

---

## Education

---

The Whitlam ALP Government abolished university tuition fees in 1974. In 1979 Cabinet considered ways of exacting some contribution from tertiary students towards the cost of their education. In May, Cabinet considered, but eventually rejected, the introduction of a student loans scheme. The issue was complicated by the fact that the Department of Education wanted the scheme to supplement existing student grants, whereas the Prime Minister's Department and the Departments of Treasury and Finance wanted the loans to partially replace the grants. Also in May Cabinet received a Memorandum from the Departments of Education and Finance setting out arguments for and against the reintroduction of tertiary tuition fees. The arguments in favour of fees included the inequity of taxpayers paying for the education of people who could expect to command above-average incomes, the expectation that paying fees would make students more diligent and the benefit of revenue from fees to the Budget. Arguments against fees included the fact that their reintroduction would be unpopular and break a 1977 election commitment. Fees were eventually reintroduced by the Hawke ALP Government in 1989 through the Higher Education Contributions Scheme (Memorandum 181; also Decisions 8600(Ad Hoc), 8664(Ad Hoc) and 8704, not printed here).

In July 1979, Cabinet reviewed policy on overseas tertiary students. At any one time there were around 2,500 overseas students in Australia sponsored by their own governments or by the Commonwealth Government and around 9,500 private overseas students. The private students' scheme was constrained by the requirement that students could only undertake courses not available in their home country, which affected both the number and quality of students. In addition, 73% of private students completing courses in 1978 had obtained permanent residence in Australia. Cabinet decided that the aim of the private overseas student program should be to advance Australia's interests in the student's country of origin, with priority being given to students from the ASEAN countries, Papua New Guinea, the South Pacific and the Middle East (Submission 3266; also Decision 9408, not printed here). On 25 September, Cabinet decided to set fees for private overseas students at the annual rate of \$2,500 for higher degree students; \$2,000 for undergraduate students in medicine, veterinary science and dentistry; and \$1,500 for other undergraduate courses (Decision 9943, not printed here).

### Selected documents

Memorandum 181, Possible reintroduction of tuition fees in universities and Colleges of Advanced Education	300
Submission 3266, Overseas student policy	305

Memorandum 181, Possible reintroduction of tuition fees in universities and colleges of advanced education

[A12930, 181]

CABINET MEMORANDUM NO. 181

COPY NO. 8

POSSIBLE RE-INTRODUCTION OF TUITION FEES IN  
UNIVERSITIES AND COLLEGES OF ADVANCED  
EDUCATION



Department of Education  
Department of Finance  
6 May 1979

POSSIBLE RE-INTRODUCTION OF TUITION FEES IN UNIVERSITIES AND COLLEGES OF ADVANCED EDUCATION

This paper canvasses issues relevant to the consideration of the possible re-introduction of tuition fees for students attending universities and colleges of advanced education.

SHOULD FEES BE RE-INTRODUCED?

2. The issues of broad principle relating to this question are set out below.

3. The main arguments in favour are:

(i) Equity.

- . It is inequitable that the general tax-payer should subsidise the full costs of tertiary training which enables the beneficiaries to command above-average incomes.
- . Fees would transfer a small part of this burden from the tax-payer to the beneficiaries - an average fee of \$1000 per full-time student would represent only about 20 per cent of average operating costs of universities and CAEs.
- . Adjustments can be made to maintain support for the needy.

(ii) Cost Effectiveness.

- . At present tertiary education appears relatively "costless" and, like everything "free" is liable to a degree of waste.
- . Fees could encourage prospective students to think harder about whether they wished to pursue tertiary education and, if they did, in which discipline (i.e. students - and institutions - could be expected to be more attuned to courses producing graduates able to find jobs).

(iii) Budgetary Savings: These would depend on the size and coverage of the fees introduced but could be substantial.

4. The main arguments against fees are:

(i) Policy Commitment.

- . Firm policy commitment at 1977 election.
- . Reiterated subsequently on behalf of Government.

(ii) Public Criticism.

- . Students (and their parents) who propose to commence courses in 1980 therefore expect that no fees will be charged.
- . If students presently enrolled are also to be charged fees, public criticism will be that much greater.

(iii) Commonwealth/State Relations.

