

# Navitas supports the thrust of the higher education changes because they benefit disadvantaged students

## Higher Education and Research Reform Amendment Bill 2014

### Submission from Navitas Limited

In response to the Inquiry into the provisions of the Higher Education and Research Reform Amendment Bill 2014 (the Bill) referred by the Senate to the Education and Employment Legislation Committee, Navitas Limited makes the following submissions:

#### 1. THE EXTENSION OF THE STUDENT DEMAND DRIVEN SYSTEM

##### **Extend government subsidies to diploma, advanced diploma and associate degree courses.**

Navitas supports the amendments in the Bill which will open up demand driven funding to diploma, advanced diploma and associate degree courses.

The major benefits of extending government funding for these qualifications are:

- 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 students to progress into, and succeed in, further education<sup>1</sup>;
- they develop well prepared learners that have improved chances of successfully completing higher education studies<sup>2</sup>; and
- universities benefit, through partnerships and collaborations, in having well-prepared low SES and non-traditional students.

##### **Extend government subsidies to bachelor and sub-bachelor courses at non-university TEQSA accredited higher education institutions.**

Navitas supports the amendments in the Bill which will open up demand driven funding to non-university, TEQSA accredited higher education providers.

Navitas is strongly of the view that this reform will:

- Provide students with significantly increased choices as to where, how and what they can study;
- Increase access to, and participation in, higher education across all socio-economic backgrounds;
- Improve both access and academic success for students from low socio-economic status backgrounds, mature-age learners and those from rural and regional communities;
- Provide access to niche specialist and applied skills courses not offered by universities;
- Provide a more supportive learning structure for students less academically prepared;

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<sup>1</sup> **Appendix A** to this submission provides examples of non-traditional learners who have benefited from entering higher education through a sub-bachelor pathway delivered by Navitas.

<sup>2</sup> In its submission to the Review of Demand Driven Funding System (Kemp and Norton, 2013) Navitas demonstrated that well prepared and supported international students entering universities through a Navitas pathway do as well as or better than international students directly recruited by the university. Domestic students entering university via a Navitas pathway achieve similar results. Navitas has also demonstrated that domestic students with a low ATAR score, supported through a pathway program, can succeed in their university studies.

- Deliver more innovative and flexible teaching models, including improving linkages between students and industry;
- Better meet the skill requirements of students, employees, employers and the economy;
- Drive competition, diversity and innovation across the sector; and
- Redress the inequities currently in the system whereby a student studying outside the university sector pays significantly more for his or her study than a student at a university.

The Government, in the *Regulation Impact Statement to 2014-15 Budget Higher Education Reforms*<sup>3</sup>, has outlined the regulatory and market failure of the current environment. Navitas finds the analysis compelling.

In particular, Navitas makes the point that the current system limits student choice on two fronts. Firstly, not all students are treated equally. Students studying outside the university sector do not receive a Commonwealth Supported Place and pay a 25% surcharge on their student loan. This additional financial burden, particularly for students from low SES backgrounds or those working in low paying jobs are more likely to be limited in their freedom to choose the most appropriate course for their career aspirations and life circumstances. Secondly, universities do not necessarily offer courses in niche specialisations, for new and emerging skill sets or new industries. Private providers have the ability to be more agile and innovative in responding to the need for change.

Much has been written about the need for Australia to be a globally competitive country and the need for higher education systems world-wide to adapt fundamentally and with speed<sup>4</sup>.

The recently released discussion paper by the Business Council of Australia, *Building Australia's Comparative Advantages*<sup>5</sup>, outlines what we need to do to 'build an innovative economy, foster globally competitive industries and identify the types of jobs that can be created in an advanced economy like Australia.' The fundamental underpinning of this is to have a broadly educated population with the relevant skills, knowledge and abilities<sup>6</sup> that prepare them for living and working in a globally and digitally interconnected world.

## 2. FEE DEREGULATION

The reforms introduce market mechanisms of competition, choice, and deregulated fees, which support innovation, differentiation and specialisation.

The reforms will encourage competition, coupled with socially responsible and accountable decision making by higher education institutions. Ultimately fees will be judged by the market with respect to value for money, which will ensure a market responsible approach to course fee setting.

