

HIGHER EDUCATION

Higher Education Policy The nineteenth century was the century of near universal primary education. The twentieth century was the century of near universal secondary education. The Coalition is working to make the twenty-first century the century of near universal tertiary education, at university, in vocational education and at TAFE.

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Executive Summary

- The Coalition will be increasing the number of fully publicly funded undergraduate places in universities by another 4,000 by the year 2000.
- The Coalition will continue to protect the rights of Australian students to enter universities on the same terms as overseas students when all fully publicly funded places have been taken up.
- The Coalition will increase funding above previously announced levels for research infrastructure by \$90.5 million over the next three years.
- The Coalition will increase funding above previously announced levels for the Strategic Partnerships – Industry Research and Training program by \$58.1 million over three years.
- Research training opportunities will expand with more than 26,000 research degree student places projected for 2000, compared to fewer than 22,000 in 1996.
- The Coalition will provide \$19.5m to establish a High Performance Computing network to ensure that Australian research and industry can remain at the cutting edge of knowledge.
- The costs of delivering education across all sectors will be reduced by \$720 million over three years under the Coalition's tax reform plan for a stronger Australia. The costs of scientific research, technical and computer services will be reduced by \$2.7 billion over three years.
- The Coalition will continue to support campus developments, especially in regional areas of high demand growth.
- The Coalition will increase the level of the Youth Allowance by 4 per cent and further extend the means test income threshold by 2.5 per cent.
- The Coalition supports the introduction of voluntary student unionism.

Labor's Record

- Labor has failed to commit to adequate funding to maintain Australia's research infrastructure base.
- Labor has failed to commit to adequate support for the vital and successful collaborative research with industry funded through the Strategic Partnerships with Industry – Research and Training program.

- Labor remains committed to compulsory student unionism.
- Labor's HECS system discriminated against students in courses with lower income earning potential by requiring them to pay a much higher proportion of course costs than students in courses with higher income potential.
- Year after year Labor locked tens of thousands of qualified Australian students out of universities while admitting overseas students on terms not available to our youth. Labor will return to policies that discriminate against Australian students.
- In proposing to abolish postgraduate fees Labor will be seriously restricting the financial flexibility of universities and increasing the burden on the taxpayer.
- Labor's higher education policies are still based on the centralising philosophy of the Dawkins era, reinforced by Labor's links with the National Tertiary Education Union which continues to champion the centralised industrial arrangements which enhance the power of its elite union mates at the expense of academic and institutional creativity and individuality.
- Labor would once more reduce the flexibilities which are coming into the higher education system, damaging the capacity of the universities to meet student and community needs and raise resources.
- Labor's education review is simply a device to return to a policy written by and for its union supporters.
- Labor's plan to abolish HECS and introduce a Graduate Contribution Scheme for those on incomes over \$40,000 (announced in Adelaide on 8 September 1998), will lead to large increases in students charges and diminish access to universities.

The Choice

The Coalition considers that the key issue for the higher education in this election is the strategic direction for universities for the next twenty years. While we are announcing vital funding commitments to secure Australia's world-class science research base, spending promises alone will do nothing to secure the future of Australian university education if the strategic direction is wrong.

Further, universities, along with other sectors of education, will be major beneficiaries of the historic changes to the nature of Australia's taxation system being proposed by the Coalition. These reforms will produce noticeable cost reductions in the provision of education and in the conduct of scientific research.

While Labor has failed to make adequate commitments to maintain Australia's vital research infrastructure and the highly successful collaborative research programs

involving universities and industry, which the Coalition has, the major contrast between Coalition and Labor policies is at the strategic level.

The Coalition is committed to a more flexible, devolved framework for universities, where institutions have greater autonomy within a framework of accountability for performance through adequate information and responsiveness to the needs of students, industry and the community. By contrast, Labor is proposing to abolish key elements of choice and financial flexibility at both undergraduate and postgraduate levels, and to move back to a re-centralised system more subject to political, bureaucratic and union control. Labor plans are a prescription for forcing down the overall resourcing and quality of Australia's universities.

The Coalition's strategy will lead to the further improvement of access, resources and quality in Australian universities.

A Directions for Higher Education

The Liberal/National Government has laid the basis for a twenty year perspective on the development of Australian universities. The Government's principal objectives are to further increase access to education and training, to improve the quality and responsiveness of institutions and courses, and to expand the opportunities for lifelong learning.

To achieve these goals it is necessary to continue moving beyond the centralised control model of the Dawkins era to more autonomous institutions. Labor's model encouraged undue managerialism and centralisation within institutions and shifted the focus away from the all-important staff-student relationship to government-university relations.