- . Even though the Commonwealth fully funds universities and colleges, the re-imposition of fees would mean that the Commonwealth would be determining fee levels nationally and obliging the States and Institutions to give effect to them.
- . Presumably fee levels would be reviewed and adjusted regularly. This could involve consultations with the States whenever the Commonwealth proposed an increase.

ISSUES FOR ANNOUNCEMENT

5. Any in principle consideration of the possible re-introduction of tuition fees would need to include consideration of certain central issues. The Government's views on these would need to be made known at the same time any in principle decision was announced. These issues are:

- (1) whether fees should be applicable to all students (including part-timers and post-graduates) or only to students commencing courses from 1980?
- . Students on course in 1979 could expect to continue their courses without fees and to impose fees would give rise to criticism.
  - . On the other hand, these students will have had the benefit of free tuition for one or more years.

- . Levying all students would substantially increase the budgetary savings, as well as avoid discrimination between first and subsequent year students.

(ii) whether TEAS and other relevant student assistance benefits should be adjusted?

- . The Government could announce that adjustments would be made to allowances paid to TEAS and other Commonwealth sponsored students.
- . The precise arrangements would need to be worked out - possibilities range from adjusting all TEAS (and similar) benefits by the full fee to partial adjustments in line with the TEAS taper.

6. An early in principle decision (which indicated the Government view on the issues mentioned in the previous paragraph) would be necessary so that practical issues could be tackled in time for implementation in 1980.

#### ISSUES FOR IMPLEMENTATION

7. These issues include:

(i) Negotiations with the States.

- . The power to charge fees resides in State and institutional legislation and the Commonwealth would need to negotiate arrangements with each State and with institutions following any in principle decision.
- . Commonwealth legislation would need to be amended to make collection of fees a condition for State grants.

(ii) Fees Structure.

- . Issues to be considered here are whether the Commonwealth should set a standard fee or standard range of fees common to institutions and courses in all States and territories,

procedures for reviewing such fees, whether the Commonwealth should pay fees of State sponsored students, and should fully funded non-government colleges be required to charge fees.

(iii) Grants Procedures.

- . The simplest approach would be to offset the amounts to be collected in fees against the grants recommended for each institution by the TEC.
- . Appropriate after-the-event adjustment arrangements would need to be devised.

(iv) Administration.

- . Administrative machinery already exists to collect certain compulsory fees in universities and CAEs but the reintroduction of fees could be expected to involve some additional costs (including departmental costs in relation to adjustment of student allowances).

REVENUE GAINS

6. At this stage any revenue estimates must be based on a large number of assumptions. On the basis of the figuring and assumptions in paragraphs 22 to 25 in Cabinet Memorandum No. 174 the net savings for an average fee of \$1000, with all TEAS benefits adjusted fully - would be about \$185 million in a full year and at least half this amount in 1979-80.

CONFIDENTIAL	
FOR CABINET <b>B</b>	
	Submission No. <u>3266</u>
	Copy No. <u>54</u>
Title	<u>OVERSEAS STUDENT POLICY</u>
Minister	I. Sinclair, Acting Minister for Foreign Affairs J.L. Carrick, Minister for Education M.J.R. MacKellar, Minister for Immigration and Ethnic Affairs
Purpose/Issues	To review the policies relating to overseas students studying in Australia.
Relation to existing policy	Decision 7317 - Minister for Foreign Affairs advise overseas posts that students from South East Asian countries are not to be discouraged from coming to Australia to study. - implemented.  Decision 7559 - the feasibility of providing and implementing additional study opportunities appropriate to the advanced technological training needs of South East Asian countries should be examined.  Decision 7644 - developing Australia's relations with Middle East countries should be considered in this review.
Legislation involved	Nil.
Urgency: Critical/significant dates	Prime Minister requested that a Cabinet Submission be lodged by mid-June at the latest following consideration by an interdepartmental committee.
Consultation: Ministers/Depts consulted	Prime Minister and Cabinet, Finance, Public Service Board, Australian Development Assistance Bureau, Trade and Resources, Treasury.
Is there agreement?	Agreement on all issues except the question of the introduction of charges.
Cost this fiscal year <u>1979/80</u>	Depending on Cabinet's decisions relating to timing, level and application of charges, revenue could range up to \$32.6 million p.a. If charges are introduced in 1980 but only for new students the revenue in 1980 would be \$4.5m (option b); \$7.5m (option c); and \$15.5m (option d) - see par. 9.
year 2	
year 3	

