



## **Submission to Redesigning VET FEE-HELP**

The TAFE Community Alliance welcomes the opportunity to provide a submission to the Redesigning of VET FEE-HELP, and the stated intention of the Federal Government to resolve the significant perverse effects of poor policy development and implementation.

The TAFE Community Alliance is an advocacy and strategy group that recognises the central role of the strong comprehensive public VET provider in the building of social, cultural and economic capacity of communities. Our website [www.tafecommunityalliance.org](http://www.tafecommunityalliance.org) tells the TAFE story and provides extensive information about our advocacy work, events and has links to relevant research papers. Politicians, well-known citizens and students speak of the value of TAFE. Students detail how useful a TAFE education has been for them, often times life-changing.

### **Introduction**

#### **The National Scandal**

Whilst the TAFE Community Alliance welcomes the opportunity to participate in the discussion paper and to contribute to the options presented, we also want to put it clearly on the record that we are appalled at the national scandal that has been propagated through the implementation of VET FEE-HELP. It is a national scandal and we are surprised that governments have not acknowledged that it is so. \$2.9 billion has been borrowed to fund VET FEE-HELP loans as of 2015, and the paper acknowledges that the Government does not expect a large proportion of these loans to be repaid. In saying this, the Government must also be acknowledging that a large proportion of these loans were inappropriately made.

The Alliance is aware that the scandal is continuing and suspects that what has reached the public eye so far may only be a small part of the reality of the misuse of public funds. The Alliance as a community group that is concerned about quality vocational education for a wide range of students, asks the question on behalf of these students as to how better \$2.9 billion of public funds could have been used? What facilities and support services, as well as highly qualified educators, could have been provided for students to ensure that they gained cutting edge qualifications that would add not just to their own career opportunities but also to Australia's productivity and economic stability.

The Government's touted legislative changes have obviously had little impact on those determined to 'rort' the system. The Alliance suggests that by the time these options are considered and changes made through the appropriate bodies that many millions more will have been squandered and that ways around any proposed changes considered. The Alliance knows that the Federal Government was made aware of the likely effects of making funding readily available for any provider offering a course for which a VET FEE-HELP loan could be accessed, a number of years ago, and did nothing. A case in point is the issues raised by the TAFE Directors Australia 2012 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."*

Whilst the Alliance is not necessarily agreeing with all the TAFE Directors had to say in this document, we do want to make the point strongly that governments were warned, they had the example of the problems that occurred in the international education market as a reminder, and yet it is four years before other than bandaid changes are being considered.

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.

### **The need for a national vision for tertiary education**

The TAFE Community Alliance believes that while significant changes are necessary in VET FEE-HELP itself, those changes will not resolve the growing dysfunction of the sector arising from other related policies. At best, further reforms to VET FEE-HELP may have a positive effect in the short term but new problems will inevitably emerge unless Australia deals with the current lack of vision for tertiary education.

What is required is a comprehensive, independent and well-resourced Commonwealth Committee of Inquiry into the whole tertiary sector. This Inquiry would set out to define the respective roles and contributions of the various types of institutions constituting the Australian tertiary education system, including Community providers, private providers, TAFE Institutes, teaching universities and the top research universities, together with the

pathways allowing for the fluid movement of students through the system. It would also redress the serious and growing imbalance in public funding to VET relative to higher education, consider how student contributions can be made according to their means without creating a further debt crisis in this country and whether Australia needs over 4000 organisations in the artificially competitive training market. Such a holistic approach is essential. The introduction and implementation of VET FEE-HELP is a prime example of what can happen when public tertiary policy is made on a piecemeal basis and when the Government seeks to fix the problems arising from marketising vocational education by introducing yet more marketisation — what it calls ‘contestability’.

The TAFE Community Alliance makes this submission within the following framework.

TAFE is the trusted public provider, enrolling more than 60% of the 1.4 million students in the government-funded VET system. Its first-hand experience with VET FEE-HELP (and other system reforms) must be drawn on in developing sound public policy in VET.

