
COUNCIL OF PRIVATE HIGHER EDUCATION
INCORPORATED

**Submission
to the
Senate Employment, Workplace Relations and Education
Legislation Committee**

Higher Education Funding Amendment Bill 2002

SUMMARY

The Council of Private Higher Education (COPHE) appreciates the opportunity to make this submission to the committee.

COPHE fully supports the provisions of the Bill.

Three of the four private institutions proposed for inclusion in the Act, Bond University, Christian Heritage College and Tabor College Adelaide, are longstanding members of COPHE.

COPHE supports the development of policy which is equitable and fair to students enrolled in accredited private higher education institutions.

COPHE contends that the inclusion of these institutions in the HEFA through this Bill achieves fair and equitable treatment of students and does not extend a public subsidy to the institution. There are many anomalies in the treatment of the private higher education sector but given that this is a step forward in dealing with obvious ones the Bill should be supported.

COPHE is well placed to facilitate dialogue and cooperation amongst members regarding appropriate accountability mechanisms. The development of a code of practice to further assist members is being considered.

This submission seeks to clarify and address issues raised in the Senate Committee from the perspective of an association representing private higher education providers which operate in a market dominated by public sector institutions.

A brief profile of COPHE is attached.

BACKGROUND

During the election campaign in late 2001 the Government committed to the to the general principle of providing access to grants and subsidies on the basis that a higher education provider was either established by statute and self accrediting or was offering programmes that had been rigorously assessed as being of a prescribed standard.

As an initial step in the implementation of this principle the Government specifically committed to giving Bond University, Christian Heritage College, Melbourne College of Divinity and Tabor College Adelaide access to PELS funding for their students.

The rationale applied was firstly that Bond and MCD are the only self accrediting higher education institutions that do not currently have access to PELS and secondly that CHC and Tabor Adelaide are committed to the preparation of teachers for the Christian schools sector. Preparation of teachers for the Government and Catholic schools sectors is supported by the Commonwealth and this provision addresses some of the inequities in current funding arrangements.

The measures proposed in the Bill are also a partial response to the unintended consequences of introducing PELS for students of public universities only. Before PELS private institutions had been competing on a level playing field with publicly funded universities in the provision of full-fee postgraduate coursework programs. The government's provision of student loan arrangements to students in the publicly funded institutions has impacted negatively on the private institutions' postgraduate competitive position and enrolments.

COPHE welcomes the Bill as it adresses a number of clear anomalies in the higher education sector that individual institutions have raised with the Government over an extended period of time. The Bill should be passed without delay. Any further extension of the provisions would require additional legislation and should be considered by the Crossroads review.

THE EXTENT OF THE PRIVATE HIGHER EDUCATION SECTOR

The COPHE constituency consists of non-commercial institutions that sit unambiguously in the higher education sector, offering courses that are similar in level and rigor to courses offered by public universities. These institutions, and their students, are seriously affected by policies that discriminate between students on the basis of whether they are enrolled in public or private institutions.

Part of the problem for private higher education is that the general view of the sector is inaccurate or at best hazy, reflecting the dominance of the public sector in higher education in Australia. Too often higher education is simplistically represented as two segments: public universities and the rest (private providers). The result is that private providers are perceived as a large group. Thus there is a nervousness to introduce legislation needed to remove glaring anomalies in the sector in the fear that it is drawing a blank cheque or will damage the public universities in some way.

The sector is in fact much more segmented, and the student load of those private higher education providers genuinely analogous to public universities is relatively small, around 10,000 students out of the total of 600,000 in higher education.

COUNCIL OF PRIVATE HIGHER EDUCATION INC.

Postal Address PO Box 4210 Castlecrag NSW 2068

Executive Officer - Adrian McComb Phone 02 9417 0834 Fax 02 9417 0669 Email
amccomb@cophe.asn.au

A number of private institutions have an ethos similar to a public university; and we include the COPHE members in that category. In addition the sector includes institutions that are primarily VET providers, that focus on export education, act as pathways colleges, are government agencies or state government funded institutions. Many are in fact revenue generating enterprises that are wholly owned by public universities or agents selling product produced by them. Other providers, while rigorously accredited by state higher education authorities, are funded as industry and training bodies and gateways to the professions.

COPHE contends that most of these institutions, while making a valuable contribution to education in the segment in which they operate and Australia generally, do not confront the same issues as those institutions providing courses in the same market as the public sector universities.

