

# Submission to the Commonwealth Redesigning VET FEE-HELP Discussion Paper



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# TAFE Queensland Submission to the Commonwealth Department of Education and Training

## Redesigning VET FEE-HELP Discussion Paper

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## Purpose

This submission responds to consultation on the Commonwealth Government's redesign of the VET FEE-HELP program. The submission specifically seeks to address the questions posed in the discussion questions provided by the Commonwealth and where appropriate provide general comment on the program and possible future reforms which would support its long term sustainability and enhance its contribution to student access to education.

This submission also proposes a framework by way of a provider classification model to reduce risk to the Commonwealth and students at the same time as allowing for innovation and continuing improved client choice. The framework balances the divergent motivations of not-for-profit educational institutions dedicated to student outcomes and for-profit businesses seeking to offer increased student choice on commercial terms.

TAFE Queensland's submission brings together the views of expert educators, academics and experienced professionals from across the organisation.

## Introduction - TAFE Queensland Overview

TAFE Queensland is Queensland's public provider of vocational education and training (VET). With over 130 years of history and through a state-wide network of six regions, TAFE Queensland is the most experienced provider of VET in Queensland. TAFE Queensland offers training through a variety of modes including traditional classroom delivery, distance learning, online tuition, workplace training and a blended delivery method combining two or more delivery modes.

Over the past three years, TAFE Queensland has achieved significant structural reform by way of:

- establishing a new TAFE Queensland as an independent, not-for-profit, commercially focused statutory body, separate to the Queensland Department of Education and Training;
- contemporary employment arrangements to improve the productivity and responsiveness of the workforce and address the major cost differential between TAFE and non-TAFE providers;
- rightsizing TAFE Queensland's infrastructure footprint and focusing its services to where industry and communities need them most; and
- consolidating TAFE Queensland's institutes (from 12 to six and establishment).

TAFE Queensland continues to be the largest provider of VET services in Queensland with around 120,000 students choosing to study with TAFE Queensland in 2015/16 and over 89% of students successfully completing their study. A total of 52,000 qualifications were awarded ranging from statements of attainment to bachelor degrees in over 600 program areas.

## Principles for Redesign

TAFE Queensland has sought to directly respond to the individual questions within the paper, however a set of principles have been identified that have guided responses and should be read in conjunction with the overall submission.

### ***Addressing the root cause of the issues experienced in Australia's VET FEE-HELP program***

The issues experienced in the VET FEE-HELP program are the result of a misalignment between the fundamental purpose of education and training and for-profit approaches to education as a business. The issues have been exacerbated by low barriers to entry for new entrants to the open market and low

levels of provider monitoring of market activities. The behaviour of some providers should not limit the opportunities available to Australia's citizens, employers and industry. Instead any redesign should be based around a balanced approach that leverages off the strengths of low risk, long established providers while providing opportunities for new entrants to the market to improve and lift quality and student choice across the board.

### ***Current VET FEE-HELP market is unwieldy and is not serving the interest of students or industry***

The dramatic expansion in the VET FEE-HELP market following the removal of credit transfer requirements has resulted in a market that makes regulatory enforcement difficult and has led to a supply driven market. It is apparent that the current composition and size of the market is unsustainable as evidenced through persistent quality concerns and illustrated through a range of media reports, ASQA audits and analysis of completion rates within the program. Addressing the current supply side issues within the market is of critical importance.

### ***Market assessment and provider categorisation***

TAFE Queensland encourages the Commonwealth Government to undertake a risk based assessment of all VET FEE-HELP providers in the short term. The foundation of this assessment needs to be the track record of providers in providing high quality VET and achieving student and industry outcomes. The results of this market wide approach will be utilised to inform provider categorisation, that will support regulatory and program design moving forward. The provider categorisation model is discussed in further detail below.