Fee deregulation is likely to result in significant diversity in fees being charged between institutions. It is also likely to lead to improvements in quality as providers seek to focus and invest more in areas of speciality, teaching and learning and student support services. To ensure that learners can make informed choices it is imperative that students have access to easily accessible and detailed information on the costs, courses, providers and comparative graduate outcomes.

Students in the non-university higher education sector stand to gain a great deal by these reforms by simply applying a level playing field, which will give them access to a Commonwealth Supported Place and no longer will see them incur a 25% loan surcharge on their debt.

<sup>3</sup> Regulation Impact Statement: 2014-2015 Budget Higher Education Reforms, 2014, pp 23-30

<sup>4</sup> For example, British Council, *Megatrends: the future of international education*, 2013; Boston Consulting Group, *Five Trends to Watch in Higher Education*, 2014; Ernst & Young, *University of the Future – A thousand year old industry on the cusp of profound change*, 2012

<sup>5</sup> <http://www.bca.com.au/publications/building-australias-comparative-advantages>

<sup>6</sup> For example: agility, adaptiveness, resilience, intercultural competence, able to work in diverse and interdisciplinary teams.

### **Establish a Commonwealth Scholarship Scheme to support disadvantaged students.**

Navitas supports the establishment of measures to ensure that disadvantaged students are encouraged and assisted to engage in higher education. As such Navitas supports the establishment of a scholarship scheme, provided that it is operated by the institution (with required accountability and reporting) and which has sufficient flexibility to allow the institution to design support programs that are appropriate and applicable to its circumstances. The scholarship scheme will provide supported pathways into higher education for students from disadvantaged backgrounds.

### **3. STUDENT LOAN SCHEMES**

#### **Merge the FEE-HELP and HECS-HELP loan schemes, including the removal of the FEE-HELP loan fee.**

Navitas strongly supports harmonising the various loan schemes into one scheme. The merging of these schemes reduces complexity and red tape, and most significantly the removal of the FEE HELP loan fee provides equity of treatment to non-university higher education students and significantly reduces their debt burden.

#### **Index student debts to 10 year government bond rate.**

Modelling undertaken by Bruce Chapman and Tim Higgins of the Australian National University<sup>7</sup> suggests this change is regressive. For that reason Navitas does not support the proposed changes to the indexation rate on HELP loans. It is clear that this change will disproportionately impact low income earners or those who take time out of the labour force, particularly women. Navitas supports maintaining Consumer Price Indexation.

Placing a limit on the amount of debt a student can accumulate over a lifetime is a potential mechanism to control the budget exposure.

### **Conclusion**

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

Navitas supports the need for reform and the Higher Education and Research Reform Amendment Bill 2014 (the Bill) with the exception of indexing student debt to the 10 year government bond rate.

Navitas believes that the introduction of market mechanisms of competition, choice and deregulated fees will lead to further innovation, differentiation and specialisation. Expanding uncapped funding to diplomas, advanced diplomas and associate degrees, offering CSP to all students, harmonising the income contingent loan schemes and introducing the new scholarship scheme will maintain a strong focus on access, choice, fairness and equity.

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<sup>7</sup> Chapman, B and Higgins, T, *HELP Interest Rate Options: Equity and Costs*, ANU 2014

Navitas 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 students across a network of over 120 colleges and campuses in 27 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.

## Appendix A – Examples of students studying at a Navitas entity

### ACAP Graduate Kathryn Phillips

*Kathryn graduated in 2013 with a Bachelor of Applied Social Science<sup>8</sup> (Counselling) studied online. She is currently studying the Master of Counselling and Psychotherapy at the Australian College of Applied Psychology (ACAP) and working as a counsellor at Centacare Family Services and St Paul's Primary School, both in Mildura, Victoria.*



#### **Why did you choose ACAP?**

In 2009 I was between professions. I knew I wanted to be a Counsellor instead of an Adult Disability Worker, but I didn't know the best pathway. So I had been self-employed as a cleaner for two years pondering how to go about achieving my goal. A friend applied to ACAP for a degree through distance education and I thought this could be my way of studying while still earning an income.

#### **Did your ACAP qualification help you to achieve your goals?**

Yes. I always wanted to do more in life and without the qualification it was impossible to gain employment. By working for myself as a house cleaner/aged social support person while undertaking the Bachelor degree, I could study online and work at my pace. ACAP required 2 lots of work experience, which gave me the opportunity to access the counselling profession and eventually achieve this goal.

