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SPEECH TO

**PURSUING OPPORTUNITY AND PROSPERITY
CONFERENCE SPEECH
“UNIVERSITY REFORM”**

**UNIVERSITY OF MELBOURNE
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Higher education in Australia needs reform.

But increasing the price and decreasing the number of university places is not a recipe for 21st century prosperity.

The Education Minister is right – Australia’s university system *is* on a collision course with mediocrity - mediocrity born of this Government’s funding cuts and plans to reduce opportunity and waste talent.

Fewer Opportunities

The plan the Education Minister just outlined will reduce Australian participation in higher education.

The main ingredients of the Government’s package are higher fees and not enough HECS places. There is only one possible outcome from that mix – fewer Australians getting a university degree.

After 2007, publicly funded places will not even keep pace with population growth.

Don’t take my word for it – according to the respected higher education consultants, Phillips Curran, the Government’s university changes mean publicly funded university places will not, and I quote:

Keep pace with projected population growth. Without further growth the number of Commonwealth subsidised places per 1,000 people aged 15 and over will fall...

That isn’t the Australia we’ve worked hard to create; nor is it the Australia we want to pass onto our children.

Labor’s Expansion of Places

There is an alternative.

In the same way that Lyndon Johnson declared in the 1960s that Americans were going to stay in school and “*learn their way out of poverty*,” twenty-first century Australians under Labor’s reforms will get the tertiary backing to learn their way into prosperity.

We want the many not the few to share in the nation’s prosperity.

We aim to do what no Australian Government has contemplated – give every Australian with the motivation and the marks the opportunity to obtain a tertiary qualification.

We do not believe in turning away qualified Australians committed to furthering their education.

Labor's policy means tens of thousands more Australians with TAFE or university qualifications. That means a new economy fuelled by Australians with the skills and aptitude to drive the country forward.

As Alan Greenspan said last year:

Early in the twentieth century, high school education was challenged to meet the needs of an evolving economy; in the twenty-first century, our institutions of higher learning will bear the enormous responsibility of ensuring that our society is prepared for the demands of rapid economic change.

We live in a competitive world and education is the key to a better future.

Yet the number of Australians starting an undergraduate degree has actually *dropped* two years running.

That's right – fewer Australians are starting degrees under this Government.

We know that it's not lack of talent or industry need that's causing a decline.

20,000 qualified Australians get turned away from university every year and 15,000 young people miss out on a TAFE place.

The Productivity Commission has found that more Australians *must* attain higher skill levels if we are to maintain and boost living standards.

Yet skills growth as a driver of productivity has dropped 75 per cent in the last ten years – from 28 per cent to less than 3 per cent. [*Productivity Commission*]

Investing in education is a critical policy response to an ageing population. The economy will not buckle under the weight of an ageing population, if future generations are highly educated and can generate increased wealth for our economy.

Yes, there have been a lot of jobs created over the last few years, but close to 75 per cent of all new jobs since 1996 have been casual or part-time. [*ABS*] They aren't the jobs that deliver prosperity or support to an ageing population

We need to turn this around by radically increasing participation in tertiary education.

Under Labor's policy every year, 20,000 extra university places will be created.

We will also create an extra 20,000 new TAFE places *every year*.

That's Labor's 20/20 vision.

These places are in addition to properly funding the 25,000 over-enrolled university places the Government has been funding on the cheap for six years. (Brendan Nelson likes to call these new places but they are not.)

That's a massive expansion of university and TAFE places and a huge increase in the number of Australians getting tertiary qualifications.

If you don't think this expansion is urgently needed, contemplate these facts:

Australia is the second worst OECD performer at increasing the rate of enrolment in universities.

And Australia has had the largest drop in public investment in universities over five years of any OECD country. We dropped by eleven per cent. The OECD average was an *increase* of 21 per cent.

Australians got anxious when we only beat Ireland by one point in the Rugby World Cup yet we're asleep to the fact that Ireland has increased university investment by 106 per cent at the same time Australia has dropped its by eleven per cent.

That means Australia has been the fastest country to go backwards on public investment while our competitors have been going forwards.

What sort of Government gets it so wrong?

The Balance Between Private and Public Funding

We are a country proud of our egalitarian spirit, of giving people a fair go and looking out for each other - qualities that depend on a strong public education system.

The private good, public bad mantra of the Howard Government undermines these values.

Australia's universities are struggling to cope after seven years of funding cuts. Public funding has contracted and student fees nearly doubled. The number of students per teaching staff has blown out by more than 30 per cent; Vice Chancellors are saying that standards and quality are under threat.

The Government says that more private funding through higher fees is the only way our universities will get the resources they need to be world class.

But increasing HECS by 30 per cent is not reform - it's just a price hike.

It is lazy policy that does not acknowledge these three facts:

1. Australian universities are currently the fourth most heavily dependent on private funding of all OECD countries. Only Korean, US and Japanese universities are more reliant on private income.

2. Australia along with New Zealand and Norway are the only OECD countries with declining public investment in universities.

3. Education and training is one of the few areas of government spending where the economic returns far outweigh the costs.

Labor's policy recognises that students are already paying their fair share and more public funding is critical.

To help fund Labor's higher education policy, we will scrap a proposed special tax concession for foreign executives and we'll return the Diesel Fuel Rebate for mining companies to 90 per cent - the same level that prevailed just four years ago.

