



VTA response to the Discussion Paper – Redesigning VET FEE-HELP

Introduction

This submission is made by the Victorian TAFE Association (VTA). The Victorian TAFE Association (VTA) is the peak body for Victoria’s public vocational education and training (VET) providers. VTA members include four dual sector Universities and twelve stand-alone public TAFE Institutes.

VTA members offer a diverse range of programs and services delivering and supporting technical and further education, and have close relationships with industry - including large, medium and small enterprises.

On behalf of our members, the VTA welcomes the opportunity to respond to the Commonwealth Department of Education and Training discussion paper – Redesigning VET FEE-HELP. The Victorian TAFE Association has consulted widely across its membership to inform this VTA submission.

Where required, the VTA is happy to clarify or augment this submission.

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In Summary

The VTA recognises and endorses the important role VET FEE-HELP plays in removing some of the financial barriers to study and encouraging students to pursue further study in vocational or higher education. The principle of universal access has underpinned the Australian VET system since 1975.

The VTA also supports the Australian Government’s concerns over the quality, probity and conduct of some providers, low completion rates and unethical practices, and acknowledge that there are insufficient safeguards in place to protect students from unethical behaviour or regulatory powers for ASQA to mitigate this behaviour.

The VTA fully supports the Australian Government's objective to reform the scheme to ensure it is robust, sustainable and high quality without foregoing the initial intent of the scheme.

Our member responses are built on five key premises about VET FEE HELP that are reflective of the values subscribed to by public providers of VET.

- VET FEE-HELP;
 - Provides access to a loan to support students to complete a vocational qualification to improve an individual's capacity for employment or further study.
 - Creates access to education for the most disadvantaged students who, without VET FEE-HELP, frequently choose not to study.
 - Should not be used as a lever for managing or directing the VET training market.
 - Should not be used to manage the quality of training delivered by RTOs.
 - Should not be used to manage unethical behaviour from rogue providers.
 - Should not create additional course entry requirements beyond those already in place at reputable institutions.
 - Needs to collaborate with ASQA (as the regulator of quality VET provision) and position itself as a loans scheme, rather than create duplication the regulator's functions across the two areas.
 - Should utilise frameworks developed by ASQA (such as categories of providers) to determine quality provision and thereby determine which providers should have access to VET FEE-HELP.

The VTA submission addresses the discussion questions provided in the format created by the discussion paper.

PROTECTING STUDENTS

Student eligibility to access a loan

The changes to eligibility for students to access the VET FEE-HELP loan scheme have led to challenges beyond the identified administrative burdens identified in the discussion paper.

In particular, the VTA membership have found that many students who would previously have been eligible for VET FEE-HELP are not able to achieve the language, literacy and numeracy (LLN) requirements set out for VET FEE-HELP. This is particularly concerning when the ACSF level 3 standards for reading and numeracy for Diploma level and above qualifications in some cases are different to the standard required for entry to the qualification, and therefore unjustly reducing access to these qualifications. For example, the level 3 numeracy requirement for VET FEE-HELP is higher than the requirement for some Diploma qualifications. This has inadvertently reduced access to this qualification for students who cannot undertake this study without VET FEE-HELP, even though these students meet the course entry requirements. In one case study undertaken by the VTA, a regional institute identified that a significant number of students failed the numeracy

requirements for VET FEE-HELP in courses such as the Diploma of Hair and Beauty, Diploma of Children's Services and Diploma of Aged Care, although the students met the numeracy requirements for the course. Many of these (predominantly women) were unable to study without access to VET FEE-HELP. This is an unacceptable outcome for a community in need of qualified workers (with at least some of these skill sets) and higher than average levels of unemployment. (An ironic situation when you consider these same students can be granted a university place in a Bachelor Degree program with no LLN testing and ATARS of 30.)

Similarly, institutions are reporting high numbers of student failures for the reading and numeracy testing conducting the ACER (CSPA) test – in some cases this includes students who have previously completed higher level qualifications. Public institutions and senior educators should have limited discretion over who is able to access VET FEE-HELP beyond the LLN assessment tool where the requirements for VET FEE-HELP are in excess of the entry requirements for the course.

This unnecessarily high hurdle for access to VET FEE-HELP is especially concerning for VET training in regional locations and institutions in low socio-economic communities where denying access to VET FEE-HELP frequently means students cannot afford to study and flies in the face of the intent of the scheme which was to broaden access to education.

The VTA would support a 'rethink' of entry LLN testing requirements by more closely aligning access to VET FEE-HELP to entry requirements for the course and providing automatic access to VET FEE-HELP for students who have completed a lower level pathway qualification (for example a Certificate IV) and higher level qualifications (such as Higher Education Bachelor Degrees). LLN testing should serve as a diagnostic tool that informs and guides decision making about appropriate support required for each student.

Lifetime loan limit for students

The VTA supports the lifetime loan limit for students with consideration given to the following;

- That the lifetime loan limit is not a measure for managing rogue providers. For example, situations where students are being enrolled in 6 or more diploma level qualifications should be managed through quality regulations rather than a lifetime loan limit.
- In setting a loan limits, careful consideration needs to be given to the total limit across vocational education and higher education. The system needs to make provision for students who commence in VET and transition to Higher Education studies. Similarly, provision to create exemptions to the loan limit should be built into the system from its introduction.