#### **How has studying with ACAP benefited you?**

My family depended on my ability to earn an income, and being self-employed meant I could do this and study at home. My family then worked around my study patterns. It was a win/win situation. I grew in confidence by taking on two subjects per term during my Bachelor study and I was supported by ACAP's flexibility team via the internet.

#### **Describe your ACAP Experience**

Over the five years studying with ACAP, I found the teachers supportive and encouraging unlike any others I had experienced. They are able and willing to share their learning experience as a means of encouraging their students. The flexible delivery service is so well organised that my ability to meet the study expectations is obtainable, and I was surprised at how well I could juggle work, family and study.

The standard required by ACAP is high but the level of professionalism that I gained is constantly confirmed throughout my daily work. I was guided through the academic challenge with clear specific guidelines.

#### **Did you enjoy studying online?**

The support from the flex delivery team and the IT team is brilliant, all of my requests (although very few) are met with timely responses. Although I live in country Victoria I have been able to access the best academic education that is usually only on offer for the City residents. The applied learning modules mean I actually get to do (implement) what I am learning. I have been a great

<sup>8</sup> The 2014 fees for a Bachelor of Applied Social Science at ACAP are \$43,440. Students can access FEE-HELP, which attracts a 25% surcharge for attending a non-university higher education provider.

advocate for ACAP because I have broken mould, smashed the myth. It can be done I am living and working proof that others can reach their goals via studying online. Because of the accessibility to higher education via the internet, I have found I will not settle for less than the best, I can reach out and access the best, thanks ACAP for making this possible.

**What are your future plans?**

My future plans are to be self-employed as a Counselling Psychologist. After completing the Bachelor degree I was able to enrol in the Master of Counselling and Psychotherapy with ACAP via flexible delivery through the Melbourne campus. I will use my current workplace as a stepping stone to gain as much experience as possible before attempting to move out on my own.

**What would you say to someone considering studying at ACAP?**

DO IT. I have already recommended three people to access ACAP, they have all made contact. I see they have had the same barriers to study growth as myself such as; low self-confidence, a negative study experience from school as a young person, need to work to provide income, desire to achieve more but not know the pathways available.

**QIBT College Students**

<p>Student A Diploma of Health Care (Nursing)</p>	<p>Student A has a Cert III TAFE – Aged and Community Care, and worked for the Cerebral Palsy League for 2 years. Admitted as Mature-Aged applicant. Husband had an accident a couple of years ago, had a head injury and is unable to engage in paid work.</p> <p>FEE HELP – Program Fee: \$17,690 + 25% loan fee</p>
<p>Student B Diploma of Health Care (Nursing)</p>	<p>Student B has been a stay-at-home mum for 17 years, after completing year 10 at high school. Admitted as Mature-Aged applicant</p> <p>She has 6 children and is facing some challenging family circumstances – we have allowed significant flexibility to ensure she has a chance of achieving a HE qualification.</p> <p>FEE HELP – Program Fee: \$17,690 + 25% loan fee</p>
<p>Sebastian DISIOT Diploma of Engineering</p>	<p><a href="http://study.qibt.qld.edu.au/sebastiansstory">http://study.qibt.qld.edu.au/sebastiansstory</a></p> <p>Mature Aged applicant.</p> <p>FEE HELP – Program Fee: Program Fee: \$19,720 + 25% loan fee</p>
<p>Student C Diploma of Health Care (Nursing)</p>	<p>Student C applied via QTAC and admitted as Mature-Aged applicant. She has a Cert III in Floristry, and completed high school in 1983.</p> <p>FEE HELP – Program Fee: \$17,690 + 25% loan fee</p>
<p>Student D Diploma of Health Care (Nursing)</p>	<p>Student D has Cert III in Aged Care, Home and Community Care, and a Cert II in Adult General Education from TAFE (2005). She left school after year 9, has worked as an Assistant Nurse at QNU, and was admitted as a Mature-Aged applicant.</p> <p>FEE HELP – Program Fee: \$17,690 + 25% loan fee</p>
<p>Student E Diploma of</p>	<p>Student E completed Year 11 at Benowa SHS, and a Cert IV in Business. She was admitted on the basis of the Cert IV. Mature Aged applicant</p>

