



Business  
Council of  
Australia



SUBMISSION

# VET Student Loans Bill 2016

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## Contents

<b>SUBMISSION OVERVIEW</b>	<b>2</b>
Key recommendations	3
<b>FOUR KEY ISSUES FOR THE COMMITTEE'S REVIEW</b>	<b>6</b>
Issue 1: The impact on students	6
Issue 2: The impact on the VET market, including the state and territory markets	7
Issue 3: The approach to regulation, including the role of the Australian Skills Quality Authority	12
Issue 4: The inconsistent approaches between VET and higher education	14

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## SUBMISSION OVERVIEW

The Australian Industry Group (Ai Group) and the Business Council of Australia (the Business Council) welcomes the opportunity to provide advice to the Education and Employment Legislation Committee (the Committee) on the package of Bills for the VET Student Loans scheme (the scheme).

### **VET is vital to Australia's economy and it needs a new sustainable loan program**

The vocational education and training (VET) sector is a key driver of Australia's success and competitiveness. It has primary responsibility for providing a pipeline of skilled workers for Australian businesses and retraining existing workers. It is instrumental in ensuring Australia's workforce can respond to the challenges of digitisation, globalisation and demographic change.

The introduction of VET FEE-HELP (VFH) was intended to encourage students into this vital sector, and provide additional funding to ensure businesses had the workers they needed to be competitive.

### **Legislation should be passed to allow a new scheme to be implemented in 2017**

While VFH had good intent, the design and implementation of the program was poor. As a result, the reputation of the sector has been damaged, government funding has been misused, and students have been taken advantage of.

The problem the government had to confront in their new design was to ensure students could access training, that training meets the need of industry, and that government expenditure is targeted so that budget exposure is effectively managed.

Ai Group and the Business Council congratulate the government on the development of a new VET Student Loans scheme to replace VFH that tackles these issues. We urge the Senate to pass legislation to ensure the VFH scheme is closed at the end of 2016, and the VET Student Loans scheme can be implemented from 2017.

### **The design of the new scheme may lead to some unintended consequences**

As with all new policy initiatives it is important that the design of the new scheme avoids unintended consequences. While Ai Group and the Business Council support the government's new scheme and believe legislation needs to be passed this year, the Committee should be aware that the design of the scheme and the legislation could lead to some unintended consequences.

Ai Group and the Business Council are particularly concerned with four key issues:

1. The impact on students.
2. The impact on the VET market, including the state and territory markets.

3. The approach to regulation, including the role of the Australian Skills Quality Authority.
4. The inconsistent approaches between VET and higher education (HE).

### **These issues should not be a reason to delay the passage of legislation**

These issues should not be used as an excuse to delay the passage of the legislation. However, Ai Group and the Business Council believe it is important that these issues are resolved as a matter of priority.

They can be resolved through:

- minor amendments
- subordinate instruments, such as the rules (as per section 116) and the course and loan caps determination
- and through the implementation approach adopted by the government.

It will be important the government considers minor amendments, and gives an undertaking to consider the issues through the alternative routes to provide the Senate confidence that the issues will be resolved.

### **Key recommendations**

1. The Committee recommends that the package of Bills for VET Student Loans is passed this year to enable the closure of VFH this year and the introduction of the new scheme in 2017.
2. Minor amendments should be made to the Bill including:
  - 2.1 Explicitly allowing for students to continue in their course of study until they have completed, or until the end of 2018, even if the course is not on the new approved course list. (Note: this clause would only apply to students currently enrolled under the VFH scheme.)

*Rationale: It is important this reform package does not disadvantage students who enrolled under the original VFH scheme. Under the proposed legislation, if a student has not completed their studies by the end of 2017, they will not be able to complete their studies without finding a source of private income if the course is not on the approved list.*

2.2 Establishing and managing the course list with the following parameters:

- The list should operate on an exclusionary basis, rather than an inclusionary one, noting loans are only available for Diploma level and above qualifications.
- Businesses and industry have an opportunity to appeal any course excluded from the loan scheme.

- Where a state is offering a subsidy, the student will be eligible for a loan, subject to other eligibility requirements.
- If enrolments become excessive in low-employing industries, the government can cap enrolments in those courses.

