

Navitas Response to the *Driving Innovation, Fairness and Excellence in Australian Higher Education Discussion Paper* – July 2016

Overarching comments

Navitas' submission to *Driving Innovation, Fairness and Excellence in Australian Higher Education* is framed in the context of our vision for post-secondary education and skills training in Australia. This is a vision for a truly 21st century tertiary education system.

Key elements of this vision are shared by sector experts and major industry groups. While this vision may not be fully realised in one or even two terms of government, it is imperative for Australia's future prosperity and social well-being that we take action now to ensure that it does become reality.

The main features of the 21st century tertiary system that Navitas envisages for Australia are:

- The consumer of education and training (learner or enterprise) is at the centre of the system and has access to quality, relevant and timely information that informs their choice on what and where to study;
- Vocational education and training and higher education, while representing different purposes and cohorts, are equally valued. Learners select their field of study and identify the outcomes they wish to achieve. Then, because the biases that exist in the current system have been removed, they choose what and where they will study – be it vocational education and training (VET) or higher education (HE) focused, a public or private institution;
- Learning and teaching is valued and supported by an appropriate level of investment, which would ultimately see funding for learners decoupled from funding for research;¹
- The culture and learning approaches in Australian tertiary education support all aspects of academic or technical, creative, emotional and practical intelligence. It is also a system where the transferable or 'enterprise' skills being developed in pre-tertiary learning are built upon to ensure our young people and workforce are equipped to deal with the complex challenges of the future, particularly as the jobs of tomorrow will require an 'understanding of human need and the ability to translate that into human solutions';²
- Learners are not only prepared to meet the expectations of employers, but also given the skills and attributes to innovate and create jobs for themselves and for others in new enterprises;
- It is assumed and supported that workers will need to re-skill and up-skill throughout their working lives; and
- Every learner is entitled to access an equal amount of government subsidy and has the same rules applied to them as their peers in accessing an income contingent loan (ICL). Additionally, the ICL 'bank' could be 'refreshed' or 'topped up' as the debt is repaid.

Navitas acknowledges that reform on this scale requires a large amount of good will, political courage and collective endeavour. It requires common purpose and fundamental structural change

¹ Andrew Norton, 'Finding ways forward when higher education reform options are limited', *The Conversation*, 15 July 2016, available at <https://theconversation.com/finding-ways-forward-when-higher-education-reform-options-are-limited-61800>

² Dr Hugh Bradlow, Chief Scientist, Telstra Corporation, remarks at the CEDA luncheon on 19 July 2016 'Women in the Future Workforce: impacts, trends and drivers', see <http://www.ceda.com.au/events/eventdetails/2016/07/a160719?EventCode=A160719>

to ensure the development of Australia's future human capital, our ongoing competitiveness and the maintenance of our standard of living.

Navitas welcomes the opportunity to discuss the key actions required to set the groundwork for this systemic change, as well as specific issues outlined in the body of this submission, with the government and its officials. Thank you for the opportunity to contribute to this important agenda.

Opportunity and choice

The best options for learners

Matters for finalisation regarding the expansion of the demand-driven system beyond bachelor courses at public universities:

- *whether to provide subsidies for all undergraduate courses at all registered higher education providers, noting that growth in enrolments has continued to increase at non-university providers despite the absence of Commonwealth funding*
- *how to expand access to sub-bachelor courses at public universities, whether this should be entirely demand driven or whether it should be limited in enrolment numbers or scope.*

Response

Navitas has been a consistent advocate for the provision of government subsidies for all undergraduate courses at all registered higher education institutions. This position reflects Navitas' view that learner choice, access and equity are central to driving innovation, fairness and excellence in Australian higher education. Navitas believes this reform will:

- Increase access to, and participation in, higher education across all socio-economic backgrounds;
- Improve both access and academic success for learners from low socio-economic backgrounds (SES), mature-age learners and those from rural and regional communities;
- Provide access to niche specialist and applied skills courses not offered by universities;
- Deliver more innovative and flexible teaching models, including improving linkages between learners and industry;
- Better meet the skill requirements of learners, employees, employers and the economy;
- Drive competition, diversity and innovation across the sector; and
- Redress the inequities currently in the system whereby a learner studying outside the university sector pays significantly more than his or her peers at a university.

