

UNIVERSITIES ACCORD (STUDENT SUPPORT AND OTHER MEASURES) BILL 2024

SEPTEMBER 2024





OVERVIEW

The Regional Universities Network (RUN) welcomes the opportunity to comment on the Universities Accord (Student Support and Other Measures) Bill 2024 (the Bill).

RUN is a national collaborative group of seven regional Australian universities: Charles Sturt University, CQUniversity Australia, Federation University Australia, Southern Cross University, University of New England, University of Southern Queensland, and University of the Sunshine Coast.

This submission reflects the positions of RUN institutions, and in doing so, also aims to represent the views of the communities which RUN universities serve; the one-third of Australians who live outside of metropolitan centres in regional, rural and remote locations. In providing a response to this Bill, RUN have responded to the sections most closely aligned with our expertise and have therefore not responded to Schedules 5 and 6.

Broadly speaking RUN supports the intent of the legislation, implementing key recommendations from the Australian Universities Accord. RUN, however, has significant concern about the lack of detail surrounding key elements of the legislation, especially those that would seemingly place significant administrative/regulatory burden on regional universities to administer.

In particular, RUN holds the firm view that the Government, and not individual universities, must administer the allocation of Commonwealth Prac Payments to students.

For further information please contact RUN on 0408 482 736 or info@run.edu.au.

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SCHEDULE 1 – HELP INDEXATION

RUN represents the universities that host the nation's highest proportions of students from low-SES (and other equity) backgrounds. As such, RUN is supportive of measures that seek to reduce the immediate cost of living and cost of study pressures faced by students, acknowledging that these pressures impact upon the participation and success of students most acutely. RUN is broadly supportive of the Bill's amendments to the HELP indexation methodology, insofar as it is designed to limit the escalation of loan indexation during inflationary economic conditions.

I RUN SUPPORTS

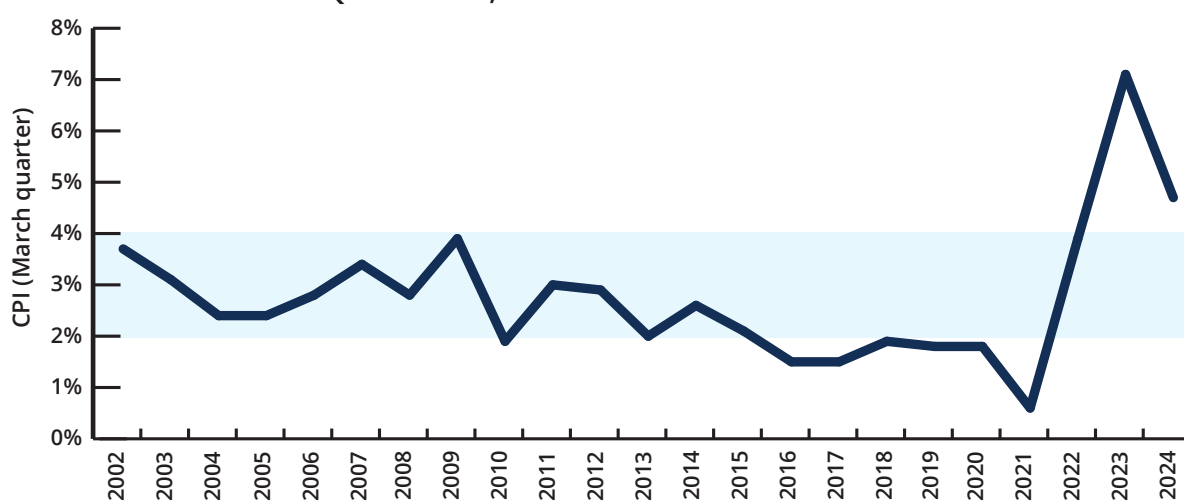
amendments to the HELP indexation methodology.

