



## Policy costing request—during the caretaker period for a general election

<b>Name of policy:</b>	Ceasing VET FEE-HELP to for-profit providers
Person requesting costing:	Senator Di Natale
Parliamentary party:	Australian Greens
Date of request to cost the policy:	1 July 2016
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (ie from the Treasury or the Department of Finance)?	No
Details of the public release of this policy (Date, by whom and a reference to that release):	<a href="http://greens.org.au/sites/greens.org.au/files/Policy%20initiative%20-%20Restoring%20the%20TAFE%20system.pdf">http://greens.org.au/sites/greens.org.au/files/Policy%20initiative%20-%20Restoring%20the%20TAFE%20system.pdf</a>
<b>Description of policy</b>	
Summary of policy (as applicable, please attach copies of relevant policy documents):	To cease providing VET FEE-HELP funds to for-profit VET providers.
What is the purpose or intention of the policy?	To stop the current break out in government costs for FEE-HELP by targeting it at publicly owned and accredited TAFE courses.
<b>What are the key assumptions that have been made in the policy, including:</b>	
Is the policy part of a package? If yes, list the components and interactions with proposed or existing policies.	No
Where relevant, is funding for the policy to be demand driven or a capped amount? If a capped amount, are the costs of administering the policy to be included within the capped amount or additional to the capped amount?	Demand Driven
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?	No

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Are there associated savings, offsets or expenses? If yes, please provide details.	No			
Does the policy relate to a previous budget measure? If yes, which measure?	No			
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	N/A			
Will the funding/program cost require indexation? If yes, list factors to be used.	No			
<b>Expected impacts of the proposal</b>				
If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?				
<b>Estimated financial implications (outturn prices)<sup>(a)</sup></b>				
	2016–17	2017–18	2018–19	2019–20
Underlying cash balance (\$m)	10	40	80	130
Fiscal balance (\$m)	-80	20	200	160
Headline cash balance (\$m)	950	2000	1990	1780
(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.				
What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?	In 2014 a total of \$1.497 billion was provided to non-TAFE providers for VET delivery. It is anticipated that the majority of these funds were allocated to for-profit providers.			
Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?	No			

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<p>What is the expected community impact of the policy?</p> <p>How many people will be affected by the policy?</p> <p>What is the likely take up?</p> <p>What is the basis for these impact assessments/assumptions?</p>	<p>That taxpayer money will be saved by not providing VET FEE-HELP to for-profit VET providers.</p> <p>These funds could instead be spent on other initiatives such as boosting public funding for TAFE.</p> <p>In 2014 more than a million students studied at TAFE.</p> <p>TAFE plays a vital role in offering educational opportunities for students from disadvantaged and low-income backgrounds.</p>
<p><b>Administration of policy:</b></p>	
<p>Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?</p>	<p>Australian Government</p>
<p>Please specify whether any special administrative arrangements are proposed for the policy and whether these are expected to involve additional transactions/processing (by service delivery agencies).</p>	<p>No</p>
<p>Intended date of implementation:</p>	<p>1 September 2016</p>
<p>Intended duration of policy:</p>	<p>Ongoing</p>
<p>Are there transitional arrangements associated with policy implementation?</p>	<p>Students currently studying under the VET FEE-HELP scheme at for-profit providers would be entitled to complete their studies funded by the scheme.</p>
<p>List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0).</p>	
<p>Are there any other assumptions that need to be considered?</p>	<p>No</p>
<p><b>NOTE:</b></p> <p><i>Please note that:</i></p> <p><i>The costing will be on the basis of information provided in this costing request.</i></p> <p><i>The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.</i></p>	