



MEDIA RELEASE

17 May 2018

Turnbull government continues to tax training and skills

Despite requests from the two peak training organisations, the federal government has retained its regressive tax on the poorest of students.

Those students who choose TAFE for practical and job related training over attending university pay a twenty per cent tax on their loan in the form of a loan fee. Meanwhile, university students are not taxed.

TAFE Directors Australia in its pre-budget submission asked the government to remove the 20 per cent tax on VET Student Loans and the 25 per cent tax on students studying higher education courses outside of universities.

In addition, the Australian Council of Private Education and Training, as recently as this week, has lamented what is essentially a cash-grab by the government.

“The federal government seems to be asking VET students to help fund its tax cuts announced in last week’s Budget,” Craig Robertson, CEO of TDA said today.

TDA has also backed comments today by the CEO of TAFE NSW, Jon Black, calling for changes to VET Student Loans. Mr Black highlighted the complicated enrolment process imposed by the federal government and the restrictive loan caps, in addition to the tax on training.

The government has little excuse for retaining the tax. While it may have been implemented because the government expected high rates of default on loan repayments, the lower repayment threshold contained in new legislation means the likelihood of default is reduced.

“In essence, Australia’s young people are being taxed on their training and skill acquisition so their parents can get a tax cut,” Mr Robertson said.

“And meanwhile, university students don’t pay a cent.

“It’s time governments provided a level playing field for public TAFE students, consistent with that for public university students,” he said.

The proposed new repayment threshold is \$42,000 and is only \$7,000 above the minimum wage.

While the government did the right thing in closing down the run away VET FEE-HELP good providers are paying the price for lack of action on poor providers.

“Students who make the effort to gain the skills desperately need by the economy are hit by higher taxes straight away, yet if they attended university they face no such burden.

“That’s hardly an incentive to train,” Mr Robertson said.

“When we can’t get a good tradie, cook, early childcare worker or technician, Australians will be able to point to a deeply flawed policy which discourages training.

“Today’s inaction on training is tomorrow’s skills shortage,” Mr Robertson said.

Media contact: Bob Bowden, Foresight Communications, bbowden@bowmac.com.au 0412 753 298

TAFE Directors Australia is the peak national body representing 28 TAFE institutes, including six dual sector universities with TAFE divisions.