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19 November 2015

Committee Secretary
Senate Education and Employment Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Members

Re: Submission to the Senate Education and Employment Legislation Committee regarding its inquiry into the Higher Education Support Amendment (VET FEE-HELP Reform) Bill 2015

On behalf of Evocca College ('Evocca'), one of Australia's leading vocational education and training (VET) providers, I thank the Senate Education and Employment Legislation Committee for the opportunity to make a submission on the Higher Education Support Amendment (VET FEE-HELP Reform) Bill 2015.

Evocca fully supports the reforms implemented in the VET sector since April 2015 and we welcome the proposals in this Bill as a way of strengthening the sector and protecting students taking out VET FEE-HELP loans. Better regulation will also protect the operation and reputation of the majority of VET providers who provide quality education, but have otherwise lost credibility as a result of misleading and sometimes mischievous reporting of the facts.

The attached submission articulates Evocca's commitment to providing the best quality education for students and provides a set of recommendations that we believe will further strengthen and improve outcomes in the sector.

As a leading industry player, we look forward to ongoing and constructive dialogue with the Committee on creating a fit for purpose policy framework that delivers the right outcome for students and the Australian economy.

Yours sincerely

Craig White
Chief Executive Officer

Submission to the Senate Education and Employment Legislation Committee regarding an inquiry into the Higher Education Support Amendment (VET FEE-HELP Reform) Bill 2015

1. Executive summary

Evocca College ('Evocca') welcomes and fully supports the proposals set out in the Higher Education Support Amendment (VET FEE-HELP Reform) Bill 2015 (the 'Bill'). VET FEE-HELP continues to be the right approach for supporting Australia's workforce needs and this Bill will further strengthen and improve outcomes in the sector.

With an extensive campus network and a student-centric service model, Evocca is one of Australia's leading private VET providers. We are committed to excellence and improving our service delivery each and every day.

We welcome the regulatory changes that have been made this year and believe the following recommendations should be considered as part of ongoing reforms:

1. Cap broker fees at 15 per cent of total course fees, require disclosure of these fees and introduce a mandatory broker code of conduct;
2. Reduce the VET FEE-HELP repayment threshold to between \$30,000 and \$40,000;
3. Introduce an industry ombudsman;
4. Replace the lifetime VET FEE-HELP loan limit with a lower maximum allowable outstanding loan debt that a student can have at any one time;
5. Improving student outcomes by (a) mandating a minimum ratio (e.g. 40:60) of campus to distance learning and (b) requiring all RTOs to utilise the globally recognised Net Promoter Score (NPS) methodology to measure student satisfaction, and (c) improved information sharing between RTOs and other agencies; and
6. Mandate the Commonwealth take responsibility for all VET policy, regulation and funding.

As part of these recommendations, Evocca does not believe the setting of fee caps or limiting VET FEE-HELP to specific courses will lead to appropriate public policy and quality student outcomes.

2. Evocca College overview

Evocca is an industry leader in quality vocational education and training. We have over 450 tutors with approximately 15,000 students across 16 qualifications. Our educational model is student-centric providing pastoral care in around 50 physical campuses Australia-wide. No other private provider has invested in as many staff and bricks and mortar locations around Australia.

We note that there have been various reports released and media commentary regarding Evocca over the past 12 months. Against this backdrop, we would like to take the opportunity to emphasise the following:

- Evocca has an exceptional level of student satisfaction which we measure through our Net Promoter Score (NPS) student surveys. Over the past 24 months we have surveyed approximately 15,000 students and have achieved an average NPS score of +53, representing a raw score of 9 out of 10, an exceptional result. This score places us among the best educators in

the world. In addition to this numerical score, many thousands of students have provided positive testimonials of their experience with Evocca.

- We have a very low complaint rate of less than 1 per cent. Whilst a good result, we continue to work closely with our stakeholders to improve our academic delivery and operational model. Where we have cases of genuine student dissatisfaction we seek to address them in a professional manner through our established procedures. If at any time we have failed to meet this standard, we endeavour to rectify the situation as quickly as possible. In a number of instances, we have seen our most ardent critics become our greatest supporters. It should be noted that at this time, we are not aware of any outstanding complaints through ASQA, ACCC or any other consumer protection agency.
- While we have previously stated that for 2011 student enrolments our completion rate of 33 per cent exceeds the industry average of 26 per cent, we are continually seeking to improve them. This is being achieved through our weekly support framework for students including one-on-one coaching/mentorship, vocational placement opportunities, learning and career pathway support, engagement with industry and articulations to Universities. Many students who exit their course early have gone into full-time employment and the flexibility of Evocca's courses ensures that students can return to their studies at a later date.
- Our commitment to quality is evidenced by our most recent audit results by ASQA which noted our ongoing compliance with the VET Quality Framework. ASQA was complimentary about a number of aspects of our operations, including our strong enrolment processes and procedures.¹ Indeed, the Chief Commissioner of ASQA has noted during Senate Estimates that *"I think the media around this RTO exceeds what we found as a regulator, and I do not think it is because we were not thorough."*²

In this context, we want to continue to work with government to further strengthen and improve outcomes in the sector.