Navitas has also advocated strongly for expanding access to sub-bachelor courses to all higher education providers, not just universities. The major benefits of extending government funding for these qualifications are:

- Provide learners who would benefit from a higher education pathway with significantly increased choices as to where, how and what they can study;
- These are valuable qualifications in their own right, which confer benefits on the individuals who undertake them, the economy and society more generally;
- They provide proven alternative pathways for low SES and other non-traditional learners to progress into, and succeed in, further higher education;
- Provide a more supportive learning structure for learners needing additional academic preparation;
- They develop well prepared learners that have improved chances of successfully completing higher education studies; and
- Public universities benefit, through partnerships and collaborations, in having well-prepared low SES and non-traditional learners.

Postgraduate places to support innovation

Reforms to the allocation of and support for subsidised postgraduate places have not been considered as part of legislative changes to date but could be considered in revised proposals, subject to the financial sustainability savings outlined in the budget. Measures that could be considered include:

- *reallocate all subsidised postgraduate places on a more transparent and consistent basis, to be determined by an independent process, driven by identified principles around economic, societal and academic need, and reassessed at regular intervals*
- *better target Commonwealth support to those postgraduate courses identified as delivering significant community benefit where private benefits may be more limited – for example, teaching and nursing courses, where graduate salaries may be comparatively lower while demand for skills is high*
- *allocate additional places for skills-deepening qualifications consistent with the National Innovation and Science Agenda, for example in science, technology, engineering and mathematics fields*
- *introduce a time-limited learning entitlement for Commonwealth subsidies (for example, seven years) that students can access at both the undergraduate and postgraduate level*
- *introduce demand driven funding for some or all postgraduate coursework courses. This would make Commonwealth funding more consistent across different levels of course, but would risk a significant budgetary impact unless managed carefully, such as including a lower level of Commonwealth subsidy to increase affordability*

Response

Navitas' views on such matters are informed by the principles of quality, equity of access and learner choice. In keeping with these principles, and as priorities have to be made in the current fiscal environment, Navitas believes that Commonwealth support should initially be extended to:

- bachelor programs at private higher education institutions; and
- sub-bachelor programs at all higher education institutions.

Consideration may then be given to the allocation of government subsidies for postgraduate places. If this were to occur Navitas' view is that subsidies for postgraduate qualifications should apply equally to both public and private institutions.

Regarding the proposal to allocate subsidies for particular programs, consistent with the view we expressed in our response to the *Re-Designing VET FEE-HELP* discussion paper, Navitas believes that government-led attempts to prioritise any particular set of courses over others can lead to less than optimal results. Imposing funding 'biases' in the past has led to market distortions and unintended consequences. Navitas believes learners and employers are much better than government, or expert panels, at responding to supply and demand signals in terms of the skills required in communities and the economy.

Finally, consistent with the views articulated in the *Overarching Comments* section above, Navitas believes that a universal entitlement for learners to access subsidies and an ICL for qualifications Diploma (VET and HE) and above regardless of whether they choose a public or private provider is the best approach to policy in this area. It should not be time-limited, nor should it be applied just to bachelors or above, for it is our view that in the higher education context, sub-bachelor qualifications are critically important as both stand-alone credentials and as a pathway to further higher education. Additionally, the subsidy and loan 'bank' coupled with the renewable life-time limit on loans (see below) ensures that learners have the ability to fund up-skilling and re-skilling in a working life in which they are likely to change careers many times.