*Rationale: It is important that the courses being funded by the government reflect the needs of industry. Vocational training is not limited to the trades and areas of skills shortage.*

*It services every industry in the country, and every industry in the country needs a pipeline of skilled workers. The courses the government have proposed to approve for loans is a very narrow list. Given that VET is deeply vocational and industry-led, the Training Package qualifications and accredited courses that do not result in an employment outcome should be quite limited.*

*Consequently the government should nominate the courses they will not provide loans to, rather than the courses they will provide loans. This allows the government to rationalise the course list, while still providing breadth in the courses eligible for a loan.*

- 2.3 Requiring the government to consult on eligibility criteria and other components of the rules, and publish the benchmark providers will be assessed against.

*Rationale: The government has expanded regulatory powers, which are necessary in the market, but it is important they are used proportionately and transparently.*

- 2.4 Retaining ASQA's role as the regulator of the VET sector, but removing the authority in the legislation that expands its remit and allows for ASQA to conduct financial audits for the loans program.

*Rationale: ASQA's role is to regulate providers and quality standards. Financial audits for loan programs should be the role of the funder, not the regulator.*

- 2.5 Requiring the government to publish market information, and real-time data on government expenditure to allow public assessment of the loans program.

*Rationale: the legislation has extensive provisions for information sharing, and it is important the Department has the authority to share information. However, it is also important market information is made publicly available, and government expenditure on the loans program can be assessed.*

3. If the government does not move to an exclusionary rather than inclusionary list, the government should at a minimum have courses on the inclusionary list that are offered in a single state.

*Rationale: if the government does not adopt an exclusionary list, it still needs to ensure loans are available for courses being funded in only one state. The currently inclusionary list requires the courses to be funded in at least two states.*

*If a state is willing to subsidise a course, then the Commonwealth should be willing to offer a loan.*

4. The government gives an undertaking to consult in developing its approach to regulatory implementation to ensure best practice regulation occurs.

*Rationale: given the extensive powers in the legislation, there is a risk that there will be regulatory overreach. It is important the government implements this scheme consistent with principles of best practice regulation.*

## FOUR KEY ISSUES FOR THE COMMITTEE'S REVIEW

### Issue 1: The impact on students

#### Current students

Under the package of Bills, students who were enrolled under the VFH scheme are expected to complete their studies by the end of 2017. This is discussed in the Minister's Second Reading Speech:

The bill sets out that a student is not entitled to VET FEE-HELP assistance on or after 1 January 2018 and it is expected that after this time, students who have yet to complete their course will need to transfer to the new VET student loan scheme to complete it, or to another provider if their current provider is not approved to offer VET student loans.

Ai Group and the Business Council support the intent of winding up the VFH program as quickly as possible.

However, this proposed approach would negatively impact students who have not completed their studies by the end of 2017. While there may not be many students in this category, they are likely to be part-time students, many of who would likely be women.

While there is the option for students to transfer to the new VET student loan scheme, some courses will not be part of the new scheme. If the course is no longer available, the student would be left with an unfinished qualification and would need to find a private source of funding to complete their studies.

The government made it clear in the second reading speech that the purpose of a loan scheme is to ensure students do not face financial barriers in the pursuit of education:

The government supports income contingent loans. Without them, thousands of students who could not afford to pay up-front fees to do a tertiary qualification would miss out. And Australian businesses and the Australian economy would also miss out on the skills that those graduates would bring.

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 VFH scheme.

#### Recommendation 2.1

Amend the relevant Bill to explicitly allow 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. (Note: this clause would only apply to students currently enrolled under the VFH scheme.)

## **Future students**

From a future student's perspective the most important component of the loan scheme is access to the loan.

The government has maintained the loan scheme as a demand-driven system, meaning all students will have the opportunity to undertake study. Ai Group and the Business Council strongly support the government in doing this.

However, the impact on the VET market discussed below will limit student choice by making some courses unaffordable for the vast majority of students, and reducing the number of providers. These issues are discussed in the section below on impact on the VET market.

## **Issue 2: The impact on the VET market, including the state and territory markets**

In maintaining a demand-driven system, the government must use alternate levers to ensure their expenditure is targeted and budget exposure is managed. The newly designed scheme endeavours to do this through three key levers:

1. Increasing the entry requirements on providers and stronger powers to intervene if providers are not complying with conditions of the loan scheme.
2. Capping the loan amount.
3. Limiting the courses that students may undertake through the loans scheme.

These levers, both individually and in combination, will have a significant impact on the VET market.

### **Rogue providers will be driven from the market**

One of the key requirements of the reforms is to clean up the VET market, primarily by driving out rogue providers.

