

Chapter 4

Further issues

Introduction

4.1 This chapter explores a number of further issues raised in regard to the bills. These issues relate to the new requirements to be an approved course provider, the regulation of agents, brokers and markets and the transition arrangements to the new scheme. The chapter also discusses the importance of reporting and transparency in ensuring that the new scheme is not subject to the same exploitation as the VET FEE-HELP scheme. The chapter concludes by considering the proposed establishment of a VET student loans ombudsman.

Approved course providers

4.2 The explanatory memorandum for the VET Student Loans Bill explains that the bill contains stronger eligibility requirements to qualify as an approved course provider under the VET student loan program.

4.3 All existing VET FEE-HELP providers will have to apply to be approved under the new program. The Consequential and Transitional Bill provides for certain bodies, such as TAFEs, to be exempt from the re-application process.¹

4.4 Schedule 2 of the Consequential and Transitional Bill lists the providers that are deemed to be approved course providers from 1 January 2017 and thus exempt from the re-application process.²

4.5 The Queensland Department of Education and Training noted that one of Queensland's public providers of VET, the Queensland Agricultural and Training Colleges (QATC), may not come within the terms of Schedule 2. This is despite it being a statutory body under the *Queensland Agricultural Training Colleges Act 2005* (Qld) and a currently approved provider of VET FEE-HELP courses.³

4.6 The Department suggested that the Transitional Bill may need to be amended to ensure that the QATC is deemed to be an approved course provider to '...ensure that the Bill achieves its policy objective of deeming public providers of VET to be approved course providers of VET student loans'.⁴

4.7 Three other issues arose regarding approved course providers: the inability of trustees to be an approved provider, restrictions on third party training arrangements, and the levying of a tax on approved providers under the VET Student Loans (Charges) Bill. These issues are discussed below.

1 VET Student Loans Bill 2016, *Explanatory Memorandum*, pp. 3–4.

2 VET Student Loans (Consequential Amendments and Transitional Provisions) Bill 2016, Schedule 2.

3 Queensland Department of Education and Training, *Submission 33*, pp. 1–2.

4 Queensland Department of Education and Training, *Submission 33*, p. 2.

Trustees

4.8 The VET Student Loans Bill states that the Secretary of the Department of Education and Training may approve a body as an approved course provider if the Secretary is satisfied that the body meets the course provider requirements. The clause continues to state that, among other things, a course provider must 'be a body corporate that is not a trustee'.⁵

4.9 This aspect of the bill was of significant concern for the existing VET FEE-HELP providers that are trustees, for example the Photography Studies College (Melbourne), Churchill Education, Harvest Education Technical College and Estrada College.⁶ As Churchill Education explained: 'Effectively, under the proposed new changes, we would be precluded from applying for approval as a VET Student Loan course provider'.⁷

4.10 Photography Studies College (Melbourne) observed that the prohibition on trustees being approved course providers was new, and had 'not been part of any consultation process and is not referred to in the Regulatory Impact Statement'.⁸ The college noted the potential impact of the prohibition on trustees:

It [the ban] therefore introduces a new regulatory burden - the impact of which has not been tested or assessed for regulatory impact and burden. This places an unfair burden on companies to disrupt their company structures. The flow on effect of such material change will drastically increase the regulatory, legal and tax burden on such body corporate companies. It will require such companies to advise their national regulators – two of them if they are dual sector providers - and in some cases State regulators as well - of the company change.

This will trigger an unknown and untested level of additional regulation and requirements, which could lead to such providers being rendered 'unregistered'. Such material change will trigger a requirement for providers to re-apply for their status as either an RTO or a Higher Education Provider. This will be the final nail in the coffin for many education companies already devastated by the sweeping, unadvised and unforeseen changes.⁹

4.11 Estrada College observed that it was not possible for trusts to swiftly transition to another approved business structure, and further, that if trusts were no longer able to lawfully operate, there would likely be significant job losses:

5 VET Student Loans Bill 2016, *Explanatory Memorandum*, p. 31. See Clause 25.

6 Photography Studies College (Melbourne), *Submission 38*; Churchill Education, *Submission 18*; Estrada College *Submission 36*; and Harvest Education Technical College, *Submission 48*, p. 1.

7 Churchill Education, *Submission 18*, p. 1.

8 Photography Studies College (Melbourne), *Submission 38*, p. 3.

9 Photography Studies College (Melbourne), *Submission 38*, p. 3.

It is not possible to change structure swiftly without an immediate and significant impact on our business that educates many students and supports many Australian families. Presently, we have 72 staff employed in our Registered Training Organisation. And we are teaching over 8,500 VET FEE HELP students... If these changes are to pass, we anticipate that it would be necessary to make a large number of redundancies before the end of the year. We support positive reform that focusses on quality training and employment outcomes. However, permitting body corporates as trustees is a measure that will have no negative impact on the scheme or the services offered to students, and standards maintained by our Registered Training Organisation.¹⁰

4.12 Australian College for Private Education and Training (ACPET) noted that while it was working with the Department on transitional arrangements for impacted members, it did not seem appropriate to exclude a specific corporate arrangement regulated by ASIC. ACPET therefore recommended the provision excluding trustees be removed from the bill.¹¹

4.13 Harvest Education Technical College considered that taking into account its history of compliance, quality course provision and sound financial status, the College should be not prohibited from operating.¹² Accordingly, the College suggested that the Minister be granted discretion to allow a trust to be an approved course provider, so long as the trust had demonstrated that it did not pose a financial risk:

Proper consideration should be given to enabling existing businesses, such as Harvest Education Technical College, to continue operating through their existing structures provided they are financially sound and satisfy the other criteria contemplated by the legislation. There are a variety of ways that that outcome might be achieved. For example, rather than trustees being prohibited from being approved course providers, the Minister instead could be given discretion in respect of the structure of an approved course provider, provided that he is satisfied that it does not pose an unsatisfactory financial risk to the Commonwealth and to students.¹³

4.14 Churchill Education recommended that the clause should be removed from the bill, or alternatively, a two year grace period be allowed until 31 December 2018 to allow trustees sufficient time to manage the transition to a new corporate structure.¹⁴

4.15 In her summing up speech, the Assistant Minister for Vocational Education and Skills outlined the actions already taken by the Government to prevent new

10 Estrada College, *Submission 36*, p. 1. The same observation was made by Harvest Education Technical College, *Submission 48*, p. 3.