### ***Quality and trustworthy providers need to be the cornerstone of the redesigned program***

The higher education system is built on high quality public universities supporting a demand driven system, whereby quality of offering is the basis of competition. This model is in distinct contrast to the VET FEE-HELP market where lack of student information and a significant diversity in quality of provider has damaged the reputation of the sector and diminished the trust of employers. These issues need to be addressed and the cornerstone of the redesigned model needs to be trusted and established providers. With these providers as the foundation, the sector can begin to rebuild its reputation and drive competition that enhances student choice.

### ***Equity across sectors***

The VET sector continues to lag behind the higher education sector, both in terms of investment growth and overall policy prioritisation. The redesign of the VET FEE-HELP program needs to ensure that this inequity is not further engrained or as identified in the Commonwealth Government's recently released discussion paper 'Driving Innovation, Fairness and Excellence in Higher Education' "...there should be no perverse incentives for students to choose a VET course over a higher education course or vice-versa...".

### ***Policy alignment***

A major impact of the dramatic expansion of the VET FEE-HELP program has been the removal of state and territory government subsidy support from higher level skills. This reduction in funding has occurred at a time when higher level skills are becoming increasingly important within a transforming economy. As discussed by the CSIRO in a recent publication "...The growing use of automated systems is increasing the complexity of tasks and requiring higher skill levels for entry-level positions...". This issue illustrates the broader concern around the lack of coordination between state and

Commonwealth governments when it comes to VET policy and funding. This issue continues to present an obstacle to future enhancements within the sector.

In addition to the need for increased coordination between the different levels of government, TAFE Queensland also strongly advocates for a more holistic approach to post-secondary education policy. The current inconsistency in both the funding and approach to higher education and VET needs to be addressed in the short term.

## **Provider Classification**

The problems confronting the VET FEE-HELP program are a result of aggressive and profit driven approaches of providers within a largely unregulated market. The possible remedies are to either, restrict activity through increased regulation or funding levers or to restrict access to the scheme to providers with student outcomes and education as their focus rather than profit.

TAFE Queensland believes diversity and student choice are important elements in an education and training market and therefore recommend a provider classification approach. This approach will support high quality delivery and innovation through increased autonomy for government owned, large scale and low risk providers, at the same time as continuing student choice through private for-profit providers with regulation and autonomy matched to the risk these providers present to government and students.

While it is acknowledged that the Australian Skill Quality Authority (ASQA) implements a risk based approach to regulation, this would be significantly enhanced through the use of a provider classification model. Additionally, this approach could be utilised to address a series of the questions posed within the discussion paper.

The 2015 review of VET funding in Victoria discussed such a model to support the Victorian Government's purchasing of VET services. This review recommended an assessment of all providers based on organisational breadth and capacity to deliver training in line with the key objectives of VET and the financial and organisational stability (or level of risk) that the organisation was found to present to the purchaser. TAFE Queensland supports a similar approach, however this would need to be supplemented by a range of key outcomes that the provider has been delivering within the program over recent years. These factors would need to include student outcomes over a period of time, employer engagement, delivery within identified skills areas and a range of organisational stability measures.

Tier 1 providers within the proposed model could provide the benchmark and the foundation of a redesigned program. Additionally, it is expected that this segment of the market will drive innovation and improvement within the sector.

**Attachment 1** provides a high-level overview of the provider classification model proposed as a basis for further discussion.

## Discussion Paper Questions Response

### Protecting Students

#### **Are further student eligibility requirements necessary?**

TAFE Queensland support ongoing access to VET FEE-HELP by prospective students and the maintenance of the current eligibility requirements. The tightening of student eligibility as an isolated measure would not address the majority of the issues confronting the VET FEE-HELP program and would only disadvantage students and introduce a further inequity between VET students and higher education students' access to income contingent loans.

