

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation, Science, Research and Tertiary Education Portfolio
Additional Estimates Hearing 2011-12
15 February 2012

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, INNOVATION, SCIENCE, RESEARCH AND TERTIARY EDUCATION

TOPIC: Income Contingent Loans

REFERENCE: Written Question 26 February 2012 – Senator Rhiannon

QUESTION No.: AI-174

Under the Federal Government's proposed expansion of income contingent loans in VET, what criteria will VET providers have to meet for their students to be eligible for ICLs? Who will make these judgements?

ANSWER

Under the proposed expansion of income contingent loans in Vocational Education and Training (VET), the current approval criteria for providers seeking to be approved VET providers for the purposes of the VET FEE HELP scheme will be maintained and will include the requirements set out in the following paragraphs. These requirements will continue to be assessed by DIISRTE officials with approval signed off by appropriately delegated Departmental officials.

Subdivision 3-B of Schedule 1A to the Act prescribes how RTOs are approved as VET providers. For a body to be approved as a VET provider and to maintain approval it must meet all of the following requirements of the Act:

- must be a body corporate that is established under a law of the Commonwealth, a State or a Territory; and
- carries on a business in Australia; and
- has its central management and control in Australia; and
- providing education is, or taken to be, the body's principal purpose; and
- is a registered training organisation (RTO) as listed on the National Register; and
- meets the VET tuition assurance requirements or is exempted from those requirements; and
- offers at least one VET course of study; and
- applies for approval in the form approved by the Minister; and
- is willing and able to meet the VET quality and accountability requirements; and
- complies with the requirements of the *VET Provider Guidelines*; and
- the body and each person who makes, or participates in making, decisions that affect the whole, or a substantial part, of the body's affairs is a 'fit and proper' person.

To ensure the interests of the student are protected, part of the quality and accountability requirements that VET providers must meet includes the provision of documentation evidencing:

- Their financial viability and their ability to remain financial viable;
- Procedures to ensure the fair treatment of students;
- Processes to ensure equal benefits and opportunities to students;
- Appropriate student grievance procedures;
- Appropriate student review procedures;
- Procedures for the appointment of review officers; and
- Protection of personal information procedures.

The requirements as outlined in the *VET Provider Guidelines*, also relate to the protection of students. These requirements must also be met at the application stage and continue to be met to maintain approval:

- Refund requirements relating to tuition payments made in advance; and
- specific requirements for tuition assurance, including evidence of current membership of an approved tuition assurance scheme.

Registered Training Organisations (RTOs) seeking to access state training subsidies will also be required to meet the criteria established by state and territory governments for this purpose.

VET FEE-HELP is regulated under the *Higher Education Support Act 2003* (the Act) and to be an approved VET provider the applicant must meet the legislative criteria specified. The criteria focus on the corporate structure and purpose of the entity; registration requirements with national regulators (or VET regulator as applicable); student protection measures; financial viability, quality and accountability requirements; and fit and proper person requirements for applicants.

As a result of the Higher Education Support Amendment (VET FEE-HELP and Other Measures) Bill 2011 being passed in late February, the application and ongoing compliance requirements will be further strengthened.

The Government is currently considering ways to streamline and simplify the Scheme and improve application processes, while at the same time maintaining assessment standards to ensure that only those RTO's that meet the quality, financial viability and student protection requirements have access to government funds under the Scheme.