



Australian Government

**Department of Industry, Innovation
Science, Research and Tertiary Education**

REGULATION IMPACT STATEMENT

VET FEE-HELP REDESIGN 2012



V E T
FEE-HELP

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1. Background

Australia's vocational education and training (VET) sector brings together students, registered training organisations (RTOs) governments, employers and industry bodies. There are approximately 5,000 RTOs ranging from public Technical and Further Education (TAFE) institutes, to private sector RTOs of varying size and scope. Large, broad-based TAFEs deliver the bulk of VET in the sector and in 2010 operating revenue for the public VET system was \$7 billion¹. In the private sector small, specialised RTOs co-exist with large, multi-disciplinary colleges. There were approximately 1.8 million students enrolled in publicly funded VET courses in 2010, accounting for 74 per cent of VET students².

The Government works with state and territory governments to set national policy priorities, strategic directions and funding in VET. The Australian Skills Quality Authority is responsible for registering and regulating the majority of RTOs and accrediting courses in VET. The Government provided \$1.7 billion to state and territory governments in 2010-11 to support skills and workforce development-related services. In 2011-12, this funding was increased by a further \$1.75 billion over five years³.

Background on income contingent loans

Government income contingent loans (ICLs) are well established in Australian higher education. The education sector strongly supports the role of ICLs in increasing individual participation in education. ICLs however, were only made available to VET students in 2008 through the establishment of the VET FEE-HELP Assistance Scheme. VET FEE-HELP is one of a number of ICLs offered by the Government under the umbrella of its Higher Education Loan Program (HELP). HELP also includes FEE-HELP which operates in the higher education sector. VET FEE-HELP has authority under the *Higher Education Support Act 2003* (the Act) and has very similar legislative requirements to FEE-HELP which is also under this Act.

VET FEE-HELP was introduced to remove the financial barrier associated with upfront costs of higher level VET study. Other VET FEE-HELP objectives have been identified as⁴:

- increasing options available to students;
- increasing skills and qualifications;
- increasing funding to the VET sector;
- improving equity of access to HELP;
- supporting the productivity and skills agenda;
- providing effective student protections;
- supporting quality, value and sustainability of the VET sector; and
- supporting articulation between VET and the higher education sectors.

VET FEE-HELP's implementation of VET FEE-HELP was influenced by a range of factors including⁵:

- the success of higher education ICLs;
- the variability of education and training within the VET sector;
- issues with the regulation of low quality RTOs, particularly operating in the international education sector; and
- market uncertainty created by the global financial crisis.

¹ National Centre for Vocational Education and Research, *Australian Vocational Education and Training Statistics: Financial Information 2010* <http://www.ncver.edu.au/publications/2426.html>

² Australian Bureau of Statistics, *ABS1301.0 – Year Book Australia, 2012* <http://www.abs.gov.au/ausstats/abs@.nsf/mf/1301.0>

³ Australian Government, *Budget 2011-12 'Budget Australia's Federal Relations Budget Paper No. 3 2011-12'* <http://www.budget.gov.au/2011-12/content/bp3/html/index.htm>

⁴ *Post Implementation Review of the VET FEE-HELP Assistance Scheme: Final Report, 30 September 2011*, p 25 <http://www.deewr.gov.au/Skills/Programs/Support/VetFeeHelp/Pages/PostImplementation.aspx>

⁵ *Ibid*, pp 22,23

How VET FEE-HELP works

To be approved to offer VET FEE-HELP to students, RTOs must apply to the Department of Innovation, Industry, Science, Research and Tertiary Education (the Department) and satisfy a range of eligibility requirements under the Act. RTOs must:

- be a body corporate whose principal purpose is, or is taken to be, to provide education;
- be an RTO as listed on the National Register at <http://www.training.gov.au>;
- be financially viable and likely to remain financially viable;
- carry on business in Australia with central management and control in Australia;
- offer VET accredited diploma and advanced diploma courses with VET credit transfer arrangements, and/or VET accredited graduate certificate and graduate diploma courses;
- be a member of an approved tuition assurance scheme, or hold exemption from tuition assurance arrangements; and
- have administrative procedures and the capacity to meet reporting requirements.

VET FEE-HELP does not regulate the setting of tuition fees and is only available for VET diplomas, advanced diplomas, graduate certificates and graduate diplomas. These qualifications are commonly referred to as higher level VET qualifications.

To be eligible for VET FEE-HELP, a student must be studying in an approved higher level VET qualification and be either an Australian citizen or a permanent humanitarian visa holder who is resident in Australia for the duration of the unit of study. VET FEE-HELP is not available to international students. Full-fee paying VET students and some state subsidised students are eligible for a VET FEE-HELP loan. A full-fee paying student is not funded by a state or territory government or the Government. A subsidised student is a student who has funding from a state or territory government to enrol in a state subsidised training place, and is identified as a subsidised student by that jurisdiction.

Eligible students can take out a VET FEE-HELP loan to cover all or part of their tuition fees. When students take out a VET FEE-HELP loan, the Government pays the loan amount directly to the approved RTO. Students repay the loan gradually through the Australian tax system once their income is above the compulsory repayment threshold set by the Australian Taxation Office. For the 2012-13 income year, the repayment threshold is \$49,095. Students can make voluntary repayments of their VET FEE-HELP debt at any time.

Students are not charged an administration fee for VET FEE-HELP. All students in fee paying places under VET FEE-HELP are required to pay a loan fee equivalent to 20 per cent of the value of the VET FEE-HELP loan. This loan fee has been determined by the Australian Government Actuary to adequately take account of public debt interest expense, above consumer price index, and fair value impairment of loans. Students that access ICLs to pay the tuition fee associated with a state government subsidised place in VET do not pay a loan fee. Instead, the costs associated with the impairment value of the subsidised loans and the public debt interest is shared equally between the Government and relevant state or territory jurisdictions.

Post implementation review of VET FEE-HELP

On 17 February 2009, the then Prime Minister requested that a post implementation review (PIR) of VET FEE-HELP be undertaken. A PIR was conducted in 2011 and included a qualitative and quantitative analysis of VET FEE-HELP's performance against its 2008 strategic objectives. This PIR was a program review, and not a review triggered by a non-compliant decision under the Government's best practice regulation requirements. Wide-ranging stakeholder consultations were conducted with RTOs, state and territory governments and peak sector bodies to capture perceptions of, and experiences with, VET FEE-HELP.

To maximise its reach, consultations utilised a range of approaches, including an online survey, face-to-face focus groups, teleconferences, meetings and written submissions. A total of 549 online survey responses were received from an invitation to over 2,000 RTOs with varying levels of VET FEE-HELP experience.

Face-to-face focus groups and teleconferences were held with a total of 33 RTOs, including those approved to offer VET FEE-HELP and those who had withdrawn their applications. Discussions were held with state and territory government departments including the NSW Department of Education and Communities, the QLD Department of Education and Training, Skills Victoria, and the SA Department of Further Education, Employment, Science and Technology. State and territory governments also provided written submissions.

Meetings were also held with VET sector peak bodies and the PIR built on findings from 2011 market research⁶ on the effectiveness of printed HELP scheme information and communication material. Qualitative and quantitative research was undertaken through focus groups and questionnaires with approximately 200 participants, including students.

The PIR of the VET FEE-HELP Assistance Scheme Final Report 2011, released on 19 June 2012, found that the sector strongly supported the Government's VET FEE-HELP initiatives to improve access and equity for VET students. However, further expansion of VET FEE-HELP would be supported if improvements were made to the HELP schemes to enable the sector to better respond to the needs of students and industry. The PIR found that VET FEE-HELP was administratively complex and made ten recommendations to improve participation by both RTOs and students. The recommendations are summarised below.

1. Remove the requirement for RTOs to have credit transfer arrangements (CTA) in place with higher education providers to become an approved provider.
2. Continue to extend the offer to waive the 20 per cent student loan fee to state and territory government subsidised students as part of the VET reform package.
3. Investigate the cost, feasibility and desirability of expanding VET FEE-HELP to include certificate IV level qualifications, particularly for pre-requisites to higher level VET qualifications.
4. Seek to simplify and streamline HELP legislation to better achieve VET FEE-HELP objectives and support a high-quality, innovative and adaptive VET sector.
5. Continue to consider the synergies between HELP requirements and the national and non-referring jurisdiction regulators to further simplify and streamline requirements and minimise duplication.
6. Continue to prioritise improvements to simplify and streamline administrative compliance requirements to support a responsive VET sector without compromising VET FEE-HELP objectives.
7. Develop an engagement strategy to address participation issues for RTOs, students, peak bodies, tuition assurance scheme (TAS) administrators, regulators and state and territory governments.
8. Continue to improve information provision, education and promotion of VET FEE-HELP and its benefits to students and the VET sector as a priority, including the adoption of a user-friendly and plain English approach in all communications.
9. Monitor and undertake further research into funding and tuition fees, approved courses, completion rates, pathways, student experience and employment outcomes across HELP.
10. Continue to monitor and review VET FEE-HELP against its objectives and expected outcomes and undertake a subsequent formal evaluation when five years of information is available.