#### **Can the administrative complexities involved in taking a Language, Literacy and Numeracy Assessment be reduced while ensuring this standard regarding student preparedness remains?**

TAFE Queensland recommends the extension of the exemption to undertake the assessment to students who hold a Diploma or higher qualification and a Certificate IV in Adult Tertiary Education. Additionally, TAFE Queensland recommends a more targeted approach to literacy and numeracy entry requirements to better match the requirements of specific courses. This can be achieved by a review on a course or industry cluster basis of the literacy and numeracy test (i.e ACER or BSKB) score requirements for entry.

In addition to the above, the provider classification model could be utilised to govern the implementation of language, literacy and numeracy (LLN) requirements. Specifically, high quality providers with a demonstrated history of high student outcomes, driven by a commitment to student support would be given increased autonomy in entrance assessment requirements. In the instance of TAFE Queensland its track record of employing highly qualified educators (i.e Bachelor degree or higher) ensures that student support is at the centre of our business model. This enables increased levels of autonomy to be applied with the Commonwealth being exposed to minimal risk.

In relation to higher risk providers within lower tiers of the provider classification model there is the potential to apply stricter measures, including the requirement to utilise the approved tool and/or independent assessment of the assessment by Tier 1 providers.

#### **Should a separate and lower lifetime loan limit apply just to VET FEE-HELP?**

TAFE Queensland does not support the application of a lifetime loan limit for VET FEE-HELP. This approach would further imbed inequity between the VET and higher education sectors by introducing a further disincentive for students to undertake VET, when this study pathway may in fact be the most suited to their personal circumstances.

This approach would also neglect the lifelong learning role the VET sector plays, which will become increasingly important as the economy continues to transition. That is capping the loan amount for students could lead to upfront costs being experienced later in life when reskilling or honing of skills is critical for career progression or change. Additionally, research recently commissioned by TAFE Queensland shows that in 2014 there were over 91,380 TAFE students nationally with a university degree, illustrating the important role TAFE plays in providing vocationally focused training that result in employment outcomes.

## **What action could the Commonwealth take to address the rising cost for students undertaking VET with access to VET FEE-HELP?**

The starting point for addressing cost to students should include an examination of what is driving the costs to students. As the data presented in the discussion paper and other Commonwealth data reveals there has been significant growth in the private provider VET FEE-HELP activity, with 84% of total program delivery by private providers, with TAFE activity as low as 14%. In addition to this there has been a strong trend toward VET FEE-HELP qualifications being delivered as full-fee paying, that is, they are not attracting any state or territory funding (which is generally aligned to workforce demand). This is illustrated by the Department of Education and Training (Cth) data, which shows that in 2011 26.7% of total VET FEE-HELP enrolments attracted a state government subsidy and by 2014 this had declined to 13.9%. Noting that these figures have also been impacted by the removal of state government funding from various higher level qualifications since 2012. It should also be noted that TAFE Queensland has consistently delivered more than 90% of the VET FEE-HELP programs delivered in Queensland that attracted a state subsidy, illustrating the strong focus on supporting localised skilling demand.

Additionally, there is the need for there to be an alignment between VET FEE-HELP and any other Commonwealth investment within the VET sector and the investment at the state/territory level. The removal of state subsidy in higher level qualifications is driving increased costs to students, which can at times be in areas of workforce demand.

## **Should the Commonwealth target its investment in VET FEE-HELP to courses that align with industry needs, lead to employment outcomes, result in a public good or provide pathways to higher education?**

TAFE Queensland appreciate the need for governments to ensure that there is a return on investment and that public investment is achieving a public benefit. Despite this, there are concerns that a qualifications list or something similar could increase uncertainty within the market due to constant amendments.

TAFE Queensland support such a concept in principle, however the model that would be utilised and a clear process for identifying qualifications is required to enable detailed feedback. Additionally, how the qualifications list would be used to target funding would also need to be understood, that is, would it be based on a subsidy model similar to state based qualification lists.

