

EXPLANATORY STATEMENT

VET Student Loans (Charges) Regulations 2017

Authority

The instrument is made by the Minister for Education and Training under the *VET Student Loans (Charges) Act 2016*.

Purpose

The purpose of the *VET Student Loans (Charges) Regulations 2017* is to prescribe the amount of an approved course provider charge payable in respect of a financial year by an approved course provider under section 7 of the *VET Student Loans (Charges) Act 2016*.

Commencement

The instrument commences on 1 July 2017.

Consultation

The department consulted on the Cost Recovery Implementation Statement with the VET Student Loans Implementation Advisory Group on 24 January 2017.

Further, consultation on fees was consistent with the Senate Education and Employment Legislation Committee Inquiry into the VET Student Loans Bill 2016 and two related bills, which encouraged the Department of Education and Training to consult with key stakeholders to ensure that fees and charges are implemented on a fair and equitable basis, taking into account any impact on students.

Regulation Impact Statement

A Regulation Impact Statement on the redesign of the VET FEE-HELP scheme, of which the VET Student Loans program was the outcome, was prepared and certified by the Commonwealth Department of Education and Training under the best practice regulation requirements in October 2016, OPBR ID 20451.

Explanation of provisions

Section 1 of the instrument states the name of the instrument.

Section 2 states that the instrument commences in accordance with column 2 of the table: that is 1 July 2017.

Section 3 provides that the instrument is made under the *VET Student Loans (Charges) Act 2016* (VSL Charges Act).

Section 4 sets out the definitions used in the instrument. The note alerts the reader that a number of expressions used in the instrument are defined in the VSL Charges Act.

Sections 5, 6 and 7 set out the definitions for large, medium and small providers for a financial year. The prescribed amount of the approved course provider charge for a financial year is determined by reference to the provider's size.

An approved course provider is a large provider for the financial year if the total number of VET student loans approved for students of the provider by the Secretary for approved courses with at least one census day in the financial year is more than 1,000. The definitions for medium and small providers are based on the same formulation, with not less than 200 and not more than 1,000 being a medium provider and less than 200 being a small provider.

To determine a provider's size category for a financial year, the department will use total student enrolments, as reported by providers in the Higher Education Information Management System (HEIMS) each month for reporting and payment purposes. For example, the amount of charge for the 2017-18 financial year will be calculated by summing all verified student enrolments for which VET student loans were approved between 1 July 2017 to 30 June 2018. Data for June 2018, the final reporting month of the 2017-18 financial year, is due to the department by 7 July 2018. Once the data is verified and the provider has been paid for the month of June, the department will sum the student enrolment numbers reported in each month of the 2017-18 financial year for which VET student loans were approved to determine the provider's size category and therefore, annual charge.

The department expects to issue invoices from September 2018. The provider will have 30 days from the date of issue to pay the charge, after which a late penalty will be incurred.

'Student enrolments' differ from unique students (Commonwealth Higher Education Student Support Number). That is, one unique student may be enrolled in, and approved for VET student loans, for multiple courses with the same provider, and as such, would be counted as multiple student enrolments for the purposes of determining a provider's size category.

Example

A VET Student Loans approved provider has reported 600 unique students with a VET student loan, and 850 VET student loan student enrolments into HEIMS in the 2017-18 financial year. As a provider that has had 850 VET student loans approved for its students in the 2017-18 financial year, it falls into the medium provider category for the year (more than 200 but less than 1,000 VET student loans approved by the Secretary for approved courses with at least one census day in the financial year and provided by the provider). Its approved course provider charge for 2017-18 would therefore be \$12,480.

Section 8 provides the prescribed amount of charge payable by an approved course provider for a financial year by reference to the size categories as defined in sections 5, 6 and 7.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

VET Student Loans (Charges) Regulations 2017

This instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Summary

Section 9 of the *VET Student Loans (Charges) Act 2016* (VSL Charges Act) provides that the Governor-General may make regulations prescribing matters required or permitted by the VSL Charges Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the VSL Charges Act.

Section 6 of the VSL Charges Act imposes an approved course provider charge as a tax on approved course providers who are approved as approved course providers under the *VET Student Loans Act 2016*. Section 7 of the VSL Charges Act provides that the amount of approved course provider charge payable by an approved course provider is the amount prescribed by the regulations, or worked out in accordance with a method prescribed by the regulations.

The *VET Student Loans (Charges) Regulations 2017* (VSL Charges Regulations) prescribe the amount of approved course provider charge payable by an approved course provider for a financial year by reference to the provider's size category. The size categories are determined by the total number of VET student loans approved for students of the provider by the Secretary for approved courses with at least one census day in the financial year.

Human rights implications

The VSL Charges Regulations prescribe the amount of approved course provider charge payable annually by an approved course provider under section 7 of the VSL Charges Act. The VSL Charges Regulations do not raise any human rights issues and are compatible with human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.