

Senate Committee: Education and Employment

QUESTION ON NOTICE

Supplementary Budget Estimates 2016 - 2017

Outcome: Skills and Training

Department of Education and Training Question No. SQ16-001093

Senator Cameron, Doug provided in writing

VET FEE-HELP and VET Student Loans Program

Question

Please outline the assumptions that led Minister Birmingham to claim that the VET Student Loans program will see a \$7 billion reduction in outstanding HELP debt over the forward estimates and \$25 billion over the decade.

- a. How many students does this assume will take out VET Student Loans in each year over the medium term? How does this compare to the continuation of the current system?
- b. Is this higher or lower than the number who participated in the VET FEE-HELP in 2015-16?
- c. Does the modelling make any assumptions about students transferring between VET and university courses?

Answer

The estimated reduction in outstanding HELP debt is based on modelling agreed with the Department of Finance that the new VET Student Loans program will result in a reduction in new loans due to:

- Better assessing the quality outcomes of potential providers, including completion rates
- limiting course eligibility based on industry needs and skills shortages
- applying course loan caps to better reflect the true cost of training
- requiring students to engage with department at the start of each fee period to ensure that students only incur debts while they are actively engaged in training.

Modelling for the VET FEE-HELP loan scheme and the new VET Student Loans program is based on estimates of Equivalent Full-Time Student Load rather than student numbers.