REPORT

Regulatory strategy 2016–17
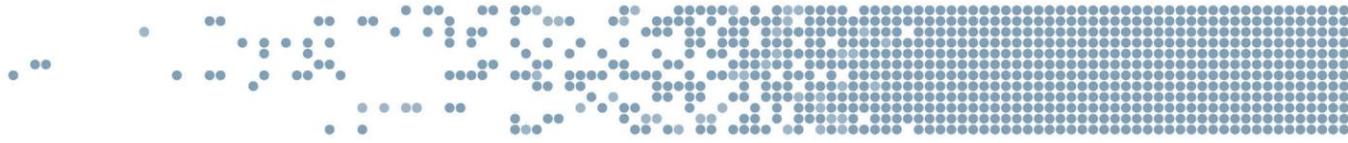
Introduction

The Australian Skills Quality Authority (ASQA) is responsible for managing risks to the quality of vocational education and training (VET) outcomes for students, employers and the community.

The release of this first published Regulatory Strategy coincides with the release of ASQA's *Regulatory Risk Framework,* which outlines how ASQA fulfils its responsibility by managing risk on two levels:

1. operational (provider risk), and
2. strategic (systemic risk)

Provider risk continues to be a key focus in ASQA's regulatory role. ASQA addresses this risk by using data and intelligence to identify and intervene with individual providers. ASQA primarily targets those providers that are exhibiting behaviours that pose significant risk to quality training and assessment.

Systemic risk is defined as any risk likely to exist across the sector or in a concerning proportion of providers. If left untreated, significant risks of this type can have a detrimental impact on the quality of training and assessment for individuals, industry and the wider community and may lead to loss of confidence in the sector.

The *Regulatory Strategy 2016–17* focuses on ASQA's approach to systemic risk.

This regulatory strategy is informed by ASQA's 2015 Environmental Scan, which has identified current and emerging risks through stakeholder consultation, market research and VET data analysis. ASQA has also considered recommendations from the Senate Standing Committee on Education and Employment[1] when developing this strategy.

In developing this strategy, ASQA has taken a best practice approach, by using evidence to identify the areas posing the highest systemic risk to Australia's VET sector. While there are many issues that compete for ASQA's VET regulation resources, this strategy focuses on the highest risk areas. Targeting systemic risks aims to maximise the positive impact of ASQA's regulatory resources.

The release of this document signals a significant step in the implementation of ASQA's enhanced risk-based regulatory approach. As a modern risk-based regulator, ASQA will continue its environmental scanning to identify, monitor and evaluate newly emerging risks and communicate our systemic risk priorities to all stakeholders through the publication of an annual regulatory strategy.

---

[1] Recommendations from Senate Standing Committee on Education and Employment '*The operation, regulation and funding of private vocational education and training (VET) providers in Australia*', final report 15 October 2015.
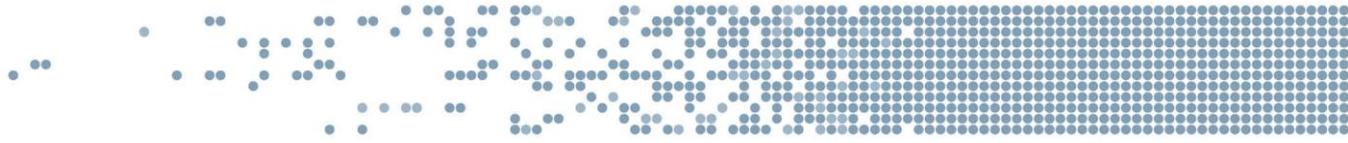
Purpose

This strategy communicates to the sector which strategic initiatives and target areas ASQA will prioritise in 2016–17. Outlining clear priorities is integral to the operation of an effective risk-based regulator and ensures that resources are directed to the issues that have potential to undermine the credibility and reputation of the VET sector.

Publishing target areas in this strategy can also positively influence providers—allowing them to take notice of, and proactively review their operations in, the identified areas of concern.

Regulatory initiatives for 2016–17

The complexity of **systemic risks** often means that ASQA cannot address the issues alone and effective outcomes require collaboration with policy, funding and regulatory agencies.

