



Students' Representative Council  
University of Sydney

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**Submission to the Inquiry by the  
Senate Employment, Workplace Relations and  
Education Committee into the  
*Higher Education Support Amendment  
(Extending FEE-HELP for VET Diploma and  
VET Advanced Diploma Courses) Bill 2007***

Presented by Mr **Angus McFarland**

13<sup>th</sup> July 2007

**Introduction**



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The Students' Representative Council (SRC) of the University of Sydney welcomes the opportunity to present a submission to the inquiry by the Senate Employment, Workplace Relations and Education Committee into the *Higher Education Support Amendment (Extending FEE-HELP for VET Diploma and VET Advanced Diploma Courses) Bill 2007*.

The SRC is the representative body for the over 30 000 undergraduate students enrolled at the University of Sydney. Advocating for students on both an individual and collective basis, the SRC further provides students with advice on academic and welfare issues such as disciplinary matters, academic appeals, housing and tenancy, tuition fees, harassment and discrimination, and, germane to this submission, information and advice on their financial responsibilities.

The SRC does not support the extension of FEE-HELP for any VET students. The desire of the government to “ease the up-front financial burden for eligible students” (Robb, 2007, p12) will be achieved, however, students will be repelled from commencing and completing further education due to their aversion to debt. This will be particularly profound for students from a low socio-economic background.

## **What Contributes To A Student's Debt?**

Students are like other members of society. They have financial responsibilities for food, shelter and hopefully are able to pursue a somewhat balanced life, which includes some level of entertainment. On top of that students need to be able to supplement their classes with textbooks, stationery and equipment. They need to allow themselves enough time for personal study, which means foregoing this time for any part-time or casual work. Income support through Centrelink is insufficient. Students are expected to live at around 70% of



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the Henderson Poverty Line<sup>1</sup>. The SRC believes that it is only appropriate that all Centrelink payments be raised to the equivalent of the Henderson Poverty Line. Naturally this is more of a disincentive for students who are unable to rely on their family network for financial support. This may be because of their family's inability or unwillingness to support them.

Even if students are able to overcome the initial hurdle of their day-to-day poverty, the two biggest costs are the costs of the course itself (that is, fees) and the opportunity cost (that is, the loss of income for the time that they spend as a student). Chapman (1997, p742) summarises this by saying "The central point about access is this: it is the high cost of participating in higher education (both through direct living costs and foregone income), combined with a lack of family and capital market sources of finance, that creates a significant barrier for many students".

It is also important to realise that students consider the total cost of their education for each period, not just at the beginning of their course. "If a student believes that s/he will fail further study, then the higher the cost of that study, the more likely it is that students would perceive the opportunity cost too high to warrant attempting the study" (Hilmer, 1998, p 348). That is, they will drop out. The disincentive of accumulating a FEE-HELP debt will also be considered by students worrying about failure.

### **What Groups Are Most Debt Averse?**

The aversion to debt is not equal across various socio economic backgrounds. Callender and Jackson (2005, p. 511) state, "Debt is unequally distributed. Students who are poor before going to university are more likely to be in debt and to leave university with the largest debts, while better-off students are less likely to have debts and leave with the

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<sup>1</sup> Henderson Poverty Line for March Quarter 2007 (Melbourne Institute of Applied Economic and Social Research, 2007) is \$237 per week or \$474 per fortnight. The rate of Youth Allowance (Family Assistance Office, 2007, p 15) for a student 18 years and over living away from home is \$348.10 per fortnight.



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lowest debts.” Even the conservative Secretary of State for Education in Tony Blair’s government, Estelle Morris (cited in Callender and Jackson, 2005, p512) said “I recognise that for many lower-income families that fear of debt is a real worry and could act as a bar to higher education.” With vocational education often targeted at those who have had less opportunity and ability in their past education ventures, the issue of debt aversion is paramount to maintaining the institutions of Vocational Education and Training.

### **What Propensity Is There For The Debt To Increase?**

When HEAC was first introduced in 1987 it was an administrative fee of \$250. Now Band 3 courses are \$8333 with the ever-present possibility of further increases. Ahmed (2000, p1) explains “The introduction of the Higher Education Administration Charge (HEAC) in 1987 opened the door for the implementation of a student loan scheme, HECS, in 1989.” Julie Bishop, Education Minister, acknowledges the inherent danger of allowing the introduction of a FEE-HELP scheme to VET students when she stated (as cited in Illing, 2007) “Any contribution of an income-contingent loan scheme for TAFE students must take into account the vastly different fee structures and the risk that state governments will reasonably increase TAFE fees”. The SRC finds this risk unacceptable. We believe that students need the stability of being able to financially plan for their course, and be able to meet its demands. The SRC believes that the current fees for any TAFE course could be eradicated, however, until the government returns education to the free service that it should be, we believe that low socio economic students should be encouraged to attend universities and TAFE colleges wherever desirable.

### **Conclusion**



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The SRC agrees with Mr Robb (2007, p13) when he says “it is important to raise the status of vocational and technical education to signal the significance the government and the community attach to high level technical qualifications”. However we do not think that keeping the courses out of the reach of the working class is the right way to achieve that status. Instead the government should bring about a more regulated manner in which fees are charged by states and territories. Vocational training courses should be maintained at TAFE colleges not private institutions. Students do not need a further financial burden of a loan scheme. They simply need the opportunity to access this education so that they can build themselves a financially stable future.



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