The first lever is the most important in doing this. In the implementation of VFH, it was primarily poor behaviour by a small group of providers that resulted in wastage of government funding. Use of this lever should result in rogue providers and poorer quality providers leaving the VET market.

While this will reduce the provider options available to students, it is to their advantage to have these providers removed from the market. Additionally, it will ensure government expenditure is targeted and budget exposure is managed.

### **Prices will be deflated and price gouging should cease**

The second lever, capping of the loan amount, will mean that providers will not be able to charge excessive prices, unless students have a source of private income and are willing to pay the difference between a loan cap and the provider's fee.

Given the extraordinary growth in the average cost of a loan per enrolment (60.6 per cent between 2011 and 2014, and greater growth in specific industries such as Information Technology with a 219.1 per cent increase over the same period), the government has a legitimate concern about the current pricing.

The loan cap will act as a mechanism to deflate the market, without forcing a regulated pricing regime on the VET sector. A regulated pricing regime should only be implemented if there is no viable alternative, so a loan cap is a sensible compromise.

### **The loan caps will drive some private providers from the market**

However, it is important to recognise that VET has two markets in which VFH operates: the government-subsidised market, and the full-fee market. The government-subsidised market is unique to each state and territory, and reflects the funding arrangements and priorities of those jurisdictions.

In the government-subsidised market a student gets a subsidy for their courses, and they use the VFH loan to pay the fee that is charged in addition to the subsidy. In the full-fee market the VFH loan pays the full charge by the provider. Both public and private providers operate in both markets.

On 2014 data (the most recent publicly available data), 94 per cent of VFH loans were in the full-fee market, with the remaining 6 per cent in the government-subsidised market. Consequently any changes to the scheme will primarily impact the full-fee market.

The government notes in the second reading speech that the loan caps '*... are derived from actual VET FEE-HELP tuition fee data and the New South Wales Smart and Skilled program.*'

Smart and Skilled is the NSW scheme in their government-subsidised market, so the cost structures are unlikely to reflect high value courses offered in the private market.

Ai Group and the Business Council understand the 'actual VFH tuition fee data' is average fees from 2012. Averages do not provide room for high-end, high quality providers. Additionally, the 2012 data would have included some rogue providers, and their pricing structures could have distorted the averages.

High quality and well regarded private providers have indicated that the fee caps are too low for them to continue to operate in the new loan scheme. As a result, it is likely that these providers will leave the VET market. They may remain in the full-fee market, but will not be accessible to students without a source of significant private income.

### **Higher quality training products will not be available to all students**

The departure from the market of higher cost private providers will narrow the choice for students, and potentially lead to a less innovative VET market.

While there is a public policy argument to support government funding being limited to providers who offer efficient and competitive prices, it is important to note that the quality providers in the VET market did not engage in price gouging under VFH.

Their course prices reflect their cost structures – including making a profit, which is their role as a business – and a higher quality product than those available in the government-subsidised market, or ones that will be offered in the new loan scheme.

Ai Group and the Business Council are not advocating that the fee caps should be significantly raised to ensure private providers remain in the market. However, we urge the Committee and the government to consider the implications of limiting the market to public providers and lower-cost private providers. The potential for the creation of a two-tiered system – one tier where all students can study a specific course because there is a loan, and the second tier where there are no loans and students can only study the course because they have access to a private source of income – should also be considered.

### **The scope of the VET market is significantly narrowed**

The government is currently consulting on the list of courses that will be eligible for the loan scheme from 2017.

The proposed course list has 317 courses on it. Over 450 courses currently eligible for VFH have been removed, noting some of these are obsolete or have been replaced.

In discussing the list in the second reading speech, the government said, *'the focus will be on courses that have a high national priority, align with industry needs, contribute to addressing skills shortages and lead to employment outcomes.'*

As representatives of all Australian industries and the country's largest employers, Ai Group and the Business Council are strong advocates of the need for VET funding to focus on areas of national priority and industry needs. We also note that some of the growth in enrolments under VFH were in fields of education that do not have significant new job creation, such as Creative Arts (149 per cent growth of enrolments, increasing from 6,205 to 15,470 students between 2011 and 2014).

However, the proposed skills list is very narrow in its conception of VET. Vocational training is not limited to the trades and areas of skills shortage. It services every industry in the country, and every industry in the country needs a pipeline of skilled workers.