However, for a student studying today the benefits resulting from amendments to HELP indexation methodology are delayed and offer no immediate cost of living/cost of study relief. These changes will not impact the ongoing fortnightly repayments made by those who currently have a HELP liability. These changes reduce – modestly – the overall quantum of student debt, which brings forward the date of an individual's final loan instalment, long after the student has graduated and entered into a Government-mandated repayment regime (provided they earn above the compulsory repayment threshold).

While RUN does not oppose the proposed change, it is important to note that the immediate-term benefits of this measure will be realised by former students who have graduated years – even decades – ago via the possible reduction of their overall repayment time. These amendments will provide little to no cost of living/cost of study relief to those students enrolled at Australia's universities today, who face the immediate pressures of study during the current cost of living crisis. Nor will there be any substantial, immediate benefit to Australians currently paying off their HELP loan. If these students are already in the workforce, their ongoing HELP loan repayments remain fixed and unchanged under this amendment.

It is important to consider the indexation change in the broader context of the unique economic circumstances which have led to higher than historically normal indexation rates. RUN supports indexation, that being, the method in which nominal values are kept as real values. Indexation ensures that HELP debts are not eroded by inflation. In a high inflationary environment, indexation rates are higher, and when inflation is low, indexation is similarly low. As shown below in Figure 1.¹, indexation has historically been between two and four per cent. It is only the recent, and unique inflationary pressures that have led

Figure 1. Annualised March Quarter CPI, 2002-2024



Note: CPI as measured here is done so in accordance with the methodology set out in the Higher Education Support Act 2003

1 Australian Bureau of Statistics. (Jun-quarter-2024). Consumer Price Index, Australia. ABS. <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>.

SCHEDULE 1 – HELP INDEXATION

to an unusually high indexation factor. This inflationary pressure is also reflected in the rising Wage-Price Index (WPI) number.

As shown in Figure 2.^{2,3}, when considering the March quarter Consumer-Price Index (CPI), over the past 20 years, it has been lower than WPI for 17 of the past 20 years^{4,5}. Considering this, RUN recommends due consideration of this change, which increases the complexity of the HELP system, while delivering limited cost of living relief for HELP debtors.

I RUN RECOMMENDS

the consideration of other/additional measures that may provide more immediate and meaningful reductions in the cost-of-study pressures faced by Australia's most disadvantaged student cohorts.

Beyond the change to using the lower of the two index numbers, this bill makes two other changes to the HELP system. Firstly, due to the changes of using the lower of CPI or WPI, it has been necessary for the reference quarter to be

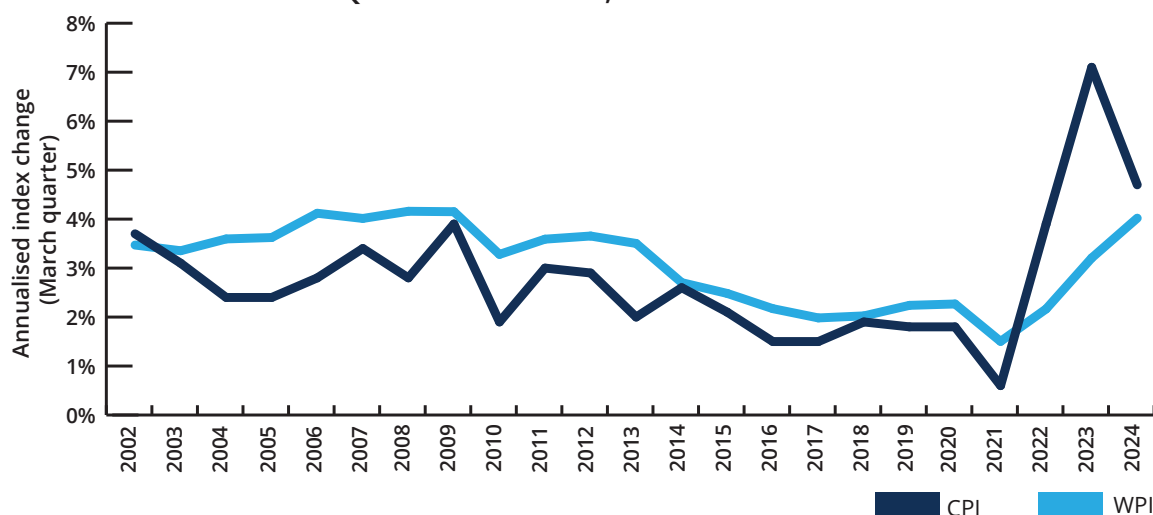
changed from March to the December quarter prior. This is not an insignificant change, as it can have marked impacts on the indexation rates applied. For instance, the change of indexation quarters on CPI would lower the 2023 indexation rate from 7.1 per cent to 6.6 per cent, however the 2024 indexation rate would increase to 5.6 per cent instead of 4.7 per cent.

