CHAPTER 2

Issues

2.1 Submissions to the inquiry were generally favourable to the bill. On the whole, submitters considered bill would improve access to education and reduce administrative burden.[1]

2.2 The sentiments expressed by the Tasmania Department of Education were typical of those received in support of the bill:

> …[W]e would support measures that would enable legislation to allow specified Certificate IV level qualifications to be eligible under VET FEE-HELP. Benefits of introducing VET FEE-HELP in Tasmania for Diploma, Advanced Diploma and specified Certificate IV level qualifications will include allowing us to prioritise government subsidies to the areas of greatest needs such as foundation skills and pathway qualifications in Tasmania's priority industries and occupations.[2]

2.3 The National Tertiary Education Union (NTEU) was a notable exception to the widespread support received, arguing that the expansion of VET FEE-HELP to a broader range of courses and providers had the potential to adversely reflect on VET quality and access, and declined to support the bill on that basis.[3] Nonetheless, even this submitter conceded the attempt in the bill to strengthen quality assurance and streamline administration through risk-based applications.

2.4 A number of other submitters raised specific concerns with various aspects of the bill. These are addressed in turn.

Lack of detail

2.5 A number of submitters, while supportive of the bill's objectives, noted that much of the practical detail would come into effect through the VET Guidelines, and that without being able to examine those, a fully informed assessment was not possible. RMIT University was typical of many submitters in calling for further consultation with the sector 'to enable the objectives of the bill to be realised as there is a risk that the changes could create further complexities and add to the implementation cost'.[4]

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1 See, for example, Navitas Limited, *submission 1*, p. 1; RMIT University, *submission 4*, p. 1; TAFE Directors Australia, *submission 6*, p. 1.

2 Tasmania Department of Education, *submission 2*, p. 2.

3 NTEU, *submission 3*, pp 2–4.

4 RMIT University, *submission 4*, p. 1.

2.6 RMIT pointed to the bill's shifting of census date requirements from the Act to the VET Guidelines as a case in point, submitting that it supported the move:

> …provided that, as set out in the Explanatory Memorandum to the Bill, institutions will be able to choose their preferred method of calculating census dates. This will then enable universities to best tailor the delivery and timings of their course offerings according to their strategies and the needs of the market. RMIT understands that the Bill is being amended to create greater flexibility. However, if these Guidelines did not follow this model or were changed in the future, RMIT notes that these changes would cause large providers to incur substantial costs to change their systems. Changes to census dates could obviously also have implications for RMIT students, particularly where they have dual enrolments in both higher education and VET with varying census dates.[5]

2.7 RMIT also made the point that consultation, and prior warning of substantive changes, was critical for reasons of practicality:

> It is vital that consultation is undertaken during this process to ensure the objectives of the program can be met. Providers require sufficient lead time (at least 6 months) to prepare and implement administrative systems changes in response to legislative amendments. Similarly, lead-time is particularly critical for students as they make their study decisions in advance, and the accessibility of finance is a key factor in decision-making.[6]

2.8 ACPET expressed similar concerns, submitting that:

> While ACPET strongly supports measures to reward high quality providers with a reduced burden we are concerned that at this juncture there is a distinct lack of detail around how risk will be determined and applied and how this will in turn influence the Minister's approval and reporting requirements.[7]

2.9 In its submission, the Department of Industry Innovation Science Research and Tertiary Education (DIISRTE) set out in some detail the consultation undertaken in the course of the Post-Implementation Review (PIR) of VET FEE-HELP, which included online surveys, face to face interviews with Registered Training Organisations (RTOs), focus groups and questionnaires. The discussion paper which followed was made available online and comments invited. Further consultation forums were subsequently held.[8]

2.10 The committee was impressed by the level and quality of consultation undertaken to date, and the committee considers that submitters have every reason to

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5 RMIT University, *submission 4*, p. 2.

6 RMIT University, *submission 4*, p. 1.

7 ACPET, *submission 5*, p. 2.

8 DIISRTE, *submission 7*, pp 2–5.

be optimistic about the level and quality of engagement in the forthcoming Guidelines process.

2.11 Nonetheless, the committee understands the concerns expressed by these submitters, and encourages the Government to continue to consult stakeholders in generating the new Guidelines.

Recommendation 1

2.12 The committee recommends that the Government continue to consult with stakeholders in the formation of the VET Guidelines provided for in the bill.

Increased access for under-represented groups

2.13 The National Tertiary Education Union (NTEU) took issue with the assertion in the Explanatory Memorandum (EM) that increased take-up of VET FEE-HELP by Indigenous Australians, students with disabilities and those living in remote and regional Australia was key to lifting VET participation among those groups. The NTEU argued that:

> The reasons for low participation amongst specific demographic groups are far more complex than an inability of individuals to pay up-front fees. The NTEU considers it an abrogation of the Government's responsibilities to rely on the provision of [income-contingent loans] as the primary policy instrument for improving educational participation amongst underrepresented groups of Australians. One only needs to examine the evidence from the higher education sector and see that after more than two decades of HECS, students from the specified demographic groups remain underrepresented in our universities.[9]

2.14 The committee notes the NTEU's concerns in this regard, and some of the underlying reasons why some in the community are under-represented in the higher education and VET space. However, the committee considers that the bill would provide a net improvement in access to training, regardless of the demographic background of the potential student.

