



# VET Student Loans Redesign

## VSL Provider Consultation – February 2022

### What is happening?

The Department of Education, Skills and Employment is making a series of improvements to streamline the VSL program and optimise the user experience. These changes will make it easier for students to access a loan, and for providers to become an approved VSL provider and meet their ongoing obligations under the program.

This work reflects that while the program has been operating successfully for over five years there is always room for improvement. Multiple program reviews, stakeholder feedback and operational experience have identified areas for program improvement, without compromising on the strong integrity measures that form the backbone of the program.

A key part of redesign will be making it easier and potentially less costly for providers to participate in the program. The department has considered input from providers in previous consultations and is now looking to build on that to implement incremental program improvement. Provider input and feedback on redesign proposals will be critical in this process.

### VSL redesign objectives

The objectives of the VSL redesign project are to:

- improve the user experience, both for students and providers
- optimize program utilisation
- increase program performance by improving processes and removing inefficiencies and unnecessary complexity
- maintain program integrity and student protections and the effective management of risk
- support VSL reform and any future expansion.

Some of the changes the department is looking at implementing to achieve these objectives include:

- streamlining provider approvals processes and establishing enhanced provider supports
- simplifying data reporting arrangements
- improving student engagement mechanisms
- making structural program changes that promote a risk-based approach to program operation
- enhancing provider monitoring to support more targeted program controls.

## How are we going about it?

### A staged approach to redesign

The department has heard the feedback from providers that you need time to implement changes that impact on your IT and operational systems. For that reason, a staged approach will see improvements delivered in tranches, commencing from early 2022 and most likely continuing over a number of years.

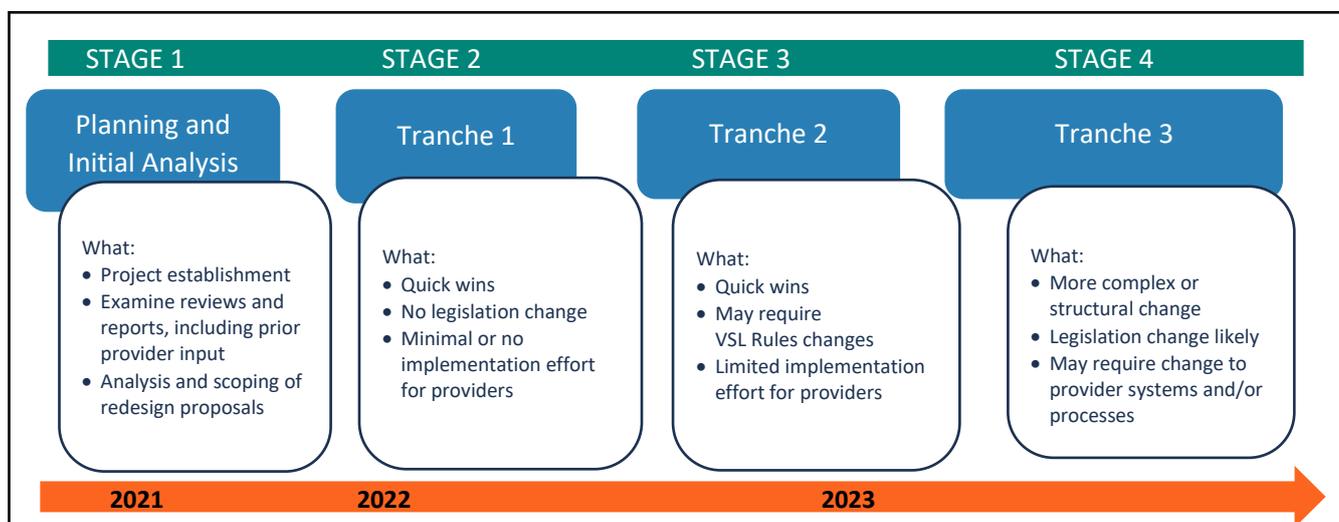


Image 1: VSL Redesign Stages

Tranche 1 is already underway and includes program improvements that can be made internally within the department and don't require implementation effort from providers. Some examples of this work are set out below in the section on what's happening now. Tranche 2 will build on Tranche 1 and include program improvements that may require changes to the *VET Student Loans Rules 2016* (VSL Rules), and some implementation effort by providers.

More complex or structural changes to VSL are to be implemented further down the track, most likely in 2023. This third tranche will likely require changes to legislation, and some modifications to provider IT systems and business process. A careful, considered and collaborative approach to this work will ensure change is targeted and effective for delivering the required results, and that implementation needs are identified and addressed early.

### Consultation and implementation

A collaborative approach to program redesign, in partnership with providers and students, is the best way to achieve meaningful and beneficial change, and to better position VSL within the broader reforms skills and training sector reforms.

The department has considered the extensive feedback that providers have already presented through program reviews, forums and communication channels. The redesign work will reflect and build on this valuable resource.