The problems with VET FEE-HELP are problems created by private providers, not TAFE. It is disappointing that the paper fails to distinguish adequately between the operations of VET FEE-HELP in the public TAFE system and in private providers. The paper notes that “TAFEs have been *substantial* users of VET FEE-HELP”, yet Table 8 shows that loan amounts for TAFE represent a little under 14% of total loans in 2015, hardly warranting the term *substantial*, while the private providers have accounted for over 85% of total loans. All of the major scandals associated with misuse of VET FEE-HELP have been associated with private providers.

Course costs should not prevent qualified and motivated students from undertaking vocational education and training. The introduction of income contingent loans in VET via VET FEE-HELP has been a means for transferring costs and risks from government and industry onto individual students, many of whom are the least able in society to bear them, and also on to taxpayers through doubtful debt.

There are major differences between the higher education ‘market’ and the VET ‘market’ which are substantially underplayed in the discussion paper. In Higher Education, more than 92% of students are enrolled in public universities with a strong tradition of external and internal scrutiny, transparency and public reporting. In VET, with higher numbers of students, just 50% are enrolled in public TAFE Institutes with similarly strong internal and external oversight, transparency and reporting obligations. Policies that work in the higher education market of 169 providers cannot be automatically translated to the VET market of some 4,000 providers most of which are poorly and unevenly regulated and subject to limited or minimum external scrutiny.

The rapid expansion of the VET FEE-HELP loan system alongside the marketisation of VET training has fragmented the integrity of the total VET system which was intended to allow flexible pathways through AQF levels of VET in line with learners’ needs.

The 2012 expansion of VET FEE-HELP has encouraged RTOs to promote enrolment directly into Diploma level of training without considering individual learner needs. In many instances the most suitable entry level may be at Certificate III or IV level, or, in some cases, lower. Flexible pathways may be needed for learners who are uncertain of career direction, who may lack sufficient skills or confidence to function at a higher level, or who may experience a psychosocial crisis during their course of study. In some instances a Diploma may focus on management skills, resulting in the learner missing necessary competencies to understand and function at operational or entry level. The discussion paper indicates that 4% of VET FEE-HELP loan amounts in 2015 were for a Diploma of Business Administration and 5% for a Diploma of Counselling. Experienced teachers in these programs agree that graduates are not adequately prepared for the workforce without completing lower level courses at Certificate III or IV level which offer greater depth of casework skills and preparation for the workplace. This fragmentation has distorted the value of lower level courses, has resulted in fewer lower level course offerings and a loss of flexibility to move from Diploma to lower level because of bureaucratic complexity.

Research from the US indicates that the market in education and training produces a 'for-profit' private training sector that is increasingly reliant on public revenue. Deming, Goldin and Katz (2013) has analysed the rise and rapid expansion of 'for-profit' colleges in the US post-secondary education environment. The United States operates a large post-secondary education market based model where many for-profit colleges now derive most of their revenue (90%) from tax-payer student financial aid. As state funding of the public community colleges decreased the 'for-profits' have grown on expanded Federal student aid. The tuition costs of many 'for-profit' colleges are high and 90% of students at for-profits borrow money (government loans) to attend college compared to 13% in community colleges. The high cost of the education and the modest earning opportunities offered by many of the jobs for which these for-profit colleges prepare, result in a financial and social risk. In terms of social and private returns relative to community colleges the for-profits need to generate returns that are 36% greater for society and 60% greater for individuals. This is an unlikely scenario in the insecure employment market.

The community understands that education and training generates the skills and knowledge required for a productive economy but there is also a strong community appreciation of the value of VET in building social inclusion and civic participation. The fundamental issue in the assessment of the public or private benefit using the human capital framework is putting a price on social inclusion and civic participation. The social inclusion variables are complex and not readily measured effectively in a human capital framework. The social, cultural and economic dimensions of a community are complex and can't be effectively analysed by economic modelling alone.

