FED: Uni students should pay more: think tank

SYDNEY, Aug 5 AAP - University students should pay more for their courses because of the above-average salaries they receive after graduating, a federal government-funded think tank says.

The Grattan Institute says that higher education tuition subsidies will cost taxpayers $7 billion by 2015, and be a burden to those who haven't undertaken further studies.

The think tank's higher education program director, Andrew Norton, says university and tertiary education students should therefore pay more for their courses.

"Graduates do well out of higher education. They have attractive jobs, above-average pay and status. They take interesting courses and enjoy student life," Mr Norton said in a statement.

"Tuition subsidies therefore merely redistribute income to students and graduates. The general public, particularly those who do not go to university, are worse off."

Mr Norton said university and vocational students would study regardless of the size of their subsidy, given they could defer repaying their student loan through a Higher Education Loan Program.

"For example, a public health course whose graduates produce clear public benefits should be subsidised if it would not otherwise attract enough students," Mr Norton said.

"But a law course should not be subsidised when students, perceiving a large private benefit, would have taken it anyway."

Mr Norton said a "carefully managed" reduction in tuition subsidies could save taxpayers about $3 billion by the 2016/17 financial year.

The Grattan Institute is funded by the federal and Victorian governments, the University of Melbourne and mining giant BHP Billiton.

AAP saj/mar
The government should spend less on subsidising university students until graduates can provide a better return for society on the public investment, according to a new study.

Existing fee subsidies were merely redistributing income to students and graduates who would have attended university anyway, according to the report, Graduate Winners, by the independent think tank the Grattan Institute. It suggests the $6 billion the government spends on fee support could be better spent.

The report compares the personal gains for university graduates with their broader contributions to society in areas such as volunteering and paying taxes. Graduates, in most cases, benefit financially from a university degree by getting higher-paid jobs than people with no higher education. But the report found graduates were only slightly more likely to volunteer regularly than people with lower TAFE qualifications.

The report's author, Andrew Norton, said the government should consider "phasing down" subsidies for university students. "There should be a subsidy [only] if we think this is going to change behaviour in some way that will benefit the general public," he said.

Most domestic students receive a government subsidy, which covers a proportion of their university fees. The government provides a loan to students who pay off the debt when they begin to earn more than $49,000.

Mr Norton said the government should cut back its funding and allow universities to increase the price of their degrees. He said the earning capacity for university graduates in most cases outweighed the cost of more expensive degrees.

There was little evidence that university education alone encouraged graduates to participate in activities that benefited society, Mr Norton said. He said social background and upbringing were more likely to encourage activities such as volunteering.

But Tertiary Education Minister Chris Evans said the government would not increase fees for university students.

He said the students would carry an additional $3 billion a year in debt if the government accepted the report's recommendations. "The evidence is that dramatic increases in fees lead to decreased participation and higher debt," Mr Evans said. "We don't want a situation where students leave university, join the workforce and have debts that shadow them for many years ..."

The report also found that people with trade qualifications were more likely to find their jobs interesting than those who had completed postgraduate degrees.

With AAP
Double uni fees and save $3bn: Grattan Institute

Joanna Mather

The majority of students would pay 50 per cent more for their degree, saving the federal government $3 billion a year, under a contentious proposal by the Grattan Institute.

Government tuition subsidies could be halved for most degrees with negligible impact on demand for higher education, skill supply or graduate earnings, the think tank report finds.

A typical male bachelor degree holder is $600,000 better off over his lifetime than a year 12 graduate.

The report gives governments a basis for halving higher education spending on tuition fees, which are forecast to reach $7 billion a year by 2015. It will also fuel debate over the deregulation of university fees following University of NSW vice-chancellor Fred Hilmer’s bid to make commerce, law and engineering students pay a premium for their degrees in light of their high lifetime salaries.

Andrew Norton, the Grattan Institute’s higher education program director, said the federal government should start phasing down the $6 billion it spends on tuition subsidies and direct the savings to areas of greater need.

Mr Norton said an initial cut of 50 per cent should occur in most disciplines over four years, but the phase-down could be gentler in areas of skills shortage or high public benefit such as engineering and nursing. Universities would be allowed to raise their fees in order to compensate for the loss and the existing income-contingent loans scheme would ensure students from poor families could still go to university.

“Students and graduates are the big winners from Australia’s higher education system, and that is true whether they get tuition subsidies from government or not,” he said. “Disabled Australians have a more urgent and compelling need for public funding than Australia’s university students.”

Federal Education Minister Chris Evans dismissed the report and again ruled out any changes to fees under Labor. “Higher fees means less access for students from lower economic groups,” he said. “The evidence is that dramatic increases in fees leads to decreased participation and higher debt.”

Opposition universities spokesman Brett Mason welcomed the Grattan Institute’s contribution to the debate on university funding and said he would examine the report closely.

Undergraduate degrees are funded by a combination of government tuition subsidies and student fees. Rates already vary according to discipline.

The institute says a carefully managed cut in tuition subsidies could yield savings of $3 billion by 2016-17.

Professor Hilmer said the report paid too little attention to the public benefits of university research and productivity gains from a better-educated population. “The report shouldn’t be used as a way to pull money out of the system, but I do think it’s a proper question to say what is the benefit [of higher education] and to quantify that,” he said.

