

IRU Submission – Cost recovery implementation statement

The Innovative Research Universities (IRU):

- opposes the government’s plan to levy a higher education provider charge; and
- accepts, but does not endorse, levying an application fee for providers wishing to access FEE-HELP.

If the Parliament passes the legislation now before it, the proposed charging scheme, as set out in the Cost Recovery Implementation Statement, provides a viable model to distribute estimated expenses according to the main drivers of that expenditure.

Why the higher education provider charge is not cost recovery

The ostensible reason for the higher education provider charge is to recover the cost to Government of providing HECS-HELP and FEE-HELP. The schemes to assist students study out of Australia (OS-HELP) and to pay the student services charge (SA-HELP) are not included.

Charging providers for students’ use of HECS-HELP and FEE-HELP avoids recovering costs from those who actually use the schemes – the students. This shows the fundamental error underlying the charge as proposed by the Government.

The Government - rightly - will not charge students directly for access to HELP. Yet it will, instead, penalise students by further reducing the resources universities and other higher education providers have to deliver students a good education. Since the charge is tied tightly to cost generators it involves several per student elements. This will have greater impact on universities and higher education providers with higher proportions of part time students.

The IRU members would not deny their students access to HELP nor does the IRU propose that students should pay to access HELP. Rather, as a Government program that reduces Government direct expenditures on higher education the Government should bear the cost.

Cost Recovery Implementation Statement

The [Cost Recovery Implementation Statement](#) attempts to rationalise the charge. It argues that it would be an incentive for higher education providers to reduce the call from students on the Department of Education for advice about HELP (page 4 of the Statement). At page 10 it recognises that universities and other providers act as a ‘delegate of the Secretary [of the Department of Education and Training]’ in considering requests for remission of HELP.

In effect the Statement acknowledges that the Government’s schemes to assist students rely heavily on universities and other providers to operate. The Government ought to pay universities and other providers for the cost of this service, which would be true cost recovery. Instead, it wishes to charge universities and other providers for the benefit of assisting the Government implement its programs for students.

Department statements should be accurate in their language and consistent with relevant legislation, in this case the *Higher Education Support Act 2003* (HESA). HESA applies in various ways to higher

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education providers, nearly all of which are universities, listed in Tables A to C of HESA, with some other higher education providers approved for Commonwealth Supported Places and many approved as suitable for their students to access HELP.

References to 'public universities' and 'private universities' are confusing since the distinction does not exist in HESA nor the Higher Education Provider Category Standards. Nor is it correct to state 'there is no process in place to become a university' given several have been approved over the past decade. If the Statement refers to the lack of Government policy about inclusion of additional universities on the HESA Tables that may well be correct but it is otiose to the question of charging universities and other higher education providers for a service to students.

How much is to be raised?

The statement makes clear that the initial guess in the 2018-19 budget at the cost of servicing HELP was too generous. The current estimate of the relevant costs is just over \$3.5 million, which means a significant proportion of the first year's charge has been consumed in implementing it.

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