Labor's model can neither provide the research excellence nor the flexibility to meet the diverse needs of Australia's students. A successful tertiary education system must shift toward being more responsive to students and other users of education. Flexible and adaptable higher education institutions are central elements in the national strategy to position Australia to seize the opportunities of globalisation and technological change. Such institutions will refocus attention on the vital staff/student relationship.

The Government is, therefore, moving towards a more decentralised higher education system. It is encouraging the universities to take advantage of the existing deregulation of postgraduate study and has opened up new opportunities in undergraduate education. In subsidising over-enrolments it gives new flexibility in student numbers that assists universities to create more places when they have the capacity to do so. There are 17,659 more domestic student places than there were in 1996.

More than 200,000 new students each year look to universities to provide them with high quality teaching. University rewards for staff have traditionally been geared

more to research than teaching. There is a need to ensure greater responsiveness by universities in their teaching role, involving greater attention to quality of teaching and to internal rewards for teaching excellence.

Reforms to research funding will seek to use more effectively the knowledge that exists in the research community about Australia's research strengths and potential.

As tertiary options multiply – through New Apprenticeships and expanded TAFE and recognised industry training – it is crucial that the university sector provides clear pathways across qualifications at different levels. Increasingly policy will need to consider the tertiary sector within an integrated framework.

Opportunities for lifelong learning need to expand as people typically now change careers on more than one occasion. While there is often a strong focus on the needs of school leavers and young people, those who have experienced many years in the workforce, or out of the workforce, equally require good opportunities to reskill and embark on new educational pathways. Coalition policies will give full attention to the needs of lifelong learning.

These new directions for universities represent a major challenge for university management. With their performance under closer scrutiny, they must now take on responsibilities that were absent or easier in the past. They must develop strategies to position their institution in relation to local, national and international demands. They must make decisions about how to allocate resources within their institutions and devise measures to improve productivity. They will need to take full advantage of the flexibilities of the Workplace Relations Act to achieve the benefits of enterprise bargaining at an institutional level. Their institutions will need to respond quickly to changes in student demand and developments in technology.

The Coalition understands that there are many complex policy and administrative issues to be worked through as higher education moves into a more deregulated era. It will consult closely with the universities, the States and Territories, and other stakeholders in developing a framework that can achieve the goals it has set for Australian higher education.

B Access to Higher Education

The nineteenth century was the century of near universal primary education, the twentieth century was the century of near universal secondary education, and the twenty-first century is going to be the century of near universal tertiary education.

(i) Achieving Access

Access to universities for all qualified students is a major goal of the Coalition. The Coalition understands that access depends on a range of factors, including cost, foundational skills, entry requirements, background, and the supply of places.

(ii) Higher Education Contribution Scheme

Australia is regarded as a world leader in dealing with the costs of education via its Higher Education Contribution Scheme.

HECS has proven to be an equitable mechanism to secure access to university regardless of a student's financial position. No-one need be deterred from taking a place on financial grounds. The Coalition rejects Labor's half-baked proposals to abolish HECS.

In the 1996 Budget the Government announced changes to the HECS system. The basic principles of the scheme were retained, with students paying a proportion of the cost of their education, but with access to income contingent loans. The flat rate charge was replaced with differentiated charges based on the type of course, and its earning potential.

This measure preserves access while creating a fairer financing system. Differentiated HECS recognises that some courses cost more to provide and that some courses lead to higher incomes. It is reasonable to expect those who will earn higher incomes to pay more for their education. The higher revenue to government that comes from differentiated HECS shifts some of the cost of higher education away from the general taxpayer towards those who benefit directly from university study.

Enrolment data suggests that differentiated HECS has not affected access to particular courses. To the contrary, growth has often been strongest in courses that are in the more expensive HECS categories. According to a Higher Education Council Report on HECS, between 1996 and 1997 the largest rise in the number of commencing students (18%) occurred in Law, which is in the highest HECS category. Science, in the middle HECS category, experienced a rise of 9% in the number of commencing students over 1996. Courses in the cheapest HECS category, such as Arts (6.7%) and Education (3.9%) had lower rates of growth. These results indicate that price changes to HECS have not had the deterrent effect forecast by some, and that students still see the differential HECS charges as representing good value for money.