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*Source: Grattan Institute*
Vice-chancellors criticise Grattan report

Joanna Mather

Stripping universities of $3 billion in student subsidies as proposed by the Grattan Institute would be a disaster for productivity, vice-chancellors have warned.

The institute’s latest report, Graduate Winners, proposes the staged withdrawal of 50 per cent of taxpayer subsidies for most degrees, with students to foot the bill for much of their education.

It says the government could save $3 billion by 2016-17 if it stopped underwriting the education costs of students who would go to university anyway, even if they had to pay higher fees.

The report finds price is not a barrier for most students because Australia’s income-contingent loans scheme does not require graduates to start repaying loans until their earnings reached $49,000.

It proposes applying a net public benefit test to higher education to determine which disciplines should receive subsidies and how much. Universities would be allowed to increase their fees to account for the loss of government subsidies.

“Many students … are paid to take courses they would take anyway,” says the report, authored by Grattan higher education program director Andrew Norton. “Billions of dollars that could be spent on other government programs, or returned to taxpayers, are instead redistributed to students and graduates.”

But vice-chancellors warned politicians not to adopt the findings because they did not give sufficient weight to the public benefits of a highly educated population, such as lower crime rates and better health.

Curtin University vice-chancellor Jeanette Hacket said Grattan’s modelling focused on school leavers, who had a lifetime of earnings ahead of them. But at some universities up to half the enrollees were mature-age students who would baulk at higher fees, even if they could be deferred.

Productivity gains relied not only on new graduates, but on upskilling and reskilling adult workers, Professor Hacket said.

“The risk is that, especially with mature-aged people, you put them off studying.

“What we want is a nation that invests in higher education and you don’t want to do anything to reduce the appetite of some segments.”

The Grattan report calculates the additional tax a graduate will pay over a lifetime, compared with someone who has no post-school education. This largely accounts for a graduate’s ‘public benefit’.

University of NSW vice-chancellor Fred Hilmer said the report did not pay sufficient attention to other public benefits, including those derived from the report’s “public benefit”.

The report acknowledges that fee deregulation other than to say universities should be able to increase fees to cover the shortfall in government money.

However, the end result of both proposals is that students pay more. Graduate Winners says even if students had to pay the full cost of their degree, many would come out better off than if they had not been to university.

“Tuition subsidies almost always make students better off,” the report says. “However, tuition subsidies only sometimes make the general public better off.”

The report acknowledges that fee increases would vary according to discipline. For example, contributions in medical courses could go up by $10,000 a year with a 50 per cent reduction in tuition subsidies, which is the cut the report proposes could be achieved in year four of a phase-down.

Using 2006 census data, the report calculates lifetime tax payments, or the “public benefit”, for graduates of engineering and performing arts. It says a male engineer pays $480,000 more in tax than someone who has a year 12 education. But male performing arts graduates’ median tax payment is $10,000 less than that of high school graduates.

If tuition subsidies are subtracted from the income taxes paid by the two types of graduates, an engineering professional’s public contribution over a lifetime is $425,000 and a performing arts graduate’s is minus $40,000.

“At least financially, the public would have been better off if the performing arts graduate never went to university,” the report says.

Vice-chancellors criticise Grattan review of government course subsidies

From page 23
research — teaching subsidies help fund research — and the national prosperity that comes from having a productive workforce.

“The government keeps saying the big answer to [productivity gains] is education,” he said. “The benefit to the country of a more educated workforce that generates higher productivity, I think, is a significant public benefit.”

Professor Hilmer has argued for the deregulation of fees for some degrees. Because of significant increases in student numbers as a result of the deregulation of place numbers and because more government support is unlikely, the only remaining option was to deregulate fees, he has said.

“The government should allow universities to charge increased fees from students in degrees with high private benefit, such as business, law, engineering and medicine.”

The Grattan report does not address the issue of fee deregulation other than to say universities should be able to increase fees to cover the shortfall in government money. However, the end result of both proposals is that students pay more. Graduate Winners says even if students had to pay the full cost of their degree, many would come out much better off financially than if they had not been to university.

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“At least financially, the public would have been better off if the performing arts graduate never went to university,” the report says.
THE VICE-CHANCELLOR

The Grattan Institute argues that since some students do not earn much from their degrees, their public benefit (mainly from taxes) is not enough to justify subsidising tuition. For those who do earn a lot, the public benefit is higher, but in many cases they would do the course anyway as they earn more. Catch-22.

This is a rather strange interpretation of public benefit. If taken at face value, which the report seems to do, it would lead one to conclude, for example, that high performing school students should not go into nursing or teaching, because that would deliver lower public benefit than they would otherwise be capable of attracting.

The framework calls for considerable central planning, relying on data about skills shortages and demand, as well as guesswork about other public benefits. All our experience suggests this would simply not work on a course by course basis.

The Grattan framework also only really applies to school leavers – the cost-benefit analyses would be very different for mature age students. Bruce Chapman, the distinguished higher education economist, arrived at quite different conclusions about public benefits during the base funding review.

The bottom line is that this report proposes big increases in student costs with no extra money in the system to provide correspondingly better service.
What would happen if university fees increased, as proposed by some vice-chancellors and the new Grattan Institute report, Graduate Winners?

The National Union of Students (NUS) president recently warned that students would opt out of university rather than face “insurmountable debt”. Much the same claim was made before previous major changes in student charges in 1989, 1997 and 2005.

