

Committee Secretary  
Senate Education and Employment Committees  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
10 September 2020

## **Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill 2020**

Dear Sir/Madam

Thank you for the opportunity to provide a submission in response to the Senate Education and Employment Committee Inquiry into the *Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill 2020*

### **Independent Higher Education Australia**

IHEA is a peak body for Australia's independent universities and higher education providers across Australia.

The independent higher education sector comprises approximately 120 institutions and 140,000 students enrolled in undergraduate and postgraduate programs across the full AQF range (Diplomas to Doctorates) and disciplines including Law, Agricultural Science, Architecture, Business, Accounting, Tourism and Hospitality, Education, Health Sciences, Theology, Creative Arts, Information Technology and Social Science.

The majority of Australian independent providers are IHEA members with membership conditional on registration with the Tertiary Education Quality and Standards Agency (TEQSA) and continued compliance with IHEA's Code of Good Practice.

IHEA's primary goal is achieving equity, choice and diversity in Australian higher education.

### **Redesign of Funding Clusters, Commonwealth and Student Contributions** (Schedule 1)

The Bill largely amends the funding clusters and student contribution bands that underpin Commonwealth support for public universities (HESA Table A providers). With a few exceptions, independent sector providers receive no Commonwealth subsidies and students contribute the full costs of their tuition.

While the amended funding arrangements do not directly impact unsubsidised independent sector providers, market distortion, driven by Commonwealth funding, impacts education pricing across the sector. In national priority disciplines, higher proportions of Commonwealth subsidy will make a public education provider more attractive to price sensitive students. With high quality courses delivered by Australia's public and independent providers, price is a significant driver of student choice.

IHEA welcomes the clarity this legislation provides to the current directions of government. In light of the longer-term COVID impacts on the national economy however, we propose that a comprehensive review of the tertiary sector be initiated to develop reforms that deliver:

- A sustainable funding model that supports and balances the lifelong value of a tertiary education with the more immediate demands of industry and current government policy priorities

- Realisation of the national benefits of Australia’s high-quality independent tertiary education sector that delivers innovative courses and intensive study through blended and flexible delivery, is highly attuned to student and industry demand and achieves excellent graduate outcomes
- Commonwealth funding models based on provider quality rather than provider category as recommended in the 2008 Bradley Review<sup>1</sup>
- Deeper integration of the tertiary sector giving students greater mobility and education pathways across the VET and HE sectors, enabling skills attained through training to deliver employment outcomes as well as provide a basis for career development and lifelong learning

IHEA proposes minor amendments to some components of the Bill that will provide greater student equity and remove existing barriers and impediments to accessing tertiary education.

## Removal of discriminatory taxes and financial barriers to study

[Schedule 5: (HESA par 137-10(2)(b))

IHEA welcomes any reduction of the FEE-HELP Loan Fee which serves as a tax on students whose education and career aspirations are met by an independent provider of their choice.

**While any reduction in the loan fees warrants support, the discriminatory application of taxes that create financial barriers to pursuing an education should be abolished.**

IHEA recognises that the Bill equates the loan fee quantum in FEE-HELP and VSL and brings small relief for FEE-HELP students, however there is no evidence presented in the Explanatory Notes that this consistency brings any particular benefit. Equating the tax quantum across different sectors and loan schemes does not remove the discriminatory application of the FEE-HELP loan fee.

The loan fee is applied to full-fee paying students accessing a tuition loan in both VET and higher education. In higher education however it is discriminately applied to students on the basis of the category of their provider of choice. In VET, full-fee paying students in both public (TAFE) and independent RTO’s are taxed. In higher education only students of independent providers that are not universities are taxed.

Provider Type VET Sector – VSL Recipients	Loan Fee Applied to VSL recipient (full fee paying) students	Current Loan Fee Quantum	Proposed Quantum of Loan Fee
TAFE	Yes	20%	20%
Private VET RTO	Yes	20%	20%
Provider Type HE Sector	Loan Fee Applied to HELP recipient students	Current Loan Fee Quantum	Proposed Quantum of Loan Fee
Public University – Table A (HECS HELP)	No	0	0
Independent University – Table B (FEE-HELP)	No	0	0
Independent Higher Education Provider (FEE-HELP)	Yes	25%	20%

<sup>1</sup> See Recommendations 25 and 29 of Bradley, D., et al., *Review of Australian Higher Education: Final Report*, Canberra, ACT: Commonwealth Government of Australia, 2008, pp. xxii-xxiii

IHEA does not support the justifications of the Loan Fee as outlined in the Explanatory Notes:

*“The FEE-HELP loan fee recognises the cost to the taxpayer of the Commonwealth providing HELP loans to cover fee paying undergraduate places. The reduction of the loan fee allows the HELP scheme to remain sustainable, while also reducing the financial burden on students and the total time taken to repay a HELP debt.” (pp4-5)*

- Costs of HELP Scheme: The cost to the taxpayer of the Commonwealth providing FEE-HELP loans is met by levies on providers, not by the loan fee. Revenue raised by the loan fee is contributed to general revenue
- The financial burden on students: contrary to the advice of the explanatory notes, the loan fee does not reduce the financial burden on students as claimed, rather it adds a 25% tax with students required to loan 125% of their tuition fees.
- The time taken to repay HELP debt: contrary to the advice of the explanatory notes, the loan fee adds a massive amount of debt on students as they are required to loan 125% of their tuition costs. Being required to add 25% to a tuition fee loan greatly extends loan repayment times.

IHEA’s independent analysis (Wells Advisory 2020) finds that the FEE-HELP loan fee contributes a relatively small amount of revenue to government – approximately \$6.2m per annum. The loan fee is estimated to contribute approximately \$100m in student debt.

#### **The continued application of the FEE-HELP loan fee perpetuates:**

- Financial barriers to students seeking to undertake study at a provider of choice
- Unfair taxing of non-subsidised students who meet all of the costs of their tuition and are required under HESA to loan 125% of their fees
- An anti-competitive environment through application of a tax to a single category of providers within an industry where the same course is delivered by range of categories of providers
- Discriminatory taxation where the loan fee it is restrictively applied to students based on their choice of provider

**IHEA recommends that the Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill be amended to abolish FEE-HELP and VSL loan fees**

## **Demand driven funding for CSPs for regional and remote Indigenous persons**

(Item 35 /40)

IHEA supports the introduction of demand driven funding for Commonwealth Supported Places (CSPs) for regional and remote Indigenous persons and the policy intent to increase Indigenous participation in higher education.

IHEA proposes that access to CSP support for regional and remote Indigenous persons not be limited to Table A providers and the policy intent could be better achieved if Indigenous students were equally supported to enrol with a registered higher education provider of their choice. Independent providers with smaller class sizes and greater attention to individual learning needs, lead the national student quality (QILT) ratings for overall quality, skills development, learner engagement and student support. The independent sector is well placed to provide high-quality educational opportunities to underrepresented cohorts.

Appropriate reporting mechanisms and funding arrangements would need to be assured as already occurs where independent providers receive CSG funding for the delivery of national priority places and short courses.

The strengths of this participation policy should not be diminished by limiting Commonwealth support on the basis of provider type and to the potential detriment of a student's chosen career and educational aspirations.

**IHEA recommends that the Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill be amended to support regional and remote Indigenous persons to undertake education at a provider of their choice.**

## Extending student protection and provider integrity measures (Schedule 4)

IHEA acknowledges that extension of the provisions of the *Education Legislation Amendment (Provider Integrity and Other Measures) Act 2017* to all higher education providers implements consistency and transparency across the higher education sector.

We continue to express the concerns submitted in consideration of the *Provider Integrity Act* that the measures of the Act were developed to address failures of the VET sector that have not occurred in any segment of the higher education sector and bring unnecessary regulatory burden.

IHEA remains of the view that protection and integrity measures should be regulated by the TEQSA Act. Student suitability policies, academic prerequisites and progression, admissions procedures, ethical marketing, academic integrity, grievance procedures etc are endemic to the regulatory environment of the Higher Education Standards Framework (HESF) and best interpreted in accordance with the regulatory principles of risk, necessity and proportionality.

There are genuine sector concerns regarding academic progression measures being included in the HESA where a student may lose their access to HELP support having not succeeded due to a range of factors outside their control. Ongoing detailed review of the impacts of academic progression rules is necessary along with best practice regulatory frameworks to ensure that short-term circumstances do not result in unreasonable exclusion from HELP support. IHEA recommends that this be considered in depth as a discrete project by the Higher Education Standards Panel (HESP).

The key burden of the integrity and protection provisions is the requirement for academic suitability assessment at the unit level. This level of assessment is unnecessary and ineffective as:

- Accredited courses have defined prerequisites for entry and progression. Assessment of academic suitability at commencement followed by application of course academic progression policies provide sufficient student and taxpayer protections
- Assessing 'genuine student' requirements and academic suitability at the unit level through the HESA imposes a regime without practical mechanisms for measurement, reporting and enforcement.

**IHEA recommends that the Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill be amended to assess academic suitability at the course rather than unit level**

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