

Chapter 2

Background

Introduction

2.1 This chapter outlines the problems identified by inquiry participants with the current VET FEE-HELP scheme before discussing the proposed VET Student Loans bills package¹ (the bills) currently before the Senate.

The VET FEE-HELP scheme

2.2 The second reading speech by the Assistant Minister for Vocational Education and Skills, the Hon. Karen Andrews MP, noted that approximately 45 per cent of the financial assistance the Commonwealth invested in VET in 2015 supported income contingent loans for students through the VET FEE-HELP scheme. This has occurred at significant cost to the Federal Budget with the value of loans increasing from \$26 million in 2009 to \$2.9 billion in 2015.²

2.3 Dr Subho Banerjee, Deputy Secretary for Skills and Training at the Department of Education and Training outlined the key VET sector statistics, as shown in the table below:

Table 2.1—Key VET sector statistics 2012–2015³

	2012	2013	2014	2015
Number of students	55 115	100 035	202 776	272 026
Average loan amount per student	\$5890	\$6990	\$8666	\$10 717
Total loans ⁴	\$325 m	\$699 m	\$1.757 b	\$2.915 b

2.4 The table above demonstrates a significant and rapid growth in the sector between 2012 and 2015. This expansion of the VET scheme resulted in unsustainable

1 The VET Student Loans Bills package comprises three bills: VET Student Loans Bill 2016; the VET Student Loans (Consequential Amendment and Transitional Provisions) Bill 2016; and the VET Student Loans (Charges) Bill 2016.

2 The Hon. Karen Andrews MP, Assistant Minister for Vocational Education and Skills, Second reading speech, *House of Representatives Hansard*, 13 October 2016, p. 10.

3 Dr Subho Banerjee, Deputy Secretary, Skills and Training, Department of Education and Training, *Committee Hansard*, 25 October 2016, pp. 62–63.

4 This figure is the total VET FEE-HELP debt for both the VET and Higher Education sectors. The Department of Education and Training was unable to provide the exact value of the VET FEE-HELP loans incurred by the VET sector alone because overall HELP debt is recorded as an aggregate HELP debt and is not disaggregated into the individual parts. See Dr Subho Banerjee, Deputy Secretary, Department of Education and Training, *Committee Hansard*, 25 October 2016, p. 111.

growth, unscrupulous behaviour by a small number of providers and poor student outcomes. The second reading speech noted that the VET FEE-HELP scheme has been utilised by 'unscrupulous providers and brokers to take advantage of vulnerable students, to rip off taxpayers, and to tarnish the reputation of Australia's high-quality training providers and VET system'.⁵

2.5 In particular Indigenous Australians, older Australians and Australians with disability were targeted by unprincipled providers or brokers and signed up for significant loans for courses they did not need or could never complete, or which had no link to employer or skills needs in the economy.⁶

2.6 The conditions of access to the VET FEE-HELP scheme were relaxed prior to the Council of Australian Governments (COAG) signing off the *2012 National Agreement on Skills and Workforce Development*.⁷ The Australian Education Union outlined why this occurred:

Up until this time [2012], take-up of VET FEE-HELP had been relatively small, due, it was argued by providers and stakeholders, to the stringent conditions attached to it. In particular, some stakeholders argued that the requirement for credit transfer arrangements with higher education institutions for vocational education qualifications to be VET FEE-HELP eligible made it far too difficult for providers to access the scheme, and this requirement was abolished in the lead up to the 2012 National Agreement.⁸

2.7 However, in the introduction to the 2016 *Redesigning VET FEE-HELP: Discussion Paper*, the former for Vocational Education and Skills, the Hon. Minister Scott Ryan, acknowledged the severe and ongoing problems that had occurred since the 2012 expansion of VET FEE-HELP:

Since these 2012 changes, the scheme has experienced significant growth, reflecting student demand, but also growing course costs and student debts. This period has also been characterised by serious concerns over the quality, probity and conduct of some providers, low completion rates and unethical practices.

