



Council of Australian Postgraduate Associations Incorporated

Council of Australian Postgraduate Associations (CAPA)

Submission to Senate Inquiry into the Higher Education Support (Charges) Bill 2018 and the Higher Education Support Amendment (Cost Recovery) Bill 2018

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Compiled with the assistance of the staff and office bearers of the Council of Australian Postgraduate Associations (CAPA) and its affiliated member organisations.

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Foreword

The Council of Australian Postgraduate Associations (CAPA) is the peak body representing the interests of the over 400,000 postgraduate students in Australia. We represent coursework and research, as well as domestic and international, postgraduates. We are comprised of 27 university and campus based postgraduate associations, as well as the National Aboriginal and Torres Strait Islander Postgraduate Association (NATSIPA).

CAPA carries out its mission through policy, research, and activism, communicating the interests and issues of postgraduate students to higher education stakeholders as well as Federal and State Governments, Opposition parties, and minor parties.

We thank the Senate Education and Employment Legislation Committee for the invitation to make a submission to their inquiry on the Higher Education Support (Charges) Bill 2018 and Higher Education Support Amendment (Cost Recovery) Bill 2018.

The *Charges* bill seeks to charge higher education providers annually for the administration of HECS-HELP or FEE-HELP loans in order to save \$13.8 million over several years. The *Charges* bill sits alongside the *Cost Recovery* bill, which facilitates collection of the annual charge and creates an application fee for higher education providers for their students to be eligible for FEE-HELP. Students are not directly impacted as the cost is applied to the provider, not to individual students. However, both bills further financially weaken our higher education providers, which has long-term negative consequences for students' learning and opportunities.

Our concerns with this legislation are threefold. Firstly, any additional expense carried by a university will have implications for other budget lines. Secondly, this forms part of a broader pattern of the Government's withdrawal of support for higher education, in a myopic attempt to perform budget repair. Finally, it is another step in dismantling the HECS-HELP system, a process commenced by the Government earlier this year.

Implications of the legislation

This legislation seeks to "save" \$13.8 million by 2022. While the fee model has not been released, this amount, divided among all FEE-HELP eligible higher education providers, indicates that the charge will initially be small in comparison to providers' total budgets. It has therefore not been subject to the same level of criticism as other recent changes to higher education funding. However, this charge must be considered in the context of recent cuts to higher education funding (discussed below). Universities and other providers will need to decide where to make savings in order to compensate for this charge as well as other Government funding cuts. Inevitably, cuts impact the delivery of teaching and research, the core functions of universities in Australia. Funding cuts will be passed onto undergraduate and postgraduate students, whether they are built into tuition costs for full fee-paying students, result in increased student to academic staff ratios, or lead higher education providers to otherwise reduce the "cost of delivery" of education.

Recent funding cuts to Australia's higher education system

At the Mid-Year Economic and Fiscal Outlook (MYEFO) in December 2017, the Government announced \$2.1 billion in cuts to higher education.¹ This was achieved through two major changes. The first was the cessation of the demand-driven system via a funding freeze to the Commonwealth Grants Scheme. This freeze did not require legislation in order to be implemented. It therefore proceeded despite being widely criticised by those in the higher education sector and elsewhere. It caused chaos in universities due to the timing of the announcement – just before Christmas – which was shortly after many universities sent out their 2018 offers to students, and as they were preparing to close for the summer break. According to Universities Australia, the freeze resulted in 10,000 university places no longer being government funded, with universities being forced to offer fewer places or to reallocate maintenance or outreach funds.²

The second major change is the recently legislated reforms to student loans, which CAPA and other stakeholders staunchly opposed.³ This legislation lowered the repayment threshold at which student loans must be paid back, and implemented a cap on FEE-HELP borrowing that resulted in some students having to pay a significant portion of their tuition fees upfront. Unlike the funding freeze, the student loan changes directly targeted students and recent graduates. The overall impact of the MYEFO cuts has been to reduce Australians' access to higher education.

In the context of these cuts, the *Charges* and *Cost Recovery* bills impose a seemingly negligible cost, yet they are a symbolically important action. We believe the greatest effect of this legislation is that it signals the current Government's antipathy towards the higher education sector, as the cost savings are such that the impact on the Government's bottom line will be minimal. It also sets an unfortunate precedent – charging universities fees to perform some of their most crucial functions – and there is no guarantee that such fees will not be increased substantially in future. This legislation sends the message that universities and their students must adapt to increasingly austere conditions, to compensate for excessive Government expenditure or foregone revenue elsewhere, such as the \$144 billion tax cuts which were legislated in June this year.

