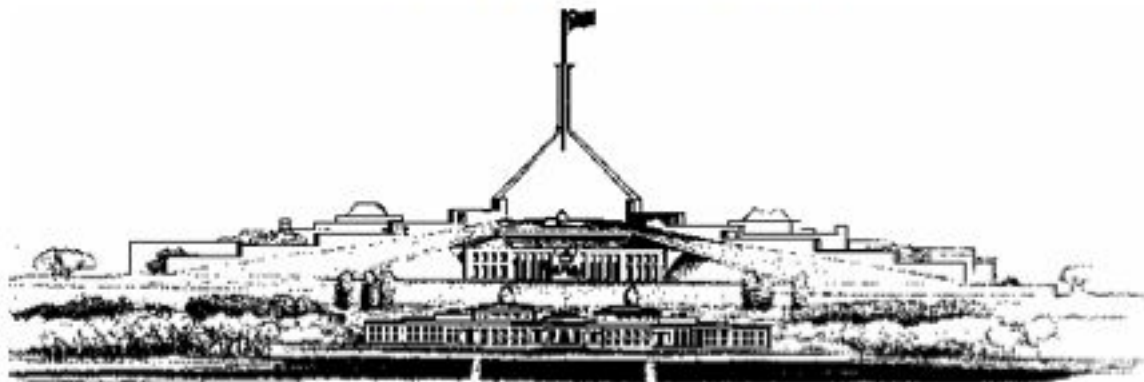




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

BILLS

**Higher Education Support Legislation
Amendment (A More Sustainable,
Responsive and Transparent
Higher Education System) Bill 2017**

Second Reading

SPEECH

Tuesday, 12 September 2017

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Tuesday, 12 September 2017
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Questioner
Speaker O'Brien, Ted, MP

Source House
Proof Yes
Responder
Question No.

Mr TED O'BRIEN (Fairfax) (12:33): The member for Sydney can't make her mind up. Her entire speech is sprinkled with the phrase 'tinkering at the edges'. These aren't reforms; they're 'tinkering at the edges'. Then, of course, she paints the picture of the world being turned upside down should this very bill, the Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017, which apparently is just 'tinkering at the edges', get through the parliament. The member for Sydney and the Labor Party need to make up their minds: is this indeed tinkering at the edges or is it the Armageddon that they are in fact proposing it is?

If there was only one thread of consistency in the argument just put by the member for Sydney, it was the suggestion, as foolhardy as it is, that this bill is coming with cuts. Can I remind the member for Sydney, and the Labor Party, that funding to tertiary institutions is set to increase—*increase!*—from \$17 billion up to \$21 billion by the end of the forward estimates. Now, when you go from the number 17 to the number 21, it is actually an increase.

The Labor Party seem to not understand that when money goes up, when you get more of something, that's actually not called a 'cut'. Nevertheless, does the government need to ensure that universities are more efficient? Absolutely, we do. The Labor Party used to agree with the same principle. There are indeed economic benefits to this bill. Indeed, this bill is a microcosm of the great challenge that Australia faces to maintain the core values and responsibilities of our society at a time when our public finances are indeed in peril.

Since John Curtin introduced Commonwealth scholarships in 1940 and improved access to university education, there has been a largely bipartisan commitment to giving every Australian, where possible, the opportunity for the sort of advancement that we hold so dear in our classless, egalitarian society. Despite differences, that effort is ongoing. Sir Robert Menzies, throughout his record-breaking 16 years as Prime Minister, was perhaps Australia's greatest champion of tertiary education by providing far greater student access to university. This imperative was an abiding preoccupation for Menzies, central to his entire approach to leadership and his vision for Australia. Sir Robert greatly increased the number of universities and significantly expanded the scholarship system to open up access for many hardworking students, irrespective of their wealth or privilege. It was Menzies who brought in tax breaks for education expenses and for living allowances. In 1939, Australia had just six universities and just over 14,000 students. By 1966, the year that Menzies stepped down as Prime Minister, there were 16 universities and over 90,000 tertiary students.

Gough Whitlam, in 1973, went much further by removing all direct course costs for tertiary students, at least in terms of fees; although the cost of living for students, a cost largely falling on parents, remained a significant burden and meant that there was no great expansion of opportunity, despite what Whitlam may have hoped for. Bear in mind that 1973 was still a time when the great majority of high school students did not matriculate. John Dawkins, author of the so-called 'Dawkins revolution', made massive changes to the higher education sector in the late 1980s, not all of them universally praised, including introducing as a measure to help protect the budget what was then known as HECS, the Higher Education Commonwealth Scheme. Fees were reintroduced and were paid in part by loans to students with the funds passed on to the universities. These covered some of the costs of their degrees and only had to be repaid as students entered employment and achieved higher income levels, which then often triggered only modest repayments.

That system has been maintained ever since. It underwent tweaks in the later years of the Hawke and Keating governments and under the Howard government, yet it remains a cornerstone of the system today—as does the philosophy behind it, which was to relieve the taxpayer of total responsibility for the provision of a university education and to ensure that the principal beneficiary, the student, bore a proportion of the cost of their academic betterment. The view in the late 1980s, as it is today, was that the major beneficiary of a university education is indeed the student. A tertiary degree opens the potential, if not always the reality, of achieving an income greater

than would ordinarily be possible for a person without that level of education. In broad terms, that remains the case today.