There is a public policy argument to exclude courses that do not have a potential employment outcome. However, given that VET is deeply vocational and industry-led, the list of Training Package qualifications and accredited courses without a potential employment outcome should be quite limited.

The loan scheme should support students to undertake VET studies in growth industries such as health, as well as industries that have fewer employees than 20 years ago such as agriculture and manufacturing, and small industries such as creative arts.

Courses that may be seen as 'interest' such as ceramics, jewellery making, musical theatre, performing arts, reflexology, kinesiology, or life coaching, are occupations that exist in our economy. As people's incomes grow they have greater capacity to spend on services, consequently personal services is a growth area. We would be a poorer society if we were to limit access to such courses to those who had a private means of income to pay for them.

The government does need a mechanism to ensure thousands of students do not enrol in such courses, at the expense of other industries, but having such a narrowly defined list of courses is not the answer.

### **Niche providers could be excluded from the market, and some states and their students could be disadvantaged**

The requirement that a course be on the subsidised course list of at least two states excludes courses that may be niche and offered by only one provider. It also punishes those states and territories, and their students, which are subsidising a broader set of qualifications.

The states and territories have all undertaken reforms to have a more demand-driven student centred market model for VET. While the commitment to this agenda has been inconsistent across the jurisdictions, a key part of those reforms was allowing VFH to co-exist with higher level VET qualifications. This allowed states and territories to increase course fees as the students had access to a loan.

In implementing these reforms, there are concerns that states and territories have reduced or ceased funding Diploma and above VET qualifications, thereby cost-shifting to the Commonwealth Government.

While this is a legitimate concern, those states that are continuing to subsidise courses should not be punished by the behaviour of other jurisdictions. If the state is not offering the course, the Commonwealth should not offer a loan in that jurisdiction. However, if a single state is funding a course, a loan should be available in that jurisdiction. If the Commonwealth is concerned the states will fund the courses, but at a very low level, the loan cap will limit the Commonwealth's exposure.

### **Some of the design elements incentivise students and providers out of VET and into HE**

As discussed above, the loan caps could result in private providers leaving the market, however they also incentivise providers and students to leave the VET market and move into higher education.

Under the Australian Qualifications Framework (AQF) there are both VET and HE qualifications at the Diploma, Advanced Diploma, Graduate Certificate, and Graduate Diploma level. They are accredited under different standards, and are funded differently.

The combination of the loan cap, the course list, and the additional requirements on providers will drive private providers out of the VET market and into HE. While it is more difficult to become an accredited HE provider, there are a number of public and private providers who already operate in both VET and HE.

The incentive is for providers to move to the easier and higher funded market – that is, the market where there is no loan cap. This is particularly true for Graduate Certificates and Graduate Diplomas, as the proposed list is very limited in the VET qualifications eligible for the loan scheme.

If these course levels are not available under the new loan scheme, it is an incentive for both providers and students to move to the HE sector where equivalent qualifications are not subject to the same constraints as the VET market.

The demand-driven system in HE has already driven both students and providers from VET to HE. This is a poor outcome for the students who are more suited to VET, as well as government, as HE costs more than VET.

### **The skills list is a proxy for labour market planning, not a well-designed market**

A skills list is a legitimate lever in a demand-driven system to manage budget exposure. However, as discussed above the proposed list is far too narrow, and as a result will effectively operate as a centralised labour market planning tool. The VET sector has a long history of failing in labour market planning, and reverting to such an approach is counterproductive.

The first two levers will drive out the rogue providers in the VET sector, and will give the government the ability to ensure government expenditure is targeted and budget exposure is managed. With these two levers in place, the government does not need to have such a narrowly constructed course list.

#### **Recommendation 2.2**

Amend the relevant Bill to specify that:

1. The list operates on an exclusionary basis, rather than an inclusionary one, noting loans are only available for Diploma level and above qualifications.
2. Industry has an opportunity to appeal any course excluded from the loan scheme.
3. Where a state is offering a subsidy, the student will be eligible for a loan, subject to other eligibility requirements.
4. If enrolments become excessive in low-employing industries, the government can cap enrolments in those courses.

#### **Recommendation 3**

If the government does not move to an exclusionary rather than inclusionary list, the government should at a minimum have courses on the inclusionary list that are offered in a single state.

### **Issue 3: The approach to regulation, including the role of the Australian Skills Quality Authority**

The management of government funding, and the approach to managing providers who were in receipt of government funding, was one of the biggest failures of VFH implementation.

