



Regulatory strategy 2018–20



Australian Government

Australian Skills Quality Authority

Introduction

ASQA's role and purpose

The Australian Skills Quality Authority (ASQA) is the national regulator of vocational education and training (VET). ASQA promotes quality training so that students, employers, and industry can have confidence in Australia's training sector.

ASQA's purpose is to:

- protect the quality and reputation of the VET sector
- regulate the VET sector using a risk-based and standards-based regulatory approach
- facilitate access to accurate information about VET.

ASQA regulates:

- registered training organisations (RTOs) that deliver VET qualifications and courses
- providers that deliver VET courses to overseas students (on and offshore)
- accredited VET courses
- certain providers that deliver English Language Intensive Courses to Overseas Students (ELICOS).

ASQA's risk-based approach

ASQA's [Regulatory Risk Framework](#) outlines how ASQA manages risk. ASQA's risk-based approach manages risk on two levels:

- provider risk
- systemic risk.

Managing provider risk

Collectively, Australia's more than 4000 RTOs deliver training and assessment services to 4.2 million people each year. To regulate such a large and diverse sector effectively, ASQA directs its resources to the risks which pose greatest threat to quality outcomes.

ASQA has established a range of mechanisms for identifying and assessing provider risk. These enable ASQA to monitor providers to identify those who present the greatest risk of adverse impact on the community. As ASQA's risk-based regulatory approach matures, ASQA continues to refine the mechanisms it uses to monitor risk. Ongoing risk management at the provider level uses the greater part of ASQA's resources.

Managing systemic risk

The vast majority of providers in Australia's VET sector comply with their regulatory obligations. It is not a sensible use of ASQA's limited resources to attempt to audit every provider regularly to identify individual non-compliances. Instead, ASQA works to identify and treat systemic risks—those that are likely to affect a significant proportion of providers across the VET sector or specific industry sectors and represent a significant risk to the quality and outcomes of VET if left untreated.

Systemic risks generally involve a complex mix of drivers, including:

- policy settings
- financial incentives
- market design features.

This complexity and the size of the sector mean that ASQA can only realistically pursue a small number of systemic risk projects at one time. The *Regulatory strategy 2018–20* sets out ASQA's current systemic risk priorities.

Determining systemic risk priorities

ASQA takes an evidence-based approach to determining the systemic priorities for each regulatory strategy, using a range of indicators and intelligence to identify the areas posing the greatest systemic risk to Australia's VET sector.

Key inputs into the *Regulatory strategy 2018–20* include:

- consideration of Australian Government priorities, including the Australian Government response to *All eyes on quality: Review of the National Vocational Education and Training Regulator Act 2011 (All eyes on quality)*
- outcomes from stakeholder consultation, media monitoring, and VET data analysis, including ASQA's internal regulatory data.

Targeting systemic risk priorities

ASQA seeks to address systemic risk priorities through two kinds of work: target areas and strategic initiatives.

Target areas focus on those systemic concerns that present the most significant risk to the quality of VET outcomes. ASQA dedicates resources to these areas and project manages them to completion.

Strategic initiatives support ASQA's focus on systemic risk by continuing work from previous strategic reviews, and/or supporting continued improvement of ASQA's risk-based regulatory approach.

***All eyes on quality*—implications for ASQA**

In June 2017, then Assistant Minister for Vocational Education and Skills, the Hon Karen Andrews MP, commissioned Professor Valerie Braithwaite to conduct an independent review of the legislative framework that governs the regulation of VET, to ensure that it supports an efficient and effective approach to regulation and to ensure the quality of the national VET sector.

The final report, *All eyes on quality*, makes 23 recommendations designed to support the VET sector in meeting the challenges of the future.

In its response to the report, the Australian Government grouped the recommendations under five themes:

- enhancing engagement between the regulator and sector
- strengthening registration requirements of RTOs
- teaching excellence
- improving the collection and sharing of data
- protecting and informing students.

There is a strong alignment between these themes and the priority areas ASQA has identified for action under previous regulatory strategies and strategic reviews.

All eyes on quality acknowledges the progress ASQA has made in transitioning to risk-based regulation and a student-centred audit approach, and recommends that ASQA builds on these achievements by expanding its engagement with the sector. ASQA has commenced work in this area through its 2017–18 regulatory initiative ‘Recognising and supporting quality’, which committed ASQA to exploring additional strategies to recognise and support compliant providers.