11 Australian College for Private Education and Training, *Submission 23*, p. 8.

12 Harvest Education Technical College, *Submission 48*, p. 1.

13 Harvest Education Technical College, *Submission 48*, p. 3.

14 Churchill Education, *Submission 18*, p. 2.

providers from being trustees and the consultations undertaken by the department with respect to existing providers which are trustees:

On the issue of Trusts, the government changed the VET FEE-HELP legislation last year to require all new approved providers to not be a trust. This was to reduce financial risk to the Commonwealth and increase financial transparency. Although this requirement was not applied to existing VET FEE-HELP providers that had already been approved, some have already sought information on how to address this requirement, no doubt expecting the change in the redesigned program. Where it is clear that the same entity continues, but no longer acts in the trustee capacity, it will not change the department's ability to assess the entity's track record as a training provider. The department has briefed the stakeholder bodies TAFE Directors Australia (TDA) and the Australian Council for Private Education and Training (ACPET) on this issue, and will provide this advice to any organisations requesting information. Any concerned provider can contact ACPET, TDA or the department to discuss their individual situation.¹⁵

Approved course provider charge

4.16 The VET Student Loans (Charges) Bill permits an approved course provider charge to be imposed on approved course providers. The amount of the charge will be prescribed by regulation or determined in accordance with a method prescribed by regulation. It is anticipated that the amount of the charge will be determined with regard to the size of the provider.¹⁶ The regulations may provide for exemptions from the approved course provider charge.¹⁷

4.17 The Explanatory Memorandum to the VET Student Loans Bill (Charges) Bill states that the charge's purpose is 'to fund the VET student loan program including the costs incurred by the Commonwealth in administering the program, data collection and analysis as well as compliance and enforcement activities'.¹⁸

4.18 The lack of detail concerning this charge was of concern for some participants. For example, Mr Mark Warburton, a former public servant and former Principal Analyst for Universities Australia, said:

The full details of the proposed tax are not available, but will be in regulation. The bill documentation does not specifically state if these regulations will be disallowable, though I understand that is usual practice for most legislative instruments. The introduction of the tax is not covered in the Regulation Impact Statement for the new VET Student Loan scheme.

15 The Hon. Karen Andrews MP, Assistant Minister for Vocational Education and Skills, Second reading speech, *House of Representatives Hansard*, 19 October 2016, p. 91.

16 VET Student Loans (Charges) Bill 2016, *Explanatory Memorandum*, p. 3 and p. 5.

17 VET Student Loans (Charges) Bill 2016, *Explanatory Memorandum*, p. 5.

18 VET Student Loans (Charges) Bill 2016, *Explanatory Memorandum*, p. 1.

The level of the proposed tax and the full range of factors that might contribute to determining its level is not clear.¹⁹

4.19 ACPET was concerned about the lack of consultation before the introduction of the charge, stating the charge was not:

...canvassed with industry during the VFH redesign consultations and the details have not been announced. This measure comes in addition to significantly reduced loan caps and will further erode the capacity of providers to deliver to quality benchmarks. The application of the tax to only private providers is anti-competitive.²⁰

4.20 Navitas held the same concerns, and recommended that the charge not be supported. However, if it were to be imposed, Navitas suggested that it be equally applied to public and private VET providers.²¹

4.21 Mr Warburton suggested that given the purpose of the tax to fund the loan program, 'it is unclear why a similar tax would not also be contemplated for the loans schemes in the higher education sector'.²² However, Mr Warburton cautioned about the appropriateness of such a tax on either the VET or high education sectors:

...I have some concerns about its [the tax] appropriateness for the regulation of Australia's tertiary sector. The tax is a charge which is likely to be passed onto students in the form of increased course fees. To the extent that this occurs, it will be paid upfront by VET students in any circumstance where their fees exceed the VET Student Loan limits or their course is not an eligible course.²³

Third party training providers

4.22 The VET Student Loans Bill introduces a requirement that to be eligible for a VET student loan, the course must be provided by an approved course provider and delivered by that provider. Alternatively, the course may be delivered for the approved course provider by one or more of the following:

- a different approved course provider;
- a person or body that has been accredited by Tertiary Education Quality and Standards Agency, the Commonwealth's higher education regulator; and/or

19 Mr Mark Warburton, former public servant and former Principal Analyst for Universities Australia, *Submission 32*, p. 3.

20 Australian College for Private Education and Training, *Submission 23*, p. 9.

21 Navitas, *Submission 35*, p. 4.

22 Mr Mark Warburton, former public servant and former Principal Analyst for Universities Australia, *Submission 32*, p. 3.

23 Mr Mark Warburton, former public servant and former Principal Analyst for Universities Australia, *Submission 32*, p. 3.

- a person or body that the Secretary has approved in writing to deliver the course.²⁴

4.23 This provision will mean that approved course providers may no longer outsource the delivery of their courses (or part of their courses) except to those bodies referred to above.²⁵

4.24 This prohibition on the use of third party training providers was of concern for some inquiry participants. For example, the Study Group argued that there was an 'absolute need' for approved course providers to be able to use third party training providers.²⁶ The Study Group explained that:

The main reason for engaging third party providers is the specialist skill set they bring, the ability to support students in different geographic locations otherwise underserved the ability to support different delivery models and with specialist support or electives and sometimes a simple case of resource management.²⁷

4.25 The Group noted that the second reading speech had indicated that individual subcontractors engaged to provide specialist expertise for part of a course will be allowed on a case by case basis. However, no information has been forthcoming as to how this will be determined.²⁸

4.26 Swinburne University of Technology was also concerned about the prohibition on this party training providers:

[T]he restrictions on third party training arrangements in the legislation will erode successful industry partnerships that involve high quality public providers of vocational education work with employers, for example Swinburne's partnership with Siemens Ltd to deliver an Industry 4.0 apprenticeship, an initiative championed and facilitated by the Federal Government.²⁹

4.27 Notably, Swinburne expressed particular concern that its online delivery unit would be unable to continue operating:

On its face, section 15 of the Bill would simply no longer permit Swinburne Online to deliver courses on behalf of Swinburne University of Technology. It would force Swinburne Online to seek an alternative legal basis for delivering Swinburne courses, possibly through seeking registration as a Registered Training Organisation in its own right... As a public university with the authority to self-accredit courses granted by the Tertiary Education Quality and Standards Authority Act, we submit that the

