Debt blowout shows need to fund TAFEs, not VET FEE-HELP



Revelations of a blowout in unpaid VET FEE-HELP debt shows the need for a halt to the privatisation of Vocational Education and Training and for guaranteed funding to be delivered to TAFEs, the AEU said today.

National Centre for Vocational Education Research data shows that half the students enrolled in diploma courses are dropping out, often after having accrued a VET FEE-HELP debt.

This is on top of data which shows that just one-in-five students with VET FEE-HELP debt who enrolled in a course in 2012 had graduated three years later.

AEU Federal TAFE Secretary Pat Forward said that the explosion in VET FEE-HELP debt was fuelling big profits for private providers of VET, who accounted for three-quarters of VET FEE-HELP debt, but was hurting students by driving down the quality of courses.

"Total VET FEE-HELP debt for 2014 was $1.7 billion, but 2015 debt had reached $1.74 billion by mid-May and is on track to reach $4 billion by the end of the year. This explosive growth is creating a huge liability for taxpayers and channelling funding away from TAFEs," Ms Forward said.

"The Grattan Institute has estimated that 40 per cent of this debt will never be repaid, effectively delivering big profits to private providers at the expense of taxpayers.

"Overall VET funding has declined by 25 per cent per student contact hour since 2004, and has driven the growth in VET FEE-HELP debts.

"A Senate Inquiry into the funding of VET released earlier this month found serious flaws in the VET FEE-HELP scheme, and stated that its continued operation poses an "unacceptable risk to the Commonwealth".

"The Inquiry has also found that controls on providers have been "unacceptably loose" and there is "no effective price control" in the private VET system.

"Fees in the VET sector remain completely unregulated, in total contrast to HECS fees for universities. That lets dodgy operators prey on some of our most vulnerable students, burdening them with debts of tens of thousands of dollars for worthless qualifications.

"We need to ensure that at least 70 per cent of funding for VET is reserved for TAFEs to ensure that they can remain at the heart of the training system. If we lose the quality, capacity and experience of TAFE, the standards of vocational training in Australia will fall.

Authorised by Sally Dennis, General Secretary, The State School Teachers' Union of W.A.
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