The central importance of trainer and assessor capability is noted by Professor Braithwaite in *All eyes on quality*, and has been identified as a target area for action in each of ASQA’s previous regulatory strategies. In 2016–17 and 2017–18, ASQA undertook targeted audits of Training and Education (TAE) providers, and in 2017–18 continued regulatory scrutiny of RTOs delivering or seeking approval to deliver TAE products.

ASQA also took steps through the 2016–17 and 2017–18 regulatory strategies to ensure students’ interests are recognised and safeguarded, embedding a student-centred audit approach and addressing a range of risks related to VET FEE-HELP and unduly short training.

ASQA recognises the significant impact of the now discontinued VET FEE-HELP¹ on students and on the reputation of the VET sector. Since 2015, ASQA has conducted a strategic review and multiple targeted initiatives to address these issues.

The Australian Government Department of Education and Training (DET) is responsible for administering student loans programs. However, *All eyes on quality* recognised the significant role

¹ VET FEE-HELP was an Australian Government loan scheme that helped eligible students pay their tuition fees for higher-level VET courses (i.e. diploma-level and above) undertaken at approved providers. The VET FEE-HELP scheme was [replaced by VET Student Loans on 1 January 2017](#).



that ASQA has played in resolving the problems created by unscrupulous providers, and the role that ASQA will play in the ongoing monitoring of providers under the new VET Student Loans Scheme under a Memorandum of Understanding with DET.

In 2017–18, ASQA took steps to strengthen registration requirements for RTOs. These steps included increasing scrutiny on applications for initial RTO and CRICOS registration and in some cases placing conditions on a provider's registration so their delivery and assessment practices could be tested.

In determining the target areas and strategic initiatives for the *2018–19 Regulatory strategy*, ASQA took into account:

- the outcomes of previous regulatory strategy initiatives
- the Australian Government response to the recommendations made in *All eyes on quality*
- consultation with key stakeholders on the current issues and risks affecting the VET sector
- analysis of related internal and external data.

All eyes on quality recognises that ASQA does not—and cannot—operate in isolation, and that effective regulation requires [a partnership approach](#). In 2018–20, ASQA will continue to work with the Australian, state and territory governments, employers and RTOs to progress initiatives that will protect and enhance the quality of Australia's VET sector.

Target areas for 2018–20

Target area 1: Australia’s international education sector

International education (delivered on and offshore) is one of Australia’s top service exports. To build on the current success of the sector and capitalise on new opportunities, the Australian Government developed the National Strategy for International Education 2025 (the National Strategy). The 10-year National Strategy states that ‘Australia will support our education system with a robust quality assurance and regulatory environment with a focus on continual improvement’.

ASQA regulates international education providers that offer VET and ELICOS courses. Providers delivering these courses to people studying in Australia on student visas must be registered on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS). To register, a provider must demonstrate to ASQA their compliance with the *National Code of Practice for Providers of Education and Training to Overseas Students 2018*.

ASQA’s *Regulatory strategy 2017–18* noted significant growth in CRICOS applications, and in registrations for onshore delivery. The *Regulatory strategy 2017–18* included a commitment to commence a strategic review of international VET and English language education services delivered by ASQA-regulated providers.

ASQA has released the [Terms of Reference](#) for the International Education Strategic Review (the Review) and established an external reference committee of stakeholders to help inform the work of the Review. The findings of the Review will be informed by ASQA’s regulatory work, including a program of tailored compliance monitoring audits that will assess:

- CRICOS providers of interest delivering to overseas students
- providers delivering VET in China—subject to consultation with the China Education Association for International Exchange (CEAIE)
- providers offering assessment-only services to offshore students in a range of countries.

Actions for target area 1

In 2018–19, ASQA will continue the Review, which will involve:

- collaboration with government and non-government agencies to identify and consider responses to emerging regulatory issues
- research into the regulatory approaches of other countries, to ensure Australia’s regulatory approach aligns with international best practice
- analysing information about international student experiences and motivations, to identify examples of good provider practice and potential areas of risk to international students and Australia’s reputation
- improving communications with providers about meeting the national standards for providers, in order to safeguard international students.



The program of audits will continue in 2018–19, with the outcomes informing the work of the Review.