Secondly, this Bill implements a refund mechanism for students who had a debt that was impacted by the higher indexation rates. **RUN supports this change.** It should be noted that while RUN understands the operational realities of issuing those refunds through the income tax system, the timing of these backdated refunds will be such that it will have limited impact on immediate cost-of-living pressures.

I RUN SUPPORTS

the refund mechanism for students who had a debt that was impacted by the higher indexation rates.

Figure 2. Annualised March Quarter CPI vs WPI, 2005-2024



Note: Indexes as measured here is done so in accordance with the methodology set out in the Higher Education Support Act 2003

2 Australian Bureau of Statistics. (2024, June). Wage Price Index, Australia. ABS. <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/jun-2024>.

3 Australian Bureau of Statistics. (Jun-quarter-2024). Consumer Price Index, Australia. ABS. <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>.

4 Australian Bureau of Statistics. (2024, June). Wage Price Index, Australia. ABS. <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/jun-2024>.

5 Australian Bureau of Statistics. (Jun-quarter-2024). Consumer Price Index, Australia. ABS. <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>.

SCHEDULE 1 – HELP INDEXATION

RUN calls upon the Government to consider a fuller suite of measures as part of its consideration of pricing and debt-accumulation factors impacting the immediate and ongoing cost-of-study for Australian students. The Australian Universities Accord (the Accord), for instance, highlighted the need to move to a marginal repayment rates approach to HELP debts; extending eligibility criteria for student income support payments for some part-time students as well as increasing the threshold for

the parental income test for eligibility for some students; and of course, a reassessment of the structure of underlying student contributions depending on field of study.

I RUN RECOMMENDS

the implementation of the Accord's fuller suite of measures that seek to reduce cost-of-study and debt-accumulation pressures for Australian students.



SCHEDULE 2 – SSAF CHANGES

RUN acknowledges the amendment that requires a 40 per cent proportion of collected Student Services and Amenities Fees (SSAF) to be allocated to student-representative bodies, so that they may have agency in determining which services and amenities can be funded. However, RUN seeks clarity on how the 40 per cent proportion was derived, and urges greater consideration as to how this legislated requirement may be implemented fairly and equitably in non-metropolitan contexts. Regional universities typically operate multiple, dispersed campuses across regional (and metropolitan) locations with smaller student cohorts. Students attending regional universities are also more likely to be mature-age, part-time and/or studying online. This highly dispersed student/campus footprint, coupled with the distinct study profile of regional students, complicates a representative system of SSAF redistribution in a fair and equitable manner. It is essential that SSAF revenue can be allocated towards (for instance) online support services, study skills programs, and digital resources that directly benefit these student cohorts most comprehensively. RUN therefore seeks greater detail on what supports/amenities/services student-representative bodies may direct SSAF funds towards, given that providers ultimately hold compliance accountability under the legislation.

The definition of “student-led organisations” must be broad enough to encompass the provision of services that goes beyond traditional on-campus offerings. An unintended consequence of the legislative changes may be a redirection of SSAF funds away from centralised university-managed services (such as online support services, academic assistance, mental health resources, career advice etc...) towards non-essential recreational student-led activities. While recreational student-led activities are important, policy consideration must be given to how such activities can be provided without diminishing those core centralised support services funded under current arrangements.

