



Submission to the

Senate Education and Employment Committee Inquiry into the Higher Education and Research Reform Amendment Bill 2014

Summary

The Council of Private Higher Education (COPHE) has sought equity, choice and diversity in higher education and this legislation addresses many of our concerns about equitable treatment for students, a wider choice in courses and expanded diversity in institutional types.

Measures in this Bill will drive an efficient and globally competitive higher education sector.

COPHE supports the Bill in its entirety, except for

- Schedule 3 relating to the interest rate on loans where we propose retention of the Consumer Price Index.
- Application of the full Government Section 33-10 contribution amount should apply to students enrolled in self-accrediting and other higher education providers (HEPs) that are accredited by TEQSA to offer higher degrees by research.

The extension under Schedule 1 of Commonwealth Supported Places (CSPs) to students at private universities and non-university higher education providers (NUHEPs) would be particularly welcome as would be application of a single loan scheme to all higher education students.

We support also the extension to sub-degree programs (diplomas etc) which will encourage those students progressing through these pathways, including many from disadvantaged and low SES backgrounds. The data shows that students entering second year of a bachelor degree after a pathways diploma have significantly lower drop-out rates. Both measures will remove many present anomalies and inequities in current funding, enable greater student choice and promote desirable sector diversity.

It is only equitable and fair that all students are treated the same, irrespective of their choice of accredited provider, to produce a healthy diversity in the higher education sector, one that is responsive to the needs of students and employers, and with its quality assured by a single national regulator, the Tertiary Education Quality and Standards Agency (TEQSA).

Specific Comments

Schedule 1

COPHE supports the merging of the FEE-HELP and HECS-HELP loan schemes for all higher education students, and the extension of Commonwealth Supported Places (CSPs) to students at private universities and non-university higher education providers (NUHEPs). This will promote greater student choice and diversity, and remove the inequity in current arrangements whereby students taking similar courses can incur quite disparate liabilities, simply on the basis of the type of institution they choose.

Section 33-10 Commonwealth contribution amounts

At present a few private non-university higher education providers (NUHEPs) have CSPs in nursing and teacher education, with the same funding as Table A universities. What is proposed in Section 33-10 would reduce the Commonwealth contribution for these students to 70%, a probable unintended consequence.

The amendment we propose is that the full Commonwealth contribution amount should apply to students at self-accrediting and non-self-accrediting providers that are accredited to offer higher degrees by research. These institutions must meet stringent requirements in order to offer research degrees. To be accredited to offer higher degrees by research, an institution must be active in research and this standard is overseen by TEQSA.

A further reason why relating approval to the approval for research degrees under the HES Threshold Standards is that approval for delivery of higher degrees by research is a regulatory standard while the Higher Education Standards Panel has indicated that the Provider Type Standard is not. The use of University in the name is controlled by legislation but is not a standard against which TEQSA can regulate.

The number of private institutions included would be less than ten, however it would help overcome the issue of cutting back existing Commonwealth support in teaching and nursing places, be consistent with the reason given for paying universities 100% and also build research capacity.

Sub-degree courses

We support also the extension to sub-degree programs (diplomas etc) which will advantage those students progressing to bachelor degrees through these pathways, including many from disadvantaged and low SES backgrounds and enhance retention, meaning those students will complete their courses. This measure will also remove many present anomalies and inequities in current funding, enable greater student choice and promote desirable sector diversity.

Many students from differing educational backgrounds do not meet direct entry requirements to ensure success in a bachelor degree, but clearly have the potential to succeed. Many thousands each year complete a higher education diploma based closely on the corresponding first year bachelor curriculum, and then progress to the second year of the degree. There is compelling evidence in studies tracking the success of these diploma pathways, especially for students of different backgrounds, as was provided in several submissions to the recent Review of the Review of the Demand Driven System by David Kemp and Andrew Norton¹.

At present, there are limited CSPs for domestic students taking a higher education diploma and other sub-degree pathways, with little scope for expansion. The introduction of uncapped places following the Bradley Review did not include sub-degree programs. Public universities are prevented from offering full-fee undergraduate programs, including sub-degrees. Many arrange through their own controlled entities or third parties to offer sub-degree pathways. The students, often from disadvantaged or disrupted educational backgrounds currently need to pay full-fees upfront, or incur a FEE-HELP liability *plus* a 25% administration charge. In some cases the liability from the one year diploma can exceed the combined liability from the last two years of the bachelor degree, even though taking the diploma path produces better outcomes for some students.

