

## More needs to be done to curb runaway student loans in vocational training

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Loan scandals have featured heavily in Australia's political history, and this week the new Minister for Education and Training, Simon Birmingham, will be hoping the buck stops there.

Simon Birmingham's job this week in Parliament will be to close a wide open gate on effectively carte blanche access to vocational education student loans to vocational colleges, now approaching \$2 billion.

Prime Minister Malcolm Turnbull's new ministry beefed up the education portfolio. Birmingham was given a dedicated Minister for Vocational Education and Skills, Luke Hartsuyker, and a Tourism and International Education Minister, Senator Richard Colbeck – clearly a sign of the desperation in Canberra to pull together a visionary policy across tertiary education, while also providing a fix demanded by Treasury to secure a leaky boat called vocational education.

VET fee-help student loans were made available to private and public vocational colleges, at an unprecedented rate, and with hopelessly inadequate governance arrangements.

The backdrop to this tricky early policy challenge for Birmingham, who has genuinely impressed in his new position, was an underwhelming performance by the federal vocational education regulator, the Australian Skills Quality Authority.

The authority was born in 2010 after an historic referral of powers from states and territories. Victoria and Western Australia remained outside the agreement.

This began after the shock to Australia's international education sector, after an Indian student crisis caused by the sudden closure of private colleges left hundreds of families losing funds.

Next there were continued disclosures about the need to crack down on low-quality providers, and those with poor financial credentials.

When the authority was launched, commissioners began auditing new providers, including TAFEs. Sadly, their direction wavered, and even today, the authority has failed to identify clear risk profiling or quality indicators which may have guided government to direct funding or loans to "safe" quality providers.

Even a pledge of additional compliance funding totalling \$68 million to the authority by former industry and skills minister Ian Macfarlane failed to regulate a growing pool of more than 5000 providers which the government allows to bid for public VET student funding.

This lack of transparency, and open-ended access to training funds flowed even wider.

The department of education and training allowed public and all types of private training to seek registration for access to VET fee-help loans. Unlike universities, no course pricing caps were imposed on those approved.

Ironically, while Senate cross-benchers stymied Christopher Pyne's higher education reforms for deregulation, his department adopted effectively an identical scheme for governance of the far more complex 5000-strong vocational education provider market, seeking VET fee-help loans. The results speak for themselves, handing out student loan funds of almost \$4 billion.

Vocational colleges were permitted to employ marketing agents, offering unlimited commissions if students could be enrolled. Many unscrupulous training college operators with little educational background successfully created windfall profits from overnight enrolments on a massive scale – often with no link to skill shortage subject areas or industries in skill needs.

The VET fee-help amending legislation may still only just begin the now massive task to curb the extraordinary open access to excessive student loans manipulated by providers in vocational education.

TAFE's demands for provider risk categories linked to funding still fell outside the authority's interest or remit.

Even this week's legislation looks limited, putting in place requirements that existing private colleges accessing fee-help loans lodge accredited audited annual financial accounts to the department. You can only question what level of financials were permitted beforehand.

Amazingly, we know the loans crisis also extends into higher education providers. Latest estimates show some universities have enrolled students with ATAR entry scores below 60 and 50, with only half the intakes completing a degree.

It may be years before the total cost of bad debts to taxpayers is revealed.

For Birmingham, there are hopes this plug may begin to stop the free-flow of out of control VET fee-help loans.

Perhaps for the Minister, and Hartsuyker, a far more challenging task will be if they finally review the performance of a wayward federal regulator Australian Skills Quality Authority, with compliance expected to exceed \$50 million a year.

Their success to clean up vocational education will test whether Birmingham can hope to sell his grand vision of a federal take-over of vocational education and TAFE, and win over states and territories and a weary electorate ahead of next year's federal election.

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*This story was found at: <http://www.theage.com.au/comment/more-needs-to-be-done-to-curb-runaway-student-loans-in-vocational-training-20151014-gk8iib.html>*