

Senate Employment, Workplace Relations and Education References
Committee

The progress and future direction of life-long learning

*" Poverty, fees and postgraduate coursework:
Life-long learning for whom?"*

A submission by the
Council of Australian
Postgraduate Associations

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The logo for the Council of Australian Postgraduate Associations (CAPA) features the acronym 'capa' in a stylized, lowercase, blue font. The letters are bold and modern, with the 'a's having a unique shape. Below the acronym, the full name 'Council of Australian Postgraduate Associations Incorporated' is written in a smaller, standard blue font.

Council of Australian Postgraduate Associations Incorporated

Introduction

CAPA, the national peak body representing Australia's 247,315 postgraduate students, welcomes the opportunity to contribute to the Senate's Inquiry into Life-long Learning. Postgraduate study is an exceptionally important element of lifelong learning. It provides the opportunity for individuals to retrain should they need or want to change career paths, and the qualifications often necessary for progressing a career. Indeed, postgraduate qualifications are a prerequisite for entry into professions such as psychology and osteopathy. Securing and upgrading academic qualifications can be particularly important for women re-entering the workforce after child-rearing. Postgraduate study also provides opportunities for students to extend their knowledge in an area of interest, and to become expert in specialised fields.

Since postgraduate study is often the key to better jobs with better conditions, and provides the opportunity for students to extend their intellectual potential, it is vital that there is equity of access into postgraduate courses and degrees for students of all ages and socio-economic status.

CAPA does not believe that current practices in postgraduate coursework support equity of access. Postgraduate coursework fees have escalated under the current government, after postgraduate coursework was almost totally deregulated when the government came to power in 1996. We believe that these fees inhibit life-long learning by preventing those with limited incomes from gaining the qualifications and training necessary to improve their professional prospects.

In this submission we focus on increased postgraduate coursework fees and inadequacies of the fee-loans system as a barrier to participation in life-long learning

Recommendations:

1. That postgraduate coursework studies be brought back within the embrace of the HECS scheme.

OR

2. That an Inquiry be launched into the true cost of delivery of postgraduate coursework courses.

3. That postgraduate coursework be regulated by the Commonwealth such that:

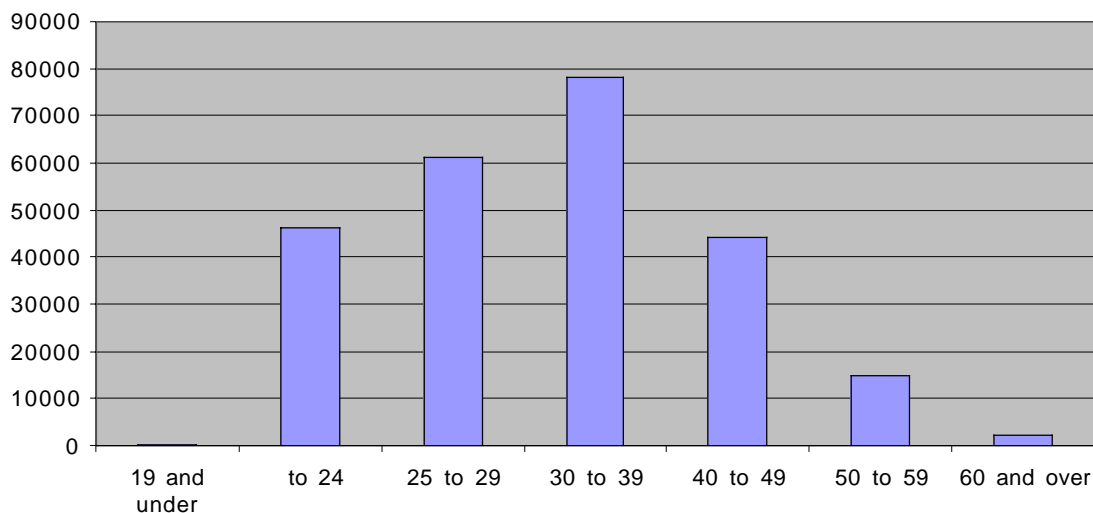
a) The fee level for postgraduate coursework be set at a level not exceeding the actual cost of delivery, and

b) Increases in postgraduate coursework fees not exceed CPI, unless it can be demonstrated to the satisfaction of an independent auditor that there has been a corresponding increase in the cost of delivery.

