

Senate Committee: Education and Employment

QUESTION ON NOTICE Additional Estimates 2016 - 2017

Outcome: Skills and Training

Department of Education and Training Question No. SQ17-000545

Senator Paterson, James provided in writing

VET FEE-HELP

Question

The ANAO has also made some criticisms of VET FEE-HELP, including that: "The design of the expanded VFH scheme in 2012 was weighted heavily towards supporting growth in the VET sector, but an appropriate quality and accountability framework addressing identified risks was not put in place". What did the focus on enrolment do to training provider behaviour?

What impact did this have on vulnerable students and taxpayers?

Answer

The Redesigning VET FEE-HELP: Discussion Paper (Australian Government, April 2016) provides a detailed analysis on the impacts on the 2012 changes to the VET FEE-HELP (VFH) scheme. The Discussion Paper, which was released for consultation from 29 April to 30 June 2016, is located on the Department of Education and Training website at: <https://www.education.gov.au/news/discussion-paper-released-inform-redesign-vet-fee-help-scheme>.

The paper references impacts of the 2012 expansion to taxpayers and students through its analysis on:

- 1) Growth in student participation – where student take up across all cohorts rapidly increased following the 2012 expansion, from around 55,000 students in 2012 to more than 272,000 students in 2015 (noting the growth in disadvantaged students was markedly higher when compared to non-disadvantaged students [refer Table 1, p. 15]).
- 2) Growth in Commonwealth expenditure – where 2012 changes led to a significant increase in public borrowing under the VFH Scheme, with loans issued increasing from \$325 million in 2012 to \$2.9 billion in 2015 (p. 15).
- 3) Growth in costs to students – where course tuition costs and student loan amounts increased rapidly since 2012 (i.e. tuition fees increased from an average of \$4060 in 2009 to \$14,018 in 2015, noting most of this growth occurred following 2012 changes [p. 16]).
- 4) Concerns regarding quality – where high student attrition and persistently low completion rates was a common feature of the VFH Scheme post-2012 (i.e. the course completion rate for students commencing in 2011 fell from 26.1 per cent in 2013 to 22 per cent in 2014 [p. 19]).
- 5) Concerns regarding unethical provider practices – where since 2012, there was an increase in unethical practices from a small number of providers and brokers (i.e. offering items to prospective students as inducements to enrol and request a VFH loan, and/or engaging in aggressive or misleading marketing practices [p. 24]).