



level 6 365 queen street
melbourne victoria 3000
t +613 9664 7333
f +613 9600 0050
w actu.org.au

President Gerardine (Ged) Kearney
Secretary Dave Oliver

20 November, 2015

Committee Secretary
Senate Education and Employment Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Via email: eec.sen@aph.gov.au

Dear Secretary

Thank you for the opportunity to make this submission to the Senate Inquiry into the Higher Education Support Amendment (VET FEE-HELP Reform) Bill 2015.

The Bill outlines further measures the Government proposes to deal with the ongoing and well-documented problems with the operation of the VET Fee-Help scheme, particularly around the protection of vulnerable students and better oversight of training organisations who use the scheme to attract such students.

These problems are not new. Unions and others have highlighted for years now the dangers of a market-driven approach to VET as the training system has been opened up to thousands of private for-profit training providers attracted by the ready availability of public funding in a poorly regulated environment.

It is students and workers who have been left worse off by these developments, receiving sub-standard training that does little or nothing to help them find a job. Often they are left with a large debt to go with it; many unaware they were even entering into such an arrangement. Meanwhile, private for-profit providers of widely varying quality have pocketed vast amounts of public funding and the position of TAFE continues to be undermined.

This issue continues to be the biggest blight on the reputation and integrity of the VET sector, but only in recent times does it seem one which governments and the sector as a whole are finally becoming fully seized of. Simply, the issue has become too big to ignore with a seemingly never-ending string of reported cases involving poor training, combined with predatory recruitment and marketing practices to get students to sign up to VET courses.

The most egregious are the many cases being brought forward of large, successful private providers using third party brokers to entice vulnerable individuals to enrol in expensive VET courses of dubious value and which they are ill-suited to undertaking. The students are targeted with offers of 'study now, pay later' or 'zero upfront fees' through the VET Fee-Help scheme, as well as inducements such as free laptops. Many of these courses are delivered online, in unrealistically short timeframes, and by teachers with inadequate qualifications and skills.

The recent Senate Inquiry into the operation of private training providers has shed further light on the scale and extent of the problems and proposed some ways of dealing with it.

Along with other affiliates, the ACTU made a written submission to that Inquiry that documents the problems caused by a contestable training market and the extent to which private providers are failing to meet even current regulatory standards on core issues such as training and assessment. We attach that submission for the information of the Committee.

In this submission, we first indicate our support for the measures proposed in the Bill. In themselves, they are useful measures that could make a contribution in tightening up the VET Fee Help scheme.

However, our concern is that these measures do not go far enough and they fail to address the core issues that have caused the problems in the first place.

This Bill follows various other regulatory measures introduced by the Government earlier this year, and designed to crack down on poor behaviour by training providers and other third party brokers. Yet there are no signs of the problems subsiding.

We therefore recommend the Committee look at stronger measures to protect students and the reputation of the VET sector, including recommendations from the earlier Senate Inquiry referred to above: These include:

- Caps on fees that are charged for courses.
- Caps on loan amounts taken on by students.
- Minimum hours requirements for VET Fee-Help eligible courses.

We also believe there is merit in the further amendments proposed by the Opposition:

- An industry funded ombudsman for the sector.
- An audit of the VET Fee Help Scheme by the Australian National Audit Office.
- A process whereby the Department contacts the student before a loan is entered into to ensure the student knows exactly what they have signed up for.

We call for the VET Fee-Help scheme to be suspended until such measures are in place and a comprehensive review of the scheme has been completed. By any measure, the scheme has been a public policy disaster to this point and governments cannot in all conscience allow it to continue unless and until this action has occurred.

Ultimately, the point which we wish to impress on the Committee is that governments need to go beyond measures to better regulate the contestable training market, important as they can be. The market-driven approach is demonstrably not working and it needs to be overhauled. Tinkering with improved regulatory standards, while important and necessary, is not the long-term answer to the problems that are evident. Disreputable providers will often simply look for the next loophole to exploit.

As a starting point, we recommend the introduction of a 30% cap on the amount of public funding that is contestable, as set in our submissions to the Senate Inquiry into private training providers.

This would give appropriate recognition and support for the critical role of TAFE and provide a brake on the unsustainable and counter-productive size and growth of the private training market.

In the end, there is a debate to be had as to whether for-profit providers should be receiving public funding at all. It is not a feature of the schools system and there is no clear argument for why it should be part of the VET system.

We note the AEU has made a more detailed submission on the operation of the VET Fee-Help scheme and we support and endorse their submission.

Yours sincerely,

Ged Kearney
President
ACTU