



Senate Education and Employment Committee

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Dear Senate Education and Employment Committee,

Education and Other Legislation Amendment (Abolishing Indexation and Raising the Minimum Repayment Income for Education and Training Loans) Bill 2022

This letter outlines Independent Higher Education Australia's (IHEA) feedback regarding the *Education and Other Legislation Amendment (Abolishing Indexation and Raising the Minimum Repayment Income for Education and Training Loans) Bill 2022* (the Bill).

Who we are

IHEA is the peak body representing most of Australia's independent higher education providers with campuses across Australia. IHEA members have different missions, scales and course offerings across the full Australian Qualification Framework (AQF) range (Diplomas to Doctorates). IHEA members comprise:

- Four private universities (Bond University, Torrens University, University of Divinity, Avondale University);
- Three University Colleges (Alphacrucis University College, Moore Theological College, and Australian College of Theology); and
- 68 not-for-profit and for-profit Institutes of Higher Education.

IHEA members teach 74 percent of the students in the independent sector (i.e., more than 125,000 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's complete membership list is included in **Appendix A**.

IHEA holds a unique position in HE as a representative peak body of independent HE providers. Membership in IHEA is only open to providers registered with the Australian regulator – Tertiary Education Quality and Standards Agency (TEQSA). However, a significant proportion (40%) of IHEA members are dual and multi-sector providers who also deliver Vocational Education and Training (VET), English Language Intensive Courses for Overseas Students (ELICOS) and sometimes, High School programs.

Position

In principle, IHEA supports the Bill, as it puts students first, consistent with IHEA's ongoing advocacy for a more equitable tertiary student loan scheme. However, IHEA highlights this Bill amends minimum loan repayment thresholds without implementing equitable tertiary student funding settings for all Australian students. The Bill proposes to remove indexation and raise minimum repayment thresholds (to the median wage), which is a good outcome for students given current pressing economic conditions. While the Bill before the Senate Education and Employment Committee (the Committee) is contextually positive for students, further amendment is required to ensure all tertiary students are treated fairly and equitably under Government funding arrangements.

Students who study at an Independent higher education provider are still required to pay a 20% loan administration fee (tax) above and beyond their student debt loan amount. The following figure exemplifies the additional cost to students who choose a quality non-university provider to complete their studies.

Indicative Course Costs	Public University Student with HECS-HELP support	Independent (Private) University Student with HELP Support	Independent Higher Education Provider Student with HELP Support
Provider Registered by TEQSA	✓	✓	✓
20% Loan Tax Applied	X	X	✓
Course cost*	\$60,000	\$60,000	\$60,000
Contribution by Commonwealth	\$36,000*	0	0
Loan Fee/ Tax	0	0	\$12,000
Total Student Cost	\$24,000	\$60,000	\$72,000

*Student contributions vary according to institution and course. 'Course costs' are indicative and based on the average cost of a three-year undergraduate degree in 2019. No indexation is calculated. The remainder payment is assumed to be covered by Commonwealth Supported Places (CSP). *[Adapted from Wells Advisory 2019 report on Student Loan Fee]*

IHEA calls for equitable loan fee settings for all tertiary students. Current student loan funding arrangements continue to distort student choice in favour of providers and courses that may not necessarily be best suited to students' interests nor their long-term career success. The loan tax commences as an additional 20% charge on the principal loan amount and continues to grow through the compounding impacts of indexation. This Bill will potentially help many students struggling to live and pay their loans based on the current minimum repayment threshold. However, existing inequitable arrangements still entrench disadvantage and longer-term debt for students in Australia's Independent higher education sector. IHEA advocates to end student loan inequity by ending the loan tax, which iniquitously only applies to independent sector students.

Concerning the removal of loan indexation, from a Federal Budget perspective rising inflation levels make an argument for retaining indexation on loans. However, from a social equity perspective and putting students' first, removal of indexation would increase access to higher education as indexation substantially increases student loan debt (consider here the impact of the 20% loan tax). Further, if students take a long time to pay their debt or reach the minimum repayment threshold, their loans will continue growing - impacting their life-long learning and in the first instance, study choice. Consequently, IHEA advocates for the development of a universal, income-contingent loan scheme with equitable loan settings for all tertiary students. Ideally, such a scheme would include loan parameters that encourage early and timely repayment to mitigate against longer debt repayments given associated impacts on debt on financial independence.

On behalf of IHEA, its members, and the students they serve, thank you for this necessary step towards student-equity policy and for considering the matters raised in this submission.

IHEA welcomes opportunities to discuss the matters raised in this submission and potential solutions with you.

Yours sincerely,

The Hon. Dr. Peter Hendy
Chief Executive Officer



IHEA Member Institutions

Avondale University	Kaplan Business School
Bond University	LCI Melbourne
Torrens University	Le Cordon Bleu Australia
University of Divinity	Leaders Institute
Alphacrucis University College	Lyons College
Australian College of Theology: Australian University College	Macleay College
Moore Theological College: Australian University College	Marcus Oldham College
Academies Australasia Polytechnic	Montessori World Education Institute
Academy of Information Technology	Morling College
Adelaide Central School of Art	National Institute of Organisation Dynamics Australia
Adelaide College of Divinity	Navitas
AIBI Higher Education	Australian College of Applied Profession
Australasian College of Health and Wellness	College of Business and Technology
Australian College of Christian Studies	Educational Enterprises Australia
Australian College of Nursing	Melbourne Institute of Business and Technology
Australian College of Physical Education	Navitas Bundoora
Australian College of the Arts (COLLARTS)	Queensland Institute of Business and Technology
Australian Institute of Business	SAE Institute
Australian Institute of Business and Management	South Australian Institute of Business and Technology
Australian Institute of Management	Sydney Institute of Business and Technology
Australian Institute of Music	Perth Institute of Business and Technology
BBI – The Australian Institute of Theological Education	Western Sydney University International College
Campion College Australia	Oxford College
Christian Heritage College	Perth Bible College
Eastern College Australia	Photography Studies College
Education Centre of Australia	Polytechnic Institute Australia
Asia Pacific International College	SP Jain School of Global Management
Higher Education Leadership Institute	Sydney College of Divinity
Endeavour College of Natural Health	Sydney Institute of Higher Education
EQUALS International	Tabor College Australia
Excelsia College	The College of Law
Governance Institute of Australia	The MIECAT Institute
Holmes Institute	The Tax Institute
Institute of Health and Management	Think: Colleges
Institute of Internal Auditors-Australia	UBSS - Universal Business School Sydney
International College of Hotel Management	UOW College
International College of Management, Sydney	Wentworth Institute of Higher Education