A key component of any qualifications list would be the need for it to respond to localised skill demand. To achieve this the list would require the input of state and territory governments, local industry and high quality providers (discussed in provider classification model). This would ensure that the list was both targeting government investment, while at the same time enabling localised flexibility to address emerging demands. TAFE Queensland would not support the adoption of a national qualifications list without the necessary consultative support processes or the ability for providers and industry to quickly respond to local area skilling priorities.

The provider classification model would be utilised to support the amendment of the list with high quality providers that have a proven track record of addressing industry demand and delivering qualifications in areas that support economic growth being able to be added to the list in line with a streamlined process. This will support responsiveness in the list and ensure that localised skilling demand is being met.

Alternative approaches for other providers are also identified within the provider classification model at Attachment 1 and consist of a more rigorous process that would require external assessment and approval.

**What are the implications of the Commonwealth setting national prices or loan values for qualifications despite significant diversity in the cost of training across different geographic locations, student populations and mode of delivery?**

The key issue driving the need to consider pricing and loan values is profit seeking behavior in the market and the impact of this behavior on students and government. At the outset, TAFE Queensland recommends that any approach to pricing does not impact the ability for non-for-profit, low risk and well established providers to set a fair price for high quality offerings. Conversely, pricing should also not undermine quality education and training by directing competition in the sector on price alone as this approach will significantly reduce quality and increase undesirable student attraction behavior.

If the calculation of price utilised a sound evidence base and was done in a manner that reflected the efficient cost of training delivery (as discussed below) it should not have a significant impact on high quality and established providers. Setting a price for delivery may however impact providers that require high profit margins within their VET FEE-HELP delivery to enable sustainability within their business model. The capping of VET FEE-HELP revenue at a provider level in 2016 and subsequent viability issues within the sector is an illustration of the overreliance on VET FEE-HELP revenue within certain components of the business.

There is a risk that if pricing is not done in a considered and evidence based manner that there is the potential for the viability and quality of providers to be compromised. In addition to this there is the potential restricting pricing could impact on innovative approaches to delivery that can drive quality within the sector.

Furthermore, while it is acknowledged that the focus is currently on the maximum price for a qualification, however it is important that a minimum price is also identified. TAFE Queensland has witnessed significant undercutting on price within state VET markets, whereby providers have been delivering qualifications for irregularly low prices. This development has led to volume of learning issues and reduced the quality of qualifications being delivered within the sector and could be addressed through the development of a minimum cost that can be charged for a qualification (i.e a fee floor).

Any pricing mechanism needs to also take account of the risk that providers present to both students and government. Therefore TAFE Queensland recommends that the provider classification model applies pricing in line with a provider's classification. This would see Tier 1 provider's having autonomy to set prices and the application of a minimum and maximum price to higher risk providers.

**If the Commonwealth did set prices or maximum loan values for qualifications, what parameters should be used to determine how to set these values?**

Establishing an efficient price for the delivery of training is undoubtedly a difficult task and will need to be undertaken in an independent and evidence based manner. The diversity of the sector make a number of costs vary significantly by provider, however their efficient levels will need to be identified should a price be established and applied to certain components of the market.

The two main components of training delivery are the fixed costs (infrastructure, utilities and non-educational staff) and variable costs (educational staff, course material and other program specific costs).

While these are some of the key costs that would need to be considered within any pricing exercise the foundational premise of VET FEE-HELP is to provide access to education and training that may otherwise be out of reach for certain individuals. Therefore any pricing work would need to be cognisant of the requirement for education and training to be delivered in regional and remote areas and in thin markets where demand is relatively low.

**Should mode of delivery be factored into any calculation on reasonable cost? If so, what mechanism could be used?**

The issue in relation to delivery is quality of training. The delivery of online courses and the associated poor student outcomes from some providers illustrates the need to address this. A high quality provider will generally invest in a range of mechanisms to support online delivery, including course materials and student support. Alternatively low quality providers will charge a high rate for quality training and potentially in the future attempt to undercut the market. The way to address this is identified above, that is, the application of pricing requirement based on risk and quality.

