Navitas Response to the Review of the VET Student Loans course list and loan caps methodology - May 2017

Navitas has been a consistent and constructive contributor to the tertiary education policy debate in Australia. Navitas' intent and focus has been on ensuring Australia has a robust, high quality and future-ready tertiary education and training system that delivers to all learners the technical, professional, and enterprise skills and attributes required for work today and into the future.

Navitas has made a number of clear and compelling submissions to various government consultation processes relating to income contingent loans in the vocational education and training (VET) sector. This included submissions to the *VET FEE-HELP Redesign Discussion Paper* (2016) and to the *Senate Inquiry into the VET Student Loans Package* (2016). In the latter submission, Navitas made the case that *'several central elements of the proposed reforms will have a strong negative impact on Australia's VET system'*.

In April, the Commonwealth Government released the discussion paper for the *Review of the VET Student Loans eligible course list and loan caps methodology*. The discussion paper is focused on necessary technical, process-oriented matters, and those of methodology.

Navitas respectfully asserts that providing a submission on such matters will not deliver needed, impactful policy change. In earlier submissions referenced above Navitas endorsed the government's objectives *'to provide loans to students for vocational education and training, ensuring that loans are; (a) provided to genuine students; and (b) for education and training that meets workplace needs and improves employment outcomes'*. Further Navitas strongly supported specific measures that would address unscrupulous conduct by high risk operators who duped prospective learners, failed to deliver learning outcomes and misused taxpayer funds.

However, Navitas also raised serious concerns with the VET Student Loans program as envisaged and as enacted. Specifically, Navitas detailed problems with the methodology in relation to course lists and loan caps. Navitas' position on these matters has not changed and we reference our two earlier submissions[1]. Navitas urges government to utilise work already being undertaken by professional firms to adopt new methodologies, such as machine intelligence and data mining, to better forecast the industries of the future and the resulting skills required by business and industry rather than focus on fine-tuning outdated methodologies.

While Navitas welcomes the government seeking industry input on improvements to the technical and process issues that have arisen since the implementation of VSL program on 1 January 2017 we remain concerned that the program does not provide a future-focused framework for learners to acquire the skills sought by industry.

The Review also provides implicit support for the premise that the VSL caps are sufficient for learners *'to access quality courses which are competitively priced'*. Navitas asserts that this is not the case for a number of high quality/high cost industry specific courses. We have seen a dramatic decrease in the number of Navitas learners in our creative media and nursing courses who are able to fund the fee gap between the loan caps and the true full-fee cost of delivery. This is a serious equity issue that restricts access to vocational education and training, and perversely drives learners into higher education on the basis of cost, not suitability or relevance. The Government will not meet its '*commitment to ensure that the VET Student Loans eligible courses … loan caps support students to get jobs … without incurring unreasonable debts'* where learners who chose

[1] Navitas submissions to *VET FEE-HELP Redesign Discussion Paper* (2016) and *Senate Inquiry into the VET Student Loans Package* (2016).

the course that best meets their career goals must fund a fee gap above the loan cap. In some high cost, industry relevant courses this gap can be an additional $8-10,000 above the cap.

The VET Student Loans program has also strongly reinforced a 'public/private' system rather than a high quality, diverse and competitive public and private system.

Navitas is concerned that the review of eligible courses and loan caps methodology, while 'fine-tuning' some procedural and technical issues, does not address higher level policy imperatives for Australia's tertiary system and its capability and capacity to prepare learners for the future of work.

The recent report by the New Zealand Productivity Commission is important reading for the Australia tertiary sector and for those contributing to tertiary education and training policy debate.

'Nobody set out to design a tertiary education system characterised by inertia. But over time government has responded to fiscal pressure, political risks, and quality concerns by layering increasingly prescriptive funding rules and regulatory requirements on providers. These have had the cumulative effect of tying the system down'[2].

The world of work is changing very quickly but education models and systems are not. It is clear that the nature, speed and scale of delivery and innovation required to keep pace with the number of Australians who will need skilling, upskilling or reskilling over the next decade will not come from within our existing tertiary education frameworks and regulatory settings without major changes. *'The scale and urgency of transforming our industries, workforces and systems requires collective will, strong leadership, clear, direction, integrated approaches and non-partisan, aligned policy at all levels of government'*[3].

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[2] New Zealand Productivity Commission. (2017). *New models of tertiary education: Final Report. Available from* www.productivity.govt.nz/inquiry-content/tertiary-education p, 2

[3] Forthcoming chapter *'Education and training enabling productivity in service industries'* in CEDA report: Improving service sector productivity: the economic imperative, June 2017, p 66