RUN is concerned about the institutional regulatory burden of administering the proposed SSAF changes, with this burden almost certain to fall disproportionately upon those smaller/regional universities which have the least capacity to absorb additional regulatory requirements. RUN also notes that not all universities currently have an existing, established student representative body and therefore questions the regulatory necessity for requiring individual annual plans as part of a three-year implementation requirement. It may be more appropriate to incorporate the reporting requirements through the compacts process. As part of the implementation plans being proposed, the Government could engage with individual universities and develop institutional specific implementation plans, including a phased deployment of the 40 per cent SSAF being allocated to student-representative bodies.

RUN OPPOSES

the additional regulatory burden associated with administering the proposed SSAF changes.



SCHEDULE 3 – FEE-FREE UNI READY COURSES

RUN is highly supportive of any increase in student accessibility of preparatory university courses, noting that a widening of this academic bridge is essential to achieving population parity in university attainment for those student groups who have been historically underrepresented in Australia's graduate workforces. However, it is paramount that provider autonomy is retained with respect to the ability to tailor or evolve preparatory course offerings uniquely to cohort need, rather than a provider being confined to delivering prescribed, one-size-fits-all enabling courses. The proposed legislation's mechanism for increasing funding per Equivalent Full-Time Student (EFTSL) is a necessary and welcome change, given the current funding often falls short of covering the true cost of delivering preparatory courses.

I RUN SUPPORTS

the broadening of student access to Fee-FREE Uni Ready courses.

RUN seeks greater clarification of the proposed legislation in how the proposed funding would interact with other Government support mechanisms such as regional loading or the proposed Needs-based Funding resulting from the Accord. Noting the higher costs associated with tertiary service provision in thin regional market contexts, and the higher support needs that regional students tend to require for success, RUN strongly argues for regional loading to be applied to the core base level of funding for the Fee-FREE Uni Ready courses.

I RUN RECOMMENDS

regional loading be applied to the core base level of funding for the Fee-FREE Uni Ready courses.

RUN also seeks clarification about the methodology involved in setting the amount of the Fee-FREE Uni Ready course at \$18,287.



SCHEDULE 4 – COMMONWEALTH PRAC PAYMENTS

RUN is supportive of the principle of cost-of-practicum relief for students undertaking compulsory placement as part of their study (including the inclusion of Vocational Education and Training students within this provision).

I RUN SUPPORTS

cost-of-practicum relief for students undertaking compulsory course placement requirements.

However, RUN does not support the administration of Commonwealth Prac Payments falling to universities themselves. **This is a process that must occur between a student and the Government.**

I RUN RECOMMENDS

that the Government take responsibility for the administration of Commonwealth Prac Payments to students.

RUN holds concerns that, should universities be the administering body for Commonwealth Prac Payments, then inconsistencies may arise at a national level between the individual institutions within the sector (and potentially even between the faculties of the same provider), in terms of the outcomes of administering student eligibility and verification, the timeframes for processing payments, and dispute resolution processes. The acute resource asymmetries that exist between Australia's tertiary providers may well lead to differences in the timely and consistent processing of Commonwealth Prac Payments, which has the potential to invite unintended and inequitable outcomes for Australian students.

Those universities that host the highest proportions of students studying courses with mandatory practicum requirements, combined with student cohorts that would be most likely to meet eligibility thresholds (due to low-SES density, or students already in the workforce) will be smaller, regional universities (as discussed in more detail below). It is these universities who are least likely to have the resources required to accommodate the magnitude of regulatory burden required to

administer a Commonwealth Prac Payments allocation regime, without diversion from core business activities.

There must be a nationally consistent process of administering the Commonwealth Prac Payments appropriately and in a timely manner so that eligible students receive the payment while on placement, when they need it the most. **This must be done in a way that does not divert university resources and focus away from core educational duties.** It is also important to consider whether Australia's universities are best placed to collect and store confidential student information (relevant to eligibility) securely and consistently, and whether students would be comfortable handing sensitive and private information over to their tertiary provider. **RUN recommends that the allocation of Commonwealth Prac Payments be administered in a consistent and timely manner via a single national entity equipped to handle confidential personal data, such as Services Australia, or the Department of Education.**

RUN would also seek greater detail around the policy expectations of allocating a Commonwealth Prac Payment grant to an eligible student who fails to complete a placement.