24 VET Student Loans Bill 2016, *Explanatory Memorandum*, p. 25.

25 VET Student Loans Bill 2016, *Explanatory Memorandum*, p. 25.

26 Study Group, *Submission 51*, pp. 11–12.

27 Study Group, *Submission 51*, p. 11.

28 Study Group, *Submission 51*, pp. 11–12.

29 Swinburne University of Technology, *Submission 31*, p. 3.

Bill should make provision for a course to be provided by a person or body that is delivering the course for a provider authorised by TEQSA to self-accredit its courses of study.³⁰

4.28 Churchill Education explained that the use of third party training providers was a common occurrence within the VET industry:

The practice of using third party contractors is widely exercised in the Vocational Education sector by both TAFEs and the private sector. In part, the use of contract trainers allows for trainers to also have other jobs in the industry, which ensures they maintain industry currency, in both skills and knowledge, and promotes higher educational outcomes. Churchill Education uses four contract trainers, whose work was audited by ASQA this year, with no compliance issues identified.³¹

4.29 Churchill Education recommended that the bill be amended to allow the course delivery to be completed by third party training providers, with the approved course provider accountable for the work of the third party trainers.³²

Committee view

4.30 Given the chequered history of some third party providers under the VET FEE-HELP scheme, the committee supports these aspects of the bills that greatly strengthen the regulatory framework for course providers. This is achieved through tougher eligibility requirements to qualify as an approved course provider, a prohibition on trustees acting as approved course providers and the introduction of a requirement that to be eligible for a VET student loan, the course must be provided and delivered by an approved course provider. In implementing these changes the committee encourages the Minister to ensure industry partnerships which benefit students and enhance the quality of training are supported.

4.31 Each of these elements combine to make a stronger VET system that reduces the ability of students to be the victims of a small number of unscrupulous providers, protects the quality of courses offered and ensures that the reputations of high quality VET providers are not sullied as they have been in the past.

4.32 The committee notes that some inquiry participants were concerned by the prohibition on trustees being approved course providers. The committee believes that the Minister for Education and Training, together with the department, should closely consider these concerns during the finalisation of the proposed reforms.

4.33 On the issue of trusts the committee also notes that the department has had held discussions with several VET peak bodies and is able to provide advice to any organisation regarding their individual situation.

30 Swinburne University of Technology, *Submission 31*, pp. 3–4.

31 Churchill Education, *Submission 18*, p. 4.

32 Churchill Education, *Submission 18*, p. 4.

4.34 Further, the committee acknowledges that the proposal to levy an approved course provider charge on approved course providers provoked a mixed response, most notably in regard to the lack of detail currently available on the charge.

4.35 The committee notes that the amount of the charge will be prescribed by regulation and is likely to be commensurate with the size of the provider. The regulations may also provide for exemptions from the approved course provider charge.

4.36 The committee considers that the levying of a charge on approved course providers is an appropriate option for the government to recoup some of the costs incurred in administering and monitoring the VET student loans program. In determining the amount and application of the levy, the committee encourages the Department of Education and Training to consult with key stakeholders to ensure that the charge is implemented on a fair and equitable basis, taking into account any impact on students.

Agents, brokers and marketing

4.37 The VET Students Loans Bill prevents providers from engaging third parties, such as agents or brokers, to undertake activities on the provider's behalf such as enrolling students for whom the tuition fees will be covered by a VET student loan. This provision will ensure providers themselves are fully responsible for any engagements with the students regarding their student loans.³³

4.38 The Consumer Law Action Centre (CALC) supported this provision but contended that the provisions could be strengthened:

Section 49 of the Student Loans Bill is a broad provision which should provide regulators with the ability to enforce the ban. However, without an associated ban on incentivised selling practices, Consumer Action remains concerned that VET Student Loans providers could move sales agents 'in-house' with no real change to the way prospective students are identified, targeted and recruited. The sector has been very adept at circumventing reforms in the past to maintain their market position... Staff on commission-based payment structures are often highly trained and motivated to sell. The very nature of the way they are paid means they are not concerned that the good or service is appropriate or affordable for the consumer, but simply that the sale be closed. Vocational education should be about education, not sales.³⁴

4.39 Mr Mel Koumides, the Chair of the Australian Council of Private Education and Training (ACPET) also argued that the ban did not extend far enough, highlighting that some providers may seek to circumvent the proposed restrictions:

We also welcome the banning of brokers, but I would suggest that that does not go far enough. ACPET has received calls from brokers, delighted that they are not banned. They have simply read the current directions as being

33 VET Student Loans Bill 2016, *Explanatory Memorandum*, p. 41. See Clause 49.

34 Consumer Law Action Centre, *Submission 22*, p. 2.

banned from the enrolment and course delivery process but not before or after that. So if brokers are to continue then we recommend strong controls and transparency on commissions and other matters to ensure that that does not compromise the new VET general loan system going into the future.³⁵

4.40 Ms Jeannie Rea, the National President of the National Tertiary Education Union (NTEU), was in favour of minimising the influence of brokers in the sector. Ms Rea further suggested that the establishment of an ombudsman would be an effective complaints mechanism to oversee 'in-house' activities:

I think getting rid of brokers is a very good start, though. I think then it does become a matter of what is seen to be appropriate behaviour in-house as well, which I would agree is quite difficult to control. But there certainly are measures that one could put around it...the ombudsman would be a help there because then you would have a complaints mechanism, but it is always better not to have something to complain about. Then, as to the providers themselves, there should also be standards of behaviour and so on...But I certainly think that getting rid of the third-party brokers would be a good start.³⁶

4.41 Mr Scott Gregson, Executive General Manager of the Consumer Enforcement Division at the Australian Consumer and Competition Commission (ACCC), contended that moves to limit the use of agents and brokers was likely to reduce the number of complaints received about unprincipled behaviour:

We saw a system that had a focus on entitlement as opposed to looking at quality and ensuring that service was delivered. We saw a system that lent itself to third-party marketers underwritten by commissions and incentives... Having that [marketing] direct through companies rather than through third-party marketers, in our experience, will dramatically reduce the instances. Just to give an example: when we looked at energy door-to-door sales through third-party marketers, following our extensive actions in that industry many stepped away from third-party marketers, and we saw a dramatic reduction in complaints. Whether it has gone far enough, I have to say we have not terribly looked at the policy as it has come through. I have had a quick look at the announcements, and they seem to tick many of the boxes.³⁷

4.42 The CALC recommended the inclusion of a prohibition of commissions, bonuses or incentives that can be paid for the enrolment of students into courses with a VET Student Loan.³⁸

35 Mr Mel Koumides, Chair, Australian Council of Private Education and Training, *Committee Hansard*, 25 October 2016, p. 28.