VET FEE-HELP in the skills reform context

An effective VET system is critical in supplying the skilled workforce to support Australia's prosperity. Prior to the April 2012 Council of Governments (COAG) meeting outcomes, a number of reforms relating to VET FEE-HELP were in progress.

Only two jurisdictions in Australia currently offer subsidised VET places to students as part of reforms agreed to by the Government. In 2009, the Victorian Government committed to substantial skills reform under its *Skills for Life – Victorian Training Guarantee*. As part of this reform, the Government agreed to remove CTA requirements for approved Victorian VET FEE-HELP providers and to exempt subsidised students from the 20 per cent loan fee that applies to VET FEE-HELP.

⁶ GfK bluemoon, *My University + HELP Products: Developmental & Product Testing*, 2011.

In the 2010-11 Budget, the Government offered VET FEE-HELP assistance for subsidised students in diploma and advanced diploma places to all other states and territories. South Australia commenced its skills reform agenda under its *Skills for All* package on 1 July 2012. As with the Victorian skills reform agreement, the Government also removed CTA requirements for approved South Australian VET FEE-HELP providers and exempted subsidised students from the 20 per cent loan fee.

On 13 April 2012, COAG signed a new *National Partnership Agreement on Skills Reform* (NP). The Government committed to providing state and territory governments with \$1.75 billion in funding from 2012-13 to 2016-17 to support:

- a more equitable training system, which provides greater opportunities for participation in education and training;
- a more transparent VET sector, which enables better understanding of VET activity in each jurisdiction;
- a higher quality VET sector, which delivers learning experiences and qualifications that are relevant to individuals, employers and industry; and
- a more efficient VET sector, which is responsive to the needs of students, employers and industry.

Schedule 4 of the NP sets out key requirements relating to VET FEE-HELP. In order to receive access to ICLs for diploma and advanced diploma places, state and territory governments are required to:

- have in place a training entitlement to the first certificate III level qualification or higher, subject to meeting course entry requirements and eligibility criteria;
- agree to implement the quality and transparency measures set out in the new *National Agreement for Skills and Workforce Development*, including providing assurance to the Government in relation to the quality of training provided through courses for which VET FEE-HELP is available;
- agree to pay 50 per cent of the fair value of impaired assets relating to ICLs taken out in their state or territory for diploma or advanced diploma courses to which a subsidy applies, plus 50 per cent of the public debt interest cost for these loans;
- agree with the Government an approach to funding and administering ICLs for state and territory subsidised diploma and advanced diploma courses and provide details in state and territory implementation plans;
- ensure that public RTOs approved in the state or territory comply with relevant legislative requirements and guidelines, and the agreed outcomes from the PIR.

The Government agreed to:

- remove the 20 per cent loan fee in relation to training places in subsidised training courses at the diploma and advanced diploma level;
- remove CTA requirements relating to all diploma and advanced diploma courses both subsidised and full-fee paying; and
- provide comprehensive, timely data on the take-up of and loan value of ICLs in the jurisdiction and analysis and projections of the public debt interest cost.

In addition, the Government will work with state and territory governments to:

- develop a limited trial of extending the eligibility for ICLs under VET FEE-HELP to students undertaking selected certificate IV qualifications;
- review the administration of ICLs during 2012-13 with the intention to simplify administration, maximise transparency for students and RTOs, and minimise the emergence of gap fees;
- develop an equivalent indexed maximum loan cap, which may be applied instead of an average weighted loan system in some or all jurisdictions from 2013-14; and monitor and report on the take-up and repayment of ICLs, and consider the rigour of the collection of bad and doubtful debts, as appropriate.

Regulation impact statement

In June 2012, the Department released the discussion paper *VET FEE-HELP Redesign 2012* incorporating findings from the PIR and conducted stakeholder consultations throughout June and July 2012. The full discussion paper is available on the Department's website at:

<http://www.deewr.gov.au/Skills/Programs/Support/VetFeeHelp/Pages/DiscussionPaperRedesignVETFEE-HELP.aspx>

This regulation impact statement (RIS) follows on from these stakeholder consultations and outlines the preferred redesign option. It considers the implementation and financial implications of the proposed redesign along with the legislative and governance matters raised during consultations. The RIS will accompany the amendment bill for the Act, which is scheduled for introduction in the 2012 Spring Parliamentary sittings.

2. The problem

Since its inception in 2008, take-up of VET FEE-HELP by RTOs, and thus students, has been below Government expectations. This has limited the extent to which VET FEE-HELP can fully achieve its objectives, including improving VET access and participation, consequently limiting the HELP scheme's ability to realise its full potential in supporting national skill reform and productivity agendas.

In 2009 only 5,262 students were assisted by VET FEE-HELP of a total of 19,273 eligible students. This equates to a participation rate of 27 per cent. In 2010, there were 26,112 students assisted by VET FEE-HELP of a total of 54,569 eligible students, equating to a participation rate of 48 per cent.

A total of 39,124 students accessed VET FEE-HELP assistance during 2011, representing a 50 per cent increase on the number of students accessing assistance in 2010, and an increase of more than 600 per cent since VET FEE-HELP was first made available to students in 2009. The increase in the number of students accessing VET FEE-HELP corresponds to an increase in the number of RTOs offering VET FEE-HELP and, similarly, the number of students eligible for VET FEE-HELP. Since 2009, the number of students eligible for VET FEE-HELP assistance has increased by more than 260 per cent, from 19,273 to 69,717. Although student take-up of VET FEE-HELP has increased, and noting the proportion of students who do not require Government assistance, participation rates are still lower than expected.

The low take-up of VET FEE-HELP is an equity issue. People from identified demographic groups have a lower participation rate in education and training. These groups include Indigenous Australians, and people from a non-English speaking background, with disability, from regional and remote areas, from low socioeconomic backgrounds, and people not currently engaged in employment. Increased student take-up of VET FEE-HELP is key to lifting VET participation amongst these groups nationally.

VET FEE-HELP's complex administrative policies and processes for RTOs are a major contributing factor to the low participation rate. While stakeholders are supportive of the rigorous requirements in place to ensure only high quality RTOs are approved, perceptions about the burden of administrative compliance has contributed to deterring would-be VET FEE-HELP applicants.

Of the approximate 2,000 RTOs offering VET diploma and above courses, only 112 are currently approved to offer VET FEE-HELP, including 44 in Victoria, 28 in New South Wales, 21 in Queensland, 8 in South Australia, 7 in Western Australia and 4 in the Australian Capital Territory. There are no approved RTOs in Tasmania or the Northern Territory. An increase in RTOs approved to offer HELP schemes nationally will ultimately result in an increase in the number of students accessing assistance under VET FEE-HELP.

VET FEE-HELP's quality framework

VET FEE-HELP's requirements for participating RTOs are rigorous to ensure there are effective safeguards for students and public monies. However, the administrative burden imposed by the Government is proving to be a barrier to participation for most RTOs. Thus competing interests exist between reducing barriers to increase participation in VET FEE-HELP, while maintaining the HELP scheme's integrity.

The quality of RTOs across the VET sector varies. As VET FEE-HELP will be progressively extended to state and territory subsidised VET diploma and advanced diplomas nationally, it is vital that VET FEE-HELP is underpinned by a framework supporting quality outcomes for all stakeholders. Current mechanisms in place to ensure quality under VET FEE-HELP should be enhanced to protect students and public monies through the:

- improvement of suspension and revocation provisions;
- introduction of safeguards for students from misleading or deceptive conduct; and
- improvement of transparency and the ability to share information.

If the limitations identified with VET FEE-HELP's quality and accountability framework are not addressed, the potential to damage industry confidence in the quality of VET qualifications and the role of VET FEE-HELP is high. As VET FEE-HELP continues to grow, improvements to the quality framework underpinning the HELP schemes are key to ensuring its agility and robustness in a dynamic skills environment.

Current legislative and governance limitations

The Government's ability to reduce the administrative and compliance burden on RTOs while maintaining the quality and integrity of VET FEE-HELP is limited by a number of current legislative and regulatory arrangements.

Access to information

The Government's ability to consider information from the national and non-referring jurisdiction education regulators (the regulators) is limited. Similarly, for RTOs offering both higher education and VET courses, information on their conduct across the HELP schemes cannot be exchanged for the purposes of approval, suspension or revocation.

Body corporate structures and arrangements

Applicants for VET FEE-HELP and FEE-HELP are currently required to be bodies corporate under the Act. This requirement does not allow the Government to consider an applicant's broader business operations as applications are restricted to bodies corporate only and not the range of corporate structures. This is a problem as complex body corporate structures make it difficult to determine the legal entity responsible for education activities in these structures.

Suspension and revocation of approved providers

The Government's ability to suspend and/or revoke HELP scheme approval for providers that cease to be a higher education provider or an RTO, or that cease to offer a course or lose course accreditation, is limited. Although the authority to approve, suspend or revoke higher education providers and RTOs lies with the education regulators, the Government must complete further legislated administrative processes and decision making exercises to suspend and/or revoke the approval to offer ICLS under the HELP schemes.

