

VET Student Loans Bill 2016: Higher education implications

The decision to separate the VET loans away from higher education loans reduces the habitual confusion of VET specific issues into higher education debates. For instance, a significant aspect to the Parliamentary Budget Office's exaggerated assessment of the long term cost of the Higher Education Loans Program was the impact of the rapid escalation in VET FEE-HELP (see [Three-problems: IRU comment on PBO](#)).

The *VET Student Loans Bill 2016* and the associated support bills set up a new loan scheme, with rules to contain bad practice among some providers under VET FEE-HELP. In particular, there are prohibitions about using the loan to induce people into a course and arrangements to recover from providers a loan contrary to the intentions of the scheme.

For Innovative Research Universities (IRU), the interest in the Bills lies in the potential incentives for education providers that operate in both vocational and higher education and the potential for any of the rules introduced for vocational education to be carried over into higher education.

Provider incentives

The action to contain the operation of low quality providers seeking to use the current VET FEE-HELP arrangements to maximize profits while providing little or no training to enrolled students also has implications for the legitimate providers.

The cap on loan amounts and potentially on fees may encourage providers to consider whether a similar course adapted to secure accreditation as higher education qualification such as a diploma or advanced diploma would be a better option in the future. The advantage would be that the provider could set a charge at the level they deem suitable for the course. If accredited through the Tertiary Education Quality and Standards Agency (TEQSA) and then approved for access to FEE-HELP there may be some shifting of loans from one scheme to another.

Higher Education accreditation is a more complex and time consuming process than in VET hence we are not arguing there would be a major new avenue for exploitation. However, the potential for the shift does need to be recognized.

Constraints on marketing

It is essential to prevent the abuses where some VET providers used VET FEE-HELP as a means to get individuals to sign up for courses they would not complete. It is also important that in doing so legitimate encouragement of Australians to consider their education and training needs not be suppressed and that competitive marketing of the advantages of a provider not be prevented.

Universities seek to attract potential students to enroll. It is a natural part of ensuring that every Australian considers their education needs to gain suitable education and training following school. In doing so, universities provide information to potential students, promote the potential for university education in schools and other arenas and use third parties in doing so.

The provisions of the *VET Student Loans Bill 2016* are carefully drafted to focus on preventing providers attract enrolments through use of the potential for a loan. Assuming they come into effect, their impact on legitimate VET providers should be monitored and the implications for all good providers in either sector considered. Our initial assessment is they appear targeted to the purpose with minimal impact on good marketing practice.

20 October 2016