# Policy costing request—during the caretaker period for a general election

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| **Name of policy:** | Ceasing VET FEE-HELP to for-profit providers |
| Person requesting costing: | Senator Di Natale |
| Parliamentary party:  | Australian Greens |
| Date of request to cost the policy: | 1 July 2016 |
| *Note: This policy costing request and the response to this request will be made publicly available.* |
| Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (ie from the Treasury or the Department of Finance)? | No |
| Details of the public release of this policy (Date, by whom and a reference to that release): | <http://greens.org.au/sites/greens.org.au/files/Policy%20initiative%20-%20Restoring%20the%20TAFE%20system.pdf>  |
| **Description of policy** |
| Summary of policy (as applicable, please attach copies of relevant policy documents): | To cease providing VET FEE-HELP funds to for-profit VET providers. |
| What is the purpose or intention of the policy? | To stop the current break out in government costs for FEE-HELP by targeting it at publicly owned and accredited TAFE courses. |
| **What are the key assumptions that have been made in the policy, including:** |
| Is the policy part of a package?If yes, list the components and interactions with proposed or existing policies. | No |
| Where relevant, is funding for the policy to be demand driven or a capped amount? If a capped amount, are the costs of administering the policy to be included within the capped amount or additional to the capped amount? | Demand Driven |
| Will third parties (for instance the States/Territories) have a role in funding or delivering the policy?If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged? | No |
| Are there associated savings, offsets or expenses?If yes, please provide details. | No |
| Does the policy relate to a previous budget measure? If yes, which measure? | No |
| If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program? | N/A |
| Will the funding/program cost require indexation?If yes, list factors to be used. | No |
| **Expected impacts of the proposal** |
| If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis? |
| **Estimated financial implications (outturn prices)(a)** |
|  | 2016–17 | 2017–18 | 2018–19 | 2019–20 |
| Underlying cash balance ($m) | 10 | 40 | 80 | 130 |
| Fiscal balance ($m) | -80 | 20 | 200 | 160 |
| Headline cash balance ($m) | 950 | 2000 | 1990 | 1780 |
| 1. A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.
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| What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)? | In 2014 a total of $1.497 billion was provided to non-TAFE providers for VET delivery. It is anticipated that the majority of these funds were allocated to for-profit providers. |
| Has the policy been costed by a third party?If yes, can you provide a copy of this costing and its assumptions? | No |
| What is the expected community impact of the policy?How many people will be affected by the policy?What is the likely take up?What is the basis for these impact assessments/assumptions? | That taxpayer money will be saved by not providing VET FEE-HELP to for-profit VET providers.These funds could instead be spent on other initiatives such as boosting public funding for TAFE. In 2014 more than a million students studied at TAFE. TAFE plays a vital role in offering educational opportunities for students from disadvantaged and low-income backgrounds. |
| **Administration of policy:** |
| Who will administer the policy (for example, Australian Government entity, the States, non‑government organisation, etc)? | Australian Government |
| Please specify whether any special administrative arrangements are proposed for the policy and whether these are expected to involve additional transactions/processing (by service delivery agencies). | No |
| Intended date of implementation: | 1 September 2016 |
| Intended duration of policy: | Ongoing |
| Are there transitional arrangements associated with policy implementation? | Students currently studying under the VET FEE-HELP scheme at for-profit providers would be entitled to complete their studies funded by the scheme. |
| List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0). |  |
| Are there any other assumptions that need to be considered? | No |
| **NOTE:***Please note that:**The costing will be on the basis of information provided in this costing request.**The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.* |