



A submission to the Senate Education and Employment
Legislation Committee

into

Education Legislation Amendment (Tuition Protection and Other
Measures) Bill 2019, VET Student Loans (VSL Tuition
Protection Levy) Bill 2019 and the Higher Education Support
(HELP Tuition Protection Levy) Bill 2019 [Provisions]

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Introduction

The National Union of Students (NUS) was founded in 1987 as the peak-body organisation representing all post-secondary students across Australia, including vocational, higher education, international and domestic students. We seek to further the voice of students by advocating on a range of student issues on a national level, and to state and federal governments. NUS welcomes the opportunity to provide feedback on the Education Legislation Amendment (Tuition Protection and Other Measures) Bill 2019, VET Student Loans (VSL Tuition Protection Levy) Bill 2019 and the Higher Education Support (HELP Tuition Protection Levy) Bill 2019.

NUS welcomes the Government's decision to legislate further financial protections for students. However, there is some ambiguity around the 'target fund size' that the levies seek to reach. NUS recommends that legislators be mindful that significant financial pressures on providers typically translate as cost barriers for students, a hurdle that would be counterintuitive to a bill intended to create further protection and choice for domestic students.

This submission will be focussing on the impact of this legislation on students. Our key points of concern are:

- Transparency about financial burden on institutions, and how this might affect student choice;
- The responsibility of the Government to public education institutions and, by extension, to students;
- Commodification of education and the future of public providers, especially TAFE institutes.

Recommendations:

1. To provide clarity around the 'special tuition protection component', and what dollar amount the 'target fund size' is projected to be.
2. To consider the differing needs of individual providers when levying further amounts for the HELP and VET Tuition Protection Funds, with particular regard for non-profit providers.
3. To pay the administrative fee component for public providers into the levy from the revenue generated, or remove it outright. Students studying at public providers must still be covered under this legislation.
4. To develop a cohesive education policy framework and strategy that includes higher education and vocational education, with TAFEs consulted and centred as key providers.

Ambiguity of the Target Fund Size

The proposed legislation allows for private providers to be charged an additional amount in the event of the HELP and VET Tuition Protection Funds being below their 'target fund size'.¹ However, there is no indication of what this target is, or projections for what it might be. NUS is concerned by the absence of details about this potential increase in the levy: where private providers are required to pay additional fees, they have indicated that this will translate into further costs for students.² Speaking about a different set of levies for full cost recovery by TEQSA and ASQA brought into effect earlier this year, the chief executive of the Independent Tertiary Education Council Australia said, 'The new fees and charges levied by ASQA and TEQSA will be passed on to students, that's the natural outcome of this cash grab by government.'³

NUS supports the tuition protection levies, but is of the belief that any increases to the levy amount must be made with consideration for the operating budgets of individual institutions - particularly non-profit organisations. In order to ensure the costs for students at private institutions do not escalate out of control,⁴ our recommendations are as follows:

Recommendation 1: provide clarity around the 'special tuition protection component', and what dollar amount the 'target fund size' is projected to be.

Recommendation 2: consider the differing needs of individual providers when levying further amounts for the HELP and VET Tuition Protection Funds, with particular regard for non-profit providers.

Reducing the Burden for Public Institutions

The VSL and HELP Tuition Protection bills helpfully distinguish between public and private providers. Recognising the lower risk of defaulting and secure opportunities for transfer between TAFEs, a lower levy for public providers is a sensible decision.

In 2018, there were 4.1 million students enrolled in vocational study, with 777,100 at a TAFE institute,⁵ and '57,874 students undertook a part of a course with a census day during 2018, where the part of the course being studied was VSL-assisted'.⁶ Of all students enrolled in a VET course, only 1.41% accessed VSL assistance. The individual levy amount for public VET providers is likely to be quite low. Further, only 23 TAFEs and 13 other public organisations were listed as approved VSL providers in 2018.⁷ Contrasted with the 146 private providers,⁸ the net amount from public institutes is unlikely to be a significant amount in the pool of funds afforded by the levy.

