

ASQA stakeholder briefing

August 2015



Australian Government

Australian Skills Quality Authority

Purpose of today's briefing

- Overview of the Australian Skills Quality Authority's (ASQA) progress
- Outline of vocational education and training (VET) regulatory reform strategy
- Encourage even more engagement with industry, government and peak VET organisations and stakeholders

Purpose of national VET regulation

- Ensure learners get quality training and assessment
- Ensure employers get skilled workers
- Protect Australia's international reputation for high quality education training

National regulation of VET

- ASQA established to provide nationally-consistent and more rigorous regulation of VET
- ASQA commenced 1 July 2011
- Covers registered training organisations (RTOs) and providers of English Language Intensive Courses for Overseas Students (ELICOS) (*if ELICOS provider is not involved in higher education*)

Key focus of regulation – providers meet national Standards

- *Standards for Registered Training Organisations 2015*
- Meet training package requirements
- Accredited course standards
- ELICOS standards for intensive English courses
- *Education Services for Overseas Students (ESOS) Act 2000*/National code requirements for overseas students

ASQA's processes

- Registers new organisations entering the market
- Re-registering existing providers
- Approves applications to add a new course/s to the provider's registration
- Accredits national VET courses (outside of training packages)

ASQA has processed almost 27,000 applications since it was established

ASQA's other regulatory activities

- Conducted 5000+ audits to check compliance
- Refused:
 - Some 15% of new RTO applications
 - Almost 6% of existing RTO re-registrations
- Issued almost 500 notices to cancel/suspend registration
- Made 220 decisions to cancel/suspend a provider's registration

ASQA's tougher regulatory stance

- Received more than 4,500 complaints about RTOs
- Undertaken national strategic reviews of training
 - White card for building and construction
 - Aged and community care training
 - Marketing practices of RTOs
- Finalising three more national strategic reviews
 - early childhood care and education
 - security industry training
 - equestrian training

ASQA's regulatory impact

- Number of RTOs in Australia has fallen from 4,947 in July 2011 to 4,573 in December 2014 after decades of increasing numbers.
- Around 1,000 (or 20%) of the RTOs that existed in July 2011 are no longer operating
- Reasons:
 - direct regulatory action by ASQA
 - an indirect effect of ASQA regulatory action
 - reasons other than ASQA's regulation

ASQA's regulatory impact

- Refusal rates are dropping as more poor providers leave VET

| | % applications refused | | | |
|-----------------------------|------------------------|---------|---------|---------|
| | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| Initial application | 31.4 | 14.9 | 12.2 | 9.2 |
| Re-registration application | 12.1 | 9.5 | 3.5 | 3.2 |

ASQA's regulatory impact

- Decisions to cancel/suspend RTO registrations are now levelling off

| | Proportion of RTOs (%) | | | |
|---|------------------------|---------|---------|---------|
| | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| Notices issued to cancel/suspend registration | 0.3 | 3.4 | 4.8 | 4.0 |
| Decisions to cancel/suspend registration | 0.3 | 1.6 | 1.9 | 2.0 |

ASQA's regulatory impact

- Too many RTOs are still not compliant with all the Standards
- But levels of compliance are improving, especially since the new Standards commenced in 2015
- Most RTOs become fully compliant after 20 days rectification, and that proportion has also risen strongly

| | 2012-13 | 2013-14 | 2014-15 | 2014-15 With new Standards |
|---|---------|---------|---------|----------------------------------|
| Fully compliant when audited (%) | 19.6 | 23.9 | 26.4 | 33.1 |
| Fully compliant after rectification (%) | 72.9 | 77.8 | 82.4 | 87.0 |

ASQA's regulatory impact

- When non-compliances are identified, assessment is always an issue
 - more non-compliance with assessment standards than other standards
- Poor assessment strategies and tools
- Poor assessment practices
- Unqualified trainers/assessors

ASQA's regulatory impact

- Short courses identified as key issue contributing to poor quality VET/assessment
- National strategic reviews found too many RTOs are offering courses that are too short (eg: 70% of aged care courses did not accord with Australian Qualification Framework (AQF) benchmarks)

ASQA's regulatory impact

Other issues of concern identified

- Some RTOs engage in poor marketing practices
- Poor recruitment practices by some
 - VET FEE-HELP review
- New Standards and legislative amendments give ASQA better tools to address these issues

