose and charter of TAFE as an integral part of Australia’s public education system.

It would undermine the principles of access and equity in TAFE and would place a further disincentive for Australians to improve their skills and employability thus leading to a reduction in the nation’s skill base at a time

when the most significant benefits for industry, communities and workers is skills enhancement.

The proposition that introducing HECS into TAFE would serve as a positive equity measure is rejected. All of the recent evidence in Australia in respect of HECS and previous university-style fee systems has seen a progressively increasing impost on students and families. It has served as a tax on learning and has impacted most heavily on those with modest financial means. In public statements on the issue, government spokespeople cite examples of students articulating from TAFE to university as a reason to consider HECS-style arrangements in TAFE. It would be profoundly regressive if higher education reforms led to a disincentive for course articulation and acted as tax on Recognition of Prior Learning (RPL).

The AEU notes that State and Territory Ministers with a responsibility for TAFE have unequivocally rejected the introduction of HECS into TAFE. This is a message of unprecedented clarity.

It is important that regard for sound Federal, State and Territory Government relations which underpins public policy that this position be accepted.

The higher education reforms suggest a direction in university policy which would lead to the creation of elite universities which privileged status and funding. As teachers with experience across the range of public education provision we would suggest that such a policy direction is educationally and historically regressive. It smacks of a university policy of previous centuries, where emphasis was given to the creation of privilege.

We are reminded of John Raulston Saul's observation that one of the easiest and least productive things one can do in education policy is to create elites.

Australia's future is to be met by spreading the quality of provision across the range of the population rather than giving resource emphasis to the inculcation of privileged access.

In the schools sector, the Federal government's policy of subsidising the already advantaged has been divisive, controversial and widely seen as distributing funds disproportionately to the section of education that least needs it. It would be unfortunate if the university sector was to become subject to the same educational maladies. The goal of sound education policy across all sectors must be to gain the highest possible learning, skills and opportunity for the greatest possible number of Australians. All students have the right to have access to, and aspire to, excellence.

The AEU supports a higher education system, which recognises diversity as opposed to hierarchy. We believe that the process of encouraging the development of a university sector with ever-worsening disparities in resourcing and esteem would be educationally and socially regressive. Such a policy would inevitably lead to a hierarchy of perceived worth in terms of what is studied and who is taught at the various universities.

We are concerned that the kudos associated with graduating with teaching or education qualifications would be diminished if institutions educating such graduates were regarded as places of lesser worth or reputation. As the vital debates around professional standards in teaching continue across Australia it is essential that we work to further enhance pre-service university-based training for all who are entering the teaching profession. As such, we must ensure as a nation that our teacher training universities and courses are of the highest possible quality and reputation.

We note that the overwhelming majority of our universities are public universities and as such they need to serve a public purpose and construct management, enrolment and governance policies which reflect public concerns and needs. We also reinforce the view that funding from government for universities must focus exclusively on our public universities.

References

Lovat, Professor Terence J. (& Mackenzie, Dr. C.) 2003, "The Role of the 'Teacher' - Coming of Age?", Australian Council of Deans of Education.

Pearse, Hilary, 2003, "The social and economic impact of student debt march 2003," Council of Australian Postgraduate Associations (CAPA).

Standfield, Rachel., 2003, "Women's Department Budget Briefing Paper: – The Higher Education Reform Package – Bad for all, Worse for women." National Union of Students.

Unmet Demand for TAFE

Year	TAFE Student Places	Other VET*	Total VET
1998	35,200	12,900	48,100
1999	45,800	13,100	58,900
2000	40,500	13,800	54,300
2001	34,600	12,000	46,700
2002	39,600	8,500	48,100

* 'Other' includes programs that do not result in a recognised qualification.

Source: ABS Education and Work, 6227.0

Attachment 2

Education Enrolment Experience by State or Territory of Usual Resident for Persons aged 15-64 years

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUST.
Applied to enrol in a course of study for 2002	864,447	679,797	472,121	200,003	257,961	55,672	22,847	50,369	2,603,216
Studying in May 2002	801,616	633,826	424,188	179,761	231,570	51,711	21,203	46,674	2,390,548
Gained placement but deferred study	41,055	24,637	30,979	13,173	17,524	2,348	*1,490	2,638	133,844
Study would lead to an educational qualification	32,259	17,488	26,607	9,320	14,570	2,119	*1,490	2,330	106,183
TAFE	14,127	7,946	12,977	3,532	4,560	*1,093	*314	*696	45,246
Higher education	10,296	*5,402	8,042	*2,857	6,190	**307	*942	*1,118	35,153
Other educational institution	7,836	*4,140	5,588	*2,930	*3,820	*719	**235	*517	25,785
Study would not lead to an educational qualification	8,795	7,149	*4,373	3,854	*2,954	**229	0	**308	27,661
Unable to gain placement	21,776	21,334	16,955	7,068	8,867	*1,613	**154	*1,057	78,824
Study would lead to an educational qualification'	18,760	20,940	14,793	6,522	6,976	*1,205	**154	*957	70,306
TAFE	9,425	12,599	9,034	4,502	*3,088	*655	0	**296	39,599
Higher education	*6,887	6,351	*4,528	*1,369	*2,996	**300	**154	*551	23,135
Other educational institution	*2,448	*1,990	*1,231	**651	*891	**250	0	**110	7,572
Study would not lead to an educational qualification	*3,016	**394	*2,161	**546	*1,891	**408	0	**101	8,518
Did not apply to enrol in 2002	3,460,148	2,577,821	1,962,285	778,867	1,047,510	246,415	82,347	168,237	10,323,631
Total	4,324,595	3,257,619	2,434,407	978,870	1,305,470	302,807	105,194	218,606	12,926,847

* estimate has a relative standard error of between 25% and 50% and should be used with caution
 ** estimate has a relative standard error greater than 50% and is considered too unreliable for general use.

Source: Australian Bureau of Statistics Education and Work, May 2000