

18 December 2020

Ms Kathy Dennis
Assistant Secretary
VET Student Loans
c/ PRG Secretariat
Department of Education, Skills and Employment
GPO Box 9880
CANBERRA ACT 2601

Via email only: VSLProviderReferenceGroup@dese.gov.au

Copy to: Matthew.Hardy@dese.gov.au

Dear Ms Dennis

Submission on ACER Language, Literacy and Numeracy Review

Thank you for the opportunity to make a submission regarding the report *Efficacy review of the Language, Literacy and Numeracy (LLN) tools and processes determining academic suitability for the VET Student Loans (VSL) program*.

In considering this report may I start with some context, for which the supporting detail is at [Attachment A](#). Based on the Organisation for Economic Co-operation and Development's (OECD) Programme for International Student Assessment (PISA) and on Australia's National Assessment Program Literacy and Numeracy (NAPLAN) time series, Australian students' performance has been steadily declining in reading, in mathematics, and in science. Of particular concern is the observed more rapid decline in reading amongst Australia's lowest-achieving students. A time series from 2008 to 2019 shows Australian students' performance, at best, is unchanged for reading and numeracy.

Given the global nature of Australia's economy, reinforced by statements in response to COVID by Prime Minister Scott Morrison MP, and the acknowledged rapid digitalisation of economies in our region, our young people should rightly expect better out of our schooling system (especially give the significant injection of public funds through Gonski reforms Mark I and Mark II). I note this, as it is public TAFEs that then step forward to address inadequacies on literacy and numeracy (and digital).

This brings me to the role of VET Student Loans (VSL). While this is clearly a loan scheme, for which it is clear the primary objective of the Commonwealth is to recoup its loan, due to the experience of the financial and human distress of VET FEE-HELP, we have come to accept the Commonwealth's view this is a program not a loan scheme.

In introducing the VSL legislation in 2016 the Commonwealth stated, in its supporting documentation, the purpose of the Bill was to introduce a vastly improved student loan program for vocational education and training.

It is in this context I have read with interest the ACER report. I have asked myself, and now I ask the Commonwealth, how does this report and its finding support public policy on literacy and numeracy? How does VSL meet the objective of being a vastly improved program than its predecessor?

This brings me to consider the *Standards for Registered Training Organisations (RTOs) 2015* (the Standards). I caution on creating student entry level attributes that deviates from the Standards, as regulated by the Australian Skills Quality Authority (ASQA). I understand the Language, Literacy and Numeracy (LLN) proposed tools and processes will not apply to VET entry level requirements but only apply to VSL entry requirements. It is my view VET is there to serve all students, irrespective of background (see the reference in the Standards to access and equity). This may appear to be the first step for VSL in discriminating based on student background (a student attribute over which they have no control).

An accepted public policy pillar for VET is one of inclusion, which is why the Standards set out, especially in Standard 1 and Standard 5 as regulated by ASQA, the obligation of transparency and support for those VET students, or potential VET students, for their level of literacy or numeracy, where that may present a barrier to access, participation and the achievement of suitable outcomes.

Given that, as a starting point for good public policy, where a Commonwealth program is there to help VET students who have significant financial barriers to access VET and are therefore most likely amongst the country's lowest-achieving students as observed in PISA and NAPLAN, it seems to risk a perverse outcome to further cut-off these students access to VSL rather than rely on ASQA to ensure the RTO is meeting its legislative obligations under the Standards, especially Standards 1 and 5.

In fact, returning to the very nature of the initial request of the review, if an RTO cannot demonstrate to ASQA the "appropriate requirements and tools are in place to ensure that students are fundamentally capable of undertaking study at the diploma or advanced diploma level...", then the RTO risks being in breach of the Standards even at the point where the RTO provides advice to the prospective learner (Standard 5.1). There is, at least, a moral obligation on all of us to ensure such instances are raised directly with ASQA for regulatory investigation.

It would seem a logical conclusion to the proposed approach that students most in need of financial assistance, to better their lot in life, will be rejected financial assistance and yet may still be enrolled by an RTO, as fee-paying, where that RTO does not have the appropriate LLN requirements and tools in place (in part because no-one reported the RTO to ASQA).

I should note here, on behalf of the VET system, that the same students may instead, with few regulatory barriers, enrol in a university provided diploma or higher diploma (with the only consequence for the university being a higher dropout rate, as highlighted by the Productivity Commission's report *The Demand Driven University System: A mixed report card*).

In the absence of the Commonwealth re-directing some of the significant Gonski funding from the schooling system to LLN expert educators at TAFEs, to address the deficiencies highlighted in PISA and NAPLAN, then an alternative is for the LLN needs of prospective VSL students to be funded through VSL as part of the foundations for their diploma or higher diploma where the student does not have the financial capacity to support their LLN uplift.

There are significant public policy benefits to the LLN needs of prospective VSL students being funded through VSL, in the absence of any alternate funding, and to a degree I am disappointed the review did not seem consider this matter for its final report.

It is of note of the 53,892 students who accessed VSL during 2019, three out of every four students were enrolled in a public institute TAFE or TAFE division of a dual sector university. TAFEs, answerable to their state or territory parliament, through their Minister, already have significant data and reporting requirements, over and above those obligations set out in the Standards. TAFEs demonstrate accountability every day.