There are many reasons for each of these individual issues, but the key common factor is that the changes in 2012 did not contain sufficient safeguards for students or regulatory powers for the department, instead providing incentives and rewards for unethical behaviour.⁹

5 The Hon. Karen Andrews MP, Assistant Minister for Vocational Education and Skills, Second reading speech, *House of Representatives Hansard*, 13 October 2016, p. 10.

6 The Hon. Karen Andrews MP, Assistant Minister for Vocational Education and Skills, Second reading speech, *House of Representatives Hansard*, 13 October 2016, p. 10.

7 Australian Education Union, *Submission 14*, Attachment A, p. 2

8 Australian Education Union, *Submission 14*, Attachment A, p. 3.

9 Australian Government, *Redesigning VET FEE-HELP: Discussion Paper*, April 2016, p. 5 https://docs.education.gov.au/system/files/doc/other/redesigning_vet_fee-help_-_discussion_paper_0_0.pdf (accessed 28 October 2016).

2.8 The persistent and wide-spread failures of the VET FEE-HELP scheme were explored at some length during the inquiry. According to a number of inquiry participants, problems with the VET FEE-HELP scheme became apparent soon after the access to the scheme was significantly expanded in 2012, with a major increase of problems becoming apparent in 2014. Mr Gerard Brody, Chief Executive Officer, Consumer Action Law Centre (CALC), outlined when CALC began noticing issues:

We first started seeing complaints to our centre about vocational and training issues back in about 2009-10. That was around the time that the state government here in Victoria, being a Victorian centre, deregulated training. It was not until around 2013-14, particularly during 2014, that we started to receive a spike in complaints related to the marketing of VET products, and that was around the time of the expansion of the VET FEE-HELP scheme.¹⁰

2.9 Mr Brody said of the impact of the broadening of the VET scheme in 2012:

[I]t is fair to say it was inevitable that poor practices would get in if you open up an industry to deregulation without ensuring appropriate consumer protections from the outset. I think that was the failure in this instance.¹¹

2.10 Ms Jeannie Rea, National President, National Tertiary Education Union (NTEU) similarly commented on the timeframe of the NTEU's identification of widespread problems with the scheme:

From not long after the scheme was enacted and starting to operate, the story started to emerge and that started sending some of the investigative journalists in to try and find out what was going on about it. And we were, not surprisingly, hearing of outfits that had set up, things that were going wrong. So a lot of that anecdotal material was coming to us fairly quickly. Somebody saying, 'My kid has gone to do this course'; 'Yes, somebody knocked on the door and signed up my mother to do a course that she can't do because she has a disability that would not enable her to do it.' These things started to come out fairly early on, and we started to, I hope, be part of a growing group of people making comments about, 'There is something going wrong here.'¹²

2.11 Ms Rea continued to explain that it was not until data on the scheme became public that the true extent of the problems emerged:

[I]t was not until the actual data started to come out—which started to show the explosion in enrolments, and the rapidity of that started to show, the enrolments and of course the amount being taken out in loans—that it

10 Mr Gerard Brody, Chief Executive Officer, Consumer Action Law Centre, *Committee Hansard*, 25 October 2016, p. 7.

11 Mr Gerard Brody, Chief Executive Officer, Consumer Action Law Centre, *Committee Hansard*, 25 October 2016, p. 10.

12 Ms Jeannie Rea, National President, National Tertiary Education Union, *Committee Hansard*, 25 October 2016, p. 40.

became clear there was something more than a few bad eggs, a few rorters, a little bit of gaming going on here and there.¹³

2.12 Reporting and transparency issues are further discussed in Chapter 4.

2.13 Two key regulatory agencies—the Australian and Consumer Competition Commission (ACCC) and Australian Skills Quality Authority (ASQA)—were also aware of growing problems within the sector. Mr Scott Gregson, Executive General Manager, Consumer Enforcement Division, ACCC outlined when the ACCC first began to detect an emerging problem:

We started to see complaints in mid-2014. That is not to say we did not have complaints before. We receive about 160,000 to 200,000 complaints across all matters. They started to come out as a bit of a trend in that mid to late 2014 period...That exponential increase was not simply by the flow of complaints, but by the fact that we were actively investigating and seeking different leads and streams.¹⁴

2.14 When asked as to the number of complaints received about VET providers and the VET FEE-HELP loan scheme overall, Mr Gregson responded:

When we started to present matters for potential investigation and litigation—I am talking about early 2015—we had in excess of 200 complaints that had come to us. That was either directly to the ACCC or through our key partners at the time, which involved legal aid and New South Wales fair trading. Once we commenced our investigations, we continued to receive complaints directly but also gathered information from different sources. I do not have the precise number, but that grew exponentially as we conducted our investigations. It must be approaching many more hundreds, getting close to a thousand.¹⁵

2.15 Mr Gregson said that 'when we [the ACCC] see 200 complaints we know that there is a deeper problem'.¹⁶ Mr Gregson considered that the problems in the VET sector were 'systemic' and by early 2015 the ACCC 'had formed the view that there was a need for ACCC intervention'.¹⁷

2.16 The ACCC had particular concerns relating to approximately 20 colleges, with court action still being pursued against some providers:

13 Ms Jeannie Rea, National President, National Tertiary Education Union, *Committee Hansard*, 25 October 2016, p. 40.

14 Mr Scott Gregson, Executive General Manager, Consumer Enforcement Division, Australian Consumer and Competition Commission, *Committee Hansard*, 25 October 2016, p. 23.

15 Mr Scott Gregson, Executive General Manager, Consumer Enforcement Division, Australian Consumer and Competition Commission, *Committee Hansard*, 25 October 2016, p. 23.

16 Mr Scott Gregson, Executive General Manager, Consumer Enforcement Division, Australian Consumer and Competition Commission, *Committee Hansard*, 25 October 2016, p. 26.

17 Mr Scott Gregson, Executive General Manager, Consumer Enforcement Division, Australian Consumer and Competition Commission, *Committee Hansard*, 25 October 2016, p. 24.

[T]here are still undealt with issues from the period that we were looking at; we were certainly looking from that 2014 through to 2015 period as the focus of our investigations. We started with having about 10 colleges on our radar. As I said, we have got four colleges and an undertaking, so five, that we have dealt with. And it has peaked. We probably had about 20 colleges that we had particular concerns about. We have probably now got 10 or so that we are still particularly interested in dealing with. The extent to which we can deal with all of those in the same way as we have the matters in court is yet to be seen.¹⁸

2.17 Mr Gregson commented unfavourably on the unscrupulous tactics used by some in the industry to maximise the number of students enrolled in courses, with vulnerable consumers, especially in indigenous and rural communities, being targeted.¹⁹ Mr Gregson emphasised: 'It was that targeting in particular that raised our concerns and our further investigations... They were just, quite frankly, appalling'.²⁰

2.18 ASQA became aware of problems with the VET FEE-HELP scheme in mid to late 2014.²¹ The Hon. Michael Lavarch, Commissioner responsible for Risk, Intelligence and Regulatory Support at ASQA explained that at that time there was an increase in complaints followed by an 'environmental scanning process' triggered by these emergent issues in the sector:

The way in which ASQA first became aware of the problems was twofold. We received a small, and I have to say a relatively small, uptick in complaints being received by ASQA which were raising direct matters regarding the VET FEE-HELP scheme. In 2014, we received 43 complaints—out of 1,398 received in that year—which raised matters concerning the VET FEE-HELP scheme. In contrast, in 2013 there were only 10 complaints in total—out of 1,247 that ASQA received—which made any reference to VET FEE-HELP matters. So there was that small uptick in complaints in 2014... A key element in determining our treatment of systemic risk was to undertake what we call an environmental scanning process. The first one of those we did, as a pilot, was in the middle to later half of 2014. Through that environmental scanning process we started to detect problems, particularly in the business services training package area... So it was an uptick in some complaints to us—still at that stage, as I say, a small number—together with the fact that our environmental

18 Mr Scott Gregson, Executive General Manager, Consumer Enforcement Division, Australian Consumer and Competition Commission, *Committee Hansard*, 25 October 2016, p. 24.