National VET regulatory reform strategy

- Apply even more regulatory scrutiny on providers who do not provide quality training
- Lower the regulatory burden and cost on providers who demonstrate high quality training and assessment
- Provide support to RTOs who are trying to comply but struggle to reach full compliance
- Move towards more risk-based regulation where broader threats to quality are identified and solutions found

National VET regulatory reform strategy

- Endorsed by the Australian Government in October 2014
- Announced \$68.7 million funding package
 - \$55.1 million to alleviate need for full cost recovery of fees
 - \$8.05 million for better education/information to support RTOs
 - \$5.06 million to improve digital capacity

National VET regulatory reform strategy

What have we done?

- implemented an earned autonomy strategy
- boosted education and information provided
- examined regulatory processes and eliminated processes that were not adding value to regulatory outcomes (eg: change to financial viability assessment processes)
- implemented automatic updates to providers' scope of registration for 'equivalent' superseded products
- more rigorous regulation of seriously non-compliant, poor quality providers
- implemented next stage of risk model

ASQA's evolving risk model

- ASQA's initial regulatory approach reflected the established model operating in referring jurisdictions.
- This approach was essentially a **permission model based** on consideration of applications from new market entrants and existing providers.

Enhancing ASQA's regulatory approach

Modern risk-based regulation is all about

“better identifying risks and developing strategies to better address those risks”

- Professor Malcolm K Sparrow

Professor of the Practice of Public Management
John F. Kennedy School of Government
Harvard University

ASQA's evolving risk model

Components of the new approach

Risk-based regulation focused on two levels:

1. Systemic Risk

Pick your important problems and fix them (Sparrow)

2. Regulated entry risk (provider risk)

De-regulation agenda—greater regulation for high-risk, poor quality providers

ASQA's evolving risk model

Driver

- Obtain more effective regulation

Characteristics

- Regulation is driven more by data and intelligence and less by transactional activities (e.g. applications and notifications)
- Regulation for providers is proportionate to their compliance posture and the potential impact of their behaviour on students, industry and the community
- Regulation is targeted to areas presenting the greatest threat to the quality of VET outcomes for students, industry and the community

ASQA's evolving risk model

Examining systemic risk as the key element of the new approach

- Annual environmental scan (consultation, research, internal & external data)
 - Sector wide concerns
 - Products (qualifications/units/courses) of greatest concern
 - Regulatory obligations of greatest concern
- Bi-annual monitoring scan
 - Emerging/new concerns
- Annual Regulatory Strategy
 - ASQA's annual program of work

ASQA's evolving risk model

Continuing with risk-based application processing

Refining provider risk assessments

- Provider past performance indicator (historical risk)
- Threshold risk indicators (predictive risk)
- Greater use of information/complaints about providers
- Provider profiling (to replace risk ratings)
- Expanded regulatory toolbox (e.g. infringement notices)
- Continuing with stringent market entry control measures for new providers
- Making use of new provider data being collected from all RTOs

Complaints and risk

- Around 1,500 complaints about RTOs are lodged with ASQA each year
- Complaints are a critical data source in moving from application led to data/intelligence led regulation
- Assess whether a complaint is within ASQA's jurisdiction and/or refer to appropriate authority
- Decided what level of response based on risk/seriousness

Working with our stakeholders

- Memorandums of understanding and agreements
 - Share information
 - Identify risk concerns
- Regular engagement:
 - Provider Roundtable
 - ELICOS provider-regulator Roundtable
 - Stakeholder engagement surveys
 - ASQA Industry Engagement Team
 - Directly contacting an ASQA Commissioner

Working with our stakeholders

State & territory government stakeholders

- ASQA's regulatory work can complement contractual performance management required of state and territory funding arrangements with RTOs
- Ensuring that duplication is minimised

Occupational licensing regulators

- Synergy between ASQA's regulatory work and training package specifications and licensing requirements
- Identifying risk issues/poor quality providers

Working with our stakeholders

Peak training provider groups

- Identifying risks and issues in the VET sector and identifying solutions
- Improving regulatory efficiency and reducing red tape

Peak industry and employer groups

- Making sure the VET sector delivers employees with the skills that employers need
- Identifying quality concerns/risk factors
- Identifying poor quality providers

Key contacts

Industry stakeholders

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Government stakeholders

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Peak bodies

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