One of the key distinctives of COPHE member institutions is a commitment to a particular ethos or the service of a particular market niche. Their response to the needs of their respective communities adds diversity to Australia's higher education. If private institutions did not provide diversity they would, in all probability, cease to exist.

Amongst COPHE member institutions a significant proportion of the students are enrolled in courses that have a strong community services element: school teaching, nursing and ministry, where encouraging enrolments is in the public interest. Their motive for a private higher education is not for the purpose of high monetary gain. These institutions are certainly not elitist however the requirement to charge fees up front drives them unwillingly in that direction.

THE IMPACT OF UP FRONT FEES

Currently students enrolled with COPHE member institutions (with a few exceptions) are required to pay fees up-front without any provision for loans or deferral.

In his recent Crossroads submission Professor Bruce Chapman suggests such an arrangement is unambiguously poor policy with the critical issue relating to the borrowing problem which he describes as "capital market failure".

Some students would not have the resources to pay the fees and would need to approach a bank for a loan. However, banks will be reluctant to loan to students because of problems associated with default. An education loan is risky for a bank because, in the event of default - and unlike with respect to a housing loan - the bank has no collateral to sell. This implies that, without assistance, banks will not be interested in the underwriting of human capital investments.

Thus prospective students without sufficient financial resources to cover fees will not be able to enrol. There will be three important effects: a loss of talent, and thus a cost to the whole society; a loss of opportunity to individuals; and a cementing of the nexus between family background and a person's lifetime income, meaning that such a system is regressive.

In the private sector students who are unable to pay up front are reluctantly turned away from undertaking courses that meet their needs.

The result is that additional private contributions to higher education are discouraged along with the provision of additional higher education places at marginal cost to the government.

COUNCIL OF PRIVATE HIGHER EDUCATION INC.

Postal Address PO Box 4210 Castlecrag NSW 2068
Executive Officer - Adrian McComb Phone 02 9417 0834 Fax 02 9417 0669 Email
amccomb@cophe.asn.au

In practice some COPHE members also report of students who, after commencing, experience difficulty funding up-front fees move to public universities to complete their degree programs by taking units covered by HECS. The availability of a HECS or PELS eligible alternative is a powerful disincentive to enrolment in courses requiring payment of full fees up-front.

ASSESSMENT AND ACCREDITATION

The reputation of COPHE member institutions depends on maintaining consistent high quality outcomes and therefore member institutions fully support implementation of the MCEETYA protocols.

The adoption of the MCEETYA protocols by State and Territory Governments and the outworking of the brief of the Australian Universities Quality Agency should provide sufficient assurance of quality of the accreditation of any institution operating under state higher education legislation.

COPHE members already demonstrate (by external review and graduate outcomes) an ability to provide quality education over an extended period. COPHE member institutions have many years of experience in the quality assurance processes required by relevant state agencies. These processes have been followed long before the existence of AUQA.

RESEARCH CAPABILITY

The COPHE constituency of unfunded institutions is primarily focused on quality teaching within an environment that values scholarship and works at achieving a positive outcome for students. There is clearly research capability in the sector and more research would be undertaken if funding was available. Because individual institutions tend to focus on a narrower range of disciplines than their public counterparts it is possible to maintain a greater level of knowledge and expertise than might otherwise be the case in small institutions and this reflects in the quality of teaching.

ACCOUNTABILITY

In 2001 COPHE undertook, as part of a DEST funded EIP project, statistical data capture for private providers. One of the outcomes was that a somewhat simplified version (which was under development) of DETYAPAC, the computer program used to capture data for the public sector institutions, could be used to provide reliable and adequate data to underpin accountability.

Private higher education institutions, however formally constituted, are required to comply with all applicable laws and regulations. It is clearly in the interest of COPHE members that higher education legislation, which is primarily a state responsibility, and the associated regulations are enforced lest the reputation of the sector is diminished.

We might add that many of the COPHE institutions have been operating in some form in Australia for more than a century.

COUNCIL OF PRIVATE HIGHER EDUCATION INC.

Postal Address PO Box 4210 Castlecrag NSW 2068
Executive Officer - Adrian McComb Phone 02 9417 0834 Fax 02 9417 0669 Email
amccomb@cophe.asn.au

STUDENT SELECTION CRITERIA AND DISCRIMINATION

As indicated earlier in this submission, the key issue faced is the discrimination imposed when students are required to pay fees up-front.

Because institutions address different communities and needs it is difficult to respond to the issue of student selection without generalizing.

