



SPEECH

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HIGHER EDUCATION LEGISLATION AMENDMENT (2007 MEASURES NO. 1) BILL 2007 Second Reading

[Dr EMERSON](#) (Rankin) (7.10 p.m.)—Madam Deputy Speaker, I will certainly do that intermittently. The [Higher Education Legislation Amendment \(2007 Measures No. 1\) Bill 2007](#) contains a number of amendments. The one to which I wish to direct my remarks is the amendment to the Higher Education Support Act to reflect changes to the National Protocols for Higher Education Approval Processes. In my view, that is a very important set of changes.

The national protocols regulate the recognition of new universities, the operation of overseas universities in Australia and the accreditation of courses offered by providers of higher education. Under this legislation, key changes in the national protocols will include provision for a wider range of universities, including specialist institutions conducting teaching and research in one or two fields of study only and university colleges in the form of new universities undertaking teaching and research in a limited number of fields during an establishment phase.

The key changes also include an identified process for institutions other than universities to become authorised to accredit their own courses—that is, self-accrediting—where they demonstrate a strong track record in quality assurance and reaccreditation.

As a parliamentarian I do not feel that I am in a position to evaluate and speak with great authority on some of these changes, particularly those in relation to self-accreditation, but I do accept that they constitute a move in the right direction. I support the principles that guide these changes in the national protocols because it has long been my belief that we would benefit from greater flexibility in our higher education institutions in this country.

On a number of occasions, I have argued that the approach of the present coalition government has been highly prescriptive. Indeed, borrowing a phrase from Professor Max Gordon, I have suggested that it more resembles Moscow on the Molonglo—a command and control system which you would not believe that a coalition government would want to implement. But when you look at the number of regulations that have been imposed on our public universities over the last 11 years, you see that it is a very large number. This has greatly retarded and limited the flexibility of our universities to adapt to changing circumstances.

The Minister For Defence is at the table. He is a former education minister and, while I respect his intellect, I think he implemented too many productivity and stifling regulations in the name of ideology—for example, the requirement for universities to offer Australian workplace agreements in order to get extra funding. There is also the minister's long-running campaign to enforce or implement voluntary student unionism. This, it seemed to me, was more a case of revenge of the nerds, as the minister and his companions on the front bench had been involved in student politics in years gone by and they wanted to get those student unionists back. Ultimately, they did to some extent, but it is hard to put good student unionists down and they will bounce back, no doubt.

I saw that very much as a diversion. In economic terms, we speak of the concept of opportunity costs, and I think that that period was a lost era for us. While the minister and his cabinet colleagues were obsessed with voluntary student unionism, other reforms to the higher education system that were crying out for implementation never did get implemented. I worry whether that reflects an attitude of the coalition government and, in order to justify that remark, I draw the attention of members of this House to statements that the Prime Minister has made in relation to higher education in this country. It seems that, from those statements, the Prime Minister sees the challenge for our education system to be mainly one of skills development in the traditional trades. Why do I assert that? The answer is, in part, provided by a statement the Prime Minister made on the *Sunday* program on 6 March 2005. It is quite a lengthy statement, but I think members of parliament and those who are listening would be interested in it. He said:

Quite a lot of the problem is that it's a deep-seated cultural problem. We went through a generation in this country where parents discouraged their children from going into trades, and they said to them, "the only way you will get ahead in life is to stay at school until year 12, go to university." Year 12 retention rates became the goal, high year 12 retention rates became the goal. Instead of us as a nation recognising there are some people who shouldn't go to university, and what they should do is at year 10, decide they are going to become a tradesman.

... ..

Everybody doesn't have to go to university, and a lot of people will be a lot better off if they don't go to university and they recognise that at age 15 or 16, and go down the technical stream.

