



SUBMISSION TO

THE AUSTRALIAN GOVERNMENT DEPARTMENT OF EDUCATION AND TRAINING ON THE IMPLEMENTATION OF THE VET STUDENT LOANS PROGRAM 5 December 2016

About Community Colleges Australia

Community Colleges Australia (CCA) is the peak national body that represents the community-owned, not-for-profit education and training providers.

Our vision is for dynamic and vibrant communities, informed and empowered through learning. CCA is committed to assisting its members sustain and grow, enhancing education opportunities through choice for all Australians. CCA promotes learning innovation for all Australians by delivery that engages with and belongs to communities, focussing especially on vulnerable and disadvantaged learners. Our members are long-established community learning organisations located in metropolitan, regional and rural locations. They are well-placed to focus on student welfare and committed to employment outcomes for, and personal development of, individuals.

CCA works to increase awareness of the community education sector and its place in the economic and social fabric of our Australia. The majority of CCA members are Registered Training Organisations (RTOs) for vocational education and training (VET).

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5 December 2016

Introduction

This submission by Community Colleges Australia (CCA) comments on the Australian Government's new VET Student Loans program, which passed Parliament on 1 December 2016.¹

CCA warmly welcomes the Australian Government Department of Education and Training's initiative, and strongly approves of "cleaning up" the scandal-ridden VET FEE-HELP loan scheme. CCA notes that only a small number of our members (and the community education sector broadly) utilised VET FEE-HELP, in part because VET FEE-HELP relates to higher level VET qualifications that community providers tend not to deliver. A second reason for this non-utilisation relates to continuing concerns about the reputation of the VET FEE-HELP: the abuses of that scheme significantly undermined the reputation of Australian vocational education and training, both domestically and internationally.

CCA wishes for the Government's new VET Student Loans program to succeed. However, to do so, the new program needs to be fair to community not-for-profit VET providers, which have a sterling reputation in delivering high-quality, efficient and scandal-free VET training. This submission deal with the new VET Student Loans program and the ways in which it currently discourages use by Australia's community education providers.

The Current Process and ACE RTOs: An Overview

The status and role of Adult and Community Education (ACE) RTOs in the VET sector have largely been ignored in the reform of the VET FEE-HELP scheme.

The Government's advice is explicit (quoted below):

Are community colleges entitled to automatic entry to VET Student Loans?

No, unless the community college is owned by government – see the material set out in our email of 17 November 2016 outlining the factors we would consider. Unless the college is owned by government it must apply, providing the information set out at Attachment C in the provider information attached to our email of 17 November 2016.²

As reputable providers with sound and ethical business models, it is essential that the Government develop and implement a more sophisticated approach towards community education providers. The crude "public versus private" split needs to be replaced, in which ACE providers/community colleges are placed in the same category as private RTOs. The current approach is not helpful in supporting the sound governance, community-based pedagogical practices and positive outcomes of ACE RTOs.

¹ See <https://ministers.education.gov.au/birmingham/stronger-vocational-education-system-delivered> and http://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bid=r5744.

² See <https://docs.education.gov.au/node/42206>, p. 1.

ACE RTOs are community-based, not-for-profit, Australian companies, the majority of them registered charities and a large number listed as Public Benevolent Institutions.³ They are governed by voluntary boards that receive no remuneration, do not have owners nor shareholders, and all financial surpluses are returned to the organisation to improve access, facilities and services to learners and their communities.⁴

Of the limited number of ACE providers that utilised VET FEE-HELP, *none have been implicated as behaving inappropriately under the scheme*. Completion rates under the scheme were very high, in most cases well over 80%.

Under an evidence-based policy approach, approved community education providers should be considered in the same framework as the public providers (that is, TAFE and government providers), with the same approvals and allowances. Policy development by the Government needs to consider the implications of governance structures and organisational cultures on RTO behaviour, rather than an over-reliance on statistical analysis and lumping the community sector with the for-profit private sector providers. State Governments in both New South Wales and Victoria have extensive VET funding programs for community education providers, treating them in their own category, frequently similar to TAFE.⁵

The complex funding environment for VET and its growing intersection with higher education requires a coherent future-oriented governance approach to that can respond to the rapid rate of change in the sector, and the significant differences between for-profit and not-for-profit education providers.

CCA strongly believes that community education providers should be given the same rights of access to the new scheme as TAFE colleges and public providers.

The VET Student Loan program: Difficult to Access Information

Access to information about the new VET Student Loan scheme should be easily obtainable and not restrictive. ACE RTOs that have not been with the VET FEE-HELP scheme that want to pursue accreditation for 2017 have encountered a high level of difficulty accessing information. There has been both confusing and limited information surrounding the application processes, due dates and the actual implementation of legislation supporting the scheme.