Background: Who are postgraduates?

Postgraduate students are, by default, older than their undergraduate colleagues. The median age for postgraduates is around 35 years. Over 60,000 postgraduate students are over 40:

Age of Postgraduates, 2003
DEST Selected Statistics



Postgraduates fall into two broad categories: Research Higher Degree students (PhD and Research Masters), and postgraduate coursework students (undertaking a range of courses from the Graduate Diploma through to the Masters by Coursework, as well as a small number of coursework Doctorate students). The 2003 domestic postgraduate cohort was comprised of:

- 30,019 Doctorate by research students;
- 834 Doctorate by coursework students;
- 8,621 Masters by research students;
- 70,107 Masters by coursework students, many of whom (47% of EFTSU) pay full fees, and
- 60,857 designated by DEST as 'Other Postgraduate'. These are coursework students studying courses including Graduate and Postgraduate Diploma and similar courses. Many of these students (37% of EFTSU) also pay full fees.

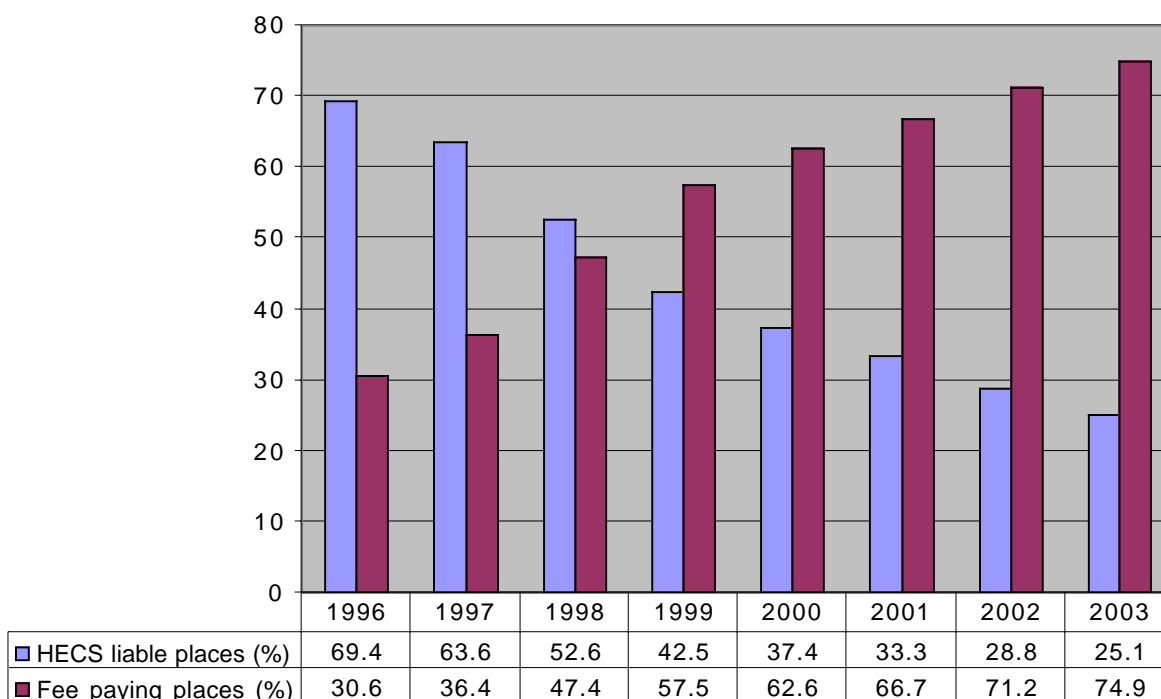
In 2003, 66,764 domestic postgraduates, or one out of every 2.5 students, paid full fees.

