



## NEW STUDENT LOANS SCHEME WILL NOT FIX THE PROBLEMS IN VOCATIONAL EDUCATION

In December 2016 the disastrous VET FEE-HELP scheme was replaced with a “new” scheme – VET Student Loans.

Minister for Education Simon Birmingham admitted that VET FEE-HELP had failed and allowed dodgy private for-profit providers to flourish at the expense of students.

Minister Birmingham claimed the new scheme would “secure the future and reputation of Australia’s high quality vocational education and training system.”

### VET STUDENT LOANS

The new loan scheme includes some key differences to VET FEE-HELP. VET Student Loans:

- Limits loans to courses included on an approved course list
- Introduces loan caps of \$5000, \$10,000 and \$15,000
- Requires existing VET FEE-HELP providers to apply and be approved to offer VET Student Loans

The VET Student Loans scheme will not fix the problems in vocational education, and will not stop the rorts.

### WHAT’S WRONG WITH THE VET STUDENT LOAN SCHEME?

- These band-aid solutions do nothing to address chronic underfunding in the system.

- It entrenches a User Pays system in vocational education, with students bearing the full cost of their education. Students in Higher Education have the costs of their programs subsidized by government – as all students should.
- The loan caps will not **stop** profiteering in the sector by private for profit providers, merely minimize the amount of profits that can be made.
- There are still no minimum hours requirement for courses
- Linking courses which are eligible for loans to areas of industry need or skills shortage is a largely discredited process. The “science” behind it is imprecise.
- The Federal Education Minister has the discretion to approve private providers who would otherwise have failed to qualify for the scheme. This is particularly worrisome given the large donations made to political parties by private for profit providers.
- There is no restriction by governments on the fees a private provider can charge students which means that already students are being charged more than they can borrow and then are being forced to pay the additional charges “upfront”.

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