**How could existing information resources be improved to ensure greater access to information for VET FEE-HELP students?**

The current information asymmetry confronting the VET sector is the inability of prospective students to compare the quality of providers based on a set of consistent measures. The current lack of an accessible and readily available tool for this continues to inhibit the ability of consumers to make informed decisions about their education and training needs.

It is TAFE Queensland's view that the regulatory framework supports the provision of consistent information through a range of sources, including provider websites, however this is currently not being enforced and therefore leading to inconsistent information for students.

The ability of the my <https://www.myskills.gov.au/> to be adapted and enhanced to meet this purpose is questionable and it may be that the government establishes something new that could be modelled on other highly competitive industries that utilise a single source for information on service provided and are reflected through ratings etc.

It is noted that the Commonwealth Government has acknowledged existing issues with information in the sector with its recently announced \$10 million to support a VET information campaign and this funding will help in addressing the above issues. It is requested that a component of this funding is specifically targeted at disadvantaged communities, including indigenous and regional communities, who have unfortunately been significantly impacted by unscrupulous behaviour within the industry.

This funding could also be allocated to programs to raise the profile of the VET sector and to ensure that students are informed on the alternative pathways to higher education that are available. Once again this gets to consistency between the higher education and VET sectors, to ensure students are making the choices that are best suited to them.

**Should VET FEE-HELP providers have an obligation to provide information in a consistent form about the scheme to students?**

Yes. This aligns very much with the enhancements identified above.

**Is there a role for an agent, or an intermediary, to assist students to make a choice regarding a course and provider?**

TAFE Queensland are concerned that to ensure absolute independence of an advice service it would need to be undertaken by government and would therefore add additional cost to the system, which may be unnecessary. In addition if you have a sector that is made up of high quality providers with accessible information this role would become less critical.

**Would a VET FEE-HELP ombudsman help address student complaints and issues?**

TAFE Queensland supports establishment of a VET FEE-HELP Ombudsman to resolve the current quality issues specifically related to the VET FEE-HELP program.

Establishment of a VET FEE-HELP Ombudsman would need to ensure there is clarity as to its role and this would need to be clearly conveyed to students. There is an obvious need for quality issues to be addressed and the ombudsman may go some way to achieving this (as may a number of other measures outlined in this submission).

**Should such an ombudsman be time-limited?**

This would largely be determined by the success or otherwise in the ability of the VET FEE-HELP redesign to improve the quality of the sector.

## **Regulating Providers**

**If the Commonwealth were to maintain a cap on provider loan values, how could this ensure the current issues are addressed?**

TAFE Queensland does not support a blanket approach to capping VET FEE-HELP revenue at the provider level. This approach to address the current issues within the scheme does not acknowledge the fundamental point that the unscrupulous behaviour and unsustainable growth under the scheme to date has been carried out by a specific group of providers. This approach also fails to acknowledge the quality providers within the sector who have pursued sustainable growth and achieved positive student outcomes that contribute to economic growth and skills demand.

TAFE Queensland has pursued modest and sustainable revenue growth under the VET FEE-HELP program, while continuing to deliver the skills that meet local demand, as illustrated by the high proportion of VET FEE-HELP supported enrolments within qualifications that attracted a Queensland Government subsidy.

An alternative to applying a cap at the provider level across the sector would be to apply the cap in line with the provider classification model. This approach would address concerning growth in particular components of the sector, while enabling high quality providers to continue to compete for existing and new market share on the basis of quality and student outcomes.

One method for establishing a cap for high risk providers would be to align the value of the provider's assets with the loan value they are able to receive. This would reduce the risk to government should the provider not maintain its offering.

**Should access to VET FEE-HELP loans include a requirement for students to be engaged in their training and working towards completion?**

TAFE Queensland supports any measure that seeks to link access to funding with the student outcomes that are being achieved. This should occur at the enrolled study level as to do this at a qualification level

would disadvantage providers for matters that are beyond their control, for example competency based training.