19 Mr Scott Gregson, Executive General Manager, Consumer Enforcement Division, Australian Consumer and Competition Commission, *Committee Hansard*, 25 October 2016, p. 26.

20 Mr Scott Gregson, Executive General Manager, Consumer Enforcement Division, Australian Consumer and Competition Commission, *Committee Hansard*, 25 October 2016, p. 26.

21 The Hon. Michael Lavarch, Commissioner, Risk, Intelligence and Regulatory Support, Australian Skills Quality Authority, *Committee Hansard*, 25 October 2016, p. 50.

scanning began to indicate there may have been some problem with this program.²²

2.19 Following the environmental scanning process, ASQA concluded that 'there was a systemic issue beginning to emerge, and hence that is why we did our first series of targeted audits of VET FEE-HELP approved providers in 2015, flowing out of the work we did in the second half of 2014'.²³

2.20 Mr Lavarch bluntly stated: 'I have been in and around public life for a long time. I think I can fairly say that this was the worst piece of public policy I have ever seen'.²⁴ He continued to explain his perspective of what went so wrong with the scheme was a lack of regulation and the focus on profitability:

In my view, what went wrong was the assumption that a system that had worked perfectly well for decades in higher education could be translated and placed into VET and the same behaviours that applied in higher education would replicate in VET. The program, the way it was designed, did not have, essentially, a proper set of rules and requirements around it... The whole thing [higher education contingent loans arrangements] was geared around making sure that people progressed and got through. This system [VET FEE-HELP], simply, was about getting people enrolled. In fact, it just became a cost if you continued to get them—that would impact on the profits.²⁵

2.21 When questioned as to the Department of Education and Training's understanding of when problems were first identified, Dr Banerjee concurred with the mid to late 2014 timeframe:

[C]ertainly the testimony from ASQA and the ACCC is consistent with my understanding—that both of those agencies started to get concerned through the volume and nature of specific complaints towards the end of 2014, and they talked to us at that time. Then they reiterated or continued expressing those concerns into 2015...we were also receiving some public representations directly to the department.²⁶

2.22 In regard to the number of complaints the Department was receiving, Dr Banerjee advised that:

In 2014 in quarter 3 we had 100 complaints and in quarter 4 we had 200 complaints...We are at the level of 100 to 200 complaints off a base of

22 The Hon. Michael Lavarch, Commissioner, Risk, Intelligence and Regulatory Support, Australian Skills Quality Authority, *Committee Hansard*, 25 October 2016, pp. 50–51.

23 The Hon. Michael Lavarch, Commissioner, Risk, Intelligence and Regulatory Support, Australian Skills Quality Authority, *Committee Hansard*, 25 October 2016, p. 51.

24 The Hon. Michael Lavarch, Commissioner, Risk, Intelligence and Regulatory Support, Australian Skills Quality Authority, *Committee Hansard*, 25 October 2016, p. 55.

25 The Hon. Michael Lavarch, Commissioner, Risk, Intelligence and Regulatory Support, Australian Skills Quality Authority, *Committee Hansard*, 25 October 2016, pp. 55–56.

26 Dr Subho Banerjee, Deputy Secretary, Department of Education and Training, *Committee Hansard*, 25 October 2016, p. 58.

