



MEDIA RELEASE

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Time to end the \$1.4 billion tax slug that only applies to VET students

Students who undertake vocational education and training (VET) are being hit with an unfair tax impost, totalling approximately \$1.4 billion over recent years, as a result of a 'loan fee' on those who take out a student loan – something that does not apply to those attending university.

Students who access VET FEE-HELP or VET Student Loans for a diploma course incur an immediate 20 per cent charge on the loan.

"It's a brazen tax grab by the government and it should be removed," said the Chief Executive Officer of TAFE Directors Australia (TDA), Craig Robertson.

TDA has been calling on the federal government to abolish the unfair tax on VET students who chose to use the former VET FEE-HELP or the current VET Student Loan scheme to train to build their careers.

An article in today's [Financial Review](#) sheds light on the impact of the tax discrimination against VET students which has raised as much as \$1.4 billion since 2009.

"Those who choose a university course pay no such fee. It's a further indication that the Turnbull government may understand universities but seems to have forgotten those who rely on vocational education and training," Mr Robertson said.

"Well over 40 per cent of the jobs, including those in high demand, require vocational training, not university," he said.

"At a time when the prime minister and the treasurer are promoting tax cuts, it seems they want VET students to help raise the revenue."

Students who access VET Student Loans are more likely to have less disposable income than university graduates.

The government currently has legislation in the Senate to reduce the threshold for repayment of student loans, which is set at less than \$7,000 above the annual minimum wage.

This means that VET graduates will be repaying their loan much earlier, and at a time when they may be trying to recover their finances after committing their resources to completing their course.

“The only fair step the government can take is to immediately remove the loan fee,” Mr Robertson said.

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