

AUSTRALIAN COUNCIL FOR THE DEFENCE OF GOVERNMENT SCHOOLS

PRESS RELEASE 686#

AUDITOR GENERAL'S REPORT ON VET SCHEME

PROVES PRIVATE PROVISION A CORRUPT FAILURE

On Tuesday 20 December, just days before the Christmas break, an Auditor General's report that is deeply embarrassing to the education Minister and the Turnbull Government was released on the internet.

You can read it at:

https://www.anao.gov.au/sites/g/files/net2251/f/ANAO_Report_2016-2017_31.pdf

This report was a damning indictment of the Lib/Lab policy of privatisation of the TAFE vocational sector.

It should not go unnoticed by State school supporters. It has not gone unnoticed by the business community that reads the *Financial Review*.

<http://www.afr.com/news/policy/education/government-ignored-tax-loophole-which-helped-shonky-colleges-rip-off-students-20161220-gtequi>

The Report reveals that, whereas in 2008 vocational education was 100% public provision, by 2016 it was only 15% in public hands.

The tale of outrageous profiteering at public expense is further proof of the inability of the private sector to provide an education in the national interest rather than the profiteering enrichment of the shonky few. Through this uneven mix of public and private providers, Australia's VET sector currently delivers accredited training in workplace specific and technical skills to approximately 4.5 million students annually. Yet for 85% of these students it has provided only uncertainty. It is little wonder that students are now clamouring at the doors of our publicly provided TAFES.

Australian taxpayers should be relieved that the Auditor-General has had the intestinal fortitude to write such a report.

But we need to publicise such a report and point out the mistaken assumptions underlying the privatisation of our public education systems.

Tim Dodd of the *Financial Review* blames the Department of Education and Training which he considers 'unbelievably mind - bogglingly inept.' He does not mention that the national administration was long ago gutted of those who believed in public rather than private

provision of education; starved of funds and expertise; and covered into submission by Coalition politicians and replaced by ministerial advisers and lobbyists.

We need to return to the tradition of expert, independent public servants, dedicated to the public rather than political interest, who are willing and able to tell truth to power.

Privatisation of public provision has led and leads to corruption and outrageous wastage of public money. It has also led to the short-changing of at least three generations of our youth. No wonder Australia is falling behind in the international education stakes.

The following is a summary of the findings of the Auditor-General:

Auditor General's findings

■ \$1.2b in loans issued inappropriately are unlikely to be recovered.

■ Focus on increasing participation instead of integrity and accountability.

■ The administrators of the scheme did not safeguard its operation.

■ ATO provided student tax file numbers to providers up until Sep 23, 2016.

■ \$1b in loans will not be repaid as students will not meet the income repayments threshold.

■ Scheme was not effectively designed or administered. Costs blew out without achieving participation forecasts.

■ Providers were self-reporting and were not effectively monitored and regulated.

SOURCE: AUSTRALIAN NATIONAL AUDIT OFFICE

The Auditor-General's report on the failed loan scheme, also said that [VET FEE-HELP scams](#) cost the taxpayer \$1.2 billion in 2014 and 2015 alone, equivalent to a quarter of the loans issues in the two years. The report, titled [Administration of the VEE FEE-HELP Scheme](#), said the ATO had responded to thousands of tax file number requests from colleges since the loan scheme started in 2009, some of them listing up to 200 students whose tax file numbers were being sought.

Auditor-General Grant Hehir also said that until the end of September this year the Australian Taxation Office (ATO) was still giving colleges tax file numbers of people whom colleges claimed were legitimately enrolled in courses and eligible for a loan, without any confirmation from the student.