The last major change was in 2012 when the Commonwealth removed caps on the number of places that universities could offer, which, in turn, took the cap off student loans. The result was an explosion in the number of students and an almost exponential increase in HECS debt owed to the Commonwealth. There are now 1.4 million university students, up 100,000 over the past three years alone, attending 39 universities. There are almost one million students doing bachelor degrees, over 300,000 doing post-graduate courses and more than 65,000 doing postgraduate research. There are over 120,000 staff. That is significantly more than there were only 50 years before.

Today our HECS debit has ballooned to an astonishing \$50 billion, and that debt, tied up in loans to students, is expected to grow even more dramatically in the years ahead as increasing numbers of students rush to take advantage of uncapped Commonwealth loans and almost unfettered tertiary access. The positives of this serial, steady, generally bipartisan expansion of opportunity are many. The first of that access has been continuously, incrementally and even exponentially, since the Curtin and Menzies years, extended to the sorts of levels that fit our national commitment to a classless and egalitarian society.

Over the decade to 2015, for example, there was a 50 per cent increase in the number of students from lower socioeconomic status backgrounds attending university. There was a 45 per cent increase in the number of regional and remote students, from just over 100,000 in 2008 to almost 160,000 in 2015. There were just over 7,000 Indigenous students in university in 2008 but over 12,000 in 2015, while the number of people with disabilities going to university was up an astonishing 94 per cent, from 24,000 to over 47,000. Thirty seven per cent of Australian 25- to 34-year-olds now have a bachelor's degree, or higher, and the Australian university sector has become an extraordinary contributor to the national economy. In 2001 there were just over 150,000 foreign students paying full fees here to study. There are now over 350,000, mainly from north-east and South-East Asia, and this generates export income that is third only behind iron ore and coal—an extraordinary achievement. It was almost \$22 billion in 2015-16.

Australia is now, and has been for some time, one of the leading international providers of tertiary education. These are outstanding outcomes from a great deal of effort, but there are also some equally outstanding problems. The 2012 uncapping of entry, such that universities now decide how many students they enrol without the need to meet government-imposed quotas, means that at least some universities have dropped their standards in the grasp for dollars from students and from taxpayers, who continue to foot most of the bill, which has increased by 71 per cent since 2009. People are being enrolled with entrance scores for some disciplines that are so low that the potential for them to successfully complete their chosen course is likewise very low, and the universities know it. Clear evidence of this is a dropout rate of about one-in-three—a tremendous waste of time for the student and an equally tremendous waste of resources, including precious taxpayer dollars, bearing in mind that upwards of 80 per cent of the cost of many degrees continues to be borne by the taxpayer.

There is also a lot of wasted effort and resources for students enrolling in courses where the opportunity for employment, once they have their degrees, often varies from limited to virtually non-existent. The universities enrolling students for these courses know that too—and if they don't, well, they should. These are clear flaws in the system. These are unintended consequences, if you like, of a rampant, self-regulation that we simply can no longer afford. This bill, it is hoped, will go some way to correcting such flaws in the interests of students, universities and the economy, not to mention, of course, the interests of the taxpayer.

Members opposite, in signalling opposition to at least some of the measures in this bill, are simply continuing their long, ubiquitous flight over the cuckoo's nest, just as they still flap away in relation to their fake commitment to Gonski, the National Disability Insurance Scheme and their mad plan for 50 per cent renewables by 2030. Labor has no plan to fix this. They certainly have no money when the public debt is now at \$500 billion—half-a-trillion dollars—and headed upwards to \$700 billion on the trajectory they established with their spendthrift ways when they were last in government. Via their relentless opposition now and ever since they were booted from office in 2013, they stymie each and every attempt by this government to rein in debt, preserve our AAA credit rating and restore our budget to balance.

Australia simply cannot afford more nonsense from those opposite, whether across the board or in relation to the crucial goal of ensuring a university system that is sustainable, fair and transparent. The key measure in this bill

is a 1.8 per cent increase each year for the next four years in the share of the cost of university education that is borne by students. It is a cumulative 7½ per cent increase by 2021 with the Commonwealth contribution reduced by the same amount. We cannot afford more. This bill is driven by the same imperative that drove John Dawkins and Neville Wran—who was a key advisor to Dawkins and Bob Hawke in 1988—when they reintroduced fees and established HECS, and that is the budget.

These are still very competitive arrangements for our students. In New Zealand graduates pay 12c in every dollar they earn over \$17½ thousand. In the United Kingdom graduates pay nine per cent of their income once their income reaches the equivalent of \$36,000. In Australia the new threshold set by this bill is \$42,000 and a minimum repayment is one per cent, or just \$8 a week, and it is only slightly more for higher-income earners. That is, by international standards, extremely generous, and I'm confident it will pass any fair-minded pub test in any part of this country.

Other important measures in the bill will ensure that universities are more open, more transparent and more responsive to students by giving them clearer information about the prospects of employment at the completion of their course. There will be expanded support for subdegree courses to reflect the reality that for many students a diploma or certificate course could serve them and their community better than attempting a degree. This is indeed a very sensible and positive move. It continues the historic, generally bipartisan effort in this country to enable those who want to achieve a university education to obtain it regardless of their wealth, social standing or background. We are very deliberately, even fiercely a classless and egalitarian society. That attitude, typically supported by Australian governments, recognises and reflects the core values of the Australian people. This bill advances that cause but also recognises—as did the mentors of the members opposite back in the late 1980s—that budgetary pressures are real and have to be responded to. It is for these reasons that I am delighted to commend this bill to the House.