NUS was responding to Professor Fred Hilmer’s claim that students in engineering, medicine and law could handle increased fees, given their likely high future incomes. NUS says that not all graduates earn high incomes, making higher fees prohibitive.

Graduate incomes do vary. But if they work full-time, even graduates who do poorly relative to other graduates do well compared to less educated people.

In the 2006 census, 88 per cent of engineering graduates, 90 per cent of law graduates, and 97 per cent of medical graduates earned more than a middle-income earner with year 12 but no further education. The risk of these graduates doing badly is very low.

By contrast, graduates have a good chance of doing very well. Compared to someone who just completes year 12, a middle-income male engineering graduate earns an additional $750,000 over his career. A female law graduate earns an extra $1.1 million, and a medical graduate $1.25 million more.

Student charges may seem high to young people with part-time jobs. But lifetime earnings put fee increases in perspective.

For example, a 25 per cent increase in fees would leave law students with about $7000 more debt when they graduate. This is less than 1 per cent of the additional lifetime earnings of a law graduate.

History tells us that fee increases have only a limited effect on student demand. A temporary dip is followed by a recovery, reflecting the small effect of fee changes on students’ long-term finances.

Prospective students should not let misleading affordability claims affect their decisions.

Andrew Norton is the higher education program director at the Grattan Institute.
It's clear to almost everyone in the sector why fee deregulation is now on the agenda. The precedence of a deregulated supply of student places might be the public justification. The real reason is that universities are underfunded and the federal government – this one and the next – is unable or unwilling to increase its financial contribution.

The base load funding that universities receive is insufficient to cover costs and ways of making up the shortfall are drying up. Our elite universities are feeling the strain more than most, as they benefit least from the government loading for enrolling students from poorer backgrounds. They have fewer of them. Almost all universities are also suffering the effects on their lucrative international student intake of the high Australian dollar and increased competition, particularly from cash-strapped universities in the UK.

There is room in the deferred student loan HECS-HELP system to address the shortfall. Currently, humanities students are charged 52 per cent of the real cost of their degrees, while students in more prestigious medical degrees are charged 32 per cent. Making the fee structure fairer would particularly help elite universities, which enrol the lion's share of students in these elite courses.

Instead, fee deregulation is emerging as the preferred solution.

Australia's higher education sector is already differentiated, increasingly so as more students are enrolled into high volume universities. Fee deregulation would deliver further differentiation, enabling elite institutions to maximise returns on their brand. Consumers will pay more for a Telstra than they will for a Dodo, even though price is a poor proxy for quality.

Equity safeguards are also being proposed, to appease current sensibilities. Inevitably, these will be marginal to the system rather than central to it, and hence vulnerable. At best they will do nothing to make our higher education system more equitable. At worst they will reproduce current social and economic inequalities, with students from poorer backgrounds over-represented in low-status courses and low-status institutions – if they can afford the fees.

**Trevor Gale is professor of education policy and social justice at Deakin University.**
Access to China

The federal government has announced an online resource to encourage more Australian university students to study in Asia. The website will provide information on the range of courses available in China for English-speaking students, from one-semester study exchanges to PhD programs. Minister for Tertiary Education, Skills, Science and Research Chris Evans said many Australian students were discouraged from studying in China because they lacked Chinese language skills. "Many of China's best universities offer subjects taught in English, and more and more universities from abroad are setting up China-based campuses," he told a forum on Thursday involving the Group of Eight universities in Australia and China. Nine research-intensive universities. Senator Evans also identified innovation as the “next frontier” for joint engagement between China and Australia.
Pumping new life into the heart of Murdoch

Murdoch University is taking full advantage of medical and other developments, writes Natalie Gerritsen.

One year into the job, Murdoch University vice-chancellor Richard Higgott is talking about connection and reconnection, and the opportunities the two can bring.

Connecting in the sense that Murdoch will be a major player in a multibillion-dollar medical precinct about to be created on the edge of the university's campus in the southern suburbs of Perth.

And reconnecting in terms of teaching and research, the twin pillars of any university's mission, which Higgott believes have drifted apart at Murdoch.

Higgott, who has had a 36-year academic career as a political scientist, took over in August last year.

"We've done a lot in that period," Higgott says. "The first thing is that we have a completely new senior leadership group, with three new deputy vice-chancellors [representing research, academic and professional services]. They're all from big universities, intending to bring in fresh blood at the top."

With 19,700 students, Murdoch is on the smaller scale of tertiary institutions but it's about to become part of something much larger.

The West Australian government has earmarked an area on the campus's eastern fringe as a significant health hub.

The state's new $2 billion Fiona Stanley Hospital will be built on site, alongside the existing St John of God private hospital. There will also be commercial and residential developments.

"It's an opportunity to develop our research agenda," Higgott says.

"We're not looking to secure a medical school but in areas like biomedical science and nursing, it's a great chance to develop and strengthen our relationships with these institutions."

The university plans to create Murdoch Square, a 25-hectare development linking the university with the precinct via research, retail, conference and hospitality facilities, delivering a space where thousands of staff and students can mingle.

Higgott declines to speculate on the dollar size of the investment but says it will be funded through a mix of commercial and philanthropic sources.

