



Factsheet December 2015

VET FEE-HELP Reforms Provider Factsheet

What do the reforms involve?

During the course of 2015, the Government announced a number of changes to the way the scheme is administered. Some measures like the banning of inducements, stricter requirements relating to education agents, and removing barriers to withdrawals have already been implemented.

A number of new measures will commence on 1 January 2016 including new student protection requirements, limiting providers' total loan amounts, changes to VET FEE-HELP provider application arrangements, stricter financial viability requirements for approved providers, changes to payment arrangements for providers and sanctions for poor performing providers.

This provider fact sheet outlines the detail of these reforms.

Student Protection Requirements

Marketing and publishing

All marketing, advertising or promoting of VET courses of study must clearly and prominently mention the provider's name, registered business name (if any), and any other trading name it uses.

Maximum course tuition fees must be published on the MySkills website and must be published in any marketing, advertising or promoting of any of its VET units or courses in a prominent way.

Providers, Agents and Associates

A provider must ensure that neither it or its agents or associates contravenes any of the following provisions:

- ban on marketing, advertising or promoting VET FEE-HELP in any unsolicited contact (including cold calling) with a prospective student in person, by telephone, email or other form of electronic communication
- directly or indirectly offers or provides inappropriate inducements
- undertakes marketing, advertising or promoting that suggests that a loaned item, such as a laptop, will be provided to another person if a person enrolls in a unit of study or course of study and this suggestion would be likely to induce the student to enrol or request a VET FEE-HELP loan
- publishes information that suggests VET FEE-HELP is not a loan, or does not need to be repaid or that a course is free from any fees or charges

Cold calling includes making unsolicited contact with a prospective student in person or by telephone, email or other form of electronic communication (such as telemarketing, door-to-door or in shopping centres).

Student Entry Procedure

Providers must make and apply a student entry procedure. The student entry procedure must set out requirements and matters relating to courses that lead to the following qualifications:

- VET diploma
- VET advanced diploma
- VET graduate diploma
- VET graduate certificate.

The student entry procedure must specify that a student is academically suited to a course when:

- the provider reasonably believes the student is academically suited
- the student satisfies any entry requirements for the course set out in the procedure
- the student satisfies one of the following requirements:
 - ✓ the provider obtains a copy of a Senior Secondary Certificate of Education that has been awarded to the student by an agency or authority of a State or Territory for the student's completion of year 12, or both
 - ✓ the student is assessed as displaying competence at or above Exit Level 3 in the Australian Core Skills Framework (ACSF) in both reading and numeracy, and
 - ✓ the VET provider reasonably believes that the student displays that competence.

To display competence at or above Exit Level 3 in the ACSF the Entry Procedure must describe the process (including the test) for assessment, and require that the process will be conducted with honesty and integrity.

The testing tool must be an approved testing tool. The approved testing tool that will be available from 1 January 2016 and specified in the VET Guidelines is the Core Skills Profile for Adults (CSPA).

The Department of Education and Training contracted the Australian Council for Educational Research (ACER) to develop an additional tool to identify and measure an individual's foundation skill levels – the Foundation Skills Assessment Tool (FSAT). The department is currently investigating options for making FSAT available to the VET sector in 2016. The VET Guidelines will be updated to include this tool when FSAT is made available, and the department will inform stakeholders at that time.

The Minister may, on request, approve a provider's own tool for assessing a student's competence in reading and numeracy. The Minister must be satisfied that the tool is a valid, reliable, fair and well-constructed way of assessing whether competence is at or above Exit Level 3 in the ACSF; and that the tool has been appropriately verified and

evaluated using evidence-based assessment by a suitably qualified independent body in accordance with the report entitled "*Assessment of LLN testing instruments and processes for VET FEE-HELP providers*", published by the Department in December 2015 (available at www.education.gov.au).

The Student Entry Procedure must specify the results of the testing will be reported to the student as soon as practicable after the assessment and to the Secretary on request. Results must be retained by the provider for at least 5 years.