## CONFIDENTIAL

2

## Public Presentation - Minister's Proposals.

1. (a) When and where is the decision to be announced?	Public announcement by Ministers for Immigration and Ethnic Affairs, Foreign Affairs and Education as soon as possible, after consultation (see 4a below) to enable changes to be implemented in time for the 1980 academic y
(b) Is a draft press statement attached?	Yes.
(c) How widely is the announcement to be circulated?	As widely as possible in Australia and to our overseas posts in relevant countries.
2. (a) Is a press conference considered necessary?	No.
(b) What media opportunities will be taken?	Not applicable.
3. What supplementary material is required for backgrounding journalists, Members and special interest groups?	Nil.
4. (a) What prior consultation with State Governments or other official bodies is required?	Certain foreign Governments should be consulted and State Governments advised prior to public announcement.
(b) Which special interest groups should be advised of the announcement?	Relevant tertiary institutions, ethnic organisations and overseas student associations.
5. What general or sectional support can be expected?	Foreign Governments should support most proposals. Domestic support for introducing a charge for private overseas students. Source country Governments will support stricter conditions for change of status to become permanent residents of Australia.
6. What criticism is anticipated and how will it be answered?	There could be criticism that increasing the intake will deprive Australian students of opportunities. It will be answered by pointing out that there is capacity in the system to absorb additional students. There could be some overseas criticism of charges for private overseas students but most other western countries do so. There could be some criticism in individual cases of requirement that students leave Australia on completion of their studies. This would be countered by an explanation of the objectives of policy.

This document is the property of the Australian Government

- 3 -  
**CONFIDENTIAL**

BACKGROUND

1. At present Australia's overseas student policy comprises two basic components: the sponsored overseas student program administered by ADAB and the private overseas student program administered by DIEA in association with Education. There are approximately 2,500 sponsored overseas students and 9,500 private overseas students in Australia at any one time with the majority coming from ASEAN countries. The sponsored overseas student program includes those government sponsored students whose fees and costs are met by their governments; but receive placement and supervision assistance from ADAB.

2. The sponsored overseas student program has undergone a fundamental review of both policy and procedures in the last two years, while the private overseas student program was last reviewed in 1973.

CONSIDERATION OF THE ISSUES

3. The objective of the sponsored overseas student program, to contribute to the economic and social development of recipient countries through manpower training and education, is largely being met. An increase in the numbers of sponsored students could be achieved by increasing the allocation of funds for the program, but this is not proposed at this stage.

4. The present objectives of the private overseas program are to foster good international relations and cultural exchange. More appropriate objectives would be to advance Australia's interests in countries of particular importance to Australia by improving communication, understanding and sympathy for Australian policies, and to promote cultural exchange.

5. This program is not meeting either the present or proposed objectives for the following reasons:

(a) The main selection criterion used at present (that

**CONFIDENTIAL**

## CONFIDENTIAL

entry for formal studies is only considered for courses not available in the home country) has become a means of controlling private overseas student numbers and has several serious shortcomings (e.g. it can discriminate against better students, could cut down numbers from priority areas and is open to misuse).

- (b) The obligation to return home is not strictly enforced and in 1978 an estimated 73 per cent of private overseas students ceasing studies obtained permanent resident status.
- (c) There is an arbitrary ceiling of 10,000 on private students.

6. A further consideration is the extent to which Australia sees itself as a regional centre for specialised education, particularly for English language training. We consider this to be a desirable broad aim but it must be tempered by the resource cost this involves if economic fees are not charged.

