

Submission

to

Senate Employment, Workplace Relations and Education
Legislation Committee

Inquiry into the Higher Education Legislation Amendment (Extending FEE-HELP for VET Diploma and VET Advanced Diploma Courses) Bill 2007

Submitter: The Department of Education, Science and Training

Address: GPO Box 9880
Canberra ACT 2601

Contact: Craig Robertson

Phone: (02) 6240 5058

Fax: (02) 6123 6448

Cleared by: Jim Davidson, Deputy Secretary



Australian Government

Department of Education, Science and Training

**Submission to the Senate Employment, Workplace Relations
and Education Committee**

**Inquiry to the Higher Education Legislation Amendment
(Extending FEE-HELP for VET Diploma and VET Advanced
Diploma Courses) Bill 2007**

16 July 2007

Introduction

The purpose of this submission is to provide information concerning the *Higher Education Support Amendment (Extending FEE-HELP for VET Diploma and VET Advanced Diploma Courses) Bill 2007* ("the Bill").

Background

As part of the 2007 Budget the Australian Government announced that the student loan scheme, FEE-HELP, will be extended to full-fee paying students studying Vocational Education and Training (VET) Diploma and Advanced Diploma courses, where the approved VET provider can demonstrate that a significant credit transfer from those courses to a university level degree is available to the student.

Subject to the passage of the Bill the measure will commence during 2008.

Purpose

The Government's decision to offer FEE-HELP to full-fee paying students at the Diploma and Advanced Diploma levels in VET delivers parity to tertiary students who pay full fees. At present, FEE-HELP is available under the *Higher Education Support Act 2003* ("the Act") to non-Commonwealth-supported students of higher education accredited courses (including those that are offered by approved higher education providers that may also be VET providers), but is not available for VET courses. The extension of FEE-HELP means a student of an eligible full-fee VET course may access FEE-HELP, regardless of whether the student is enrolled with a higher education provider or a Registered Training Organisation.

The initiative is expected to provide up to \$221 million of loans to VET students over the next four years. This calculation is based on the known rate of take-up of FEE-HELP in the higher education sector.

The decision by Government to introduce this scheme in the VET sector is aimed at:

- raising the status of the VET sector;
- opening up choice and diversity in the tertiary sector;
- promoting Diploma and Advanced Diploma pathways to higher education; and
- enabling students to complete qualifications they may otherwise not have had the means to undertake.

Background to Amendments

The Government's decision is to extend the current higher education FEE-HELP scheme into certain areas of VET. FEE-HELP is enacted as part of the *Higher Education Support Act 2003* which governs Australian Government funding and student loans for the higher education sector (HECS-HELP and OS-HELP, as well as FEE-HELP). As a result, FEE-HELP operates on the basis of concepts that apply in the Higher Education sector such as Higher Education awards and student loads.

In order to establish FEE-HELP for the VET sector within the Act, a separate schedule has been established. The Bill sets up the arrangements and appropriation to extend FEE-HELP by using the mechanisms in the *Higher Education Support Act 2003* to the maximum extent possible through the following means:

- In summary, items 1 to 16 of the Bill make technical amendments that have the effect of extending relevant provisions of the Act to approved providers (and their students) in the VET sector. In particular, affected provisions include those covering a student's FEE-HELP balance and VET FEE-HELP debt.
- Item 6 is a technical amendment allowing the existing students of a higher education provider whose approval has been suspended to continue to be paid FEE-HELP. The Bill will amend the HESA in this respect by inserting a new section 22-32 to allow the Minister to make a determination that suspension of a higher education provider does not affect the assistance payable to the body's students under Chapter 3 (which includes FEE-HELP) or the grants to the body under Chapter 2 (Grants for higher education assistance) to the extent that the grants or assistance relate to the students of the body that have not completed the courses of study in which they were enrolled. At present the Minister can only make such a determination in relation to a provider whose approval has been revoked. This amendment allows the provisions for suspension or revocation to be used more flexibly. The same provision is replicated in Schedule 1A for the VET sector - see following summary point.
- Item 17 of the Bill is the substantive provision which inserts a discrete schedule (Schedule 1A) within the HESA to allow for the creation of the VET FEE-HELP scheme. Primarily, Schedule 1A mirrors the provider approval process and FEE-HELP framework of the Act, but caters for the VET sector.
- Schedule 1A also makes provision for the Minister to make up to four sets of guidelines (paralleling the relevant higher education guidelines): VET Administration Guidelines; VET FEE-HELP Guidelines; VET Provider Guidelines; and VET Tuition Fee Guidelines. The guidelines are legislative instruments and are subject to Parliamentary scrutiny and to disallowance. The guidelines will be used to deal with the operational aspects included in the Government's announcements such as the nature of fees for which VET FEE-HELP assistance can be provided, the quality and administration arrangements required of VET providers and the credit transfer requirements and processes. The use of guidelines provides the Department with flexibility to deal with administrative detail in setting up the scheme to cater for the VET sector. The guidelines need to be in place for a 1 January 2008 commencement, consistent with the commencement of Schedule 1 of the Bill.

