Audit of VET FEE HELP student loans required to support ASIC review of ASX-listed private training colleges

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TAFE Directors Australia (TDA) has called on Federal Minister for Education the Hon. Christopher Pyne MP, to urgently order a detailed examination of marketing practices and information provided to students who were allocated VET FEE HELP loans for courses at some recently listed and soon-to-be listed ASX companies.

Martin Riordan, Chief Executive Officer of TDA said an inquiry was needed to get to the bottom of the extraordinary revenue and profitability claims that have been reported by several ASX listed companies, with at least one now under investigation by the Australian Securities and Investments Commission (ASIC).

Recent financial data, released by several ASX-listed and soon-to-be listed education and training companies, have boasted extraordinary profitability and sky-rocketing turnover. Profit projections and information to shareholders, including that contained in prospectuses, appeared to be based almost exclusively on federal VET FEE HELP student loans.

It has been reported that VET FEE HELP turnover has snowballed from $25 million in 2009 to $1.3 billion this year.

TAFE Directors Australia is the peak body representing the 58 TAFE Institutes including six dual sector universities with TAFE divisions.

“The data seems so amazing that closer scrutiny is important to establish transparency about how student loans have been issued, and whether there were breaches by private colleges issuing VET FEE HELP loans.

“This was particularly the case since at least one training provider, Vocation Limited, has been referred to ASIC concerning its operations.”

Mr. Riordan said there was a need for the inquiry to go beyond that being undertaken by ASIC into potential misleading information being made to financial markets.

He added: “The Department of Education is the principle federal agency responsible for both higher
education and vocational education student loans.

“Only last month the Minister for Industry, the Hon Ian Macfarlane issued new regulations designed to crack down on unscrupulous marketing by VET Registered Training Organisations.

“The question now is, what action has been taken and what action is planned to confirm the financial viability of these publicly listed and the marketing of student loans by these registered training organisations?

“Secondly, have the relevant regulators reviewed the governance arrangements and financial accountability of such entities to ensure there is no risk to students who have taken out substantial loans, and to protect the reputation of the wider vocational education and training sector?”

“This is not just an issue for ASIC but a legislative responsibility of the Australian Skills Quality Authority and the Department of Education,” Mr Riordan said.

For further information

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