This submission does not address all the issues and options raised in the discussion paper. Rather, it focuses on a small number of matters that the TAFE Community Alliance considers to be of central importance. The Alliance also points out that it is providing researched and informed comments and suggestions on the following issues relating to VET FEE-HELP, but

that we primarily believe that VET should be accessible for all students and that there should be no need for income contingent loans.

## **Protecting students**

### **Student eligibility to access a loan**

#### **1. Are further student eligibility requirements necessary?**

Current eligibility requirements exclude permanent residents. In NSW this creates a disconnect between the VET environment of Smart and Skilled which allows subsidised training for permanent residents, including those studying at Targeted Priority Diploma level, while the VET FEE-HELP loan program excludes this group. This creates a barrier to accessible higher level pathways for these students in the VET sector. The Alliance believes that permanent residents should have access to the full range of funding support as citizens. The early days after arrival into Australia are a crucial time for access to training and pathways to employment.

#### **2. Can the administrative complexities involved in taking a Language, Literacy and Numeracy Assessment be reduced while ensuring this standard regarding student preparedness remains?**

The Alliance calls for much more stringent application of the LLN assessment where the student does not hold an Australian Senior Secondary Certificate of Education (year 12 certificate). The current testing system is an online test which students can complete at home. We reject any suggestion that corners should be cut because of administrative 'complexities'. Lessons should be learned from arrangements for English Language testing for overseas students which specify which tests are acceptable and are administered by a carefully monitored national network of testing centres. LLN testing centres should be established within selected existing RTOs which have been subject to additional academic and management scrutiny and approved to offer LLN assessments for the purpose of VET FEE-HELP eligibility. Being an RTO under the current regulatory arrangements is an inadequate pre-condition for eligibility to VET FEE-HELP.

However there are occasions where the requirement for a student to have completed an Australian Senior Secondary Certificate of Education (Year 12 qualification) or complete the LLN assessment is overly restrictive. NSW Universities accept either a mainstream Year 12 qualification, successful completion of a TAFE Tertiary Preparation Certificate, completion of English for Academic Purposes where students have overseas qualifications, and in some instances, completion of a Certificate IV qualification from TAFE. It should be noted that there is currently no capacity within the VET FEE-HELP screening to determine if a student's NSW Higher School Certificate (HSC) is mainstream or Lifeskills. A Lifeskills HSC is traditionally completed by students who are unable to complete a mainstream HSC, including those with an intellectual disability. This requirement does not adequately assess a student's readiness to study at Diploma level. The Alliance recommends that a broader

range of qualifications be considered for eligibility for a VET FEE-HELP loan and that there be a way of determining if a student has completed an academic HSC.

Whilst acknowledging the need for improved administration of eligibility requirements, the Alliance also strongly advocates the need for additional funding to ensure support for students following administration of LLN assessments. After all education should not just be about students accessing a qualification but also providing students with the education and support services to ensure successful completion.

### **Lifetime loan limit for students**

#### **Discussion questions:**

- 1. Should a separate and lower lifetime loan limit apply just to VET FEE-HELP?**
- 2. If a separate limit was applied, what would a suitable limit be?**
- 3. If a separate limit was applied, how should this interact with the current lifetime loan limit for FEE-HELP?**

The TAFE Community Alliance supports a separate and lower lifetime loan limit applying just to VET FEE-HELP, in part as a mechanism to reduce price gouging by some RTOs and in recognition that lifetime earnings from Diplomas and Advanced Diplomas are on average lower than those for bachelor level qualifications and above.

The current combined lifetime limit for FEE-HELP is unrealistic. In some instances it requires students to predict the cost of a course at Diploma level, undergraduate and Postgraduate degree level 6-7 years ahead. As an example, pathways through Architecture, Building or Community Services to Psychology may well require this degree of planning. This model relies heavily on students making informed decisions. The level of planning and information required in these instances is excessive for most.

As Diploma courses are generally equivalent to 30% of a University degree, VET FEE-HELP Diploma loans could be determined in part by considering the cost of a related University degree.

