Innovative Research Universities

Universities Accord (Student Support and Other Measures) Bill 2024

The Innovative Research Universities (IRU) welcomes the opportunity to comment on the Universities Accord (Student Support and Other Measures) Bill 2024. In our submission to the Universities Accord, IRU raised many of the issues this Bill seeks to address and we look forward to seeing these and further measures implemented as the government works through the remaining Accord recommendations.

Summary IRU position

The IRU supports:

- Changes to the HECS-HELP system to cap the indexation rate to either the Consumer Price Index (CPI) or the Wage Price Index (WPI), whichever is the lower.
- Applying a credit to students' HELP accounts to ensure the indexation cap has effect from 1 June 2023.
- The new Commonwealth Prac Payments Scheme to support teaching, nursing, midwifery and social work students to complete university placements.
- Expansion of enabling programs through new funding for 'FEE-FREE Uni Ready Courses'.

The IRU recommends that government considers:

- Further work to address the issue of student debt, including unwinding of the Job-Ready Graduate package and its impact on the cost of degrees.
- Expansion of the Commonwealth Prac Payment scheme over time to the full range of equity group students who have mandatory placement requirements as part of their course of study.
- Different arrangements to ensure the most efficient and effective administration of the Commonwealth Prac Payments program.
- Increased flexibility to better manage the governance and service provision issues around the obligation to provide 40 per cent of Student Services and Amenities Fees (SSAF) to student-led organisations.

HECS-HELP indexation

Australia's Higher Education Contribution Scheme/Higher Education Loans Program (HECS-HELP) scheme is a global success story. Since its inception in January 1989, the scheme has supported more students to study approved higher education courses by deferring the cost of tuition until their taxable income reached a threshold amount. The scheme opened access to higher education and laid the foundation for a significant increase in university-educated graduates in the workforce.

However, on 1 June 2023, outstanding student debt had risen to over $74 billion. This debt, shared between 3 million individuals, coupled with a post pandemic economy under pressure from rising inflation, has raised student debt to the point where it risks becoming a deterrent to higher education participation.

The Universities Accord Final Report recognised the impact of this issue and recommended changes to the indexation methodology that applies to HECS-HELP loans. The proposal to link HECS-HELP debt indexation to the lower of the CPI or the Wage Price Index (WPI) and applying an indexation credit to ensure the indexation cap has effect from 1 June 2023 represents a student-friendly approach.

This is particularly relevant for students from lower-income families who are most likely to be deterred from seeking a higher education qualification by the fear of accumulating debt. It is precisely this cohort of students that are required for the government to reach the 80 per cent target of workers with a tertiary qualification by 2050.

IRU welcomes the measures in the Bill that address these issues.

However, the impact of indexation on HECS-HELP loans is only one of the factors contributing to increasing student debt. The primary driver is the cost of degrees.

The Job-Ready Graduates (JRG) package, introduced in 2021, shifted more of the cost of higher education onto students and made student contributions more unequal and complex.

The Universities Accord recommended urgent remediation to the JRG package's student and government contribution rates. The Accord recommendation — to progressively move towards a student contribution system aligned with lifetime earnings — is guided by a simple principle: "The higher the future earnings potential linked to their field of study, the greater the student contribution."

In line with this, IRU urges the government to consider a simpler, fairer and evidence-based system anchored in the principles outlined in our options for JRG reform.

The IRU principles are as follows:

- Students should make choices in line with their strengths and preferences.
- Course funding should include an appropriate balance between student and government contributions.
- Policy and funding should support student success with a particular focus on access and equity for under-represented students.
- The system should be simpler with clear evidence to justify differences in contribution rates (i.e., student contributions linked to expected future earnings and government contributions to the cost of delivery).

IRU's discussion paper on the impact and issues associated with JRG including principles and options for reform can be found here and here.

The IRU strongly supports the government's target of lifting tertiary attainment to 80 per cent and the Accord target of population parity for students from under-represented backgrounds, but we will not be able to achieve these targets without JRG reform and the longer we leave it, the more difficult it will get.

