

# Call for a Single Equitable Student Loan Scheme

COPHE Key Issue #2

**COPHE continues to highlight the need for a single, coherent and equitable student loan scheme.**

Most students in higher education access HECS-HELP, which is a combination of a Commonwealth grant and an income contingent loan to help them pay their fees. With a few exceptions in teacher education and nursing, it is only available to students enrolled in public universities.

**There is no administration fee applied to HECS-HELP.**

FEE-HELP is a loan scheme that helps eligible higher education students enrolled in a fee-paying place offered by Commonwealth-approved providers (ie accredited private institutions) to pay their tuition fees.

**Undergraduate students at private higher education providers pay a 25% loan administration fee to access FEE-HELP.** This would be an extra \$12,500 on a \$50,000 three-year course. The funds are sent to the Government, not the institution.

Hugh Cox, an investment farmer, is a Bachelor of Agribusiness graduate from Marcus Oldham College in Geelong. He was part of a COPHE student group who met with met Senators in Canberra to appeal for fair treatment for non-public university students. He said private students deserved equal treatment because they made the same contribution to society as their university counterparts and would be paying the same taxes.

He said the 25% loan fee was particularly unfair. "Students should be able to choose what works best for them without being penalised," he said. "I was initially at a university where I was in lectures of up to 500 students. I swapped to Marcus and had class sizes of about 20. The lecturers had proven industry knowledge from leading companies and provided great networking opportunities. They gave me the best start for my future career in international investment in Australian agriculture," he said. "There are other students who do not want to be lost in a crowd of 500 and with the reforms, more would be able to make that choice."

An increasing number of Australian students are choosing private providers because they often offer better internship and employment prospects, smaller classes, more face-to-face hours and lecturers who actively work in the industry.

Both private and public courses are accredited by the same national agency, the Tertiary Education Quality Standards Agency (TEQSA), but the loans are not treated equitably. The 25% fee discourages students from choosing the best provider to meet their needs. It limits innovation and diversity in the higher education sector – and works similar to a tax on private higher education.

Furthermore, the FEE-HELP loan fee is not applied to:

- Post-graduate study,
- enabling courses,
- study undertaken through Open Universities Australia or
- bridging study for overseas-trained professionals.

The 25% loan fee is ONLY applicable to undergraduate students at private higher education providers.

In addition to this inequity, eligible undergraduate students enrolled in a HECS place who want to undertake some of their study overseas are also eligible for an OS-HELP loan to cover travel and study expenses. However, FEE-HELP students cannot access OS-HELP.

**The most efficient and effective way to address the inequity between HECS-HELP and FEE-HELP is for all Australian higher education students to use the same student loan scheme.**

Updated October 13, 2015