Postgraduate coursework fees

In 1989 universities became able to charge up-front fees for domestic postgraduate coursework for the first time since free education was introduced in 1973. However, only a very small number of courses were liable for such fees. For example, of the 85,985 postgraduates studying in 1991, only 10% paid fees (Nelson 2002: 53).

This change in the proportion of postgraduate students paying fees resulted from the Howard government's decision in 1996 to reduce universities' operating grants by 6% while almost totally deregulating postgraduate coursework (only some teaching and nursing places were protected as HECS-liable places). Universities dramatically expanded the number of fee-paying courses as a response to the shortfall in government generated revenue:

Proportion of HECS-liable places to fee-paying postgraduate coursework places, 1996 to 2003



Data source: Nelson, 2004.

Not only has the number of fee-payers increased, but the level of fees has also increased dramatically. In 2002, the year the Postgraduate Education Loans Scheme was introduced, postgraduate coursework fees generated \$259 million of university revenue across the sector (Nelson, 2004). This was a 41% increase over 2000, when postgraduate coursework fees generated \$159,704 in revenue.

Because postgraduate coursework has been so heavily deregulated, DEST does not gather data on the numbers of students studying within various course cost ranges. Universities report the total revenue they gather from student fees, as well as providing annual schedules of course costs. There are hundreds of postgraduate coursework courses, and CAPA does not have the resources to tabulate the distribution of students within various cost ranges. In 2004, costs can be anything from around a thousand for a graduate certificate at a small university, to \$78,000 for the Juris Doctor in the Law faculty at the University of Melbourne.

CAPA is currently assessing the extent of postgraduate coursework fee-increases over recent years at a representative selection of universities. CAPA will report our findings to the Senate Committee upon completion of this study.

Fee payment measures

The government introduced the Postgraduate Education Loans Scheme (PELS) in 2002. PELS is an income contingent loans scheme under which postgraduate coursework students can borrow the cost of their fees from the government, and repay the debt in a similar manner to HECS. Unlike HECS, however, the fees covered by PELS are not regulated by government.

While recognising that PELS would assist some students in accessing postgraduate education who had previously been excluded, CAPA argued upon the introduction of PELS that the scheme was beset by significant flaws, including the likelihood that the increase in effective demand flowing from PELS would lead to universities increasing fees. These fears have been born out. While CAPA is still collecting data on the overall impact of PELS on fee levels, large increases are evident in a number of universities. For example, the Faculty of Science at the University of Melbourne has increased its fees by 50% since 2001: from around \$8000 to around \$14,000 for its Postgraduate Diploma and Masters offerings (UMPA, 2004). Curtin university has increased fees for postgraduates by an average of 36.75% between 2000 and 2004 (figures supplied to CAPA by the Curtin University Postgraduate Association). Overall, university revenue drawn from postgraduate coursework fees increased by 41% between 2001 and 2002--the year PELS was introduced (calculated using DEST data supplied in its Triennium reports).

These increases are a direct result of the government's failure to cap or in any way regulate the amount by which universities are allowed to increase fees from year to year. CAPA has received no evidence that such increases in fees are linked to increases in the quality of the courses offered. They are simply the result of the market resetting itself to take advantage of students ability to pay increased fees by borrowing rather than paying up front.

By failing to link fee levels to quality, or to the real cost of a course, postgraduates can be used to generate huge levels of profit at institutions whose

prestige allows them to price their courses at more than they are inherently worth.

