

A FAIR GO FOR ALL STUDENTS

It's time for the Australian Government to Put Students First and give all students a Fair Go

- **120,000 students** choose an Independent Higher Education provider to achieve their educational goals
- These students deserve a **Fair Go** and equal investment in their future
- **4 urgent reforms** are essential to deliver fairness and equity for **all students**

STUDENTS FIRST

All higher education students deserve equal support and equal consumer protections. IHEA members call on all candidates for public office to commit to putting students first and support reforms to enable fair and equal participation for all higher education students.

IHEA members, students and their families seek the commitment of election candidates to support:

- 1 A Fair Go on Loan Scheme Access**
Abolish the Discriminatory 25% Loan Tax
- 2 A Fair Go on Funding**
Access to Supported Places
- 3 A Fair Go on Tuition Protections**
Implement a Domestic TPS
- 4 A Fair Go on Consumer Quality Surveys**
Equal Access to a Consumer Voice through QILT

1.

A Fair Go: Abolition of Discriminatory Loan Tax

Australia's independent higher education students deserve a Fair Go through equal taxing of HELP Loans.

HELP supported students enrolled with an independent higher education provider (HEP) are charged a discriminatory 25% tax that no other higher education student pays.

The 25% FEE-HELP loan tax:

- > Is discriminatory – it is only applied to students enrolled at an HEP
- > Is unfair – it is only applied to students who receive no Commonwealth course subsidies
- > Leads to students accruing debt that is significantly higher than their course costs
- > Results in longer debt repayment profiles for a small cohort of students
- > Raises minimal Commonwealth revenue (\$6m p.a.) but adds massive debt to students

Indicative Course Costs Example	Public University Student with HELP support	Independent (Private) University Student with HELP Support	Independent Higher Education Provider Student with HELP Support
Provider Registered by TEQSA	✓	✓	✓
25% Loan Tax Applied	✗	✗	✓
Cost of Course	\$60,000	\$60,000	\$60,000
Contribution by Commonwealth	\$36,000*	0	0
Loan Tax	0	0	\$15,000
Total Student Cost	\$24,000*	\$60,000	\$75,000

*Student contributions vary according to institution and course. 'Cost of Course' (\$60,000) in this example is based on the average cost of a three year undergraduate degree. 'Contribution by Commonwealth' and 'Total Student Cost' is calculated as a sector-wide average student contribution of 40% of course costs. Source: Wells Advisory

The 25% loan tax effectively gouges course pricing and student loan costs. The loan tax is not a 'loan fee' – a commercial loan of \$60,000 for example, would attract a loan fee of approximately \$250. The loan tax commences as an additional 25% charge on the principal loan amount and continues to grow through the compounding impacts of indexation – currently 1.8% p.a.

The loan tax burdens a small percentage of higher education students with massive debt, and longer debt repayment profiles. Students are in debt for many years after they have repaid the cost of their education.

“All through high school my passion was music, but the only university course that met my goals was in another state. I started at a private college that offered the perfect course but once I calculated the extra amount I had to pay with the loan tax, I had to drop out. The 25% tax just put my dream course out of reach for me. So, I’m now studying at a local university in a course that isn’t my passion and doesn’t help me for the career I want to pursue.”

- Tom, Melbourne

In this illustrative example, based on a real case, the education system is failing Tom. Without a suitable university course available in his state, the loan tax makes his preferred course unaffordable. Pricing students out of the education they aspire to often results in them choosing a different course of study. In this case, Tom is now being subsidised by the taxpayer to pursue a course that isn’t going to prepare him for the career he is best suited to.

The next federal government must abolish the FEE-HELP Loan Tax.

Loan tax abolition is essential to giving a Fair Go to all students by ending discrimination, price gouging, massive debt accumulation and long debt repayment profiles for a small percentage of Australian higher education students.

2.

A Fair Go: Equal Funding Support for All Students

A True Demand Driven System

The Bradley Review in 2008 recommended that the Australian government introduce a demand driven funding model for Australian higher education. This included extending demand driven funding to independent providers following implementation of the national regulator (TEQSA).

