

Senate Committee: Education and Employment

QUESTION ON NOTICE Budget Estimates 2017 - 2018

Outcome: Skills and Training

Department of Education and Training Question No. SQ17-000953

Senator Cameron, Doug provided in writing

Provision of Tax File Numbers to VET providers (VFH)

Question

- How many Tax File Numbers have been given directly to providers under the VET FEE-HELP scheme?
- How many of those requests were for students that were not bona-fide? Who were unaware they were getting into a debt? Or were phantom students?
- How many students were impacted by this kind of mal-practice?
- Has all that debt been waived? Has it all been recovered from providers by the Commonwealth?
- How many providers were involved in the inappropriate use of this practice?
- When was the alarm raised? How was it raised?
- When was the minister alerted? If the Minister was not alerted, on what basis did he bring legislation into the Parliament to stop the practice?
- Are there investigations underway?

NOTE - The ATO estimated it "has responded to thousands of requests from VFH providers for student TFNs, with some requests listing up to 200 students" [Paragraph 3.20 (p 43) of the audit report]

Answer

The Australian Taxation Office (ATO) received 3387 requests for confirmation of Tax File Numbers (TFNs) from approved VET providers from January 2015 to September 2016. Of the requests received, the ATO only provided TFNs when the details given by the authorised contact officer matched what was on the ATO's systems. The ATO does not keep records of the number of matched TFNs provided to authorised contact officers in response to their request.

The Department of Education and Training continues to pursue compliance and audit activities with regard to potential non-bona fide students under the VET FEE-HELP program.

The department established a dedicated Complaints Handling Unit to negotiate directly with providers on behalf of students that allege they have incurred VET FEE-HELP debts inappropriately. From May 2016 to 18 May 2017, the Complaints Handling Unit has successfully negotiated a commitment from providers to remit over \$20.6 million in VET FEE-HELP debts. The Complaints Handling Unit handed over responsibility for complaints to the VET Ombudsman from 1 July 2017.

There is not sufficient detail available to quantify how many providers sought TFNs inappropriately.

The department became aware in August 2016 that the ATO was providing TFNs to VET providers and the possible misuse of the practice was identified as a result of witness statements obtained by the department.

Once the ATO was advised by the department of the possible misuse of this practice, a new process was implemented and the ATO stopped providing TFN information directly to VET providers in September 2016.

The provision allowing TFNs to be provided by the ATO to approved VET providers has been in the *Higher Education Support Act 2003* (HESA) from the commencement of the VET FEE-HELP scheme, consistent with that for higher education providers. The provision is discretionary, in that the Commissioner of Taxation may provide the information to VET providers in certain circumstances. Accordingly, the ATO and the department agreed to cease the practice, without needing adjustment to the legislative requirements in that regard. The Minister was briefed on the issue on 12 October 2016.

The department is pursuing several strategies to both identify and recover inappropriately claimed VET FEE-HELP funds, including conducting forensic audits and other investigations.

The ATO is assisting the department and the VET FEE-HELP and Student Loans Compliance Interdepartmental Committee with their investigations.