

FEE-HELP claims are wrong

Letters | *March 07, 2008*

I WAS disappointed to read Luke Slattery's comments regarding private higher education providers and FEE-HELP ("[Not too late for another way forward](#)", Higher Education online, March 5) and feel compelled to respond to a number of common misconceptions.

His claim that private providers are "awash with government subsidies" is totally incongruous with reality. I am aware of no government subsidy specific to a private higher education institution that is not available to any university - be it an export market development grant (EMDG) or any of the other types of government support available to any business.

The description of FEE-HELP as a subsidy is a common misconception of the true purpose of this scheme. The idea that FEE-HELP in some way subsidises an institution's educational delivery or, alternatively, subsidises a student's higher education fees is illusory. FEE-HELP is simply a loan, from the Government, to support Australian students undertaking a full-fee course with a higher education provider. For undergraduate courses there is also a hefty surcharge of 20 per cent on top of the amount borrowed.

In time the borrower (the student) is obliged to pay the full amount borrowed, to pay their tuition fees, plus the 20 per cent surcharge plus CPI increases. How this is "a significant strain on the public purse", as Slattery claims, is hard to understand - the FEE-HELP scheme is designed to be revenue neutral over time and with the 20 per cent loading on undergraduate courses may even be revenue positive for the Government!

It is also important to remember that it is the students who have total control over where they will utilise their FEE-HELP allowance. Institutions must attract potential students on purely commercial considerations, such as brand, quality of product, location and, of course, cost. Students will choose the course best suited for them. FEE-HELP enhances user choice - it does not subsidise higher education institutions.

Finally, Slattery quotes the figure of 27,000 students in the private higher education sector. Given that there is no comprehensive data collection on the Australian non-university sector, I'm unsure how such a figure could be determined. If, as I suspect, the number has been extrapolated from the DEST determinations then only a small subset (less than 40 per cent) of higher education institutions are represented in the figure as there is currently no data collected from the bulk of private higher education institutions who choose not to become a higher education provider.

Peter Ryan
Principal consultant
Consult Ed
Sydney, NSW