Fairness and equity

Improving support for disadvantaged students

In order to ensure that we are achieving the best outcomes for disadvantaged students, the Government will, in the context of finalising legislative reforms, be evaluating the HEPPP. The evaluation will seek to determine:

- *the outcomes achieved by the program;*
- *who has benefited from its activities, with particular reference to all disadvantaged groups, including people from regional and remote Australia;*
- *whether the program provides good value for money; and*
- *what changes may be required or more effective alternatives (such as scholarship type models provided for in the original 2014-15 Budget reforms) to increase higher-education participation and success by people from disadvantaged backgrounds into the future.*

Response

Improving access and outcomes for disadvantaged learners is a central concern of Navitas. This is why Navitas institutes, including SAE Creative Media Institute, Navitas Professional Institute and our university partnership colleges, provide a range of support, including:

- Scholarships for disadvantaged learners;
- High quality academic support and study skills, including additional support for learners with special needs and learning difficulties;
- Language, Literacy and Numeracy (LLN) and foundation skills support for learners who come to tertiary study without these skills; and
- Maintaining small class sizes, for example, SAE's Full Time Equivalent staff-learner ratio is approximately 1:10 compared with a reported average university ratio of 1:34.³

In order to provide all disadvantaged learners with access to the Higher Education Participation and Partnerships Program (HEPPP), Navitas believes one of the key terms of reference for the review of the Program should be consideration to extend eligibility for the program to all higher education institutions. This change would enable private institutions, who can demonstrate sector benchmark completion and progress rates (and in the case of university partnership colleges progression rates to further study), to further assist disadvantaged learners succeed.

Navitas believes that one of the best ways to support the participation and ongoing success of disadvantaged groups in higher education is to expand access to sub-bachelor courses at all higher education providers. Navitas institutes have demonstrable expertise in supporting diverse cohorts of learners to successfully complete sub-bachelor qualifications, providing a recognised credential with which graduates may pursue work or further study.

Pathway colleges, particularly private colleges like Navitas' university partnership colleges, play a central role in supporting those learners who are less well prepared for higher education. This view is supported by a recently released report from Curtin University's Centre for Student Equity in Higher Education⁴ within which the main findings included:

³ <http://www.theaustralian.com.au/higher-education/student-staff-ratios-ballooning/story-e6frqjcx-1226182968247>

⁴ Tim Pitman, Sue Trinidad, Marcia Devlin, Andrew Harvey, Matt Brett and Jade McKay, *Pathways to Higher Education: the efficacy of enabling and sub-bachelor pathways for disadvantaged students*, published July 2016 available at: <https://www.ncsehe.edu.au/publications/pathways-to-higher-education-the-efficacy-of-enabling-and-sub-bachelor-pathways-for-disadvantaged-students/>.

- 'A greater proportion of learners enrolled in and transitioning via enabling pathways are from recognised equity groups than any of the other sub-bachelor pathways examined;
- Learners from recognised equity groups who articulate via an enabling program generally experience better first-year retention rates than those articulating via most other sub-bachelor pathways;
- Overall, learners articulating via an enabling program expressed greater satisfaction with their experience in comparison with those using a VET pathway. This sentiment was more strongly expressed when participants were asked to consider how well the pathway had prepared them for university studies and whether or not it gave them the confidence to pursue, and a feeling of belonging in, these studies; and
- Across all equity groups, students transitioning via the Associate Degree, Advanced Diploma and Diploma pathways generally experienced better success rates than those transitioning via enabling programs. However, this finding should be treated with caution, due to the low numbers of learners available for this particular part of the analysis.⁵

This research was funded by the Department of Education and Training as one of the National Priorities Projects in 2014 under the HEPPP. Navitas would welcome the opportunity to work with the Department on developing policy that further supports access to higher education for disadvantaged learners in line with the findings of this report.

The efficacy of pathway programs was also demonstrated in a study by Sue Willis and Catharine Burnheim of Monash University. Data showed that low-ATAR learners⁶ who were selected on the basis of their performance in pathway programs, performed strongly and in a wider range of fields than they would otherwise be able to access.

