

Submission To The Senate Standing Committee On Education & Employment

Inquiry Into Tuition Protection Bills

The Independent Tertiary Education Council Australia (ITECA) is the peak body representing the independent higher education, vocational education, training and skills sectors.



1 November 2019

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Introduction — Reform & Australia's Independent Tertiary Education System

The Independent Tertiary Education Council Australia (ITECA) is the peak body representing independent providers in the higher education, vocational education, training and skills sectors. This submission from ITECA is designed to assist the Senate Standing Committee on Education and Employment's consideration of the following package of Bills (the Bills):

- Education Legislation Amendment (Tuition Protection and Other Measures) Bill 2019;
- Higher Education Support (HELP Tuition Protection Levy) Bill 2019
- VET Student Loans (VSL Tuition Protection Levy) Bill 2019

This proposed legislation is important to the independent tertiary education system that does the heavy-lifting in supporting Australia's obtain the training and skills required to support a growing economy. Independent providers support some 70% of the 4.1 million students undertaking a vocational education and training (VET) program, including 58% of students undertaking a VET Diploma, 64% of students undertaking a Certificate IV and 58% of students undertaking a Certificate III. Importantly, independent higher education providers support more than 150,000 students.

Recent data from the National Centre for Vocational Education and Research (NCVER) and also from the Australian Government's Department of Education shows that the rate of growth of student selecting independent tertiary education providers is higher than other provider types. This confirms the reputation of independent providers for delivering the quality outcomes that students and their employers are looking for.

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1 November 2019, Canberra

Section 1 — Recommendations To The Committee

As the independent tertiary education sector's long-term sustainability can be found in the fact that it does not rely on taxpayer funding to deliver a value proposition to their students and the community, ensuring a consistently excellent educational experience is critical to their sustainability. It is independent providers that have the direct experience in understanding the underlying business reasons for delivering value to students, their families and the community.

Following extensive feedback on the Bills from independent providers in the higher education, vocational education, training and skills sectors, ITECA is able to make three key recommendations to the Committee, these being:

Recommendation 1:

That the proposed cost burden on providers under the proposed new scheme needs to be thoroughly transparent.

Recommendation 2:

The Australian Government provides an estimation of the proposed cost burden to all affected providers prior to commencement of the new arrangements on 1 January 2020.

Recommendation 3:

That the Australian Government extend coverage of the new arrangements to all full fee-paying domestic students at those providers who will be otherwise be subject of the new arrangements.

Consistent with arrangements to date, and their operation as businesses providing independent education, independent providers have for a long time sought to assure current and prospective students and the community that they will be protected in the event unforeseen circumstances deal adverse consequences to the provider.

This student-centric focus – including tuition assurance arrangements which have for a long time been managed by ITECA – has also resulted in strong support from independent providers for the Australian Government's Tuition Protection Service (TPS) for overseas students.

Section 2 — Transparency Of The Cost Burden

The cost to providers of the Australian Government's compulsory tuition protection mechanism for domestic students has not been tested, assessed or articulated to providers. For independent providers this is a critical issue in assessing the financial impact on the business. At this stage, all that is known is that from 1 January 2020 independent providers will be subject to an additional cost in the form of the combination of:

- An administrative fee component;
- A risk rated fee component; and
- A special tuition protection levy (as needed).

These amounts will be paid by all independent providers offering VET Student Loans (VSL) as well as those offering FEE-HELP or HECS-HELP loans. Independent providers offering both VSL and HELP Loans will pay twice – once for each loan program. The main competitor for independent providers will pay only the administrative fee component; a move that is likely to even further distort the market.

This additional cost is yet another cost levied by the Australian Government on providers that adds to the cost base of independent providers. The (unrelated to the Bills) enhanced cost recovery arrangements to provide additional funding for both the Tertiary Education Quality and Standards Agency (TEQSA) as well as the Australian Skills Quality Authority (ASQA) will significantly add to the cost of delivery of these tuition protection arrangements.

Given the additional costs to be imposed on business through these policies, ITECA strongly urges the Committee to consider how to ensure transparency with respect to the measures currently before it in an effort to enable businesses to plan and forecast appropriately.

Section 3 — Estimation Of The Cost Burden

In the context of full transparency, ITECA notes that there has been no estimation provided to the sector of the likely cost imposition for the proposed measures over the Forward Estimates. A likely cost estimate for each category of provider provided publicly would be greatly appreciated if it is deemed appropriate that the Senate pass the Bills.

While it is appreciated that the Bills allow for delegated instruments to stipulate the amounts of the administrative fee component, and a further Instrument to establish the risk factors that inform the risk rated fee component, ITECA is of the view that details consultation on the risk factors is essential as soon as possible and before these Instruments are made. We note that under the TEQSA risk framework, for-profit providers automatically trigger higher risk ratings.

Consultation and industry engagement on these aspects of the framework – that directly affect independent providers – is essential to the model of those businesses and was a feature in the design of the TPS on which these domestic measures are predicated.