Recognising this, in 2016–17 ASQA will focus on:

- *Strengthening collaboration and coordinating responses with state, territory and Australian Government funding, regulatory and program agencies.*

A risk-based approach requires agile regulatory responses to providers with poor compliance profile. To address this, ASQA will also focus on:

- *Developing an enhanced regulatory approach that utilises a broader suite of regulatory tools to deal with providers.*

ASQA's strategic reviews have been successful in investigating and defining the size, nature and causes of the problems in particular sectors. These reviews have produced recommendations for effectively targeting treatment of the VET problems in these industries (which include the childcare, aged care, equine and security industries). As such, ASQA is

- *Continuing to work with its industry partners and other regulators to implement the recommendations from these reviews.*

2016–17 Regulatory Strategy—target areas

To complement the broader regulatory initiatives listed above; ASQA has prioritised three 'target areas' for focused regulatory effort. ASQA has dedicated resources to manage each of these areas and will progressively implement strategies to address these targets during 2016–17.

Target area 1: Learner protection

Recent concerns about inappropriate use of VET FEE-HELP and entitlement funding has brought the issue of 'learner protection' to the fore. There is particular concern regarding learners who are enrolled in courses where learners do not have the required prerequisite skills. Some RTOs are failing to provide accurate and comprehensive information to learners prior to enrolment, taking advantage of those VET learners—and potential VET learners—who lack knowledge about their rights and obligations in relation to entering and exiting training contracts.
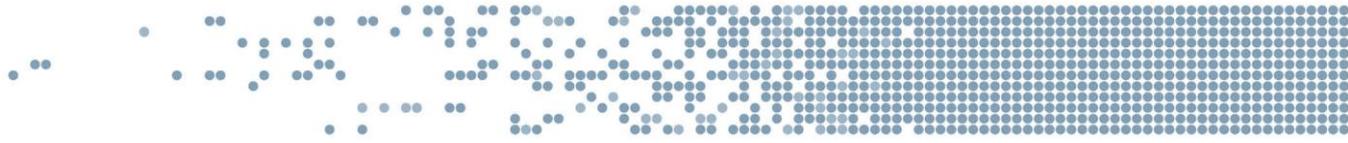
ASQA will use data and intelligence to target RTOs accessing public funding and engaging in conduct which disadvantages students and does not deliver acceptable outcomes. ASQA will do so by enhancing its ability to detect and monitor more sophisticated provider risk factors. Information sharing and collaboration with relevant agencies and funding bodies is integral to targeting these providers.

In response to learnings from its 2015 report 'Targeted audits of VET-FEE HELP providers', in 2016–17 ASQA will increase its focus on the components of the VET Quality Framework that act as the main protection for learners. This action aims to minimise unethical or inappropriate behaviours by RTOs in relation to the use of public funding.

In addition, ASQA—in conjunction with other relevant agencies—will seek to improve the information available to potential learners, in order to help them make informed decisions.

Target area 2: Amount of training

A critical concern for ASQA, in terms of the quality of Australian VET, is the increasing number of courses it has found being delivered in significantly shorter timeframes than those reasonably required to ensure learners gain the competencies specified in the training package.

Some of the factors contributing to this issue include:

- funding models
- employer demand for short courses, and
- lack of clarity about the amount of training required.

Targeting this issue also aims to address concerns about a portion of the VET provider market that is competing to offer the shortest timeframes possible, potentially at the expense of quality training and assessment.

It is essential to the integrity of VET that RTOs provide learners with sufficient training to acquire new knowledge and skills and the opportunity to practice those skills in suitable environments.

ASQA will work in collaboration with the relevant policy makers to address this issue over both the short and longer terms. ASQA will seek to further clarify expectations regarding the amount of training required of specific training products and to improve compliance with this aspect of delivery so that stakeholders' confidence in VET outcomes is assured.

Target area 3: Capability of trainers and assessors

Another critical concern for ASQA is the capability of RTO trainers and assessors—particularly in relation to assessment and industry/vocational competence. The capability of the VET workforce directly affects the quality of qualifications delivered and assessed across the VET sector.

An integral element of this broader issue is the Certificate IV Training and Assessment qualification. ASQA's analysis of complaints and audit non-compliance data has identified this qualification as the training product of most concern.

In 2016–17, ASQA will apply additional regulatory scrutiny to RTOs of concern delivering this training product.

The 2016–17 strategic initiatives and target areas complement ASQA's ongoing commitment to focus on the small but concerning group of providers in the VET market engaging in practices that pose a threat to confidence in the quality of the VET sector.