



# VET FEE-HELP REFORM

The Australian Government is introducing a range of reforms to improve the quality of vocational education and training (VET), and to protect vulnerable students and taxpayers, and the reputation of Australia's high quality VET system, from the unfair and unethical actions of a small number of unscrupulous training providers or their agents/brokers.

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

The Government has also announced changes to the VET FEE-HELP student loan scheme, which provides VET students with loans to cover the cost of their Diploma and Advanced Diploma courses. The Government is taking strong action to address the key practices of concern, whilst ensuring that students can still access this important programme.

As part of this action, the Government will increase auditing and monitoring to ensure VET FEE-HELP training providers and brokers comply with all of the new arrangements. The Government will also introduce new laws that enable it to take greater disciplinary action against training providers who breach requirements relating to inappropriate or unethical marketing or teaching practices. These powers will range from financial penalties and revoking a student's unfair debt, to suspension or cancellation of the training provider's approval to offer VET FEE-HELP.

The Government will work with stakeholders, including students, employers, training providers, the national training regulator, ASQA, state and territory governments and the community, to ensure these measures are implemented effectively.

The new measures include:

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

From 1 April 2015, inducements—such as cash, meals, prizes, vouchers or laptops—to encourage potential students to sign up for VET FEE-HELP loans will be banned. Additionally, a training provider will not be able to issue a *Request for Commonwealth assistance form* (an application form for VET FEE-HELP) to a student who has been offered an inducement to enrol in a course.

- This proposal will be implemented by 1 April 2015 by making immediate changes to the VET Guidelines.

## 2. Tightening VET marketing and recruitment practices

The Government will update the VET Guidelines to ban other inappropriate marketing practices. For example, a training provider or their agent/broker will not be able to market training as “free” or “government-funded”. Training providers or their agent/broker will need to make clear to prospective students that VET FEE-HELP is a loan that is expected to be repaid, and that it impacts on a student's credit rating. Additionally, training providers will be required to have a formal agreement in place

with any education agent or broker they use, before they can enrol anyone referred by that education agent.

- New VET Guidelines will come into effect from 1 July 2015. Training providers will need a written agreement with third party brokers.
- Students must be given clear information that they are signing up for a loan that is expected to be repaid.
- The Government will increase auditing and investigation, including through random telephone surveys of students, to ensure these obligations are being met.

### **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 that current and prospective students understand how income contingent loans operate, and are aware of their rights and obligations.

- The *StudyAssist* website ([www.studyassist.gov.au](http://www.studyassist.gov.au)) will be updated with new information on VET FEE-HELP from 12 March 2015.
- Information will make it clear to students about who they can talk to if they have any concerns, queries or complaints about their training provider, or their student loan.
- The *Commonwealth assistance form* (CAF—the student application form for a VET FEE-HELP loan) will be changed to include and highlight details of expected debt loan amounts in each student's proposed course, and make it explicit that the student has had the loan explained to them by their training provider.
- The new CAF will be available from May 2015.

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

The Australian Government will make it easier for students to seek a waiver of any VET FEE-HELP debt which they feel has been unfairly applied. 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 arising from poor recruitment and management practices.
- These revised processes will be developed with the Department of Finance and the Australian Taxation Office.
- Legislation will be introduced into Parliament to enable the measures to be implemented from 1 January 2016.

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

The Government will introduce extra assessment criteria for new training providers and a reassessment of the 'bona fides' of existing training providers. The new criteria will focus on the training and trading history of the applicant, and the ability of applicants to demonstrate financial viability without ambitious VET FEE-HELP revenue targets. For continuing training 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.

- From 1 July 2015 training providers will have to meet new financial viability criteria.
- Legislation will be introduced into Parliament to implement the other criteria from 1 January 2016.

- Training providers will be formally required to maintain a duty of care for their students and operate in the best interests of their students.

## 6. Ensuring continuous improvement in student participation and outcomes

From 1 July 2015 training providers will have to give students separate census dates for each unit of study—effectively banning the practice of the VET FEE-HELP loan debt for the whole qualification being levied on a student in one hit upfront. Students will be able to withdraw from a unit before the census date without incurring a debt. The Government will require a minimum number of units for courses, which will be linked to payments to training providers—to ensure training providers focus on continuing student participation and progression. Training providers will be required to give the Government additional information on student progress, attainment and employment outcomes arising from their training. A new performance based framework will be introduced to identify preferred training providers, i.e. training providers that can demonstrate that their offerings are student-oriented and produce good outcomes for students.

- From 1 July 2015 a minimum number of units will be introduced for courses, banning full debt loads being levied in one unit and upfront. From 1 July 2015, payments to training providers will be linked to additional census dates, giving students more control over the debt they incur.
- Student satisfaction levels and training outcomes for each training provider will be reported through the *MySkills* website ([www.myskills.gov.au](http://www.myskills.gov.au)) and the Department of Education and Training's annual VET FEE-HELP statistics.

- On 1 January 2016, a new outcomes-based performance framework will be introduced—requiring training providers to focus on outcomes, such as continuing student participation, achievement of student satisfaction benchmarks and measurable improvements in unit and qualification completions.
- Diploma and Advanced Diplomas are significant qualifications, generally requiring a commitment to study over a period of at least 12–18 months.

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

Training 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) or 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, training providers will have to publish an *Entry Requirements Procedure* (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 training provider will need to assess individuals against these entry requirements and be able to prove to the Department of Education and Training and/or ASQA that this assessment has taken place.

## 8. Enhanced outcome information for VET FEE-HELP students

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

- From December 2015 the *MySkills* website ([www.myskills.gov.au](http://www.myskills.gov.au)) 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 the National Centre for Vocational Education Research's (NCVER) Student Outcomes Survey and Survey of Employer Use and Views (next scheduled for mid-2015) along with direct evidence collected from current and former students.