'Admitting under-prepared students with low ATARs not only increases their risk of non-completion, it restricts their choices. Lower ATAR students admitted directly to bachelor degrees are being selected on the basis of their current preparation, rather than their potential for university study, while graduates of pathway programs have a chance to prepare for a wider range of disciplines, and demonstrate their aptitude for tertiary study'.⁷

The table below illustrates the success that low ATAR learners at a Navitas college can have in a higher education program with the right level of support (these results were moderated by the university).⁸

⁵ Article on the research available at: <https://www.ncsehe.edu.au/publications/pathways-to-higher-education-the-efficacy-of-enabling-and-sub-bachelor-pathways-for-disadvantaged-students/>

⁶ Prior academic achievement and SES status linked see Kemp Norton Review: David Kemp and Andrew Norton, *Review of the Demand Driven Funding System*, pp47-51 available at <https://docs.education.gov.au/node/35537>.

⁷ Catherine Burnheim and Sue Willis, 'Competing tensions of 40 vs 20', *The Australian* 10 August 2013

⁸ Navitas submission to the Kemp Norton Review of the Demand Driven System

ID	Course	Credits	ATAR	Average
Student A	Bioscience	8		68.25
Student B	Bioscience	8	64	72
Student C	Bioscience	8		67
Student D	Bioscience	8	50	64.4
Student E	Business	8	46	59.8
Student F	Bioscience	8	56	65.4
Student G	Bioscience	8	58	63.6
Student H	Business	8		62
Student I	Business	8	54	64.6
Student J	Bioscience	8	63	74.1
Student K	Business	8		71.25
Student L	Business	8		64.75
Student M	Bioscience	8	54	78.4
Student N	Bioscience	8		66.6
Student O	Bioscience	8		79.3
Student P	Business	8	49	75.6
Student Q	Business	8		82
Student R	Bioscience	8		59.1
Student S	Business	8	46	73.5
Student T	Bioscience	8		80
Student U	Business	8		56.8
Student V	Business	8		64.6
Student W	Business	8	48	60.25
Student X	Bioscience	8		59.6
Student Y	Bioscience	8	85.6	76.5
Student Z	Business	8		65.75

Note 1: Students without ATAR entered via mature age or other non-standard entry arrangements

Note 2: Average result for students with ATAR = 69.01, average for non-ATAR students = 67.6

Supporting the regional presence of universities

Subject to the financial sustainability savings outlined in the budget, the Government could:

- *introduce a new infrastructure fund or loan facility to enable regional and outer metropolitan universities to undertake transformative infrastructure investments to assist them in adapting to local market conditions, improve their long-term viability and enhance the student experience*
- *consider whether any transformative infrastructure should prioritise new physical facilities, establishment of networks and virtual teaching spaces and better utilisation or rationalisation of the existing estate*
- *assess alternative opportunities from collaboration or use of new technologies to cost effectively enhance access to higher education for students not living near established campuses*

Response

In looking for ways to support more regional learners to participate in higher education, Navitas urges the government to broaden its support to initiatives that incentivise innovative, collaborative models. Navitas, as a leading private education provider, has for over two decades partnered with public institutions to deliver education and training across Australia. We support the idea of using innovative collaborative models and approaches, as well as new technologies, to deliver high quality higher education to learners, wherever they choose to live. Navitas has a range of relationships that demonstrate the power of public-private partnerships and innovative collaborations, including:

- Partnering with Australian universities to provide pathway and preparation courses for both domestic and international students. Currently we deliver to 27% domestic learners across all our pathway colleges and managed campuses;
- SAE Creative Media Institutes' partnership with Secret Sounds Group provides invaluable world-class internships and work experience opportunities at regional music festivals;
- SAE's partnership with Southern Cross University which paves the way for co-located study centres that promote collaboration and integration across public and private higher education institutions; and
- Navitas' founding role in EduGrowth, an industry-led initiative to establish a national acceleration network for high growth, scalable, borderless education. The lessons learned, technology-driven solutions developed and networks forged through this enterprise are as applicable to the learners and communities of rural and regional Australia as they are to those around the world.

Recognising the significant role that education plays in the economic, social and cultural wellbeing of regional communities, SAE Southern (Australia, New Zealand, South Africa, Indonesia and Singapore) established its head office in Byron Bay in 2003. As the Southern Region head office, SAE's Byron Bay campus employs more than 70 staff, attracts approximately 300 learners and is a drawcard for international learners, bringing much needed employment and export income to the area.

