Independent Tertiary Education Council Australia

Ref: N.4-9 – 15 November 2019

Sen. The Hon James McGrath
Chair
Senate Standing Committee of Education & Employment
PO Box 6100 – The Senate
Parliament House
CANBERRA ACT 2600

Dear Senator

RE: Supplementary Submission –Inquiry into Education Legislation Package delivering tuition protection to domestic students

The Independent Tertiary Education Council Australia (ITECA) is the peak body representing independent providers in the higher education, vocational education, training and skills sector. It takes this opportunity to thank the committee for the opportunity appear before the committee as part of its inquiry and we take this opportunity to tender a pleased to offer a supplementary submission that expands on some of the issues raised.

During the Hearing on 12 November 2019, ITECA took on notice a question seeking data on the number of students within ITECA members who pay tuition fees up-front in excess of the $1500 limit, which was discussed in the Hearing. Following substantial research into this issue, we are unable to prove that information in a precise manner for the Committee. ITECA also sought external advice and it is noted that a paper published by the National Centre for Vocational Education Research (NCVER) titled *Data on total investment in VET: what should be collected* shows that this information is very hard to get and, that at the sector-wide level is not currently available.

For the ITECA Australian Student Tuition Assurance Scheme, there is some contextual information that may be of some assistance for the Committee in terms of the scope of the Scheme's current coverage.

Provider Type	**Students Covered**	**Proportion of Providers**	**Cover Amount**
VET	12,683	56%	$21,205,350
Higher Education	5,805	22%	$17,800,975
Dual Sector	7,421	22%	$30,695,473
TOTAL	25,909	100%	$69,701,798

There are also some additional issues with the Bills that ITECA feels need to be addressed. These fall into two categories.

Inconsistency with the tuition protection framework for overseas students

Tuition protection for overseas students is governed by a framework of legislation that includes the *Education Services for Overseas Students Act 2000* (ESOS Act). The ESOS Act is the critical instrument in that it establishes both the obligations of a provider towards a student, as well as what might be termed the initiation point; the point at which a provider defaults on those obligations to a student. Critically for the Committee's consideration of these Bills, what constitutes a provider default under the ESOS Act does not directly align with an instance of default under the *Education Legislation Amendment (Tuition Protection and Other Measures) Bill 2019*.

This difference will mean that circumstances may realistically arise in the future where overseas students are protected under the Tuition Protection Service, but domestic students with a Government loan are not similarly protected due to the different circumstances that can trigger the protections. This would defeat the Government's core policy aim.

Inequitable protection coverage afforded beyond the Government loan programs

The Bills have a positive policy intent when students are displaced by either a course or provider closure or cessation. That is, that priority is given to placing a student in an alternative course over a straight recrediting of the loan amount to the student's loan cap. ITECA supports this policy intent and welcomes the focus on supporting students to attain what they initially paid for.

There is, however, an unintended effect of the Bills in how students in different circumstances may be treated by the proposed arrangements. For example, in the case of a course costing $10,000 where three students in differing circumstances are equally affected by a closure just prior to finishing the course, but without completing it, and are placed with a replacement provider:

- <u>Student A</u>: Accessed a loan for the full amount of the course
- <u>Student B</u>: Accessed a loan for 10% of the course and paid up-front fees for the remainder
- <u>Student C</u>: Paid up-front fees from family or business savings for the full amount.

The experience of operating the ASTAS has demonstrated that in cases of a course/provider closure, often it is student records that are very poorly kept. In that context and in this example, the replacement provider is unable to offer more than a very small amount of course credit. The effect of this under the proposed protections in these Bills would be:

- <u>Student A</u>: full recredit of the loan amount; effectively giving access to up to $20,000 of a Government loan.
  Outcome: there is no requirement to pay additional fees in the replacement provider.
- <u>Student B</u>: full credit of the amount of the loan amount (10% of course cost); <u>plus</u> credit of the amount of tuition fees paid to the original provider.
  Outcome: there is no requirement to pay additional fees to the replacement provider for the replacement course.

- Student C: No credit of fees paid.
  Outcome: the student will be required to pay the full amount for the course twice.

In addition to this particular issue, there are also issues in relation the treatment of scholarship funding of students, which has particular relevance in regional communities where students can be funded for particular programs by different non-profit organisations (for example grants and scholarships from the Country Women's Association is one case that won't be covered).

Significantly, is it often the case that trade and non-trade apprenticeships are funded by small businesses. The funding provided by these small businesses will not be protected under these proposed Bills and businesses will lose those investments while apprentices will be left without a qualification and in many cases regions will be left without a critical skilled worker.

As there was no consultation with stakeholders prior to these Bills being presented to the Parliament, there was also no opportunity to identify these issues prior to their introduction.

The view of ITECA is that in order to achieve the preferred goal of universality in student tuition protection and avoid what would be a 'multi-speed system', which is the preferred goal of most stakeholders, the Bills could be passed with commencement delayed while a solution to these issues is developed in consultation between Government and stakeholders.

ITECA would be pleased to engage on the development of such a universal system.

Yours faithfully

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Chief Executive