¹ Commonwealth of Australia 2017. *Mid-Year Economic and Fiscal Outlook 2017-18 December 2017*. https://www.budget.gov.au/2017-18/content/myefo/download/MYEFO_2017-18.pdf.

² Universities Australia 2018. *Almost 10,000 Student Place Unfunded As Uni Offers Go Out*. https://www.universitiesaustralia.edu.au/Media-and-Events/media-releases/Almost-10-000-student-places-unfunded-as-uni-offers-go-out#.W8_TrkszbIU.

³ Council of Australian Postgraduate Associations [CAPA] 2018. *Submission to Senate Inquiry into the Provisions of the Higher Education Support Legislation Amendment (Student Loan Sustainability) Bill 2018*. <http://www.capa.edu.au/wp-content/uploads/2018/02/FINAL-Submission-to-student-loans-amendment-inquiry.docx>.

Burdening students with the cost of higher education

We are deeply concerned that this legislation forms part of a larger pattern of shifting the costs of a higher education away from the Commonwealth and onto the individual.

The purpose of the Higher Education Loan Programme is to enable access to education for all Australians, regardless of their ability to pay tuition upfront. As we argued earlier this year in our submission to the Senate inquiry on student loan changes,⁴ we are alarmed by the erosion of our once enviable student loan system in order to deliver relatively small budget savings for the Government. As the current Minister for Education argued earlier this month, “Every Australian should benefit from the same educational opportunities”, and a strong and well-funded HECS-HELP system ensures this.⁵

A postgraduate education can be incredibly expensive. The majority of domestic postgraduate coursework students – 68%, according to our research⁶ – are full-fee paying; that is, they do not have access to any Government contribution to their tuition. The impact of the student loan changes legislated earlier this year is that, over the coming years, tens of thousands of postgraduate students will be required to pay large sums in upfront tuition fees. Those who cannot afford to do so will either have to withdraw from their studies, or seek a private loan, and a market for the latter has already emerged for vocational courses.⁷ Increasingly, the policy environment for postgraduate degrees is fostering a system similar to that of the United States, where tuition fees are exorbitant and young people seek out predatory private loans in order to fund their education.

Rather than continue to shift the cost of a university education away from the Commonwealth and ultimately onto the individual, as this legislation seeks to do, we believe that the Government must investigate and take decisive action on mitigating the soaring costs of higher education, and especially postgraduate education.

⁴ *ibid.*

⁵ Tehan, Dan 2018. *Regions Apart: Why Higher Education Is Critical To Regional Australia*. https://www.universitiesaustralia.edu.au/Media-and-Events/HIGHER-ED-ITION/Articles/2016-2017/Regions-apart--why-higher-education-is-critical-to-regional-Australia?_cldee=cmVzZWZWFyY2hAY2FwYS5lZHUuYXU%3d&recipientid=contact-6226cff9a523e61180e2c4346bb508dc-422d2b74fde748b489d92de66aadd1b&esid=5f6e347f-f6d0-e811-8173-70106fa3d971.

⁶ National Union of Students [NUS], Council of Australian Postgraduate Associations [CAPA], University of Melbourne Graduate Student Association [GSA], UWA Student Guild, & University of Melbourne Student Union [UMSU] 2018. *Research Summary – Capping HELP, What’s the Problem?* <http://www.capa.edu.au/wp-content/uploads/2018/05/20180528-Capping-HELP-Whats-the-problem-FINAL.pdf>.

⁷ *The Australian* 2018, June 14. Study Loans A Growing Concern. <https://www.theaustralian.com.au/business/study-loans-a-growing-concern/news-story/ea112cf8786a83c1903bd5da82d7354b>.

Financial pressure is one of the major reasons that students fail to complete their studies, and securing higher education funding has the power to reduce wastage of Government funds.⁸ In order to face today's social, economic, and environmental challenges, we need a well-educated population. Providing our national higher education system with adequate and stable funding allows current and future students to make more and better contributions to Australia.

Summary and recommendations

We argue that the Government's proposal to charge higher education providers for the cost of administering student loans is a worrying continuation in their pattern of defunding Australian higher education: dismantling the HECS-HELP system and withdrawing Commonwealth funding from universities. We therefore make the following recommendations:

1. That the Government does not proceed with the Higher Education Support (Charges) Bill 2018 and Higher Education Support Amendment (Cost Recovery) Bill 2018; and
2. That the Government investigates and addresses the increasing cost of higher education that is imposed on individual students, and how this deters them from undertaking studies.

⁸ Universities Australia 2018. *Universities Australia Student Finance Survey*. <https://www.universitiesaustralia.edu.au/Media-and-Events/submissions-and-reports/Students-Finances-Survey-2017>.