36 Ms Jeannie Rea, National President, National Tertiary Education Union, *Committee Hansard*, 25 October 2016, pp. 41–42.

37 Mr Scott Gregson, Executive General Manager, Consumer Enforcement Division, Australian Consumer and Competition Commission, *Committee Hansard*, 25 October 2016, pp. 25–26.

38 Consumer Law Action Centre, *Submission 22*, p. 2.

4.43 Similarly, the VET Student Loans Bill strengthens provisions relating to the marketing of VET courses. This includes clauses relating to:

- misrepresenting VET student loans;
- offering certain inducements;
- engaging in cold calling;
- use of third party contact lists, and
- other marketing requirements.³⁹

4.44 Once again the CALC supported the new provisions, and recommended that the government further strengthen the provisions:

It is critical that this prohibition also covers situations where the company or person that receives the personal details is linked to or is the same as the person who contacts, markets or enrolls people into courses... [We recommend that the government] strengthen the prohibitions in sections 62 and 63 of the VET Student Loans Bill by also banning an approved course provider from marketing or promoting a course to a person whose details they have obtained for another purpose, for example, as part of an application for a job.⁴⁰

4.45 Churchill Education believed that the bill should 'prohibit any third party from enrolling students with a VET Student Loan provider, regardless of whether marketer or trainer'.⁴¹

4.46 However, other submitters were less convinced of the need to ban agents and brokers. For example, in her personal submission to the inquiry Ms Mary Ancich considered that approved course providers should be permitted to use agents and brokers so long as the course provider is 'totally responsible for recruitment practices and enrolments. No student should be able to be enrolled unless they have been personally vetted for suitability by the RTO'.⁴²

4.47 The Study Group was also unsupportive of the proposals to ban brokers and marketing agents, suggesting that their use should be allowed subject to strict guidelines and penalties for non-compliance:

Study Group recognises the unscrupulous practices of some which are well documented and agrees that they should be banned from the industry. It does not mean though that the use of brokers or agents should be banned in their entirety.

Students come to Study Group via a number of different channels and brokers and agents form a vital role in this facilitation. To ban them entirely

39 VET Student Loans Bill 2016, *Explanatory Memorandum*, pp. 48–49. See Division 5, clauses 60–64.

40 Consumer Law Action Centre, *Submission 22*, p. 3.

41 Churchill Education, *Submission 18*, p. 4.

42 Ms Mary Ancich, private citizen, *Submission 3*, p. 2.

is an overreaction. Study Group is willing to work with the Government to ensure the continuation of the use of brokers and marketing agents but with strict guidelines with appropriate penalties for non-compliance.⁴³

Committee view

4.48 The committee supports these aspects of the bills that provide greater regulation on the use of agents, brokers and marketers. Under the current scheme, vulnerable students have been taken advantage of, frequently to their significant financial detriment. The bills represent a clear opportunity to provide students with greater protection. The committee encourages the Minister for Education and Training to consider the measures proposed by organisations such as the CALC to the further strengthen students' protections and to discourage the circumvention of the new VET loan arrangements by a small number of unscrupulous providers.

Transition to the new scheme

4.49 Another issue related to the transition arrangements to the new scheme. As noted in chapter one, the Consequential and Transitional Bill provides for the following timeframes for the transition to the new scheme:

- continued access to existing VET FEE-HELP students through to the end of 2017 provided they were enrolled with existing VET FEE-HELP providers in a course before 1 January 2017, in receipt of VET FEE-HELP for that course and are actively training;
- continued access to existing VET FEE-HELP providers approved for VET FEE-HELP before 4 October 2016 for those continuing students; and
- the closing of VET FEE-HELP to new providers from 4 October 2016 and to new students from 1 January 2017.⁴⁴

4.50 The Australian Chamber of Commerce and Industry (ACCI) emphasised the critical importance of the three bills being passed as soon as possible to allow for implementation of the new scheme for 2017:

The impact VET FEE-HELP had on the reputation of VET, the distress caused to students that have been poorly served by a few 'dodgy' providers, and the budgetary impact of the VET FEE-HELP scheme are strong reasons why the Government needs to act immediately in securing the passage of the VET Student Loans legislation... [The bills] need to pass with minimal delay to ensure certainty for 2017. Parliament should commit to swift action to amend legislation as necessary and pass the Bills to ensure certainty for providers, industry, and students for 2017.⁴⁵

43 Study Group, *Submission 51*, pp. 10–11.

44 VET Student Loans (Consequential Amendments and Transitional Provisions) Bill 2016, *Explanatory Memorandum*, pp. 6–7.

45 Australian Chamber of Commerce and Industry, *Submission 25*, p. 3.

4.51 Master Builders Australia, Ai Group and BCA were also adamant that the Parliament should pass the bills as soon as possible.⁴⁶

4.52 Although the government has clearly articulated the timeframes for the transition to the new scheme, some participants were concerned that insufficient time had been allocated to VET providers to ensure a smooth transition. Others were concerned about the potential impact on current or recently enrolled VET students who would be affected by the changes.

4.53 In regard to the impact of the transition for providers, ACPET expressed concern over the short time for existing private VET providers to seek provisional approval to participate in the new scheme, or to plan future operations:

While Clause 27 will enable Table A and B providers [higher education providers as listed in the *Higher Education Support Act 2003*], TAFEs and other government owned providers automatic entry to VET Student Loan, existing VET FEE-HELP private providers will need to seek provisional approval to participate in VET Student Loan during the period 1 January to 30 June 2017. These providers will then, during the provisional approval period, be required to apply again for formal approval under new streamlined eligibility requirements... At the time of writing no provisional application process had been released – less than 3 months from the start of the new academic year for some providers. They are unable to market programs, plan resources or staffing. There is almost no time for private providers to plan and fund the necessary infrastructure required to support course delivery. This will cause considerable turmoil and ongoing uncertainty.⁴⁷

46 Master Builders of Australia, *Submission 42*, p. 2; Ai Group and Business Council of Australia, *Submission 43*, p. 2.

47 Australian College for Private Education and Training, *Submission 23*, pp. 8–9. Similar concerns were also raised by Navitas, *Submission 35*, pp. 4–5 and the Academy of Interactive Entertainment, *Submission 16*, p. 3.

