



IHEA SUBMISSION

SENATE INQUIRY INTO THE UNIVERSITIES ACCORD (STUDENT SUPPORT AND OTHER MEASURES) BILL 2024

4 September 2024

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Independent Higher Education Australia (IHEA) welcomes the Senate Inquiry into the Universities Accord (Student Support and Other Measures) Bill 2024, for which submissions are due by 5 September 2024.

The Bill proposes a number of changes to the *Higher Education Support Act 2003* (HESA), as outlined below.

Changing HELP debt indexation from Consumer Price Index (CPI) to Wage Price Index (WPI)

Part 1 of Schedule 1 to the Bill provides that the calculation of a person's accumulated HELP debt will take into account changes in CPI and WPI, instead of just CPI. Part 2 of Schedule 1 to the Bill provides that, from 1 June 2025, the HELP debt indexation factor will be determined by reference to CPI index numbers or WPI index numbers for the four quarters ending on 31 December, instead of the four quarters ending on 31 March.

The stated aim of this change is to make the Higher Education Loan Payment (HELP) fairer by improving the way HELP indexation is calculated, by capping the HELP indexation rate to be the lower of either the CPI or WPI and providing an indexation credit to people's HELP accounts to ensure the new HELP indexation cap has a date of effect from 1 June 2023.

While the proposed amendment will reduce the indexation rate of HELP debts, it does not address the fundamental inequity that FEE–HELP students face. For students at independent providers, not only are their HELP debts indexed, but the 20 per cent levy is also indexed, which creates an unacceptable burden for these students to carry.

The 20 per cent FEE–HELP loan fee is an inequitable fee or tax on education and training for independent undergraduate higher education students. The loan fee creates unnecessarily high levels of student debt, reduces economic activity of graduates and is unfairly applied based on student's choice of provider. Students in the independent sector seek quality and innovation in market driven courses. This fee also discriminates this choice and the level of accessibility provided to Australian students, which are issues that were acknowledged in the Accord Final Report.

Removal of the FEE–HELP loan fee may result in a return to government of as little as \$6.2 million per annum in general revenue but burdens independent sector students with \$100 million more debt than their course costs. Independent sector students are the only HELP recipients required to borrow 120 per cent of their tuition costs to pursue their educational and career goals.

It is discriminatory that FEE–HELP students continue to carry such a financial burden into their working lives. The Australian Universities Accord (Accord) Final Report specifically calls out that students accessing FEE–HELP need to be "fairly treated regardless of their provider and course and that the Review considered whether change to loan fee arrangements is needed" (p.163, Accord Final Report). It also states its concern about "the seeming lack of coherence around FEE–HELP arrangements for students at different classes of provider" (p.165, Accord Final Report).

As a result of the highlighted inequities of the loan fee, the Accord Final Report dedicates a section to consider "fair and flexible arrangements for full fee–paying students" (p.163–166, Accord Final Report). Nonetheless, the report then rather surprisingly, and in stark contrast to the observations around inequity, states that "given the higher costs associated with FEE–HELP loans, the Review believes a continued 20 per cent loan fee for undergraduate FEE–HELP loans is justified" (p.164, Accord Final Report). These arguments reflect the unequal treatment that undergraduate students who take out a FEE–HELP loan encounter.

We believe that the rhetorical arguments by the Government that because of the extra costs of a FEE–HELP loan, that an administration fee of 20 per cent needs to be applied, are flawed and counter–intuitive. In effect, the argument is that because these students do not receive a grant in the form of a CSP and therefore have to borrow the full cost of their tuition fees, that they should further be disadvantaged with an additional 20 per cent charge that is effectively a tax. The indexation on a debt plus 20 per cent, regardless of which methodology is applied, compounds the issue and accelerates the increase of a FEE–HELP debt when compared to HECS–HELP recipients.

This is a debt that students carry with them as they embark on their career simply because of where they chose to study, which is an inequity that is not imposed on students at public universities. We urge the Government to address this inequity by removing the loan fee on FEE–HELP recipients.

Greater opportunities for more people, especially those from under-represented backgrounds, to participate in tertiary education by delivering FEE-FREE Uni Ready courses

Schedule 3 to the Bill renames enabling courses ‘FEE–FREE Uni Ready Courses’ for students in Commonwealth supported places and establishes a new Commonwealth Grant Scheme (CGS) funding cluster for these courses.

It is stated that during the Accord Panel’s consultations, stakeholders expressed the need to increase enrolments in Commonwealth supported places, particularly from under–represented groups, through enabling or ‘preparatory’ courses (now called ‘FEE–FREE Uni Ready courses’), to support greater equity and access to higher education, and prepare those with interrupted educational journeys to qualify for higher education entry without having to return to school. It also replaces the current mixed funding system for Commonwealth supported students in these courses, by providing consistent and sufficient funding through a new CGS funding cluster (at the equivalent amount of the CGS funding cluster 1, currently \$18,278) to deliver high quality FEE–FREE Uni Ready courses.

