

## **Comment on the Policy Discussion Paper**

### **'Learning for Life'**

#### **of the Review of Higher Education Financing and Policy**

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The Australian Liberal Students' Federation (ALSF) was founded in 1948. Although the Federation's ideological orientation and many policies are similar to those of the Liberal Party, ALSF is an independent movement based on university Liberal Clubs, several older than the Liberal Party.

The comments here relate to those areas of the Report which are of concern to members. As stated publicly, the ALSF supports the broad direction of the Committee's Progress Report.

#### **IMPLICATIONS FOR THE FEDERAL SYSTEM**

The ALSF is concerned that the Committee's recommendation for a universal entitlement to post-secondary education poses problems given the current division of responsibility for post-secondary education between the Commonwealth and State Parliaments. The Federation believes that implementation of a scheme such as that proposed in the Progress Report should not occur through further exploitation of the financial powers of the Commonwealth or specifically, through the use of tied grants to force cooperation of the states.

#### **TUITION FEE FLEXIBILITY**

The existing rates of differential HECS take into account only certain factors - a graduate's anticipated earning capacity and some assessment of demand - which would influence the price in a free-market exchange. If one accepts that different courses should demand differing fees, these should account for other factors including cost of course provision and the disparities in salary of graduates in the same discipline from

different universities. Therefore, allowing educational institutions to set their own fee levels, where supported by an income contingent loan as suggested by the Committee, is effectively only an extension of the differential HECS scheme.

That said, the ALSF expresses some concern that competition between different institutions may not ensure that prices remain relatively low. The fees set by universities for over-quota upfront fee places in some degrees (for example, dentistry) are clearly set to take advantage of the absence of competition in the provision of certain qualifications. Improved competition requires the entry into the education market of other (private) operators, an outcome feasible only with the availability of income contingent loans (HECS) for study at private institutions. The introduction of tuition fee flexibility ignores the traditional unwillingness of students to travel interstate for (particularly) undergraduate study, a consideration given that even within major metropolitan centres, universities tend to specialize and are not direct competitors.

As the Committee acknowledges (p13), existing funding methods have created an absence of competitive pressures within the university environment. There is limited evidence of universities engaging in outsourcing and privatization of support services, which have been shown to reduce costs in other public institutions. When faced with funding changes in 1996, some universities sought to reduce subject availability and threaten academic staff rather than trim the costs of non-academic services.

Further, where universities have long had the power to set their own fees - specifically in the case of the non-academic service fees which enrolling students are charged on a cash basis - universities have demonstrated an unwillingness to expose the components of the fee to competitive pressures. As a result, student services funded from these fees are not open to tender and in many cases make unnecessary losses sustained only by artificial subsidy.

Given the abuse by universities of their power over those fees which they have traditionally controlled, the ALSF requests that the Committee recommend that internal university operations and any university-controlled fees be subjected to the independent oversight of the Australian Competition and Consumer Commission.

### **PRIVATE AND CORPORATE SUPPORT OF RESEARCH**

The Federation believes that the achievement of increased private funding for academic research does not require reform of the higher education sector as much as it requires changes to the taxation system. Tax deductability of donations to a broader range of organizations than is currently permitted is likely to encourage philanthropic activity, as is evident in the United States. The ALSF suggests that the Committee present this recommendation to the Government's Taxation Reform Taskforce, chaired by Senator the Hon. Brian Gibson.

### **UNIVERSITY GOVERNANCE**

In recent years, both South Australia and Victoria have legislated to alter the size and composition of university governing bodies. While recognising the increasingly commercial orientation of university governing bodies, the ALSF notes that a University Council is one of the few forums for student input into university decision making.

Given the recommendation in the Progress REport for further review of university governance, the ALSF encourages the Committee to ensure that student, staff and graduate representatives are elected directly and specifically to the university governing body, rather than serving ex officio as a result of election to a position in another organization.