In noting some of the issues with respect to transparency and cost imposition of the current proposal, overall ITECA supports a broad-based tuition protection framework.

Section 3 – Need For Full Coverage In The Proposal

A national scheme, based on the TPS, is a model that should have been put in place for domestic students some time ago to ensure the cessation of the currently discriminatory arrangements for tuition protection between domestic and international students.

The proposal currently before the Committee will go some way to delivering that outcome. At the same time, however, the substantial number of students in the VET sector and not in a VSL course will be excluded from these arrangements. Similarly, higher education students who do not access the HELP scheme under the parameters in the Bills, will be excluded from the arrangements.

This will therefore establish an arrangement where different students in the same educational program, the same class with different circumstances could have vastly differing outcomes in the event the tuition protection mechanism is called to action:

- An overseas student could be fully refunded or placed in a replacement course;
- A domestic HELP / VSL student could be assisted to resume their studies / receive a recredit of their loan balance;
- A domestic fee-paying student whose family has saved hard to pay for them to do their course in a critical area of need would be left with no safety net.

The view of ITECA is that this creates a distorted undesirable, unreasonable and inequitable mechanism for protecting students: the arrangements are picking which students to protect based on an apparent assessment of the ability to pay. This apparent assessment is not based in fact nor circumstance and does not deliver on the objective in Minister Irons' Second Reading Speech:

...these tuition protections will ensure students are supported if their education or training provider stops teaching or closes entirely.

Only for some. So, there is no longer an incentive to save and pay early, putting those that do in an even more precarious position. This is particularly the case given that the industry-initiated Australian Student Tuition Assurance Scheme (ASTAS) will be discontinued from 2020, thus removing the main tuition protection scheme for full-paying domestic students.

Appendix A — ITECA & Independent Tertiary Education

The Independent Tertiary Education Council Australia (ITECA) is a membership-based peak body bringing together independent providers in the higher education, vocational education, training and skills sectors. Individually and collectively these providers share a commitment to providing students and their employers with the quality outcomes they are looking for.

The **ITECA Higher Education Network** brings together more than half of the independent providers in the higher education sector. Australia's independent higher education providers support around 10% of the 1.5 million student enrolled in higher education.

The **ITECA Vocational Education and Training Network** provides the membership vehicle for independent providers that deliver training to more than 70% of the 4.1 million students vocational education and training in Australia.

Through the **ITECA College of Vocational Education Professionals** individuals also have the opportunity to affiliate themselves with ITECA and the collective commitment to excellence.

ITECA is a strong advocate for the independent tertiary education sector with proven track-record of achieving legislative reform. ITECA's members identify the changes to funding and compliance models that ensure quality student outcomes can be delivered while at the same time freeing providers from an unnecessary regulatory burden. ITECA's policy team in Canberra take an evidence-based approach to policy advocacy to press the case for reform with their established contacts in parliament and in government departments. ITECA is recognised as the go-to source for parliamentary and departmental stakeholders looking for timely policy advice.

Australia's independent tertiary education system has a strong track record of providing the educational outcomes and skills required by Australia's changing economy. The *ITECA State of The Sector Report* published each year pulls together data from a range of government and non-government sources to showcase the success of the independent tertiary education system.

ITECA members come together under a number of sector interest groups (e.g. construction, healthcare, manufacturing and tourism) in order to build awareness and share information about the issues facing the industry sectors in which they educate, train and reskill the workforce.

Founded in 1992, ITECA was known as the Australian Council for Private Education and Training (ACPET). The transition from ACPET to ITECA reflects the commitment of providers from across the sector to create one single organisation that represents the independent higher education, vocational education and training sectors.

www.iteca.edu.au

Appendix B – Common Abbreviations In Tertiary Education

ACPET	Australian Council for Private Education and Training (now ITECA)
ASQA	Australian Skills Quality Authority (Australian Government)
DESSFB	Department of Employment, Skills, Small & Family Business (Australian Government)
DFAT	Department of Foreign Affairs & Trade (Australian Government)
HE	Higher Education
HELP	Higher Education Loan Program
ITECA	Independent Tertiary Education Council Australia
NCVER	National Centre for Vocational Education and Research
RTO	Registered Training Organisation
TEQSA	Tertiary Education Quality and Standards Agency (Australian Government)
TAC	Training Administration Council (Western Australian Government)
TIQ	Trade Investment Queensland
TPS	Tuition Protection Service (Australian Government)
VET	Vocational Education and Training
VSL	VET Student Loans
VRQA	Victorian Registration & Qualifications Authority (Victorian Government)



The Independent Tertiary Education Council Australia (ITECA) is the peak body representing independent providers in the higher education, vocational education and training sectors.

ITECA members are unified, informed and influential. They share an interest in creating an environment in which independent providers deliver students and their employers the quality outcomes they are looking for.

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