Engineering	<p>Payment Plan (instalments) – Program Fee: \$19,720.00</p> <p>QIBT provided free bridging 10 week Maths B course concurrent to commencing the Diploma.</p>
Student F Diploma of Health Care (Nursing)	<p>Student F completed year 12 in 2013 at Pacific Pines SHS, and was admitted on that basis. Student has a hearing disability.</p> <p>FEE HELP – Program Fee: \$17,690 + 25% loan fee</p>
Shabnam Ahmadsada Diploma of Biosciences	<p><a href="http://app.griffith.edu.au/news/2014/09/15/from-afghan-refugee-to-brisbane-ambassador/">http://app.griffith.edu.au/news/2014/09/15/from-afghan-refugee-to-brisbane-ambassador/</a></p> <p>FEE HELP – Program Fee: \$19,880 + 25% loan fee</p>

## SAE Institute Students

Student A Bachelor of Audio	<p>Student A is 21 and completed Year 12. He is now in trimester 3.</p> <p>Student A is from refugee background, and was recently been granted citizenship. He completed a Diploma of Ministry studies before enrolling at SAE and works part-time while he studies.</p> <p>Rational for choosing SAE: Student A would like to start his own business and wanted the industry experience in order to do that.</p> <p>FEE HELP – Program Fee: \$46,200 + 25% loan fee</p>
Student B Bachelor of Games Development (Games Programming)	<p>Student B is 27 and completed Year 12. He is in trimester 3.</p> <p>Rational for choosing SAE: 'SAE courses provide current curriculum and evolve with new technology. Also that I am being taught not only the tools to perform well as a Games Programmer but also how to manage myself and my projects as a creative industry professional.'</p> <p>FEE HELP – Program Fee: \$46,200 + 25% loan fee</p>
Student C Bachelor of Animation	<p>Student C is 20 and completed Year 12. She is studying at SAE's Melbourne campus and is in trimester 2.</p> <p>Student C comes from a low socio-economic background and a migrant family. Her mother works to support the family of five.</p> <p>Rational for choosing SAE: Student C chose SAE as she has a passion for animation and is very dedicated to her studies.</p> <p>FEE HELP – Program Fee: \$46,200 + 25% loan fee</p>
Student D Bachelor of Graphic Design	<p>Student D is 21 and has a Diploma of Digital Media. She is studying at SAE's Sydney campus and is in trimester 6. She is first in her family to undertake higher education.</p> <p>Rational for choosing SAE: Student D was looking to move to Sydney to study</p>



	<p>but did not want to go a university but rather somewhere that specialised in the creative industry.</p> <p>FEE HELP – Program Fee: \$46,200 + 25% loan fee</p>
<p>Student E Diploma of Sound Production</p>	<p>Student E is 31 and completed Year 10. Financial obligations have meant he is unable to commit to full time study. Student E is the first person in his family to undertake tertiary studies and this drives him to succeed even more.</p> <p>FEE HELP – Program Fee: \$15,600 + 20% loan fee</p>
<p>Student F Bachelor of Interactive Technologies - Web &amp; Mobile</p>	<p>Student F is 23 and completed Year 12. She is in trimester 6.</p> <p>Rational for choosing SAE: Student G says that the courses are constantly changing to accommodate the fast-paced creative industries, and the opportunities in this field are limitless.</p> <p>FEE HELP – Program Fee: \$46,200 + 25% loan fee</p>
<p>Student G Bachelor of Design -Graphic Design</p>	<p>Student G is 25 and completed Year 12. She is in trimester 3.</p> <p>In the early 2010 as a result of regional floods, Student G and her mother were forced to move from their home and needed to relocate, away from the flood area. Unable to sell the previous home, they are now paying two mortgages. One of her goals is to finish her current course so she can start earning and take care of her mother.</p> <p>Rationale for choosing SAE: Student G chose SAE for its relatively small size. She wanted somewhere she would not feel like 'just another number'.</p> <p>FEE HELP – Program Fee: \$46,200 + 25% loan fee</p>
<p>Student H Bachelor of Audio Production</p>	<p>Student H is 63. He completed Year 10 in 1968 and completed a higher education degree in 2001. He is in trimester 6.</p> <p>Student H gained entry to an audio degree program two years ago. As a mature-aged student, he had extensive practical experience in the music industry. Academic staff provision of supplementary support in areas of literacy and numeracy enabled him to successfully complete his course.</p> <p>Rationale for choosing SAE: To try a different career.</p> <p>FEE HELP – Program Fee: \$46,200 + 25% loan fee</p>



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