Murdoch reported a consolidated net operating result of $3 million last year, down from $25.9 million the previous year. This was largely due to a change in the tax status of one of the university's subsidiaries, a retirement village.

I want to recalibrate the relationship between teaching and research: the best teachers are the best researchers.

Richard Higgott, Murdoch University

Higgott has come to the university — via a short stint at the University of Western Australia — from Warwick University in the UK, where he was pro vice-chancellor for research. One of his first directives was to "recalibrate the relationship between teaching and research", which he says were going in different directions.

"There had been a distinction made but the best teachers are invariably the best researchers," he says.

The system is being rebooted and active researchers are being encouraged back into lecture halls.

Murdoch received six ratings of five (meaning well above world standard) in the 2010 Excellence in Australian Research report, for physical chemistry, crop and pasture production, resources engineering, medical and health science, immunology and medical microbiology. By comparison, UWA had 16 fields rated at five.

Murdoch missed the Times Higher Education top 400 global universities list, while UWA came in at 189 and Curtin University made the 351 to 400 bracket. Fellow Perth institution Edith Cowan University also missed out.

Higgott wants to change that. He says the university can increase its standing by looking at where it already does well and extending that research into areas of public policy and governance issues.

So, for example, crop production research can be expanded to examine global food security, and veterinary studies leads into scrutiny of animal welfare policy.

The university is also planning to open a new graduate school on a subject close to Higgott's heart — the Sir Walter Murdoch School of Public Policy and International Affairs, due to take its first students next year.

The new school is part of an attempt to shift the student balance towards taking on more graduate students, a strategy Higgott says is a recognition of there being "a finite pie of undergraduate students" in the West.

The university is also undertaking the first comprehensive review of its course structure in 37 years: 14 schools will be cut to eight, and courses will be streamlined, but not to the extent of the Melbourne model, Higgott says.

The number of degrees offered is likely to end up at between six and eight, with no school having ownership of degrees.

An internal discussion paper on the changes says the reduced offering of degrees is in "sharp contrast" to the 30-plus courses offered now, and provides an opportunity to modernise the curriculum and develop the "generic skills students need to future-proof their qualifications".

The discussion paper insists while previous minor restructurings at Murdoch were driven purely by cost-cutting, the current review, while conscious of financial issues, fits into the broader strategy of upping the university's national and international reputation.

Higgott admits he is "obsessed" with the "old-fashioned" view of universities as collaborative communities rather than corporate entities.

To that end he says he is determined to give staff the opportunity to be involved in the restructure throughout the process.

"It's about making sure we bring the community with us, in step-by-step consultation."
Richard Higgott says a new state hospital on its boundary will allow the university develop and strengthen its research agenda.
Smart growth doesn’t rest on laurels

Opinion
Glenn Withers and Andrew MacIntyre

The “Asian century” is the central vision holding up Australia’s prospects. But alone it is not enough to deliver our future. The concept gives us hope for ongoing prosperity at a time when our politicians are locked into adversarialism and when our principal stakeholder groups struggle to transcend last-century formulae for reform.

It is the Asian prospect that counterbalances this and keeps confidence buoyant for Australia.

What is too easily forgotten in seizing this solace is that the 21st century has also been characterised as the “knowledge century”.

If this insight is also grasped and combined with the Asian ascendancy opportunities, Australia’s high level of objective economic success and achievement can be sustained. The danger is that of resting on our laurels.

For a substantial part of the past three decades Australia has used good policy settings to enhance its productivity and resilience. Where opportunities for competitive reforms remain, they should continue to be pursued. But once competitive conditions are in place additional gains become smaller.

It is time to turn to a new phase of reform: capability building. It is hoped Ken Henry’s Asian century taskforce will recognise this as a foundation principle in its white paper, expected soon.

A key task for this review is to suggest broad policy options that can underpin the Australian embrace of the Asian century.

It will be important to screen these to see they recognise the lessons we know about good policy, which are to recognise openness and flexibility are essential, policy change must be sensitive to social and environmental factors, such sensitivity itself must be market compatible and not cosseting, and good governance must underpin the corporate and political processes.

The new value-adding insight should be that investment in national capability in infrastructure and knowledge capital is also essential.

Four sets of policies to address engagement with the Asian century through knowledge investment may be suggested, which would mean much for the higher education area.

The first is to move international education to “third wave” policies that embrace wider and deeper engagements beyond the present scholarship aid and commercial education levers.

The new elements must include research engagement, postgraduate research studies, collaborative education across countries, Australian student overseas studies (the “reverse Colombo plan”), internationalisation of curriculum, and (perhaps) HECS-style loan support for international students.

Examples of the right direction include the federally funded 2011 Discover China Scholarship (100 scholarships of $2500 each to support exchanges to China).

Second, ensuring that competent governance in Australia moves to embrace public spending review as well as regulatory review is crucial. This is important for higher education, as the relative positioning of further university funding suffers from the absence of systematic and transparent discipline in informing evaluation of public funding options for government. For example, numerous studies affirm that university investments produce average returns in the 15-25 per cent range. Yet public funds cost only 5 to 10 per cent to raise. Few other areas of public investment can claim such a clear margin of pay-off.

The Grattan Institute, with its recent Game-changers report, is showing the way on more transparent public spending evaluation, though the need for more work is clear as seen by the flaws in this preliminary effort.