Here is the Prime Minister questioning not only the value of a university education but also the very appropriateness of having the goal of as many young Australians as possible completing high school. I am perplexed about that, because the Prime Minister has basically levelled a criticism at the Labor Party—that the Labor Party in government was too obsessed with higher education and that we should have concentrated much more on the trades. Yet just a couple of weeks ago here in this chamber, on 26 February, the Minister for Workforce Participation, in response to some comments I had made, said:

That is why your focus on an obsession with training we think is not in the best interests of all Australians.

So the Prime Minister has said repeatedly that Labor is not interested in training and is obsessed with university education, and the Minister for Workforce Participation has said that Labor is obsessed with training. They are going to have to get their act together in deciding what the critique of Labor in government and Labor in opposition truly is. We are either overly obsessed with university education or we are overly obsessed with training, but we cannot be overly obsessed with both.

I ask this question: if the Prime Minister truly believes that we should not have placed so much attention on lifting the high school completion rates, why is it that so many studies confirm that people with a university education, on average, earn at least 20 per cent more than those with a proper trade qualification, who in turn earn up to 20 per cent more than those who finish high school and do not go on to tertiary education, who in turn earn around 20 per cent more than those who leave school at

year 10? Obviously there is a strong argument for young people to go into the trades or to go into higher education, and it therefore makes sense that young people complete either year 12 or its equivalent in a trade, which is the argument I have been making for a long time.

Last year the OECD released its annual report, called *Education at a glance*, and it had a special section dealing with this very issue. It concluded that, now in the modern world, completing high school is the minimum qualification in order for young people successfully to enter the labour market and to enjoy good prospects of ongoing employment. I say that the Prime Minister is wrong in his criticism of labour, about our preoccupation with getting the high school completion rates up. We were very successful in doing that in 1982; the year 12 retention rate was 36 per cent. By 1995 it was more than 72 per cent. So, in round figures, there was an increase from about one in three young people finishing high school to more than two in three young people finishing high school during the period of the previous Labor government.

I accept that once it is up to around 75 per cent, it is not easy to get it a lot higher a lot more quickly, but the problem is not that the high school completion rates are failing to rise at their previous rate but that they are actually falling. The government says that this is all because of the mining boom. Whatever the reason, when the mining boom finishes, if we do not have young people with year 12 qualifications or its equivalent then those young people will be consigned to long periods of low-paid and intermittent employment, and we should not leave our young people in that position.

If the Prime Minister was right in that we should not be concentrating on young people finishing year 12, why is it that Australian studies have estimated that a one-year increase in average levels of schooling would not only eventually lift gross domestic product by eight per cent, which is a large number, but also permanently boost economic growth by about half a per cent per annum? That is well and truly worth having.

Why has the fact that Australia did achieve these big increases in high school completion rates been shown to have lifted Australian productivity growth? That is the big debate of the early period of the 21st century—a debate about which political party is going to be successful in lifting productivity growth. In the 21st century, education is the dominant source of productivity growth—not only completing year 12 but increasingly completing a university education. This bill is important because it sets out a research quality framework, about which we have some concerns, but also offers some progress towards the very flexibility that I have been advocating for some time.

On our side of the chamber we make no apologies for the high value that we place on a university education. The Treasurer indicated today in the parliament that the second intergenerational report, an update of the original 2002 *Intergenerational report*, will be released by him at the National Press Club on 2 April. That is good because the first *Intergenerational report*, going through the numbers, reveals that the combination of the ageing population and the government's assumption that productivity growth will slip back from 2005 onwards to its mediocre long-term average of 1.75 per cent is going to produce for this country from the end of this decade the slowest rate of growth in income per person since the decade of the Great Depression. That should be very worrying. I know, Madam Deputy Speaker, you follow the hearings of the Reserve Bank; the Reserve Bank has indicated that we will have to get used to economic growth figures with a two or a three in front of them unless we can lift productivity growth.