(iii) Equity Issues

People from low socio-economic background make up around a quarter of the population but in 1997 only 14.5% of the higher education student body. The Government is focussing 40% of funding from its Higher Education Equity Program on this group. People on low incomes are eligible for the Youth Allowance and now more broadly for rent assistance, and can receive extra payments via a loan under the Student Financial Supplement Scheme. The Youth Allowance removes financial incentives to choose unemployment rather than study. Youth Allowance payments will be increased by 4% as part of the tax reform package and the means test income threshold will be extended by 2.5%.

The number of indigenous students in higher education has been growing, but

participation and retention rates remain below the national average. The financial assistance provided by ABSTUDY provides an incentive for indigenous Australians to complete secondary education and go on to further study. The 1996 Budget provided for \$72 million over three years for measures to improve educational outcomes for indigenous students. The Coalition will continue to encourage increased participation in higher education by indigenous students.

Isolated areas also have university participation rates below the national average. To encourage potential students from these areas to attend university the government has focused infrastructure spending on campuses outside the major metropolitan areas. In far north Queensland, an area of growing numbers of young people, James Cook University will receive 450 growth places in 1999. The Government is also focussing 30% of funding from its Higher Education Equity Program on students from isolated areas. The Coalition's Youth Allowance provides rent assistance for students who need to live away from home to study. Under Austudy rent assistance was generally only available to homeless students. There is also a Remote Area Allowance available.

(iv) Basic Literacy Skills

The adequacy of school education has an important effect on higher education participation rates. While schooling is largely a matter for the states, the Government has taken major steps to ensure that all Australian students have satisfactory literacy skills. This will lay stronger foundations for lifelong learning, including entry to university, in the twenty-first century.

(v) Entry Requirements

It is important that potential students not be kept out of university through inappropriate entry requirements. Traditionally, there has been a heavy focus on using the Tertiary Education Rank as the means for selecting students for university entrance. The Tertiary Education Rank on its own represents an overly narrow view of what constitutes sufficient merit for university entry.

The Government is making up to \$1 million available to assist universities develop entrance procedures less dependent on Tertiary Education Rank scores. The Government will be assisting universities develop and pilot alternative selection methods to be used instead of or as well as the Tertiary Education Rank.

(vi) Equity Scholarships

To help place more people from equity groups in university there are HECS exemptions awarded by the universities under the Merit-based Equity Scholarships Scheme. The definition of merit is determined by each university having regard to the academic potential and level of disadvantage of applicants. Within the broad categories of disadvantage this provides for an individualised approach to the selection of beneficiaries, allowing the selection of students who might be deterred by HECS debt in a way that most students are not. One thousand of the Merit-based

Equity Scholarships were awarded in 1997, two thousand in 1998, and a further three thousand are planned for 1999.

(vii) Flexibility with Changing Demand

The supply of student places has been highly regulated by the federal government through allocations to institutions. While this system provides for a minimum number of places at each institution, it is inflexible in leaving little scope for adjusting place numbers according to demand. Demand for higher education in total can fluctuate from year to year, due to changes in the numbers of school leavers, conditions in the labour market, and competition from other post-secondary education providers. As enrolments at TAFE and in New Apprenticeships continue to rise it is possible university applications will plateau. Demand for higher education at particular institutions can also fluctuate depending on regional variations to all these factors, plus competition from other higher education institutions.

The Howard Government has taken some important initiatives to encourage universities to respond more flexibly to demand. The Coalition is offering the universities a partial subsidy, of the minimum differential HECS amount, for places provided above the target number they have agreed to provide. This means that where the universities have extra capacity to provide more places there is a financial incentive for them to do so. Early estimates on over-enrolments indicate that they will be around 40,000 in 1998. This is the equivalent of an extra four medium sized universities.

A second important supply and equity initiative is to allow universities to offer full-fee paying positions to undergraduates. These positions are all additional to HECS liable places. This policy enables the universities to respond to demand from students who have not been offered a place in their course of first choice. The Government will continue to encourage institutions to offer these places, as failure to do so denies some students the opportunity to do their course of first choice and other students the opportunity to enter university at all.

(viii) More Fully Subsidised Places

In addition to these new flexibilities, the Government has also increased the number of fully-subsidised undergraduate places allocated directly to the universities. In 1998, there will be 361,925 of these places, up by more than 10,000 on the 351,735 places provided in 1996. This represents a refocusing of public resources toward undergraduate education. The Government believes that access principles are best served by ensuring that more people are given a first opportunity to attend university.

These initiatives have led to a record number of people being enrolled in Australia's higher education system. In 1998 there are nearly 600,000 students enrolled in higher education, up from only 558,000 as recently as 1995.