Notices of decisions to revoke a provider's approval to offer ICLs under the HELP schemes are legislative instruments. Consequently, notices must be laid before Parliament for 15 sitting days before the decision can take effect and not on the day after the notice is registered on the Federal Register of Legislative Instruments. This can substantially extend the period in which a provider could offer HELP scheme assistance to students, even though a decision has been made to suspend and/or revoke the provider's approval.

Safeguards against unethical student treatment

There are currently no provisions in the Act to prohibit a person or body corporate from misrepresenting or misleading potential students. Consequently, any person or body corporate may promote, advertise or refer to VET FEE-HELP, even if they are not an approved provider.

Further, in instances where a person or body corporate does not comply with a request to remove references to VET FEE-HELP, the Government lacks the direct power to have references to VET FEE-HELP removed. This limits the Government's ability to respond to these misrepresentations in a timely manner or to deter similar future conduct.

Complaints to the Government have identified instances where people with disability have been targeted for enrolment or gifts have been offered to students as an incentive to enrol in courses where VET FEE-HELP is available. There are currently no legislative provisions to enable the Government to deter or stop such actions from occurring once it has been identified.

Tuition assurance

Student tuition assurance arrangements are currently being reviewed in the broader education sector, particularly obligations for RTOs. Under the current legislation, when an RTO approved to offer VET FEE-HELP ceases to provide a VET course, students are given a choice between placement in a similar course or a refund of any upfront tuition fee payment and/or a re-credit of their HELP debt. This arrangement does not align with current practices within the sector to place students in a comparable course or unit as a priority. This creates inconsistencies across Government regulatory frameworks and reduces the potential for streamlining of administrative arrangements.

Under the legislative guidelines, the Government is also limited in its provision and protection for students under the tuition assurance arrangements. The current requirements do not make it explicit that a student is protected for their entire course enrolment. A recent occurrence where an RTO ceased to operate during a semester break resulted in students being deemed not to be enrolled in a unit of study. The Government needs the ability to protect students so they can be placed in a comparable course at another educational institution without the student incurring additional costs.

Credit transfer arrangements

VET FEE-HELP's CTA requirement guarantees students a recognised VET to higher education learning pathway. An RTO must negotiate CTA with a higher education provider for all diplomas and advanced diplomas for which VET FEE-HELP is available. This requirement has been identified as a barrier for entry to VET FEE-HELP and prevents high quality RTOs from applying.

Not all higher level VET qualifications necessitate CTA with higher education providers, as they do not articulate into higher education qualifications. The CTA requirement is particularly inequitable for smaller niche RTOs and students undertaking VET qualifications that do not lead to higher education qualifications. Additionally, the PIR identified the administrative and financial burden of establishing and maintaining CTA between RTOs and higher education providers as a barrier to applying for HELP scheme approval. CTA requirements also limit RTO responsiveness to industry needs. This is particularly the case where general technological advancement results in changes to training packages where corresponding higher education pathways have not been updated.

Census date requirements & publication of tuition fee schedules

All approved RTOs are required to publish information on census dates for each unit of study. The census date is the date the student incurs a HELP debt for the tuition fees for the unit. The Act prescribes that a census date cannot be less than 20 per cent of the way through a unit of study. The census date requirement limits the sector's ability to offer rolling enrolments and to be responsive to emerging student and industry needs. The requirement to calculate census dates for every unit, places an administrative burden on RTOs that offer a large number of courses and units of study.

RTOs are also required to publish a schedule of tuition fees up to five months before a unit of study commences. As RTOs must apply for variations to the published schedules, this requirement increases the administrative burden on providers and the Government to process variations. The sector’s desire to deliver units based on demand, add new units of study and to accurately estimate the cost of tuition fees becomes administratively onerous.

Legislative guidelines

The current legislative guidelines consist of the VET Provider Guidelines, VET FEE-HELP Guidelines and the VET Administration Guidelines. Having multiple sets of guidelines results the duplication of information or the splitting of subject matter across multiple guidelines. These arrangements add complexity to VET FEE-HELP information and limit RTO ability to easily identify their obligations and responsibilities under VET FEE-HELP.

Administration of VET FEE-HELP

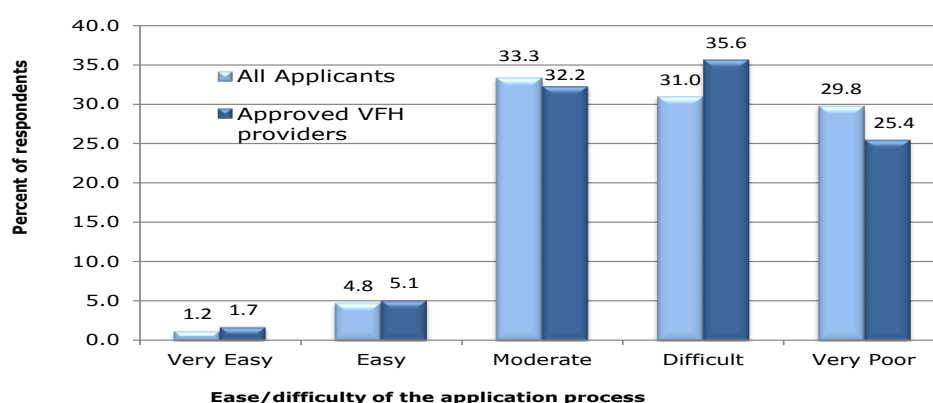
VET FEE-HELP’s requirements for participating RTOs are rigorous to enable effective safeguards for students and public monies. These add to the tension between reducing administrative barriers to increase participation in VET FEE-HELP and maintaining the HELP scheme integrity. VET FEE-HELP is modelled on its higher education counterpart scheme, FEE-HELP. As a consequence, some requirements of VET FEE-HELP are not a good fit for the VET sector⁷. This has been identified as limiting the ability of RTOs to operate flexibly and respond to student and industry needs.

Application processes

Currently all RTOs and higher education providers undergo the same application and approval process irrespective of the level of risk the present to the Government. The absence of a risk managed approach to applications limits the Government’s ability to consider applications outside the standard application process for low risk providers.

Therefore, the administrative requirements are high for all providers. Streamlining the application requirements on the basis of risk will reduce application processing times from the average of 262 days⁸. The PIR findings in Figure 1 below indicate that the large majority of both applicant and approved VET FEE-HELP providers experienced difficulty during the application process⁹. While around 33 per cent of respondents found the application to be moderately difficult, approximately 25 to 30 per cent of respondents rated the application process very poorly.

Figure 1



⁷ Post Implementation Review of the VET FEE-HELP Assistance Scheme: Final Report, 30 September 2011, p14 <http://www.deewr.gov.au/Skills/Programs/Support/VetFeeHelp/Pages/PostImplementation.aspx>

⁸ Ibid, p54

⁹ Ibid, p52

Dual sector providers

Dual sector providers that operate across the higher education and VET sectors are unable to apply for HELP scheme approval as higher education provider and VET provider in one application. This creates unnecessary administrative duplication and regulatory burden on dual sector providers for applications and for ongoing compliance. The absence of streamlined application and administrative compliance policies and processes deters dual sector providers from participating in VET FEE-HELP.

Data reporting

Under VET FEE-HELP, approved providers are required to report four times a year on student demographic and course enrolment data, and a range of HELP loan estimates information. VET FEE-HELP also requires an approved provider to report annually on student completions. In addition, all Government funded providers must deliver Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) reporting to the National Centre for Vocational Education Research (NCVER). AVETMISS reporting requirements also include student demographic and course enrolment data. This creates duplication across reporting requirements and places an administrative burden on providers approved to offer VET FEE-HELP. Immediate benefits to providers in the areas of reducing this reporting duplication are compounded by the long lead in times required to change IT systems.

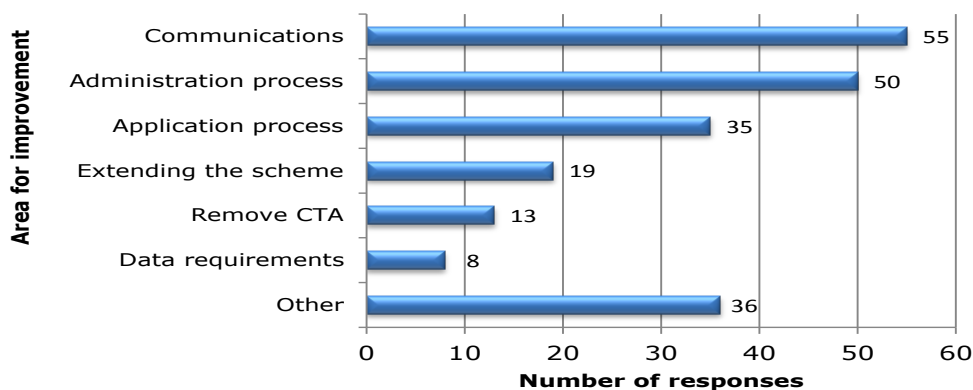
Equivalent Full-Time Student Load

Equivalent Full-Time Student Load (EFTSL) is a higher education construct where full-time equivalent can be more easily calculated on the basis of units of study. EFTSL was applied in relation to VET FEE-HELP to provide a standardised basis for calculating Government payments to providers. The data captured under EFTSL is limited as providers have differing interpretations as to what constitutes a full-time year. As a consequence, the data captured is highly variable and does not provide a consistent picture on volume of training. The Government needs the ability to move towards other methods of calculating the volume of training activity, associated data, and advanced payment reporting.