In line with the National Strategy's commitment to ensure international education is supported by a robust quality assurance and regulatory environment with a focus on continual improvement, the work of the Review will be informed by the Australian Government's response to *All eyes on quality*. ASQA is mindful that all students benefit from improved regulatory safeguards, and of the need to ensure that improvements do not impose unreasonable burden on providers.

ASQA intends to publish the Review's findings in 2019.

Target area 2: Trainer and assessor capability

As noted in *All eyes on quality*, a lack of capability in the VET workforce directly affects the quality of delivery and assessment across the sector, and outcomes for students and employers. RTO trainer and assessor capability has been identified as a critical concern for the VET sector in ASQA's 2016–17 and 2017–18 regulatory strategies.

This is a complex issue, and has been the subject of several reviews. Studies by the National Centre for Vocational Education Research (NCVER) and a recent report from the Australian Government's [Training and Assessment Working Group](#) have attempted to provide a way forward.

All eyes on quality reiterated a range of concerns, including:

- the poor quality of the TAE qualification
- unduly short qualifications and the prioritisation of the TAE qualification over the skills required for successful teaching
- sessional teaching
- a lack of professional development.

All eyes on quality recommended that RTOs should be required to assess the quality of their teaching workforce and include a teacher quality improvement strategy as part of the Quality Indicator Annual Summary report they are required to provide to ASQA each year. *All eyes on quality* also recommended additional changes to the TAE to support career pathways for VET teachers. In its response to *All eyes on quality*, the Australian Government supported these recommendations in principle.

A review of the TAE is being undertaken by the relevant Skills Service Organisation, and is expected to be completed in 2020.

ASQA has undertaken a significant program of work to support the implementation of the changes to the TAE. Audits of TAE providers in 2016–17 and 2017–18 aimed to ensure RTOs:

- provide an adequate amount of training
- have appropriate and compliant training and assessment strategies
- have appropriate and compliant assessment tools and strategies
- demonstrate how validation² has contributed to training and assessment.

ASQA provided information sessions to support RTOs seeking to deliver high-quality training and assessment and understand ASQA's compliance expectations.

ASQA recognises the importance of a partnership approach to achieving further improvements in this critical element of the VET sector.

² Validation is the quality review of the assessment process. Validation involves checking that the assessment tools produce valid, reliable, sufficient, current and authentic evidence to enable reasonable judgements to be made as to whether the requirements of the training package or VET accredited courses are met (*Standards for Registered Training Organisations (RTOs) 2015*).

Actions for target area 2

ASQA will maintain the focus on the capability of VET trainers and assessors by:

1. **Continuing scrutiny of RTOs** who apply to deliver TAE training products and monitoring of RTOs delivering TAE training products. This will include ensuring that RTOs are:

- providing an adequate amount of training
- developing appropriate and compliant training and assessment strategies
- developing appropriate and compliant assessment tools and materials
- demonstrating how validation has contributed to training and assessment.

Ongoing monitoring of RTOs delivering TAE training products will encourage compliance and confirm that RTOs follow through with the intentions stated in their applications.

2. **Providing ongoing communication and information** for providers to promote quality training and assessment practice.

Communication and information will help RTOs who aim to provide quality delivery and assessment to understand ASQA's expectations and assist these RTOs to deliver training and assessment to the expected standard.

3. **Beginning a conversation with key stakeholder groups**, including RTOs, about the range of strategies ASQA might consider to support an increased focus on trainer and assessor capability, improved practice and more transparent information about the skills and qualifications of trainers and assessors.

Working with stakeholders to develop and promote a shared understanding of good practice will help to establish a partnership approach to regulation, as suggested by *All eyes on quality*.

ASQA will consider whether initiatives identified through stakeholder consultation could potentially contribute to 'positive flags' for providers, as part of work to be undertaken by ASQA on recognising and supporting quality in the VET sector (this work is described in the next section).

Strategic initiatives 2018–20

Recognising and supporting quality in the VET sector

Building on the recommendations of *All eyes on quality* and early work completed in 2017–18 to support the development of a more sophisticated risk-based approach, ASQA will work with key stakeholders to explore additional strategies that recognise and support compliant providers and positive pathways in the VET sector.

This initiative aims to promote a partnership approach to the regulation of the VET sector, and will seek to:

- raise providers' awareness of opportunities for continuous performance improvement
- motivate providers to strive to meet compliance requirements
- provide pathways for providers to develop quality practice.