(ix) Reduced Unmet Demand

This expansion in the number of university places, plus the educational opportunities provided by the increased number of new apprenticeships and of places in TAFE, means that the level of unmet demand for tertiary education is low. An Australian Vice Chancellors' Committee survey shows that the number of eligible applicants not being offered a university place has decreased considerably since the Coalition came to office, dropping by 41% between 1997 and 1998 (Survey of Applicants for Undergraduate Higher Education Courses 1998).

Under the Coalition, there will be continued capacity for growth in undergraduate places. Fully subsidised undergraduate places will grow by 4,000 between 1998 and 2000. The part-subsidy for over-enrolments will be maintained. The Government will continue to encourage more universities to offer places to full-fee paying undergraduate students.

C Research Policy

Universities have the twin goals of knowledge creation and knowledge transmission. The research activities of the universities are their principal contribution to knowledge creation.

The Coalition Government has substantially increased Commonwealth financial support for university research. In 1998 the research program budget was \$450.3 million, up from \$398.6 million in 1996. The Research Quantum of the universities' operating grants provides an additional \$219.4 million in 1998. In particular, the Coalition lifted support for collaboration with industry and for research training with its Australian Postgraduate Award (Industry) scholarships announced in *Investing for Growth* and lifted investment in research infrastructure.

(i) Research Infrastructure

Research infrastructure underpins Australia's strong research performance. In 1995 the ratio of project-related infrastructure grants to direct research funding was at 0.15:1, a figure generally regarded as inadequate. The Coalition provided extra funding in the 1996-97 Budget to maintain the quality of research infrastructure, lifting the ratio to 0.30:1 in 1998. **The Coalition will increase infrastructure spending from previously announced levels by \$90.5 million over the next three years.**

(ii) High Performance Computing

Access to high performance computing is necessary for a number of important areas of research. **The Government will spend \$19.5 million to establish a unified national high performance computing infrastructure.** After extensive consultation, the Government is establishing an Australian Partnership for Advanced Computing, comprising higher education institutions and representation

from industry. Australian Partnership for Advanced Computing will acquire the peak capacity necessary to provide high performance computing infrastructure. It will conduct three broad programs in the areas of education and training, industry diffusion and research, with the goal of positioning Australia in the top ten countries in the use of high performance computing technology.

(iii) Collaborative Research with Industry

Collaboration between the universities and industry expands Australia's knowledge base and generates wealth. This collaboration is a government priority. The Strategic Partnerships - Industry Research and Training scheme aims to improve collaboration by supporting combined university-industry projects and providing awards and fellowships for training and research to occur in industry. Industry provides matching grants.

Funding for Strategic Partnerships – Industry Research and Training will be increased over previously announced levels by \$58.1 million over the next three years.

(iv) Research Training

Research training is a key activity of the universities. The number of research students has increased each year under the Coalition government. By the year 2000 we estimate that there will be nearly 26,000 research student places, compared to fewer than 22,000 in 1996. The 50 annual Australian Postgraduate Awards (Industry) scholarships announced in *Investing for Growth* are targeted to information technology related areas.

(v) Tax Reform to Reduce Costs

Grants made to the universities for research will be GST-free. The universities will be able to claim input tax credits for any purchases made. Where research is done by universities for a fee, the universities will also be able to claim input tax credits on their business costs. This also applies to commercial businesses involved in research. Indirect tax reform will reduce costs in the Australian Bureau of Statistics industry category of 'scientific research, technical and computer services' by an estimated 3.6%.

(vi) Strategic Statement

The Government is currently looking into ways in which it can further promote excellence in research and ensure that Australia gets maximum benefit from its research investment. The Coalition is presently consulting with the universities and other stakeholders in the development of a major strategic statement on research and research training.

D Responding to Student Needs

In its initial response to the West Report, the Government endorsed the principle of improving the quality and responsiveness of institutions and courses. This principle is critical to the future of higher education. It is necessary to both attracting people to higher education, to making the most of their investment of time, money and effort; and to getting appropriate returns to the community from the considerable investment of public resources in education.

(i) Incentives for Responsiveness

A Coalition government will encourage universities to be more responsive to student needs. There is now considerable competition between the universities for fee-paying students who will spend an estimated \$870 million in 1998. As the financial consequences of enrolling or not enrolling fee-paying students are considerable, the universities have a strong incentive to ensure that the needs of these students are being met. At the undergraduate level, most of these students to date have been from overseas. Australian students have benefited from improvements necessary to meet the needs of keeping overseas students satisfied. The government's policy of now allowing the universities to offer full-fee paying positions to Australian students will further increase the financial incentive universities have to be responsive to student needs.

