

## **Open Universities Australia: Submission to the Education and Employment Legislation Committee re Higher Education Support Amendment (VET FEE-HELP Reform) Bill 2015**

---

### **About Open Universities Australia**

---

Open Universities Australia (OUA) has been in the business of providing open access online tertiary education to everyday Australians for over 20 years. We are owned by seven of Australia's leading public universities and have enrolled over 100,000 students in the last five years. We have been at the forefront of online education and have assisted the Australian Government's agenda of enabling a smarter and more productive Australia.

In 2013, we decided to increase our reach in online education beyond open access university places into the Vocational space with the launch of our own wholly-owned subsidiary registered training organisation – Open Training Institute (RTO 40766), which currently offers over 20 qualifications from Certificate III to Diploma level courses.

Open Training Institute believes in offering high quality specifically designed online courses coupled with strong support mechanisms to help meet students' needs to upskill to increase their ability to get their next role, change careers or get better at their current role. We also believe in offering these courses at a reasonable price to ensure that more Australians can access quality education without the prospect of a financial imposition and/or liability that discourages them from undertaking studies. Open Training Institute is in a strong position given its ownership by seven public universities to also provide a stronger pathway into university degree programs which is also consistent with OUA's open access approach.

### **The benefits of deferred payment schemes**

---

It is clear that a deferred payment scheme is playing a vital role in making the tertiary education (i.e. higher education and vocational education) accessible to students. This is reflected by the fact that over 70% of OUA students use FEE-HELP to pay for their studies.

The introduction of VET FEE-HELP modelled similarly to FEE-HELP and HECS has definitely increased students' ability to pay for their education. The fact that this scheme has risen from \$200m in funding in 2011 through to over \$2b a year in 2015 is testament to this.

Unfortunately, it has also had the effect of allowing some less scrupulous providers to enter the market and offer training at inflated prices to students who aren't necessarily suited to the qualification or have a diminished ability to successfully complete the qualification, as illustrated by low completion rates for a number of providers. Recent publicity around inappropriate sales and marketing behaviours by some providers has brought rightful scrutiny into the industry and has highlighted a number of undesirable practices which has led to students incurring large debts and the general public having a diminished perception of the

entire industry, tarnishing the reputation even of reputable providers who are concerned with delivering quality skills training and education and supporting students to successfully complete their studies.

### **The Government's regulatory reforms to the VET sector**

We believe that the recent reforms introduced as part of the bill above a good step in helping to tighten the controls around offering funding for courses and will help to give students the right sort of information when deciding whether to enrol in a training course. We do have some concerns however that there may be some unintended consequences from some of these and we do believe that we need to be careful that reforms don't result in a case of giving organisations that currently are able to offer VET FEE HELP an unfair advantage over those that do not or may wish to offer the scheme in the future.

### **Higher Education Support Amendment (VET FEE-HELP Reform) Bill 2015**

We are supportive of most of the reforms and draw your attention particularly to the comments below:

<b>Reform</b>	<b>OUA's comments</b>
<b>Requiring a course to have at least 3 study periods during the course of study</b>	<p>We are generally supportive of this measure.</p> <p>If a student decides not to continue with a course for whatever reason, this reduces their potential debt if a course is broken into multiple periods rather than having one census date for the whole course. It also reduces the likelihood of a student incurring a large debt for a course they have no intention or limited ability to complete.</p> <p>We are concerned, however, that the requirement that the price paid per fee period must be exactly equal to the time period it relates to. We do believe there should be some flexibility to price different periods at different prices. This more closely aligns with state funding as well as allowing a little more flexibility in how to package a course together. We believe something that requires the provider to ensure that the fee charged per unit of study should be representative of the time required to complete it. For example if there are four study periods of equal length within a course, the price to be charged should be somewhere between 22.5%-27.5% for each period rather than mandating 25% for each.</p>
<b>Two day cooling off period</b>	<p>We support this measure. We believe that although:</p> <ol style="list-style-type: none"> <li>this may cause some process issues; and</li> <li>in the case of some students who are very clear about what they want to study, that this could be a barrier to entry, giving a student 2 days to think about their</li> </ol>

