

I welcome this opportunity to respond to the committee's discussion paper.

Top-up fees are regressive

The committee's proposals would probably increase access to post secondary education overall and also increase access for people who don't come from wealthy backgrounds. But while poor students would benefit, the committee's proposal to have institutions charge top-up fees would increase the gap between poor and wealthy students. That is, wealthy students would derive greater benefit in the new regime than poor students. This is because poor students would not be able to afford to pay fees beyond those covered by HECS. They would therefore attend courses and institutions that do not charge top-up fees. These institutions would not be able to supplement their facilities and salaries beyond the funding provided by scholarships and HECS. Poor students would therefore be restricted to higher education of a lower quality than wealthy students.

Poor students would also be restricted to lower status courses. As Marginson has said (Markets in Education, Allen and Unwin, Sydney, 1997), applying Hirsch's work (The Social Limits to Growth, Routledge & Kegan Paul, London, 1977), the price of higher education courses is determined not so much by the outcomes they achieve - their utility value - but by their status, their positional value. The highly selective courses in the highly selective institutions are like diamonds and posh addresses: they enjoy high demand and can command high prices because of their exclusiveness. Increasing the supply of places in high demand courses would reduce their exclusiveness and therefore their positional value. So an increase in demand for these courses does not lead to an increase in their supply but to an increase in their price.

Currently competition to gain entry to high demand courses is on previous formal educational qualifications, which for school leavers is strongly associated with attending high fee-paying secondary schools. So already the children of the wealthy are advantaged in attending privileged schools which increase their chances of getting into high demand courses. This is shown in the socio-economic composition of year 12 intakes into courses, particularly the high status courses of law and medicine (Moodie and Swift 'Participation in higher education in South Australia by people from socio-economically disadvantaged backgrounds', Journal of Institutional Research in Australasia, vol 5 no 2 (September 1996), pp 55-70). The committee's proposal to have institutions charge top-up fees would increase the advantage that wealthy students have in gaining entry to high status courses.

Public funding of private institutions dismantles intellectual capital

The committee's insistence that the allocation of public funding to private students in public institutions and to private students in private institutions is 'equitable' debases the term, as if it were more equitable to give to those who travel by taxi or their own car the public subsidy that they would have enjoyed had they travelled by public transport. It considers the public and private benefits to individuals in reaching their destinations but ignores the infrastructure that makes the journey possible.

Similarly, the committee recognises the public as well as the private benefit in producing graduates - in transmitting advanced learning. But it ignores another important role of universities to preserve knowledge, or accumulate intellectual capital. Universities' intellectual capital is not only in their libraries and in the expertise of the staff they employ and support, but also in the system of work and the values and intellectual traditions they propagate. This intellectual capital is the infrastructure for incorporating research results within courses and for innovation in teaching-learning generally.

As the committee's papers observe, surpluses in the resources acquired for teaching-learning in the public sector go to building the nation's intellectual capital, to providing time for research and scholarship, and to developing new teaching methods and resources. But surpluses generated in the private sector are taken as profit and are not necessarily reinvested in infrastructure or towards intellectual capital formation. Allowing the surpluses from public funding to be consumed as profit will result in a gradual run-down of the community's intellectual capital and a loss of the capacity to develop teaching-learning innovations locally. A gap will emerge between research and its application in teaching-learning, as, the committee recognises, there is a longstanding gap between research and its application to other forms of local production. Australia's innovation in teaching-learning will be restricted to importing ideas and techniques from other countries that have maintained their intellectual capital.

Fees for second degrees

If we are to accept without question that public investment in the nation's intellectual capital is to remain stagnant or be cut further, the appropriate response is not to try to encourage private expenditure on higher education by increasing its direct subsidies indiscriminately and irrespective of the level of public benefit derived from the expenditure. A better response is to concentrate public expenditure on where the public gets the most benefit so that private expenditure goes to where there is

most private benefit. The public benefits most from postsecondary education in initial qualifications, and correspondingly private benefits are higher with subsequent qualifications.

In 1996 just over 31% of students starting a higher education course had already completed a higher educational qualification and a further 8% had completed a TAFE award (DEETYA, 1996, Selected higher education student statistics, 1996, table 25, page 48). Just over 10% of students starting a bachelor's course in 1996 were admitted on the basis of a completed higher educational qualification and about 5% were admitted on the basis of a completed TAFE course (same source, table 26, page 50).

The Commonwealth should continue to fund fully places occupied by students who have not already completed a higher educational qualification. Places occupied by students who are already graduates could be funded entirely by tuition fees or by a mixture of tuition fees and public funding. The Commonwealth could also limit its subsidy of joint courses which prolong students' time of undergraduate study.

These measures would further reduce Commonwealth expenditure and increase private expenditure on higher education. However, by concentrating public expenditure on first degrees and limiting private expenditure to second and subsequent degrees the regressive effect is minimised on the most important, the initial qualification.

Gavin Moodie

gmoodie@camtech.net.au (home)

GavinMoodie@vut.edu.au (work)

fax +61 (0)3 9365 2657

work tel +61 (0)3 9365 2417

mobile tel +61 018 392 195

PO box 1182

ST ALBANS

Vic 3021

Australia