

# VET FEE-HELP reports show why governments must stop funding for-profit providers



## AEU

Shocking new evidence of rorting and waste among for-profit private vocational training companies is more evidence to ban them from government funding and to properly fund TAFEs, the AEU said today.

The Federal Government's analysis of the flawed VET FEE-HELP loans scheme showed that private for-profit companies are charging higher fees than TAFEs, have lower completion rates and are abusing the scheme through multiple enrolments.

AEU TAFE Secretary Pat Forward said the Federal Government's decision to shut down VET FEE-HELP did not go far enough, and no for-profit provider should be eligible for any future loans scheme.

"Policy makers need to realise that any scheme that allows for-profit providers to access government funds will be abused.

"How much more evidence do we need that allowing for-profit providers to access government loans is an invitation to them to fleece taxpayers?

"Their business models and big profit margins are built on charging big dollars for low-value courses. Attempts to cap costs will simply see them drive quality down even further."

"The funding which is going to for-profit should go to TAFEs which have a strong record of delivering high quality courses. All government should ensure that at least 70 per cent of all VET funding was reserved for TAFEs, to give them the certainty they needed.

The analysis released by the Federal Government today showed that some for-profit providers had completion rates of less than 2%, yet still received over \$100 million in government subsidies through VET FEE-HELP.

The data also shows the dramatic difference in fees between public TAFEs and private colleges accessing the loans scheme. For example, a diploma of early childhood education cost an average \$15,158 at a private college in 2015, for example, compared to \$4378 at TAFE.

“Huge damage has already been done to TAFEs by reducing their funding and forcing them to compete with these shonky operators who are not interested in student welfare or quality,” Ms Forward said.

“The Federal Government has already recognised the quality of TAFEs by making them automatically eligible for its new loans scheme. So why not increase funding to the part of the VET sector which is working the way it should?” Ms Forward said.

“The flawed VET FEE-HELP scheme went hand in hand with cuts to government funding for TAFEs.

“With VET FEE-HELP gone we need state and federal governments to restore funding to TAFEs to ensure Australians have access to quality vocational training.”



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