In acknowledging the importance of a skilled workforce to meet the economy’s need, the AUA Final Report identifies that attainment of a tertiary education qualification needs to increase from 60 per cent in 2023 to 80 per cent in 2050. A feature of this growth is to increase the proportion of undergraduate students from under–represented backgrounds by 2035.

Ambitious growth was a focus in 2009 when system–wide demand driven (uncapped) Commonwealth Supported Places for undergraduate study came into effect as a vehicle to reach a target of 40 per cent of 25 to 34 year olds with a Bachelor’s degree. In contrast, in support of the current proposed growth, the Government is pursuing support in the form of needs–based funding and fee–free preparatory courses at universities to ready students for the challenges of studying an undergraduate qualification.

IHEA believes that the involvement of independent providers will be necessary to meet the 80 per cent tertiary attainment target, given that public universities are understood to effectively be at capacity and will struggle to support growth in students from under–represented groups. Indeed, “exploring the case for the establishment of new public universities in under–served areas” (p.36, Accord Final Report) will be a costly response to ensure that the proposed growth can be supported. As such, Independent providers should have access to Commonwealth Supported Places (CSP) and preparatory higher education courses. A first step is for students at independent providers to have access to CSP.

As a matter of equity, all higher education students need to be supported to study in the fields of their choosing, including those that will address current and future skills needs and shortages. Funded CSP, on a demand driven basis, should be extended to all TEQSA–registered higher education providers in areas that are identified as national priorities.

While overlooked in the recent Accord process, IHEA continues to support the recommendation of the 2008 Bradley Review that access to CSP be extended across the higher education sector following the establishment of TEQSA. Access to funded places for all registered providers will deliver equity for all students. Skills and workforce shortages, however, have identified an urgent need to train students in fields of national priority. IHEA proposes

that all students should have an equal opportunity to be supported through a funded CSP when enrolling in recognised, national priority fields, regardless of their provider category. At a time when HESA is being amended, there is an ideal opportunity to provide eligibility for CSP funding to all registered higher education providers.

As a recent and successful example, the rollout of the Higher Education Relief Package during COVID–19 included the funding of 20,000 CSP for short courses across the higher education sector, with 1,000 places at independent providers funded through a \$7 million allocation. The program was well supported by the sector, with applications submitted for the funding of 4,500 places by independent providers. This greatly exceeded the 1,000 places being allocated. Independent providers supported this need and can and should continue to do so on an ongoing basis.

However, some opportunities to include independent providers to address skills shortages in priority areas have already been missed, to the detriment to the nation. On 6 November 2023 of \$160 million for Commonwealth Teaching Scholarships to support new undergraduate and postgraduate teaching students to meet the costs of their study. In exchange, once graduated the students will teach in only government schools or government–run early learning settings for four years full–time equivalent for those who undertook undergraduate study and two years full–time equivalent for postgraduate students.

It is concerning that measures such as this do not extend to, or address, the critical need for teachers within the independent sector, who are partnering with schools to deliver a range of innovative programs to address the supply of teachers. These partnerships train hundreds of classroom–ready students that results in strong student and school satisfaction with graduates (as shown in the Student Experience Survey in Quality Indicators for Learning and Teaching). Unfortunately, this is another example of inequity to students who have chosen to study at independent providers, but one that can be ameliorated by expanding access to CSP to independent providers.

IHEA recommends that expanding CSP eligibility to all registered higher education providers would increase contestability for students in national priority spaces and open student choice to select the provider they deem most able to meet their educational and career needs. Notably, the Independent Sector is already servicing students in national priority skills areas in volume. However, such students are just not eligible for CSP support given their provider choice, which seems counterintuitive, and we recommend that this be addressed as a priority.

Facilitate a weekly Commonwealth Prac Payment to support teaching, nursing (including midwifery) and social work students

Schedule 4 to the Bill inserts a new item in the table in subsection 41–10(1) of HESA, to specify a new purpose for which grants under Part 2–3 of HESA could be paid, to facilitate the establishment of a grant to higher education providers (the Commonwealth Prac Payment (CPP) grant) for eligible domestic students undertaking mandatory placements in identified priority areas, such as teaching, nursing and midwifery, and social work as part of their course of study to meet entry–to–practice professional accreditation requirements.

The amendment to subsection 41–10(1) of HESA will allow grants under Part 2–3 of HESA to be made for the purpose of assisting higher education providers to provide payments to students who are undertaking mandatory practicums as part of their course of study. That table item specifies that Table A providers, Table B providers and bodies corporate that are specified in the Other Grants Guidelines for the purposes of this item are eligible for grants made for this purpose. IHEA recommends that the Other Grant Guidelines be updated to include independent higher education providers who offer teaching, nursing and midwifery and social work courses.