The entry procedure must be published on the provider's website no more than two links from the provider's home page and a single link from the home page for each VET course of study.

Protection for students under 18 years

Providers must not accept a Request for VET FEE-HELP loan form as a completed form from a student under the age of 18 unless a parent or guardian (responsible parent) has co-signed the form.

Exceptions are permitted in limited circumstances where a student under the age of 18 is receiving youth allowance (within the meaning of the *Social Security Act 1991*) on the basis that the person is independent (within the meaning of Part 2.11 of that Act). Students seeking this exemption will need to provide suitable evidence to the provider from Centrelink to this effect, and providers will need to retain these records for compliance purposes.

Tuition assurance

The tuition assurance requirements will require providers to ensure their coverage is sufficient to meet the course assurance and VET tuition fee repayment requirements for all VET FEE-HELP students enrolled with the provider in all VET units of study at any time.

VET FEE-HELP Invoice Notice—non-public universities and VET providers

Providers must provide to students accessing VET FEE-HELP a 'VET FEE-HELP Invoice Notice' no less than 14 days prior to the date they incur the debt (that is, the census date) and not more than 42 days before the unit's commencement date.

A student needs to be enrolled before a provider is able to invoice them, as the invoice notice requires information such as the VET unit(s) and VET course(s) of study in which the person is enrolled with the provider.

Different arrangements may apply for Table A Universities.

'Two day gap' when applying for Commonwealth assistance

A provider must advise a student who enrolls in a unit of study that any request for Commonwealth assistance must be given at least two business days **after** the student enrolls in the unit. Additionally, a provider must advise a student **who enrolls in a unit less than two business days before the census date** for the unit, the student **will not** be able to receive VET FEE-HELP assistance for the unit.

Three Fee-Periods Requirements – non-public universities and VET providers

Providers must not charge a student the total course tuition fees in one up-front hit. Students must incur a debt as they progress through a course. A provider must determine at least three fee-periods for charging purposes for each **course** it delivers for which VET FEE-HELP is available.

Each fee-period must have at least one unit of study and at least one census date. There is no change to the census date requirement that census dates must be set at least 20 per cent through the unit of study.

Fee-periods must be sequential and charges should be spread so that the portion of the fees payable in each period is proportionate to the number of periods. For example, if a provider determines three fee-periods, one-third of the cost should be levied across each fee-period.

Some exceptions apply in cases where providers do not know total course fees or course duration, with fees able to be estimated. Also, where fee periods or proportionate charging conflict with state or territory subsidy funding arrangements, and providers are compliant with those subsidy funding arrangements, some discretion can be applied to the extent of the conflict. Providers that fit into this category should advise the conflict and confirm the arrangements that will apply, in writing to the Branch Manager, VET FEE-HELP Branch c/- TSEnquiries@education.gov.au.

Different arrangements may apply for Table A Universities.

Freeze on loan growth

Providers will only be able to offer VET FEE-HELP loans up to the maximum of their 2015 loan amounts. The loan freeze will be based on provider reported data for VET FEE-HELP loans incurred on census dates occurring from 1 January to 31 August 2015 multiplied by 1.5 to provide a full-year equivalent.

This maximum is implemented through the allocation of a loan quota called a 'notional VET FEE-HELP account'.

Existing students should have priority access within the notional VET FEE-HELP account enabling them to continue their studies. A new student will only be able to access a loan where it does not exceed the provider's notional VET FEE-HELP account balance, as it is linked to their entitlement to VET FEE-HELP.

The notional VET FEE-HELP account is essentially a limit on the total value of VET FEE-HELP loans a provider can receive. Where providers exceed their notional VET FEE-HELP account balance (following end of year reconciliation), monies will be repayable to the Commonwealth and associated student debts remitted.

Recently approved providers must also operate within the balance allocated to their notional VET FEE-HELP account, which will be based on their domestic fee revenue in 2015 for relevant courses.

Increases to the notional VET FEE-HELP account

A VET provider's notional VET FEE-HELP account can only be increased (beyond their total 2015 notional amount) in very limited circumstances.