Lack of awareness of VET FEE-HELP

Access to clear, easy to understand information about VET FEE-HELP has been problematic for RTOs and students alike. This has contributed to the low take-up of VET FEE-HELP and resulted in VET FEE-HELP being promoted inconsistently to students. The findings from the market research¹⁰ on the effectiveness of the HELP printed products were clear in that students did not utilise the information available, and if they did, they found the products difficult to understand. The PIR findings in Figure 2 below indicate that RTOs consider communications to be the most important area of improvement¹¹.

Figure 2



¹⁰ GfK bluemoon, *My University + HELP Products: Developmental & Product Testing*, 2011.

¹¹ *Post Implementation Review of the VET FEE-HELP Assistance Scheme: Final Report*, 30 September 2011, p62
<http://www.deewr.gov.au/Skills/Programs/Support/VetFeeHelp/Pages/PostImplementation.aspx>

Student experiences

There is currently no process to obtain information on student experiences in VET associated with taking up ICLs. This research gap limits the Government's evidence base on which to build future policy directions.

3. Policy objectives

VET FEE-HELP has an important role to play in strengthening the overall quality of the VET sector. The specific objectives of the proposed redesign aim to:

- improve access to and participation in VET FEE-HELP for quality RTOs and students;
- strengthen the quality framework which underpins the HELP scheme and thus its integrity; and
- enable quality providers to operate with greater flexibility and responsiveness to student and industry needs.

The redesign aims to implement a better balance of policy settings to achieve these objectives.

4. Statement of the options

Option 1: Maintaining the status quo

Under this option, the status quo would remain. There would be no change to the current take-up of VET FEE-HELP by RTOs and students since there would be no change to legislation, processes, administrative requirements or enhancements to encourage greater take-up by RTOs and students.

Option 2: Staged implementation of redesign

Under this option, a staged approach would allow different elements of the redesign to be implemented over a period of three years. Such an approach aligns with the NP. Implementation can occur with sufficient lead times, thereby minimising the cost and disruption to RTOs and the Government. This option would be supported in the first place by legislative amendments.

Under this option, changes would be implemented over a three year period up to 2014-15 to:

- strengthen the quality framework through legislative amendments;
- streamline administration; and
- improve communication of the HELP schemes.

Strengthening the quality and accountability framework through legislative amendments will:

- enable audits or investigation reports by the regulators to be considered when making decisions to approve or revoke approval under the HELP schemes;
- allow for broader consideration of corporate structures and governance arrangements when making decisions to grant approval or ongoing approval for the HELP schemes;
- allow the consideration of total business operations and compliance in VET FEE-HELP or FEE-HELP to be taken into consideration for either scheme, rather than limiting consideration to operations in one sector or the other;
- require applicants for VET FEE-HELP to submit any recent audit reports by the regulators;
- require approved providers to publish policies and procedures relating to VET FEE-HELP on their websites;
- prohibit entities from falsely holding out that they are approved to offer VET FEE-HELP;
- prohibit approved providers from engaging in misleading or deceptive conduct in the recruitment of students or in the offering of courses;
- provide for revocation of approval to take effect on the day the notice has been registered on the Federal Register Legislative Instruments;
- allow automatic suspension and revocation of HELP providers approval under certain circumstances;
- provide for written directions to be issued to providers to 'do' or 'cease to do' something that is not compliant with the Act or legislative guidelines;

- clarify that tuition assurance arrangements apply to students enrolled in a course of study as well as a unit of study;
- prioritise the placement of students in an equivalent course or unit of study before being able to receive a refund or re-credit;
- remove credit transfer arrangement requirements;
- amend census date requirements;
- amend publication deadlines for tuition fee schedules; and
- consolidate the three sets of legislative guidelines – the VET Provider Guidelines, the VET FEE-HELP Guidelines and the VET Administration Guidelines – into a single set of guidelines.

Streamlining administration will:

- develop a single application and approval process to allow providers that operate in the higher education and VET sectors to apply to offer FEE-HELP and VET FEE-HELP in a single application;
- developing an approach to assessing applications based on the risk they represent to the Government;
- evaluate and align, where possible, data reporting requirements with the broader VET sector to reduce duplication and improve the validity and consistency of reported data; and
- replace requirements for EFTSL data reporting with Full Year Training Equivalent (FYTE) data defined under the AVETMISS.

Improving communication will:

- enhance the student outcomes survey to build an evidence base to inform policy direction;
- develop a new VET FEE-HELP IT system to enhance:
 - applications, approvals, ongoing administrative compliance, estimates and payment processes;
 - data reporting; and
 - information exchange and education;
- develop a dedicated communication and education strategy for VET FEE-HELP; and
- review information products and channels for students, providers and governments.

The staged approach under Option 2 would allow for legislative amendments to be implemented while providing further time for some more difficult operational requirements to be established.

5. Impact assessment

An impact assessment of both options has been conducted in relation to stakeholder costs and benefits. The costs and benefits of the options are largely non-quantifiable due to extensive stakeholder diversity throughout the VET sector. During the consultation process, the Department explicitly and repeatedly encouraged stakeholders to provide quantitative information on the costs and benefits they were likely to incur in relation to VET FEE-HELP redesign. Stakeholders did not and could not provide definitive costings of the impact of VET FEE-HELP redesign, and indicated that it was beyond their scope to provide quantitative data at this stage.

A tabled impact assessment of both options is set out at [Appendix A](#). Key points are outlined below.

Students

Student choice will increase exponentially in Option 2. The streamlining of administrative processes in Option 2 will directly result in an increased number of VET FEE-HELP RTO applicants. This will have a positive impact on students as it will increase the number of approved RTOs, consequently increasing student choice of provider, course and qualification level. Improved information and communication of VET FEE-HELP will also have a positive impact on student choice through increased awareness and access to clear, concise and consistent information about their HELP scheme assistance options.

Option 2 removes the VET FEE-HELP requirement for CTA between RTOs and Higher education providers, therefore improving accessibility to higher level VET qualifications and increasing the number of eligible courses for which VET FEE-HELP would be available. Based on currently approved providers, and 1,938 more courses would be eligible for VET FEE-HELP in addition to the 623 eligible courses in 2011.

Strengthening the quality and accountability framework in Option 2 will enhance existing student protection arrangements, specifically in the area of tuition assurance. Changes to census date arrangements in Option 2 will result in a more uniform census requirement across VET courses. Students will benefit from this as these requirements will be more simple and easy to calculate. While students may have less time to withdraw from their courses, the ability for providers to offer rolling enrolments will empower students with greater flexibility and choice on the preferred mode of study.

Option 1, maintaining the status quo, will fail to increase the take-up of VET FEE-HELP by RTOs and students, as the quality and accountability framework will not be strengthened, administration will not be streamlined and information and communication will not be improved.

RTOs – applicants and approved providers

The PIR reported that 57 per cent of RTOs withdrew their applications during the period of review. Consultations and further surveying of RTOs revealed that the complexity of the application process and the requirements for becoming approved were they key drivers for the high number of application withdrawals¹². RTOs that had not applied for VET FEE-HELP approval also rated the complexity of administration as one of the key deterrents of applying.

Both applicant and would-be applicant RTOs will directly benefit from the streamlining of administrative processes in Option 2, specifically the reduction in costs and removal of administrative duplication associated with the application process. This will increase the number of RTOs who apply in the first instance and complete the application process.

Option 2 will preserve the integrity of the VET sector, as strengthening the quality and accountability framework will provide for early identification of low quality RTOs. Reinforcing suspension and revocation provisions will only affect non-compliant RTOs, therefore identifying approved providers as high quality and stable RTOs.

RTOs will benefit from the removal of the CTA requirement in Option 2, as they will be able to offer the HELP schemes to an increased number of qualifications currently without CTA. This will directly increase RTO student enrolments. As the CTA requirement was waived in the Victorian expansion of VET FEE-HELP, Option 2 will also rectify the inequities between jurisdictions. The Government will continue to encourage CTA arrangements between RTOs and Higher education providers through means not associated with VET FEE-HELP requirements.

Changes to census date and tuition fee requirements in Option 2 will enhance RTO responsiveness to students, industry and business. RTOs will be able to offer more flexible enrolment arrangements, taking account of student, industry and business needs. These changes will require RTOs to publish unit and course information closer to the date of commencement, therefore providing for increased transparency.

Dual sector providers in particular will benefit from streamlining arrangements in Option 2 that provide for information sharing between HELP schemes. There are currently 34 dual sector providers approved to offer VET FEE-HELP. The provision of information sharing will reduce administrative duplication for these dual sector providers, while also encouraging more dual sector providers to apply for VET FEE-HELP.