	<p>enrolment before completing the VET FEE HELP form will ensure students aren't pushed into a course or funding they don't want.</p>
<b>Approval from a guardian for a student under 18</b>	<p>We strongly support and welcome this measure.</p>
<b>Prohibiting inducements for a course</b>	<p>We strongly support and welcome this measure.</p> <p>We strongly believe that the course and the likely outcomes it would provide a student should be sufficient and additional inducements should not be required.</p>
<b>Providing an invoice before each study period</b>	<p>We are generally supportive of this measure.</p> <p>Although this puts additional administrative burden on providers, it is an added safeguard to ensure students don't incur debts unnecessarily.</p>
<b>Student entry requirements</b>	<p>We are generally supportive of this measure.</p> <p>We welcome the suggestion with regard to minimum entry requirements for each course and are glad that there is acknowledgement around this occurring through online means. We do have concerns, however, as to whether mandating minimum academic entry standards such as year 12 or equivalent may actually disadvantage particular students and prevent them from further post-secondary studies or following their desired career pathway. There are many students without formal academic qualifications that can meet minimum requirements through completion of Learning, Literacy and Numeracy provisions already mandated to RTOs. In addition, people with work experience but no formal academic qualification could be disadvantaged if only academic qualifications are taken into account.</p>
<b>Not allowing a provider to reapply for the ability to offer VET FEE-HELP once an application is rejected for a period of 6 months</b>	<p>We are generally supportive of this measure.</p> <p>We believe that while there should be some requirements in place to stop providers from constantly applying and getting rejected, we believe that this should be looked at in more detail. For example, the rejection of applications due to not meeting material requirements should be treated differently to those applications rejected because they omitted an immaterial bit of information, inadvertently attached incomplete supporting documentation or otherwise didn't meet the prescribed form of application. The latter should not result in the provider not being able to apply again for six months.</p> <p>Making it more difficult for new providers to obtain VET FEE-HELP will likely disadvantage new providers who are aiming to provide services to students to improve their future and ability to</p>

gain employment. This could create more of an environment of “haves and have nots” in the industry if barriers to entry for new providers are too great.

### Additional suggestions for reforms

We believe that in addition to the measures outlined, that the Department should also consider some of the following issues:

Suggested reform area	Rationale
<b>Taking into account prior standing of the organisation</b>	We believe that restricting the ability for a new provider to apply for VET FEE-HELP is a significant barrier. Whilst minimum standards must be adhered to and the entity applying for VET FEE-HELP needs to be scrutinised closely, the department should also consider the reputation of a parent company when deciding whether to grant an application. Requiring the entity to be practising for a minimum length of time before application only makes sense if the parent entity’s tenure in education (whether or not the parent is an RTO) is taken into account. If the parent currently offers HECS help or FEE-HELP and there have been no significant issues encountered, this should be given a considerable amount of weight when deciding the suitability of its subsidiary when applying for VET FEE HELP status.
<b>Tying the level of completions to VET FEE HELP funding</b>	We believe that the current measures of requiring students to have multiple census dates within a course of study achieves this aim rather than tying to completions. There are a number of reasons why students may not complete and whilst an organisation should not benefit from students signing up and never completing, they shouldn’t be penalised if it does happen. Breaking a course into multiple periods achieves this aim.
<b>Monitoring of RTOs that currently offer VET FEE HELP</b>	The reforms should look into the powers to revoke VET FEE HELP from providers that don’t meet minimum standards (academically, financially, regulatory). In our belief, having regular compliance audits and meeting minimum yearly standards should be a requirement of continuing to be able to offer VET FEE HELP. Whilst processes need to be in place for ensuring students aren’t unduly affected if an organisation has its VET FEE HELP status revoked, we believe it is crucial that measures be in place to ensure rogue operators and bad practices result in revocation of VET FEE HELP. Without this, although new providers who shouldn’t receive VET FEE HELP will be stopped, operators who already have it and shouldn’t will have even more of an unfair advantage.
<b>Consumer information about the performance of RTOs, as evaluated</b>	We also believe the government should look into some sort of forum where students can review the performance of RTOs in a public forum to provide better information to potential students.

**by students**

Something similar to the “my schools website” where perspective students can view comments on the performance of RTOs may assist in students making an informed decision. The current myskills website already gives information on average price of vocational courses and who currently offers these courses but having a controlled website where students can rate their RTOs may also give students extra avenues to make an informed decision.

## **Conclusion**

---

We believe all in all, that although the reforms place added burdens on RTOs administratively, the ultimate aim of protecting students from unscrupulous operators has to be paramount. We would ask that the reforms do take into account potential consequences that result in giving operators who already offer VET FEE-HELP too much of an unfair advantage over those that don't. In some cases this may even exacerbate issues for students if existing operators aren't required to follow more stringent requirements to continue.

We welcome the opportunity to discuss this further. Open Universities Australia has been at the forefront of helping to upskill Australians that may not have otherwise had the opportunity to go to university and through our subsidiary, Open Training Institute; we want to make sure our reputation for quality outcomes for students to move ahead in their careers continues. We believe these reforms will help us to continue to offer these services to Australians in the future.

**Paul Wappett**

Chief Executive Officer  
Open Universities Australia

Contact details:

Open Universities Australia  
Level 1, 473 Bourke Street  
MELBOURNE VIC 3000