Third, maintaining a large skilled migration program and support for domestic fertility is important, so that critical minimum mass population for economies of scale, thick markets and creative synergies can be generated.

The Economist recently reported that doubling of city population size reduces unit infrastructure costs by 15 per cent and raises average income by the same amount, “urbanites consume and produce more”.

Within this setting, grandfathering of visa policies for students on-shore and wider use of the points system for all skilled migration rather than bureaucratic queue management, would assist substantially.

Currently, lesser skilled employer nomination hugely trumps high-skill independent entry. Separately, low-quality education entry must continue to be discouraged so as to avoid new reputational damage.

Finally, promoting new initiatives in innovation is needed to be as much directed at business culture and practice in knowledge management as at research and development production itself.

Treasury chief economist David
Gruen has made something of the same point. It may be Australia’s business culture in human resource and innovation areas that is most holding back Australian international potential in the knowledge century.

There are mixed signs as to how far such approaches will be acknowledged in the future.

By commissioning the Henry review, Labor has displayed vision. It is a pity that its last budget seemed to lose the plot in limiting OS-HELP and reducing the number of Endeavour scholarships (merit-based scholarships supporting foreign students to come here). What were they thinking?

On the other hand, Tony Abbott and Julie Bishop have been singing the praises of a reverse Colombo plan.

Given the Menzies government Colombo plan legacy, this is welcome re-assertion of visionary thinking by the Liberals.

If the government delays on any serious action on the Henry report, perhaps it is the Coalition that will most honour its findings. Competition over good ideas stimulated by the forthcoming report will be much welcomed.

Glenn Withers is professor of economics and Andrew MacIntyre is professor of political science and dean at the College of the Asia-Pacific at ANU.

If the government delays on any serious action on the Henry report, perhaps the Coalition will honour its findings.
Protests against cuts intensify

Joanna Mather

More protests will be held in Victoria this week as education unions fight job losses now expected to reach 2000 as a result of the state government’s budget cuts in May.

Staff from Chisholm Institute of TAFE will march on member for Frankston Geoff Shaw’s office tomorrow and a protest will be held at Swinburne University’s Lilydale campus on Wednesday. The Lilydale campus will close on July 1 next year and another of Swinburne’s campuses is under a cloud following the university’s decision to relocate its design faculty from Prahran to Hawthorn.

The Victorian TAFE Association estimates that the budget cuts will remove $290 million per year in funding from 2013, resulting in the loss of an estimated 2000 jobs.

The National Tertiary Education Union claims RMIT University, which offers both vocational and higher education courses, would make 150 redundancies as a result of the changes. In a statement coinciding with a union rally at the university last week, TAFE director John Barnes said no decisions had been made. “We are making a careful assessment of the impact of the cuts to funding,” he said. “There is no doubt ... some programs will not remain viable and some staff positions may no longer be needed as a result.”

The NTEU and TAFE arm of the Australian Education Union have vowed to keep up pressure on the state government to force a backdown.

NTEU Victoria president Colin Long said protests would continue for however long it took to save jobs. “We’ve asked for substantial financial data on all of their proposals, including the [Lilydale] campus closure,” he said of rationalisation plans at Swinburne, where vice-chancellor Linda Kristjanson confirmed that a $35 million loss of revenue would result in the axing of 232 TAFE courses and 240 redundancies.

“There is no doubt that Swinburne has been badly hit by the government’s cuts but at this stage we’re not accepting the closure,” Mr Long said.

The state government opened up the vocational education and training system to allow students to “spend” their entitlement at a public or private provider of their choice. But the budget blew out and the government has reduced funding for courses in areas such as hospitality and fitness to re-balance the books.

Unions held a public meeting about the future of the Prahran campus yesterday. Swinburne offers a range of performing arts-related courses at this campus, funding for which has been reduced by 44 per cent.

Professor Kristjanson has guaranteed to continue the courses in 2013 and promised staff and students “we will be doing everything we can to ensure that these courses remain viable and sustainable”.

But she warned that student fees would rise with Prahran revenue projected to drop by $1.4 million.

Up to 240 redundancies are being offered. In all, the university is cutting more than 200 individual courses in areas including automotive, hospitality, leisure, recreation and tourism, massage and cookery.

“We thought, if we’re going to manage a $35 million cut we could either put our money into people or into buildings,” Professor Kristjanson said. “We cannot justify offering TAFE courses across five campuses.”
Uni 'too cheap'

SYDNEY - University students should pay more for their courses because of the above-average salaries they receive after graduating, a federal government-funded think tank says.

The Grattan Institute says that higher education tuition subsidies will cost taxpayers $7 billion by 2015, and be a burden to those who haven't undertaken further studies. The think tank's higher education program director, Andrew Norton, says university and tertiary education students should therefore pay more for their courses. He proposed a model whereby tertiary education is only subsidised if a public benefit could be proven.
Uni courses should cost more: institute

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Shift costs back to uni students, report says

By Emma Macdonald
Education Editor

Students should pay more for their degrees because they gain more from it than taxpayers, who foot an annual $6 billion bill in tuition subsidies, a new report says.

The Grattan Institute has issued an analysis of the public and private benefits of higher education, arguing students benefit more personally from a degree than the general public and should therefore bear more of the burden of the cost of higher education.

