

Senate Committee: Education and Employment

**QUESTION ON NOTICE
Supplementary Budget Estimates 2016 - 2017**

Outcome: Skills and Training

Department of Education and Training Question No. SQ16-001127

Senator Cameron, Doug provided in writing

Setting loan caps for VET Student Loans

Question

Was any other work done to establish the cost of delivery for courses in different parts of the country in order to adequately set caps for VET Student Loans?

Who, if anyone, was consulted about costs of delivery and the setting of caps?

Is there a risk that providers will simply offer courses that reflect the caps, not the actual cost of delivery? How will this be policed?

Answer

The VET Student Loan caps were derived from a combined analysis of the 2015 qualification prices set under the NSW Smart and Skilled program and the average VET FEE-HELP tuition data from 2010 to 2013.

The NSW Government commissioned the Independent Pricing and Regulatory Tribunal (IPART) to conduct a review of price and fee arrangements for government-funded VET under the Smart and Skilled program. The IPART model methodology determines a base price, includes loadings to account for higher cost learners and includes community service obligations payments to account for other student related costs and additional costs of providing training in thin markets. This analysis should be broadly applicable across Australia.

The Government has undertaken extensive consultation as part of the VET FEE-HELP redesign, of which VET Student Loans was the outcome. This included face to face consultations with providers and peak bodies, hosted by Senator the Hon Scott Ryan, the then Minister for Vocational Education and Skills, the release of the Discussion Paper to facilitate a public submissions process, and discussions with state and territory government counterparts. Options for addressing rapidly rising course costs, including through setting prices or loan caps were a feature of all of these consultations.

The caps are expected to apply downward pressure on fees, protecting both students from incurring large debts and the taxpayer.

As an ongoing annual requirement, approved providers will be required to submit an estimate of likely loans and delivery for that coming year, including:

- estimated number of student enrolments for the following year
- estimated number of student enrolments within each course being offered
- courses to be offered (including mode of delivery for each course and whether any courses 'nest' lower Australian Qualifications Framework level courses)
- fees for courses
- arrangements regarding the offering of multiple enrolments for individual students.

It will be a requirement that all submitted data be accompanied by a statutory declaration (signed by a senior officer) attesting to its validity.