

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2003-2004 ADDITIONAL ESTIMATES HEARING

Outcome: 2

Output Group: 2.4 – Funding for higher education

DEST Question No. E880_04

Senator Stott Despoja provided in writing

Question:

Has DEST investigated the possible effects of the new loans schemes in the Higher Education Support Act and 25% increases in fees on any student groups?

Answer:

Possible effects of new loans schemes in HESA and 25 per cent increases in fees

The Department continually monitors independent research into the effect of HECS and fees on the participation of disadvantaged students from 2005. It also periodically conducts in-house research.

There is no evidence that the participation of disadvantaged groups has been adversely affected by past increases in HECS. As no student is required to pay their student contribution up front, and repayment of loans is conditional on future earnings, the Department does not expect the new loan schemes or any increase in student contribution amounts to adversely affect student groups.

This view is also held by independent researchers. For example, in October 2003, the Australian Vice-Chancellors' Committee (AVCC) released a review of the evidence on the effect of the HECS scheme on student access to higher education. Prepared by Bruce Chapman and Chris Ryan of ANU, and titled '*Higher Education Financing and Student Access: A Review of the Literature*,' the review considered the likely effects of the reform package. Chapman and Ryan concluded as follows: "We consider that the likelihood that the HECS-HELP and FEE-HELP proposals having adverse consequences for [the socio-economic mix of enrolments] is not important. Like HECS, repayment of the proposed new charges remains contingent on future incomes, rather than existing financial circumstances." Chapman and Ryan also observed that, "compared to the current system of full up-front fees for domestic students, FEE-HELP is very likely to be associated with a significant increase in enrolments of those full-cost places."