

## **DRAFT REPORT INTO PRICING VET UNDER SMART AND SKILLED**

**10am, 30 July 2013**

The Independent Pricing and Regulatory Tribunal (IPART) has today begun consultation on its draft recommendations on price and fee setting for government-funded VET under Smart and Skilled to apply from July 2014.

IPART Chairman, Dr Peter Boxall, said the review is recommending how the base price should be calculated for courses and qualifications on the Skills List, the levels of subsidies and student fees, loadings, concessions and community service obligations (CSOs) to be applied, and arrangements for adjusting prices and fees in future years.

IPART's draft recommendations propose base prices for each qualification according to the efficient cost of providing the training, with government funding 60% of the base price for courses on the Skills List, and students paying 40%. This moves the government and student contributions towards levels that reflect the public and private benefits of training and is broadly consistent with government and student contributions to university courses.

Under this proposal, 16% of students that pay the standard fee<sup>1</sup> would see a fee decrease, while around 24% would face increases of up to \$500 per qualification (or \$250 per year<sup>2</sup>). A further 37% would face increases of between \$500 to \$1500 per qualification (or \$250 and \$750 per year). Around 22% of students studying in high cost areas will face increases of more than \$1,500 per qualification or around \$750 per year.

Dr Boxall said the proposed approach seeks to balance affordability and availability of VET in NSW.

"We anticipate stakeholders will have concerns about fee increases. However to set fees lower than 40% will reduce the number of government-subsidised VET places that can be made available in NSW," Dr Boxall said.

"For instance, without fee increases, we estimate that the NSW Government would provide around 61,000 fewer subsidised VET places in 2014/15, compared to if fees are increased as proposed, and we are interested in stakeholder views about whether this is the right balance between affordability and availability."

IPART has also recommended fees for students receiving a concession. They would vary by qualification level – ranging from \$100 for a Foundation course to \$500 for Diploma or Advanced Diploma.

Transitional arrangements are recommended for apprentices and new entrant trainees fees which would be capped at a maximum of \$3,000 per qualification in 2014/15 (a maximum increase of around \$379 per year for a qualification taking 3.5 years) to minimise any disruption. Apprentices and trainees currently account for 20% of all government-funded VET students.

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<sup>1</sup> Those not eligible for a concession or exemption, and apprentices or trainees.

<sup>2</sup> Based on a student taking 2 years to complete a qualification.

Dr Boxall said the impact of the draft recommendations on students varies widely across the courses and qualifications.

“Prices and fees need to take account of the different costs in providing certain qualifications, whether a student is undertaking their first post-school qualification, is an apprentice or trainee, or is entitled to a concession or exemption,” Dr Boxall said.

“Our approach is to set base prices according to the efficient costs of providing a qualification that meets the required quality standards.”

Submissions are being sought from the VET sector, students, employers and other stakeholders before IPART finalises its recommendations to the NSW Government in September. The IPART review is occurring alongside the development of the NSW Skills List by the Department of Education and Communities that will determine which courses and qualifications receive government funding.

Under Smart and Skilled, fees would be applied equally across TAFE and registered private providers, with final prices to be set by the NSW Government, following IPART’s final recommendations and the NSW Skills List that is being developed by the Department of Education and Communities.

The Draft Report is available on IPART’s website <<http://www.ipart.nsw.gov.au>> or by calling 9290 8435.

Media Contact: Julie Sheather 02 9290 8403 or 0409 514 643