200,000 students, which was the eventual student loan in 2014, so it was a fraction of a per cent at that point. The judgement for the department is really to try and determine what that indicates.²⁷

2.23 Dr Banerjee said that 'it was clear that there were some dramatic increases in student numbers and in loan amounts'.²⁸ Reflecting on the figures outlined at Table 1, Dr Banerjee noted that the Department worked to determine the cause of these dramatic increases: 'Each of the years year on year showed a dramatic increase, and then the matter for the department and indeed the regulators was to try and distil how much of that growth was genuine and how much of it was not'.²⁹

2.24 Dr Banerjee indicated that the Department had used the lessons learnt from the VET FEE-HELP scheme to inform the planning of the proposed VET student loans scheme as outlined in the bills:

[T]here are clearly stringent lessons to be learnt from the way that the program has run. The department has looked at those lessons and looked to incorporate those in the design of the new student loans scheme. The new student loans scheme has clearly strengthened compliance powers, data provision, information provision and a range of other measures that were clearly difficulties in the previous scheme. Also, we absolutely need to be monitoring it very carefully as it goes forward. I think that is clearly a lesson as well. I think, under those circumstances, we need to see how the scheme works in practice but we have looked to learn from the lessons of the past and make sure that it is a considerably strengthened system.³⁰

2.25 These new accountability and transparency measures are discussed in Chapter 4.

The need for new scheme

2.26 Given the unanimous recognition of a multitude of problems with the VET FEE-HELP scheme, there was much support for the establishment of a new loans scheme. The Victorian TAFE Association noted the negative impact that VET FEE-HELP abuses have had on the sector as a whole, and indicated a strong desire to restore the sectors reputation:

The scandal of VET FEE-HELP abuse has adversely impacted the entire VET sector, undermining public confidence in our world-class VET system. TAFEs, governments and industry have been battling for years to enhance the status of VET, and make it a genuine tertiary education option. VET FEE-HELP has set back our case, sure, but it has also hardened our

27 Dr Subho Banerjee, Deputy Secretary, Department of Education and Training, *Committee Hansard*, 25 October 2016, p. 59.

28 Dr Subho Banerjee, Deputy Secretary, Department of Education and Training, *Committee Hansard*, 25 October 2016, p. 59.

29 Dr Subho Banerjee, Deputy Secretary, Department of Education and Training, *Committee Hansard*, 25 October 2016, p. 59.

30 Dr Subho Banerjee, Deputy Secretary, Department of Education and Training, *Committee Hansard*, 25 October 2016, p. 114.

resolution to provide a quality education experience with excellent learning outcomes and pathways to employment and/or further education.³¹

2.27 Ms Rea considered that any new scheme should re-focus the higher education sector on how to achieve the best educational outcomes for students:

[W]hat we have now is a very complex system which has just been built upon and built upon. I would make these comments about the constructions of some of the higher education qualifications too. I think we have an opportunity now in VET to get back to what is required—and at what sorts of levels and what sorts of qualifications are required. If this starts to open the door to a greater investigation of exactly how we can best provide our post-school education, it will certainly have done a great thing.³²

2.28 Ms Jenny Lambert, Director of Employment Education and Training at the Australian Chamber of Commerce and Industry (ACCI), expressed support for a 'much more thoughtful approach' to VET in Australia:

With all the controversy around the impact on students and the public purse of the failings of the VET FEE-HELP program, the simple but most important point is lost: providing loans to students studying higher level VET qualifications remains sound public policy. In the same way as for higher education, loans improve access and equity for those who could not otherwise afford the fees associated with diplomas and advanced diplomas. But clearly the larger number of providers and the lower barriers to entry for providers, as well as other structural issues that differ between VET and higher education, require a much more thoughtful approach to program design, enforcement and monitoring than we have seen since the access was widened in 2012.³³

2.29 Ms Lambert continued to emphasise the imperative for reform:

VET FEE-HELP has so damaged VET that we all need to move on. We need to move on from the language, the poor program design, the dodgy providers, the hurt students and the fiscal nightmare. The VET Student Loans Bill offers a way forward and we support it.³⁴

VET Student Loans bills package

2.30 The purpose of the VET Student Loans bills package is to replace the VET FEE-HELP loan scheme from 1 January 2017 and 'introduce a vastly improved student loan program for vocational education and training.'³⁵

31 Victorian TAFE Association, Submission 46, pp. 3–4.

32 Ms Jeannie Rea, National President, National Tertiary Education Union, *Committee Hansard*, 25 October 2016, p. 39.

33 Ms Jenny Lambert, Director, Employment Education and Training, Australian Chamber of Commerce and Industry, *Committee Hansard*, 25 October 2016, p. 44.