The current Minister for Education has wantonly conflated fee-level with the true cost of courses in his efforts to justify the partial deregulation of undergraduate courses--which now seem set to follow the fee-hike path laid by postgraduate coursework. In response to the University of Melbourne's recent announcement that it may price its medical degree for domestic students as high as \$210,000, the Minister explained in an interview:

[the] \$200,000 cost of a full fee medical degree... reflects the level of tax payer subsidy that is in fact in medical education. Where the tax payer is paying for in excess of \$150,000 of a HECS place. (ABC Radio, 2004)

Earlier this year the National Union of Students calculated the teaching cost per year of courses in various study areas using DEST data. While CAPA believes that postgraduate coursework must always be differentiated from undergraduate study, this is primarily due the different skills and professional and social experiences students bring to their study, as well as the more advanced pedagogical requirements of postgraduate study. The teaching cost of delivery should be largely the same. The following costs of delivery are a far cry from the massive course fees many postgraduates pay:

Discipline Group	Average Teaching Cost Per Year*
Law	\$7,936
Accounting, Administration, Economics, Commerce	\$7,971
Humanities	\$8034
Mathematics, Statistics	\$10,427
Behavioural Science, Social Science	\$10,490
Computing, Built Environment, Health	\$12,882
Foreign Languages, Visual and Performing Arts	\$12,945
Engineering, Science, Surveying	\$17,793
Dentistry, Medicine, Veterinary Science	\$21,849
Agriculture	\$21,884
Education	\$11,132
Nursing	\$13,587

* teaching costs reflect cost of delivery of courses to students and do not include the research and entrepreneurial activities of the university. The figures are derived from DEST data and allow for indexation. (NUS, 2004)

Thus the Minister is incorrect in saying that tax payers are subsidising \$150,000 of the cost of a medicine degree. In fact, a student paying \$210,000 for the six year degree will be paying nearly \$80,000 more than the course is 'worth.'

It is ironic that some of the cheapest courses to deliver, such as Law, have some of the highest course costs. Again, fee rates must be set to reflect the quality and true cost of a course--not its perceived prestige. This is true for both undergraduate and postgraduate courses.

Under the Higher Education Support Act (2003), from 2005 PELS will be replaced by the Fee-HELP scheme. Under Fee-HELP a \$50,000 dollar cap will be set on the total amount a student can borrow, to limit students ability enter into debt at levels they will be able to repay. This change is wrong-headed. Legislation should ensure that debt levels are curtailed by disallowing unrealistic and profit driven fees; not by limiting the individual's capacity to borrow.

Debt aversion:

A barrier to entry to fee paying courses¹

Student debt not only affects the life of graduates after their higher education, it may also prevent potential students from even enrolling in universities. The extent to which debt aversion is a barrier to higher education entry for equity groups in Australia is the subject of some debate. The ability to defer payment of up-front fees undoubtedly enables people who would otherwise not be able to afford fees access to higher education. However, the Minister for Education has acknowledged that "older students who have not previously participated in higher education may be reconsidering study because of the impact of HECS."² International research has conclusively demonstrated that debt aversion deters entry to higher education and that equity groups are among the most debt averse.

In February 2003, Universities UK, the British equivalent of the Australian Vice-Chancellors' Committee, released a study entitled *Attitudes to Debt* which examined levels of debt aversion among a large sample of school leavers and further education students and the impact of debt aversion on their participation in higher education. The study concludes that debt aversion does deter entry to higher education, particularly for equity groups.

Prospective students with tolerant attitudes towards debt were one and quarter times more likely to go to university than those who were debt averse, all other things being equal. Debt aversion deterred entry into HE [higher education] but was also a social class issue. The most anti-debt are the focus of widening participation policies and include:

- those from the lowest social classes;
- lone parents;
- Muslims, especially Pakistanis; and

¹ This section of our submission is taken from CAPA's 2003 study on student debt: Hilary Pearse, *The social and economic impact of student debt*, CAPA, March 2003: 19-22.

² B. Nelson, *Higher Education at the Crossroads: an overview paper*, Ministerial Discussion Paper, Commonwealth Department of Education, Science and Training, Commonwealth of Australia, Canberra, April 2002, p 22, paragraph 107.

- black and minority ethnic groups.