The proposed Bills significantly increase the powers that the Minister, Secretary and Department have at their disposal to manage providers in this market. It also provides room for the government to set a higher threshold than the quality standards for providers to access government funding.

Ai Group and the Business Council support the government in expanding powers and setting higher thresholds, as it will enable better monitoring of performance, protection for students, and ultimately a more effective method for managing budget exposure.

#### **Requirements on providers need to be consulted on and transparent**

However, expanded powers need to be used proportionately, and the Bill is silent on the detail of how the powers will be used, and the approach to regulation that the government will take.

For example, *section 26 provider suitability requirements* states that the rules may set out provider suitability requirements then proceeds to list seven criteria, and notes that the criteria is not limited to this list.

The list includes items such as financial performance, experience in providing VET, student outcomes, and industry links. It is a very broad list of criteria, and could be used to micromanage the sector.

The perverse outcomes of VFH made it clear that providers need to be better managed in the market. However, government still needs to follow best practice regulation, and design a system that will not drive good providers out of the market.

The breadth of the powers contained in the legislation, and the lack of transparency in the subordinate instruments, such as the rules, could result in significant regulatory overreach in implementation.

It is important that the government is required to consult on the subordinate instruments to prevent regulatory overreach. It is also important that the government consults on its planned regulatory approach to ensure best practice regulation is followed.

#### **Recommendation 2.3**

Amend the relevant Bill to require government to consult on eligibility criteria and other components of the rules, and publish the benchmark providers will be assessed against.

**Recommendation 4**

The government gives an undertaking to consult in developing its approach to regulatory implementation to ensure best practice regulation occurs.

**ASQA should not be involved in the oversight of the loans funding program**

One of the biggest mistakes made in the implementation of VFH was the reliance on the quality standards to be the entry point for providers to access government funding. The new loan scheme moves away from this model by having separate criteria. Ai Group and the Business Council support the government's approach.

The legislation also allows for the quality regulator, ASQA, to conduct compliance audits of the loan program. This is a confusion of responsibility and governance. ASQA is responsible for ensuring providers are compliant with the relevant standards, not for ensuring compliance with what is in effect a contract between the provider and the funder.

The funder, in this case the Commonwealth Department of Education and Training, is responsible for ensuring compliance with the funding program, or in other words responsible for contract management.

ASQA is the national VET regulator: it is not an arm of the Commonwealth Department of Education and Training. The natural corollary of ASQA conducting the audits for the loans scheme, and therefore taking on some responsibility for contract management, would be ASQA conducting the funding audits for state and territory funding programs.

ASQA has significant challenges in managing its current remit of regulating the VET sector. Increasing its remit at this point of time will unnecessarily distract the regulator from its core function, and continue the confused roles between regulation and contract management.

It is important that funders and regulators share information and work together. It is equally important that there is a clear delineation of responsibilities and accountabilities between the two parties.

The power for ASQA to audit the loans scheme should be removed from the legislation, and it should be explicit that contract management, including compliance audits, is the responsibility of the funder.

If the government is concerned that they need a body independent from the Department of Education to conduct the financial audits, they could consider asking the Australian National Audit Office to develop a strong audit framework and oversee the initial audits.

**Recommendation 2.4**

Amend the relevant Bill to remove the authority for ASQA to conduct financial audits for the loans program.

## **Market information must be part of this reform package**

The lack of market information, and real-time government expenditure, were key flaws in the implementation of VFH. The lack of market information is also a broader issue for the VET sector, and any reforms need to begin to increase market information.

The legislation provides authority for a great deal of disclosure and sharing of information between specific parties, but does not extend the same authority to public information. Additionally, it does not place a requirement on the government to be transparent in its expenditure. This is particularly pertinent given the accounting treatment of income contingent loans.

Given the amount of data the funder will be collecting from providers, this is an opportunity to provide extensive market information to enhance the decision making of students, businesses, industry and other governments.

Section 103 allows for the Secretary to publish information, but does not require this to happen. This section should be expanded to include market information, and there should be an obligation on the Secretary to publish all the market information the Department has available.

Additionally, this section should be expanded to place an obligation on the Secretary to publish government expenditure. The most recent publication of VFH data is from 2014, and there is no consistent time series to assess government expenditure. While there may be causes for a slight delay in publishing information, this situation is not acceptable particularly when the Department has the relevant data.