34 Ms Jenny Lambert, Director, Employment Education and Training, Australian Chamber of Commerce and Industry, *Committee Hansard*, 25 October 2016, p. 44.

35 VET Student Loans Bill 2016, *Explanatory Memorandum*, p. 1.

2.31 Inquiry participants strongly supported the bills and the need to reform the existing VET FEE-HELP system to ensure the sustainability and excellence of the VET sector.³⁶ For example, the Australian Council of Trade Unions (ACTU) viewed the bills as a 'broadly positive' proposal:

[T]he ACTU views the bills being considered as a broadly positive first step towards repairing the broken VET system and restoring public and industry confidence in the ability of the sector to deliver high quality skills training. Steps to limit the amounts students can borrow in order to effectively control prices, to prevent brokers from taking advantage of students and to implement a more effective compliance system for private training providers are long overdue.³⁷

2.32 Mr Lavarch considered that the reforms represented a sound package to address many of the concerns with the previous scheme:

ASQA thinks this is a good reform based on the work that the agency has done, particularly since the second half of 2014, when it first became apparent that there were emerging concerning behaviours in relation to the VET FEE-HELP scheme. The legislation adopts a range of measures which one finds across a number of the state training authorities and skill support schemes of the states and territories. We think it provides a reasonably sound foundation for the scheme going forward. Certainly, the experience of the states, being long-term program managers in providing support for students in accessing VET programs, is a good starting point, in our , in terms of the basic design of the program administration aspects at least, of a vet student loan scheme.³⁸

2.33 Mr Lavarch concluded: 'certainly the skeleton of how the new scheme will operate as outlined in the legislation we think should take us a long way towards overcoming the poor behaviours that we have seen in the VET FEE-HELP space over the last several years'.³⁹

2.34 Master Builders Australia (MBA) considered that the bills would 'help to ensure Australia has a highly skilled and capable workforce to meet the needs of a competitive construction industry'.⁴⁰ The MBA continued:

Master Builders supports the Federal Government's efforts to overhaul the flawed VET FEE-HELP scheme and believes the introduction of VET student loans will go further to protect taxpayers' dollars and students by

36 See for example Sydney Film School, p. 2; Jillian Pryor, pp. 1–2; ACTU, *Submission 6*, p. 1; Australian Education Union, p. 1; Academy of Interactive Entertainment, p. 1; National Tertiary Education Union, *Submission 2*, p. 2 and Navitas, *Submission 35*, p. 1.

37 ACTU, *Submission 6*, p. 1.

38 The Hon. Michael Lavarch, Commissioner, Risk, Intelligence and Regulatory Support, Australian Skills Quality Authority, *Committee Hansard*, 25 October 2016, p. 50.

39 The Hon. Michael Lavarch, Commissioner, Risk, Intelligence and Regulatory Support, Australian Skills Quality Authority, *Committee Hansard*, 25 October 2016, p. 50.

40 Master Builders of Australia, *Submission 42*, p. 2.

improving the assurance that only those providers who have a proven track-record of high employment outcomes will gain access to the system...The impact of VET FEE-HELP on the reputation of VET, its poor implementation and the budgetary impact of the scheme are strong reasons for the Parliament to act immediately to pass the VET Student Loans Bill 2016...⁴¹

2.35 TAFE Directors was of the view that the reforms would benefit the VET sector as a whole:

The much-abused VET FEE-HELP scheme has damaged Vocational Education as a sector, with good providers being tainted by those that have seen students merely as a pathway to taxpayer money.