The universities also have the incentive of the partial subsidy for students enrolled above their target number to encourage them to take extra students where they can do so at a low marginal cost.

That the universities must now compete more strongly for students is evident from the changed enrolment patterns we see from year to year as universities shift their course offerings. The universities are channelling their resources to areas of actual student demand and in subjects they can provide at a high quality level.

A Coalition Government will help universities develop projects to maintain student choice where courses are in low demand. Alternatives to face-to-face delivery and cooperative arrangements among institutions are among the options available in pursuing this aim.

A Coalition Government will be consulting with the universities on further ways to establish closer links between public funding and student choice, but has announced that it has no intention of introducing a system of voucher-based funding.

(ii) Quality Improvement Plans

The Government is now requiring the universities to submit a quality improvement plan covering teaching, student services, research, management and community service. It will provide information on positive outcomes for graduates, such as the proportion in employment. It will also report on results from the Course Experience Questionnaire, and in particular the percentage of graduates expressing satisfaction with teaching and the acquisition of generic skills, as well as overall levels of satisfaction.

(iii) Teaching

The Committee for University Teaching and Staff Development is playing an active role in promoting excellence and quality in university teaching. Among other activities, it makes grants for innovative teaching enhancement projects, many of which involve the use of information technology.

In 1997 the Government launched the Australian Awards for University Teaching, to help raise the prestige of teaching within the universities and to recognise outstanding teachers. Universities are already using their awards in their marketing to attract students. A Coalition Government will continue to support the Awards as an annual event.

E Industrial Relations

For the universities to be able to meet the challenges they face it is essential that they be able to make appropriate agreements with their staff over salaries and conditions.

The nature of these agreements will depend on the particular circumstances and goals of each university. There is not a one size fits all agreement.

For this reason, it is vitally important that the universities not succumb to the pattern bargaining which the National Tertiary Education Union is seeking to force on the universities.

Labor's links with the National Tertiary Education Union mean that it will effectively support the strategy of the national office of the union to impose pattern bargaining. This will seriously impair the universities' ability to respond flexibly to the demands on them. The Coalition will work with the universities to help them take advantage of the flexibilities provided under the Workplace Relations Act.

F Taxation Reform and Higher Education

The new tax system will see costs for the education sector fall by an estimated 0.7%. Across the education system, this will amount to \$240 million. The savings will come from the removal of embedded wholesale sales taxes and State and Territory taxes that will be abolished as part of tax reform.

The higher education system will continue to be able to offer fee-paying courses leading to a degree, diploma, certificate or other similar qualification without charging any taxation. The HECS contribution levels will not be affected by tax reform.

The higher education system will also continue to be exempt from paying taxes on its inputs. As indicated in the section on research policy above, this will apply to the research as well as the teaching activities of the universities. Institutions will be able

to claim input tax credits on for GST paid on its input costs. They will be able to claim back their GST costs on a monthly basis.

For university students, important educational items such as computers and stationery will fall in price as a result of abolishing Labor's Wholesale Sales Tax of 22%. The taxes on wide variety of domestic goods, including many foods, toiletries and appliances will fall, as will entertainment items, such as CDs and videos. Expensive investments such as cars, whitegoods and furniture will be taxed at a lower rate.

With the highly varied student population at Australian universities, including a great range of personal income levels and family circumstances, there is no 'typical' student. The precise benefits of tax reform to any individual student depends more on their personal and household income rather than their status as a student. The many students who are combining study with work and family responsibilities are likely to benefit significantly. Students on Commonwealth Government income support will have their benefits increased by 4% and the means test threshold extended by 2.5%. All students planning to enter the workforce after graduation will benefit from the improved economic conditions flowing from tax reform.

G Voluntary Student Unionism

The Coalition is committed to the principle of freedom of association throughout Australian society.

Consequently, the Coalition strongly supports students being free to join campus clubs and societies, but equally strongly opposes forced membership of any campus organisation.

The Coalition sees no reason why students should be entitled to fewer freedoms than other Australians.

H Funding

New Funding	1999-2000 \$M	2000-01 \$M	2001-02 \$M	Total \$M
Research Infrastructure	18.1	36.2	36.2	90.5
Strategic Partnerships-	12.2	22.9	23	58.1

Industry and Research Training				
James Cook University extra places	4.1	5	5.3	14.4
TOTAL	34.4	64.1	64.5	163

Cross-sectoral cost reductions – tax reform package

The costs of delivering education across all sectors will be reduced by \$720 million over three years under the Coalition’s tax reform plan for a stronger Australia. The costs of scientific research, technical and computer services will be reduced by \$2.7 billion over three years.

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