

Australian Democrats'

Higher Education Bulletin

February 2004

Senator Natasha Stott Despoja

Welcome to the New Year and, unfortunately, a new higher education regime.

The *Higher Education Support Act 2003* is the new legislative foundation that will shape the higher education sector from 2004 onwards, although most changes will not come into effect until 2005.

This regressive Act, which passed the Senate in December, shifts an even greater percentage of education costs to students. Despite an intensive Senate Inquiry – which revealed many of the flaws in the legislation – the Government initially dismissed any criticism.

However, the Government went on to move 137 minor amendments during the Senate debate on the Bills.

Despite these changes, the Bills remained fundamentally flawed. The legislation was staunchly opposed by the Democrats but passed with the support of the four Independent Senators – acting on AVCC advice.

The many hundreds of amendments put forward by the Democrats and others were hardly debated and, sometimes, not even acknowledged by the Government or the Independent Senators.

The Democrats have always opposed fees and charges for education and we will continue to campaign against these changes.

The Government has failed to consider the long-term economic effects of higher fees and debt.

Already, there is evidence that current debt levels (projected to reach \$13 billion in 2007) are having an impact on home ownership and even fertility rates. The Senate Inquiry into the legislation found overwhelming evidence of the negative impacts these changes would have, including the discriminatory effects of market forces on course selection and course costs.

The battle to have the legislation rejected may have been lost, however, this election year provides the opportunity to keep up the fight for an improved higher education system. I urge you to become involved in campaigns on your campus and in your community. Campaign materials, including a petition opposing the changes, are available on my website: www.natashastottdespoja.democrats.org.au

If you have any comments or concerns about university life, please contact me on senator.stottdespoja@aph.gov.au or (08) 8232 7595.

I wish you all the best with your studies.

Yours sincerely,



Natasha Stott Despoja
Australian Democrats' Higher Education Spokesperson
Senator for South Australia



Maximum HECS fees for 2004 and 2005 are:

<u>Funding Cluster</u>	<u>2004 HECS</u>	<u>Maximum 2005 HECS</u>
Law	\$6,283	\$7,854
Accounting, Administration, Economics, Commerce	\$5,367	\$6,709
Humanities	\$3,768	\$4,710
Mathematics, Statistics	\$5,367	\$6,709
Behavioural Science, Social Studies	\$3,768	\$4,710
Computing, Built Environment, Health	\$5,367	\$6,709
Foreign Languages, Visual and Performing Arts	\$3,768	\$4,710
Engineering, Science, Surveying	\$5,367	\$6,709
Dentistry, Medicine, Veterinary Science	\$6,283	\$7,854
Agriculture	\$5,367	\$6,709
Education	\$3,768	\$3,768
Nursing	\$3,768	\$3,768

Note 1: For the funding clusters in which particular units of study are included, see the Commonwealth Grant Scheme Guidelines made for the purposes of section 33-35.

Note 2: Maximum student contribution amounts per place are indexed under Part 5-6.

HECS repayment thresholds from 2005 are:

<u>If the person's repayment income is:</u>	<u>The percentage applicable is:</u>
\$36,184 — \$40,307	4%
\$40,307 — \$44,428	4.5%
\$44,428 — \$46,763	5%
\$46,763 — \$50,267	5.5%
\$50,267 — \$54,440	6%
\$54,440 — \$57,305	6.5%
\$57,305 — \$63,063	7%
\$63,063 - \$67,200	7.5%
> \$67,200	8%

Note: These amounts will be indexed for later income years.

The worst aspects of the *Higher Education Support Act 2003* include:

1. Universities can increase HECS by up to 25% above 2003 levels. This means students in HECS places will pay, on average, 40-45% of the cost of their tuition while full fee-paying students will pay up to \$140,000 for their degree. We opposed these fee increases.
2. Universities can increase the number of domestic full-fee paying places from 25% to 35% of all places in a course. We moved amendments to replace all domestic full-fee paying places with Government-funded places.
3. Full-fee paying undergraduates must pay a 20% surcharge on their loan. We vigorously opposed this surcharge.
4. Inadequate indexation for university grants. While a review of indexation will be undertaken, the findings of this review do not have to be acted upon until 2008. We proposed an indexation model that would have allowed universities to meet their rising costs in real terms.
5. Universities will no longer be marginally funded for over-enrolled students and will be fined if they over-enrol by more than 5%. This will result in a decrease of around 9,000 university places at a time of growing demand. We opposed this regressive policy and proposed increasing places to more closely meet demand.
6. Loans for full-fee paying students have been extended to undergraduate students and private university students. We opposed this change, as it is more economical to fund places in public universities than to loan students money to cover deregulated fees at private universities.
7. All students will be issued a Commonwealth Higher Education Student Support Number (CHESSN) and will have their study tracked by the Higher Education Information Management System (HEIMS) to ensure that they do not exceed their 7 year Student Learning Entitlement (SLE). Once the SLE is exceeded students will have to pay full fees to complete their course. We opposed these provisions because of the implementation cost, the fact that they duplicate current university processes, and because of privacy issues.