The least anti-debt were:

- attending independent schools;
- from the highest social classes; and
- men.³

The study demonstrates that a lack of money and concerns about accumulating debt contribute to the uncertainty of students who are undecided as to whether to enter higher education. Half of all undecided students identify a fear of accumulating debt as a reason for being unsure about higher education entry, and fear of debt was a factor for over three quarters of students from the poorest households.⁴ The study finds that the choice of university and degree course for students from low income families is limited by the desire to minimise higher education costs and debt.⁵

This concurs with an earlier study of trends of participation and financing in US higher education undertaken by McPherson and Schapiro in 2000. The increasing cost of higher education in the US and the reduction in government financial aid for students has contributed to "increasing stratification of post-secondary opportunity by income."⁶ Low-income students whose higher education options are limited by a desire to minimise the cost of their study and the amount of debt they incur are concentrated in public, low-status community colleges. In contrast, the enrolment of middle and upper-income students in low-status community colleges has declined between 1981 and 1997, with enrolment of these groups increasing at higher-status public and private universities during the same period.⁷

McPherson and Schapiro use this evidence to resolve the apparent paradox in higher education of increasing participation despite the increasing cost to students. They argue that low-income students are more price sensitive than their middle-income and upper-income counterparts.⁸ While participation has increased, low-income students are increasingly restricted to lower-cost, lower-status and potentially lower-quality higher education options.

Both the Universities UK study discussed above, and Connor and Dewson's 2001 study of issues affecting the participation in higher education of lower social class groups in the UK, *Social Class and Higher Education*, show that the decision to enter higher education is far more complex for potential students from lower-income groups. Connor and Dewson find that "students from lower class

³ Universities UK, *Attitudes to Debt: School leavers and further education students' attitudes to debt and their impact on participation in higher education*, Executive Summary, 2003, p 3.

⁴ Ibid.

⁵ Ibid., p 4.

⁶ McPherson, M. and Schapiro, M.O., 'Financing Lifelong Learning: Trends and Patterns of Participation and Financing in US Higher Education', *Higher Education Management*, 12/2, 2000, p 154.

⁷ Ibid., pp 147-148 .

⁸ Ibid., p141.

backgrounds tend to put more emphasis on expected beneficial outcomes of higher education than do students from higher social class groups", for whom the decision to enter higher education is often an unquestioned assumption.⁹ Lower income students consider a number of financial issues when making the decision to enter higher education, including concerns about debt, the ability to earn income while studying, concerns about the future financial benefits of higher education, and concerns about lack of information on the costs of higher education and financial support options.¹⁰ The cost of higher fees for degrees is more likely to outweigh the perceived benefits of higher education for potential students for low-income groups than for students from middle and upper income groups.

Low-income students continue to evaluate whether the financial costs of higher education are justified by the benefits throughout the course of their degree. In 2001, the US Institute for Higher Education Policy's analysed the student experience of low-income and ethnic minority students in New England, the state with the highest average student fees in the US. The study's data demonstrate that one of the factors directly associated with improving completion rates for students from these groups is "the availability of non-repayable grants and scholarships to lower dependence on loans".¹¹ Financial aid in the form of student loans increase the likelihood of 'drop-out' for black, Hispanic and low-income students, whereas non-repayable grant aid significantly lowers the probability of non-completion.¹²

The debt aversion of equity groups is not unfounded. An income-contingent repayment scheme necessitates that those groups in society who earn less will take longer to pay back their debt. For this reason, women will take longer on average to repay their HECS debt than men, and Indigenous graduates will take longer on average to repay their HECS debt than non-Indigenous graduates. In 1999, economic modelling in New Zealand revealed that it would take the average male university student 17 years to repay a loan of \$20,000, while it would take the average female student 51 years to repay a loan of the same size.¹³ Recent changes to the interest charged on New Zealand student loans¹⁴ have reduced the projected repayment time to 15 years for the average male

⁹ H. Connor and S. Dewson with C. Tyes, J. Eccles, J. Regan and J. Aston, *Social Class and Higher Education: Issues Affecting Decisions on Participation by Lower Social Class Groups*, Institute for Employment Studies/Department for Education and Employment, Research Report No. RR267, UK, March 2001, p vi.

¹⁰ Ibid., p 107.