¹² *Post Implementation Review of the VET FEE-HELP Assistance Scheme: Final Report, 30 September 2011, p51*
<http://www.deewr.gov.au/Skills/Programs/Support/VetFeeHelp/Pages/PostImplementation.aspx>

Consolidation of the legislative guidelines in Option 2 will reduce compliance complexity and clarify RTO obligations. Providing simplified, plain-English information across all communications will empower applicant and approved RTOs with an increased awareness of their opportunities and obligations under VET FEE-HELP.

Option 2 will require RTOs to incur administrative costs associated with retraining staff in new processes, updating information and communication material and realigning IT and data reporting systems. As Option 2 provides for staged implementation of the VET FEE-HELP redesign, RTOs will benefit from an adequate lead time to all proposed changes. Overall, costs associated will be offset by the benefits of streamlining administrative processes and an increase in student take-up.

Option 1, maintaining the status quo, will fail to increase the take-up of VET FEE-HELP by RTOs and students, as the quality and accountability framework will not be strengthened, administration will not be streamlined and information and communication will not be improved.

State and territory governments

Strengthening the quality and accountability framework in Option 2 will provide for consistent regulation of VET FEE-HELP providers across jurisdictions and provide a proactive approach to compliance at every level of government. The proposed changes will enhance the protection of public monies through the early identification of low quality, high risk providers. As Option 2 will have a directly positive impact on student numbers, state and territory governments will be better positioned to address emerging industry needs and meet the objectives outlined in their skills and related productivity agendas.

For the impact on public RTOs, please see the above section on RTOs – applicants and approved providers.

Option 1, maintaining the status quo, will fail to increase the take-up of VET FEE-HELP by RTOs and students, as the quality and accountability framework will not be strengthened, administration will not be streamlined and information and communication will not be improved. This will limit state and territory government abilities to respond to industry demands and meet objectives outlined across jurisdictional skills and related productivity agendas.

The Government

The supply of graduates with high level VET qualifications is not keeping up with growth in industry and business demand, as demonstrated by the emergence of skill shortages in some industries. Governments across all levels agree on the benefits of raising the skill level of the Australian population. One of the barriers to increasing the numbers of VET graduates is the cost of study. Option 2 will have a directly positive impact on increasing student numbers, better positioning the Government to address emerging business and industry needs and meet the objectives outlined across national skills and related productivity agendas.

As with the impact on state and territory governments, the Government will benefit from strengthening of the quality and accountability framework in Option 2. This will provide for consistent regulation of VET FEE-HELP providers across jurisdictions and provide a proactive approach to compliance at every level of government. The proposed changes will enhance the protection of public monies through the early identification of low quality, high risk providers.

In 2011, \$205.3 million in VET FEE-HELP was accessed by eligible VET students, representing a 75 per cent increase on the amount of assistance accessed in 2010. The increase was entirely due to an increase in the amount of assistance accessed by full-fee paying students, an increase of 86 per cent. The value of VET FEE-HELP accessed by students in 2010 amounted to \$117.5 million, an increase of 360% from the previous year. While quantitative projections relating to Option 2 are not publicly available, expanding access to the HELP scheme will increase the number of highly skilled VET graduates, allowing the Government to better meet the future skills needs of the economy.

Comparative to holding Year 12s qualification only, individuals who obtain higher level VET qualifications are more likely to be employed, be in full-time employment, be in permanent employment, and have higher weekly earnings¹³. Under Option 2, students are given the opportunity to study courses offering high future prospects, which will benefit the economy by better targeting study to skills in demand. The Government will benefit directly from an increase in student numbers arising from Option 2, as graduates access VET FEE-HELP assistance are more likely to generate a higher level of income tax.

VET FEE-HELP is demand driven. While student participation and the total associated loan value is expected to increase, once a VET FEE-HELP loan is taken out the cost to Government is converted into an asset. Therefore HELP scheme debts are not considered to be an unacceptable risk to Government.

The costs to Government regarding the implementation¹⁴ of Option 2 are:

- \$2.8 million over four years for enhancements to IT systems to streamline the exchange of information between the Department and RTOs; and
- \$0.9 million over four years for NCVET to expand and improve collection of VET FEE-HELP data from VET providers and graduates.

Option 1, maintaining the status quo, will fail to increase the take-up of VET FEE-HELP by RTOs and students, as the quality and accountability framework will not be strengthened, administration will not be streamlined and information and communication will not be improved. This will limit the Government's ability to respond to industry demands and meet objectives outlined across national skills and related productivity agendas.

Business, industry and peak bodies

Option 2 will provide RTOs with an increased ability to respond and meet the changing demands of business, industry. Option 2 will preserve the integrity of the VET sector, as strengthening the quality and accountability framework will provide for early identification of low quality RTOs. Reinforcing suspension and revocation provisions will only affect non-compliant RTOs, therefore identifying approved providers as high quality and stable RTOs. Peak bodies will benefit from Option 2, as higher business and industry confidence will be encouraged through the increased supply of high quality VET graduates.

Option 1, maintaining the status quo, will fail to increase the take-up of VET FEE-HELP by RTOs and students, as the quality and accountability framework will not be strengthened, administration will not be streamlined and information and communication will not be improved. This will limit overall confidence in the VET sector's ability to respond to business and industry needs.

6. Consultation

In June 2012, the Department released the discussion paper *VET FEE-HELP Redesign 2012* incorporating findings from the PIR. Throughout June and July 2012, stakeholders were invited to comment on the discussion paper. Face-to-face consultation forums were held in Brisbane, Sydney, Melbourne and Adelaide.

Consultations canvassed the views of a cross section of relevant stakeholders, including VET students, representative bodies, state and territory governments, higher education providers and RTOs. The range of RTOs included approved VET FEE-HELP providers, RTOs in the application stage and prospective VET FEE HELP applicants. To inform the consultation process, the discussion paper was emailed to approximately 2,500 stakeholders and made publicly available on the Department's website. In particular,

¹³ National Centre for Vocational Education Research, *Analysis of private returns to vocational education and training*, 2010 <http://www.ncver.edu.au/publications/2221.html>

¹⁴ Australian Government, *Budget Measures 2012-13* 'Budget Paper No. 2 – Part 2: Expense Measures – Industry, Innovation, Science, Research and Tertiary Education' http://www.budget.gov.au/2012-13/content/bp2/html/bp2_expense-15.htm

stakeholders were asked to consider any implementation and financial implications of the proposed redesign.

Stakeholder consultations conducted via forum or teleconference are outlined below.

Date	Stakeholder	Forum/Teleconference
9 July 2012	QLD state government; QLD RTOs and higher education providers	Multiple forums
10 July 2012	NSW RTOs	Multiple forums
11 July 2012	NSW state government	Multiple forums
12 July 2012	VIC RTOs and higher education providers; Private peak body	Multiple forums
13 July 2012	VIC state government	Forum
13 July 2012	Student union	Forum
16 July 2012	SA state government; SA RTOs and higher education providers	Forum
17 July 2012	ACT territory government and WA state government	Teleconferences
18 July 2012	TAS state government and NT state government	Teleconferences

The consultations collected views from stakeholders on the following broad issues, as well as the cost and benefits of the proposed changes, where improvements could be made and the future direction of VET FEE-HELP:

- strengthening the quality and accountability framework through legislative amendments;
- streamlining administration;
- improving communication; and
- implementing the proposed changes.

In addition to forum and teleconference consultations, the Department received 25 written submissions in total. Key points from consultations are outlined below.

Strengthening the quality and accountability framework through legislative amendments

Generally, there was strong support among stakeholders for the proposed measures to strengthen the quality and accountability framework. The majority of stakeholders recognised the benefits to be gained from improving safeguards for student and public monies, and the importance of protecting the integrity of VET FEE-HELP. Stakeholders were supportive of the Government’s plan to increase Departmental access to information when considering a VET FEE-HELP or FEE-HELP application or evaluating HELP scheme compliance. Stakeholders acknowledged that VET FEE-HELP must retain its rigour to ensure only high quality RTOs are approved for VET FEE-HELP.

The majority of stakeholders agreed that it was in their interests for provisions regarding misleading or misrepresentative information to be included in the Act and many expressed surprise that such provisions did not currently exist in the legislation. Broad support was expressed for the proposed changes to suspension and revocation procedures, and the consolidation of the legislative guidelines. There was wide support for the TAS arrangements that students should be protected for the entire course of study and not just a unit of study. One of the major industry TAS administrators was supportive of changes to current TAS arrangements.

The removal of CTA requirements received wide support throughout consultations, particularly from smaller RTOs that commented on the administrative and financial difficulties of implementing CTA with higher education providers. RTOs in Victoria were also supportive of the removal of CTA, as many are required to negotiate CTA for their own interstate campuses. Many dual sector providers indicated they would keep CTA in place, as it is a significant marketing tool.

