

## Senate Standing Committee on Education and Employment

### Inquiry into the Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017

#### ACPET submission

June 2017



## Introduction

Established in 1992, ACPET is the national industry association for private providers of tertiary education and training. ACPET members deliver a range of vocational education and training (VET), higher education and English language programs across all states and territories, as well as internationally.

ACPET aims to enhance quality and choice in Australian tertiary education and training. Its members include commercial and not-for-profit entities, community groups, industry providers and enterprise-based training organisations. ACPET works with governments, industries and community organisations to ensure VET, higher education, English language and international education programs are well targeted, accessible and delivered to a high standard.

A key priority is to support quality and choice that best responds to the needs of students and industry. It is relevant then, to highlight that in addition to the public (Table A) universities, Australia's higher education sector also includes four private (Table B) universities and 124 higher education providers (HEPs). These providers offer real choice and opportunity for students and industry.

Major elements of the Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017 provide for increases in student contributions to the cost of their government-subsidised tuition fees at public universities, a lower income threshold for the commencement of the repayment of Higher Education Loan Program (HELP) income-contingent loans and the extension of government tuition subsidies for sub-degrees at public universities.

Students enrolled with private universities and HEPs are mostly not eligible for any government tuition subsidies and must finance the full cost of their courses. While they may be able to access HELP to fund their tuition fees, they incur a 25% loan administration fee. This administration fee is not paid by public university students.

The measures contained in the Bill do not address this and other fundamental inequities faced by students who choose to enrol with a private university or HEP. The extension of Commonwealth supported places (CSPs) through the Commonwealth Grants Scheme to sub-degree courses delivered by public universities only will accentuate these inequities.

Accordingly, a number of amendments are recommended to the Bill to address these inequities and provide a higher education sector that is fair for all students. They relate to Schedule 2: Commonwealth Grants Scheme and Schedule 3: Higher Education Loan Program.



## **Schedule 2: Commonwealth Grants Scheme**

Part 1 of the Schedule provides for the extension of CSPs for public universities to deliver approved sub-degree courses (diplomas, advanced diplomas and associate degrees).

As noted above, there are four private (Table B) universities and 124 HEPs that deliver higher education courses across the country. They are subject to the same regulatory and quality requirements as their public university counterparts. They achieve levels of student and graduate employer satisfaction on par with the public universities according to the Government's Quality Indicators for Learning and Teaching (QILT) initiative.

Under current arrangements, access to CSPs is largely restricted to domestic students enrolled in eligible bachelor degrees at public universities. Students enrolled with private universities and HEPs are required to meet the full cost of their study. They receive no government tuition support.

Notwithstanding this lack of funding support, private university and HEP domestic enrolments grew by 5.3% in 2015 compared to 1.8% for public universities. Clearly these providers are responding to the needs of their students and industry.

Private universities and HEPs provide real alternatives and choices for students seeking to access higher education. Many focus on limited fields of education with courses targeting the needs of their students and industry. This includes fields including theology, applied psychology, creative industries, health and public safety.

In 2015 these providers commenced around 5,700 domestic students in sub-degree courses.

In proposing the extension of CSPs to sub-degree courses the Government highlighted the importance of eligible courses linking to industry needs and providing flexibility in meeting workforce demands. Private providers already bring those links to industry and the flexibility to respond to workforce demands.

This capacity should be harnessed and not undermined. The extension of CSPs to sub-degree courses delivered by public universities only will reinforce the financial penalty and inequity faced by those students who choose a private provider to meet their study and career needs.



In the Government's *Driving Innovation, Fairness and Excellence in Australian Higher Education* consultation paper the need for funding arrangements that support the best choices for students, industry and the national interest was highlighted.

This proposed extension of CSPs will not support this priority. It will cannibalise enrolments, not only with these private higher education providers, but also with public and private VET providers that deliver similar Australian Qualifications Framework level courses through a VET pathway.

To ensure equitable support for students, the best choices for them and industry and the capacity of private providers, the extension of CSPs for sub-degrees should include private universities and HEPs. Based on the existing profile of courses and proposed articulation requirements, it is estimated this would have a budget impact of less than \$30M per annum.

### **Schedule 3: Higher Education Loan Program**

This schedule includes proposed changes to the income thresholds for the repayment of student HELP debts and their indexation.

In its submission to the Government's *Driving Innovation, Fairness and Excellence in Australian Higher Education* consultation paper, ACPET advocated future arrangements that provided for equitable and fair access to higher education for all students, regardless of their choice of provider. This essentially means equitable access to CSPs and HELP arrangements that do not discriminate against students enrolled with private universities and HEPs.

ACPET also acknowledged in that submission the need to balance access to higher education with the requirement to ensure the sustainability of HELP arrangements. On the basis of equitable access to higher education for all students, ACPET supported proposals for a reduction in the minimum income threshold for the repayment of HELP debts to \$42,000 and indexation of these thresholds using the Consumer Price Index.

The Government's proposed reforms do not provide for access to CSPs for students enrolled with private universities and HEPs and maintains HELP administration fee arrangements that financially penalise students for their choice of a private higher education provider. While ACPET appreciates the need for Budget repair may limit the scope for greater access to CSPs by students enrolled with private providers, maintaining a discriminatory FEE-HELP administration fee cannot be supported. It is simply not fair.



Currently these students pay a 25% administration fee on their loans through FEE-HELP to fund their studies. This administration fee can add around \$15,000 to the cost of a performing arts or education bachelor degree.

Public university students do not pay an administration fee on the funds they access through HECS-HELP to pay for their government-subsidised tuition. Those who enrol in sub-degree courses with public universities that will have access to CSPs through the Government's proposed reforms, will also not pay this administration fee.

Students who choose to study with a private provider that best meets their study and career aspirations are not only refused access to any government support through CSPs they are then penalised further with a 25% loading on the funds they access through HELP to pay their full-cost tuition fees.

To 'rub salt into the wound' the changes to the income thresholds means these students will also be required to commence repaying their FEE-HELP debts sooner.

A 20% administration fee also applies to students who choose to study an eligible course through the VET Student Loans program.

The retention of these loan administration fees are neither fair nor equitable and should be abolished through amendment to the Bill. Analysis undertaken by the Grattan Institute estimated the FEE-HELP and VET FEE-HELP fees were some \$450M in 2016. With the abolition of the VET FEE-HELP program and its replacement by a much more modest VET Student Loans program, a more modest impact is likely.