Under the *Higher Education Support Act 2003*, subdivision 16-B, Table A providers include: Central Queensland University; Charles Darwin University; Charles Sturt University; Curtin University of Technology; Deakin University; Edith Cowan University; Federation University Australia; Griffith University; James Cook University; La Trobe University; Macquarie University; Monash University; Murdoch University; Queensland University of Technology; Royal Melbourne Institute of Technology; Southern Cross University; Swinburne University of Technology; The Australian National University; The Flinders University of South Australia; The University of Adelaide; The University of Melbourne; The University of Queensland; The University of Sydney; The University of Western Australia; University of Canberra; University of Newcastle; University of New England; University of New South Wales; University of South Australia; University of Southern Queensland; University of Tasmania; University of Technology, Sydney; University of the Sunshine Coast; University of Western Sydney; University of Wollongong; Victoria University; Australian Catholic University; and Batchelor Institute of Indigenous Tertiary Education.

Table B providers include: Bond University; The University of Notre Dame Australia; MCD University of Divinity and Torrens University Australia.

4.54 In order to address these concerns, ACPET recommended that the provisional and formal application process for existing providers be merged with the Department granting automatic approval for providers without significant adverse compliance actions that are meeting provisional contractual requirements.⁴⁸

4.55 The Sydney Film School argued that given the significant extent of the changes, the government should provide additional time for implementation once legislation has been passed so that providers have time to adjust to the new scheme. The School suggested that the government defer the start date of the legislation, once enacted, to 1 July 2017 or 1 January 2018.⁴⁹

4.56 Concerns were also raised about the impact of the transition on students, as outlined by the Academy of Interactive Entertainment:

There is little time for alternative funding arrangements to be made for students enrolling in courses starting in 2017. There are no details available for the banking industry to provide VET loan packages, to help fund the gap between what the government new VET Student Loan scheme will pay for, and what the cost of a particular course is. In addition, families and students who have applied for their chosen courses are now in a position where they have not been able to budget for funding the course fees on their own, as they were anticipating being able to access VET-FEE HELP.⁵⁰

4.57 As a direct example of the impact of the transition, Kairos Christian College explained the potential effect for two of its students:

We have students studying two year programs in the Diploma of Music and they will lose support as these courses are only till Dec 2017 and currently their courses end only July 2018. If the proposed bill is passed in parliament we have no backup to support these students...⁵¹

4.58 TAFE Directors emphasised the importance of managing the transition well to ensure that 'no bona fide student is disadvantaged'⁵²:

Students particularly at risk in the transition are those recently enrolled, including through State tertiary admission centres for the 2017 academic year, and those with study patterns that may reasonably take longer than one year to complete. TDA notes that the Australian Qualifications Framework specifies a duration of 18 months to two years for Diploma courses. There will also be students who, through no fault of their own, encounter an unexpected delay in their ability to complete their course. It is important that transition arrangements are sufficiently flexible to meet

48 ACPET, *Submission 23*, p. 9.

49 Sydney Film School, *Submission 15*, pp. 4–5.

50 Academy of Interactive Entertainment, *Submission 16*, p. 3. Similar concerns were raised by Navitas, *Submission 35*, p. 5; Churchill Education, *Submission 18*, p. 3; and Jillian Pryor, *Submission 41*, p. 5.

51 Kairos Christian College, *Submission 13*, p. 1.

52 TAFE Directors, *Submission 26*, p. 7.

student needs by extending VET FEE-HELP loan access beyond 31st December 2017 and not causing unnecessary distress.⁵³

4.59 ArtsPeak advocated for a delay in the implementation of the bills pending further consultation given the extent of the proposed changes:

These changes amount to a huge shift in vocational training and the future priorities of the Australian economy and therefore it is imperative that the community and the arts and creative sectors are consulted and given adequate time to respond.⁵⁴

4.60 The Ai Group and BCA suggested that current students should be allowed to complete their study even if their course is not on the new eligible course list:

Ai Group and the Business Council therefore propose that a minor amendment is made to the legislation that explicitly allows for students to continue in their course of study until they have completed, or the end of 2018, even if the course is not on the new approved course list. This clause would only apply to students currently enrolled under the VET FEE-HELP scheme.⁵⁵

4.61 Other inquiry participants also suggested that the government honour the loan contracts already entered into with students in the current VET FEE-HELP program for the full duration of the course, or that transition arrangements for students in the current loans program be extended to at least December 2018.⁵⁶

Remediation of debt

4.62 The Consumer Action Law Centre (CALC) argued that the transition to the new scheme represented an opportunity to assist Australians carrying debts that were accrued due to the 'unacceptable conduct' of a provider or broker. CALC suggested that a scheme to remediate debt 'would recover much needed funds for the Commonwealth and erase wrongly incurred VET FEE-HELP debts'.⁵⁷

4.63 The amount of debt unfairly incurred by students in the VET FEE-HELP scheme is vast. Dr James Hart, the Group Manager of the Skills Programs at the Department of Education and Training, advised that a newly formed unit within the department had been able to remediate student debts of \$13.2 million:

Since May of this year we have had a complaints handling unit. We have been able to get the remission of \$13.2 million in debt, so that is the student

53 TAFE Directors, *Submission 26*, p. 7.

54 ArtsPeak, *Submission 45*, p. 1.

55 Ai Group and Business Council of Australia, *Submission 43*, p. 6.

56 See for example Jillian Pryor, *Submission 41*, p. 5. Navitas, *Submission 35*, p. 5; and Churchill Education, *Submission 18*, p. 3.

57 Consumer Action Law Centre, *Submission 22*, pp. 3–4.

will not have the debt and the Commonwealth will get that paid back, and that equates to around 1,500 debts.⁵⁸

4.64 In addition, Dr Subho Banerjee, the Deputy Secretary for Skills and Training at the Department of Education and Training, advised that the Department is currently co-party to four actions with the ACCC to recover the Commonwealth's expenditure from providers. In addition, there are 28 other matters being audited.⁵⁹

4.65 The Hon Michael Lavarch, Commissioner for Risk, Intelligence and Regulatory Support at the Australian Skills Quality Authority said that as a result of their 2015 audit program, four providers had their registrations cancelled. These four providers had VET FEE-HELP loan entitlements from students amounting to about \$288 million.⁶⁰

4.66 Mr Lavarch also stated that there were a further ten matters that had an insufficient evidence base to support the cancellation of registration but that nonetheless warranted action:

In another 10 instances we decided that we did not have an evidence base which justified the imposition of sanctions in terms of a cancellation, suspension or some other sanction, but we were sufficiently concerned about what we found when we looked at these 10 providers to place some conditions on the providers and impose an enhanced monitoring regime. The conditions that we imposed went to the supply of data and information to us, which would be over and above the normal supply of data and information that an RTO supplies. In the case of those 10 providers, one of them has subsequently gone into liquidation, so there are still nine in play. We are doing follow-up work with those providers as part of our 2016 [audit] program.⁶¹

4.67 Mr Gerard Brody, the Chief Executive Officer of CALC said that the transition to the new scheme represented an important opportunity to tackle these 'legacy issues' of the VET FEE-HELP scheme by remediating unfairly accrued debt:

Given what we know about enrolment practices that were engaged in by significant players in the sector, including door-to-door sales in lower socioeconomic regions and cold-calling jobseekers, coupled with the disgracefully low completion rates, we surmise that tens of thousands of Australians, and maybe more, were enrolled in courses as a result of what the bill calls 'unacceptable conduct'. As widely accepted, these Australians

58 Dr James Hart, Group Manager, Skills Programs Department of Education and Training, *Committee Hansard*, 25 October 2016, p. 64.

59 Dr Subho Banerjee, Deputy Secretary, Department of Education and Training, *Committee Hansard*, 25 October 2016, p. 114; Dr James Hart, Group Manager, Skills Programs Department of Education and Training, *Committee Hansard*, 25 October 2016, p. 64.

60 Mr Michael Lavarch, Commissioner, Risk, Intelligence and Regulatory Support, Australian Skills Quality Authority, *Committee Hansard*, 25 October 2016, p. 51.

61 Mr Michael Lavarch, Commissioner, Risk, Intelligence and Regulatory Support, Australian Skills Quality Authority, *Committee Hansard*, 25 October 2016, p. 52.

are now carrying large debts, with nothing to show for it. Tackling the legacy issues must be of the highest priority for government. As policymakers, you cannot simply accept there is a problem and legislate to reform for the future and not be prepared to remedy those exploited by the problem you are seeking to fix.⁶²

4.68 To achieve debt remediation, CALC made a number of recommendations, as follows:

- the Department of Education and Training contact all students with incomplete courses to determine whether the enrolment was as a result of 'unacceptable conduct', with re-crediting of the student's FEE-HELP balance to immediately follow;
- amend section 25(2) of the VET Student Loans Bill 2016 to include a requirement for an approved course provider to appoint an independent third party to assess all previous VET FEE-HELP enrolments by that provider, and refund/re-credit any loan deemed to be a result of 'unacceptable conduct';
- That the meaning of 'unacceptable conduct' in section 71(2) in the bill, which is to be defined by the rules, include conduct that contravenes the Australian Consumer Law; and
- amend section 68 to remove the proposed time limitation of 12 months for the re-crediting of a FEE-HELP balance.⁶³

Committee view

4.69 Given the gross abuse of the current VET FEE-HELP system by a small number of unscrupulous providers, the committee is strongly of the view that the bills should be implemented as soon as possible.

4.70 However, in order to not disadvantage currently enrolled students, the government should consider honouring the loan contracts already entered into with students in the current VET FEE-HELP program for the full duration of the course, or that transition arrangements for students in the current loans program be extended until December 2018.

Reporting and transparency

4.71 In order to avoid the failures of the VET FEE-HELP scheme, it was argued that the new scheme should have an emphasis on reporting and transparency to ensure that any issues with the scheme are identified as earlier as possible to enable corrective action to be taken. As observed in Chapter 2, Ms Rea highlighted that slow access to data was one of the factors that contributed to the ongoing abuse of the VET FEE-HELP scheme:

62 Mr Gerard Brody, Chief Executive Officer, Consumer Action Law Centre, *Committee Hansard*, 25 October 2016, p. 6.

63 Consumer Action Law Centre, *Submission 22*, pp. 3–5.

So it was not until the actual data started to come out—which started to show the explosion in enrolments, and the rapidity of that started to show, the enrolments and of course the amount being taken out in loans—that it became clear there was something more than a few bad eggs, a few rorters, a little bit of gaming going on here and there.⁶⁴

4.72 Mr Lavarch similarly observed that under the VET FEE-HELP scheme, ASQA had limited access to data on the scheme which inhibited its ability to undertake investigations in the VET sector:

We had relatively little information about performance under the VET FEE-HELP program. We are not the administrator of the program. Our providers do not engage with us as approved VET FEE-HELP providers. Information such as enrolment numbers, growth in enrolment, percentage of loan increase and the like is not supplied to ASQA. I think the department will say in its evidence that the regime around that was not particularly adequate, as events have turned out. It seemed to have been adequate in the higher education space from which the scheme has been borrowed to be brought into the VET space but was not adequate in the VET space. For our 2016 [audit] program we have worked closely with the department to look at the data sets that they have had available to compare with the data sets that ASQA has available to select the providers to be examined.⁶⁵

4.73 Accordingly, the ACCI argued that it was of the 'utmost importance' that the new loans scheme promoted transparency:

There are many reasons for the failure of the VET FEE HELP scheme, but the faults in program design and oversight could have been identified earlier if the Minister and department were required to report on a regular basis concerning the utilisation of the scheme. It is of utmost importance that the replacement program has built in requirements for greater transparency including the regular reporting of real-time data to better monitor the progress of the new program.⁶⁶

4.74 Ms Jenny Lambert, ACCI's Director of Employment Education and Training, emphasised this during her appearance before the committee:

A really important message is that the legislation must require transparency... We would add to that list that was proposed a list of qualifications as well. As we have seen from the VET FEE-HELP situation and, indeed, the evidence the previous witnesses pointed to about the reforms that happened in Victoria, you cannot predict 100 per cent of what providers are going to do. So you try and get the system design as good as possible, and then you have got to monitor it. Part of the monitoring has to reveal it to others to make it more transparent so that others can see what is

64 Ms Jeannie Rea, National President, National Tertiary Education Union, *Committee Hansard*, 25 October 2016, p. 40.

65 Mr Michael Lavarch, Commissioner, Risk, Intelligence and Regulatory Support, Australian Skills Quality Authority, *Committee Hansard*, 25 October 2016, p. 52.