These limited circumstances are set out below:

When another VET FEE-HELP approved provider ceases to be a provider

The Minister may, by legislative instrument, determine whether credits arise in the VET FEE-HELP accounts of specified providers when another body ceases to be a provider, and the amounts of such credits.

Where a provider is offering a course in a skills area of national importance that leads to employment in a licensed occupation

If the Secretary, on application by the VET provider, is satisfied on a particular day that:

- i. the VET provider is offering a VET course of study that confers skills in an identified area of national importance,
- ii. the course is relevant for employment in a licensed occupation
- iii. one or more students are unable to readily access training places in courses of this kind with any other VET provider
- iv. insufficient credits have arisen in the VET provider's VET FEE-HELP account for an appropriate number of students to undertake the course with the VET provider, and
- v. granting an extra credit of a particular amount is appropriate (which need not be the amount specified in the application).

The Secretary may grant a credit, which arises on that day that is equal to the amount considered appropriate under paragraph (v) above.

Further information on how providers should indicate requests for their quota will be available in February 2016.

New eligibility requirements for provider applications

These requirements apply to:

- *already submitted applications*
- *any applications submitted before 1 January 2016 and returned to draft status by the department.*

Minimum Five year trading history

Registered Training Organisations (RTOs) seeking approval to offer VET FEE-HELP will need to have a minimum five year trading and training history as an RTO and must have delivered the relevant courses for five years or more. Only those courses will be 'qualifying courses' for the purposes of VET FEE-HELP.

Trusts

Trustees of a trust cannot be approved as a VET FEE-HELP provider.

Six month-resubmission requirements

Unsuccessful Applicants will not be able to re-apply for six months.

Changes to financial matters for applicants and approved providers

Applicants and providers will be required to provide audited **general purpose financial statements** for their most recently completed annual financial reporting period.

Auditors and Accountants

- Financial statement audits must be conducted by a Registered Company Auditor.
- Accountants responsible for the preparation of financial statements must meet the requirements of a qualified accountant as defined by the *Corporations Act 2001*.

Minimum available cash and cash equivalent asset levels

Where considered necessary, the department may require applicants and providers to provide evidence of their having access to cash or cash equivalent assets equalling a certain proportion (e.g. 25 per cent) of their annual expenses as incurred during the most recently completed annual financial reporting period.

This requirement will be to ensure the availability of a minimum level of liquid tangible assets to support ongoing business operations. The maintenance of access to a level of liquid assets representing a prescribed proportion of annual expenses may also be included as an ongoing condition in relation to a VET provider's approval.

Cash and cash equivalent assets may be in the form of:

- cash in hand or at bank, term deposits
- listed shares
- government or corporate bonds
- established and undrawn overdraft or credit facilities with an Authorised Deposit-taking Institution under the *Banking Act 1959*, or other third parties
- credit facilities from financial institutions, related entities or third parties
- deeds of financial guarantee

Overreliance on HELP

- From 1 January, providers will be required to generate a minimum of 20 per cent of total revenue through non-HELP sources.
- There will be exemptions available to certain providers based on size (providers that have 100 or fewer enrolments in Australian Qualifications Framework qualifications within a given annual financial reporting period will not be required to meet this requirement).

Important Notes:

1. These requirements will not apply to specified kinds of bodies (TAFEs) or Table A, B or C listed providers.
2. 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.

These changes will be included in the VET FEE-HELP Financial Viability Instructions 2016 and/or the VET Guidelines.

Payment Arrangements

Payment in arrears

The department will be varying the timing and manner of payments to certain providers, including moving to payment in arrears on a quarterly basis.

This change will **not** apply to all providers. The department will use a risk-based approach to identify providers where payment in arrears will be applied.

The department will advise individual providers of their individual arrangements.

Sanctions

Remission of VET FEE-HELP Debt

A person may apply to the department for a remission of their VET FEE-HELP debt under expanded circumstances relating to inappropriate behaviour by a provider or its agent or associate that occurs from 1 January 2016.