The think tank argues that any government reforms to tuition subsidies arising from the Lomax-Smith base funding review currently under consideration could save taxpayers $3 billion by shifting the costs to students.

The Lomax-Smith review recommends student fees should be redistributed to more adequately reflect the cost of their degree.

Tertiary Education Minister Chris Evans said yesterday the report was still under consideration, despite expectations the government would respond by last month.

He said “the government will not be increasing fees for university students” and “the evidence is that dramatic increases in fees lead to decreased participation and higher debt”.

“We don’t want a situation where students leave university, join the workforce and have debts that shadow them for many years, preventing them from marrying, getting a mortgage and developing their lives,” Senator Evans said.

This year, Australian taxpayers will contribute $6 billion in tuition subsidies, but that is set to rise to $7 billion by the middle of this decade. Students contribute $3 billion by shifting the costs to students.

The report proposes a new model for setting higher education spending — arguing tuition subsidies should only be paid when they create public benefits that would not otherwise be created. It calls for public subsidies to be reduced by 40 per cent by 2017.

Disciplines such as healthcare and teaching would attract a greater share of taxpayer-funded support, while law and medicine students would see their fees rise.

“Graduates do well out of higher education. They have attractive jobs, above-average pay and status. They take interesting courses and enjoy student life,” Mr Norton said.

“Given these large benefits, and with the HELP student loan scheme in place, most students would take their courses regardless of the size of the subsidy.

“Tuition subsidies therefore merely redistribute income to students and graduates. The general public – particularly those who do not go to university – are worse off.”

The report found the average female undergraduate contributed $240,000 more in tax over her lifetime than she would had she not completed a degree. The average male contributed $360,000 more.

Yet university graduates generally earned considerably more than year 12 graduates. Dentistry and medical graduates can expect to earn an average of more than $1.3 million over their lifetime than if they had finished school at year 12.

The report cautioned that any changes be introduced in an “evolutionary way” and “monitoring of demand and skills shortages would allow subsidies to increase if there was a public benefit”.

The report is unlikely to find favour with students themselves, who have lobbied for greater levels of taxpayer support.
Gender pay gap growing

Women earning less after uni

MORE women than men are enrolling at university, but female graduates are paid less when they enter the workforce, new research shows.

The wage difference is particularly clear at higher levels of qualification, something not seen in many other developed nations.

The Australian Centre for Educational Research briefing found that the salary of higher education graduates was more than 50 per cent higher than that of workers without a degree.

Between 1998 and 2009, Australia was one of a number of countries where women made up more than 50 per cent of new university students.

However, women with tertiary qualifications in Australia earned about 72 per cent of what men with the same qualifications earned, the paper found.

The gap is bigger than in Germany, New Zealand and UK.

The salary difference between men and women with tertiary qualifications is larger than the gap between men and women without one.

Dr Daniel Edwards, ACER senior research fellow and co-author of the paper, said the data was concerning.

“While Australia is not alone on this point, the fact that the discrepancy in earnings between men and women is larger among the more highly qualified cohort is of concern and is not replicated in a number of other countries,” he said.

The research found that Australia had a large number of university-qualified people, a level reached relatively recently compared with other nations, which have experienced high attainment levels for generations.

It also showed that Australians accessed higher education across a broader range of ages than in many other countries. Despite this, total expenditure on tertiary education as a proportion of GDP has been declining since the mid-1990s — and is low compared with many other countries.

The research comes as about 400,000 students from 40 universities are surveyed on the core aspects of their university experience — perhaps the largest university research ever conducted. The University Experience Survey will help universities and the government learn more about students’ experiences at university and how they can improve teaching and learning.
Uni fees should rise

Study deals a bargain

Phillip Hudson
national political editor

UNIVERSITY students are getting a bargain from taxpayers and should pay much more for their courses.

Melbourne policy think tank the Grattan Institute says people who do not go to university are subsidising those who do, and it was not clear what benefit was flowing to the public.

The institute’s higher education program director, Andrew Norton, said subsidies should be paid only when they created public benefits that would not otherwise be generated.

He said this could save $3 billion a year and most students would take the course anyway.

“Grades do well out of higher education,” Mr Norton said. “They have attractive jobs, above-average pay and status. They take interesting courses and enjoy student life. I think they are getting a bargain compared with their lifetime earnings potential."

Universities Australia chief executive Belinda Robinson said the proposal could increase fees by 50 per cent. “While there is logic in attempting to identify the respective public/private benefit, the fundamental flaw in the proposal is the application of a very narrow and theoretical definition of public benefit,” she said.

Mr Norton said medical and dental students received $20,000 subsidy each year but were “top of the pile in graduate earnings”.

“If the argument of the Grattan report were accepted it would see students carry $3 billion (more) a year in debt, and the Government withdraw its support for students in courses like nursing, humanities, performing arts, agriculture, dentistry, medicine, law and commerce,” he said.

“We don’t want a situation where students leave university, join the workforce and have debts that shadow them for years, preventing them from marrying, getting a mortgage, and developing their lives.”

Tuition subsidies... merely redistribute income to students and graduates.”

Higher Education Minister Senator Chris Evans said increasing fees would hurt poorer families and lead to higher debts.

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Students ‘should pay more’

PHILLIP HUDSON

UNIVERSITY students are getting a “bargain” from taxpayers and should pay much more for their courses, says a radical report.