We don't back away from the fact that re-ordering spending in this manner will put some noses out of joint.

Labor has made the tough and fiscally responsible decisions to make investments in higher education a priority.

Full Fee Paying Undergraduate Degrees

There are massive equity implications in the Government's plans.

Like the new head of the Group of Eight Universities, ANU Vice Chancellor Ian Chubb, I don't believe:

“that capacity to pay should be able to get you into a degree which is not otherwise available.”

Qualified Australians deserve a publicly funded HECS place – not a \$100,000 university debt. Labor will abolish full fee places for Australian undergraduate students.

Australians deserve to be treated better than overseas students. It's right to charge overseas students full fees. It's not right to charge the children of taxpaying Australians \$100,000 for their education.

Authoritarianism at the Heart of the Commonwealth Grants Scheme

But it's not just on equity grounds Labor opposes the Government's university proposals.

The Government's university changes are a bureaucratic nightmare that gives the Minister for Education unprecedented power over what universities can teach and students can learn.

Yesterday, the Vice Chancellor of the University of Melbourne, Professor Gilbert, likened Brendan Nelson's proposals to

'authoritarian regimes that fear strong, independent universities.'

He went on to warn that *'giving that sort of power to a minister in perpetuity is a real disaster.'*

The Minister has attempted to brush off these concerns by hinting at amendments to reduce ministerial control.

But the authoritarian components of the legislation are not little bargaining chips Brendan Nelson can forfeit to get his package through the Senate.

This authoritarian interference is at the heart of the new Commonwealth Grants Scheme (CGS) and the Commonwealth Grants Scheme is at the heart of Brendan Nelson's changes.

The new CGS is the basis on which universities will be paid if the Government gets its way.

Brendan Nelson is in a straight jacket of his own making.

At present universities are funded on the average cost of a student place, approximately \$11,000 per place. The new CGS would fund universities based on the estimated cost of delivering clusters of courses. Under the new model grants will vary between \$1,500 and \$15,000, and funding is to be determined by the number of students enrolled in each cluster.

If the Minister backs down on ministerial control over the number of students and what they study, the CGS becomes unworkable and his budget highly volatile.

Universities would have a blank cheque to move their student load from low subsidy courses to high subsidy courses.

For example, under an amended CGS if universities moved five per cent of their Law student load to Agricultural Science and five per cent from Arts to Engineering, the cost to the Commonwealth would be an extra \$163 million.

That is a \$163 million blow out from just a one per cent change to total student load.

The Government could not afford to give universities that type of flexibility without completely remodelling the CGS.

That is why the Education Minister wants to micro-manage the types of courses offered and the number of students enrolled in them. He can't remove a couple of bricks from the structure without the edifice collapsing.

But lets not forget that the CGS is not the only authoritarian aspect of the Government's package. The Howard Government is also holding \$404 million in desperately needed funds contingent on universities adopting an industrial relations agenda they universally oppose.

Labor will not dictate to universities what they teach or how they employ their staff.

Labor's Reforms

The \$2.34 billion additional funding in Labor's package drives reforms that are in universities and their students' best interests.

Labor will establish a competitive \$450 million fund to encourage universities' transition to 21st century learning institutions.

Labor's 21st universities reform fund is about students and researchers across Australia having access to flexible learning within a world-class university system.

The world-class label should not be limited to a select group of universities with the brand power to charge their students \$150,000 for a degree.

Universities form an integral part of their surrounding communities and can have a special leadership role in economic development and community aspirations.

Through Labor's \$150 million community engagement fund universities will receive incentives to engage with their communities.

Teaching the next generation of Australians to think, to question, and to broaden knowledge is a university's primary function, yet excellent teaching is not being rewarded.

Through a \$150 million initiative Labor will fund best practice universities and help support young academics during their early experiences of teaching.

These initiatives are in addition to Labor's commitment to properly index university funding.

Professor Chapman recently told the Senate Inquiry that fee increases are not necessary if university grants are properly indexed and that is what Labor is committed to doing.

Critical Role of Education

It's impossible to over-state the absolutely critical role of education and training to a person's future.

Australians without skills live in a different Australia – they're trapped in unskilled, low-paying jobs – or no job at all. The day to day grind of finding the rent and keeping their heads above water gets in the way of planning for a different future.

There shouldn't be anything particularly surprising in these observations. But I feel the need to re-make them when there is a populist argument doing the rounds that education and training must not be over-emphasised.

The Education Minister likes to imply that too many young Australians are applying for university. He says we push our children too hard; we should allow them to remain in what he describes as life's 'quiet pond'.

But quiet ponds are only quiet from afar. When you step up close you see social decay, crime and violence.

There are regions in Australia today where more than half the students leave school by fifteen, youth unemployment tops thirty percent, and most families rely on welfare.

That's the reality of Brendan Nelson's 'quiet pond'.

The Government has misjudged community sentiment, it has misread what Australians want, and it has missed the point on what our economy needs.

Who here wants their children to have the opportunity to go to university or TAFE and get the education that builds the foundations for a life of prosperity? Everyone I assume.

Expanding the quiet pond through a university system that's marred by high costs and insufficient public places is easy. It's simple to provide high quality education for the few.

Shrinking the quiet pond is much harder.

It means a quality tertiary system for the many not the few.

At the dawn of the 21st century Australia should be massively expanding opportunities for higher learning not reducing them.

That is the Labor way and that is the road to prosperity.