The majority of stakeholders indicated support for amending the current census date requirements. The first option described in the discussion paper was consistently identified as the prefer option. Providers that have

a large number of courses, and consequently units of study, were supportive of the removal of the requirement to calculate and report on every single census date for every unit of study. Some stakeholders indicated this would afford students with more time to make a decision before incurring a debt. Some dual sector providers indicated that current census date arrangements worked well for their structures. These providers indicated they would like to have the option to continue with the current requirements or to adopt the new approach at a later date. To enable the maximum flexibility for the VET sector, it is considered appropriate that the legislative guidelines be amended to allow for a provider to choose their preferred method of calculating census dates.

Stakeholders expressed concern regarding how changes to census dates would impact the requirement to provide students with a Commonwealth Assistance Notice (CAN). The CAN confirms enrolment and VET tuition fee information for each VET unit of study undertaken by VET FEE-HELP assisted students. The CAN must be made available to students within 28 days of the census date. Further consideration of the legislative guidelines will be required to determine if, and how, CAN notice requirements might be streamlined to complement new census date arrangements.

Stakeholders were very supportive of changes to tuition fee schedule publishing requirements, as they will significantly reduce the requirement to apply for variations to the schedule. Victorian providers were concerned that the Victorian state government's new requirement to publish tuition fees is not consistent with existing Government requirements. The Government will work with the Victorian state government to ascertain whether publishing requirements can be further streamlined through the exchange of information between governments. A number of RTOs suggested that publishing requirements should not be based on pre-determined dates. Flexibility for the VET sector could be enhanced by adopting a 30 day publishing requirement before a course commencement. This proposal has merit and implementation will be considered in the broader risk management framework.

Submissions received from dual sector providers and higher education providers indicated that changes to census dates, CAN and tuition fee publishing requirements should also be applied across all HELP schemes to further streamline processes. This proposal has merit and implementation will be considered in the broader risk management framework.

Streamlining administrative processes

Stakeholders were extremely supportive of proposed changes to streamline administrative processes, but understood the benefits of having stringent application requirements for VET FEE-HELP. Many noted that these requirements actively discouraged low quality providers from entering VET FEE-HELP. To this end, stakeholders were overwhelmingly supportive of changes that would simplify and streamline the application process while ensuring current high quality standards are maintained.

Dual sector providers in particular noted the benefits in streamlining application process allowing them to apply for both VET FEE-HELP and FEE-HELP in one application. They were similarly interested in processes that would streamline processes for applying for either HELP scheme in cases where providers were already approved for the other. The ability for RTOs to provide one set of financial statements for each annual reporting period across the HELP schemes was also received favourably.

There was consistent stakeholder support for developing a streamlined approach to assessing applications based on the level of risk an RTO presents to the Government. Most state and territory governments were concerned that approval processes for their public RTOs would be contracted as part of the extension into the subsidised market of ICLs and other state and territory government funded programs. Their submissions noted they were implementing approval processes in an effort to ensure only high quality RTOs were contracted. Opportunities exist to streamline various approval processes and VET FEE-HELP application requirements. Further work will be undertaken to determine where it may be appropriate to align these

requirements, and reduce the regulatory burden on VET FEE-HELP applicants, without compromising the integrity of VET FEE-HELP.

Stakeholders were supportive of aligning certain reporting requirements with AVETMISS to reduce the volume of reporting required from providers. The majority of stakeholders were supportive of removing the requirement to report on EFTSL and replacing it with the current AVETMISS FYTE reporting requirement. RTOs sought clarification that FYTE would be calculated on nominal hours as is required under AVETMISS and flagged that the change from EFTSL with FYTE will require data reporting and IT systems changes, which will take time to implement.

There was very limited support for the introduction of a reporting requirement for contact hours, as stakeholders identified that a range of variables can result in the same course having different contact hours depending on student choice. Contact hour variables can include recognition of prior learning, online or face to face delivery, and self-paced or employment-based student motivations. Stakeholders also questioned the connection between contact hours and quality. The Government will consult further with stakeholders on the reporting of contact hours.

Improving communication and information

There was overwhelming support for the adoption of a simplified and plain-English information and education strategy across all HELP scheme communication material. While many stakeholders welcomed the introduction of enhanced IT systems, concerns were raised regarding the lead times that would be required to adopt those changes. Stakeholders acknowledged that a student outcomes survey would be a useful tool that could support a more evidence-based approach to policy and planning across the VET sector.

Implementation issues

During consultations, stakeholders were broadly supportive of implementation arrangements, but had some concerns regarding appropriate lead times for changes to IT and data reporting systems. Stakeholders were anxious to be kept informed of the progress of changes and indicated they would require ongoing support from Government during transition periods.

Future directions

Stakeholders identified additional areas for improvement, including the introduction of a mentoring program for prospective VET FEE-HELP applicants undertaken by current VET-FEE HELP providers. It was suggested that approved, experienced VET FEE-HELP providers could attend applicant information sessions to explain internal administrative processes. Stakeholders suggested information and communication material tailored for each jurisdiction and provider type would be useful. It was also suggested that streamlining measures be extended to other relevant schemes. While the Government has taken these suggestions for future directions on board, it has no plans to implement these in the immediate future.

Overall findings

Overall, there was strong support for the proposed changes across key stakeholder groups. Stakeholders identified the need to be provided with detailed and timely progress updates on all changes to the HELP schemes.

7. Recommended option

Two options have been proposed to address the problems with VET FEE-HELP to date. Option 1 maintains the status quo of VET FEE-HELP and Option 2 adopts a staged approach to implementing elements of a redesign of VET FEE-HELP. A tabled impact assessment of both options is set out at [Appendix A](#).

The Government has received a clear and unanimous message from sector stakeholders that in order to improve participation in VET FEE-HELP, that the Government must implement simpler and more streamlined policies and processes under the HELP scheme. During consultations, stakeholders strongly supported the changes proposed in the redesign. In particular, there was wide ranging support for the modifications to streamline administration and enhance the quality and accountability framework. However, many stakeholders were concerned that they would have inadequate time to implement the changes.

The recommended option is therefore, Option 2. Under a staged implementation approach, the initial priority is to implement legislation amendments necessary to strengthen the HELP scheme's quality and accountability framework. During the passage of legislation, both approved VET FEE-HELP providers and applicants would be kept abreast of their obligations and responsibilities under the proposed amendments and given sufficient time to make any operational changes necessary to meet these requirements. Option 2 addresses stakeholder implementation concerns and allows sufficient time for further stakeholder suggestions and feedback to be considered.

The redesign of VET FEE-HELP will result in costs to stakeholders in terms of staff training, updating of promotional material and aligning administrative systems. However, these costs are expected to be directly offset by the benefits that will accrue from more streamlined administrative and reporting policies and processes. Furthermore, these amendments will encourage a greater number of quality providers to participate in VET FEE-HELP which will result in greater choice and more opportunities for students to take up VET FEE-HELP.

Under Option 2, the redesign of VET FEE-HELP would be implemented from 2012 to 2015. This timeframe aligns with commitments made under the NP and supports the Government's objectives to achieve a more accessible, transparent, responsive and robust tertiary sector.

Although participation in VET FEE-HELP continues to grow, it is not growing at an optimal rate and this comes with costs to students, the sector, industry and Government. When comparing the two options there are few benefits and higher costs in maintaining the status quo under Option 1. If the status quo is maintained, the barriers that impede the take-up of VET FEE-HELP for RTOs and students will not only remain, but continue to grow and require resources to manage the issues arising. Hence, Option 1 is not recommended. Option 2 will best position VET FEE-HELP to fully achieve its objectives in improving access, equity and participation in VET. The redesign will afford the HELP scheme's with an ability to realise its full potential in supporting the national skills and productivity agenda in the tertiary context.

8. Implementation and review

While the policy context for the VET sector has changed since the PIR, particularly by COAG in April 2012 under the NP, the detailed components of the redesign support this and would be implemented over a three year period. The table below provides indicative timeframes for the implementation.

Staged implementation	2012-13	2013-14	2014-15
<i>Legislative amendments to strengthen the quality framework</i>	Amend legislation Negotiate transitional issues	Implement legislative changes (including the consolidation of guidelines)	
<i>Streamline administration</i>	Develop streamlining parameters	Implement changes Negotiate data requirements	Implement changes and data requirements

Staged implementation	2012-13	2013-14	2014-15
<i>Improve communication</i>	Develop communication strategies and products Commence communication rollout Negotiate IT requirements	Commence rollout of IT enhancements Continue communication rollout	Continue rollout of IT enhancements

The first tranche would be enabled by the introduction and passage of the Higher Education Support Amendment (Streamlining and Other Measures) Bill 2012. Guidelines would be developed over the period to 2013-14 after further consultations with stakeholders and state and territory government officials. This would allow further time for some more difficult operational requirements to be established.

The PIR recommended that a formal evaluation of VET FEE-HELP occur when five years of data was available, during 2015. Under the NP, all states and territories have undertaken to expand into Government ICLs for the subsidised training market by 2015. It is proposed that the review of the VET FEE-HELP scheme occur during 2016-2017 to ensure that sufficient data will be available to evaluate VET FEE-HELP.

Each of the three major elements of the redesign will be subject to ongoing business review as part of DIISTRE's business planning. The success of VET FEE-HELP will be measured in overall expansion for VET FEE-HELP by increasing the number of:

- students taking up VET FEE-HELP loans;
- approved quality providers; and
- eligible courses.

