



Navitas submission – Higher Education Support (Charges) Bill 2018 and Higher Education Support Amendment (Cost Recovery) Bill 2018

2 November 2018

On 18 October 2018, the Senate referred the provisions of the Higher Education Support (Charges) Bill 2018 and the Higher Education Support Amendment (Cost Recovery) Bill 2018 to the Education and Employment Legislation Committee for inquiry. The Committee is due to report back by 23 November 2018.

Navitas welcomes the opportunity to submit a response to the Committee's inquiry.

Summary

In principle, Navitas supports the imposition of a reasonable administration fee that covers the cost of administering the HECS HELP and FEE HELP schemes. This in principle support is subject to the administration fee being applied in an equitable manner and abolition of the 25% FEE HELP loan fee (sometimes called the [administration fee](#)) for the students of all Non University Higher Education Providers (NUHEPs), including Table C providers.

The 25% FEE HELP loan fee is arbitrarily and unfairly applied to a minority of undergraduate students across Australia based solely on their choice of provider. These students are doubly disadvantaged, as the cost of their studies is not off-set by taxpayer-funded Commonwealth Supported Places (CSPs). These students pay full-fees and have an additional and significant charge levied on their loan. This creates a significant financial burden for those students and, more broadly, restricts the education options available to learners.

Navitas response

Navitas supports in principle the imposition of a reasonable administration fee that covers the cost of administering the HECS HELP and FEE HELP schemes. This would be consistent with the annual charge applied to any provider approved to offer VET Student Loans (VSL). This support is subject to the following conditions:

1. The administration fees are applied equally to Table A, B and C higher education providers to ensure consistency and fairness across the whole of the higher education sector.
2. Abolition of all other administration fees, including the 25% FEE HELP loan fee for the students of all higher education providers, including independent providers listed in Table C:
 - Students enrolled with independent providers, including SAE Creative Media Institute (SAE), the Australian College of Applied Psychology (ACAP) and Navitas university partner colleges, are currently subjected to a 25% loan fee applied to their FEE-HELP income contingent loans.
 - The 25% loan/administration fee is not applied to Table A higher education providers.
 - From January 2019, following the passing of the Higher Education Support Legislation Amendment (Student Loan Sustainability) Bill, the 25% loan fee will not be applied to Table B providers (private universities).
 - Retaining the 25% FEE HELP loan fee for students – and applying a new administration fee – would mean that Table C providers and our students are paying twice to administer the same scheme.



- The removal of this unfair tax would be a strong signal to the students of over 130 independent higher education providers around Australia – and their families and communities – that the government recognises the substantial additional financial burden they bear in funding their own education.
3. The administration fee is calculated and applied according to the actual number of students accessing FEE HELP rather than broad-banded categories (determined by the number of enrolments each year) and that the fees are set at a reasonable per student rate:
- Navitas does not support the current VET Student Loan (VSL) methodology which determines an annual administration charge based on enrolment bands. Those bands being: small provider with less than 200 enrolments; medium provider with 200-1,000 student enrolments; or large providers with more than 1,000 students.
 - The current VSL annual fee methodology significantly disadvantages providers with enrolments at the lower end of a provider band. For example, SAE is charged as a medium provider with only 10 more students than a small provider (209 enrolments). The difference in the fee that is levied is over \$11,000, with small providers being charged \$1,280 and medium providers incurring a fee of \$12,490.

While Navitas supports the Bills in principle, it should be noted that any additional cost imposed on higher education providers shifts money away from investment in quality student experiences and outcomes. This cost also has potential to be passed on to students depending on the approach of the education provider.

Students of private providers penalised

The students of independent higher education providers are already significantly disadvantaged by both the FEE HELP 25% loan and lack of access to Commonwealth Supported Places (CSPs).

Navitas continues to advocate for a level playing field that encourages learner choice and does not penalise students of independent providers through either lack of accessing to funding or imposition of inequitable and substantial fees that do not extend to other providers.

It should be noted that after Table B private universities Bond University and Torrens University, the Navitas entity of SAE receives the next largest annual sum of HELP fees. Combined, SAE and its other entity, ACAP, would be the largest provider after a public university and yet our students continue to be penalised financially through imposition of a considerable fee.

To demonstrate the impact on students of the loan fee, and the lack of access to CSPs, Navitas undertook a comparative analysis of tuition fees for Bachelor Degree in Film/Screen Studies or equivalent among a number of providers. The analysis demonstrates that:

- SAE's total tuition fee is the second most affordable among five providers and almost half of the tuition fee charged by the most expensive provider;
- SAE's total tuition fee is below the fees charged by universities, whose students have access to CSP funding;
- However, SAE's tuition fee becomes the second highest once the FEE HELP loan fee is applied.



Analysis: Bachelor Degree in Film/Screen Studies or equivalent

	Commonwealth Supported Place (CSP)#	Student Contribution (SC)*	Total Tuition Fee (CSP+SC)	Help Loan admin fee**	Total indicative cost to student (SC+ loan fee)
UNSW	38,490	19,332	57,822	0	19,332
Notre Dame	0	37,000	37,000	0	37,000
SAE Creative Media Institute	0	55,156	55,156	13,789	68,945
Torrens University (Billy Blue College of Design)	0	65,400	65,400	0	65,400
Bond University	0	101,928	101,928	0	101,928

assuming the units in the course are designated funding cluster 5 as per the CSP 2018 rates:

https://docs.education.gov.au/system/files/doc/other/2018_indexed_rates_2018_12_18.pdf.

*based on indicative course fee from 2018 fee schedule.

** assuming the student uses a HELP loan to pay the full student contribution.

About Navitas

Navitas Limited is an Australian global education leader providing pre-university and university programs, English language courses, migrant education and settlement services, creative media education, student recruitment, professional development and corporate training services to more than 70,000 learners around the world. Navitas listed on the Australian Securities Exchange (ASX) in 2004 and is part of the S&P/ASX 200, employing more than 6,000 staff globally.

Navitas partners with the following public universities to deliver pathway programs to domestic and international students as well as undergraduate and postgraduate programs through our managed campuses here in Australia and throughout the region: Curtin University; Deakin University; Edith Cowan University; University of South Australia; University of Melbourne; La Trobe University; Western Sydney University; Griffith University; University of Newcastle; and the University of Canberra. Most of our university partner colleges operate as Non-University Higher Education Providers (NUHEPs) in their own right.

Navitas also delivers higher education directly through two other NUHEPs that form part of the Navitas Careers & Industry division:

- The Australian College of Applied Psychology (ACAP) which delivers Higher Education and Vocational Education and Training courses in psychology, counselling, criminology, social work, community services and youth work to almost 4,000 students annually.
- SAE Creative Media Institute (SAE) which delivers Higher Education and Vocational Education and Training courses in audio, film, animation, games, design and web and mobile to more than 2,200 students annually.

Submitted by Navitas Limited

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