The Melbourne-based think tank, the Grattan Institute, said people who did not go to university were subsidising those who did and it was not clear what benefit was flowing to the public.

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“They have attractive jobs, above-average pay and status. They take interesting courses and enjoy student life.

“I think they are getting a bargain compared with their lifetime earnings potential.”

Universities Australia chief executive Belinda Robinson said it could mean fees would rise by 50 per cent.

“While there is logic in attempting to identify the respective public/private benefit, the fundamental flaw in the proposal is the application of a very narrow and theoretical definition of public benefit,” she said.

Mr Norton said medical and dental students received a subsidy of $20,000 a year but were at the “top of the pile in graduate earnings”. “Is it fair the taxpayer picks up such a large percentage of the bill when you look at the private benefit they gain from their degree?” he said.

He said taxpayers paid for 60 per cent of the cost of a university course, on average.

“The general public – particularly those who do not go to university – are worse off,” he said.

Higher Education Minister Senator Chris Evans rejected the call to increase fees, saying it would hurt poorer families and lead to higher debts.
Students should pay higher fees for their university courses

SYDNEY: University students should pay more for their courses because of the above-average salaries they receive after graduating, a federal government-funded think tank says.

The Grattan Institute says that higher education tuition subsidies will cost taxpayers $7 billion by 2015, and be a burden to those who haven’t undertaken further studies. The think tank’s higher education program director, Andrew Norton, says university and tertiary education students should therefore pay more for their courses.

“Graduates do well out of higher education. They have attractive jobs, above-average pay and status. They take interesting courses and enjoy student life,” Mr Norton said in a statement.

“Tuition subsidies therefore merely redistribute income to students and graduates. The general public, particularly those who do not go to university, are worse off.”

Mr Norton said university and vocational students would study regardless of the size of their subsidy, given they could defer repaying their student loan through a Higher Education Loan Program. He proposed a model whereby tertiary education is only subsidised if a public benefit could be proven.
FIFO workers to skyrocket

Now boarding for a mine far, far away. Cara Jenkin reports

PLANES are taking over from trains and automobiles as employers search far and wide for suitable staff.

The number of staff on fly-in, fly-out rosters has rapidly increased in the past five years and is tipped to skyrocket this decade.

One in four mining workers in Australia now flies to their workplace and lives on-site for an extended period, rather than permanently.

In the Pilbara, 15,464 workers had FIFO conditions in 2010, compared with 6734 in 2008 and a predicted 33,685 by 2020.

Local residents made up 13,257 of workers in 2008, 15,930 in 2010 and are forecast to number 20,967 by the end of the decade.

WA’s Chamber of Minerals and Energy says the increase in FIFO employment is driven by a tighter and more competitive labour market and disparity between the big construction and smaller operational workforces.

The remote location of new mines, where there is a lack of local services, also means most cannot or do not want to live in the area.

In the past, workers have moved home to live near their work. Broken Hill in New South Wales, Roxby Downs in South Australia, Kalgoorlie in WA and Mt Isa in Queensland are all remote towns born of mining booms.

But modern-day demand for workers to live in big cities means companies are going to greater lengths to secure a workforce.

Recruitment firm Hays says there are some direct flights from cities and major towns to mine sites, but there are more job opportunities out of Perth.

Resources and mining senior regional director Simon Winfield says anyone “willing to fly themselves to Perth” can do FIFO.

“(FIFO)’s not the preferred option, it’s the only option.”

Mr Winfield says most mining growth is occurring in the northwest of WA, but Perth’s population is a small pool to draw from.

“There’s not enough people in these regional areas to satisfy demand,” he said. “(FIFO)’s not the preferred option, it’s the only option.”

Mr Winfield says there is demand for FIFO workers with mining-specific skills, such as exploration geologists and mining engineers.

But specialised trades, such as boilermakers, and domestic staff, such as cleaners and cooks, are needed to work on FIFO conditions.

“You can earn a good salary,” he said.

BENEFITS OF FIFO

- Improved finances because of high wages and lower living costs
- Cheap housing for FIFO workers on site
- More lifestyle choices for workers and families
- Uninterrupted blocks of time at home to pursue personal goals
- Partners of employees have a heightened sense of empowerment

Source: The Australian Centre of Excellence for Local Government
Way to go: Fly-in, fly-out mine workers pack an aircraft heading from Perth to Newman. One in four mining workers in Australia now flies to their workplace.
TAXPAYERS could save $3 billion in the next four years if the government spent less on subsidising university students, with new research showing fee help has little or no bearing on a student’s decision to enter tertiary education or on their future earnings.

Existing fee subsidies are merely redistributing income to students and graduates who would have attended university anyway, according to the report, Graduate Winners, by the independent think tank the Grattan Institute. It suggests the $6 billion the government spends on fee support could be spent in ways that deliver greater public benefit.

The findings challenge the model where the federal government is investing heavily in boosting student participation, including encouraging more students from disadvantaged backgrounds. With the uncapping of student places this year, the bill for Commonwealth Support Places is expected to reach $7 billion to help domestic students.

Using data from the 2006 census and focusing on bachelor degrees, the report found the biggest driver of university participation was a high ATAR (an entry score based on year 12 results) regardless of social background.

It also found the fees paid by a student had little bearing on their future earnings, so a domestic student with a government loan had about the same “break-even point” as those paying full fees upfront, and international students paying higher fees.

