

## Redesigning VET FEE-HELP

In late April the Federal Government released a discussion paper entitled 'Redesigning VET FEE-HELP'. It had become apparent that continuing legislative changes put through the Federal Parliament were not enough to prevent the behaviour of some private training providers. The most recent of those changes was in January this year when the Higher Education Support (VET) Guidelines 2015 were introduced to "further strengthen the scheme and constrain growth"<sup>1</sup> These Guidelines were aimed at capping VET FEE-HELP loans at 2015 loan amounts, protecting students from providers or their agents including new entry requirements, stronger cooling off periods and three fee periods rather than one up-front hit, and new eligibility requirements for providers. It is many of these changes that form the basis of the questions raised in the discussion paper, asking if these are enough or are there other ways of preventing the current 'rorts' that have become the centre of this national VET scandal.

In September 2015 the Government commissioned Ernst and Young to review the impact of the reforms on VET provider behaviour and whilst the final report is not yet out, there are early indications that some of the rorts are continuing, an observation from this report that "many RTOs interviewed stated that they still observe other RTOs breaching the rules."<sup>2</sup>

Given the Greens analysis of the federal Department of Education and Training's funding figures in 2014 that show that a graduate from a private college cost the taxpayer \$73,200 compared to a TAFE graduate costing \$10,500, the situation remains dire. It is of concern that it will take some time for any changes arising from the discussion paper which closes to submissions on 30 June, to be implemented through legislation.

One of the issues highlighted in the discussion paper is the inability of the Government and/or the Australian Skills Quality Authority (ASQA) to take decisive action against training providers found to be breaking the rules. Unfortunately until the legislative changes this year, many of the unconscionable practices being undertaken by RTOs were within the rules. Up until last year, the Federal Government had also made it very hard for ASQA to operate effectively by not providing it with all the information required to take action. And of course there is now the difficulty of 'getting the money back'. The Sydney Morning Herald article on June 12, "Billions squandered on private college courses" makes the point that "the Australian Competition and Consumer Commission is pursuing four private colleges in the Federal Court for the return of more than \$300 million in federal taxpayer funding."<sup>3</sup> This is only part of it.

The Government was warned years ago of the possible consequences of the introduction of VET FEE-Help without the proper regulations in place. A case in point is the issues raised by the TAFE Directors Australia 2011/12 National Charter for TAFE: *"TDA asserts that until the new VET regulatory system is firmly in place, it is folly to provide open access to government training funds on the basis of demand alone. To do so invites a repetition of practices that occurred in the international market. The issue of the viability of the market in terms of the number of providers, the associated risks and the cost of regulating them has been ignored, to the detriment of Australia's reputation."*<sup>4</sup>

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<sup>1</sup> Australian Government, (2016) Redesigning VET FEE-HELP Discussion Paper.

<sup>2</sup> Ibid

<sup>3</sup> SMH, (2016) Billions 'squandered' on private college courses, 17 June 2016.

<sup>4</sup> TAFE Directors Australia, (2011) The case for a National Charter for TAFE, [www.tda.edu.au/cb\\_pages/files/TDA-charter.pdf](http://www.tda.edu.au/cb_pages/files/TDA-charter.pdf)

According to the Australian Council for Private Education and Training (ACPET), the problem was obvious far before any action was taken by government. Paddy Manning in his 'Background Briefing' for the ABC earlier this year cites Rod Camm, chief executive of ACPET, who "criticised the government for failing to monitor the explosion in VET FEE-HELP loans, particularly to fast-growing colleges which were 'non-existent two or three years ago' but were now some of the biggest players in the industry." He goes on to say that "by the end of last year six of the top 10 private training colleges were under a cloud, facing regulatory sanction, prosecution or threatened legal action by angry students." Camm concludes with the point that the government knew that VET FEE-HELP was growing fast and knew that over 70% of the growth was in the top 20 colleges.<sup>5</sup> The question is clear as to why the Government did not act earlier?

A range of options have been presented by stakeholders to stop the VET scandal from continuing. A strong case is being put forward in these elections for increased investment in TAFE as the quality public VET provider, in a strictly limited training market. The federal Government floated a discussion paper at COAG this year on a complete federal takeover for VET. But there are two issues that are not being highlighted enough. The first is the continuing trials to extend VET FEE-HELP loans to certain Certificate IV qualifications, due to finish at the end of this year. Surely in light of the problems that continue, the proposed extension of VET FEE-HELP should be clearly knocked on the head now. The second is the effect of the VET FEE-HELP scandal on individual students.

In their submission to the 'Redesigning VET FEE-HELP' discussion paper, the TAFE Community Alliance emphasises the consequences of this national scandal on students and continuing education.

"The Alliance also wants to put on the public record that it is not only the economy that is suffering as a result of this scandal, and it is not only the reputation of the Australian VET sector that has been seriously undermined, but that the measurement of the emotional and psychological costs to students has not even commenced. We do not know how many students have been tricked into signing up to income contingent loans for courses they did not really want, were not able to complete, and/or that did not provide them with a quality education. We do not know who these students are and what the impact has been for them. What will it mean for them to possibly have a lifetime's debt for a qualification that has given them nothing? Are these students ever likely to study again?

This is a part of the cost of the national scandal that the Government must also acknowledge and consider how it is going to redress."<sup>6</sup>

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<sup>5</sup> Manning, P. (2016) *Regulator 'flying blind' in widely-rorted vocational education loans scheme*, Background Briefing, ABC, 20 February 2016.

<sup>6</sup> TAFE Community Alliance, (2016) Submission to Redesigning VET FEE-HELP, [www.tafecommunityalliance.org](http://www.tafecommunityalliance.org)