Navitas advocates for government investment in networks, physical and virtual infrastructure and education hubs that promote and facilitate collaboration between public and private education providers, local business, entrepreneurs and communities.

Excellence and quality

Flexibility to innovate

Matters for finalisation regarding the potential offering of Flagship Courses:

- *would a model of Flagship Courses provide worthwhile incentives for universities to promote areas of excellence, innovate in their approach to teaching and learning, improve the experience and outcomes for their students and enhance their global standing?*
- *how should a model of Flagship Courses – operating on an opt-in basis – be regulated to ensure Flagship Courses are founded on the basis of excellence and innovation?*
- *what limits, if any, should be placed on the number of Flagship Courses that may be offered by an institution and/or should the total number of students enrolled in Flagship Courses be limited to a maximum proportion (for example, 20 per cent) of the university's equivalent full-time student load?*

To ensure any fees set for Flagship Courses are reasonable and fair for students, the Government could:

- *ask the Australian Competition and Consumer Commission to monitor fees and report to the Government on a regular basis, or an independent body could review proposed fee increases before approval*
- *consistent with recommendations from a number of experts, the Government could reduce the Government subsidy as fees increase above the maximum student fee under current arrangements – or some other threshold as appropriate*

Response

Navitas' SAE Creative Media Institute and Navitas Professional Institute offer programs that are akin to flagship courses as they are high quality, sought after by learners for their outcomes and experiences, and are valued by industry for their relevance. The fees for these courses reflect the full cost of course delivery and learners at private providers do not receive any Commonwealth subsidies. Should the government pursue this or other reforms aimed at providing greater flexibility and supporting excellence and innovation it is important to also consult private institutions.

More information for students

The Government has announced additional funding but welcomes views on proposed further enhancements to the QILT surveys and website to provide greater transparency on the performance of institutions to support student decision making and enhance their decision making. Options include:

- *undertake a longitudinal survey of graduate outcomes*
- *further develop the employer satisfaction survey*
- *collect and publish additional information on prospective earnings data, course information, and fees*
- *integrate with Australian Tax Office or other actual earnings data to publish real graduate employment and income data*
- *publish university profile information, course information and new survey data on the website*
- *capture student involvement through the development of an online application*
- *enhance the website to support frequent and meaningful student engagement, both domestically and internationally, through social media.*

Response

An informed and well managed market is by far the most effective and efficient way to ensure learners receive a quality learning experience and outcomes for a reasonable price.

Graduate outcomes

Navitas advocates for a more contemporary and relevant definition of 'graduate outcomes', that includes further study (particularly in the case of sub-bachelor programs) and that goes beyond employment in an enterprise to include self-employment, entrepreneurship and start-ups. Further, there must be recognition of the important section of the employed learner cohort who undertakes study to remain relevant in a rapidly changing global workforce. To that end data on 'outcomes' should also take into account those who are employed while studying.

In terms of a longitudinal study, what is currently lacking is an understanding of how Australian graduates are meeting the needs of a global employment market (i.e. how does an Australian education set graduates up for a global career?). We encourage any research efforts that map Australia's education outcomes in the context of a global economy – and compare those outcomes with other countries. As Australia shifts to becoming a 'knowledge economy', this type of data would also help to measure the value of education as an export and promote development of more globally oriented curricula.

Employer satisfaction survey

Navitas supports further development of the employer satisfaction survey. Surveys should provide the opportunity for employers to provide additional tailored feedback specific to their industry sector or profession. Navitas recommends considering how to best capture feedback from self-employed graduates.

Additional information, including course information, graduate employment and income data

In our submission to the Higher Education Standards Panel's *Consultation on the Transparency of Higher Education Admissions Processes*, Navitas made a series of suggestions regarding the provision of additional information to inform learner choice. We provide these again as they are highly relevant.