The break-even point is when a person’s earnings exceed the cost of their education and also exceed the earnings of a person of the same sex who finished in year 12. Medicine, dentistry and law have the lowest point, with nursing, education, sciences, engineering and IT in the middle, while the performing arts have the highest.

Other Grattan findings include that tertiary education provides social and financial benefits for the individual and for the community through taxes, professional careers and greater civic engagement.

The federal government rejected the findings.

The Tertiary Education Minister, Chris Evans, said raising fees would be a disincentive for those from disadvantaged backgrounds and would lead to decreased participation and higher debt.
Uni study grants ‘no benefit’ to public

JULIE HARE
HIGHER EDUCATION EDITOR

The private benefits from a university degree so far outweigh public benefits that continued government subsidies cannot be justified, says a think tank report that yesterday raised the ire of the tertiary education sector.

Andrew Norton, director of higher education with the Grattan Institute, says the removal of subsidies for university courses would not affect demand, even among poorer students, and would lead to a fairer distribution of scarce government funding.

“Tuition subsidies merely redistribute income to students and graduates. The general public, particularly those who do not go to university, are worse off. They forgo other government benefits or pay higher taxes while receiving nothing additional in return,” he writes in his report, Graduate Winners: assessing the public and private benefits of higher education.

Mr Norton says graduates end up with “attractive jobs, above-average pay and status in society”.

“In most cases, students would take their courses irrespective of the size of the subsidy,”

But Tertiary Education Minister Chris Evans said increased fees would act as a disincentive to students. He also said the report “assumes everyone will move to maximise the income they can earn from their degree”.

He said the proposal would provide strong disincentives for skilled graduates to work in low-pay, high-need areas, such as legal aid, not-for-profit companies and as rural GPs.

But Mr Norton argues students are not price sensitive because the fairness of the HECS system means they only repay their debt once they earn a minimum salary of $49,000 and then up to a maximum of 8 per cent of their annual salary.

HECS provides a security net for women during child-bearing years, for graduates in low-income jobs or those who go overseas.

On the flip side, various governments have tried to raise demand for courses such as nursing, teaching and science by increasing the subsidy and lowering student contributions, but without success.

Bruce Chapman, who created the HECS system for the Hawke government in the 1980s, said Mr Norton’s paper was a valuable contribution to the debate on funding universities, but was “naive” on a political level.

He said an uncapping of fees in New Zealand in the 1990s had seen prices triple in just a couple of years. Britain saw a similar hike last year.

“In the end, how much a university student should pay is going to be a political decision made by governments in the context of all their other budgetary constraints and sense of fair play,” Professor Chapman said.

Universities Australia chief executive Belinda Robinson described Graduate Winners as “an extreme approach to the funding debate where we would see a considerable shift of the cost impost to the individual”.

Australian students already have among the highest share of private expenditure for higher education in the OECD.

The OECD average is just over 30 per cent private, 70 per cent public, but Australia has the sixth-highest private cost at about 35 per cent.

Ms Robinson said the report was extremely narrow in how it defined public and private benefit from a university education.

“It doesn’t take into account increased productivity and skill for knowledge-intensive jobs for the future,” she said.

“It also seems to put university costs on the slippery slope to full privatisation. It’s the only obvious conclusion from such a narrow ideology.”

University bosses are in heated discussion with government over funding, particularly for teaching of undergraduates. While the federal government has significantly increased funding levels, particularly through the reintroduction of near-full indexation, universities say they are still being short changed because there have been no increases for teaching.

University of NSW vice-chancellor Fred Hilmer most recently entered the debate arguing for the caps on student contributions to be dispensed with so universities could compete on price, which he said would also drive differentiation.

A review last year reiterated calls for the government to increase by at least 10 per cent its contributions for teaching, but the government has yet to respond.

**MEDIAN LIFETIME INCOME**

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<tr>
<th>Education</th>
<th>Male</th>
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<tbody>
<tr>
<td>Year 12</td>
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<td>Diploma</td>
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<tr>
<td>Additional tax over a lifetime</td>
<td>$360,000</td>
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</tbody>
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Source: ABS Census
‘Pay more for uni courses’

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Navitas: High $A hit temporary

Peter Kerr

Education services provider Navitas has shrugged off concerns the stubbornly high Australian dollar will permanently dent its overseas-student reliant business model.

Co-founder and chief executive Rod Jones said yesterday that although the soaring currency had made studying in Australia more expensive, the dollar’s movements were a minor consideration when Asian students and their families were considering education options. “The dollar is one of the factors,” he told the ABC’s Inside Business program. “I still don’t see it as the key factor.”

“When parents are making decisions about their child’s education, they are looking for the best possible education they can get for their child. It’s a three to four-year investment. It’s not a six-month investment. And the dollar will go up and down over that time.”

Analysts say the currency is being artificially boosted by investors seeking a safe haven from woes in Europe. It closed above $US1.05 on Friday.

Mr Jones said the Federal Government’s new streamlined and less onerous visa system for higher education students, combined with an inability for Asian countries to meet education demands internally, would eventually help Navitas overcome its “worst year on record”.

Navitas last week announced an annual profit result at the bottom end of expectations, with net earnings down 5 per cent at $73.1 million, despite a 7 per cent rise in revenue to $688.5 million.