The VET Fee-HELP scandal—how afraid should we be?

Erica Smith, Federation University Australia
AVETRA conference 2016
The views of an accidental expert

• Early involvement with the original scheme, via the credit pathway angle (with Ros Brennan Kemmis);
• ‘Visited’ the topic shortly after the Victorian ‘amendment’;
• Involved in the rescue of the scheme in 2015 via the VET Fee-HELP reform working group;
• ... plus long-term research interest in the private VET market since an early national project on CBT (paper from this project below)

What is it and what is the problem?

• HECS student-loan system as a whole and its evolution;
• Expansion to VET Diplomas and Advanced Diplomas;
• Original VET version required pre-arranged credit pathway agreement to university;
• This was lifted nationally after Victoria had so helpfully paved the way;
• Entry of ‘rogue’ providers into the market.
Early days

- VET Fee-HELP had twin policy goals – higher diploma numbers and more credit transfer to higher ed.
- ACPET involved in development of the policy.
- Development and running of workshops around Australia (Ros Brennan Kemmis and myself) on credit transfer.
- Workshops underpinned by research: Analysis of ACPET’s own survey; our interviews with RTOs; our interviews with RTOs and with universities about credit transfer.
- Involvement in meetings with Department. Some potential dysfunctional outcomes discussed.
- Feedback from workshops
A brief visit to the scheme four years on (2011)

- 94 providers were registered, for 1459 courses;
- Victorian Amendment to the HESA Act 2009, steep jump in 2010 attributed to Victoria;
- ACPET conference session: credit transfer still contested; Department wanted to retain;
- Grosvenor Management Consulting report said it was inequitable for the Victorian ‘relaxation’ not to apply nationally;
- The provision was removed nationally in 2012.
- Journal article written chronicling the scheme (reference at end).
2014-2015: The perfect scam!

• People signed up via brokers (example of approach to TAFE CEOs) and got free I-Pads;
• Government sent millions upon millions of dollars to providers (TAFE and private) to pay the student contributions;
• Students acquired a tax debt – some cared but some didn’t.

Cause

• Removal of the credit transfer brake;
• Took a year for media to realise this (e.g. The Australian).
Return to the field: VET FEE-HELP reform working group

• Set up by Minister Birmingham;
• All the major representatives from VET sector and consumer and legal bodies;
• Met regularly March-August 2015;
• Implementing pre-determined agenda to extraordinarily tight timelines;
• Some major issues: census dates; application form and decoupling it from enrolment; LLN;
• Some surprising issues.
Current situation

• Co-ordinated actions by Department and ASQA against some providers; NCVER report on VET FEE HELP activity (which ‘revealed’ the link to credit transfer, according to the media!);

• Providers have been closed down and some have voluntarily ceased operations (useful work by Don Zoellner and others in exposing these providers);

• New regulations and guidelines in place;

• Some providers see the new regulations as just too hard.
What are the outcomes?

• Waste of tax-payers’ money – it is real money;
• Exploitation of vulnerable people;
• Tarnished the VET system;
• Huge waste of time for the Minister, the Department, the consumer bodies, the working group, ‘good’ RTOs that have to conform to necessarily stringent requirements;
• Clouded perceptions of private providers;
• Opportunity cost.
What should we be afraid of?

• VET Fee-HELP! Do not extend to Cert IVs!
• Extending HECS-HELP to private HEPs!
• Not noticing when a policy changes tack. (Zoellner-‘conversion’).
• Providing government money without caps or proper scrutiny.
• Allowing criminals to hi-jack our system.
• Assigning a new, debased, meaning to the word ‘quality’.
• Taking sides (e.g. TAFE versus privates) when the whole VET system is at risk.
The future

• What role have researchers played?
• Should we have played a role?
• How can the forces mobilised to deal with the problem be mobilised for positive ends?


e.smith@federation.edu.au