



VET Student Loans Program Improvement Consultation Summary

(November 2022 – January 2023)

The Department of Employment and Workplace Relations is making changes to the VSL program to streamline processes and reduce participation requirements.

In November 2022, we released a paper seeking feedback on further proposed improvements to the program. The paper covered proposed changes to financial performance requirements, social media marketing restrictions and provider reporting requirements.

We also sought further advice on provider's experience with the VSL academic suitability requirements and in December we released an academic suitability proposal for feedback from VSL providers.

Key Feedback – November proposals

There were 18 submissions received from public and private providers, spanning multiple jurisdictions. A summary of the feedback is outlined below.

- Respondents were comfortable with the **dividend** and **related party transactions** proposals. Some respondents indicated these improvements would recognise the diversity of VSL providers and the range of ways that dividends and related party transactions may operate within organisations.
- Most respondents indicated that extending the **Annual Financial Statement** submission period to four (4) months would be beneficial as it would enable more time for auditors to prepare, reconcile and audit accounts and ensure quality financial reporting.
- There is strong support for relaxing the **social media marketing restrictions** for VSL with most respondents indicating they would explore greater use of social media.
- Most respondents support reduced reporting for lower-risk providers and the proposed repurposing of the **Annual Forecast** to collect information for program monitoring. A few respondents asked whether providers would still be involved in setting fee limits. Fee limits will continue to apply and would generally proceed as currently set until an adjustment is needed. Providers can continue to seek changes to their fee limit or add courses through a condition variation request, at any time of the year.
- Regarding **academic suitability entry requirements**, most respondents indicated that some students have difficulty with LLN tests, which can present an enrolment barrier to people who would otherwise be suitable to undertake a course. Most respondents indicated they also use other activities, such as pre-enrolment interviews, to assess student suitability.

Key Feedback – December proposal on future approach to academic suitability

In December we released a proposal on VSL academic suitability involving the following.

- The VSL Rules would contain a general requirement that the provider's student entry procedure must specify requirements for determining a student is academically suitable to undertake a particular course, which includes assessment of the student's skills and competencies, including their language, literacy, numeracy and digital proficiency. However, the Rules would not prescribe specific evidence requirements (e.g., Year 12) or the use of approved LLN tests.
- The Rules would require providers to document, and make available on request, the results of the assessment of the student and reasons why the student was or was not considered suitable for the course.
- The Department would monitor a range of indicators relating to student engagement and performance and will undertake investigation activities where there is evidence of a potential problem relating to student engagement or performance. This could prompt a broader audit of the provider's adherence to program requirements and the possible taking of compliance actions, including the imposition of additional conditions of approval.

We received 20 submissions on the proposed future approach to academic suitability. While the vast majority of feedback was supportive, some issues were raised which are discussed below.

Relationship of VSL Rules to RTO Standards

Some submissions suggested a need to clarify the relationship between the VSL Rules and the RTO Standards.

The Rules and the Standards are separate legislative instruments designed for different purposes. VSL approved providers need to comply with the VSL Rules and the RTO standards. Where there is an overlap in coverage, such as the pre-enrolment assessment of students to determine course suitability, it may be possible for the Rules to adopt a similar approach to the Standards, allowing providers to more easily put in place procedures that satisfy both.

However, the VSL Rules may also have different or additional requirements to the Standards where it is considered necessary to support the delivery and integrity of the VSL program and loan funding arrangements.

Need for providers to establish pre-training/enrolment assessment entry procedures

One submission raised concerns that the change would result in extra effort and burden with providers having to establish their own pre-enrolment assessment entry procedures.

The RTO Standards and the VSL Rules already require providers to establish their own entry procedures, and currently those procedures must include the prescribed VSL academic suitability requirements. Under the proposed new approach, providers would still need to have their own procedures, but would have flexibility with respect to the specific testing or evidence used to establish a student is suitable for a course. Some providers may decide not to make any changes to the procedures they have in place if they are appropriate for their students, courses and business operations, or they are needed for meeting other regulatory requirements, such as nursing registration.

Risk that some providers might not maintain appropriate entry standards

Two submissions suggested the change might lead some providers to not maintain appropriate entry standards, resulting in inequitable access, 'forum shopping' and potential financial harm for students.

The concern about equity was premised on the current approach achieving equitable outcomes. However, the prescriptive approach under s80 of the VSL Rules does not achieve equity across the VSL student cohort in terms of imposed academic suitability entry requirements. For example, Year 12 requirements are different across jurisdictions, and some Year 12 or Certificate IV qualifications do not require or test capability to the Australian Core Skills Framework Exit Level 3 required by the LLN tests. An approach that allows for flexibility, while perhaps leading to greater variety in approach can also promote greater equity in terms of tailoring and reasonable adjustment.

The potential for forum shopping was cited as another concern in a couple of submissions. This is the idea that students may opt to study with a provider that has easier entry requirements. There are a range of factors that

influence where a student may choose to study including, location, the training provider's reputation and quality of training and job prospects. There is also guidance material available to students about how to choose a training provider, including on the ASQA and MySkills websites. Relatively few students are likely to make a decision about where they study simply based on the perceived ease or not of the entry requirements.

While there is always a risk that some providers might choose to not do the right thing, there are a range of other controls in the program that work to reduce this risk such as strong program entry and ongoing course provider requirements, as well as the monitoring of student satisfaction and completion data. Further, consideration needs to be given to the overall cost of broadly applying prescriptive rules, including inequalities and unnecessary barriers, against the benefit of potentially discouraging deliberately poor practice.

Other controls in the program act as protections for students that limit the extent of any harm that might result in a student signing up for study for which they are not capable of undertaking. These include census days, and fee periods that apportion the acquisition of debt and provide opportunities for students to withdraw from unsuitable courses or where they are not performing adequately. We are also looking at strengthening the recrediting provisions to better cover situations where a provider has not reasonably discharged their responsibility to assess whether a student is academically suitable for a course.

Monitoring of indicators

A couple of submissions queried what would be involved in the department monitoring a range of indicators relating to student engagement and performance.

This will involve us considering a range of information that is collected in the course of normal program administration, including TCSI data, progressions form and survey data, and annually reported information. Information that may be of interest for student engagement and performance would include unit of study completion rates, student engagement information collected through the progression form, student satisfaction information collected through surveying and any trends apparent in student enquiries and complaints. This would occur as part of normal monitoring of a provider's participation in the program.

Record keeping

A couple of submissions queried what specific requirements there would be for the proposal to require providers to document, and make available on request, the results of the assessment of the student and reasons why the student was or was not considered suitable for the course.

We expect to update s105 (b) of the VSL Rules to provide that reasons as to why a student was considered academically suitable or was not considered academically suitable, be retained for 5 years alongside documents obtained or assessments undertaken for the purposes of determining a student's academic suitability. Existing powers relating to information provision would be relied upon to request that information from a provider should circumstances require. We are not inclined to prescribe the form in which reasons must be recorded as flexibility will allow providers to adopt an approach that best fits with their existing business operations and how they manage other record keeping requirements.

Next Steps

We appreciate the time and effort that respondents put into their submissions. This feedback is being used to inform the current set of proposals. We also acknowledge the range of comments on other topics provided in general feedback. We will consider those issues as program improvement work continues in 2023.

The content above responds to issues raised in submissions about the academic suitability proposal. If you have more to say on any of those topics, please email your views promptly to VSLredesign@dewr.gov.au by **close of business Wednesday 25 January 2023**. After that time changes will be finalised for approval, including from the Minister for Skills and Training who is the decision maker for the purposes of amending the VET Student Loans Rules 2016.