This initiative will expand the range of interventions and compliance processes available to ASQA. Expanding this range will encourage continuous quality improvement in the sector, and support the work already underway to repair the damage done to the reputation of the VET sector by a small number of unscrupulous VET providers.

Strengthening registration requirements—increasing Fit and Proper Person scrutiny

The Fit and Proper Person (FPP) requirements are a key component of the VET Quality Framework. They were designed to ensure people and/or associated entities who exert influence over the operations of an RTO or CRICOS provider have the characteristics and principles necessary to ensure the delivery of high-quality services and outcomes for VET graduates.

All eyes on quality has recommended—and the Australian Government has supported—strengthening the FPP requirements. *All eyes on quality* noted that the submissions it received focussed on a need for ongoing scrutiny of RTOs, particularly where changes to ownership and management structures occur.

In 2017–18, ASQA increased the level of scrutiny for new applicants to become an RTO or CRICOS provider. This included shorter initial registration periods and scrutiny of demonstrated delivery and assessment practice rather than 'intended' practice.

This new initiative continues ASQA's efforts to raise the bar for entry into the sector. It will result in proportionately greater levels of scrutiny on persons who are associated with new and existing training providers—including, for example, in instances where ownership or key personnel change.

This initiative will complement ASQA's work to recognise and support quality in the VET sector.

Training products of concern

The VET sector spans every industry in Australia and comprises thousands of training products. Changing economic circumstances and employer expectations, as well as changes within the VET sector, mean that the level of risk relating to training products does not remain static. As such, ASQA identifies 'products of concern' when determining its current risk priorities.

Based on consultation with key stakeholders and a review of internal data, ASQA has identified the following four training products as representing a degree of risk that warrants closer scrutiny:

- *CHC30113 Certificate III in Early Childhood Education and Care*
- *TAE40116 Certificate IV in Training and Assessment*
- *CHC33015 Certificate III in Individual Support*
- *CHC50113 Diploma of Early Childhood Education and Care.*

ASQA will actively monitor RTOs that intend to deliver or currently deliver these training products.

A number of stakeholders have raised concerns about provider practices in relation to individual support and aged care qualifications, and in particular in relation to the rollout of the National Disability Insurance Scheme (NDIS). There are emerging concerns among stakeholders about the potential for unscrupulous providers to exploit government funding, which could result in negative impacts on student learning outcomes and further damage to the reputation of the VET sector.

In October 2017, the Australian Government Senate Rural and Regional Affairs and Transport Reference Committee released its report, [Aspects of road safety in Australia](#), describing potential risks related to heavy vehicle training and assessment. The report recommended that ASQA 'take a more active role in monitoring the delivery of heavy vehicle training undertaken by registered training organisations and other providers'.

In response, ASQA has been engaging with heavy vehicle regulators at the national, state and territory levels to understand concerns in this sector. ASQA will continue work commenced in 2017–18, monitoring RTOs and contacting them to remind them of their regulatory obligations.

ASQA's information and communication program

Information and communication programs are an important component of effective regulation. Each year, ASQA engages in a range of activities designed to inform stakeholders about ASQA's regulatory activities, and provides updates and communicates with stakeholders about changes in the sector. ASQA also undertakes activities designed to build understanding and capability in the sector. These include:

- an annual series of face-to-face and broadcast training provider briefings to educate and inform providers about their regulatory obligations
- comprehensive educational and informational resources published on the ASQA website.

ASQA's information and communication programs support compliance and assist RTOs in delivering training and assessment to the expected standard, with initiatives including:

- the *Users' Guide to the Standards for RTOs 2015*
- an Info Line enquiries service providing information and advice via telephone and email
- interactive webcasts on 'hot topics' in the VET sector.

All eyes on quality recommended that ASQA engage in broader regulatory conversations and education programs with the sector. ASQA is in discussion with the Australian Government on how to engage with RTOs in a broader approach to compliance education to drive behavioural change.

Communicating ASQA's systemic risk priorities

ASQA publishes this regulatory strategy to ensure there is clear public information about ASQA's evidence-based approach to identifying and treating systemic risk in the VET sector.

Publishing this strategy enables providers to proactively review their operations in the identified risk areas, and VET sector stakeholders to consider how they might also contribute to addressing the systemic risks identified.

The 2018–19 target areas and strategic initiatives complement ASQA's ongoing commitment to focus on the small but concerning number of providers in the VET market engaging practices that pose a threat to confidence in the quality of the sector.