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Senate Standing Committee on Education, Employment and Workplace Relations
Attention: Tim Watling, Secretary

Email: eewr.sen@aph.gov.au

Dear Senators

RE: HIGHER EDUCATION SUPPORT AMENDMENT (STREAMLINING AND OTHER MEASURES) BILL 2012

The National Tertiary Education Union (NTEU) represents the industrial and professional interests of over 26,000 staff working at Australian universities, including cross-sectoral institutions, as well as professional and technical staff working in TAFE institutes in Victoria. As such we welcome the opportunity to provide feedback on the *Higher Education Support Amendment (Streamlining and Other Measures) Bill 2012.*

Background

NTEU has always been a strong advocate for the removal of any barriers to participation in tertiary education, including barriers created by up-front fees. While we acknowledge that the provision of income contingent loans (ICLs) in the form of VET FEE-HELP to more students may help reduce barriers to entry for some students, we strongly question the assertion made in Section 2 of the Bill's Explanatory Memorandum which states (in relation to potential students from specific demographic groups including Indigenous Australians, students with disabilities and those living in remote and regional Australia) that:

> *Increased student take-up of VET FEE-HELP is key to lifting VET participation amongst these groups nationally.*

The reasons for low participation amongst specific demographic groups are far more complex than an inability of individuals to pay up-front fees. The NTEU considers it an abrogation of the Government's responsibilities to rely on the provision of ICLs as the primary policy instrument for improving educational participation amongst underrepresented groups of Australians. One only needs to examine the evidence from the higher education sector and see that after more than two decades of HECS, students from the specified demographic groups remain underrepresented in our universities. What the evidence from the introduction of ICLs in the university sector does show however is that student contributions toward the cost of a government supported university place has doubled from 20% when HECS was first introduced in 1989 to 40% at present.

Indeed, NTEU would argue that the current crisis in funding and enrolments unfolding within the Victorian VET sector, provides clear evidence that the expansion of VET FEE-HELP to a broader range of courses and providers has the potential to:

- reduce public investment in VET,
- increase the fees for VET courses, especially those offered by TAFE institutes and cross-sectoral universities,
- undermine the financial viability of public TAFE institutes and some cross- sectoral universities,
- reduce the number of TAFE courses offered, especially in regional areas,
- lead to the proliferation of low standard, poor quality qualifications by some private providers, and
- disrupt student progress and impose high transaction and psychological burdens on students as a result of providers ceasing to operate.

In addition to the high and direct costs imposed on the communities, students and staff at Victorian TAFEs and cross sectoral universities, the Victorian Government's policy experiment has also caused a "blow-out" in public expenditure on VET. This has resulted in a $300m cut in Victorian TAFE funding. According to data collected by TAFE4ALL campaign (www.tafe4all.org.au), the costs of the Victorian Government's funding cuts have included:

- more than 2,000 redundancies,
- up to 20 TAFE campus closures,
- the cessation of hundreds of courses, and
- massive TAFE fee increases.

A summary of the known impact on individual TAFEs and cross sectoral universities in Victoria is contained in Attachment A.

As many commentators (including the NTEU) anticipated, evidence from Victoria shows that some private VET providers have been “cherry picking” highly popular and low cost courses and have used aggressive marketing strategies to lure large numbers of students into their (sometimes very substandard) courses. That is, the ‘market design’ policy framework being pursued by both the Commonwealth and Victorian governments is disaggregating the Australian tertiary into two distinct segments, one which is effectively becoming the ‘privatised’ profitable parts of VET and another ‘socialised’ part comprising the more costly and less popular (non-profitable) courses which are becoming the sole preserve of public education providers.

In public policy terms, this is neither desirable nor sustainable for:

- existing public tertiary education providers and their staff, who have community service as well as other educational and financial performance obligations,
- existing and potential students who will ultimately be required to pay higher fees for their education (despite the fact this is deferred through an ICL scheme),
- Australian Federal and State/Territory governments who have a financial exposure, and
- the reputation of the Australian education system.

Proposals contained within the Higher Education Support Amendment (Streamlining and Other Measures) Bill 2012.

NTEU believes that any policy changes aimed at expanding the number of courses and providers that are eligible for VET FEE-HELP must be framed in such a way as to minimise the undesirable outcomes associated with attempts to implement a similar scheme in Victoria. Given the lack of detail in relation to quality assurance and risk based applications and approvals processes proposed in the Bill, NTEU is not in a position to support the bulk of changes contained within the Bill. However, there are some aspects of the Bill which the NTEU believes would, without necessarily expanding the scope of the current scheme, improve its operation, namely the provisions that:

- require eligible providers to publish relevant materials re VET FEE-HELP on their websites,

- prohibit providers from using misleading or deceptive conduct, including falsely claiming they are able to offer VET FEE-HELP, to recruit students,
- clarify that tuition assurance arrangements apply to students enrolled in a course of study as well as a unit of study, and
- 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;

NTEU would argue that it is important to place limits on the number of courses and providers that are eligible to offer VET FEE-HELP. We believe that restrictions which apply to VET FEE HELP should mirror the current arrangements in relation to HECS-HELP where eligibility would restricted to public providers of VET, that is, TAFEs and universities, and only be made available to private providers for courses that:

- have direct credit transfer to a HE qualification (as is currently the situation), or
- are identified because of their critical importance or as areas of severe skills shortages.

