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**This Digest replaces an earlier version dated 21 July, amending some information on page 5 about the current arrangements for extending access to VET FEE-HELP in the context of Victoria’s market-based VET reforms.**

## Higher Education Support Amendment Bill 2009

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## Higher Education Support Amendment Bill 2009

**Date introduced:** 24 June 2009

**House:** House of Representatives

**Portfolio:** Education, Employment and Workplace Relations

**Commencement:** Royal Assent

**Links:** The [relevant links](#) to the Bill, Explanatory Memorandum and second reading speech can be accessed via BillsNet, which is at <http://www.aph.gov.au/bills/>. When Bills have been passed they can be found at ComLaw, which is at <http://www.comlaw.gov.au/>.

### Purpose

The Bill amends the *Higher Education Support Act 2003* (the Act) to effect administrative changes to the application and approval process for the income contingent loan schemes for higher education and vocational education and training (VET), known as FEE-HELP and VET FEE-HELP respectively.

### Background

The Government's stated aim in making these changes is to streamline the application and assessment process and eliminate duplication between the Commonwealth and state and territory agencies consequently reducing the cost through the achievement of administrative efficiencies.<sup>1</sup>

Specifically the amendments will allow higher education and VET providers to lodge their application for approval to offer FEE-HELP and VET FEE-HELP before having their tuition assurance arrangements in place. This presumably will allow the two processes to occur simultaneously thus speeding up the approval of providers and access to the loans. The amendments also broaden the conditions under which the Minister may be satisfied that a VET provider is able to meet the VET quality and accountability requirements and so qualify to offer VET FEE-HELP. The new conditions include that the Minister may be satisfied by a recommendation of a body that is approved under the VET Provider Guidelines. The anticipated elimination of duplication between Commonwealth and States and Territories is attributed to this measure as it will 'allow recommendations from

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1. Explanatory Memorandum, Higher Education Support Amendment Bill 2009, p. 1.

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approved national or state based agencies to be used as part of the assessment and approval of training organisations to deliver VET FEE-HELP assistance'.<sup>2</sup>

### **Basis of policy commitment**

Since 2005 full-fee paying domestic higher education students have been eligible for an income contingent loan scheme called FEE-HELP. These loans were extended to the VET sector in 2007 when they were made available for full-fee Diploma, Advanced Diploma, Graduate Diploma and Graduate Certificate courses taught in that sector.

In support of Victoria's market-based VET reforms the Rudd Government has introduced legislation that could, if specified in the VET FEE-HELP Guidelines, extend access to VET FEE-HELP to eligible government subsidised students doing Diploma, Advanced Diploma, Graduate Diploma and Graduate Certificate courses.<sup>3</sup> These significant changes to VET FEE-HELP, which are likely to result in an increase in applications from providers, are included in the Higher Education Legislation Amendment (Student Services and Amenities, and Other Measures) Bill 2009. Owing to the controversial nature of the student services and amenities provisions of this Bill, it has yet to be passed by the Parliament.

Other legislation aimed at refining the administrative arrangements for VET FEE-HELP, including speeding up the processing of provider applications, has however recently been passed.<sup>4</sup> It enables providers to offer these loans to students immediately following the registration of the provider's notice of approval on the Federal Register of Legislative Instruments rather than their having to wait the disallowance period. This is achieved while maintaining the rights and responsibilities of the parties should the registration be disallowed.

Similarly this Bill would change the sequencing of the processes associated with providers gaining approval to provide these loans. Higher education and VET providers seeking to offer FEE-HELP and VET FEE-HELP need to meet the tuition assurance requirements

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2. Explanatory Memorandum, Higher Education Support Amendment Bill 2009, p. 1.
  3. Note that the recently released [VET FEE-HELP Guidelines](http://www.comlaw.gov.au/ComLaw/legislation/legislativeinstrumentcompilation1.nsf/0/4F49176DC950F09ACA2575FC002FCFB1/$file/FINALCompilationVETFEEHELPGLs9July2009.pdf) only specify Diploma and Advanced Diploma courses for government subsidised students and not the other two qualifications, and they are limited to those provided by a 'VET Reform State or Territory', [http://www.comlaw.gov.au/ComLaw/legislation/legislativeinstrumentcompilation1.nsf/0/4F49176DC950F09ACA2575FC002FCFB1/\\$file/FINALCompilationVETFEEHELPGLs9July2009.pdf](http://www.comlaw.gov.au/ComLaw/legislation/legislativeinstrumentcompilation1.nsf/0/4F49176DC950F09ACA2575FC002FCFB1/$file/FINALCompilationVETFEEHELPGLs9July2009.pdf)
  4. This is the [Higher Education Support Amendment \(VET FEE-HELP and Providers\) Act 2009, no. 39 2009](#) assented to on 23 June 2009. This Act also includes limiting eligible units of study only to those required to attain the qualification and ensured that there is consistency in the measures for revoking both higher education and VET providers.

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which aim to protect students in case of provider failure.<sup>5</sup> This Bill would revoke the need for the provider to have met the tuition assurance requirements before lodging its application for approval to offer the loans, without diminishing the need for those requirements to be met. The amendments would therefore give both higher education and VET providers up until the time the Minister makes his decision, to fulfil the tuition assurance requirements. This would enable both processes to proceed simultaneously, presumably resulting in some time saving.

The other measure proposed by this Bill is also a procedural streamlining measure in that Commonwealth approval can draw on the VET provider approval processes already undertaken by state and territory authorities if such a recommendation is made by these authorities. For example it could be expected that this would streamline the process of approving Victorian providers of government subsidised eligible courses who would be eligible to offer VET FEE-HELP, assuming the Higher Education Legislation Amendment (Student Services and Amenities, and Other Measures) Bill 2009 is passed.

## Main provisions

**Schedule 1, items 1 and 2** revoke the need for higher education and VET providers respectively, to have fulfilled the tuition assurance requirements on the date the application is made allowing them up to the date of the Ministerial approval to fulfil these requirements. **Item 3** broadens the conditions under which the Minister may approve a VET provider primarily by adding subclause (2)(b) enabling a recommendation to be made by a body approved under the VET Provider Guidelines.

## Concluding comments

The Bill provides for technical amendments to support the implementation of the policy framework for income contingent loans established in other legislation. Being a continuation of this policy agenda, and introduced in an attempt at achieving greater administrative efficiency, these amendments in their own right are unlikely to be controversial.

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5. The tuition assurance requirements are that the body corporate complies with the requirements for tuition assurance set out for higher education providers in the [Higher Education Provider Guidelines](#), and for VET providers in the [VET Provider Guidelines](#).

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