

Chapter 2

Opposition senators' comments

Introduction

2.1 The *Higher Education Support Amendment (Extending FEE-HELP for VET Diploma and VET Advance Diploma Courses) Bill 2007* was referred to the Senate standing committee on Employment, Workplace Relations and Education for inquiry and report by 30 July 2007.

2.2 This bill amends the *Higher Education Support Act 2003* to extend FEE-HELP assistance to full-fee paying students in diploma and advanced diploma courses that are accredited as VET qualifications and where credit toward a higher education award is available.

Background

2.3 Labor senators note that Australia is currently experiencing a skills crisis that by the government's own analysis will lead to a skilled labour shortfall of 240,000 skilled employees by 2016. Labor senators also note that this shortfall is occurring at the same time that policies implemented over the eleven years of the Howard Government have seen 325,000 Australians turned away from TAFE, the primary institution in Australia that provides VET qualifications. This fact becomes more damning when over the next ten years employment demand for high-skilled occupations is expected to grow at a faster rate than demand for low-skilled occupations.¹

2.4 Access to the current FEE-HELP loan scheme is limited to full-fee students undertaking studies at an accredited higher education provider. Students undertaking equivalent level vocational education and training qualifications are not able to access this scheme and as a result are required to pay up-front tuition fees. Labor senators regard this situation as inequitable. This situation creates a two-tiered structure for professional education, with a distinct preference for higher education, to the detriment of vocational education and training as a legitimate career path. It is also inconsistent with the emphasis increasingly placed on the importance of vocational education and training by business.

1 Monash University, Centre for the Economics of Education and Training, report for the National Training Reform Taskforce, *Qualifications and the future labour market in Australia*, November 2006, p. xi.

Provisions of the bill

2.5 Items 1-16 and 18-55 are technical amendments that extend to the act's operations to the VET sector.

2.6 While it is expected that around \$221 million in loans will be issued over the forward estimates, the amounts loaned are treated as financial assets and therefore do not impact on the fiscal balance. Items 15 and 16 of the bill provide for the appropriation of this money.

2.7 Item 17 is the substantive amendment, which inserts proposed new Schedule 1A into the act. This schedule duplicates the relevant parts of the act and makes the necessary amendments to make the provisions applicable to the VET sector. The effect of this item is to extend FEE-HELP to allow VET providers to be able to offer FEE-HELP assistance for diploma and advanced diploma courses.

2.8 Labor senators acknowledge that there is significant overall support for the bill. It is not, however, without criticism.

2.9 Of the seven submissions received to the inquiry, a significant number were critical of various elements of the bill.

2.10 The Australian Council for Private Education and Training (ACPET) noted that while supportive of the overall intent of the legislation, the legislation did not go far enough. It regards that the effect of the legislation was to exclude the two most senior VET qualifications from FEE-HELP, a point they observed as opposite to the intended objectives of the legislation. The International College of Hotel Management (ICHM) also noted the exclusion of the vocational graduate certificate and the vocational graduate diploma from eligibility for FEE-HELP.

2.11 ACPET also objected to the legislation limiting the extension of eligibility for FEE-HELP to those VET qualifications only leading to credit for a university qualifications. In ACPET's view, this acted against the original intention of the legislation.

2.12 The University of Sydney Student Representative Council (SRC) argued that the legislation would result in students taking on greater levels of personal debt.

2.13 The Queensland (QLD) State Government, expressed concern over the criteria for eligible VET providers. In particular, the QLD State Government argued that subdivision 3A of item 17 of the bill defined a VET provider too narrowly, and that its definition of a VET provider as a body corporate excluded QLD TAFE Institutes, which are not currently constituted as corporate bodies. The QLD State Government submission proposes that the definition be amended to include all TAFE Institutes as eligible VET providers, and that in the absence of this, that there be a minimum three year phasing in period to ensure that QLD students are not disadvantaged.

Conclusion

2.14 Labor senators support the intent of the bill to extend FEE-HELP assistance to full-fee paying students in diploma and advanced diploma courses accredited as VET qualifications. Nonetheless, Labor senators also note that this measure comes after a prolonged and sustained period during which the Howard Government simply neglected the skills needs of our nation.

2.15 Labor senators also note that the Howard Government's decision to extend FEE-HELP assistance to full-fee paying students in accredited VET courses adopts Labor's policy proposal outlined in Labor's Higher Education Whitepaper, released in July 2006. Labor's policy paper stated that '...students enrolled in Associate Degree programs ... will have access to FEE-HELP loans.'

2.16 While Labor senators support the proposed changes to FEE-HELP eligibility, senators also note that the various submissions indicated varying levels of concern about the impact of the proposed legislation.

2.17 Labor senators are particularly concerned about the restrictions affecting eligibility of VET students to FEE-HELP. In the view of Labor senators, restricting access and eligibility to only those VET qualifications that may lead to a higher education qualification only goes part of the way to encouraging a greater take-up of VET qualifications.

2.18 Picking up on ACPET's concerns, if the Howard Government were serious about remedying the skills crisis it has presided over then there is merit in providing further analysis and assessment of extending the FEE-HELP regime beyond those VET qualifications that lead to further higher education qualifications.

2.19 Similarly, further consideration as to the eligibility of institutions is warranted. It is simply unfair for those students engaged in VET studies in Queensland to miss out on FEE-HELP eligibility purely on the basis of the corporate construction of the TAFE sector in that state. Refusal by the Howard Government to consider revising the eligibility requirements to include all public TAFE institutes indicates a political motivation over and above a sensible public policy outcome.

Recommendation

Labor senators support the proposed bill.

**Senator Gavin Marshall
Deputy Chair**