In summary, while the NTEU acknowledges that the Bill attempts to introduce provisions that strengthen the quality assurance mechanisms and to develop risk based application and approvals processes in relation to providers eligible to offer VET FEE-HELP, we do not believe that the detail provided in the legislation is sufficient to ameliorate the substantial and unwarranted risks outlined above.

Jeannie Rea

National President, NTEU
24 October 2012

ATTACHMENT A

Cuts to TAFE (July 2012)

Victoria has 18 TAFE institutes, most with many branches. The following information on the impact of the Victorian government's cuts to TAFE has been sourced from publicly available date or information we have been able to confirm independently.

GippsTAFE
(Campuses at Yallourn, Morewell, Leongatha, Warragal)

- $10 million budget cut
- Up to a 100 redundancies expected
- Morewell and Leongatha campuses under threat – hospitality, art, design, sport, recreation, retail and music courses
- Fee increases expected by 2013

Box Hill Institute

- $24 million funding cut
- Up to 200 staff to go.
- Course cuts expected, fees to increase

Wodonga TAFE

- $7 million budget cut
- Redundancies expected

Chisholm Institute of TAFE
(Campuses in Berwick, Cranbourne, Dandenong and Frankston)

- $28 million cut to the budget
- Significant redundancies expected
- course cuts expected

Holmesglen

- $30 million budget cut (approximately a third of government funding)
- Redundancies expected
- Diploma fees to increase from $2500 to $5000 as of 2013
- Viability of institution under threat

Kangan Institute
(Campuses in Broadmeadows, Essendon, Moonee Ponds and Richmond)

- $25 funding cut
- Up to 205 jobs could go by early next year
- Up to 52 courses to be cut, including Australian Sign Language course, the only one of its kind in Victoria and Eastern Australia

Sunraysia Institute of TAFE
(Campuses in Swan Hill, Robinvale, Mildura and Ouyen)

- $6.5 million budget cut
- 26 redundancies announced so far

Bendigo TAFE

- $8-9 million budget cut
- 120 jobs to go

- Kyneton campus to close
- Course cuts expected – the Echuca-based Certificate III hairdressing apprenticeship has been axed

Gordon Institute of TAFE (Geelong)

- $14.6 million cut (approximately 21% of budget)
- Course cuts
- Enrolments not being taken for nine distance education courses currently offered by Institute's centre for Essential Business Skills
- Redundancies expected

Northern Melbourne Institute of TAFE
(Campuses across the northern metropolitan area of Melbourne)

- $25 million budget cut, up to a hundred jobs cut
- As many as 50 courses to be scrapped
- Fee rises of up to five times more current levels
- Costs of a diploma degree could rise to $4000 in 2013
- Worst hit areas – certificate level courses in hospitality, business, customer contact, fitness and financial administration

South West Institute of TAFE
(Campuses in Hamilton, Portland, Camperdown, Warrnambool)

- $11.5 million cut in government funding next year
- 80% of courses will have reduced government subsidies
- 43 EFT positions already cut, more expected next year
- Services expected to be cut
- Increases in courses costs of between 50-400%
- 169 courses to be cut

William Angliss

- $5.8 million funding cut

Advance TAFE
(Campuses in Bairnsdale, Lakes Entrance, Sale)

- Significant redundancies and course cuts expected
- Some campuses under threat.

DUAL SECTOR INSTITUTIONS

Swinburne University

- $35 million budget cut in 2013 to TAFE operations
- 240 ongoing staff cut
- Lilydale campaign to be closed, TAFE courses at Prahran campus to be moved to other campuses.
- Courses in leisure, hospitality, recreation and tourism no longer offered

University of Ballarat
(Campuses in Horsham, Stawall, Ararat)

- $19 million cut in government funding, 40% budget cut to TAFE operations
- Up to 60 courses could be cut, Ballarat arts school under threat

- Horsham campus could be seriously impacted with business, racing certificates to possibly go. Courses could also be cut at Stawell campus
- Redundancies expected

RMIT University

- $20 million budget cut to TAFE operations
- Job cuts expected
- International Centre of Graphic Technology to be closed (only TAFE training centre in Victorian where apprentices can prepare for printing career)

Victoria University

(Campuses across the western metropolitan area of Melbourne)

- $34 million budget cut to TAFE operations
- 50 positions being made redundant in the faculties of Technical Trades Innovation and Workforce Development. More jobs to go by the end of the year
- Fee hikes expected. Some courses expected to increase by up to 320%
- 100 courses to be cut, including sports and fitness, hospitality, business and financial services