A dedicated [VSL redesign webpage](#) has been established where a range of information will be posted. This will include updates on redesign, consultation materials, opportunities for providers and key stakeholders to get involved, and materials and advice to support providers through the proposed changes. Providers and stakeholders can also contact a dedicated mailbox to make contributions and provide feedback:

[VSLredesign@dese.gov.au](mailto:VSLredesign@dese.gov.au).

The department is keen to hear about what types of consultation activities would be most effective. Some options include: information forums, responding to papers such as this one, small-group workshops, responding to redesign updates published on the VSL website or through the VSL Provider Newsletter. Given the current COVID environment, it is expected that engagement will initially be limited to virtual options. The department invites you to provide your views and preferences on your preferred consultation and engagement activities.

## What's happening now?

The department is making initial improvements to certain internal processes and arrangements. These changes aim to provide immediate benefit to providers and will help pave the way for redesign improvements to follow. Some of these initiatives are included below.

### Rationalising Information Requirements

The department is aware that VSL program participation requires providers to submit a substantial amount of information to seek and maintain VSL approval. In recent feedback providers identified the amount of information sought by the department at the time of application to be the most important aspect of the application process to be improved.

The department introduced more streamlined workbooks in 2021, however we recognise there is still more work to do here. We are also applying a keen eye to the information we collect across application processes, endeavouring to rationalise the scope and frequency of information providers are required to submit. The aim is to ensure information collected is targeted, necessary for assessment, and balances risk with program integrity.

There will continue to be a certain amount of information required from all providers that is fundamental to assessing and monitoring suitability requirements. However, there may be opportunities to reduce the overall amount of information providers need to submit with applications by relying on information from reliable alternative sources and making better use of discretionary powers to request information from providers if and when necessary.

Ultimately, the idea is to look at extending this rationalisation of information approach across the broader program, and we will explore opportunities to work with other Commonwealth agencies, and state and territory agencies, to reduce duplication and streamline information reporting.

### VSL Approval Application Rounds

From 1 March 2022, the department will trial a 'no rounds' approach for providers seeking VSL approval. To assist effective resourcing and timely application assessments, we request providers contact the department to advise of their intention to submit, 6 weeks ahead of submitting their application. More information is available [here](#). This approach is being trialled because we have heard from providers that application rounds have not been long enough or were not open at a time that is optimal for providers.

### Student Progression Form Improvements

A central redesign element is improving student engagement in relation to the VSL program, with a view to improving the assessment of student genuineness. The department will be reaching out to providers and students to talk about what new arrangements could be put in place for testing student engagement.

However, in the meantime the current Progression Form and related supporting materials (e.g. emails) can be improved to deliver some immediate benefits. Improvements to the form's layout and language, and improvements to supporting materials, will be made in the next few months with further information available [here](#). These changes should make the form easier for students to understand and navigate, reducing the time providers spend following up with students, and improving students' successful completion of the form.

### Entry Pathway eCAF Reporting Field

The department is exploring the entry pathway requirements for VSL students, also known as 'academic suitability requirements'. Key to this is understanding how the different entry pathways are used, including Language, Literacy and Numeracy (LLN) testing. A new field has been introduced in the VSL electronic Commonwealth Assistance Form (eCAF) to capture entry pathway information. The field will be populated by students, requiring students to report their entry pathway:

- successfully completed tertiary qualification at Cert IV level or higher;
- successfully completed year 12 or International Baccalaureate;
- successfully completed LLN test; or
- none of the above

Students will also be asked to identify if their provider required them to undertake LLN testing, regardless of them meeting the tertiary qualification or year 12 entry pathway.

Requiring students to provide this information, rather than placing this responsibility on providers, is another way to minimise administrative burden for providers.

The introduction of this student reporting does not replace any provider requirements under the VSL Rules to assess or obtain evidence of student academic suitability entry – providers need to continue meeting their legislative requirements across the VSL program.

Once there is a sufficient sample size of information, the department will look to explore the data with interested providers.

### Improvements to eCAF and supporting materials

The new eCAF includes information to assist students to fill out the Academic Entry Pathway question accurately, and a link to the updated [eCAF Fact Sheet](#).

We heard that providers often need to manage student enquiries relating to pre-populated eCAF fields around course duration and estimated course cost, and about the implications this can have in terms of extra time, costs and delays in eCAF submission. In response, we have revised the eCAF Fact Sheet, introducing an eCAF question-by-question 'How to Guide', which provides student-centric information about how to review and fill in each question in the eCAF, including clear direction on when students do, and don't need to contact their provider regarding pre-populated information. While a small change, the updated materials should deliver immediate benefits to students and providers.

## What are we asking of providers?

The department appreciates that providers experience VSL in different ways. We want to capture the diversity of views and understand the practical operational issues associated with participation in the program, and of any changes we are considering.

Over time, we expect to hold a range of different engagement activities depending on the particular topic. Initially, we are keen to get your views on the issues set out below and responses to the associated questions. This will help us to develop and refine redesign proposals and inform future consultation activities.

Providers can submit feedback to the department via the redesign inbox: [VSLredesign@dese.gov.au](mailto:VSLredesign@dese.gov.au) either in written form, or alternatively by submitting an accessible audio-visual file.

