

## **RMIT Submission to the Senate Education, Employment and Workplace Relations Legislation Committee**

### **Higher Education Support Amendment (Streamlining and Other Measures) Bill 2012**

#### **Introduction**

RMIT University strongly supports the *Higher Education Support Amendment (Streamlining and Other Measures) Bill 2012* as part of a redesign of the VET FEE—HELP scheme to better meet its key objectives, particularly to reduce the barriers to study and improve equity of access. RMIT is a large Victorian public provider and university delivering to diverse student cohorts and is approved to offer both VET FEE—HELP and FEE—HELP. In RMIT's experience, arrangements for VET FEE-HELP are complex to administer, manage or communicate to students. This affects the capacity of providers to offer courses and for students to access courses. This experience reflects many state and national review findings.<sup>1</sup> For these reasons, RMIT has strongly supported the VET FEE-HELP Redesign process and supports the Bill.

#### **Giving Effect to the Purposes of the Bill - Implementation**

As identified in the Explanatory Memorandum, RMIT understands that the purpose of the Bill is to:

- implement a risk managed approach to provider approvals and administrative compliance, including consideration of reports by the national education regulators;
- implement more effective suspension and revocation actions;
- simplify the guidelines;
- improve the flexibility of the census date requirement;
- provide enabling legislation for specified certificate IV level qualifications to be eligible under VET FEE-HELP; and
- improve Ministerial and Secretarial delegation arrangements.

RMIT also understands that this Bill will enable these changes, but that most of the practical detail will come into effect through the proposed new VET Guidelines. Without seeing these Guidelines, RMIT must reserve its judgment on the changes, as the detail is required to enable institutions to make an informed assessment of its implications. For example, changes to census date arrangements and publication requirements can have very significant implications for both providers and students. RMIT strongly argues that further consultation with the sector will be required 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.

RMIT supports the staged implementation of redesign set out in the Explanatory Memorandum and the proposals to streamline administration flagged for implementation in 2013-14. 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.

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<sup>1</sup> Including the Post Implementation Review of VET FEE HELP, the Victorian mid-term review of skills reform (Ernst & Young: 2010, 18) and Skills Australia (Skills Australia: 2011, recommendation 23).

## **Elements of the Higher Education Support Amendment (Streamlining and Other Measures) Bill 2012**

### Schedule 1 – COAG Amendments - Part 1 Kinds of VET providers

### Schedule 2 – Part 2 – VET qualifications - Approval and revocation of approval

RMIT 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. Similarly, RMIT also supports the intention of these amendments to ensure providers do not misrepresent their ability to offer VET FEE-HELP. 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.

#### *Part 2 – VET qualifications*

RMIT supports altering the definition of *VET course of study* in the Act, not only to expand the Minister's powers to determine the course qualifications applicable for VET FEE—HELP, but also to include students undertaking Vocational graduate certificates and graduate diplomas, who did not previously have access to an income contingent loan. RMIT supports the Bill giving effect to the COAG decision to allow a trial of Certificate IV qualifications under VET FEE—HELP, but would also reiterate its submission to the Australian Government that this does not address the clear gap in equitable student access across all tertiary cohorts to income contingent loans. 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.

### Schedule 3 – VET Guidelines

RMIT strongly supports the creation of the VET Guidelines by consolidating the VET Provider Guidelines, VET FEE—HELP Guidelines, VET Tuition Fee Guidelines and the VET Administration Guidelines. However, as noted above, the nature and scope of these Guidelines could have significant implications for the scheme and its administration, and should be based on consultation with the sector.

### Schedule 4 – Other Amendments

#### *Census date requirements*

RMIT supports proposals to move the census date requirements from the Act to the (yet to be established) VET Guidelines, 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.

### *Publishing date requirements*

VFH publishing requirements have constrained the sector's capacity to respond to industry needs and develop and deliver flexible products. These issues were identified in the Regulation Impact Statement, however, it is not clear how the Bill will specifically support changes to increase flexibility and remove this constraint. RMIT also notes that there have been several changes to VFH publishing timings in 2012, which increases costs for providers to change systems to accommodate new rules. Reforms from this process should be implemented to support long-term stability and certainty.

### **Long term Redesign of VET FEE—HELP**

We note that the Senate Committee is reviewing the Bill, and that this Bill is the first important step in a phased approach to redesigning the scheme. The key issue to address inequality of access is to ensure that all tertiary students, regardless of whether they study VET or higher education have access to an income contingent loan scheme. As outlined above, there are many VET students who have no access to a scheme. Additionally, student access and uptake issues include:

- *Loan fees* – these act as a barrier to student uptake and there are inequities across student cohorts (table 1) for these schemes. Fees are also high compared to other forms of credit. Removing or reducing and aligning these fees across income contingent loan schemes would make it easier for providers to communicate the scheme and to support student uptake.

*Table 1: ICL Loan Fees for Student Cohorts*

Cohort	VET	HE - Undergraduate	HE – Postgraduate
Subsidised	0%	0%	0%
Non Government subsidised	20%	25%	0%

- *Amenities fees* - VET students are not able to defer their student amenities fees, while HE students can. This is also more complex for providers to manage as amenities fees may be attributed across dual higher education and VET enrolments. It is more equitable for all students to be able to defer this fee. The issue will become more common as the tertiary sector expands and as providers increasingly adopt “user pays” systems for student services.
- *Administration and systems*: Administration complexities are inefficient and constrain the capacity of providers to offer flexible products that target industry and student demand. For example, current Commonwealth IT systems preclude providers from delivering more than one “version” of national training packages. However, these training packages have been designed to allow providers to tailor products to diverse needs.

### **Conclusion**

RMIT strongly supports endeavours to redesign VET FEE HELP to make the program more effective. As a provider already offering VET FEE HELP, RMIT welcomes the amendments which aim to reduce the administrative burden on the sector. Further changes to streamline administration are supported, and the implementation of these proposed legislative changes through revised Guidelines are welcome. However, these changes to the Guidelines will need to be based on further consultation.

RMIT would be pleased to provide further information.