



CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND SUBMISSION

- ▶ *Driving Innovation, Fairness and Excellence in Australian Higher Education*

Australian Government – Department of Education and Training

JULY 2016

Introduction

1. The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide a submission to the Department of Education and Training on the *Driving Innovation, Fairness and Excellence in Australian Higher Education* consultation paper.
2. There is no question as to the importance of the tertiary sector to Queensland's economy. International evidence shows that strong university sectors are associated with stronger economies and higher standards of living. Greater levels of education attainment are linked to better wages and result in a highly-skilled workforce that can meet the needs of Queensland's businesses and transitioning economy.
3. Improving the university system and increasing the number of tertiary educated employees is particularly important for Queensland. Aside from Tasmania, Queensland has the lowest proportion of 15-75 year olds with bachelor degrees or above. With the State Government pushing heavily for a more knowledge-driven economy after years of reliance on the resources sector, this presents a major challenge for the State.
4. From an industry perspective, there are a number of challenges which face the Australian Government, including:
 - Positioning universities to better respond to the imbalances of demand and supply in the labour market;
 - Lifting the overall skill levels of the workforce by providing equitable access to tertiary education;
 - Integrating innovation, entrepreneurship and excellence across all faculties to form part of institutional identity; and
 - Reorientate the outcomes of university research to prioritise commercialisation.
5. Undoubtedly, many of the parameters in which universities operate under are often driven by the amount of government funding and its financial position. Accordingly CCIQ supports a three-pronged approach which is to advance the quality of our universities, ensure they are sustainably funded and continue the equitable access to tertiary education for all Queenslanders.
6. As such, CCIQ believes a number of the options proposed in the consultation paper are valid in achieving this scenario and wishes to provide commentary accordingly.

Funding sustainability

7. The success of business is contingent on being able to employ people with the right skills whenever they need to. Universities will play an essential role in ensuring there are job-ready graduates for businesses to readily employ, particularly for businesses dependent on a highly-skilled workforce.

8. When looking at the two factors of availability and skills, CCIQ supports the move away from full deregulation of university fees, which has the potential to discourage prospective students from studying some courses due to higher studying costs.
9. However, it is very well understood that the annual cost of student loan programs to the Federal Budget is unsustainable, with the independent Parliamentary Budget Office's analysis finding the loans scheme will cost the budget \$11.1 billion by 2025-26, up from \$1.7 billion currently. This amount covers the scheme's generous interest rates and loans that will never be repaid.
10. In recognition of budgetary implications, CCIQ supports a number of other options outlined below which considers the budget constraints, improves the rate of debt recovery and delivers better return on investment for taxpayers.

Changes to repayment thresholds and rates

11. CCIQ supports a move to lower the threshold income from the current minimum of \$54,126 as well as introducing an additional higher contribution rate for high income earners. The minimum threshold should be based upon the salary of successfully attaining a graduate job where tertiary education is required.
12. According to the latest research by Graduate Careers Australia, the base starting salary for bachelor degree graduates is \$40,000. While lowering the minimum threshold for repayment may mean that there is essentially less money in the pocket of graduates in the early years, the debt accumulated will be smaller and paid off sooner.
13. CCIQ also supports higher contribution rates for high income earners. Those earning above the full-time adult average weekly total earnings (\$1,556.30/week as at November 2015) should have the capacity to support increased repayment rates. It is expected that this would affect those earning over \$80,927.
14. Repayment rates for income brackets above \$80,927 could potentially increase by 1% increments, as opposed to the current 0.5% increases. This would see many of those in the highest bracket, generally those earning over \$100,000, have their repayment rates increased from 8% to 10% which in the context of their earnings should not result in significant financial hardship.

Restrictions on HELP loans to those who have left the workforce permanently

15. For those who have left the workforce permanently, restrictions on HELP loans or Commonwealth subsidies should be put in place as it is evident that such loans would never be repaid. It is reasonable to expect that publicly funded money is used in a way which provides a return on investment.

Recovery of debts from deceased estates

16. CCIQ supports plans to recover debts from deceased estates, only where the assets are worth \$100,000 and above to ensure recent/low-income graduates are not affected. This would bring HECS-HELP debt in line with other debts such as mortgages, credit card debts and other loans. Ending the HECS-HELP write-off, just from deceased estates worth over \$100,000 alone, has been estimated to save up to \$800 million a year.

Potential HELP loan fee

17. CCIQ strongly opposes a loan fee of 20 per cent to recover most of the costs associated with debt not expected to be repaid. This will significantly increase the costs for all students and places the issue of unpaid debts not being repaid unfairly and squarely on responsible students who pay their way.
18. Essentially, the goal should be to introduce a measure which reduces the amount of debt that does not get repaid, as opposed to offsetting them. However, a modest loan fee of no more than 5 percent would be acceptable to cover the cost of running the HECS-HELP scheme. It is expected that a 5% loan fee would still recover a proportion of the expense relating to debt not expected to be repaid.

Continued and/or increased support for disadvantaged students

19. The proportion of people from regional and remote Australia who participate in higher education continues to decline in relative terms. Changes in policies which would see funding being cut to support these disadvantaged students that encourages them to take on further education is not supported.
20. Growing regional capacity will become increasingly important for Queensland to maintain the diversity in Queensland's economy as well as attract more investment, increase exports and job creation. This undoubtedly requires a skilled workforce in these regional areas to support and build a more vibrant and sustainable local economy.
21. As such, CCIQ also supports increasing the regional presence of universities through a new infrastructure fund to bring existing campuses to a standard and quality expected of Australian universities. However, priority should also be in seeking opportunities for collaboration and use of new technologies which enhance access to higher education for students not living near established campuses.

Quality Indicators for Learning and Teaching (QILT)

22. In line with commentary from the Australian Chamber, the HECS-HELP reform must include a better informed market. Universities are an important source of information to students, but

relying only on the provider may not give sufficient arm's-length information on the job prospects of certain courses and university choices. A federal program to develop careers skills advice and an informed market is needed.

23. Although the Quality Indicators for Learning and Teaching (QILT) program will provide students, parents and career advisers with information on the performance of universities, more needs to be done. A robust approach to an informed market should most importantly generate real choice for students based on quality information.
24. This includes providing data on employer satisfaction, prospective earnings as well as real graduate employment and income data, and a longitudinal survey of graduate outcomes.

Further enquiries

25. We thank the Department for the opportunity to provide comment and welcome any feedback. Please contact Catherine Pham, Policy Advisor, at cpham@cciq.com.au for matters relating to this submission.