The Bradley Review envisioned a nationally regulated system driving the development of high-quality public and independent education providers that are responsive to student demand and equally accessible to all Australian students. The review recognised the need for government to be able to apply relevant controls on specific courses of study.

The Bradley Review Recommendation 29

That the Australian Government introduce a demand-driven entitlement system for domestic higher education students, in which recognised providers are free to enrol as many eligible students as they wish in eligible higher education courses and receive corresponding government subsidies for those students. The arrangements would:

- > apply initially to undergraduate courses but then be extended to postgraduate coursework level courses subject to further work on the balance of public and private benefits at that level of study;
- > apply initially only to public universities (Table A providers under the Higher Education Support Act 2003), but would be extended to other approved providers when new regulatory arrangements are in place;
- > set no time or dollar limit on the value of the entitlement;
- > allow eligible providers to set their own entry standards, and determine which, and how many, students to enrol;
- > allow providers to change the mix of student load by discipline cluster in response to demand; and
- > allow the government to exclude a course of study from the demand-driven system if it wished to regulate student or graduate numbers.

More than a decade after the Bradley Review and with TEQSA established, failure to implement this recommendation has entrenched significant disadvantage for students enrolled with an independent provider.

The comparison example below, based on the subsidies and student costs of an average 3 year, undergraduate degree, indicates:

- > Non-subsidised students enrolled with an independent provider will contribute \$51,000 more to their course costs than subsidised students at a public university
- > Where both students rely on a HELP loan, the non-subsidised independent provider student accrues an extra \$51,000 of debt
- > The non-subsidised independent provider student is penalised twice – they are not offered a supported place AND are levied the 25% loan tax

2.

A Fair Go:

Equal Funding Support for All Students

Student cost comparison – Commonwealth Supported Student (CSP) vs Unsupported Student

	Commonwealth subsidy (per annum)	Student contribution (per annum)	Income to the institution (per annum)	1 year cost to student	3 year cost to student
Public University CSP Supported Student	\$12,000	\$8,000	\$20,000	\$8,000	\$24,000
Independent Provider Unsupported Student	\$0	\$20,000	\$20,000	\$25,000 (includes 25% loan tax)	\$75,000

This example is based on the sector-wide average cost of a three year undergraduate degree (\$60,000) and student contribution rates for public university students. The 25% loan tax is included in the cost to the student of an independent provider - as a Commonwealth tax this is not income to the institution. Source: Wells Advisory

“When we were helping our daughter with her choice of where to study we kept being told that her study costs would be subsidised through the HECS system. When she achieved a high OP and chose Agricultural Science at a private college with the best student quality reviews we were very disappointed to find out she wasn’t eligible for support. So, my taxes go to support other higher education students, but nothing at all goes toward my daughter’s education - it’s so unfair.”

- Kirsty, Brisbane

This illustrative example outlines a real experience for many families. Students work hard to achieve the grades they need and accept they will contribute to their study costs through the HELP scheme. Students choosing a high quality course delivered by an independent provider, however, are disadvantaged by an education system that doesn’t equally support all Australian students.

The next federal government must give all students a Fair Go through equal funding.

Tertiary sector funding arrangements need urgent review to ensure Supported Places (CSPs) are applied on the basis of Commonwealth student demand and provider quality.

Students enrolling in an accredited course at a registered provider should have equal access to a supported place.

3.

A Fair Go: Equal Consumer Protections for All Students

All Australian higher education students should have access to the same government guaranteed consumer protections.

Education is a big investment, but currently only international students have essential consumer protections through a government guaranteed Tuition Protection Scheme (TPS). Just as consumer protections are an important component of Australia’s international education industry, they are also important to Australian students.

A **Fair Go** for all students would ensure that all Australian students are equally protected. Currently, students who have a HELP loan are protected by government arrangements. Students who meet the costs of their education without a government loan are not covered by these arrangements.

An essential element of consumer protections are that they should not be limited by how the consumer pays for the services received. Students and the community expect all students to have equal consumer protections. The international students’ TPS is a successful and well managed scheme that protects students with an international student visa. This scheme provides a ready model for an Australian students’ TPS.