This is a separate requirement from the 'special circumstances' remissions currently included in the *Higher Education Support Act 2003*.

An online system for such applications is being developed.

Until such time as the online system is available, a paper process will be implemented.

Pausing Payments where there are concerns about performance

The department will initiate a review of a provider where there are grounds for concern, for example in relation to student enrolments and the quality of teaching and training outcomes.

Where concerns are identified following audit, the approval of poor performing providers will be suspended until they agree to a plan to lift their performance and have met agreed milestones.

In these cases, approval will be suspended for new enrolments and payments to providers for new enrolments will be paused until these providers agree and complete actions to lift their performance.

Protections will be in place for existing students, however new students will not be entitled to access VET FEE-HELP during the suspension period.

Infringements and Civil Penalties

Infringements or civil penalties will apply where a provider:

- publishes information that suggests VET FEE-HELP assistance is not a loan
- offers inappropriate inducements
- fails to provide VET FEE-HELP notices (Invoice and/or Commonwealth Assistance Notice)
- fails to comply with student requests for withdrawal from units before the end of the census date
- charges a fee for a student to cancel an enrolment or withdraw their enrolment or loan request
- accepts requests for Commonwealth assistance when the student is not entitled (including 'two business day' rule and under 18 years of age requirements), or
- fails to apportion fees appropriately (fee-periods), publish fees or report data.

On 3 December 2015, the *Higher Education Support Amendment (VET FEE-HELP Reform) Bill 2015* passed the Parliament. The Bill has since received Royal Assent. The [Higher Education Support VET Guideline 2015](#) (including any amendments) and the *Higher Education Support Act 2003 and Higher Education Support Amendment (VET FEE-HELP Reform) Act 2015* should be reviewed for full details of the new requirements. If you have any queries about the changes and how they affect your organisation please direct them to TSEnquiries@education.gov.au, with 'VFH Reforms' in the subject line.

Implementation Timeframe

Reform	Commencement Date
The banning of prohibited inducements to entice students to enrol under the VET FEE-HELP scheme.	1 April 2015
Tighter VET marketing and recruitment practices, including what is communicated about the loan scheme to prospective students, with more information available about the role of the communicator.	1 July 2015
Improving the understanding of how VET FEE-HELP operates, and students' rights and obligations.	
Providers must not charge students a fee to withdraw from a unit of study.	
Providers must apply a student entry procedure to ensure a prospective student is academically suited to the course.	1 January 2016
Providers must issue a student with a VET FEE-HELP Invoice Notice at least 14 days prior to each census date for a VET unit study.	
A provider must determine at least three fee-periods for charging purposes for each course it delivers for which VET FEE-HELP is available to ensure the debt is incurred in line with progress.	
A provider must not accept a Request for a VET FEE-HELP loan form from a person who is under the age of 18 unless a parent or guardian has co-signed the form. (Limited exceptions apply.)	
A provider must not accept a Request for a VET FEE-HELP loan from a student until at least two business days after enrolment.	
A person may apply to the department for a remission of their VET FEE-HELP debt where the person was subject to inappropriate behaviour by a provider or its agent or associate that occurs from 1 January 2016.	
The total loan limit for existing providers will be frozen at 2015 levels.	
Certain providers will be paid in arrears.	
Where there are concerns about a provider's performance, payments will be paused for new enrolments.	
Infringements or civil penalties will apply where a provider breaches certain requirements.	
More stringent financial assessment criteria for providers and applicants for VET provider approval.	
RTOs seeking approval to offer VET FEE-HELP will require a minimum 5 year trading as an RTO and must have delivered the relevant courses for 5 years or more.	
Trustees of a trust cannot be approved as a VET FEE-HELP provider.	
Providers must generate a minimum of 20 per cent of total revenue through non-HELP sources.	
Applicants and providers may be required to provide evidence of access to cash or cash equivalent assets equalling a certain proportion of their annual expenses.	
Unsuccessful Applicants will not be able to re-apply for six months.	