3. A fit for purpose policy framework

Since 2009 VET FEE-HELP has helped to remove the barriers to study for thousands of students enabling them to develop their skills and qualifications and gain meaningful employment. We acknowledge and support regulation which must play a key role in ensuring that it delivers the right outcome for students and Australia's workforce needs.

Evocca fully supports the number of reforms introduced since April 2015 and welcomes this next tranche of changes outlined in the Bill. However, we do believe that further regulations are needed and we submit the following recommendations for the Committee's consideration as part of ongoing reforms in the sector.

¹ ASQA, Audit Report Vet Quality Framework, 27-04-2015; see also: Hansard Commonwealth of Australia, Senate Standing Committee on Education and Employment Estimates 21 October 2015, p 91.

² Hansard Commonwealth of Australia, Senate Standing Committee on Education and Employment Estimates 21 October 2015, p 91.

Recommendation 1: Cap broker fees at 15 per cent of total course fees, require disclosure of these fees and introduce a mandatory broker code of conduct.

- The most significant issue facing the VET sector today stems from the use of brokers and reported problems with marketing and recruitment practices. Over the past two years, Evocca has taken a strong stance against unethical practices by brokers and currently more than 99 per cent of students are engaged directly by Evocca. To address the problems, we recommend that all fees paid to brokers be fully disclosed to students and be capped at no more than 15 per cent of total course fees. This will ensure greater transparency and accountability of brokers and the RTOs that use them.
- In addition, we believe that a mandatory code of conduct for brokers be introduced. This code would set out the minimum procedures and standards of good broker conduct, as well as the relevant enforcement / penal provisions for non-compliance. It should be governed and enforced by a Board comprised of industry participants, government representatives (e.g. ASQA and Department of Education), and other relevant stakeholders.

Recommendation 2: Reduce the VET FEE-HELP repayment threshold to between \$30,000 and \$40,000

- VET FEE-HELP is an investment made in individuals that will see substantial returns to the economy over the working life of the individual concerned.
- To ensure that students are accountable for the repayment of VET FEE-HELP loans, Evocca recommends that the repayment threshold be lowered to within the range of \$30,000 - \$40,000 per annum (currently \$54,126 p.a.³). This will not only increase and accelerate the repayment of loans but will also ensure prospective students take a considered and deliberate approach on their decision to study knowing that they will likely have to repay the debt at some future date.

Recommendation 3: Introduce an industry ombudsman

- Evocca supports the establishment of a national industry ombudsman for the VET sector. As articulated by the Australian Council for Private Education and Training (ACPET), this would improve public perception of the industry, provide a cost effective dispute resolution option, improve communication and ensure regulators are given early warning of major issues.⁴ The scope of the ombudsman could include complaints relating to the quality of training and assessment, contractual arrangements and other complaints about both public and private providers.

³ <http://studyassist.gov.au/sites/studyassist/payingbackmyloan/loan-repayment/pages/loan-repayment>

⁴ ACPET, Submission to the Senate Education and Employment Committee re Inquiry into the operation, regulation and funding of private vocational education and training (VET) providers in Australia, February 2015, p 16. See:

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/vocational_ed/Submissions

Recommendation 4: Replace the lifetime FEE-HELP loan limit with a lower maximum allowable outstanding loan debt that a student can have at any one time

- Currently students have a lifetime FEE-HELP limit of \$97, 728.⁵
- Evocca suggests that this limit be replaced with a lower limit on the *maximum allowable outstanding loan debt* that a student can have at any one time. That is, there should not be a limit on the amount of education a student can access if they are paying back their loan to the government. Evocca believes there is strong merit in this proposal as it will ensure that students who wish to pursue further study to build their skills and qualifications are not inhibited from doing so as long as they are able to repay their outstanding loans appropriately. At the same time, students are prevented from incurring substantial loans which they cannot repay.