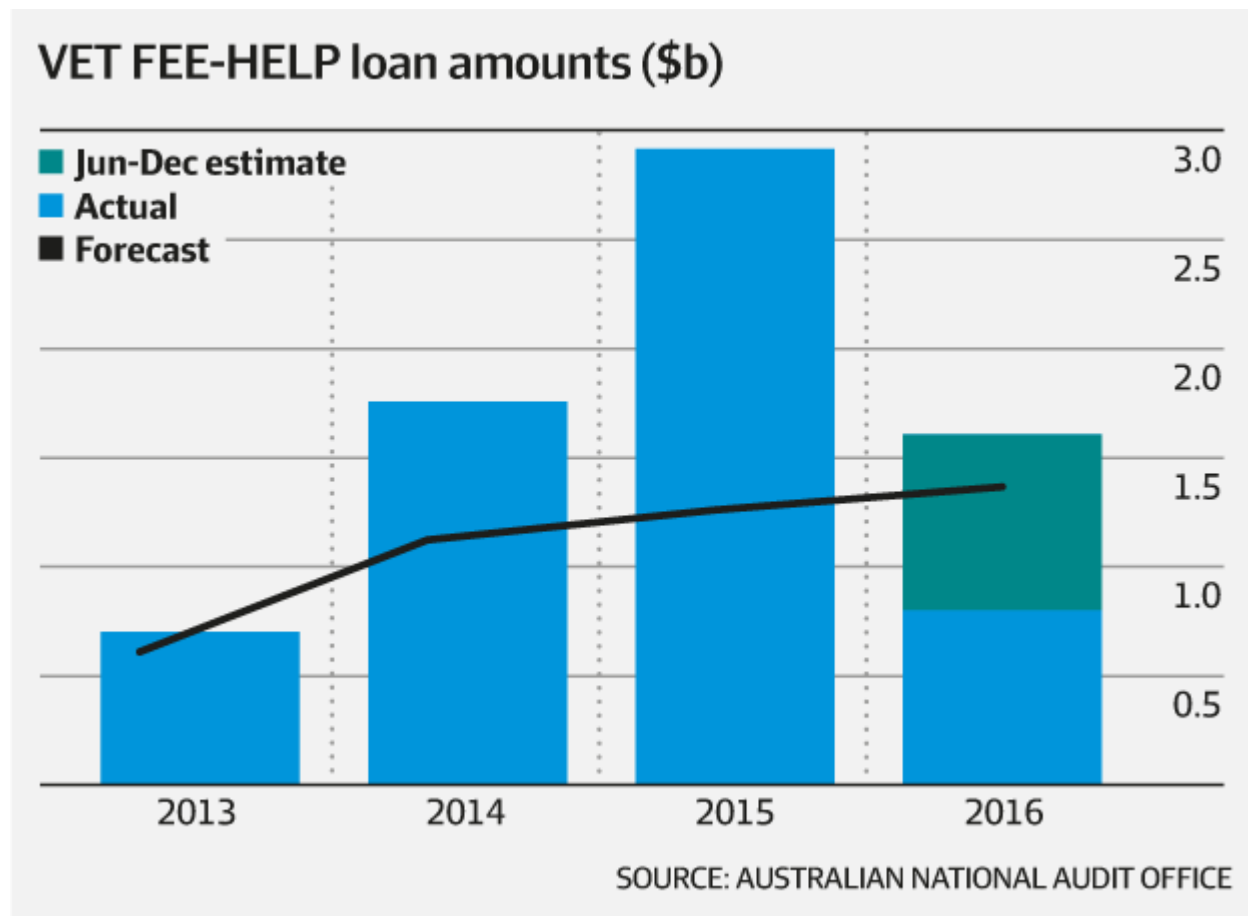
Shonky colleges were able to use the loophole to obtain tax file numbers and fraudulently enrol students, possibly without their knowledge, in the student loan scheme.

They would then be paid tuition fees by the government which the "student" was required to repay through the tax system when their annual income rose above a threshold, currently \$54,869.

The report found that some students, who found themselves with a loan debt, had stated on oath that they had not given either a college or education broker their tax file number.

