

# Review of the VET Student Loans Eligible Course List and Loan Caps

## Terms of Reference

VET Student Loans are income contingent loans designed to provide financial support to students to undertake high quality training for skills that are aligned to workplace needs. Courses that are eligible for loans, and the caps on the loan amounts that can be borrowed per course, can be set by the Government. This is in addition to the processes to approve which Registered Training Organisations can deliver the courses and the decisions on the numbers of students who can receive a loan. In setting limits on eligible courses, and the amount students can borrow, the Government is seeking to ensure that students are not incurring an inflated level of debt for a course, and that loans are only being provided for courses that are closely aligned to the skills employers need in their workplace, thereby enhancing the opportunities for graduates to work, and to repay the money lent to them by taxpayers.

The current methodology for setting eligible courses looks at those which have a high national priority, meet industry needs, contribute to addressing skills shortages and align with strong employment outcomes. Exemptions to this methodology are currently available for listed and not-for-profit providers who can provide evidence of employment outcomes, employer support, and a track record of student progression and completion through a particular course.

There are 355 approved courses on the *VET Student Loans (Courses and Loan Caps) Determination 2016*. An additional 23 courses are listed in Schedule 3 of the Determination, which allow specified providers to deliver identified courses not on the approved course list.

There are three loan cap bands of \$5000, \$10,000 and \$15,000, which apply irrespective of whether the course is being delivered face-to-face, online, or via mixed delivery modes. Exemptions to the existing loan cap methodology currently apply to aviation-related courses, and the Diploma of Nursing, due to their higher cost of delivery.

The Government will review the methodology for determining both the eligible courses and loan caps. The review will examine, consult widely with stakeholders and consider:

- methodologies for determining eligible courses
- methodologies for determining loan caps
- appropriate processes to update the eligible course list and loan caps.

In doing so, consideration will be given to ensuring the scheme is well placed to support the ongoing skills development needs of Australian workplaces. The review will also explore basing loan cap amounts on the efficient cost of delivering quality training.

The review will invite submissions and conduct public consultations, and is expected to be completed within the third quarter of 2017 with a view to any changes being implemented from 1 January 2018.