

## VET Student Loans Statement from Community Colleges Australia

### Background

In the current Commonwealth-State negotiations regarding the new National Skills Agreement, the Productivity Commission (PC) argues that increasing access to VSL could:

- improve student choice through parity between higher education and VET
- reduce upfront costs faced by many VET students

The PC has encouraged governments to think about expanding course list, e.g. to Certificate III and IV courses.

As a result of the NSW Government's Review on the NSW vocational education and training sector, conducted by Professor Peter Shergold AC and Mr David Gonski AC, the NSW Government committed to: "Continue to work with the Commonwealth Government and advocate for an income-contingent loan scheme for Certificate III and IV to be introduced via the new National Skills Agreement, due later in 2021. It is an important step towards parity between the University and VET sectors to increase student access and remove a financial barrier to people studying VET qualifications."<sup>1</sup>

### The CCA Perspective on VET Student Loans

In December 2020, CCA asked all of its members for feedback on the possible expansion of VSL. As the section below details, only 25 not-for-profit providers utilise VSL nationally, of which only 4 can be classified as "community-based" providers. Of those four, three are CCA members, two of them in NSW. We note that there is generally very little interest from adult and community education (ACE) providers in VSL, and this is unlikely to change in the medium future.

Following discussion by the CCA Board of Directors at its meeting on 8 December 2020, **CCA expresses its serious reservations about the expansion of VSL to Certificate III level.** These reservations are based in part on:

- The history of how a significant number of private-for-profit VET FEE-HELP providers systematically rorted the previous scheme, which has been called "the most disastrous education rort in Australia's history," by *The Sydney Morning Herald*.<sup>2</sup>
- A strong possibility of how debt could be added to many disadvantaged households and individuals, who could be misled into believing that the training is essentially free – consistent with how VET FEE-HELP was marketed by for-profit providers to many disadvantaged, including Indigenous people – and thus confusing possible students who could be eligible for substantial fee relief from programs such as the NSW Smart & Skilled and ACE Program. CCA also has concerns that many students may not have the skills (because of limited English or other issues) to understand fully the implications of the loan agreements they sign up for.

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<sup>1</sup> See <https://education.nsw.gov.au/about-us/strategies-and-reports/our-reports-and-reviews/review-on-the-nsw-vocational-education-and-training-sector>.

<sup>2</sup> Farrah Tomazin, "Morrison government wipes \$500 million in dodgy debt from students," *The Sydney Morning Herald*, December 1, 2019, available at <https://www.smh.com.au/education/morrison-government-wipes-500-million-in-dodgy-debt-from-students-20191130-p53fnk.html>.

- The importance of aligning training with actual job opportunities, many of which will be limited during the long economic recovery with high unemployment rates.
- Many CCA members report no difficulty at setting up “payment plans” for their students to pay for training that is not subsidised, with very few students defaulting.
- The strong possibility that the price for qualifications will increase: it is well-known that there is no effective “supply and demand market” for most training qualifications – the availability of loans through VET FEE-HELP actually increased the price of training (with no concurrent increase in quality), simply because private providers could do so, as students had no accurate basis for cost comparison – or indications of quality delivery.<sup>3</sup>

In providing these observations, CCA notes:

- There is a diversity of opinion amongst CCA members on this matter;
- A much deeper analysis as to the unintended consequences of extension to Certificate III needs to be done, as we believe that such an analysis will provide concrete evidence of many of the potential difficulties we outline; and
- The Commonwealth DESE has not yet commenced any consultations on VSL expansion; if and when it does, CCA will undertake a formal submission to the Commonwealth.

In terms of Certificate IV, the CCA Board at this time believes that there is a possibility that certain qualifications could be funded through VSL, but this too should be subject to a substantial analysis of the unintended consequences of such funding, both on learners and providers, especially not-for-profit community providers. CCA looks forward to further discussions on this. In general, we do not foresee that an expansion of VSL to Certificate III and IV will assist the NSW not-for-profit ACE sector as a whole, other than possibly a few providers, and would anticipate a negative impact on our sector’s ability to undertake its work. We detect very little demand or interest in VSL among community education providers.

## VET Student Loans Provider Breakdown

According to the DESE website, the most recent list *currently 173 VET Student Loans providers*.<sup>4</sup> CCA has done an analysis of the providers by type:

|                         |     |
|-------------------------|-----|
| Private for-profit RTOs | 110 |
| TAFEs                   | 23  |
| Universities            | 13  |
| Other government depts  | 2   |

### Not-for-profit providers (25), of which:

|                           |  |
|---------------------------|--|
| Religious                 | 6  |
| NFP specific              | 11 (drama, dance, air pilot, medical, counselling) |
| Unions/peak organisations | 2  |
| Indigenous                | 2  |
| Community                 | 4  |

<sup>3</sup> See the Australian National Audio Office report, *Administration of the VET FEE-HELP Scheme*, 20 December 2016, available at <https://www.anao.gov.au/work/performance-audit/administration-vet-fee-help-scheme>.

<sup>4</sup> See <https://kcc.nsw.edu.au/page/vet-student-loans>; <https://atwea.edu.au/terms-and-policies/>; <https://www.vicsegnewfutures.org.au/new-futures-training/vsl>; and <https://www.sheppartonace.com.au/vet-student-loans.html>.

Of the four community providers, two are located in NSW – both CCA members: Kiama Community College, and Atwea College (still listed under its previous name, WEA Hunter); and two are located in Victoria: (CCA member) VICSEG New Futures Training (Melbourne) and Shepparton Adult and Community Education (ACE).

**Prepared by:**

Community Colleges Australia  
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