The implementation of this amendment will allow eligible students to access \$319.50 per week during the periods that they undertake a placement, as part of their higher education course in teaching, nursing and midwifery, and social work; and nursing in vocational education and training (VET) courses. It is understood that approximately 68,000 eligible higher education students and over 5,000 VET students will be supported each year during their clinical and professional placement periods. We understand that the payment will also be means-tested.

However, as initially advised by the Department of Education, the CPP would only apply to students in receipt of a CSP, which we understand to be approximately 97 per cent of current students in these courses. The eligibility now includes Table B providers, some of which do not offer CSP, and other providers as specified in the Other Grants Guidelines. It is important, from an equity perspective, that the next step is taken to capture all students who enrol in the relevant courses, regardless of the provider at which they study. The approach to higher education students also appears to be at odds with the approach to VET students who are studying a diploma of nursing. It is our understanding, based on advice from a government official, that for VET students, the CPP will be accessible whether they are studying at a TAFE or a private VET provider.

As outlined in the Explanatory Memorandum to the Bill, the practical component is a critical facet in teaching, nursing and midwifery, and social work courses, but which can place significant financial pressure on students as many have to put their lives on hold, stop working and, in some cases, move to get this essential experience which can often act as a barrier to completion.

The grants are intended to support learning outcomes and provide a level of support that will allow students to complete their studies, where the financial impacts of placement may otherwise have influenced them to defer or withdraw. As such, the ability to provide grants to support these students supports the right to education as it supports these students with continuing and finishing their education. This should be equally applied to all students, who will face similar challenges regardless of the provider at which they study.

We hope that the overwhelming exclusion of non-CSP students at independent providers is an unintended oversight that will be immediately corrected – and that it is not borne out of administrative efficiency or intentionally developing an inequitable approach to disadvantage students who have chosen to study at independent providers. One of the reasons students choose to study at independent providers is because they lead the way in the annual Quality Indicators for Learning and Teaching (QILT) student experience surveys. Students at independent providers receive an excellent experience and a quality education, but this decision sees them once again adversely impacted compared to their fellow students at public universities.

Of particular concern is the fact that students from low SES backgrounds attending independent providers will not be able to access support to undertake the placements that are demanded of their course unless they are enrolled in a CSP. In the context of the Final Report on the Australian Universities Accord, which focusses so heavily on equity, this decision is even more difficult to fathom and must be addressed urgently. It can be done by adding the independent providers that deliver teaching, nursing midwifery and social work to the Other Grants Guidelines, which needs to be addressed as a priority.

While there is still a significant period of time until the program commences in June 2025, early resolution and communication is critical to ensure that providers and students have clarity and certainty about the arrangements.

Who We Are

Independent Higher Education Australia Ltd. (IHEA) is a peak body established in 2001 to represent Australian independent (private sector) higher education institutions. Our membership spans independent universities, university colleges and other institutes of higher education, all of which are registered higher education providers accredited by the national higher education regulator, TEQSA or associate members seeking registration.

Our Vision is that: students, domestic and international, have open and equitable access to world class independent higher education in Australia, built on the foundations of equity, choice, and diversity.

Our Mission is to represent independent higher education and promote recognition and respect of independent providers as they contribute to Australian education, the Australian economy, and to society in general. We achieve this by promoting continuous improvement of academic and quality standards within member institutions, by advocating equity for their staff and students, and by delivering services that further strengthen independent providers' reputations as innovative, sustainable, and responsive to the needs of industry and other relevant stakeholders in both higher education and VET. IHEA's commitment is to excellence, productivity and growth in independent higher education being delivered through a trusted Australian education system underpinned by equity, choice, and diversity.

IHEA members have different missions, scales, and course offerings across the full AQF range (Diplomas to Doctorates). Members comprise:

- Four private universities (Bond University, Torrens University, University of Divinity and Avondale University).
- Six University Colleges (Alphacrucis University College, Moore Theological College, Australian College of Theology, Sydney College of Divinity, SAE University College and the Australian College of Applied Professions).
- Six self-accrediting institutes (Griffith College, Kaplan Business School, Marcus Oldham College, Excelsia College, The College of Law and the Australian College of Applied Professions).
- Seventy not-for-profit and for-profit institutions of higher education; and related corporate entities.

IHEA members teach approximately 74 percent of the students in the independent sector (i.e., more than 130,000 students) and educate students in a range of disciplines, including law, agricultural science, architecture, business, accounting, tourism and hospitality, education, health sciences, theology, creative arts, information technology, and social sciences.

IHEA holds a unique position in higher education as a representative peak body of higher education providers. Membership in IHEA is only open to providers registered, or seeking registration, with the Australian regulator – TEQSA. However, some IHEA members are dual and multi-sector providers who also deliver VET and/or English Language Intensive Courses for Overseas Students (ELICOS) courses.