How do we lift productivity growth from that long-term mediocre average of 1.75 per cent? Through education; through the education revolution that the Labor leader and the shadow minister for education unveiled earlier this year and delivered further instalments on subsequently. It is crucial that we do not run up the white flag and accept productivity growth of 1.5 per cent, because that will consign future

generations to a much slower rate of growth in prosperity unless there are resources to assist young people in getting a decent opportunity in life by helping fund their education.

What is significant about 1.75 per cent? It is the long-term average and it must be contrasted with the 2.6 per cent average productivity growth during the 1990s built on the reform program and very substantially on the lift in those year 12 completion rates to which I referred earlier.

Dr Nelson interjecting—

Dr EMERSON—The minister asked if it was 2.05 per cent. That figure is reflected in the *Intergenerational report*, but if you have a look at the latest productivity growth figures, the series that is now available, it is 2.6 per cent per annum—that is, labour productivity growth over the period. So there is a big comedown from 2.6 per cent to 1.75 per cent. The problem is it is falling further; it is at about one percent per annum. So Work Choices has not produced the sort of productivity growth that the government predicted it would.

Why is higher education, university education, so important? It is worth reading two books by Richard Florida; the first is *The Rise of the Creative Class* and the second is *The Flight of the Creative Class*. Richard Florida estimates that the creative class around the world consists of about 150 million people in areas such as science and engineering, and in professions such as artists, musicians, architects, managers and professionals—these are overwhelmingly university educated people. It is his contention—and I find it very persuasive—that it will be the ability to generate, attract and retain the creative people which will determine the prosperity and tolerance of different parts of world, not necessarily of countries but of regions or parts of countries. Those areas or parts of countries that are able to attract and retain such creative people will be affluent and tolerant; those that are unsuccessful will fall behind. I think that is a very sensible set of observations and predictions about the future.

In terms of Australia's capacity and performance in nurturing creative people and retaining creative people in this country, there are some very chilling statistics. The OECD, in the report *Education at a Glance*, reveals that since 1995 Australian government investment in tertiary education has gone backwards in real terms by seven per cent, whereas for the rest of the OECD it has gone forward by 48 per cent.

I note in parliament that the present education minister complained about the OECD statistics. I do not think you can have it both ways: we have the Treasurer, the education minister and the Prime Minister coming into parliament citing the OECD all the time, but when the OECD develops a set of statistics that the minister does not like she complains about it.

This government has greatly underinvested in higher education. One of the problems is the increases in HECS that have been implemented by this government. There was a first-round increase in HECS in 1997 and a very substantial increase in HECS of 25 per cent authorised from the beginning of 2005. Many universities immediately increased their HECS fees in 2005; others hoped that they would not have to do it, but all universities, I am advised, have now increased their HECS fees by the full 25 per cent.

In the education revolution, the Leader of the Opposition and the shadow minister for education have already foreshadowed areas where we believe that some HECS relief will be required. One of the effects of HECS has been that there has been virtually no growth since the change of government back 1996 in the number of commencing undergraduate Australian students. When the minister talks about undergraduate students she brings foreign full fee paying students into the calculation. But when it comes to Australian HECS subsidised students there has been virtually no

growth. The problem that that results in is that we are not doing well in generating the sort of creative talent that we need.

The minister says, 'Because it's a HECS system, the HECS fee increases will not have deterred anyone.' That is not true. That is like saying, 'If I double, treble or quadruple HECS, as many young people will still go to university.' That is not the case. The minister has boasted that she has just about squashed out all of the unmet demand. It is like the price of bananas: you put up the price of bananas by enough and you will squash out the unmet demand. But the objective is to get young people through a university education in this country. This government is failing to do it. At least today, in that part of the bill, there are some positive indications. I think the principles of greater flexibility for our public universities are very encouraging and ought to be at least properly debated in the Senate. *(Time expired)*

The DEPUTY SPEAKER (Hon. BK Bishop)—Before I call the member for Bass, I indicate that I have allowed a wide-ranging debate.