66 Australian Chamber of Commerce and Industry, *Submission 25*, p. 3.

going on. One of the downfalls with the VET system at the moment is that the data takes so long to get in the public domain through the system.⁶⁷

4.75 Mr Lavarch concurred that regular reporting and transparency must be embedded in the new system:

It will be very important that there is appropriate monitoring and visibility. One of the weaknesses is that it seems like people were scrambling six months or 12 months later to realise that a provider was sitting there with \$3,000 worth of loan and you blinked and they had \$30 million worth of loan: 'Oh, I've discovered that six months later.' That is, again, a recipe for unfortunate outcomes, which is what we received.⁶⁸

4.76 The VET Student Loans Bill specifies that there may be ongoing information requirements for the purposes of ensuring that approved course providers are complying with the Act, and that the Secretary of the Department of Education and Training has access to information and documents related to the operation of the Act.⁶⁹

4.77 These ongoing information requirements may require an approved course provider to provide the Secretary with a broad range of information relating to:

- the provider's financial position;
- courses of study provided by the provider and the delivery of those courses;
- the provider's students, including information and documents relating to enrolment, attendance, completion rates, education outcomes and existing and projected enrolment numbers;
- tuition fees charged by the provider;
- changes in the provider's management or governance arrangements; and
- information the provider has collected for the purposes of, or in relation to, applications by students for VET student loans.⁷⁰

4.78 Notably, in addition to these requirements for providers to submit information, the VET Student Loan Bill stipulates that the Secretary of the Education and Training Department can cause an audit of an approved course provider to be conducted to determine whether the provider is complying with the Act, and/or one or more students enrolled by the provider are genuine.⁷¹ Mr Lavarch explained that as a consequence of this provision it will be far easier for ASQA to monitor the activities of approved course providers:

67 Ms Jenny Lambert, Director, Employment Education and Training, Australian Chamber of Commerce and Industry, *Committee Hansard*, 25 October 2016, p. 44.

68 Mr Michael Lavarch, Commissioner, Risk, Intelligence and Regulatory Support, Australian Skills Quality Authority, *Committee Hansard*, 25 October 2016, p. 56.

69 VET Student Loans Bill 2016, cl. 52.

70 VET Student Loans Bill 2016, cl. 52(2).

71 VET Student Loans Bill 2016, cl. 45.

In essence, we will stand in the shoes of the department as their agent to undertake the audit, but the other important change, which is in the consequential amendments bill, is that it makes a condition of registration for an RTO to be compliant with both the run-out of the VET FEE-HELP program and the VET student loan program going forward. That will enable ASQA when we do our audits, whether we are in there wearing the hat of the department and doing a departmental audit pursuant to the VET student loan legislation or visiting the provider wearing our own hat under our own legislation—this change to our legislation will enable us to look at compliance against the new VET student loan and the run-out of the VET FEE-HELP program.⁷²

4.79 Mr Lavarch stated: 'We think that is a good outcome, and it is something which ASQA advocated for in its consultations with the department when the legislation was being developed'.⁷³

Committee view

4.80 The committee believes that better reporting arrangements and greater transparency, especially in relation to data, will be central to restoring faith in the VET sector. Better and timely access to data will greatly minimise the risk of a reoccurrence of the widespread reporting and abuse that occurred under the previous scheme.

4.81 The committee encourages the Minister for Education and Training to provide annual updates to the Parliament on the VET student loans arrangements including information on individual providers and the courses they provide.

4.82 The enhanced ability of ASQA to investigate matters in the VET sector provides further protection for students and course providers that any misbehaviour in the sector will be quickly identified and rectified.

4.83 An additional protection for the sector will be the establishment of a VET student loans ombudsman. This measure is discussed in the final section of this chapter.

VET Ombudsman

4.84 In her second reading speech, the Assistant Minister for Vocational Education and Skills advised that in order to further strengthen student protections the government intends to establish a VET student loans ombudsman.⁷⁴ No further detail on this proposal has yet been forthcoming.

72 Mr Michael Lavarch, Commissioner, Risk, Intelligence and Regulatory Support, Australian Skills Quality Authority, *Committee Hansard*, 25 October 2016, pp. 52–53.

73 Mr Michael Lavarch, Commissioner, Risk, Intelligence and Regulatory Support, Australian Skills Quality Authority, *Committee Hansard*, 25 October 2016, p. 50.

74 The Hon. Karen Andrews MP, Assistant Minister for Vocational Education and Skills, Second reading speech, *House of Representatives Hansard*, 13 October 2016, p. 12.

4.85 Mr Lavarch observed that Australia currently has a patchy framework to resolving student issues:

Australia seems to have a relatively fragmented structure in terms of the position of access to ombudsman support to resolve student matters. There is the international student ombudsman, which covers students who are here on a student visa. That is a Commonwealth body. If I happen to be studying with a public institution, I will have a pathway that takes me to one of the state or territory ombudsmen. If I happen to be in some states—for instance, Queensland or South Australia—positions called training advocates exist in those states, which play some role. If I am in another jurisdiction, there may not be that particular structure.⁷⁵

4.86 The establishment of a VET student loans ombudsman was a widely supported action. For example, Mr Gregson of the ACCC was of the view that the establishment of a single point of complaint, be it an ombudsman or a similar office, would be a positive development to mitigate risk:

There is no doubt that, where issues arise across industries, to have one common area for complaints to be compiled, trends to be identified and either regulatory action taken or referred assists with dealing with issues sooner than later. Whether that is achieved through current infrastructure, whether it is achieved through an ombudsman or other lobbyists in the area, they are all mechanisms in which you could actually have the compilation of, and the greater oversight of, particular industries at risk.⁷⁶

4.87 The CALC described the establishment of an ombudsman scheme as 'a significant step to resolve disputes involving the VET sector and students as they arise'.⁷⁷

4.88 The CALC further outlined support for the establishment of an ombudsman:

An ombudsman will assist the sector to rebuild its reputation and the trust and confidence of students, parents and employers. The fact that the Government is acting quickly to establish this service is welcomed, as accessible and free dispute resolution is complimentary to a rigorous consumer protection environment.⁷⁸

4.89 Mr Brody of CALC, advocated for the establishment of an industry ombudsman scheme for the VET sector.⁷⁹ He explained why the Centre supported an industry based scheme, which rather than any alternative approach:

75 Mr Michael Lavarch, Commissioner, Risk, Intelligence and Regulatory Support, Australian Skills Quality Authority, *Committee Hansard*, 25 October 2016, p. 53.

76 Mr Scott Gregson, Executive General Manager, Consumer Enforcement Division, Australian Consumer and Competition Commission, *Committee Hansard*, 25 October 2016, p. 25.