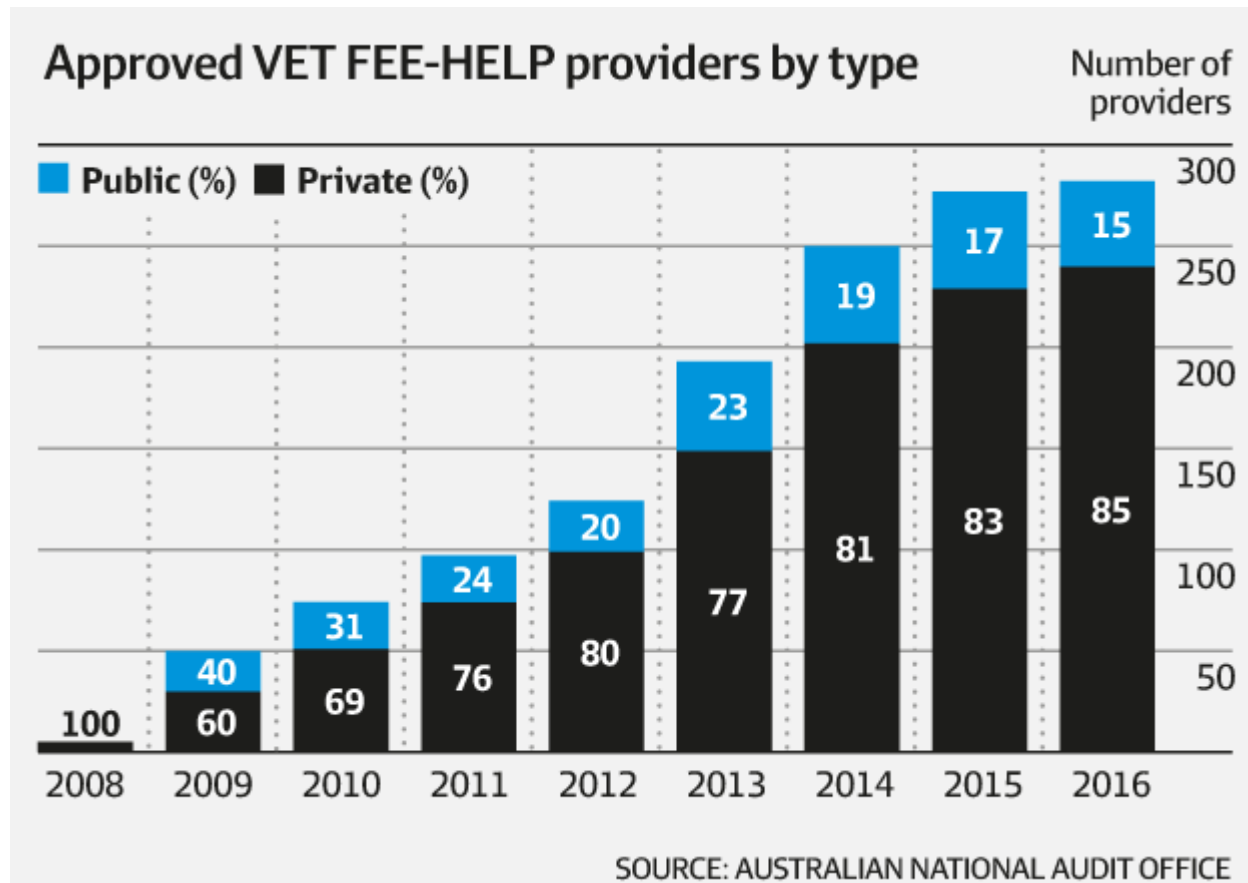
Education Minister Simon Birmingham has again blamed Labor for the VET FEE-HELP fiasco, even though the Coalition was slow to shut down the rorts. The practice of passing tax file numbers to colleges was shut down only at the end of September this year, three years after the Coalition government was elected in 2013.

The federal Coalition government ignored a major loophole in the VET FEE-HELP student loan scheme that allowed dodgy private colleges to scam the program and fraudulently enrol students by accessing their tax file numbers.



The report from the Auditor-General also said that an additional \$1 billion in VET FEE-HELP loans processed in 2015-16 is unlikely to be repaid because the recipients are unlikely to earn more than the loan repayment threshold.

The report poses many questions about the effectiveness of Education Minister Simon Birmingham, who first took responsibility for the VET FEE-HELP scheme two years ago when he was appointed Assistant Minister for Education and Training.



He said there was now a specialist student complaints team in the Department of Education and Training to investigate and resolve issues faced by students.

But the auditor general says that many complaints went into a black hole. Of 839 complaints received about the loan scheme in 2015, 703 (as at 28 April 2016) had no follow-up action of outcome recorded.

"Advice from [the] Education [department] was that it considered a complaint to be handled adequately if it did not hear back from a student," the Auditor-General said.

The report said other shortcomings of the department included:

- Putting growth of the scheme ahead of integrity and accountability.
- Not paying sufficient attention to "risks identified in a regulation impact statement".
- Inadequate monitoring, investigation and payment controls for poor or non-compliant [education] providers."

- Until 2016 there was little analysis or internal management reporting to identify emerging problems".
- There were no arrangements with the regulators – the Australian Skills Quality Authority and the Australian Competition and Consumer Commission (ACCC) – to swap information about low quality or unscrupulous colleges.
- Not effectively controlling payments to colleges. The payments system relied heavily on the knowledge of a single staff member.
- Not acting soon enough to warn students about dodgy colleges.

So far the ACCC has taken court action against four colleges for ripping off students through VET FEE-HELP.

DOGS SAY THAT NO PRIVATE COLLEGE SHOULD RECEIVE PUBLIC MONEY. THEY HAVE PROVED THAT THEY ARE NOT ACCOUNTABLE

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