³ For a definition, see http://www.acnc.gov.au/ACNC/FTS/Fact_PBI.aspx.

⁴ Compare this approach to surpluses with the 30+% profit margins that a number of ASX-listed Australian private RTOs achieved, in part on the back of VET FEE-HELP. See <http://www.news.com.au/finance/money/costs/this-is-a-blatant-ripoff-of-the-taxpayer-training-colleges-facing-audit-of-predatory-pricing/news-story/b82f5b31b12ccc58755939fbfdb6d66d> and <http://psa.asn.au/report-re-the-capture-of-public-wealth-by-the-for-profit-vet-sector/>.

⁵ See the NSW Community Service Obligation (CSO) funding for ACE providers: https://www.training.nsw.gov.au/ace/ace_cso_program.html.

There has been little information to support RTOs in their preparation for application, as the details of the application requirements were unclear for a long time. Short fact sheets have been made available and information sessions have been held; however, most community not-for-profit RTOs did not receive invitations, nor was any correspondence received to say sessions were occurring. Tracking updates for the progression of the scheme is difficult. Given the very tight timeframes applying to new applications this is neither helpful nor appropriate.

There will be a substantial reduction in access to VET loans in 2017. From the community sector point of view, this is poorly timed given the overall decline in government funding for VET in recent years, and the coming expiry of relevant inter-governmental funding agreements in mid-2017.

Program Timelines: Is fair and effective implementation possible?

The timelines predicted for the rollout of the VET Student Loan program are very short. Final legislation was only passed on 1 December 2016, with the scheme set to commence on 1 January 2017; final implementation will take place over the Christmas holiday period. Our fears for the one month turnaround from the bill passing to the introduction of the new scheme are two-fold: (1) unnecessary restrictions and barriers will be put into place that make it impossible to utilise (strong evidence supports this happening); and (2) design faults will be “locked in” to the scheme that may almost impossible to remove at a later date.

We understand that once provisional approval is granted to a provider for the period January to June 2017, they will be able to enrol students for a six month period. No provider provisionally approved can make any guarantees to students for enrolment beyond 30 June 2017. This has major ramifications for both providers and students. The time frame for the Department to process and issue new approvals is very tight, and planning and processes that must be put in place by the RTO to manage this are tricky, time consuming and expensive, to say nothing of the stress placed on providers and students, unable to effectively plan course and their future activity. At a minimum, a 12 (not 6) month provisional enrolment period should be in place.

While we support stringent approval and operational requirements, CCA requests the implementation of sensible and reasonable processes. The current procedural constraints are too onerous and not reasonable.

Skills identification and Eligibility Requirements

CCA appreciates the efforts the great efforts that the Australian Government has made to simplify and streamline eligibility and notes the modifications made to incorporate industry concerns. *In the interests of creating a program of maximal utility, we request a relaxation of the “two state subsidy/skills list” requirement.*

The information on course eligibility for the VET Student Loan program states that VET Student Loans will only be available for approved courses. Courses are approved if they are current (in other words, not superseded), and on at least two state and territory subsidy/skills

lists, or are science, technology, engineering or mathematics (STEM) related or tied to licencing, accreditation, or registration requirements for an occupation.

Why is not one skills list enough? States and sectors often have unique skill needs, and the skills lists compiled for State use reflect this. The necessity for two skills lists from divergent locations is unnecessary and will be costly for agile and timely skills development.

CCA notes the correspondence from Senator the Hon Simon Birmingham, Minister for Education and Training, to Senator Stirling Griff (South Australia), dated 1 December 2016:

The Government will consider requests by Listed and Not-for-Profit Providers to include additional courses in the Courses and Caps Determination to be provided by an individual Listed and Not-for-Profit Provider only, that are not currently on the published eligible course list. (1 December 2016)

CCA is keen to ensure that the as-yet-undetermined process for additional course approvals works fairly and efficiently for community not-for-profit providers.

CCA supports the policy direction capping the cost of courses into three bands of loans, with caps of \$5,000, \$10,000 and \$15,000 set for courses, based on the cost of delivering them. We also note the timely adjustments made to the bands after consultation, and that there will be reviews of the caps and bands during the first year, and of the scheme itself, after the first 12 months. This review process will provide further opportunity for CCA to contribute to the policy development process as the value and efficacy of the revised program reveals itself.

CCA looks forward to working collaboratively with the Government to ensure that the new VET Student Loans program is properly and efficiently run to the advantage of all Australians, and to ensure that community not-for-profit providers have an opportunity to participate in this scheme.