



The Australian Industry Group
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Mr Stephen Palethorpe
Committee Secretary
Senate Education and Employment Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Mr Palethorpe,

Thank you for inviting the Australian Industry Group to make a submission on two bills before the Senate Education and Employment Legislation Committee:

1. the Education and Other Legislation Amendment (VET Student Loan Debt Separation) Bill 2018; and
2. the Student Loans (Overseas Debtors Repayment Levy) Amendment Bill 2018.

This draft legislation will separate VET student loan debts from other forms of Higher Education Loan Program debts, while still retaining the repayment requirements of the HELP program with the VET Student Loans program. The legislation also includes the requirement for debtors who reside overseas to make repayments against their debts, and enables a more streamlined transition of approved courses eligible for VET student loans.

Specifically, the legislation will:

1. insert the repayment requirements of the HELP program contained in the Higher Education Support Act 2003 into the VET Student Loans Act 2016;
2. amend the VET Student Loans Act 2016 to allow more flexibility in determining eligible courses, and
3. insert reference to the VET Student Loans Act 2016 into the Student Loans (Overseas Debtors Repayment Levy) Act 2015 to allow VET student loans to continue to apply to debtors who reside overseas.

The main intent of the draft legislation is to allow better reporting of the repayment of VET student loans by separating them from other HELP loans. Currently it is not possible to determine what proportion of which type of loans has been repaid. It will also allow students that have multiple loans to receive separate statements for each loan.

The legislation also lays the groundwork for the course list to refer to the national register, which will enable students to be approved for a loan when a course on the list is replaced, without having to wait for the courses and loan caps list to be updated.

Ai Group regards the changes proposed by the legislation as progressive improvements to a system vital to Australia's prosperity. These changes, as components of the whole VET Student Loan framework, will assist in providing a quality system responsive to the needs of industry and

individuals. The changes help to move towards the principles Ai Group has long considered must underpin the whole system, namely, an industry-led system; national consistency; a properly resourced system; a quality system and community provision.

It is critical that VET courses leading to skilled work are accessible to students who wish to enrol. The cost of higher level VET courses can be prohibitive for some students, so the availability of loans can sometimes mean the difference between participation or otherwise. The proposed legislative changes assist with this availability.

Ai Group agrees with the intent of the two bills to separate reporting and monitoring of VET loans from other student loans. This will provide better data about general take-up, and the rate at which repayments are being made. The data can also be useful in providing information about which courses are repaid more quickly than others, and which courses and which disciplines are slow to provide the outcomes that allow individuals' wages to rise to repayment thresholds. All of these aspects available through the disaggregated data will be important in the formulation of new policy, particularly with regard to eligible courses in the future.

Ai Group is supportive of the move to allow the eligible course list to refer to the national register. This will enable students to be approved for a loan when a course on the list is superseded by an update, without having to wait up to six months for the list to be updated. This will allow for the loans system to stay current with the national register and avoid barriers to training individuals required by industry in a transforming economy.

Finally, Ai Group supports the continued requirement for debtors who reside overseas to make repayments against their debts.

Ai Group looks forward to ongoing reforms to the VET system to enable the development of the future workforce needed by the Australian economy.

Yours sincerely,

Megan Lilly
Head of Workforce Development

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