It should be noted that there are some precursor amendments to *Higher Education Support Act 2003* contained in the *Higher Education Legislation Amendment (2007 Measures No. 1) Bill 2007* that will also apply with this Bill.

Overview of the Scheme

Advantages for the student

This measure will improve the affordability of study for students who are currently faced with paying full fees without access to income-contingent loans.

The measure removes an anomaly where FEE-HELP is available to higher education students studying Diploma and Advanced Diploma courses, but not those in VET institutions undertaking courses at the same level that are accredited as VET qualifications and which have a significant credit transfer towards a university level

degree. This will result in real choice for students and increase access to technical and vocational Diploma and Advanced Diploma courses.

The scheme will also encourage those already with trade qualifications to build on them.

VET FEE-HELP loans will not apply to students in publicly-funded VET places.

Only Diploma and Advanced Diploma courses

FEE-HELP arrangements are being extended to increase access to VET Diploma and Advanced Diploma courses and to offer real choice to students in the recognition that many pursue vocational level courses to prepare them for work and for further study at the university level.

The VET Diploma and Advanced Diploma level has been selected as eligible for FEE-HELP assistance as a significant proportion of the courses at this level are full-fee courses, particularly those delivered by private Registered Training Organisations.

This initiative will remove a barrier that has existed for students who choose to pursue a VET Diploma or Advanced Diploma rather than a higher education-accredited Diploma or Advanced Diploma. Under current arrangements these students would not be eligible for FEE-HELP unless the course was accredited as a higher education award and offered by an approved higher education provider.

Residency and citizenship

The general citizenship and residency requirements specified in section 104-5 of the Act will apply to VET FEE-HELP.

Is there a lifetime FEE-HELP limit?

Each individual has a lifetime FEE-HELP loan limit as defined in section 104-20 of the Act, which will be able to be used for VET FEE-HELP and higher education FEE-HELP. The limit applies to a student's total VET FEE-HELP and higher education FEE-HELP, not to each of those categories of FEE-HELP.

When do students start repaying their debt?

FEE-HELP is an income-contingent loan scheme which, by definition, requires loans to be repaid only when a person's personal income reaches a particular threshold.

Students who access FEE-HELP for VET study will be treated in the same way as students who access FEE-HELP for higher education. In the 2007-08 financial year the minimum repayment threshold is \$39,825.

Credit transfer

The scheme intends to facilitate credit transfer arrangements between the VET sector and accredited higher education providers. The Government has decided to limit the scope of application in this way so that students are aware of their options to study in higher education after they have completed their VET study which would have consumed some of their FEE-HELP lifetime loan limit.

What kind of institutions can participate?

Registered Training Organisations, which comply with the requirements of Division 3, of Schedule 1A of the Bill are eligible to apply to participate in the scheme.

Generally, in the VET sector, Registered Training Organisations are those registered by states and territories to deliver VET qualifications according to their defined scope of registration. To be eligible to offer VET FEE-HELP, Registered Training Providers will need to offer courses:

- at the Diploma or Advanced Diploma level with agreed, significant credit transfer arrangements into a higher education qualification, such as a university degree;
- in the jurisdiction/s under which their scope of registration operates; and
- charge full-fees (*i.e.* none of the course cost is contributed via a state or territory government).