Commonwealth Prac Payment program

In our submission to the Universities Accord, the IRU called for an agreement between Federal, and State and Territory governments to ensure that students are paid for compulsory work placements in all fields. We welcome the measures in the legislation as an important first step towards this broader aspiration.

While the courses included in the initial program are welcome, greater impact could be achieved if it was expanded to include *all* equity group students whose courses require mandatory placements.

There is insufficient detail in the Bill for universities to properly understand their administrative obligations — such as means testing of students, data governance, privacy issues and the streamlining of reporting requirements.

We note that the Tertiary Access Payment program, which was originally administered through universities, was absorbed by Services Australia when it became apparent that it was inefficient to set up complex administrative arrangements within universities that mirrored those in that agency.

The government should, therefore, consider whether the program would be more efficiently managed through Services Australia in the first place.

However, should the administration of the program remain with universities, IRU would advocate for appropriate support to administer the system. We note that the Tertiary Access Payment scheme initially attracted an administration loading of 8.4 per cent and suggest a 10 per cent loading would be required for universities to properly administer the Commonwealth Prac Payment program and payments to students.

We look forward to addressing these issues during the co-design process with the Department for more detailed program guidelines.

FEE-FREE Uni Ready Courses

IRU Universities teach 17 per cent of all domestic undergraduate enrolments across the country. Of these:

- 21 per cent are from low-SES backgrounds
- 20 per cent are from regional and remote locations
- 2.5 per cent are First Nations
- approximately 50 per cent are first-in-family.

Enabling courses run by our universities provide educational opportunities for students who may not conform with traditional entry requirements. Less than half of the domestic student cohort at IRU universities, for instance, come straight from high school with an ATAR for university entry. Enabling courses serve as important pathways to higher education for students from disadvantaged or underrepresented groups.

IRU strongly supports the expansion of enabling places and a more equitable distribution across universities. These were key IRU recommendations from the Universities Accord process. Currently, IRU universities are not fully funded for enabling and pathway programs and cross-subsidise them from other revenue sources.

We believe that the principle governing the allocation of enabling places is that individual universities should have flexibility, within total funding envelope, to allocate money and places to areas of greatest need. This should be done through mission-based compacts as recommended in the Accord.

IRU welcomes the opportunity for our members to participate in the FEE-FREE Uni Ready Course initiative that supports these cohorts. Doing so aligns with the core missions of our members.

Student Services and Amenities Fees (SSAF) changes

IRU supports the principle of self-determination in the provision of services and amenities for students. We acknowledge that student participation and partnership is critical to the design, delivery and ongoing improvement of programs and services that enrich the student experience and welcome the intent of the Bill to support this principle.

The process and method of service delivery for students varies widely from university to university. Factors that influence this are regionality, campus numbers, the proportion of online delivery and the maturity of individual student associations. This influences student need and the distribution of SSAF required to specific services and organisations.

In some cases, the risk associated with services being delivered outside of university operations may prohibit alignment with student-led associations.

For multi-campus institutions — with multiple student associations — disparate service delivery requirements across campuses occur. This limits the potential for shared and efficient operations delivering services on each campus rather than across campuses.

Student-led organisations are typically led by on-campus students, who are often recent school leavers and who are organised in political groupings that may not be representative of the broader student body. These groups are prone to turnover in leadership with risks to service continuity.

While universities can (and should) provide capacity uplift to students and implement measures to minimise poor management, there will always be cases where an organisation may not operate in a manner appropriate to receive the quantum of funding available under the 40 per cent obligation. Where this occurs, universities should be able to intervene to support the organisation to remedy these concerns.

The January 1, 2025, implementation may be difficult for universities to achieve. The Bill allows for the Secretary of the Department of Education to approve an allocation of less than the 40 per cent and allow this arrangement to continue beyond the transition phase, but we would encourage the government to maximise flexibility and time for transition. IRU would encourage the government to provide an expedited process for the Secretary to avoid possible cuts to services and jobs.

The yearly review process would provide assurance that students are involved in or lead the design, delivery review and improvement of any SSAF funded services operated by the university.

This system would align with the Accord recommendation that a ‘proportion’ of the SSAF should be redirected to student-led organisations. We note that the Accord recommendations did not specify 40 per cent.