With increasing diversity of choice, growing propensity for mobility and a sharper focus on the cost of education, relative to the value it confers, Navitas believes that people considering higher education take into account many aspects when making their decision. These can be categorised in two key areas:

- The quantum and return on investment; and
- The quality of the education experience.

Investment

In terms of the investment and an expected return on investment from higher education, Navitas believes that a prospective learner should have easy access to the following timely information and data:

- The 'true' total cost of their program of study. This should include knowing the breakdown of:
 - The amount and proportion of the public subsidy provided for the program, i.e., the amount provided via Commonwealth Supported Places (CSP);
 - The amount and proportion of the individual contribution, payable via an income contingent loan (ICL) (a HELP loan);
 - The amount and proportion of the individual contribution, payable via an upfront fee; and
 - The amount and proportion of any loan fees associated with the ICL.

- The likely return on their investment. The following data should be readily available and easily comparable in order for prospective learners to make informed decisions about their education:
 - What proportion of learners complete their study from each institution, by course and unit /module;
 - What are the graduate employment rates, including self-employment (i.e., creating a job), at various intervals post-graduation;
 - What are the average earnings of graduates from each institution, by course, at various intervals post-graduation;
 - Of those who are self-employed, how many other people do they employ;
 - Of those who do not complete, what proportion:
 - Go onto another education / training program
 - Are employed in a skilled position, and what is their average earnings
 - Are employed in a low-skill position, and what is their average earnings
 - Not participating in education or employment.

Much, if not all, of the above data would be available via existing data sets such as: Higher Education Information Management System (HEIMS); the Australian Tax Office (ATO); the Australian Bureau of Statistics (ABS); or Total VET Activity data (from NCVET). Where appropriate data sets are not currently available to capture the above data points, government should consider the relative return on investment for expanding existing data sets or developing additional mechanisms.

Quality and Experience

This aspect goes to what the prospective learner can expect from the course of study while they are undertaking it. Navitas' view is that while some important metrics can and should be built around this – such as the student experience data available on QILT, the length/duration of the program and average class sizes – much of this will be qualitative in nature. Some additional information that would help inform learner decisions includes:

- How the course is structured;
- What is the content of the course, including mandatory subjects and electives;
- Requirements that may impact upon a learner's prospects of participation and academic success, such as supervised field practice and attendance requirements;
- What core content or extension work is delivered online in the course;
- Is the course recognised by industry regulators and professional bodies;
- What is the learning and teaching approach adopted in course, e.g.:
 - large numbers in traditional style lectures or a 'flipped classroom' with a focus on research and interaction with peers as well as the course convener
 - is the institution a practice based institution or is it more theoretical, including collaborative and cross disciplinary learning opportunities
 - what assessment methodologies are applied in the course
 - what are the workload expectations of the program of study
 - what learning support is provided in the course or by the institution more broadly
- What is the quality of the learning facilities, are they modern and industry relevant;
- What is the industry relevance of the course, and what industry linkages does the institution have to provide opportunities for internships and other genuine workplace experiences; and
- What additional resources are required to study e.g. hardware, software, etc.

Affordability

A fair share from taxpayers and graduates

In finalising the legislative reforms the Government will need to adjust subsidy and student contribution rates to meet the financial sustainability savings outlined in the Budget. Dependent on other structural savings or expense measures adopted as part of these reforms, options include:

- *reduce the Government's contribution by 20 per cent on average, as first proposed in the 2014-15 Budget*
- *a small reduction in the Government grant per student, and a small increase in the maximum capped student contribution that institutions may charge, such that students and taxpayers contribute equally to the cost of higher education courses (on average).*

The Government also seeks the views of the sector on the relativities between disciplines of funding clusters in the context of its overarching objectives. It is proposing to work with Universities Australia and the higher education sector to investigate the relative cost of delivery of higher education. Based on this work, Commonwealth and student contributions could be adjusted to reflect a more streamlined framework that better reflects these costs, teaching method, infrastructure required, and the potential value to students.

