Dear Member

I am writing to highlight some important information the Department of Education and Training has forwarded to VET FEE-HELP (VFH) providers via correspondence dated 8 December 2015. A copy is here.

This correspondence summarises the most recent VFH changes that were included in legislative amendments passed by the Parliament on 3 December 2015. As I have indicated in my earlier advice, a number of these amendments were made without consultation or forewarning.

The department’s advice also includes some new, additional financial viability requirements that will be included in the updated VET Guidelines. In summary these are:

- Financial statements will be required to have been prepared and audited by suitably qualified persons.
- Providers must maintain a positive equity position for the period of approval.
- Where providers have 100 or more enrolments in Certificate I to IV or Diploma and above level qualifications within a given annual financial reporting period, they will be required to generate a minimum of 20 per cent of total revenue through non HELP sources.
- Providers will be required to maintain cash or cash equivalent assets, or access to cash or cash equivalent assets, equalling a minimum of 25 per cent of total expenses as incurred in their most recently completed annual financial reporting period.
- No new guarantees or loans can be made to directors, shareholders, associated entities, or any other party where such an action could have a material effect on the provider’s finances for the period of approval.
- A provider cannot offer its assets as security for the benefit of any other person or entity, including associated entities, except as a consequence of any commercial loan arrangements with an Authorised Deposit-taking Institution under the Banking Act 1959 for the period of its approval.
- These requirements will be assessed for the first time at the conclusion of a provider’s first annual reporting period commencing on or after 1 January 2016.

It is important that you consider the impact of these changes in light of your financial position and organisational structures and arrangements.

ACPET would welcome your advice on concerns with these changes, along with others advised by the department, to assist our representations to Government. It is also important that you raise these concerns directly with government, including local Members, Senators and Ministers.

I will keep you informed of the outcomes of these efforts.

Yours sincerely

Rod Camm
Chief Executive Officer
ACPET