

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation, Science, Research and Tertiary Education Portfolio
Budget Estimates Hearing 2012-13
28 and 29 May 2012

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, INNOVATION, SCIENCE AND TERTIARY EDUCATION

TOPIC: COAG_VET national partnership and national agreement on skills

REFERENCE: Written Question – Senator Rhiannon

QUESTION No.: BI-230

1. What modelling has the Government done to ascertain what sort of debts will be incurred by HECS type VET student loans? Will a copy of that modelling or reporting be provided, and if not why not?
 - a. Given the intention to increase undergraduates in universities conceivably via pathways through VET, what size student loan debt could a student possibly leave university with if they have already an accumulated VET-HECS debt as well as a HECS-HELP debt?
 - b. What research or investigation has been done to look at this question?
 - c. If no research or modelling has been carried out, why not?

ANSWER

1. As HECS type VET student loans (ie loans for subsidised places) have only been available in Victoria, limited forecasting on the level of debts incurred by eligible students has been undertaken. Estimates of the potential maximum value of HECS type VET student loans were made to support the 2012-13 Budget VET FEE-HELP measures. These costings were made on the basis of an estimated number of students undertaking diploma and advanced diploma courses and the average loan amount available. Information on VET student loans will be published annually on the department's website.
 - a. The value of student loans will vary considerably based on the course undertaken, the tuition fees charged and whether the student takes out a loan to cover all or part of their tuition fees.
 - b. At this early stage in the implementation of HECS type VET student loans, no research has been undertaken in relation to the levels of future accumulated HELP debt across schemes. Debts accrued under VET FEE-HELP and FEE-HELP are capped by the lifetime FEE-HELP limit, currently \$89,706 for 2012 (indexed annually). In 2011 10,220 students in subsidised places in Victoria took out VET FEE-HELP loans totalling \$14.5 million. The average loan in Victoria for subsidised students was \$1,418 each. It is too early to determine what the level of take-up of places in universities by these diploma and advanced diploma graduates is, or is likely to be.
 - c. At this stage information about diploma and advanced diploma graduates is limited as is information about the extent to which such graduates go on to undertake further studies in universities. Detailed analysis will be undertaken when further information becomes

available, including for students who progress from higher level VET courses into higher education courses.

The Government is progressing a range of initiatives to improve VET FEE-HELP including recommendations from the *Post Implementation Review Report 2011* (available online at: <http://www.deewr.gov.au/skills/programs/support/vetfeehelp/pages/postimplementation.aspx>).

The Government has been undertaking consultations through June and July on the proposed improvements, with submissions in response to the *VET FEE-HELP Redesign Paper* having closed on 22 July. The proposed changes for VET FEE-HELP aim to:

- Improve student access and participation in VET;
- Simplify, streamline and improve the suitability of the Scheme in the VET sector without compromising the quality and integrity of the Scheme;
- Improve the take up of VET FEE-HELP by states and territories and quality registered training organisations; and
- Improve stakeholders experience with the Scheme.