Recommendation 5: Improving student outcomes by (a) mandating a minimum ratio (e.g. 40:60) of campus to distance learning, (b) requiring all RTOs to utilise the globally recognised Net Promoter Score (NPS) methodology to measure student satisfaction, and (c) improved information sharing between RTOs and other agencies

- Although the industry concept of a flexible VET learning model has led to many students swapping, changing and exiting early from courses based on their needs, we recognise that completion rates need to be improved across the board in both the public and private sector. Whilst further research is needed to better understand how we can empower students to complete their courses under VET FEE-HELP and reach higher completion rates⁶, Evocca proposes some immediate suggestions that could help improve outcomes.
- Firstly, we recommend that there should be a minimum ratio of campus to distance learning for all courses provided by RTOs. In our experience, student engagement, progression and completions are all higher for campus learning as opposed to online/distance courses. This is supported by recent findings of the National Centre for Vocational Education Research (NCVER) which showed that on-campus or internal courses have higher completion rates than distance education.⁷ Accordingly, we believe that the introduction of a minimum ratio of 40 per cent campus to 60 per cent distance/online would significantly improve overall student satisfaction and completions.
- Secondly, Evocca employs the globally recognised Net Promoter Score (NPS) framework as a way of measuring student satisfaction. We believe that this methodology should be applied by all RTOs so that government, students, parents and the general public have a standard and comparable measure of student satisfaction across the industry. The results could form part of a comprehensive student information website. The recently launched Quality Indicators for Learning and Teaching (QILT) website for universities, which provides excellent information about student engagement and satisfaction, is a good example to replicate for the VET sector.

⁵ <http://studyassist.gov.au/sites/studyassist/helppayingmyfees/vet-fee-help/pages/vet-fee-help#HowMuchCanIBorrow>

⁶ For instance, historically, when delivering training and assessment to trainees in the workplace, we have experienced completion rates greater than 70%.

⁷ National Centre for Vocational Education Research, A preliminary analysis of the outcomes of students assisted by VET FEE-HELP, 2015, p 27.

- Building on this, the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) data, which captures information about VET students, should be expanded to include post-course outcomes – do students go on to further study, gain employment, etc.
- Thirdly, strengthening and formalising information sharing requirements between RTOs, Centrelink and other government agencies will allow the government to better monitor graduate outcomes. Requiring RTOs to provide Centrelink with information about student attendance and engagement will ensure that students are only receiving assistance to which they are entitled.

Recommendation 6: Mandate the Commonwealth take responsibility for all VET policy, regulation and funding

- Evocca believes that the Commonwealth should assume responsibility for the regulation and funding of Australia's VET. There are almost 5,000 public and private training providers which receive different levels of federal and state government funding which is administered and regulated by different rules and agencies. This mix results in funding duplication and overlap that create perverse incentives that affect student choice and inequity. A Commonwealth regulatory and funding system will create significant efficiencies.
- We therefore support the dialogue in the Reform of the Federation process which has outlined the possibility of a national framework for VET whereby the Commonwealth is responsible for policy, regulation, service delivery and funding (setting of fees, payment of subsidies and lending of income-contingent loans).

4. Evocca's view on fee caps and course restrictions on VET FEE-HELP

There have been some suggestions that VET fees should be capped or that the number of courses for which VET FEE-HELP is available should be restricted. Evocca considers that these measures would only create restrictive barriers to study limiting student choice and distorting the overall VET sector.

A cap on fees will lead to a reduction in the overall quality of training as providers will be forced to reduce their investment in staff/tutors, student support services, and bricks and mortar campuses. Students may be required by RTOs to pay top-up fees for additional services and support. A cap will also cause a greater shift from public to private providers as the price competitiveness of private RTOs will increase. Conversely, it will also motivate low cost, poor quality providers to lift their fees to the cap.

Restrictions on courses entitled to receive VET FEE-HELP will also shift the scheme to a supply, as opposed to a demand, driven system. This is counterintuitive to 'consumer choice' and empowering students to take on study and employment pathways based on their needs, capabilities, and individual passions and interests. Such restrictions will only limit employment opportunities and distort market outcomes.

Evocca believes the abovementioned recommendations will be more effective in addressing industry and public concerns.

5. The Commonwealth Department of Education and Training to take a more active role

Evocca has been an approved VET FEE-HELP provider since May 2011. Since then, we have worked closely with the VET FEE-HELP team in the Commonwealth Department of Education and Training on our policies, practices and procedures, and we have participated in a number of roundtable and forum discussions. Importantly, we have also proactively shared our perspective on potential policy reforms including broker conduct, and the need for disclosure and capping of broker fees and, parental consent for people below 18 years old on the 1296a VET FEE-HELP form.

As such, we are encouraged by this Bill in recognising a greater role for the Department in the administration and enforcement of the scheme, in partnership with ASQA.

6. Conclusion

Evocca welcomes this opportunity to make its submission on beneficial VET policy reforms and we commend our recommendations to the Committee.

Looking ahead, we are keen to see the current debate about the sector elevate towards a more strategic and forward-looking policy discussion that genuinely recognises the value of VET to Australia's workforce needs and broader economy when considered in a global context.

Education is a shared responsibility with students, RTO providers, regulators, policymakers and industry, each playing their part. As a leading RTO provider, we at Evocca are committed to our role in providing quality academic resources, expertise, support, pastoral care and outcomes for students.

We look forward to ongoing dialogue with government on the issues and opportunities outlined in this paper.

19 November 2015

