



Factsheet—Updated 3 July 2015

VET FEE-HELP REFORM

The VET FEE-HELP loan scheme has made study possible for over 410,000 students who might not otherwise have had the opportunity. The scheme provides eligible VET students with loans to cover the cost of their higher level VET qualifications including Diploma and Advanced Diploma courses. The Australian Government is highly supportive of the scheme. That is why it is strengthening the scheme's design to ensure it protects vulnerable students, taxpayers, and the reputation of Australia's high quality VET system, whilst also ensuring students can still access this important scheme.

The Government has already: introduced tough new standards for registered training organisations; committed more funding to the national regulator, the Australian Skills Quality Authority (ASQA), to implement the new standards; and introduced new laws which enable regulators to act more swiftly when addressing quality concerns.

In addition to these broader VET Reforms, on 12 March 2015, the Hon Simon Birmingham, Assistant Minister for Education and Training, announced complementary VET FEE-HELP loan scheme reforms.

To inform the implementation of the new VET FEE-HELP reform measures, the Government held national VET FEE-HELP provider consultations in April and May 2015.

The Government also formed a VET FEE-HELP Working Group, led by Mr John Hart (Chair of the VET Advisory Board) to advise on the implementation of the reforms. The Working Group comprises representatives from both large and small VET FEE-HELP

training providers, students, consumer law advocates and regulators, peak bodies representing public, community and private education providers and industry.

The reforms will be implemented over the course of 2015 and include eight priority areas for action.

These measures include:

1. Banning inducements to students under the VET FEE-HELP scheme

Marketing and recruitment practices should enable prospective students to select a VET FEE-HELP provider (provider) based on the quality and price of training offered, rather than the offer of an inducement.

From 1 April 2015, inducements—such as, but not limited to, cash, meals, prizes, vouchers or laptops—to encourage potential students to enrol and sign up for VET FEE-HELP loans were banned.

A provider is not able to issue a *Request for a VET FEE-HELP loan* form (the student application form to access a VET FEE-HELP loan) to a student who has been offered an inducement to enrol in a course.

2. Tightening VET marketing and recruitment practices

From 1 July 2015, there will be strengthened requirements in relation to marketing and recruitment practices.

The reforms work to ensure that advice and information about the availability of VET FEE-HELP is marketed accurately.

Enrolled students will have a clear understanding of their rights and obligations before they make a decision on their payment options.

- A provider or its agents will not be able to market payment for training via a VET FEE-HELP loan as “free” or “government-funded”. Providers or their agents will need to make it clear to prospective students that VET FEE-HELP is a loan that is expected to be repaid.
- From 1 July 2015, a provider must enter into a written agreement with its agents. The written agreement must specify the responsibilities and requirements the agent must comply with in carrying out activities on behalf of the provider, including providing full, accurate and up-to-date information about VET FEE-HELP.
- From 1 January 2016, a provider must not accept a *Request for a VET FEE-HELP loan* form from a person unless two business days have passed from the date and time the person enrolled. This will ensure students have had time to fully understand the details of their course enrolment and consider the fee payment options available to them.
- Also from 1 January 2016, students will receive invoices from providers before each census date, ensuring they have all the information they need to make study and payment decisions.

3. Improving the understanding of how VET FEE-HELP operates, and students’ rights and obligations

The Government will improve information available to students and the broader community about the VET FEE-HELP scheme to ensure current and prospective students understand how income-contingent loans operate, and are aware of their rights and obligations.

- The *Study Assist* website (www.studyassist.gov.au) was updated with new information on VET FEE-HELP on 12 March 2015.
- There is now clear information for students about who they can talk to if they have any concerns, queries or complaints about their training provider, or their student loan.

- The *Request for a VET FEE-HELP loan* form has been changed to make expected debt loan amounts explicit and clear to prospective students. The form also now requires anyone under the age of 18 to have a parent or guardian sign the document requesting the loan.
- From 1 July 2015, providers and their agents will be required to provide clear and accurate information about VET FEE-HELP assistance and the fees that apply to any VET course of study. This will ensure clarity of the responsibilities, obligations and rights of a student who requests a VET FEE-HELP loan, to ensure students are not misled as to the nature of VET FEE-HELP.

4. Streamlining the debt waiver and revocation processes for students under VET FEE-HELP

The Government will make it easier for students to remove any VET FEE-HELP debt which has been unfairly applied in breach of the guidelines. Currently, students must appeal to their training provider to remove a debt, which is only available under limited special circumstances, or, as a last resort, seek a waiver from the Department of Finance.

- It will be easier for students to seek to remove a debt that was entered into inappropriately.
- Training providers will be more accountable for repayment for loans received by students that occurred from poor recruitment and management practices which are in breach of the new guidelines, including, where appropriate, fines in addition to repaying the original loan amount.
- These revised processes will be developed with the Working Group and the Australian Taxation Office.
- Pending the passage of legislation through Parliament, the measure will be implemented from 1 January 2016.