¹ *Education Legislation Amendment (Tuition Protection and Other Measures) Bill 2019 (Cth)* (Austl.) retrieved from https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r6415_ems_839341d4-5c79-4c0a-93ad-d46e11ca3643/upload_pdf/717394.pdf;fileType=application%2Fpdf

² Independent Tertiary Education Council Australia (2019, September 20) *ASQA & TEQSA Cost Recovery To Increase Student Course Costs - Media Release*, retrieved from https://www.iteca.edu.au/UploadedFiles/MediaReleases/20191001_ASQA_TEQSA_Cost_Recovery_To_Increase_Student_Course_Cost.pdf

³ Independent Tertiary Education Council Australia. (2019, September 20). *ASQA & TEQSA Cost Recovery To Increase Student Course Costs - Media Release*.

⁴ Saccaro, F & Wright, R. (2018, August 3). *VET FEE- HELP: What went wrong?* Retrieved from https://melbourne-cshe.unimelb.edu.au/_data/assets/pdf_file/0012/2845776/Final-VET-FEE-HELP-.pdf

⁵ NCVER. (2019). *Total VET students and courses 2018*, available at https://www.ncver.edu.au/_data/assets/pdf_file/0031/6925090/Total-VET-students-and-courses-2018.pdf

⁶ Australian Government. (2018). *Annual Statistical Report 2018*, available at https://docs.employment.gov.au/system/files/doc/other/vsl_annual_statistical_report_2018.pdf

⁷ Ibid.

⁸ Ibid.

Public providers have low risk on defaulting entirely; public providers are not required to pay the risk rated premium component or the special tuition protection component of the levy.⁹ Due to the relatively low cost per institution, and with consideration for the estimated revenue in the financial impact statement for the bills,¹⁰ NUS has the following recommendation:

Recommendation 3: pay the administrative fee component for public providers into the levy from the revenue generated, or remove it outright. Students studying at public providers must still be covered under this legislation.

The future of public vocational education

NUS broadly supports the objectives of this package of bills, and appreciates the concern the Government has taken to protecting students from 'bad debt' and defaulting providers. NUS regrets that such responses are necessary in the increasingly corporatised landscape of vocational and higher education. It is disappointing that customer-service style responses to resolving provider issues are necessary, and NUS believes that further reliance on market forces in education will draw away from the human rights principles that ought to underpin policies to improve access to education, protection for students, and support for providers.

The Minister for Employment, Skills, Small and Family Business recently commented to the Senate, 'a strong vocational and educational training system in Australia is essential to a strong economy [...] All too often young Australians can be led down one path, and they're not necessarily told about the value in vocational education.'¹¹ For vocational education to become a more secure and attractive option for students, more must change in the public discourse^{12 13} and national strategic policy spaces. The overwhelming majority of TAFE students are not school-leavers,¹⁴ with at least 82% of students over 20 years old. Whilst NUS does not believe intake for this demographic group should be reduced, there is little being done to market TAFE to students in senior high school, or to combat the notion that TAFE is a lesser choice - or last choice - for school-leavers. More TAFEs are beginning to provide degrees, but are doing so in a policy vacuum: they have little influence in the higher education policy space.

Recommendation 4: develop a cohesive education policy framework and strategy that includes higher education and vocational education, with TAFEs consulted and centred as key providers.

⁹ *Higher Education Support (HELP Tuition Protection Levy) Bill 2019* (Cth) (Austl.) retrieved from https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r6417_ems_67840204-2b60-4136-ad6b-ba02eb1c1987/upload_pdf/717396.pdf;fileType=application%2Fpdf

¹⁰ *Education Legislation Amendment (Tuition Protection and Other Measures) Bill 2019* (Cth) (Austl.), p. 3.

¹¹ Senate. (2019). October 14 Questions Without Notice. Retrieved from https://www.aph.gov.au/Parliamentary_Business/Hansard?wc=14/10/2019

¹² Australian Government: Department of Education and Training. (2019). Appendix 3 Annual Report of the Tuition Protection Service, retrieved from https://melbourne-systems.s3.amazonaws.com/asset/file/5c4fd23233f7987862000fae/submission_-_VET.pdf

¹³ Bol, T. & van de Werfhorst. (2010). Signals and closure by degrees: The education effect across 15 European countries, retrieved from <http://hermanvandewerfhorst.socsci.uva.nl/RSSM2011.pdf>

¹⁴ NCVET. (2019). *Total VET students and courses 2018*, p 17.