Risk based approach

2.15 Submitters generally viewed the introduction of risk-based assessment of education providers as a positive move that would aid efficient administration while also safeguarding students. Navitas submitted that it was:

> …supportive of any moves to reduce regulatory burden and supports the Business Council of Australia's proposition that adopting a risk-based approach to regulatory design, implementation and review is critical to

9 NTEU, *submission 3*, p. 2.

> lifting regulatory performance and to realising and sustaining the benefits of current and future competition and regulatory reforms.[10]

2.16 Similarly, RMIT University submitted that it:

> …supports the introduction of a risk based approach to the process of approving providers to offer VET FEE-HELP. A differentiated approach allows for greater efficiency and effectiveness of processes, by not burdening low risk institutions such as RMIT with the same processes that may be required for higher risk providers. This approach would materially reduce application times.[11]

2.17 However, the Australian Council for Private Education and Training (ACPET) expressed concern that the approach outlined in the EM would 'automatically deem public providers to be low risk and private providers to be high risk', noting that this is currently the case in relation to the Commonwealth's Tuition Protection Scheme (TPS).[12] ACPET expanded on its case this way:

> ACPET is of the firm view that the VET sector has a sophistication and complexity beyond a simple dichotomy of the public/private divide and therefore this dichotomy should not play a significant part of the risk assessment process. ACPET has not had the opportunity to review and consider the risk rating framework prior to the introduction of the Bill, and in fact we are not aware if the framework has been developed. The Explanatory Memorandum supporting the Bill should explicitly recognise that any provider with a recognised track record of quality may be considered to be low-risk irrespective of ownership.[13]

2.18 However, the committee notes that one of the objectives of the bill is to enable a broader set of information to be assessed as part of the approval process. This is likely to result in a more informed decision, based on a broader set of criteria than a provider's public or private status. The DIISRTE submission states that:

> The Government’s ability to consider information from the national and non-referring jurisdiction education regulators is limited. Similarly, for RTOs offering both higher education and VET courses, information on their conduct across the HELP schemes cannot be exchanged for the purposes of approval, suspension or revocation. These amendments allow the Minister to seek information from the Tertiary Education Quality and Standards Agency (TEQSA) or the National Vocational Education and Training Regulator or the relevant regulators from non-referring jurisdictions to improve decision making for application, administrative compliance, suspension and revocation purposes for FEE-HELP or VET FEE-HELP. These amendments will improve information sharing and

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10 Navitas, *submission 1*, p. 1.

11 RMIT University, *submission 4*, p. 2.

12 ACPET, *submission 5*, p. 2.

13 ACPET, *submission 5*, p. 2.

> transparency with the regulators and will enhance arrangements to identify low quality providers.[14]

Opportunities for further refinement

2.19 RMIT University considered that the administrative and reporting efficiencies proposed in the bill might not go far enough, and that there may be further opportunity for improvement.

> RMIT welcomes the amendments to allow greater information sharing between Government agencies as long as this includes provisions to share information across both State and Commonwealth agencies to minimise duplication, and protects sensitive and commercial-in confidence information. RMIT notes that opportunities to share information go beyond the approval and revocations of approval, and include opportunities to streamline VET reporting across jurisdictions. This would significantly reduce compliance costs and increase efficiencies for providers and government agencies. However, it is not yet clear how the Bill or any proposed future action will fully address this opportunity.[15]

2.20 The committee encourages DIISRTE to examine any potential for further efficiency gains in the administration of VET, in line with RMIT's suggestion.

2.21 TAFE Directors Australia also took the opportunity to point out what it saw as:

> …a fundamental inequity in the current FEE HELP arrangements whereby, with two exceptions, students undertaking higher education qualifications in TAFE institutes do not have the same entitlement to income-contingent loans as students studying in universities.[16]

2.22 RMIT University made a similar point:

> In a demand driven VET environment in Victoria, there have been substantial increases in student fees as a result of policy and funding decisions by government. This means that fees at all certificate levels may be increasing and could constitute barriers to entry. It is critical that all tertiary students have access to an income contingent loan to ensure equity of access, reduce barriers to entry and increase uptake.[17]

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14 DIISRTE, *submission 7*, p. 5.

15 RMIT University, *submission 4*, p. 2.

16 TAFE Directors Australia, *submission 6*, p. 1.

17 RMIT University, *submission 4*, p. 2.

Conclusion

2.23 The committee has considered all the submissions before it, and noted the generally positive reception of the bill. It is clear that, as a general rule, submitters can see significant merit in the objectives the bill seeks to further.

2.24 It has also considered a number of issues raised by submitters as being potentially problematic, but does not consider that any justify the bill's amendment or rejection.

Recommendation 2

2.25 The committee recommends that the bill be passed.

Senator Gavin Marshall

Chair