In addition to this a system that is based on student outcomes and constant improvement in line with a number of key measures will support sector improvement.

One consideration that the Commonwealth could take into account is how this is measured, that is, whether this should be done at the competency or qualification level. This gets to a fundamental question about the program and whether it is about individuals receiving entire qualifications or whether the government is comfortable with VET FEE-HELP driving competency completions.

#### **How could student engagement, progression or completion be measured and tracked?**

AVETMISS is one option for monitoring student progression.

#### **Should providers be required to meet minimum specified course completion or progression rates?**

Similar to responses above, TAFE Queensland support accountability within the sector and would support this measure.

#### **Should higher quality standards be applied to RTOs seeking to provide VET FEE-HELP?**

As discussed elsewhere the current market is unwieldy and highly challenging for the government to regulate. Therefore, following the redesign, which should include a provider classification model and where appropriate removal of low quality, high risk providers there should be appropriate barriers to entry to the market put in place. This will ensure that the sector can maintain a standard that has been established through this process.

#### **What additional standards should be considered when granting VET FEE-HELP provider status?**

Recent changes to the requirements on new providers is welcomed, specifically the requirements to have been delivering the qualification for a minimum of five years and financial viability. There should also be consideration of including other measures such as student outcomes over a recent number of years, industry engagement, educational history and organisational stability measures.

#### **Should all existing providers be required to re-apply for the new VET FEE-HELP scheme?**

As discussed, this approach would be negated by the preferred TAFE Queensland approach of undertaken a complete market assessment and provider classification process. Undertaking a full reapplication process is likely to cause a significant amount of uncertainty in the sector and potentially lead to a downturn in participation.

#### **Time limited registrations**

This could be applied in line with the provider classification approach.

### **Managing the System**

#### **Should all VET courses be eligible for VET FEE-HELP? If not, how should course eligibility be determined?**

The reason VET FEE-HELP was extended to all courses was to provide universal access for individuals wishing to undertake study at this level by removing cost barriers. Therefore TAFE Queensland supports the maintenance of all qualifications being eligible, in line with supply levers discussed elsewhere. Additionally this aligns with the approach in higher education.

In terms of extending VET FEE-HELP to qualifications at lower levels, TAFE Queensland is supportive of including certificate IV level qualifications within the VET FEE-HELP scheme. Currently there is a lack of funding support for students wanting to undertake this level of qualification with the Commonwealth providing the income contingent loan for diplomas and advance diplomas and states/territories implementing their own schemes up to Certificate III qualifications under the requirements of the National Partnership Agreement on Skills Reform.

Providing funding assistance for Certificate IV will assist students undertake education pathways where they can learn the necessary skills to complete higher level qualifications, rather than begin their training at the diploma level and struggle to complete the course. This then has implications for provider retention and completion rates. Inclusion of courses could be based on the method discussed above for the qualification list, whereby high quality providers are provided with autonomy to extend at this qualification level.

**Should the Commonwealth consider capping the number of courses students can enrol in?**

TAFE Queensland does not support this as it is inconsistent with higher education.

**Should the Commonwealth consider capping the number of places in any given course?**

Capping the number of places available within specific qualifications would support the delivery of skills that are in demand within the economy. As discussed in the discussion paper this is a complex task that would require significant resourcing to ensure that it met its aims and would also require the input of state and territory governments, high quality providers and industry to ensure it was responding at a local level to skilling needs.

A risk based approach to the management of providers, resulting in a tiered approach to regulation should support any consideration of capping places in any given course.

**Should the Commonwealth consider capping the number of places a provider may offer?**

A risk based approach to the management of providers, resulting in a tiered approach to regulation should support any consideration of a provider level cap on places.

