Submission

To the

Senate Standing Committee on Education and Employment (Parliament of Australia)

Inquiring into

the provisions of the Higher Education Support Legislation Amendment (Student Loan Sustainability) Bill 2018

Submitted by: The University of Notre Dame Australia

Introduction

The University of Notre Dame Australia (Notre Dame) is pleased to contribute to the Senate Education and Employment Legislation Committee's inquiry into the provisions of the Higher Education Support Legislation Amendment (Student Loan Sustainability) Bill 2018.

Whilst a number of provisions in the Bill will impact on university graduates, such as the reduction of HELP repayment thresholds, and their indexation, Notre Dame would like to draw attention to the significant impact and fundamental change which will result from the proposal to introduce a Combined (lifetime) Higher Education Loan Program (HELP) loan Limit (Schedule 3).

The various forms of HELP (HECS-HELP, FEE-HELP and VET FEE-HELP) have had a substantial impact on increasing diversity in the sector, increasing access and workforce agility. It is submitted that the introduction of a combined lifetime loan limit could result in a fundamental change to Higher Education in Australia in that it could have the effect of:

- Eroding the underlying objective of the deferred payment scheme of universal access, which has been a key principle of Australia's Higher education system that has been enhanced by successive governments since its introduction;
- Continuing to disadvantage students who already meet the full cost of their education;
- Limiting genuine student choice, and diversity in the Sector, with a particularly pronounced impact on Table B universities, such as Notre Dame; and
- Reducing the ability of people to retrain, thereby reducing the agility of the workforce and Australia's capacity as a nation to respond to changing circumstances.

Eroding the underlying Universal Access objective of the deferred payment scheme

The introduction of a lifetime loan limit could impair the ability of students to enter via non-traditional education pathways, especially where students progress to higher study or learning, having commenced study in VET training. These students take a longer route and therefore have an increased cost of attaining the equivalent higher level of education, as compared to those students who progress via traditional pathways. This will be the case for all tertiary students, whether or not they have accessed a CSP.

These pathways are particularly important to increasing participation and improving life outcomes for students from rural, indigenous, low SES and culturally and linguistically diverse backgrounds (some of whom may be the first member of their family to go to university). As a consequence, these students may exhaust their loan limit at a lower level of qualification, thereby limiting their ability to access higher levels of qualification that could have otherwise been achieved.

> *Example 1: Secondary School/ Diploma of Enrolled Nursing/Bachelor of Nursing/Masters of Business Administration.* According to modelling undertaken by Notre Dame, the total cost to a student to complete a Masters of Business Administration at a public university by undertaking this pathway would be ~$114,000, in excess of the proposed loan limit of $104,440. This would effectively impose a requirement of an upfront payment of ~$9,500 to complete the program. This compares with students who progress via more traditional pathways; the total cost for the *School Leaver/Bachelor of Nursing /Masters of Business Administration* pathway would be ~$99,000, and could be met within proposed loan cap.

The existing deferred payment scheme enables students who have used additional pathways to access high levels of education and meet its cost when they have the ability to pay for it. As with all students, the benefits of education for these cohorts often have an intergenerational impact. Placing a limit on the loan scheme could perpetuate and reinforce disadvantage across generations.

Continue to disadvantage students who already meet the full cost of their education

While the proposed changes bring CSP courses within the loan limit, the quantum of study that can be accessed within that limit for Deferred Full-Fee Paying (DFFP) students will be significantly less than those that receive Commonwealth support for their study.

> *Example 2: Bachelor of Science/Doctor of Medicine.* According to modelling undertaken by Notre Dame, the total course fees for a student accessing a CSP for this degree combination would be $70,571, below the loan limit of $150,000 by $79,429. This compares with a student accessing a DFFP in the same course for which the total course fees would be $192,410, exceeding the same limit by $42,410.

This modelling demonstrates how the proposal exacerbates the comparative financial disadvantage for students who study on a DFFP and are already meeting the full cost of their education. This is in addition to the additional 25% loan fee which is applied to their FEE-HELP debt.

Limiting student choice and diversity in the Sector.

This policy serves to incentivise students to select courses of study and providers where CSPs are available, as the cost of study to the student is lower than a DFFP place and consumes a lesser amount of the loan limit. In the current context where not all providers have equal access to CSPs, the implication of this is to materially disadvantage those institutions (which includes Notre Dame) and continue to limit student choice and diversity in the sector.

> *Example 3: The relative cost of a Bachelor of Arts.* The total course fees for a Notre Dame DFFP student to complete a Bachelor of Arts will be $36,495 and consume 35% of their loan limit. This compares with the total course fees of $19,332 for a CSP student who completes a Bachelor of Arts, which will consume 18% of the loan limit.

Additionally, the current suspension of the Demand Driven system, and any future actions that might see a reversion to previous models where Government determined the allocation of CSP to providers and courses, could further erode student choice and diversity of providers within the sector. It would therefore be premature to consider impacts and revisions to the loan scheme, without first determining the basis on which future CSPs will be allocated.

Reducing agility and progression of Australian economy

The establishment of a lifetime loan limit and its broadening to include CSP courses, will have the effect of also limiting (at least for cohorts who cannot meet the upfront cost) the amount of study that can be undertaken within a lifetime. A consequence for those who exhaust their loan limit in pursuit of their initial profession is that their capacity to either retain or upskill in response to economic and workforce conditions or opportunities will be reduced.

Conclusion

In effect, the proposal:

1. Will have a more direct impact on Full-Fee paying students, and those institutions which have limited or no access to CSPs. As such, it will add an additional limitation on real choice for students and reduce diversity in the sector ;
2. Will apply a "one size fits all" lifetime limit on the amount of post-secondary education which can be undertaken by students. It would not recognise, support or enable the needs and aspirations of a variety of students, in particular equity cohorts (who are more likely to follow a pathway that exhausts the loan limit at an earlier level of qualification);
3. This proposal is contrary to and out of step with current and forecast workforce and economic trends which have seen a seismic shift in both the chief industries of the Australian economy and the core skills required of its workforce. Limiting the capacity of our workforce to retrain and upskill would have the potential to significantly compromise the future agility of the Australian economy to adapt to the changing global and national environment.