VET is undertaken by school leavers, career developers and career changers, including those who have been retrenched or injured. It offers flexible and focused education. This flexibility meets both personal and societal needs. Eligibility for VET FEE-HELP loan amounts should be reset once repaid. They should not be subjected to a total lifetime loan limit. This is particularly important as many occupations will be restructured and 12-47% of jobs are predicted to disappear with ongoing technological change (OECD Policy Forum on the Future of Work, 2016). People will need to engage in ongoing training.

## Addressing course costs

### **What action could the Commonwealth take to address the rising cost for students undertaking VET with access to VET FEE-HELP?**

It is fundamental that course fees be capped for any income-contingent loans scheme to be sustainable. Fees in the VET sector are unregulated (unlike higher education at present), and the only limit on what private VET providers can charge students for VET qualifications is the \$99,000 lifetime limit on the amount a student can borrow. By contrast, TAFE tuition fees, while rising under the perverse incentives of VET FEE-HELP, are constrained by varying levels of government regulation, notwithstanding deliberate cost shifting from the states to the Commonwealth. In 2003 the maximum TAFE fees for diploma programs funded by governments ranged from \$500 in Victoria to \$1,200 in South Australia (Watson 2003). In 2005 the maximum fees for government funded programs ranged from \$900 in Tasmania to \$1,224 in NSW (Chapman, Rodrigues & Ryan, 2007). While average VET FEE-HELP tuition fees in Table 2 of the Discussion Paper regrettably do not distinguish between TAFE fees and private provider fees, nevertheless we are looking at unconscionable increases in tuition fees of over a decade, fees which bear little or no relation to a provider's full costs, or the public/private benefits of a qualification.

The Alliance believes that there should be an increase in direct government subsidies to those VET programs which are considered to have a social and economic benefit but which won't necessarily result in higher incomes for the graduates. There should be a calculation of 'reasonable costs' as a basis for regulating maximum fees, with specialist bodies such as the previous Industry Skills Councils, able to assist in such calculations.

### **Should the Commonwealth target its investment in VET FEE-HELP to courses that align with industry needs, lead to employment outcomes, result in a public good or provide pathways to higher education?**

There is currently a significant problem in running VET FEE-HELP eligible training places in courses largely on the basis of student demand and the ability to generate revenue, rather than employment outcomes, public good or pathways to higher education. This has skewed the training options available to revenue making goals, and reduced the individual and public benefit from this training. For example there are many more training places available in some areas of design, media and 3D animation than can give the hoped-for benefits of this training. Similarly there has been a dramatic increase in Diplomas in Counselling which do not have a good employment outcome without Community Services, Social Work or Psychology training. For this reason TAFE has not traditionally run this course as a primary training option. Whilst the Alliance deplores the skewing of training options that has resulted from the 'available to any RTO for any course' policy that has been currently applied to VET FEE-HELP, we also acknowledge the problems that could occur to the limitation of loans to courses aligning with industry needs and/or employment outcomes. It is not easy to predict such requirements a few years hence, and such a move is also open to employer influence.

One consideration is that VET FEE-HELP loans again be attached to pathways to higher education as they were originally envisaged

**What are the implications of the Commonwealth setting national prices or loan values for qualifications despite significant diversity in the cost of training across different geographic locations, student populations and mode of delivery?**

The Alliance supports the introduction of set prices to reduce discrepancies in pricing for the same course in different geographic or provider locations. Variations in cost of training needs should be adequately addressed to ensure the ongoing viability and quality of the VET system.

**If the Commonwealth did set prices or maximum loan values for qualifications, what parameters should be used to determine how to set these values?**

It is essential that VET policy-makers understand the cost drivers in the sector and alignment between prices and the efficient cost of provision of quality training. Without that deep knowledge which only comes from rigorous analysis, efforts to set maximum fees and policy aspirations for any partial deregulation of fees will continue to fail. If perhaps 0.1% of the VET FEE-HELP budget had been applied to understanding the basic economics of interactions between prices, fees, subsidies and loans we would not have the current catastrophic situation.