Option 1: Maintaining the status quo

Stakeholders	Costs and risks	Benefits
<i>Students</i>	<p>A. <u>Strengthen quality and accountability framework:</u></p> <ul style="list-style-type: none"> • Subject to misleading or misrepresentative information on VET FEE-HELP. Limited choice of VET FEE-HELP approved providers and qualifications. • Tuition assurance is not available during session breaks. • Debts can be incurred with providers in the process of being revoked. <p>B. <u>Streamline administration:</u></p> <ul style="list-style-type: none"> • No increase in the number of approved providers. <p>C. <u>Improve communication:</u></p> <ul style="list-style-type: none"> • No increase in student take-up of VET FEE-HELP. • Lack of awareness regarding the availability of VET FEE-HELP. 	<ul style="list-style-type: none"> • Continuity of existing requirements for students currently receiving VET FEE-HELP.
<i>RTOs (applicants, approved providers and dual sector providers)</i>	<p>A. <u>Strengthen quality and accountability framework:</u></p> <ul style="list-style-type: none"> • Providers' actions in one HELP scheme (for example, VET FEE-HELP) cannot be considered in another HELP scheme, such as FEE-HELP. • RTOs can mislead potential students regarding their HELP status. • Providers in the process of being revoked can continue to enrol and offer HELP assistance to students. • Providers lack the ability to respond to student and industry needs in a timely manner. <p>B. <u>Streamline administration:</u></p> <ul style="list-style-type: none"> • The administrative burden is the same for all providers, regardless of the risk presented to the Government. • Dual sector providers have to make separate applications for FEE HELP and VET FEE-HELP. • Duplication of reporting requirements. • The sector's ability to be innovative and responsive to industry needs is limited. <p>C. <u>Improve communication:</u></p> <ul style="list-style-type: none"> • Lack of awareness of the availability of VET FEE-HELP. • Inconsistent and inaccurate information about VET FEE-HELP is provided to students. 	<ul style="list-style-type: none"> • No additional requirements are imposed on applicants or approved providers. • No implementation costs are incurred.
<i>Approved TAS administrators</i>	<p>A. <u>Strengthen quality and accountability framework:</u></p> <ul style="list-style-type: none"> • Nil <p>B. <u>Streamline administration:</u></p>	<ul style="list-style-type: none"> • No additional requirements are imposed on TAS administrators. • No implementation costs are incurred.

Stakeholders	Costs and risks	Benefits
	<ul style="list-style-type: none"> • Nil C. <u>Improve communication:</u> • There is a lack of understanding regarding tuition assurance requirements. 	
<i>Education regulators</i>	<ul style="list-style-type: none"> A. <u>Strengthen quality and accountability framework:</u> • Duplication of regulatory and reporting requirements. B. <u>Streamline administration:</u> • Duplication of regulatory and reporting requirements. C. <u>Improve communication:</u> • VET FEE-HELP is not considered when setting policy directions. 	<ul style="list-style-type: none"> • No additional requirements are imposed
<i>State and Territory Governments</i>	<ul style="list-style-type: none"> A. <u>Strengthen quality and accountability framework:</u> • Low take-up of VET FEE-HELP by providers and students. B. <u>Streamline administration:</u> • Duplication of regulatory and reporting requirements. C. <u>Improve communication:</u> • Continued low take-up of VET FEE-HELP. • Lack of awareness regarding the availability of VET FEE-HELP. 	<ul style="list-style-type: none"> • No additional requirements are imposed
<i>Government</i>	<ul style="list-style-type: none"> A. <u>Strengthen quality and accountability framework:</u> • Lack of transparency across regulatory bodies. • Risk to the integrity of HELP schemes. • Risk to public and student monies. • Risk to the industry's confidence in VET qualifications. B. <u>Streamline administration:</u> • Duplication of regulatory and reporting requirements. C. <u>Improve communication:</u> • Lack of awareness regarding the availability of VET FEE-HELP. • Continued low take-up of VET FEE-HELP. 	<ul style="list-style-type: none"> • No additional requirements are imposed
<i>Business and Industry</i>	<ul style="list-style-type: none"> A. <u>Strengthen quality and accountability framework:</u> • Impact on reputation of VET sector. B. <u>Streamline administration:</u> • Ongoing cost for training and education passed on by providers. C. <u>Improve communication:</u> • Continued poor knowledge of VET FEE-HELP. 	<ul style="list-style-type: none"> • No additional requirements are imposed

Option 2: Staged implementation of redesign

A. Strengthening the quality and accountability framework

Stakeholders	Costs and risks	Benefits
<i>Students</i>	<p><u>Body corporate structures and arrangements; Legislative guidelines:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Access to information:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Suspension and revocation of approved providers:</u></p> <p>Nil</p> <p><u>Tuition assurance:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Credit transfer arrangements:</u></p> <ul style="list-style-type: none"> • No guaranteed credit percentage with a specific higher education provider. <p><u>Census date requirements & publication of tuition fee schedules:</u></p> <ul style="list-style-type: none"> • Less notice of available units. • May reduce the amount of time that a student has available to them to withdraw from the course without incurring a debt. 	<p><u>Body corporate structures and arrangements; Legislative guidelines:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Access to information:</u></p> <ul style="list-style-type: none"> • Enhanced protection of students with early identification of high-risk RTOs and providers. <p><u>Suspension and revocation of approved providers:</u></p> <ul style="list-style-type: none"> • Increased protection for students from: <ol style="list-style-type: none"> a) being enrolled between a decision being made to suspend/revoke and the decision coming into effect; and b) providers that may be engaging in non-compliant behaviour. <p><u>Tuition assurance:</u></p> <ul style="list-style-type: none"> • Students protected for the entire duration of their course of study. <p><u>Credit transfer arrangements:</u></p> <ul style="list-style-type: none"> • Greater choice for students as qualifications that do not necessarily articulate to a higher education course will become available under VET FEE-HELP. <p><u>Census date requirements and publication of tuition fee schedules:</u></p> <ul style="list-style-type: none"> • More up to date information for students on what units/courses are available. • More flexible entry and exit arrangements to eligible VET FEE-HELP courses.
<i>RTOs (applicants, approved providers and dual sector providers)</i>	<p><u>Access to information:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Body corporate structures and arrangements:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Suspension and revocation of approved providers:</u></p> <ul style="list-style-type: none"> • Suspension or revocation applied earlier. 	<p><u>Access to information:</u></p> <ul style="list-style-type: none"> • Provides for early identification of lower quality providers. <p><u>Body corporate structures and arrangements:</u></p> <ul style="list-style-type: none"> • Allows for identification of entities with insufficient corporate structures to support students. • Provides for administrative transparency and identifies legal entities for public monies. <p><u>Suspension and revocation of approved providers:</u></p> <ul style="list-style-type: none"> • Provides for the ongoing integrity of VET FEE-HELP and supports national regulator decisions. • Providers unable to offer assistance under schemes once decision made. • Allows for lower quality providers to be removed from schemes quicker.

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	<p><u>Tuition assurance:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Credit transfer arrangements:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Census date requirements and publication of tuition fee schedules:</u></p> <ul style="list-style-type: none"> • Reduced time in which a provider may publish the unit or courses of study that will be available. <p><u>Legislative guidelines:</u></p> <ul style="list-style-type: none"> • Providers required to update administrative information. 	<p><u>Tuition assurance:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Credit transfer arrangements:</u></p> <ul style="list-style-type: none"> • Increased accessibility to VET FEE-HELP. • Increased responsiveness to industry needs and provides for innovative courses. • Removes costs associated with negotiating agreements. <p><u>Census date requirements and publication of tuition fee schedules:</u></p> <ul style="list-style-type: none"> • Can be responsive to changing VET training packages and more responsive to industry needs, ability to provide rolling enrolments • Increased efficiency by setting training units closer to commencement of course. • Reduction in number of variations to tuition fee schedules. <p><u>Legislative guidelines:</u></p> <ul style="list-style-type: none"> • Efficiencies in administrative practices and consistency in information. • Reduce complexity associated with three sets of legislative guidelines. • Clarity and transparency for obligations and responsibilities.
<i>Approved TAS administrators</i>	<p><u>Access to information; Body corporate structures and arrangements; Suspension and revocation of approved providers; Credit transfer arrangements; Legislative guidelines:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Tuition assurance:</u></p> <ul style="list-style-type: none"> • No limitation of coverage for a student. 	<p><u>Access to information; Body corporate structures and arrangements; Suspension and revocation of approved providers; Credit transfer arrangements; Legislative guidelines:</u></p> <p>Nil</p> <p><u>Tuition assurance:</u></p> <ul style="list-style-type: none"> • Consistency across VET regulatory requirements and addresses industry requests to have student placements first. • Possible reduction in insurance costs.
<i>Education regulators</i>	<p><u>Tuition assurance; Credit transfer arrangements; Census date requirements and publication of tuition fee schedules; Legislative guidelines:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Access to information:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Body corporate structures and arrangements:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Suspension and revocation of approved providers:</u></p> <ul style="list-style-type: none"> • Nil 	<p><u>Credit transfer arrangements; Census date requirements and publication of tuition fee schedules; Legislative guidelines:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Access to information:</u></p> <ul style="list-style-type: none"> • Quality framework supports ongoing integrity of VET FEE-HELP for identifying lower quality providers. • Increased transparency and consistency across regulatory frameworks that support objectives of national regulators. <p><u>Body corporate structures and arrangements:</u></p> <ul style="list-style-type: none"> • Information available to national regulators on overall providers under HELP Schemes. <p><u>Suspension and revocation of approved providers:</u></p> <ul style="list-style-type: none"> • Streamlined administration that supports the decisions made by national

