Student debts heading towards $20b

UNIVERSITY students and graduates will owe the Government nearly $20 billion in three years as debt accumulates by almost $2 billion a year.

They now owe the Government a little more than $13 billion, figures provided by the Department of Education to a Senate estimates committee show, and the figure is increasing as fees for individual courses rise. By 2008-09 the debt will reach $18.8 billion.

The average outstanding debt was about $10,500, said a spokesman for the federal Minister for Education, Julie Bishop. This represents a rise of 7 per cent since last year. Fees for some courses have risen to more than $30,000.
The Opposition education spokeswoman, Jenny Macklin, said the debt had been forced by increases in university fees, which have more than doubled under the Howard Government.

"These are massive increases; they're not minor changes," Ms Macklin said. "Under the Howard Government, young people are graduating from university with ever-increasing levels of debt, making it much harder for them to buy a home, start a family and get ahead."

Ms Bishop has attributed the rise in debt to the rising numbers of students. "We have a record number of students - almost 1 million students, which is an increase of almost 50 per cent since 1996," she said.

However, figures from her department show that domestic student numbers rose by just 0.2 per cent from 2004 to 2005, while the accumulated HECS debt rose by nearly $2 billion. The record number of students was mainly caused by a 4.8 per cent increase in full-fee paying overseas students, who do not incur debts.

HECS was introduced by the Labor government in 1989 and since then about 41 per cent of people have repaid their debt.

The fees increased in 1997 and again last year, when universities were able to charge students up to 25 per cent more. Students begin repaying their debt when their income exceeds $38,149.

FEE-HELP, a loan repayment scheme for postgraduate fee-paying students, began in 2004. The architect of HECS, Professor Bruce Chapman, a higher education academic at the Australian National University, said it was likely the main reason the debt was rocketing to such a degree was the higher cost of a university education. "I don't believe it's a problem for policy, however," he said.

"I thought the 25 per cent increase in HECS was not bad policy because it was accompanied by a higher first threshold repayment .. it becomes somewhat easier to pay it."
Beware universities' quest for mediocrity

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The "big is best" brigade has succeeded in making many first degrees second rate, writes Harry Messel.

HOW many students do you have now?" This is the question that is inevitably asked as soon as one mentions university, with the stress on the word "many". The thrust of the question is usually obvious: only large numbers of students indicate success, while small numbers are equated with failure. The insinuation is that a university that does not have, and never will have, large numbers of students, 10 deputy vice-chancellors and 20 pro-vice-chancellors, lecture halls to hold 1000 disenchanted students and so on, must be a second-rate institution. The opposite is usually the case.

Now, I can understand the above reasoning on the part of torchbearers for egalitarianism, for mass education and its concomitant mass mediocrity. In Australia, Canada, the US and more recently in Britain, they have, over the past 20 years, had one victory after the other, bringing tertiary institutions down to a common low standard not witnessed before. They can feel proud that a first degree from many universities is becoming an almost meaningless piece of paper, that they have managed to dupe the parents and betray the scholars into believing that just going to any university and getting a degree will ensure them a meal ticket. Unfortunately, this is not the case. It matters a great deal which university you go to and the quality of the education provided by that institution.

It is accepted generally that mass education and quality are a contradiction in terms, especially in the tertiary field, and normally mass education and mediocrity appear to be natural bedfellows. Yet we see many educational practitioners arguing vehemently to the contrary, extolling the virtues of almost free mass tertiary education for all, with its lower standards and paying lip-service to excellence. Their motto seems to be equal opportunity for all to be mediocre rather than equal opportunity for all to strive for excellence.

My remarks are based on 54 years' experience in university education in Australia. During this period there have been major transformations in secondary and tertiary education which, unfortunately, have close counterparts in Canada, Britain and in an increasing number of European countries. Thus my remarks often apply with equal force to these countries, which have determined that they have the sovereign right to make similar mistakes to Australia. In all instances we are viewing an essentially nationalised, struggling tertiary education sector as it passes from an elitist system to a system of mass education and, finally, a universal one.

It is evident that tertiary education is undergoing dramatic changes worldwide. One should not be surprised by this. The world is in the midst of an information technology revolution, which is proving to be the most dramatic revolution in its history.
Governments appear bewildered and at a loss as to how to respond in the information age. One response has been to encourage secondary and tertiary education for all. This has placed enormous pressure upon educational institutions to provide university entrance for all qualified secondary school students, which almost automatically ensured a significant decrease in standards, while increasing dramatically the number of students completing secondary education. This, too, was often achieved at the expense of quality.

Australia must seriously question whether it should continue to spend a couple of thousand million dollars a year on a school system which appears to be turning out an ever increasing number of undisciplined, irresponsible, greedy, often near-illiterate, lawless individuals who don't give a tinker's curse for the country, their mates or anyone else.

It appears that Australia is on the road to turning its school system into poor-quality child minding as both parents, in thousands of households, have been forced to take up jobs in order to eke out an existence. One outcome is that universities now often have to teach what was formerly taught at the senior school level. The value of a bachelor's degree from many institutions has been devalued and often fails to impress employers. Students who wish to get ahead now require a higher degree or several degrees or to go on to a second university.

Education must be deregulated and strong diversity among institutions encouraged. Students must be provided with a wide choice and at varying levels. As an opener, cut the management staff of universities by 50 per cent or more. This would slow - but not stop - the paper war which is going on at present. It should also put an end to all this nonsense about total quality management, quality assessment and various other time-wasting "processes". Let us get back to what universities are best at doing, namely teaching and research.

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Education a huge, and growing, economic boon