There needs to be analysis of the learning needs of students experiencing the full range of disabilities and learning problems, those who have experienced disruption to their learning pathway through life or employment related change and analysis of the real pathway of students. A simplistic expectation of a linear path to completions does not reflect reality in most peoples' lives. Cost analysis needs to identify the rate of required repeating of units for attaining satisfactory completion. Without this providers will pass students in order to meet outcomes, further undermining the quality of the VET system. This is particularly important in the VET sector which traditionally attracts those who have not achieved university entrance. Alternatively, students should not be "punished" for needing to complete units by paying higher fees.

In policy terms, it is self-evident that government subsidies (in any form) should be directed primarily to those courses that will yield a public return and assist in meeting economic and social policy objectives. As the Smart and Skilled program in NSW has shown, a designated list of qualifications eligible for public subsidy is both possible and desirable. Parallel with this should be a serious Commonwealth Government effort to reduce the unnecessary proliferation of qualifications that has characterised the growth of the VET sector in recent years.

The Alliance supports a return to the initial policy that focused VET FEE-HELP on supporting pathways into higher education. TAFE systems and Institutes have a long history of negotiating these pathways in the interests of students and neither students nor TAFE will



be disadvantaged by reversion to the original intent. Articulation into higher education may not be essential for all students, but it should be possible for those who do want to pursue this pathway using VET FEE-HELP loans. Adequate foundation and preparation for higher education needs to be considered, not merely the completion of competencies at the VET level.

### **Calculating 'reasonable costs' as a basis for maximum loan amounts**

#### **Delivery mode**

**Should mode of delivery be factored into any calculation on reasonable cost? If so, what mechanism could be used?**

The TAFE Community Alliance does not support factoring in mode of delivery into any calculation on reasonable cost. The savings any such arrangement might produce would be outweighed by the transaction costs of doing so and the negative effects on the future of flexible and innovative delivery. It is not the mode of delivery, of itself, that is a problem but the failures of many providers to provide the level and quality of ancillary tuition and student services that make online delivery an effective mode. Figures in the discussion paper highlight the relatively poor outcomes of current online delivery in the VET sector.

#### **Improved information for consumers and the role of brokers and agents**

**How could existing information resources be improved to ensure greater access to information for VET FEE-HELP students?**

**Should VET FEE-HELP providers have an obligation to provide information in a consistent form about the scheme to students?**

**Is there a role for an agent, or an intermediary, to assist students to make a choice regarding a course and provider?**

**If so, how should such an agent be regulated to ensure the interests of the students are paramount, rather than the interests of providers?**

The discussion paper has a significant focus on enhancing training and outcomes *information* to allow prospective students to make more informed choices about training providers and courses. The underlying assumption is that information about course cost, possible job outcomes and provider reputation is sufficient to assist prospective students with their selection of course and provider. This is evident in the reliance on online information and the use of brokers and agents who frequently have a clerical or customer service background. While this model may suit the higher education system for most, it is not a suitable model for the VET sector.

The Australian Blueprint for Career Development identifies the skill base required for people who provide training course information, as well as those who provide career counselling, including assistance with career decision making. Making a decision about careers and training is more than making a “choice”. It involves a complex process in which the individual is identifying and managing their own needs, alongside a developing understanding of available training and employment options, currently at a time of great change. For this reason the TAFE system has offered outstanding service and flexibility. TAFE has had the flexibility for students to move between AQF levels of training as well as across industry areas, based on identified need. Career planning is developmental. This has been recognised within TAFE where there has been an education and training infrastructure to support students’ career development. A network of support staff works with course information officers and teachers to assist students who may be confused, uncertain or apparently inappropriate for a particular training level or choice. TAFE Counsellors are qualified in providing career counselling and work alongside teachers who can advise on options and outcomes in various industries, as well as specialist disability teacher consultants who are able to advise on the work demands relevant to particular disabilities. A comprehensive educational infrastructure is required which enables prospective students to engage in education and training at appropriate levels and in relevant industry areas, without being guided by financial profit motives.