Stakeholders	Costs and risks	Benefits
<p><i>State and Territory Governments</i></p>	<p><u>Access to information:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Body corporate structures and arrangements:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Suspension and revocation of approved providers:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Tuition assurance:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Credit transfer arrangements:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Census date requirements and publication of tuition fee schedules:</u></p> <ul style="list-style-type: none"> • Individual state and territory requirements for publication not consistent with VET FEE-HELP. <p><u>Legislative guidelines:</u></p> <ul style="list-style-type: none"> • Public providers required to update information and forms. 	<p>regulators.</p> <p><u>Access to information:</u></p> <ul style="list-style-type: none"> • Consistent regulation across jurisdictions to provide a quality framework for the ongoing integrity of VET FEE-HELP. • More transparent approval and compliance processes and sharing of information provides for a proactive approach at every level of government. <p><u>Body corporate structures and arrangements:</u></p> <ul style="list-style-type: none"> • Protection of public monies through identification of high-risk providers. • Transparent administrative processes. <p><u>Suspension and revocation of approved providers:</u></p> <ul style="list-style-type: none"> • Integrity of VET FEE-HELP and the reputation of the VET sector maintained. <p><u>Tuition assurance:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Credit transfer arrangements:</u></p> <ul style="list-style-type: none"> • Assist governments to meet skills objectives and emerging industry needs. <p><u>Census date requirements and publication of tuition fee schedules:</u></p> <ul style="list-style-type: none"> • Public providers: responsive to changing VET training package requirements; increased efficiency and more responsive to industry needs. <p><u>Legislative guidelines:</u></p> <ul style="list-style-type: none"> • Efficiencies in administrative practices and increased clarity and transparency in relation to obligations and responsibilities for approved public providers. • Complexity of Scheme reduced.
<p><i>Government</i></p>	<p><u>Access to information:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Body corporate structures and arrangements:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Suspension and revocation of approved providers:</u></p> <ul style="list-style-type: none"> • Nil 	<p><u>Access to information:</u></p> <ul style="list-style-type: none"> • Suitability of applicants can be determined based on all information available for a robust quality framework and integrity of VET FEE-HELP. • More transparent approval and compliance processes that identify low quality providers. <p><u>Body corporate structures and arrangements:</u></p> <ul style="list-style-type: none"> • May consider overall business operations in assessing suitability of applicants, easier identification of the responsible entity within an applicant's corporate structure that holds Government monies. • Improved protection of Government monies • Improved transparency for determining eligibility of applicants. <p><u>Suspension and revocation of approved providers:</u></p>

Stakeholders	Costs and risks	Benefits
	<p><u>Tuition assurance:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Credit transfer arrangements:</u></p> <ul style="list-style-type: none"> • May compromise quality standards in relation to pathways from VET to higher education qualifications. • Changes to current IT systems. <p><u>Census date requirements and publication of tuition fee schedules:</u></p> <ul style="list-style-type: none"> • Reduction in time to assess information submitted. • Increased monitoring requirements for high-risk providers. <p><u>Legislative guidelines:</u></p> <ul style="list-style-type: none"> • Additional training requirements for departmental administrators. • Extensive rewrite of publications, associated handbooks and forms. • Costs associated with rollout for approved providers. 	<ul style="list-style-type: none"> • Streamlined administrative processes. • Increased powers to protect students and the integrity of VET FEE-HELP. • Reduced regulatory duplication to better support national regulators. <p><u>Tuition assurance:</u></p> <ul style="list-style-type: none"> • More consistent regulatory VET framework. • Improved protection of students and student outcomes. <p><u>Credit transfer arrangements:</u></p> <ul style="list-style-type: none"> • Reduced administrative burden. • No impact to budget in forward estimates. • Improved take-up of Scheme. <p><u>Census date requirements and publication of tuition fee schedules:</u></p> <ul style="list-style-type: none"> • Reduction in administrative burden and processing variations. • Greater transparency in how timing for census dates is to be applied nationally. • Expansion of VET FEE-HELP accommodated within existing resourcing. <p><u>Legislative guidelines:</u></p> <ul style="list-style-type: none"> • Improved information and interpretation of provisions by departmental staff. • Increased clarity and transparency in relation to providers' obligations and responsibilities. • Reduction in printing costs and registration costs of legislative instruments. • Reduction in administration for future amendments.
<i>Business and Industry</i>	<p><u>Access to information; Body corporate structures and arrangements; Tuition assurance; Legislative guidelines:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Suspension and revocation of approved providers:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Credit transfer arrangements:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Census date requirements and publication of tuition fee schedules:</u></p> <ul style="list-style-type: none"> • Nil 	<p><u>Access to information; Body corporate structures and arrangements; Tuition assurance; Legislative guidelines:</u></p> <ul style="list-style-type: none"> • Nil <p><u>Suspension and revocation of approved providers:</u></p> <ul style="list-style-type: none"> • Confidence in VET sector and qualifications maintained. <p><u>Credit transfer arrangements:</u></p> <ul style="list-style-type: none"> • Increased responsiveness to the needs of industry. • Increased niche providers. <p><u>Census date requirements and publication of tuition fee schedules:</u></p> <ul style="list-style-type: none"> • VET sector able to respond more effectively to industry demand and training packages.

B. Streamlining administration

Stakeholders	Costs and risks	Benefits
<i>Students</i>	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Increased accessibility through dual sector providers to education pathways. • Enhanced educational outcomes through increased accessibility to higher qualifications.
<i>RTOs (applicants, approved providers and dual sector providers)</i>	<ul style="list-style-type: none"> • Changes to data reporting have lead in time. • IT changes required. • Will also affect removal of EFTSL requirements. 	<ul style="list-style-type: none"> • Reduction in costs associated with applying for approval. • Early identification of low quality providers • Synergies gained through using information already provided under other HELP schemes. • Streamlined reporting requirements to remove duplication and high costs associated with data requirements. • Removal of requirements to calculate EFTSL, replaced by FYTE – existing AVETMISS reporting standard.
<i>Approved TAS administrators</i>	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Nil
<i>Education regulators</i>	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Where possible streamlining of regulatory and administrative duplication. • Enhanced consistency through regulatory frameworks.
<i>State and Territory Governments</i>	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Same benefits as apply to approved providers. • Offset of administrative savings significantly increased. • Ability to further streamline approval processes by states and territories and VET FEE-HELP with introduction of subsidised ICL market.
<i>Government</i>	<ul style="list-style-type: none"> • Changes to IT systems and data protocols required. 	<ul style="list-style-type: none"> • Reduction in overall administrative departmental burden to support expansion of Scheme under current resourcing limits. • Reduced approval processing times. • Ongoing monitoring of the VET sector based on the risk identified to the Government. • Closer alignment of dual sector providers to provide opportunities for further streamlining.
<i>Business and Industry</i>	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Ongoing savings through implementation of reduced administrative burden flows through whole of VET sector and education and training outcomes.

C. Improving communication

Stakeholders	Costs and risks	Benefits
<i>Students</i>	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Able to readily access clear, easy to understand information about VET FEE-HELP. • Increased awareness of eligibility through improved choice of providers and courses. • Emerging issues arising from students' experiences identified and responded to in a timely manner.
<i>RTOs (applicants, approved providers and dual sector providers)</i>	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Able to readily access clear, easy to understand information about VET FEE-HELP. • Providers have increased knowledge of their responsibilities and obligations. • Scheme promoted in a consistent manner.
<i>Approved TAS administrators</i>	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Able to readily access clear, easy to understand information about VET FEE-HELP. • Clearer understanding on the responsibilities of being an administrator. • Increased take-up of VET FEE-HELP and members for TAS administrators.
<i>Education regulators</i>	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Able to readily access clear, easy to understand information about VET FEE-HELP. • Increased take-up of VET FEE-HELP by quality providers.
<i>State and Territory Governments</i>	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Able to readily access clear, easy to understand information about VET FEE-HELP. • Increased take-up of VET FEE-HELP by quality providers.
<i>Government</i>	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Increased take-up of VET FEE-HELP by quality providers through improved knowledge and confidence of VET FEE-HELP across students, RTOs and industry. • Evidence base on which to build future policy directions. • Able to monitor emerging issues and respond in a timely manner to student needs through appropriate policy settings.
<i>Business and Industry</i>	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Able to readily access clear, easy to understand information about VET FEE-HELP. • Well trained and educated work force that can meet the skills needs for all Australians.