COPHE supports student selection criteria based on an assessment of the ability of the student to successfully complete a course. There also needs to be clear articulation by institutions of their ethos and expectations. The confessional distinctives of some providers operating within a particular faith tradition are a large part of the attraction to many students and contribute to the strength of diversity in Australian society.

Awards should be given on the basis of coursework completed and other requirements met.

COPHE argues that confessional distinctives are entirely consistent with free inquiry and the exploration of a range of viewpoints.

FINANCIAL EFFECTS OF THE EXTENSION OF PELS

The same economic principles apply to PELS loans offered to students whether they are enrolled in private or public higher education institutions.

Given that this is the first year of operation for PELS it is understood that it is a little early to have financial data. Given the small number of students involved in the provisions of this Bill against the overall take up rate of PELS it is difficult to see significant financial implications.

Based on current enrolment figures the budget provision of \$18.7 million in PELS over four years is correct.

Under the accrual accounting standards adopted by the Commonwealth, income contingent loans are treated as assets. When PELS was introduced the budget impact was expressed as “a positive influence on the fiscal balance”.

The application of accounting standards must surely be consistent whether referring to HECS or PELS and whether a student is enrolled in a private or public institution.

COUNCIL OF PRIVATE HIGHER EDUCATION INC.

Postal Address PO Box 4210 Castlecrag NSW 2068

Executive Officer - Adrian McComb Phone 02 9417 0834 Fax 02 9417 0669 Email
amccomb@cophe.asn.au

A Brief Profile of the Council of Private Higher Education Inc.

The Council of Private Higher Education Inc (COPHE) was formally incorporated in mid 2001 after functioning for some years as a loose coalition of private institutions.

The COPHE members institutions are diverse and enroll students comparable in total number to a medium sized university. Only two members are currently included in the HEFA Act, receiving limited recurrent funding.

PREVIOUS SUBMISSIONS

COPHE is interested in equitable treatment and the expansion of choice for students in private higher education. In 2000 a group of institutions that now form the core of the COPHE membership presented a submission to the former Minister Dr Kemp arguing for a PELS-type student loan scheme for all non-overseas students in full-fee courses.

In 1999 a submission to Dr Kemp outlined the issues faced by private providers in the higher education sector. It argued that the future financing of higher education tuition should reflect a balance of public and private funding and access to HECS-type loans.

It also raised encouragement of student choice, responsiveness to demand, diversification of providers, deregulation, quality assurance and accountability, administrative efficiency and simplicity, equivalent treatment of public and private institutions and support for innovation. Submissions have also been made in relation to initial teacher education.

Under a DEST funded EIP project in late 2001, a sub-committee of COPHE completed a study on the collection of student and staff data for the private higher education sector. This was an important development and it is hoped that the data collected will enable effective modeling of policy options.

Member Institutions (May 2002) Include

- | | | |
|--------------------------|-------------------------------------------|----------|
| <input type="checkbox"/> | Australian College of Pharmacy Practice | ACT |
| <input type="checkbox"/> | Australian College of Physical Education | NSW |
| <input type="checkbox"/> | Australian College of Theology | National |
| <input type="checkbox"/> | Australian Institute of Music | NSW |
| <input type="checkbox"/> | Avondale College | NSW |
| <input type="checkbox"/> | Bible College of Victoria | VIC |
| <input type="checkbox"/> | Bond University | QLD |
| <input type="checkbox"/> | Brisbane College of Theology | QLD |
| <input type="checkbox"/> | Campion Foundation | NSW |
| <input type="checkbox"/> | Christian Heritage College | QLD |
| <input type="checkbox"/> | Kingsley College | VIC |
| <input type="checkbox"/> | KvB Institute | NSW |
| <input type="checkbox"/> | Luther Seminary | SA |
| <input type="checkbox"/> | Macquarie Christian Studies Institute | NSW |
| <input type="checkbox"/> | Marcus Oldham College | VIC |
| <input type="checkbox"/> | Moore Theological College | NSW |
| <input type="checkbox"/> | Tabor College | National |
| <input type="checkbox"/> | Wesley Institute of Ministry and the Arts | NSW |

COUNCIL OF PRIVATE HIGHER EDUCATION INC.

Postal Address PO Box 4210 Castlecrag NSW 2068

Executive Officer - Adrian McComb Phone 02 9417 0834 Fax 02 9417 0669 Email
amccomb@cophe.asn.au