VET FEE-HELP should not be treated by providers as a marketing tool, but a scheme to support those students who cannot access VET through their own resources. The Commonwealth should produce a student-friendly information booklet explicitly tailored to the VET sector, and require all providers to make that available to all current and prospective students in both hard copy and online. Students should be required to sign that they have read and understood the requirements and providers should be obliged to keep the signed document in their record system. This may also have the longer-term effect of minimising disputes about who knew what and when about the VET FEE-HELP scheme.

This set of questions highlights how impossible it is to regulate government training delivery fully in line with the public interest through VET FEE-HELP funding. A broker or agent is employed for financial gain for the RTO and the broker. There is no avoiding this. This pales in comparison with the TAFE Counsellor role – who as a public servant in a non-contestable funding market has the main role of serving the public interest in helping customers make informed decisions about training. Given all the staff and procedures needed to try and regulate the current market where the profit motive is so strong – wouldn't it be easier and cheaper to instead just fund public servants to deliver the education and training, who in their role are inherently accountable to the public and government and far less motivated by revenue raising for their organisation?

If the government insists on giving public money for training to the private sector as well as the public sector, far better to give to RTOs according to allocated training places rather than through an individual student enrolment – as this will take some of the competitive heat out of trying to secure each enrolment – meaning less motivation to exploit vulnerable customers and to run courses only for reasons of profit.

## **VET FEE-HELP ombudsman**

### **Would a VET FEE-HELP ombudsman help address student complaints and issues?**

#### **Should such an ombudsman be time-limited?**

The TAFE Community Alliance strongly supports the appointment of a VET FEE-HELP Ombudsman to provide advice and practical support to those current and former students who have become mired in debt because of unconscionable actions of dodgy providers. Debt-forgiveness arrangements should be introduced for those students who were subject to the most egregious of provider practices. In the first instance, it should be established for a period of 5 years, to deal with the legacy issues, but provision should be made for extension should a re-designed scheme not resolve the key issues.

Regular meetings should be held between the VET FEE-HELP Ombudsman, other VET Ombudsmen at State/Territory level, ASQA, VET regulators in WA and Victoria and others with relevant responsibilities for the quality of the VET system, to systematically exchange intelligence, identify risk and facilitate nation-wide action to deal with emerging problems.

In part, the current dysfunction of the VET FEE-HELP system (and VET regulation more broadly) is the result of failure of the relevant Commonwealth, State and Territory agencies to share market and provider intelligence through a structured and systematic form rather than through the existing crisis by crisis, case by case basis.

## **Regulating providers**

### **The current statutory framework**

The TAFE Community Alliance supports the comments in the Discussion Paper concerning redesign, most particularly in relation to protecting students so that fees cannot be directly recovered by the provider from the student if the Commonwealth ceases payment due to poor provider conduct.

### **Use of maximum scheme or provider loan caps**

#### **If the Commonwealth were to maintain a cap on provider loan values, how could this ensure the current issues are addressed?**

Provider loans caps should be considered as a two-track strategy. No provider loan caps should be applied to TAFE Institutes or other government-owned RTOs on the grounds that they are subject to a range of additional compliance requirements and independent and external scrutiny. For all other providers, caps should be set on a qualification / course basis, rather than on a provider basis. This would have the practical effect of focusing VET FEE-HELP on those qualifications most likely to have positive public benefit and deter mass

enrolment in a small number of qualifications that yield highest returns for providers but lower returns for students.

### **Quality measures**

**Should access to VET FEE-HELP loans include a requirement for students to be engaged in their training and working towards completion?**

**How could student engagement, progression or completion be measured and tracked?**

**Should providers be required to meet minimum specified course completion or progression rates?**

**Should higher quality standard be applied to RTOs seeking to provide VET FEE-HELP?**

**What additional standards should be considered when granting VET FEE-HELP provider status?**

At state/Territory level it is common for governments to require RTOs seeking access to government contracts to meet higher quality standards than those minimum standards required for provider registration. This places the onus on providers and mitigates risk to both students and taxpayers. In the case of VET FEE-HELP, all the risk is passed to students and taxpayers, and the onus placed on providers is minimal. This 'all care no responsibility' approach is manifestly unjust.