An Australian Student Tuition Protection Scheme:

- > Gives Australian students the same consumer protections as international students
- > Is paid for by the sector and cost neutral to government
- > Needs to protect all students, including those who don’t rely on a HELP loan to study

	International Student	Student with HELP Loan	Student who pays upfront – No loan
Course Provider Registered by TEQSA	✓	✓	✓
Tuition Fee Protection	✓	✓	✗
Course Assurance Protection	✓	✓	✗
Government Guaranteed Consumer Protection	Government Protections through TPS	Government Protections through Exemption provisions*	None**

*In 2018 the federal government issued an exemption from student protections under the Higher Education Support Act (HESA) and assumed responsibility for tuition and course assurance for students with HELP loans. This exemption remains in place.

**IHEA members ensure student protections are in place through provider initiated tuition protection arrangements.

“I worked hard to save so I could afford to return to study without a student loan. We have a big mortgage and couldn’t afford more debt. I chose a business management course with a large private college that offered me the skills I need to advance my career and a flexible model that means I can study and raise my family. But it is a big investment for us. I was shocked to learn that the government provides tuition protection to international students and students who take out a loan, but not me. How is this fair?”

– Jane, Sydney

In this illustrative example, Jane is a student who pays for her education with an independent provider, but doesn’t have access to government guaranteed consumer protections simply because she pays her own way.

Students with a Commonwealth student loan and those with international student visas are protected through Commonwealth provided tuition and course assurance arrangements.

The next federal government must give all higher education students TPS protections.

Australian students and their families deserve the same government guaranteed protections provided to international students.

Self-funded students deserve the same government guaranteed protections provided to students with a HELP loan.

4.

A Fair Go: An Equal Voice in Reporting Education Quality

All students deserve equal access to independent quality surveys – QILT funding needs to be entrenched and extended to all.

The Quality Indicators for Learning and Teaching (QILT) is an objective consumer choice tool that gives students and their families the chance to compare student experiences at different higher education providers.

Independent and rigorous consumer quality reviews provided by students:

- > Inform course and provider selection decisions
- > Build community confidence in the quality of Australian education
- > Provide transparency to the community on student experience at public and independent institutions
- > Enables the development of policy settings that meet the needs of students, employers and the wider community

Currently, QILT surveying is only funded for providers who are registered for FEE-HELP. There are many providers who are not FEE-HELP registered including professional associations and newly established providers.

This means that thousands of Australian students are enrolled in courses without access to government supported, independent student experience quality surveys. This in turn impacts the capacity of QILT reports to reflect a robust sector-wide evaluation of learning and teaching quality indicators.

	Public University Student	Student with HELP Loan / Enrolled at a HELP registered provider	Student enrolled with a Non-FEE HELP provider – Pays up-front
Provider Registered by TEQSA	✓	✓	✓
Provider Funded for QILT Student Experience Survey	✓	✓	✗
Provider Funded for QILT Graduate Outcomes Survey	✓	✓	✗

Ongoing funding of QILT needs to be guaranteed and all students should have equal access to consumer surveying of the teaching and learning quality of their education.

Despite several years of a 'demand driven' public sector, enrolments in independent higher education are growing at a faster rate than public universities. This growing enrolment reflects student demand for the education model offered by independent providers with high quality rankings in learner engagement, skills development, and teaching quality.

QILT surveys enable students to consider the teaching and learning experience of other students when evaluating the suitability of providers to meet their educational needs.

“I enrolled at a private college because I knew I needed teaching and learning support to succeed. My guidance officer at school showed me the QILT survey results to help me choose where to study. At my college I know all the teachers and can get help whenever I need it. And I’m getting great marks! Some of my mates are no longer studying and I think I might have dropped out by now if I’d enrolled at a big university.”

- Daniel, Adelaide

This illustrative example outlines an experience that is common for many students – small class sizes and direct learning support is what they need to succeed. QILT surveys help students choose an education that delivers the student experience they need based on the direct consumer feedback of others.

The next federal government must fully fund QILT for all higher education students.

All students should be able to evaluate their teaching and learning and be informed by the quality assessments of other students.

In addition to informing students and their families, independent QILT surveys provide Australian taxpayers with consumer informed evaluation of public investment in higher education and student support schemes.



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