5. Strengthening the assessment criteria for, and ongoing scrutiny of, all training providers

The Government is strengthening the financial viability requirements for providers. To ensure ongoing scrutiny of providers there will be a strengthening of consistency in reporting, accountability and transparency requirements. The Government will introduce extra assessment criteria for new providers and a reassessment of the 'bona fides' of existing providers. The new criteria will focus on the training and trading history of the applicant. For continuing providers there will be an increased emphasis on assessing compliance with the VET Guidelines, including requirements related to the fair and equitable treatment of students.

- Pending the passage of legislation through Parliament, the relevant criteria will be applied from 1 January 2016.

New Penalties for breaches of the Guidelines

The Department of Education and Training can currently take a range of actions against providers that breach the VET Guidelines, including issuing Compliance Notices and placing conditions on a provider's approval, through to suspension or revocation.

The Government has committed \$18.2 million over four years to implement an enhanced compliance regime for VET FEE-HELP, including strengthened programme administration and provider audit and monitoring activities.

The Government will also introduce new penalties, including fines, for significant breaches of the Guidelines. Subject to the passage of legislation, the new penalties will apply from 1 January 2016.

6. Ensuring student debt is incurred in line with course delivery and continued student participation

The Government will introduce requirements to ban the practice of training providers levying the entire VET FEE-HELP course debt in one hit, upfront. The reform introduces the requirement for tuition fees to be spread over four fee periods across the duration of a course, with a minimum

of four census dates. This measure applies to tuition fees only and allows providers to continue to allocate units across the course flexibly, according to the individual needs of the students.

Following consultation with representatives including students, consumer law experts, providers, and the sector, the requirement will come into place from 1 January 2016, allowing a transition period for providers to alter processes and systems to comply. The fee periods requirement is spelt out in Amendment No.1 to the VET Guidelines 2015.

From 1 July 2015, providers must also ensure there are no barriers to a student being able to withdraw from a VET unit of study on or before the census date for that unit, including no withdrawal fees.

7. Establishing minimum pre-requisite and prior education qualifications, including demonstrated literacy and numeracy requirements

Undertaking a Diploma or Advanced Diploma course is a serious commitment, which the Australian Qualifications Framework recommends taking a period of around 12 to 24 months to complete. Providers will be required to assess the capacity of each student to complete a training course before enrolment and before the offer of a VET FEE-HELP loan. For students undertaking higher level VET qualifications, it is expected these minimum requirements will include completing Year 12 or equivalent proof of competency in core skills to a level appropriate for the course in which the student is seeking to enrol.

- From 1 January 2016, providers will have to publish an *Entry Requirements Procedure* document (including on their websites) that sets out the requirements that a person must meet to be eligible to enrol in each VET course of study.
- A provider will need to assess individuals against these entry requirements and be able to prove to the Department of Education and Training and/or the national regulator, the Australian Skills Quality Authority (ASQA) that this assessment has taken place.

8. Enhancing training and outcomes information, allowing students to make more informed choices about training providers and courses

Students and prospective students will have access to additional and improved information on training choices and the employment and other outcomes flowing from training paid for under the VET FEE-HELP scheme, to ensure they can make informed decisions about what training they do and where they do it.

From July 2015, the MySkills website (www.myskills.gov.au) will provide students with:

- A VET FEE-HELP calculator to assist students in understanding their potential debt obligations after five and ten years if unpaid.
- Identification of training providers that have received an adverse decision from the regulator.
- Accessible, course-level student outcomes information for 34 of the most popular VET FEE-HELP eligible courses.
- Average price information (where entered by training providers), to assist students in assessing value for money.
- From December 2015, the MySkills website will display information collected from students on the quality of their training experience and the employment or other outcomes that followed; and from employers who have taken on students who have completed units of study or graduates of training courses.
- The information will be collected through the National Centre for Vocational Education Research's (NCVER) Student Outcomes Survey and Survey of Employer Use and Views along with direct evidence collected from current and former students.

Implementation Timeframe

Number	Measure	Implementation date
1	The banning of prohibited inducements to entice students to enrol under the VET FEE-HELP scheme.	1 April 2015
2	Tightening VET marketing and recruitment practices, including what is communicated about the loan scheme to prospective students, with more information available about the role of the communicator.	From 1 July 2015, with invoices from 1 January 2016
3	Improving the understanding of how VET FEE-HELP operates, and students' rights and obligations.	Student Factsheet – March 2015 New forms from 1 June 2015
4	Streamlining the debt waiver and revocation processes for students under VET FEE-HELP.	1 January 2016 (pending the passage of legislation)
5	Strengthening the assessment criteria for, and ongoing scrutiny of, all VET FEE-HELP providers.	New criteria will apply from 1 January 2016 (pending the passage of legislation)
6	Ensuring student debt is incurred in line with course delivery and continued student participation.	Protecting student withdrawal from 1 July 2015 Fee periods requirement from 1 January 2016
7	Establishing minimum pre-requisite and prior education qualifications, including demonstrated literacy and numeracy requirements.	1 January 2016
8	Enhancing training and outcomes information, allowing students to make more informed choices about training providers and courses.	From March 2015

Note: The purpose of this information factsheet is to give you a snapshot of the VET FEE-HELP reforms and is not inclusive of all reform details. The VET Guidelines 2015 (including any amendments) and Higher Education Support Act 2003 should be reviewed for full details of the new requirements.