The Bill will remove such inequities, and benefit those students we should be most encouraging to enter higher education.

¹ <https://submissions.deewr.gov.au/Forms/demand-driven-funding-system/pages/index>

Schedule 3 Section 140-10 HELP debt indexation factor

The Bill proposes to change the indexation rate of HELP debts from the current Consumer Price Index (CPI) to the Treasury 10 year bond rate, up to a maximum of six per cent per annum.

This change is regressive and will disadvantage graduates who take time out of the workforce, particularly women with families. With indexation at CPI, the student is not paying more than it cost them. We urge the Government to maintain the CPI indexation.

General comments

Tuition fees in a deregulated environment

Most of the media comment has been focused on the challenges for public universities and we have seen extraordinary exaggerations of what higher education will cost in a deregulated environment. The changes will particularly assist students enrolling with non-university institutions, which now comprise about 10% of enrolments in the sector, and introduce some equity into the higher education system for those students.

Member institutions of the Council of Private Higher Education have indicated that whatever they receive in Commonwealth support for students will be passed on to students through reduced tuition and some have already indicated they will hold their 2014 tuition fees through 2016 if reforms are in place.

The indications we now have from our colleagues is that the level of Commonwealth support offered from 2016 will see quality bachelor degrees in education for \$9-10,000 pa, health/physical education/psychology/nursing for \$11-14,000 pa, humanities for \$8- 12,000 pa, science for \$17,000 pa and creative arts/design for \$12-15,000 per year. Commonwealth support for business degrees at \$1263 pa will mean minor change with cost to the students ranging from \$13,000 to \$22,000 for more specialized programmes.

It does show that the total cost of these degrees, at \$30-70,000, and paid when they are earning, need not panic students. Non-university institutions tend to be teaching focused and concentrate on a few disciplines where they can deliver a good student experience and outcomes, with the assurance of Higher Education Standards and TEQSA regulation. Private providers still expect the lower end of the university market, which will receive 100% of the value of commonwealth support, will continue to offer cheaper alternatives but remain confident in their value proposition for students.

Large international private higher education operations are already well established in Australia though there is no incentive in these reforms for them to compete with the low end universities on price.

Speculation on a loan cap

Concern has been expressed that some form of loan caps could be introduced in order to pass the legislation package.

The Howard government in 2005 introduced a rule to discourage "professional students" by limiting access to publicly subsidised university study. The "Student Learning Entitlement" required students to pay full fees after they received seven years of Commonwealth-supported study.

The Gillard government abolished the Student Learning Entitlement in 2011 on the grounds it caused hardship to some students who took a graduate professional degree such as medicine after a bachelor degree. The then Opposition argued to retain the Entitlement, but extend to 8 years.

A disadvantage of the Student Learning Entitlement was that it led to a complex and bureaucratic set of algorithms that tied institutions up in red tape.

The number of students affected was quite small relative to the total student population across Australia. It was estimated that in 2012 up to 1,100 university students could have been forced to pay full fees to continue their studies in the following year if the Labor proposals had been defeated. At that stage the federal Education Department indicated that only 115 students had already used their entitlement of seven years - less than 0.02 per cent of the number of students enrolled at Australian universities that year.

If now, in order to pass the current package of reforms, the Commonwealth wanted to limit its risk that some students might run up their student debt to unsustainable levels, it could consider reintroducing cap in the form of a "student learning entitlement". This could be a say 8 years of Commonwealth support (or equivalent) expressed in EFTSL at the time of leaving school. As allowed for in the previously existing legislation, the entitlement could be increased later in life for retraining/lifelong learning purposes.

About the Council of Private Higher Education Inc. (COPHE)

The Council of Private Higher Education (COPHE) is a peak body representing private higher education institutions with over 40 members across more than 100 locations delivering higher education in a wide range of fields. They offer degrees at levels from undergraduate diploma to doctorate with several operating for over a century.

COPHE observes amongst its members many instances of the benefits of wider student choice to the individual and the community. Many member institutions cover specialised fields, distinguished by strong student support and industry engagement, and achieve outstanding employment outcomes.

Australia's model of higher education is dominated by the research-intensive public university; in other countries there is a broader range of institutional types, many of which are teaching-focused, with private universities worldwide growing faster than public universities.

Governments world-wide are challenged in the funding of higher education, with private contributions increasing; Australia is no different.

CONTACT DETAILS

Council of Private Higher Education Inc.
Level 5
47 Neridah Street
Chatswood NSW 2067

Adrian McComb
Chief Executive Officer