Higher standards for granting providers VET FEE-HELP status should focus on (i) Organisational capacity and capability (including ownership and governance and management experience); (ii) Compliance track record in relation to suspensions, sanctions, directions and/or conditions under the National Vocational Education and Training Regulator Act 2011 or in relation to breaches of contract with government or non-government entities; and (iii) Training and assessment (qualified and specialised training and assessment personnel and services, training and assessment strategies, including independent validation of assessments, and teaching and learning resources).

### **Reapplication process for all providers**

**Should all existing providers be required to re-apply for the new VET FEE-HELP scheme?**

**How would transition arrangements for existing students be managed?**

Standards for eligibility for provider access to VET FEE-HELP should be substantially higher than those currently provided by ASQA or other regulators. The Alliance supports a reapplication process for all providers, and following a rigorous independent review, end VET FEE-HELP eligibility for those education providers operating at minimum RTO standards.

All RTOs with Diploma and Advanced Diploma qualifications seeking support through VET FEE-HELP alone, or jointly with subsidised purchasing, should have their courses individually accredited by a recognised Course Accreditation body, including where the qualification exists in a Training Package.

### **Information on performance**

#### **How could provider data requirements be enhanced in the redesigned VET FEE-HELP scheme**

##### **At what frequency could providers report to the Commonwealth?**

VET FEE-HELP providers should report twice per year (March and September) on commencements, progression and completion and loan-related data. This should be made publicly available.

### **Concluding comments**

The TAFE Community Alliance wants to put on record the damage that the application of VET FEE-HELP has made to the VET system, its providers and students. Governments were warned of the consequences of this move, and the opening up of VET to fees commensurate with the Higher Education sector, or even worse. Without the quality safeguards in place that the University sector has overall, and the constraints on any organisation operating as a university, the VET sector is basically out-of-control. The Alliance believes that the ramifications of this ‘unfettered’ market approach will be felt for years in Australia, even if such amendments as the ones referred to for this inquiry, are adopted. Even such changes as these, are just band-aids on a system seriously broken, and one could ask how many band-aids does it take before the patient collapses?

If RTOs are misusing or abusing the use of VET FEE-HELP, they are committing a legal offence, and with other legal offences, should be dealt with immediately, even if this includes suspension from continuing their business while a full investigation is taking place. The system will in this case need to make other provisions for students. However, this is a necessary part of dealing with a system of the government’s own making (several governments we acknowledge and recognise).

The burgeoning debt of many unknowing individuals, and the impact on their lives, should not be accepted, nor should the effects of the increasing debt on Australian taxpayers and our economy. Little is said about where that money has gone, but if the education being provided is not worth the fee and consequent debt, then some unscrupulous providers are making a lot of money out of the system. We again assert, as we have in other inquiries, that education is not a business, and should not be run as one

The TAFE Community Alliance calls on the Federal Government to:

- Recognise that the VET system is not working the way an education system should, and that the application of a market-based design with the ability of providers to charge high fees and encourage students to take on high debts for possibly the rest of their lives, is simply wrong;
- Immediately undertake a full and comprehensive review of the tertiary sector, as was suggested in the Bradley review and more recently by others, and to ascertain through that review how the sector should be structured, the relative roles and responsibilities of the VET and university sectors, the fees that should be charged and how these should be funded without creating a further debt crisis in this country, and the number of providers that should operate across the sector. Such a review should also give weight to further funding and supporting TAFE as the public provider in VET;
- Immediately put a stop to any additional private providers operating in the market, and to any further extension of the offering of VET FEE-HELP, whilst this review is occurring. Whilst one may not undo the damage that has already occurred, one can stop it being exacerbated, whilst a more extensive process is underway.
- Accept that this VET system as currently constructed has placed enormous lifelong debt on some very disadvantaged students. The review and/or the Ombudsman, should consider how this debt could be addressed and how those students who have not completed courses and/or are unlikely or unable to make use of their whole or part qualifications, can have their debts excused.

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