### **Recommendation 2.5**

Amend the relevant Bill to require the government to publish market information, and real-time data on government expenditure to allow public assessment of the loans program.

## **Issue 4: The inconsistent approaches between VET and higher education**

Ai Group and the Business Council recognise that this package of reforms is designed to fix a faulty program in VFH. As such, the reforms cannot bear the burden of solving all issues within the VET sector.

However, it is important to note that one of the greatest challenges facing the VET sector is the view that university is the pinnacle of success, and VET is the 'poor cousin' of HE. This culture is inherent in this reform package and embeds a deeply varied approach between VET and HE.

The following sections outline some of the current disparities between the two sectors.

## The HE sector has far greater freedom than the VET sector

As discussed earlier, the skills list is very narrowly constructed. In contrast, the higher education sector has demand-driven funding, and the providers have no limits on what qualifications they can offer nor caps on places (beyond medicine and dentistry). This is despite the fact that there has been significant poor behaviour by some providers in their enrolment practices, and extremely poor completion rates.

The field of law is a good example. Since demand-driven funding was introduced, the enrolments in law have increased. Despite this, and that the issue of the number of students studying law versus the number of jobs in the sector is widely discussed, universities are not being constrained in their enrolments. While it is true that law is a qualification that can be used across a number of roles, the same argument could be applied to many VET qualifications.

Ai Group and the Business Council agree that the government should not intervene, and take a labour market planning approach to universities. However, the government should apply a consistent philosophy to tertiary education.

## The rates of funding and subsidies benefit HE providers and students over VET

In relation to funding, the disparity is stark.

Based on 2016 funding rates, a Bachelor of Agriculture is awarded funding of \$122,600. \$86,992 of that funding is a direct subsidy, and the student takes out a loan for the remaining amount of \$35,668, or covers 29 per cent of the funding.

In contrast, the Advanced Diploma of Agriculture is not available on the government's proposed list, despite Victoria planning on providing a maximum subsidy of \$10,725 in 2017.

Nursing is another example that shows the disparity, as well as the incentives for providers to operate in the HE sector instead of the VET sector.

### Worked example of funding in nursing qualifications with new loan cap

Category	Diploma of Nursing (EN) NSW	Diploma of Nursing (EN) Victoria	Diploma of Nursing (EN) VET Full Fee*	Diploma of Nursing (EN) HE Full Fee**	Bachelor of Nursing (RN) Commonwealth
Maximum funding available to provider	\$13,980	\$26,388	\$25,725	\$25,725	\$59,436
Subsidy provided	\$9,050	\$16,388	\$0	\$0	\$40,368
Fee charged to student	\$4,930	Set by provider	\$25,725	\$25,725	\$18,768
Amount can be charged to ICL	\$10,000	\$10,000	\$10,000	\$99,389	\$18,768
Amount student must cover without ICL	\$0	Depends on provider fee, but could be \$0	\$15,725	\$0	\$0

*\*This example is based on a reputable, high quality private provider. \*\* Assumes providers convert their VET qualifications to HE qualifications.*

As illustrated in the table above, there is a significant amount of funding provided to students who study to be a registered nurse at university. The funding for students who enrol to study as a registered nurse is lower and the cap means that students cannot enrol at a high cost private provider without a private source of funding.

However, if the course is offered in HE rather than VET, students will have the choice to enrol at a private provider and defer all the fees through a loan.

The Commonwealth is not responsible for setting or providing the subsidies in VET qualifications. However, they are responsible for loan schemes and HE funding, and it is imperative that new programs do not further embed fundamentally unfair approaches to the two sectors.

### **The loan program is more expensive for VET students**

Students enrolled in university have access to a loan scheme with no loan fee. VFH had a loan fee of 20 per cent, and the loan fee is continuing under the government's new scheme.

Ai Group and the Business Council believe it is important that the new loan scheme is designed for the VET sector, so it should differ from the scheme in HE. However, the principles of charges levied on students should be fair and consistent.

### **Australia needs a tertiary education mindset and policy approach**

When the government is designing new reform packages in VET or HE, Ai Group and the Business Council strongly urge them to break away from the silos of the two sectors. The sectors are deeply entwined, and changes to one program can create unintended consequences in one or both of the sectors. It is time for Australia to move to a tertiary policy approach, where the policies are designed with a consistent philosophy and principles across tertiary education.

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