**How could provider data requirements be enhanced in the redesigned VET FEE-HELP scheme and at what frequency could providers report to the Commonwealth?**

TAFE Queensland supports the current provider reporting arrangements at quarterly intervals. Regular data with minimal lag periods is critical to enable analysis and review of the VET FEE-HELP program. Currently, the main source of publicly available data is the annual VET FEE-HELP statistics (latest data is 2014 – published in late 2015). As discussed this report provides a rich overview of the program and analysis down to the provider level, as well as a range of demographic information on users of the program. Ideally, this data would be provided on quarterly basis to ensure a better informed market.

Additionally, it is suggested that the AVETMISS data is examined to determine whether a more complete picture on student activity within the sector is possible.

**What tuition assurance arrangements are necessary in a redesigned scheme?**

TAFE Queensland would support the introduction of a state guarantee for public providers to remove the need for tuition assurance membership.

## References

Australian Government, *2014 VET FEE-HELP Statistical Report* (Canberra: Australian Government, 2015)

Australian Government, *Driving innovation, fairness and excellence in Australian education* (Canberra: Australian Government, 2016)

Bruce Mackenzie & Neil Coulson, *VET Funding Review: Final Report* (Melbourne: Victorian Government, 2015)

Stefan Hajkowicz et al, *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years* (Canberra: CSIRO, 2016)

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## Attachment 1: Provider classification and regulation

|  | Establishment / Eligibility for Entry  |  |   | Student eligibility/entry                                       | Level of Access (capping)   | Course Pricing                                     | Course offerings   | Continuous improvement monitoring   |
|--|--|--|---|---|---|--|--|---|
|  | Organisational Philosophy & Establishment  | Risk   | Quality   |   |   |  |  |   |
| <b>Tier 1 (high quality, low risk providers)</b> | <ul style="list-style-type: none"> <li>- Not-for-profit</li> <li>- Government owned</li> <li>- Constitution requires all surplus re-invested in education</li> </ul> | <ul style="list-style-type: none"> <li>- Government Owned</li> <li>- Government bank guarantee</li> <li>- Established/long standing</li> <li>- Size/scope</li> <li>- Assets/capital</li> <li>- History of sustainable growth in VET FEE-HELP</li> <li>- Financial performance</li> </ul> | <ul style="list-style-type: none"> <li>- Completion rates</li> <li>- Student outcomes</li> <li>- Employer satisfaction</li> <li>- Student satisfaction</li> <li>- Academic governance focused on high quality products and services</li> <li>- Audit history</li> </ul> | Ability to determine own LLN entrance procedures and admittance | Exempt from caps for total student cost and/or total funding                | Autonomy to set course prices                      | Can include qualifications within identified course list following streamlined process with Commonwealth | <ul style="list-style-type: none"> <li>- Student completion rates by competency, qualification</li> <li>- Student outcomes (further education, employment)</li> <li>- Employer satisfaction</li> <li>- Growth and proportion of VET FEE-HELP as overall revenue</li> <li>- Number of complaints</li> <li>- Innovation/contribution to growing the sector</li> </ul> |
| <b>Tier 2</b>                                    | For profit with core focus on education and student outcomes   | Private providers assessed on above measures   | Above measures – do not require strong academic governance  | Required to apply endorsed LLN testing for all students         | Provide for modest revenue growth   | Required to comply with maximum and minimum prices | Have to submit a business case to purchaser in order to add course offerings additional to the list      | As above minus innovation measure   |
| <b>Tier 3</b>                                    | For profit with core business not education and student outcomes   | Private providers assessed on above measures   | Above measures – do not require strong academic governance  | Require validation of LLN testing by Tier 1 provider            | Cap at existing level. For new providers amount will need to be established | Required to comply with maximum and minimum prices | Not able to provide courses for list   | As above minus innovation measure   |
| <b>Unsuitable Providers</b>                      | Providers assessed as not suitable for delivery of VET FEE-HELP and are removed from the program   |  |   |   |   |  |  |   |