7. We support the IDC proposals (report lodged with Cabinet Office) the main ones being:

- (a) The present ceiling of 10,000 private overseas students in Australia at any time should be replaced by an annual intake target figure for such students undertaking formal courses. Taking into account among other things our international obligations and current budgetary restraint, an appropriate intake target for 1980 could be 3,000, an increase of 600 over 1979. This number could be accommodated without increasing allocations to institutions. The source areas of priority would be ASEAN, the South Pacific (especially PNG) and the Middle East. Private overseas students undertaking informal courses (e.g. specialised trainees and English language students) pay an economic cost for their studies and their numbers should not be restricted.
- (b) To meet our objectives, the selection criteria for private

CONFIDENTIAL

## CONFIDENTIAL

overseas students should be developed. These could involve country quotas and take account of course value, Australia's training capacity, academic performance, source country needs and other relevant factors. In the meantime the present criteria should continue to be applied flexibly to applicants in priority areas.

- (c) Home government sponsored students should be treated as private overseas students. This category can then increase to meet known demands (e.g. Middle East) as it is now limited by ADAB resources. Recognising that governments of some developing countries important to Australia will have difficulty with this, ADAB should continue to provide limited assistance to specific countries.
- (d) Priority should be placed on post-secondary study.
- (e) To meet the objective to advance our interests in the source countries it is necessary to ensure that private overseas students completing their studies depart from Australia. This is in line with requirements for sponsored overseas students and most other temporary entrants. However, unlike other temporary entrants they should not be eligible for migration for at least two years. The only exceptions would be those marrying Australian residents or becoming refugees whilst here.

8. The only matter on which neither the members of the IDC nor we could agree is the introduction of a charge for formal courses. The issues are complex but a decision should be reached on the matter. Factors relevant to the implementation of a charge are discussed in more detail in Attachment "B".

9. If a charge is to be introduced it should only apply at this stage to students at universities and CAE's. The question of charges for students in other education and training institutions which receive substantial financial support from

CONFIDENTIAL

10. It is proposed that any charges would be collected by the Commonwealth at the time of visa issue and issue of entry permits for extension of stay. To reflect the real costs of development assistance any charges should extend to sponsored overseas students and be shown as aid expenditure.

EMPLOYMENT CONSIDERATIONS

11. The proposed initiatives in the first year of operation could require up to 16 additional staff in Australia for administrative arrangements associated with collection of charges, and return home provisions, and 4 overseas for selection of students, to be taken up with the PSB in the normal way.

RECOMMENDATIONS

12. We recommend that Cabinet agree that:

- (a) the objectives of the sponsored overseas student program be to contribute to the economic and social development of recipient countries through manpower training and education and of the private overseas student program to advance Australia's interests in countries of particular importance to Australia by improving communication, understanding and sympathy for Australian policies, and to promote cultural exchange;
- (b) no limits be placed on the number of private overseas students admitted for informal studies, including exchange students, within the limits of resources, i.e. capacity of institutions, finance and staffing;
- (c) the intake for private overseas students undertaking formal studies for 1989 be increased by 600 to 3000 and in future years the intake target figure be decided annually by the Ministers for I and EA, FA and Education;
- (d) the source areas of priority be ASEAN, South Pacific (especially PNG) and the Middle East;
- (e) new selection criteria for private overseas students be

## CONFIDENTIAL

- (f) Home government sponsored students be treated generally as private overseas students but ADAB continue to provide necessary assistance to certain priority countries for limited numbers sponsored by them;
- (g) provision be made for entry for secondary study only to meet Australian interests especially in priority countries and to cover special circumstances;
- (h) all overseas students must leave Australia on completion of their courses with the exception of spouses of Australian residents and refugees. Return for residence not normally be approved for any student within two years of departure from Australia; and
- (i) we issue a press statement along the lines of the attached draft. (Attachment "A").

13. We cannot agree on the payment of charges by overseas students or the timing of their introduction and recommend Cabinet decide this matter. In summary the options are:

- (a) no charges apart from any applied to local students;
- (b) \$1,500 p.a. in addition to any applied to local students;
- (c) \$2,500 p.a. less any tuition fee applied to local students;
- (d) the average cost for students at universities (\$5,500 p.a.) and CAE's (\$4,100 p.a.).

14. We also recommend Cabinet decide whether charges should apply from 1980 or 1981 and whether to all overseas students or only new students and those changing courses.

I. Sinclair,  
Acting Minister for  
Foreign Affairs

J.L. Carriock,  
Minister for  
Education

M.J.R. MacKellar  
Minister for Immigration  
and Ethnic Affairs

13 June 1979

## CONFIDENTIAL