Addressing course costs

The realities of a 'student choice' and 'market driven model' of vocational education is that the private RTOs will charge student fees based on what the market will bear.

Whilst it is of concern to the VTA that students are agreeing to enrol in Diploma level qualifications of \$30,000 or more whilst the same courses are available at a much cheaper price at the local TAFE, this is the ever present reality of a market driven system.

The VTA does not believe it is the role of VET FEE-HELP (a loan scheme) to control or manage the market. However, demand-driven markets require informed customers, so we recommend the development of recommended retail prices (RRP) for courses (this will allow students to see how much they are paying above or below the RRP and consider a range of alternative options.)

One of the underlying issue for VET FEE-HELP would appear to be overpricing of qualifications (not based on their return on investment for students) by private providers who are targeting poorly informed prospective students. A continued focus by the regulator on the provision of appropriate pre-enrolment information and cooling off periods will also support student choice.

The VTA is concerned with the discussion paper's view of VET FEE-HELP as an 'investment in students'. VET FEE-HELP should be built on the premise that the loan is repaid (with interest). If this loan scheme is an investment, it is also reasonable to limit who has access to this public money. Access to VET FEE-HELP could be limited to public providers with the ability for reputable private RTOs to access VET FEE-HELP through other processes such as tendering as required.

Calculating reasonable costs as a basis for regulating maximum fees

The VTA does not support the development of maximum fees. It does support the development of Recommended Retail Prices (RRP) for qualifications. The calculating of reasonable costs is an onerous and unwieldy task for the Commonwealth that is unlikely to be able to incorporate all of the complexities and nuances of the market.

Instead, the VTA suggests the Commonwealth systematically collects and collates course prices in each state and territory and utilises this information to determine a set of RRP's for qualifications.

Delivery mode as a basis for regulating maximum fees

The VTA is concerned about the establishment of prices for qualifications based on delivery mode utilised for the course. This approach appears to be in response to the sorting of training dollars and poor completion rates for online learning by private RTOs rather than a genuine need for pricing differentiation. The VTA's collective experience of quality online learning is that it is not cheaper than other forms of delivery (such as face to face or industry based) when it is done well.

Improved information for consumers and the role of brokers and agents

The VTA does not support the introduction of brokers or agents for consumers. The provision of quality information for prospective consumers is the responsibility of the RTO with compliance requirements clearly set out by ASQA. The regulator should be appropriately funded to ensure these compliance requirements are enforced rather than create an additional layer of complexity for prospective students.

As suggested in the discussion paper, information provided should be in student friendly language, consistent and accessible for a range of literacy levels. VET FEE-HELP could work with the regulator to develop a series of templates for use by all RTOs. This provides greater opportunity for students to compare providers offering the same or similar qualifications.

VET FEE-HELP Ombudsman

The VTA supports the development of a VET FEE-HELP Ombudsman for a limited time period of 3-5 years. We recognise that this will improve confidence in the system in the short term and address individual student concerns.

REGULATING PROVIDERS

Use of maximum scheme or provider loan caps

The VTA strongly disagrees with the current cap on VET FEE-HELP for public providers and the way in which this was implemented. The majority of TAFEs and dual sector universities will be at their cap before mid-year enrolments in 2016 – many have already capped out. The limit set for Victorian TAFE and dual sector institutes was too low and is now causing significant equity and access issues for these institutes. For example, a student who enrolls in January is able to access VET FEE-HELP whilst a second semester student is not. In low SES communities, no VET FEE-HELP means NO STUDY and therefore VET FEE-HELP caps are disadvantaging the individuals who were the intended recipients of the loan scheme.

In the first instance, the caps were set too low and were not reflective of a full 12-month trading period in the previous year. Secondly, the caps did not allow for any growth in delivery of higher level qualifications. In the longer term, as the price of delivery increases, this will gradually reduce the number of students that can access the scheme. Similarly, the cap reduces the organisation's ability to grow delivery in higher level vocational qualifications which is recognised as a priority for the Australian economy. Thirdly, the caps have not allowed public providers to respond to changing student demands in the face of private RTO closures.

If the caps are to remain, the VTA recommends the incorporation of a mechanism where institutes can apply for an increased allocation on a case by case basis.

QUALITY MEASURES

The VTA does not support the introduction of quality measures for VET FEE-HELP. Quality of VET provision should be managed by the regulator and the replication of quality requirements will not improve the system. Instead VET FEE-HELP should be able to rely on the provider categories created by ASQA to identify quality providers. If the system is insufficiently robust to monitor VET quality through the regulator, public money should only be directed to public providers.

The VTA is supportive of the notion that RTOs must be able to provide evidence of ongoing engagement over the life of the qualification to be paid the VET FEE-HELP amount.

REAPPLICATION PROCESS FOR PROVIDERS

The VTA supports the development of a re-application process for providers. The application process should require RTOs to comply with ASQA standards for the period of funding or refund the VET FEE-HELP received for that period.

This time-limited registration would also need to take into account what would happen to existing students when an RTO does not meet the requirements of a re-application process. The VTA suggests that existing students need to be grandfathered until they finish or formally withdraw.

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