Voluntary Student Unionism

In April last year, the ACCC delivered an important decision in the fight against so-called Voluntary Student Unionism (VSU) by allowing James Cook University's current enrolment policy to continue because of the public good delivered by student organisations.

This decision combined with strong public support for student organisations resulted in the

Government temporarily postponing the introduction of its anti-student organisation legislation.

The Government plans to re-introduce its VSU legislation this year and the Democrats will be vigilant in opposing it.

Student Income Support

In December last year, in a blatant abuse of Ministerial power, the Government shut down the Student Financial Supplement Scheme.

The Scheme has always had some inequitable features as students had to give up \$1 in order to get a \$2 loan, however, over the past decade many students — particularly those from lower socioeconomic backgrounds and students with disabilities — had come to rely on it.

I proposed, at a minimum, a sunset clause to protect those students who were currently receiving the supplement from losing it if the Scheme was shut down. However, the Government would not even consider the amendment.

Instead of giving the Senate the opportunity to debate and vote on the Bills, the Government shut

the Scheme down administratively, by simply cutting off funding.

Furthermore, the Government made the decision to close the SFSS just three weeks before the end of the year — giving recipients little time to budget for their loss of income or try to find an alternative to the Scheme.

A comprehensive review of student income support is long overdue — especially in light of the Government's latest higher education changes, which include higher fees, more full-fee paying places, draconian Student Learning Entitlements yet, completely inadequate income support provisions.

I will maintain pressure on the major Parties this year to undertake such a review, and increase income support to a level that students can survive on.

The PM says it all

Prime Minister John Howard, 18 October 1999:

"I can also inform the House that we have no intention of introducing a loans scheme. I make it very clear that any attempt by the Australian Labor Party to run a scare campaign on the basis of a loans scheme or real rates of interest will fail because there will be no real rates of interest."

"...That means, in particular, a clear rejection of vouchers for post-secondary education, a clear rejection of the deregulation of university fees..."

The following day, the Prime Minister confirmed this message:

"We have taken a decision yesterday that was reported to this parliament, and I think widely welcomed throughout the Australian community, to maintain the existing higher education system. We have no intention of deregulating university fees. We have no intention of altering the current HECS arrangement."

The new Act represents a complete backflip on this previously stated position.

A COMMITMENT TO EDUCATION

Australian Democrats' Higher Education Voting Record

- 1982** Voted against the introduction of fees for second and higher degrees
- 1986** Voted against the introduction of a \$250 up front fee, the Higher Education Administration Charge (HEAC)
- 1988** Voted against the introduction of HECS
- 1991** Voted to exclude farm and small business assets inclusion in the AUSTUDY assets test (Government finally agreeing to this in 2000)
- 1991** Voted against the above CPI increase in HECS
- 1992** Voted to disallow the AUSTUDY regulations to charge 20% interest rates on late repayments
- 1993** Voted against the proposed double HECS for second degrees and for taking longer to finish study
- 1993** Voted to stop the increase in the annual repayment rate of HECS
- 1993** Voted against the decrease in the threshold at which graduates begin to repay their HECS debt
- 1994** Voted against allowing upfront fees for postgraduate degrees
- 1994** Voted to protect student organisations from State Government interference in their operations
- 1995** Voted against the introduction of upfront fees for permanent residents
- 1996** Voted against differential HECS
- 1996** Voted against the increased repayment schedule and lowered HECS repayment threshold to \$20,701
- 1996** Voted against raising the AUSTUDY age of independence from 22 to 25 years
- 1996** Voted to retain current AUSTUDY independent status for students 22-24 years old and living at home
- 1997** Voted to disallow rent assistance cuts to single students living in shared accommodation
- 1997** Persuaded the Federal Government to remove taxation from full time postgraduate scholarships which would have increased tax on students by \$2 million over four years
- 1998** Voted to lower the Youth Allowance age of independence for students from 25 years to 18 or 21 years (not supported by the ALP)
- 1999** Forced the Government to abandon plans to introduce national VSU legislation
- 2000** Established a Senate Inquiry into the capacity of public universities to meet Australia's higher education needs
- 2001** Forced the Government to amend legislation to the Australian Research Council to ensure that the ARC had the capacity to initiate its own inquiries, enhanced Ministerial accountability and prevented funding for University research and research education being made available to private non-university providers
- 2001** Voted against the introduction of PELS in the current policy mix
- 2002** Voted against the extension of PELS to four private Colleges
- 2003** Opposed the closure of the Student Financial Supplement Scheme
- 2003** Voted against the Higher Education Support Bill 2003, which included 25% HECS increases, an increase in the number of full-fee paying students, a 20% surcharge on loans for undergraduate full-fee payers and Ministerial power to withdraw funding from particular courses. Moved more than 100 amendments to remove the regressive proposals, reduce fees, improve Ministerial accountability, improve funding for universities, and increase student income support



Photo: Auspic