Issues of cross subsidisation both across courses as well as between the teaching of courses and conduct of research would also require examination, to ensure they are as equitable as possible while also preserving or enhancing the research capabilities of our universities. In addition, the revised funding framework would be considered in the context of the Government's National Innovation and Science Agenda to ensure that it appropriately supports areas of priority. The Government could also consider whether to grandfather current arrangements for existing students, or otherwise phase in new arrangements over time.

Response

Because they have chosen a private higher education institution, learners at Navitas entities are ineligible for subsidies that support their higher education. That said, if measures to extend Commonwealth support are adopted, Navitas believes an equal contribution from both learners and the taxpayer is reasonable. A 50-50 split recognises the individual benefit accrued to those with a higher education and means that they have a responsibility to contribute to the cost of their education, particularly as learners studying outside of the university system are not currently subsidised. It also acknowledges the societal and national benefits that flow from a more highly skilled workforce and increased tax-revenue from graduate and thus justifies the investment of public funds.

In terms of the allocation of subsidies for particular disciplines, the cross-subsidisation between fields of study and the cross-subsidisation of research from teaching courses, Navitas supports a review of the current framework to better reflect elements, such as:

- the true cost of delivering the program (i.e. how much does it cost to teach the program without any government subsidy or cross-subsidy from other programs);
- the expected (based on ATO data) earning capacity of graduates with that qualification.

In terms of the cross-subsidisation of research by domestic fee income, as noted above in the *Overarching Comments* section, Navitas is of the view that it is timely to begin the development of, and transition to, a new funding mechanism for pure and applied research that will see a separation of the current teaching/research funding model.

An affordable loan scheme

Consistent loan fee arrangements for all HELP loans

In finalising legislative reforms and meeting the financial sustainability savings outlined in the Budget the Government will consider a range of levels of potential HELP loan fees:

- *removing loan fees altogether would remove the current anomalies and reduce the cost pressures on fee paying students but would involve a significant cost compared to current arrangements.*
- *a modest loan fee – 5 per cent, for example – would remove the anomalies for students and providers, while leading to a slight increase in costs for students in Commonwealth supported places. This approach would enable the Government to recover a small proportion of the costs of running the HELP scheme – but still only a fraction of the expenses relating to debt not expected to be repaid.*
- *by contrast, a loan fee of 20 per cent as currently applies to VET FEE-HELP would enable the Government to recover most of the costs associated with debt not expected to be repaid. It would similarly provide for greater equity and reduce the cost pressures for undergraduate FEE-HELP students but with a greater increase in costs for students in Commonwealth supported places.*

Response

Navitas has consistently advocated for the removal of the inequality that exists for learners who access FEE-HELP or VET FEE-HELP instead of HECS-HELP in terms of the 25 and 20 percent loan fee respectively that is applied to their income contingent loans.

The application of one consistent loan fee – at for example 10 percent – on all learners whether they are studying at a university, a private higher education institution or a public or private Registered Training Organisation would serve both equity and budgetary imperatives. This is a progressive way to share the costs associated with income contingent loans across the whole cohort of debtors and redress the inequity of learners at non-public tertiary institutions paying full course fees plus higher loan surcharges on their HELP debt.

Changes to repayments and rates, a renewable lifetime limit on HELP loans and other options

In finalising legislative reforms and meeting the financial sustainability savings outlined in the Budget the Government will consider options to enhance the long term sustainability, viability and affordability of HELP student loans, including:

- *changes to repayment thresholds and rates, for example by commencing repayment of HELP debts at a lower threshold income than the current minimum (\$54,126), and/or introducing an additional higher contribution rate for high income earners (the maximum rate is currently 8 per cent for \$100,520 and above)*
- *change the indexation of HELP repayment thresholds from average weekly earnings to CPI*
- *a renewable lifetime limit on HELP loans*
- *restrictions on the availability of HELP loans or Commonwealth subsidies to those who have left the workforce permanently*
- *discontinue the HECS-HELP benefit*
- *introduce a household income test for HELP repayments*
- *recovery of debts from deceased estates*

Response

With regard to the options outlined above, Navitas makes the following suggestions:

