Redesign of VET FEE HELP student loan program welcome but more details required

TAFE Directors Australia (TDA) today welcomed a planned overhaul of the troubled VET FEE-HELP student loan scheme, but has warned that the proposed emergency measures do not go far enough to fix the $3 billion a year program.

Martin Riordan, CEO of TDA said the changes announced by the Minister for Education and Training Senator Simon Birmingham were long overdue, but that further measures would be needed to adequately protect students and taxpayers.

“The poorly designed and implemented student loan program was massively abused by a large number of disreputable private colleges,” Mr Riordan said.

“TDA has consistently called for a strengthening of the controls around the program and we are pleased that many of our recommendations have been accepted.

“However, it still lacks a transparent framework, similar to that which the Commonwealth applies to universities and higher education,” he said.

“There are around 140,000 students with a VET FEE-HELP loan and we now face a period of turbulence and uncertainty as we unravel the crisis that has been caused by unscrupulous private colleges.”

TDA is yet to be convinced that the latest measures are adequate to deal with the student loan crisis and believes the following are required:

- An immediate moratorium on loans from all but TAFEs and high quality not-for-profit private providers. TDA does not oppose private college loans but believes that a rigorous framework is essential.

- A Commonwealth Tertiary Commission with a broad ambit across VET (diploma qualifications and above) and higher education to overcome the current flawed model and oversee a comprehensive, high quality funding arrangement.

- A framework for student loans based around the model in higher education, with accredited and non-accredited institutions under the regulatory watch of the regulator, TEQSA.
• A clear direction regarding the role of the VET regulator, the Australian Skills Quality Authority (ASQA), which has not been detailed but should be the equivalent of TEQSA in higher education.

Mr Riordan said that under the latest changes, private education institutions will need to apply to be eligible for VET student loans, while TAFEs will be granted automatic eligibility. However, TAFEs will still face identical new conditions on scope of enrolment, enrolment numbers, loan caps and student participation.

The move to a more risk-based approach is welcome but there are a number of issues that will need to be determined by the Commonwealth Department of Education and Training relating to provider quality, student capability and progression, course content and supervision, and students ‘ability to repay loans.

“The tightening of rules surrounding the program is welcome, at least on paper, but the ultimate test will be how it is interpreted and implemented,” he said.

“We appreciate the complexity of the task in transitioning to a more rigorous set of arrangements, but we do have concerns about the role of the department in overseeing this regime, given the experience of recent years,” Mr Riordan said.

“Arguably, the most important considerations must be the welfare of students, particularly those who may be impacted by transitional arrangements. TDA stands ready to support these students in every way possible.”

TDA has consistently sought to provide fair and sensible input as the VET FEE-HELP controversy has unfolded, based on TAFE’s quality offering and its strong standing among students, employers and the community.

“We are disappointed that there was not more extensive consultation as the current policy process was determined,” Mr Riordan said.

“We look forward to working with the government, as well as opposition and crossbench MPs as this important piece of work is further considered and debated,” Mr Riordan said.

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