

Senate Committee: Education and Employment

QUESTION ON NOTICE

Supplementary Budget Estimates 2016 - 2017

Outcome: Skills and Training

Department of Education and Training Question No. SQ16-001103

Senator Cameron, Doug provided in writing.

Bad VET FEE-HELP debt

Question

How much would it cost the commonwealth to write off the bad VET FEE-HELP debt?

- a. Under what circumstances is debt currently written off?
- b. Can students have debt wiped for hardship reasons?
- c. What about where a provider has delivered poor quality training?
- d. How many RTOs have provided courses for which VET FEE-HELP loans have had to be waived?
- e. Can the Department provide the names of these RTOs?

Answer

- a. & b. Debts can currently be re-credited under a variety of circumstances set out under the *Higher Education Support Act 2003* (HESA). This includes where there is unacceptable conduct by a provider or a provider's agent and 'special circumstances' beyond the student's control that have occurred after the date of debt accrual and prevented them from completing their study. Providers must apply legislated criteria to their decision making, and students may appeal decisions to the Administrative Appeals Tribunal.

Re-crediting a student's debt under special circumstances is a current requirement under HESA. This requirement is also reflected in the new VET Student Loans Bill 2016. This clause requires course providers to re-credit a student's FEE-HELP balance if an application is made by the student in writing and the course provider is satisfied that special circumstances prevented, or will prevent, the student from completing the requirements of the course or part of the course.

Special circumstances are those which:

- are beyond the student's control; and
 - do not make their full impact on the student until on or after the census day for the course, or the part of the course; and
 - make it impracticable for the student to complete the requirements for the course, or the part of the course, during the student's enrolment in the course, or the part of the course.
- c. From 1 January 2016, the Australian Government strengthened protections for students by providing a way for a student's VET FEE-HELP debt to be re-credited if they incurred the debt as a result of unacceptable conduct by the approved VET provider or its agent that occurred on or after 1 January 2016. The VET Student Loans Bills broaden the circumstances in which debts may be remitted. The circumstances include if the student is not an eligible or genuine student, the student does not have a tax file number, or if the provider has failed to comply with the Bill and the failure has adversely affected the student. Re-crediting will continue to be available in special circumstances and if there has been unacceptable conduct by a VET provider at the time of the student's application for a loan.

Further, the Department of Finance can approve an application by a student to waive their debt to the Government. Each case is considered on its merits and takes into account a person's specific circumstances and for this to occur, the student will normally have first exhausted all appeal processes under the Act, including appeals to the Administrative Appeals Tribunal.

- d. Eighty providers have re-credited debts after being contacted by the Department of Education and Training's VET FEE-HELP Complaints Handling Unit. However it should be noted that many providers regularly re-credit student's HELP debts as part of a special circumstances claim or simply after consideration of a student's complaint and or grievance. In addition, the department has joined the Australian Competition and Consumer Commission (ACCC) in Federal Court action against several VET FEE-HELP providers alleging breaches of the Australian Consumer Law (misleading, deceptive and unconscionable conduct). Subject to the decisions of the court, these actions may result in further debts being re-credited.
- e. No. The department considers this would be contrary to the interests of students. The remittances were not always related to unscrupulous behaviour, and indeed the providers have agreed to remit debts voluntarily (including on occasions where they disputed the student's claim). Further, release of the provider list may deter future voluntarily remittances of student debt.