77 Consumer Action Law Centre, *Submission 22*, p. 6.

78 Consumer Action Law Centre, *Submission 22*, p. 6.

79 Mr Gerard Brody, Chief Executive Officer, Consumer Action Law Centre, *Committee Hansard*, 25 October 2016, p. 9.

Firstly, industry ombudsman schemes are independent in the sense that the person appointed is not subject to the direction of industry. They are funded by industry, so therefore it provides, I think, a general incentive for industry to prevent complaints from occurring because they do not want to be subject to the costs of those complaints. We also think that industry ombudsman schemes tend to be more flexible. They can adapt their rules more easily without having to come back to the legislature every time and therefore respond to changes in the marketplace. Industry ombudsman schemes also have a role in systemic mispractice: where they identify one complaint that may have happened to many other people, they can take steps to ensure that redress is provided to all and can also provide that information to regulators who can then take enforcement action if they deem that is necessary.⁸⁰

4.90 Mr Brody continued to outline the six key principles contained in the Australian Treasury's 'Benchmarks for Industry-based Customer Dispute Resolution' necessary for a successful industry ombudsman scheme:

The federal Treasury released, in 2015, principles for industry ombudsman schemes, and that means they are subject to six benchmarks. Independence is core amongst those, but they also include accessibility, to ensure that it costs nothing to take a complaint there; that they are proactive around more vulnerable members of the community; they include accountability, to ensure that they report back to the public on issues and complaints that they have seen; and they include effectiveness, to ensure that the scheme covers the field in terms of the complaints that are generally going to apply in that sector. And our view is that, in the main, those schemes have worked well. In fact, we would say that industry ombudsman schemes have probably been the single biggest step forward in consumer protection in Australia in the last 20 years.⁸¹

4.91 TAFE Directors considered that the ombudsman should play a consumer awareness role in addition to a complaints handling role:

It is important that the role of this officer [the VET Ombudsman] be more than managing complaints. Rather the role should provide consumer awareness of the decisions of regulators, including from non-referring States, and consumer protection which to date has required the intervention of Commonwealth, State and community based consumer protection bodies.⁸²

4.92 ACPET welcomed the announcement of a VET student loans ombudsman, describing it as a positive development:

80 Mr Gerard Brody, Chief Executive Officer, Consumer Action Law Centre, *Committee Hansard*, 25 October 2016, pp. 9–10.

81 Mr Gerard Brody, Chief Executive Officer, Consumer Action Law Centre, *Committee Hansard*, 25 October 2016, p. 10; Consumer Action Law Centre, *Submission 22*, p. 6.

82 TAFE Directors, *Submission 26*, p. 6.

We have long advocated for an independent umpire for the sector to give students a better avenue to have their complaints resolved. An ombudsman also offers the vast majority of providers the protection of knowing that those who do the wrong thing will be weeded out.⁸³

4.93 The Academy of Interactive Entertainment was similarly supportive of the establishment of a VET ombudsman: 'One essential process is the appointment of a VET Ombudsman to protect and advocate for students who access these loans and the associated public awareness campaigns that are associated with this'.⁸⁴

4.94 However, the Academy expressed concern about the time necessary to establish the office and the lack of detail currently available on its powers and responsibilities:

The amount of administrative work required to effectively establish this important office is simply not possible prior to 1 January 2017, and without this in place, the entire system should be delayed.

Additionally, there is no legislative detail on the exact responsibilities of, and relationship between, ASQA, the Secretary and the Ombudsman or where the additional resources to manage and monitor the introduction of a new system will come from.⁸⁵

4.95 Dr Terri MacDonald, the NTEU's National Policy and Research Officer argued that the office should also be tasked with examining the higher education sector as well:

We are certainly supportive of an ombudsman... It is very important, though, that it has independence and that it has the ability to investigate not only VET but also higher education. That would make it quite big, so, of course, how you would manage that would have to be nussed out...⁸⁶

4.96 Mr Brody concurred that the remit of the ombudsman include all VET-related complaints, not just those relating to the VET Student Loans scheme.⁸⁷

Committee view

4.97 The committee strongly supports the establishment of a VET Ombudsman as an essential mechanism for the resolution of disputes in the VET sector.

4.98 The committee believes that the Government should be guided by the principles of ensuring that the Ombudsman is accessible to all VET students, and accountable through regular public reporting on the outcomes of complaints. The

83 Australian College for Private Education and Training, 'ACPET welcomes Ombudsman', *Media release*, 13 October 2016.

84 Academy of Interactive Entertainment, *Submission 16*, p. 4.

85 Academy of Interactive Entertainment, *Submission 16*, p. 4.

86 Dr Terri MacDonald, National Policy and Research Officer, National Tertiary Education Union, *Committee Hansard*, 25 October 2016, p. 42.

87 Mr Gerard Brody, Chief Executive Officer, Consumer Action Law Centre, *Committee Hansard*, 25 October 2016, pp. 12–13; Consumer Action Law Centre, *Submission 22*, p. 6.

committee further believes that the Treasury's benchmarks should be used as a central tenet to establishing the Ombudsman's operations and functions.

4.99 Once established, the committee encourages the government and private providers to actively promote the Ombudsman to ensure that VET students are fully informed about their rights.

Recommendation 1

4.100 The committee recommends that the Government establish a VET Ombudsman and work with key stakeholders to ensure that the Ombudsman operates in a way that is fit for purpose.

Concluding committee view

4.101 It is widely agreed that the current VET FEE-HELP system has been exploited by a small number of unscrupulous providers and, as a consequence, a large number of students have been taken advantage of. In particular Indigenous Australians, older Australians and Australians with disability were signed up for significant loans for courses they did not need or could not complete.

4.102 These unfortunate actions from the minority have damaged the reputations of the many high quality VET providers that operate in Australia. These providers equip their students with the necessary skills and knowledge to make a positive contribution to the Australian economy.

4.103 It is critically important that this damage to the reputation of the VET sector be repaired to ensure the sector's integrity and longevity, and importantly, to provide a highly skilled and capable workforce to drive Australia's economic growth.

4.104 These bills represent a significant improvement. In order to affect this positive change as soon as possible, and to provide certainty for students and the VET sector, the committee recommends that the Senate pass the bills.

Recommendation 2

4.105 The committee recommends that the Minister for Education and Training incorporate the views outlined in this report and that the Senate pass the bills.

Senator Bridget McKenzie

Chair