Expanding VSL to address the LLN needs of prospective VSL students would be low risk given the underpinning of VSL by government backed public TAFEs. Most importantly, it would contribute significantly, in public policy terms, through addressing current systemic deficiencies and by addressing some of the ill-conceived re-direction of prospective VET diploma students to the higher education system due to different funding arrangements.

In addressing student LLN foundation needs for a diploma or higher diploma through VSL, it is more likely than less to improve the Commonwealth's objective of recouping its loan as the student will graduate with a level of LLN likely to secure a better employment outcome with a likely higher wage outcome.

The very students that should receive assistance are the very students that risk being further excluded. I urge the Commonwealth to strongly engage on these matters in the lead up to the 2021-22 Federal Budget.

That said, if the department was inclined to retain the measure and contemplate the recommendations, we suggest the following:

- The test is only used for the small proportion of students (who the provider should have assessed is suited to the course) who do not meet the other conditions such as existing qualifications;
- In the place of data collection of test administration and the like as proposed by ACER, each provider is given the option of indicating they abide by state or territory-imposed provisions, and that exempts them from collection and monitoring of the test;

- If the department were to proceed with curation of the testing tools then it needs to exclude ACER from that process in view of the clear conflict of interest; and
- If data is to be collected about administering the test and admittance to courses, that consideration is given to the need for a regulatory impact statement as it is in effect a regulatory cost on providers.

Overall, TDA holds the view these potential measures taken in the context of the current scheme and considering the very small loan limits and the other protections afforded to students (at the administrative cost to providers) makes the recommendations excessive in terms of benefits or protections.

I am happy to discuss these matters and can be contacted at crobertson@tda.edu.au or on 0412 299 028.

Given the seriousness of these issues, I may have an obligation to write further on this matter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'C Robertson', with a long horizontal flourish extending to the right.

CRAIG ROBERTSON
Chief Executive Officer
TAFE Directors Australia

Context to Commonwealth financial assistance to VET Students

The Organisation for Economic Co-operation and Development's (OECD) Programme for International Student Assessment (PISA) is a triennial survey of 15-year-old students that assesses the extent to which they have acquired the key knowledge and skills essential for full participation in society. The assessment focuses on proficiency in reading, mathematics, science and an innovative domain (in 2018, the innovative domain was global competence), and on students' well-being.¹ Result from the OECD's PISA 2018 for Australia states in summary:

Mean performance in Australia has been steadily declining in reading (between 2000 and 2018) and in mathematics (between 2003 and 2018), from initially high levels of performance; it has been declining in science too, at least since 2012. In reading, more rapid declines were observed amongst the country's lowest-achieving students. In mathematics and science, performance declined to a similar extent at the top and at the bottom of the performance distribution, as well as on average.²

Australia's 2019 National Assessment Program Literacy and Numeracy (NAPLAN) time series report notes:

Reading achievement at Year 9 has been static from 2008 to 2019 and this lack of change is evident for male and female students, Indigenous and non-Indigenous students, and LBOTE and non-LBOTE students...National mean numeracy achievement in Year 3, Year 7 and Year 9 remained unchanged from 2008 to 2019...[while] there may have here may have been an improvement in numeracy amongst low achieving Year 9 students.³

These reports are not happy reading for Australia, especially for those less privileged and who clearly may not have the means to self-fund post-secondary education and skills training.

The Australian Government in bringing forward VET Student Loans in 2016 stated:

The purpose of the VET Student Loans Bill 2016 (the Bill) is to replace the VET FEE-HELP loan scheme from 1 January 2017 and introduce a vastly improved student loan program for vocational education and training.

The *Standards for Registered Training Organisations (RTOs) 2015*⁴ (the Standards) set out the regulatory obligations of RTOs. In particular, in relation to access and equity of VET (or the

¹ <https://www.oecd.org/pisa/>

² https://www.oecd.org/pisa/publications/PISA2018_CN_AUS.pdf page 4.

³ <https://nap.edu.au/docs/default-source/default-document-library/2019-naplan-national-report.pdf?Status=Temp&sfvrsn=2> pages 302-303

⁴ <https://www.legislation.gov.au/Details/F2019C00503/Download>

National Training System, of which the Department of Education, Skills and Employment are the guardians), this is defined as:

Access and equity means **policies and approaches aimed at ensuring that VET is responsive to the individual needs of clients whose** age, gender, cultural or ethnic background, disability, sexuality, language skills, **literacy or numeracy level,** unemployment, imprisonment or remote location **may present a barrier to access, participation and the achievement of suitable outcomes.**

In particular Standard 1, sets out the Standard on RTOs' training and assessment strategies and practices so these are responsive, amongst other things, to learner needs. In particular, in relation to learner support Standard 1.7 states:

The **RTO determines the support needs** of individual learners and **provides access** to the educational and support services necessary for the individual learner to meet the requirements of the training product as specified in training packages or VET accredited course.

As a safety catch all, Standard 5 requires the RTO to ensure each learner is properly informed and protected. In particular, Standard 5.1 states:

Prior to enrolment or the commencement of training and assessment, whichever comes first, the **RTO provides advice** to the prospective learner **about the training product** appropriate to meeting the learner's needs, **taking into account the individual's existing skills and competencies.**

It is in this context I have read with interest the ACER report.

TDA has consulted on this matter with our TAFEs. Some comments from TAFEs noted the additional regulatory burden on TAFEs and the risk of students being turned away from VET at a most crucial decision point in their life cycle.