- Would the administrator be obliged to recover the grant from a student who has un-enrolled?
- Could the grant roll over for a student who plans to re-attempt a (deferred) placement?

RUN holds additional concerns over the proposed quantum of practicum payments, and the narrow eligibility thresholds that could be applied. Too strict an application of eligibility criteria may result in the benefits of Commonwealth Prac Placements not being distributed to the student cohorts who the policy is designed to help. At present, information about the "means-tested" criteria/eligibility is absent from the Bill and thus prohibits nuanced understanding of how the policy will work in practice. For instance – and assuming that universities themselves

SCHEDULE 4 – COMMONWEALTH PRAC PAYMENTS

are required to administer the allocation of Commonwealth Prac Payments – will eligibility be limited to only those that are currently receiving other social security payments? If so, how will universities be able to verify this information? Would provider grants be sufficient to cover all eligible students at an institution (via a demand-driven approach to allocation) or would allocations occur under a ‘first come, first served’ basis until the institution’s annual grant allocations are exhausted? If it was to be the latter, RUN would hold significant concerns over the equity of the provision, and the unintended consequence of enrolment decisions being (understandably) influenced by a student’s financial perspectives. It would therefore be important for a student to understand whether they will receive a Commonwealth Prac Payment before the census cut-off date of the relevant unit, so they may make informed enrolment decisions without financial and academic consequence. RUN would not support any institution being forced to deny a support allocation to an eligible student, simply because the institutional grant pool has been exhausted.

I RUN RECOMMENDS

Commonwealth Prac Payments be allocated via a demand-driven, needs-based approach.

Notwithstanding the concerns outlined above, RUN remains supportive of the principle of cost-of-practicum relief for students undertaking compulsory placement, acknowledging that RUN hosts the nation’s highest proportions of students from equity backgrounds who may be more likely to benefit from the measure.

RUN universities enrol students more likely to come from an equity background, than compared to the students of metropolitan universities. In 2021, RUN universities hosted 12 per cent of all domestic student enrolments, yet enrolled⁶:

- 28 per cent of all regional/remote students nationally

- 23 per cent of all First Nations students
- 20 per cent of low-SES students
- 13 per cent of all students living with a disability.

Equally, regional university cohorts are also more likely to be mature-aged students and therefore are more likely to have pre-existing employment and care-giver responsibilities that compete with the affordability of mandatory unpaid placements. Furthermore, students at regional universities often face geographical disadvantages, such as regional placement locations being at a greater distance – sometimes hundreds of kilometres – from their homes. RUN also hosts a higher proportion of students studying courses with mandatory practicum components. In 2021 for instance, the portion of Health and Education students (to total EFTSL) at RUN universities was 44 per cent, compared to a sector average of 36 per cent⁷. As such, RUN students would be more likely to derive benefit from Commonwealth Prac Payments.

I RUN BELIEVES

that paid practicum provisions will go some way in addressing the acute shortages of key skills in regional communities, such as nurses, teachers and social workers.

RUN supports a Commonwealth Prac Payments policy administered by the Government (rather than individual providers), noting the significant benefits this policy will provide to students studying at regional universities. However, RUN is uneasy with the lack of detail in the proposed legislation which carries significant risk.

I RUN RECOMMENDS

that Schedule 4 – Commonwealth Prac Payments be significantly enhanced to provide greater clarity, certainty, and assurance to universities to ensure the policy intent of the Commonwealth Prac Payment is met.

⁶ Australian Government, Department of Education, Higher Education Statistics, 2021 Student Data, accessed via: <https://www.education.gov.au/higher-education-statistics/student-data>

⁷ Ibid.



For further information please contact
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