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Working for business.
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Committee Secretary
Senate Education and Employment Committee
PO Box 6100
Australian Parliament House
Canberra, ACT, 2600

Dear Committee Members,

Higher Education Support Amendment (VET FEE-HELP Reform) Bill 2015

The Australian Chamber welcomes the opportunity to support the Higher Education Support Amendment (VET FEE-HELP Reform) Bill 2015, and apologises for the delay in submitting our comments on this important legislation.

Australia needs a robust VET sector capable of delivering quality outcomes that meet the skills needs of industry and boost workforce participation and social engagement. Confidence in the quality of outcomes by both employers and students is essential in maintaining a system that will help boost national productivity and drive employment growth on years to come. A strong system of both public and private providers operating in a client focussed competitive environment supported by appropriate careers advice and workforce development is needed to ensure that learners and employers are able to exercise choice in accessing the training they need where and when they need it.

Student entitlement and provider contestability have been an emerging feature of the VET landscape for a number of years and has been supported by consecutive governments. The Australian Chamber supports an open and contestable training market supported by an informed market, with readily available information and advice on the quality and vocational relevance of training outcomes. Accessible information is essential to assist individuals and their employers in choosing course offerings that will provide them with skills that can link to sustainable employment outcomes and for employers to have access to skilled labour to meet their workplace skills needs.

There has been a concerted effort by government to improve quality in Vocational Education and Training and ensure more responsible expenditure of government monies and student loans, with the introduction of the new *Standards for Registered Training Organisations (RTOs) 2015* which came into effect in the last 12 months. The new standards provide for a more robust regulatory framework that concentrates more on the quality of training outputs and the marketing activities of training providers than the previous standards had achieved. The first 6 months of operation of the new standards have seen the Australian Skills Quality Authority (ASQA) and other agencies such as Fair Work Australia, the Australian Competition and Consumer Commission and the Australian Federal Police working together

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to target poor provider practice and incidences of possible fraud by Registered Training Providers (RTOs).

The Australian Chamber recognises that the new standards have been in place for only a short time frame and it not reasonable to expect that all instances of questionable provider behaviour and poor quality outcomes be eradicated in the first ten months of the new standards being in place. However, the Australian Chamber believes that, given time and effective resourcing, the new standards will be an effective tool in improving the VET sector across all qualification levels.

As a part of a suite of actions to improve quality, and also to address specific concerns related to the implementation of income contingent loans in VET, we welcome the amendments to the *Higher Education Support Amendment (VET FEE-HELP Reform) Bill*.

We have long supported the extension of income contingent loans to VET as an avenue to improve access to vocational education, t The positive impact has been that the scheme has allowed many individuals to access higher level VET qualifications where they may not have previously been able to undertake a course due to financial constraints.

However, the Australian Chamber has raised specific concerns with regard to VET FEE HELP in previous Senate Inquiries. Although the scheme has been a feature in the higher qualification level VET landscape since 2009, changes to accessibility for RTOs in 2012 made it more widely applicable to a broader array of students. These changes were introduced without regulatory checks and balances to ensure the unintended consequences were minimised.

The negative consequences of the scheme have been well highlighted by a number of high profile cases in the media where individuals have signed up to costly courses where their suitability of the student to undertake the course must be questioned. The introduction of robust entry procedures for students should serve to restrict the entry to some programs by potential learners who could not adequately meet the learning outcomes of that program from the outset. VET FEE HELP is specifically aimed at higher level qualifications where there is the expectation in the Australian Qualifications Framework that graduates at this level will have a broad range of cognitive, technical and communication skills to select and apply methods and technologies to analyse information to complete a range of activities; provide and transmit solutions to sometimes complex problems and transmit information and skills to others. It would, in most cases, be unreasonable to expect that a learner with low literacy levels, no post compulsory schooling or educational engagement and no recent employment in a related level in the field study to be able to complete a Diploma or Advanced Diploma level qualification. Specified and mandated language, literacy and numeracy requirements, minimum expectations for prior work experience and assessed general academic ability could see potential VET learners streamed into qualification levels more appropriately matched to their existing skills and employment prospects.



There have also been cases of delivery of courses of dubious quality and issues of no upfront disclosure of the actual VET FEE HELP loan amount and marketing practices offering “free” courses that are actually leaving students with a VET FEE HELP debt. There are also reports of some RTOs offering courses funded by a VET FEE HELP loan at a much higher rate than other identical fee for service training options within the same provider. The proposal to require the Department of Education and Training to obtain explicit declarations in writing from each VET FEE-HELP applicant to formally accept a loan will serve to ensure that individuals are fully aware of the total cost to them and the expectation that repayment of the loan amount is expected. This, coupled with more robust entry requirements, would significantly reduce the number of loans that are effectively defaulted on due to non-completion or poor employment prospects after completions. This is a highly beneficial cost saving for both government and tax payers.

The Australian Chamber welcomes moves to re-credit a student’s VET FEE HELP balance where there has been inappropriate behaviour or unacceptable conduct by the RTO. This action will serve to increase consumer confidence in the system, with learners knowing that if they receive a substandard product (in this case a qualification that marketed inappropriately or may not meet industry standards) they effectively can “get their money back” by having the VET FEE HELP amount re-credited to the loan balance. In these instances, where there is clear evidence of a breach of regulations or unconscionable behaviour by the provider or their agent, the Australian Chamber would support ASQA or the Department of Education and Training in recovering from the provider the VET FEE HELP amount paid to the RTO. In addition to any civil penalties or other infringement notices, the Australian Chamber would also support placing restrictions on their registration as an RTO or on accessing government funding in the future depending on the severity of the breach.

The applications of civil penalties and infringement notices will serve to discourage inappropriate behaviour and practices by RTOs and enable ASQA and other relevant authorities to apply penalties reflecting the severity of the non-compliance or illegal actions. Increasing the powers of ASQA under the Regulatory Powers Act in relation to the enforcement provisions will enable the national regulator to make appropriate responses to non-compliance and breaches to guidelines when they arise. It will, however, be important to ensure that ASQA is appropriately resourced to oversee all VET providers.

ACCI supports a strong competitive and dynamic training market, made up of public and private training providers that offer access to skills development for all Australians. RTOs must be capable of delivering the skilled individuals needed to further develop and grow the Australian economy and one where employers and learners have confidence that the product they are receiving is of the highest standard and is directly relevant to the skills needs of Australian employers. The current government has been highly proactive in engaging with industry and the VET sector to address many of the concerns around training and assessment quality, RTO marketing and the use of VET FEE HELP. While these will go some way to resolving the concerns of industry, some areas, such as the need for clear



careers advice to enable students to make informed choices about course offerings and their benefit in finding employment and future job pathways are still lacking in the broader VET policy agenda.

We encourage the Senate to pass the legislation, and the Australian Chamber will continue to work with government to improve the information in the marketplace and examine other ways to improve the quality of outcomes in VET.

Yours sincerely

Stephen Bolton
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