Therefore TDA supports the Government's intentions to close the VET FEE-HELP scheme and replace it, on the 1st January 2017, with a VET student income contingent loan scheme that will shut the door on bad training providers.⁴²

2.36 The Sydney Film School reinforced these sentiments:

Sydney Film School is broadly supportive of the Government's intent to rid the VET sector of providers who have rorted the VET Fee Help Scheme and largely agrees with the objectives of the legislation. We support the Government's intent to favour courses that meet industry needs and skills shortages and that result in high completion rates, high levels of employment and an ability to repay VET loans.⁴³

2.37 Mr Mel Koumides, Chair of the Australian Council of Private Education and Training (ACPET), expressed the qualified support of private VET providers for reform of the system:

We only want the very best providers in the country delivering high-quality education for students. We therefore support measures to raise the bar and ensure that only the very best access the system. However, we do have concerns that some elements of the VET Student Loans will diminish Australia's capacity to develop skills for the future.⁴⁴

2.38 Despite this broad support for reform, a number of issues were identified with the bills. Navitas, an international private sector VET service provider, explained that, notwithstanding its general support for the bills, a number of concerns remained:

Navitas believes that several of the central elements of the proposed reforms will have a strong negative impact on Australia's VET system. Further, the timelines that have been attached to the reforms are largely unworkable, and risk major disruption and confusion for ongoing and

41 Master Builders of Australia, *Submission 42*, p. 2.

42 TAFE Directors, *Submission 26*, p. 2.

43 Sydney Film School, *Submission 15*, p. 2.

44 Mr Mel Koumides, Chair, Australian Council of Private Education and Training, *Committee Hansard*, 25 October 2016, p. 28.

prospective learners, and the employers and industries that depend on the skills that are delivered through Australia's vocational education and training sector.⁴⁵

2.39 Ms Jillian Pryor, the Chief Executive Officer of Unity College, a not-for-profit Registered Training Organisation and VET FEE-HELP provider, also articulated concerns:

I applaud the government for its attempt to bring in measures to address the problems. However, I strongly believe that some of the measures in both the 2015 reforms and now the new VET Student Loans Bill are not well thought through, are highly discriminatory and will severely disadvantage either directly or indirectly, the students for whom the scheme was created and who it is meant to support in their quest for an education that benefits both them and society.⁴⁶

2.40 The CALC considered that while the bills were a positive step for the VET sector, the bills would not assist those students who had accrued unfair debt under the current VET FEE-HELP system:

Broadly, we are very encouraged by the reforms announced by the Government that identify many of these gaps and present practical solutions. However, these changes will not help those Australians already impacted through the accrual of an unfair FEE-HELP debt. We are most concerned about legacy issues created by poor consumer protection during previous iterations of the VET FEE-HELP scheme.⁴⁷

2.41 The CALC also identified a number of areas where in its view there is a risk that the new VET loans arrangements could be circumvented by a small group of unscrupulous providers.⁴⁸

Committee view

2.42 It is evident that while there is significant and wide-spread support for reform, certain aspects of the bills raised concerns, including the eligible course list, proposed loan caps and the transition arrangements to the new scheme. These and other issues raised by inquiry participants are explored in detail in the next chapters of this report.

45 Navitas, *Submission 35*, p. 1.

46 Ms Jillian Pryor, Chief Executive Officer, Unity College, *Submission 41*, pp. 1–2.

47 Consumer Law Action Centre, *Submission 22*, p. 2.

48 Consumer Law Action Centre, *Submission 22*, pp. 2–7. For example: a prohibition of commissions, bonuses or incentives that can be paid for the enrolment of students into a courses with a VET Student Loan; banning an approved course provider from marketing or promoting a course to a person whose details they have obtained for another purpose; a prohibition on representations that a VET Student Loan amounts to 'government funding' or 'tuition assistance' or analogous terms; and that the VET Ombudsman be established to comply with Treasury's *Benchmarks for industry-based Customer Dispute Resolution*.

