**Senate Standing Committee on Education and Employment - Education**

**QUESTIONS ON NOTICE**
**Supplementary Budget Estimates 2014-2015**

**Outcome 3 - Higher Education, Reform & Support**

**Department of Education Question No.** ED0411_15

**Senator Carr provided in writing.**

**Question**

*Overpayment of VET FEE-HELP*
In recent media reports (John Ross' *Australian* article 8 Oct and ABC Radio reports in October) regarding overpayment of VET FEE-HELP, unscrupulous recruiters misrepresenting RTOs and other irregularities, can the Department explain the process for RTOs to claim VET FEE-HELP and how does the Department ensure the integrity of the system, in particular to address the issues raised in these reports?

**Answer**

**Process for RTOs to claim VET FEE-HELP**
Under the *Higher Education Support Act 2003* (HESA), RTOs who are approved VET FEE-HELP providers submit estimates to the Department for expected student enrolments (and associated loans) for the next calendar year. After a moderation process by the Department, approved providers then receive monthly payments based on the moderated estimate.

When assessing an estimate for payment, the department considers several factors including:
1.     the contextual information supplied by the provider as justification;
2.     the provider's growth trend in previous years based on actual verified student data;
3.     the provider's financial viability; and
4.     compliance with the requirements of HESA.

Providers are required to submit the actual student liabilities to the department four times per year. The department monitors providers' student data and adjustments are made to the payments to limit the occurrence of overpayment. As student liability data is submitted, payments will be increased or decreased as appropriate.

By May each year, providers are required formally to verify their reported student liability data for the previous year. Following this verification process the department compares the reported liabilities against the advance payments made, and makes adjustments accordingly.

**Ensuring the integrity of the VET FEE-HELP system**
The department ensures the integrity of the VET FEE-HELP scheme by building programme assurance into the scheme's delivery, including:
•     a rigorous application process to ensure that only qualified providers are approved to participate in the scheme;
•     regular reporting and monitoring of student data;
•     intelligence gathering from a variety of sources, including providers and students;
•     strong relationships and information sharing with other regulators; and
•     a compliance programme comprising:
     o     Field audits of individual providers;
     o     Thematic audits of particular aspects of HESA, undertaken with some or all approved providers; and
     o     Investigation of all allegations and complaints.