- *Repayment thresholds and repayment rates.* Reduce thresholds from the current \$54,126 to the mid-low \$40,000 range, with tiered repayment rates of between three and eight per cent.
- *A hybrid loan indexation approach.* Adopt a tiered (or sliding scale) approach to loan indexation, with CPI indexation charged to lower income earners and the average weekly earnings indexation charged to higher income earners.
- *Renewable lifetime limit on HELP loans.* Navitas supports the proposal for a renewable lifetime limit on HELP loans as such an entitlement would assist learners to skill, up-skill and re-skill throughout their lives.
- *Restrictions on the availability of HELP loans or Commonwealth subsidies to those who have left the workforce permanently.* The application of such a measure needs to be given serious consideration. Navitas would have concerns around the definitions of 'permanently left the workforce' for example:
 - Australia will need older workers to stay engaged in the labour force as our population ages; and
 - From an equity and access perspective we would be concerned if, for example, a prospective learner on a disability pension who was unable to participate in paid work was not provided with Commonwealth support for higher education programs that support personal development, independence and engagement with the broader community.
- *HECS-HELP benefit.* Navitas supports the discontinuation of the HECS-HELP benefit, as it largely assists learners who have already chosen their preferred career – that is – it pays graduates to do what they would have done anyway.⁹
- *Introduction of a household income test for HELP repayments.* Navitas accepts the arguments put forward by Andrew Norton, which has identified a number of fairness and implementation issues with the proposal.¹⁰
- *Remove access to debt forgiveness on death.* Navitas supports the abolition of the existing ICL debt forgiveness rules to recover unpaid debt from the estate of each borrower following death. Analysis shows that such changes could have a significant impact on reducing ICL subsidies. This is consistent with the recent move by the Commonwealth to recover loans from debtors working overseas.

⁹ Andrew Norton, 'How the two major parties shape up on debates around student loan reform', *The Conversation*, 15 July 2016, available at <https://theconversation.com/how-the-two-major-parties-shape-up-on-debate-around-student-loan-reform-60861>

¹⁰ Andrew Norton, 'Should HELP repayments be based on family income?', 9 April 2016, available at <http://andrewnorton.net.au/2016/04/09/should-help-repayments-be-based-on-family-income/>

About Navitas

Navitas Ltd is an Australian global education leader providing pre-university and university programs, English language courses, migrant education and settlement services, creative media education, student recruitment, professional development and corporate training services to more than 80,000 learners across a network of over 120 colleges and campuses in 31 countries. Navitas listed on the Australian Securities Exchange (ASX) in 2004 and is now an S&P/ASX Top 100 Company, employing more than 5,800 staff globally.

Navitas believes an innovative, diverse, globally connected public and private tertiary education and training sector is critical to Australia's future prosperity, intellectual capital and social cohesion.

Background on Navitas Higher Education Providers

Navitas incorporates a number of higher education institutions that deliver programs across Australia. Following is a brief overview of our key institutes.

SAE Creative Media Institute

Founded in 1976, SAE Creative Media Institute is recognised as a global leader in creative media education delivering quality higher education and VET programs in audio, film, animation, design, games and web/mobile to more than 10,000 students. In Australia, we employ almost 400 staff to educate about 3,000 students at six campuses.

Navitas Professional Institute

NPI is a provider of niche, quality education programs across counselling, psychology, social work, criminology, nursing and associated areas. NPI's programs cover various education levels from Certificate III, Diploma, Bachelor, Honours through to Masters level. With over 30 years' experience NPI currently delivers programs to approximately 6,000 students at six campuses in Australia and employs more than 300 staff.

University Partnership Australasia

In Australia Navitas operates nine TEQSA registered Higher Education Providers, two managed campuses and two joint venture university partnerships. Across these institutions Navitas delivers foundation level awards as well as AQF awards at the Diploma, Associate Degree, Bachelor and Masters level. Disciplines taught include Commerce, Engineering, IT, Nursing, Physiotherapy and other Health Sciences, Tourism and Hospitality, Communications, Built Environment, Psychology, Social Sciences and Humanities.

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28 July 2016