¹¹ Institute for Higher Education Policy, *Getting Through College: Voices of Low-income and Minority Students in New England*, Report prepared for the Nellie Mae Foundation, Washington, February 2001.

¹² Ibid.

¹³ Report of the Education and Science Committee, *Inquiry into student fees, loans, allowances and the overall resourcing of tertiary education*, House of Representatives, New Zealand, October 2001, p 43.

¹⁴ These include not charging interest on student debt until after the student has graduated and ensuring that a proportion of compulsory debt repayments are directed to the loan principal rather than solely to repaying the interest.

university student and 29 years for the average female student.¹⁵ In 2001, the New Zealand Ministry of Education calculated that even under these new conditions it would still take the average Maori university student 12 per cent longer to repay a student debt than the average European student, while it would take other ethnic groups (predominantly of Asian and Pacific Island origin) 43 per cent longer to repay a student debt than the average European student.¹⁶

The price-sensitivity and debt aversion of people from equity groups will mean that entry into higher education will eventually be limited by increasing university fees and the consequent need for students to accrue more debt in order to study. The social and economic implications of limited access to higher education for students from equity groups have been well-documented. Access to higher education is associated with increased income upon graduation, access to professional employment, improved health and life expectancy, better housing, decreased rates of incarceration, and reduced dependence on government income support. For these reasons, the increasing cost of higher education for students and the increased debt burden borne by graduates will have direct social and economic consequences for all of Australian society.

Income Support

The provision of adequate income support at all levels of education is a necessary element of any life-long learning enterprise. CAPA has recently provided a submission to the current senate Inquiry into Student Income Support. In it, we supply evidence passed on to us by over 70 students that inadequate income support measures at the postgraduate level have negatively affected their ability to study, and/or the quality of their studies.

We ask the Committee undertaking this Inquiry into life-long learning to consider the arguments, evidence, and recommendations we make in our submission to the Inquiry into Student Income Support within the context of this Inquiry.

Conclusion

It is CAPA policy that public education, which results in significant public and industry benefit, should be publicly funded. The HECS scheme recognises the public benefits of education and asks the individual to pay a share of the cost of their education, but not the entire amount (although NUS data shows that in some disciplines, such as Law, the student pays around 99% of their course costs: NUS, *ibid*). In many cases, postgraduate coursework students are not

¹⁵ *Ibid*.

¹⁶ *Ibid.*, Table 8: Student Loan Scheme repayments periods in years, by ethnicity and gender, p 43. These figures are calculated using the average New Zealand student debt of \$12,413. In 2001, European students took an average of 11.9 years to repay a debt of this size, while Maori and 'other' ethnic groups took an average of 13.3 and 17 years respectively.

simply paying the entire cost of their course, but more besides--they are subsidising the study of others.

Debt aversion has a demonstrated impact on the willingness of disadvantaged students to undertake education. Further, the cap on PELS will ensure that even students who are willing to enter into debt will be unable to participate in the courses of their choice, regardless of their intellectual ability, unless that choice costs less than \$50,000.

Recommendation:

1. That postgraduate coursework studies be brought back within the embrace of the HECS scheme.

We recognise, however, that such an action may be beyond the courage of the current government, who are already scare-mongering at the Opposition's stated intention to reverse the recent partial deregulation of undergraduate studies, should it take office. We therefore make the following recommendations:

Recommendations:

2. That an Inquiry be launched into the true cost of delivery of postgraduate coursework courses.

3. That postgraduate coursework be regulated by the Commonwealth such that:

a) The fee level for postgraduate coursework be set at a level not exceeding the actual cost of delivery, and

b) Increases in postgraduate coursework fees not exceed CPI, unless it can be demonstrated to the satisfaction of an independent auditor that there has been a corresponding increase in the cost of delivery.

We also recognise the importance of adequate income support to the ability of individuals to undertake life-long learning through higher education. We commend our recent submission to the senate Inquiry into Student Income Support to the Committee undertaking the Inquiry into Life-Long Learning, and ask that the recommendation we make there also be considered here.

Sources

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