**Submissions to this paper, including issues and questions below, are encouraged by 11 March 2022.**

### Consultation Approach

A partnership approach to VSL redesign is crucial to delivering real and tangible benefits to providers, students and the department. Some options for consultation are identified at [Consultation and implementation](#), but we want to hear about your preferences, and how we can best work together throughout the redesign process.

- *What types of consultation activities would work best for you, as a provider?*
- *Would you prefer to be actively involved in developing and implementing redesign, or would you prefer to be advised and informed, ahead of change occurring?*
- *How can we best engage with students on VSL redesign?*

### Costs of participating in the program

An area of particular interest to the department is the participation cost to providers. In particular, the effort (time and staffing) and cost (\$), of meeting participation requirements across the program. For example, recent feedback indicates that it takes providers around 5 hours and costs between \$5,000 and \$20,000 to complete an initial VSL approval application. Quantifying these efforts across the program, and the anticipated savings of

redesign improvements, will help inform program improvements that will deliver meaningful benefits to providers.

Providers are encouraged to consider their participation costs, and expected savings, as they provide feedback and engage with the department throughout redesign, including feedback on the issues below. The department will consider this information in confidence. Any use of this information will be de-identified and only used for the purpose of informing and evaluating program redesign.

## Support for providers

The department is exploring how it can best support providers, from their initial interest in the program, to submission of an application for VSL approval, and throughout their participation in the program. In a recent request for feedback about preferred supports, multiple providers indicated a preference for account managers.

The idea behind account managers is the provision of consistent, personalised and timely support and advice, as well as the potential to deliver more efficient application processes and contribute to better compliance outcomes by promoting overall better understanding of program requirements.

We are keen to hear more about how this type of arrangement would assist you to engage with the VSL program.

- *Would you benefit from having a VSL account manager?*
- *If so, please provide examples of how you think an account manager would help you?*
- *What difficulties have you had in the past that might have been alleviated by an account manager?*
- *Providing an account manager for every provider all of the time is resource intensive. If the department had to limit the resource how could we best target the use of account managers?*
- *Are there other ways we could provide better support for providers?*

## Provider Course Eligibility

Currently, providers must seek specific approval to offer VSL loans for VSL-approved courses on their RTO Scope of Approval. This intent of this requirement was to ensure that VSL loans are delivered by quality providers with strong industry links, course delivery history and employment outcomes.

Through various reviews and feedback, providers have indicated that the process to receive VSL course approval is administratively burdensome and requires a significant amount of information to be submitted for assessment. We are considering alternative approaches to the current course eligibility requirements that could reduce effort for providers but not adversely impact on the quality of courses delivered.

- *What factors are important for quality course delivery?*
- *Should different eligibility requirements apply to different providers/courses? For example, should a provider be automatically VSL approved for a course if they are approved to deliver the course under state or territory subsidy arrangements, or have demonstrated VSL experience in delivering similar courses?*
- *Should all VSL providers have automatic VSL approval for courses on their RTO Scope of Approval where the course is listed on the VET Student Loans (Courses and Loan Caps) Determination 2016, or is a separate VSL assessment and delegate approval warranted?*
- *What are some expected benefits of alternative approaches? What are the likely challenges, and how could these be overcome?*

## Reviewing the role of specific application processes

Program reviews, feedback and operational experience have identified the substantial administrative effort associated with the information required for application processes. As we explore opportunities to rationalise

information requirements within each application process, we will also look at the overall number and purpose of VSL application processes and the opportunities that exist to streamline across processes.

One potential candidate for change here is the annual forecast process. Noting some key activities in the annual forecast process are requests to change a condition and adjustments to fee limits, we are thinking about more efficient ways to address these requirements. This could include dealing with requests for changes to conditions of approval on an as-needs basis and automatic minor 'growth' adjustments to provider fee limits built into existing conditions without the need for approval through annual applications.

- *What information do you report multiple times as VET and VSL provider?*
- *How would transitioning from an Annual Forecast process to a more flexible and responsive 'change to conditions of approval' benefit you?*
- *What are the likely challenges, and how could we overcome these?*
- *What are some expected benefits, and how could we quantify these? For example what is the amount of effort currently required to prepare and submit for Annual Forecasts?*

## Revised Loan Cap Bands

The recent [Productivity Commission review of the National Agreement for Skills and Workforce Development](#) recommended that VSL increase the number of loan cap bands and draw upon the National Skills Commission (NSC)'s estimates of efficient course costs to set loan caps.

The department is currently exploring possible changes to loan cap bands and whether this could improve student access to quality training in areas of national skills priority. This could include using the NSC's efficient pricing to inform loan cap bands. Alternatively, loan caps could be set at the individual efficient price for each course.

- *What are the key benefits to either increasing the number of loan cap bands for VSL or setting individual loan caps for each course? What are the key risks?*
- *Is there a preferred method to refine loan cap bands from a provider perspective? Would one option be easier to implement than the other?*
- *What changes would you need to be made to your IT systems to accommodate these changes and how long would this take?*