

Senate Committee: Education and Employment

QUESTION ON NOTICE Additional Estimates 2016 - 2017

Outcome: Skills and Training

Department of Education and Training Question No. SQ17-000547

Senator Paterson, James provided in writing

Difference between VET Student Loans/VET FEE-HELP

Question

How does the design of VET Student Loans differ from VET FEE-HELP?
How does this better protect students and taxpayers?

Answer

The VET Student Loans program has been specifically designed to include a range of measures that better protect students and taxpayers compared to VET FEE-HELP. For example:

- Course eligibility that aligns with industry needs and employment outcomes. This offers protection to students as it ensures loans are only provided for courses with strong job prospects. It also protects the taxpayer and the government as loans are more likely to be repaid.
- Loan caps on all eligible courses: \$5000, \$10,000 and \$15,000. The only exception is aviation courses which have a separate cap of \$75,000 due to the high cost of delivery. Loan caps will put downward pressure on tuition fees and increase price sensitivity among students. This will ensure the long term affordability of the program and better align the value of loans for courses to delivery costs. Loan caps will also control the sum of debts students can incur from VET Student Loans for a single course.
- Strengthened provider eligibility and entry requirements, ensuring only high quality providers with a strong track record are approved in the program. Only approving high quality providers will enhance student learning outcomes, and subsequently their employment and repayment prospects. It will also significantly minimise opportunities for unscrupulous or unethical provider practice as providers must demonstrate a strong quality and compliance track record to be approved.
- Payments to providers are made monthly in arrears, based on true and verified enrolment data, rather than in advance based on annual estimates. This ensures payments are only paid for actual enrolments and census dates passed.
- The *VET Student Loans Act 2016* is dramatically strengthened compared to previous legislation (amendment to the *Higher Education Support Act 2003*), and allows the government to act quickly to withhold payments to providers and suspend or revoke their approval in the event of underperformance or non-compliance, including immediate suspension in emergencies.
- From 1 July 2017, students will be required to demonstrate their continued engagement in their training via an online process. Failure to do so would prompt an investigation of their genuineness, and potentially their providers' compliance with the Act and rules. Penalties for non-compliance include fines, suspension and revocation of approval.

- Limited third party and subcontracted training arrangements and banning providers from using brokers and marketing agents.

The design of the VET Student Loans program builds on the Australian Government's 2015 and 2016 VET FEE-HELP reforms which were intended to immediately address unethical provider behaviour and the abuse of student entitlements, while the new program was developed.