Community Colleges Australia Annual Conference 2015

Evolving the national regulator – four years of operations

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Chief Commissioner &
Chief Executive Officer
Canberra
14.10.2015
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:
  o Some 15% of new RTO applications
  o 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
  - early childhood care and education
- Finalising three more national strategic reviews
  - security industry training
  - equestrian training
Aged and community care strategic review

Report identified key concerns:

- poor quality of assessment undertaken by many RTOs
- training programs were often too short with insufficient time in a workplace for skills development

ASQA has:

- included aged and community care qualifications in every audit where they are on an RTO’s scope
- continued to work with other agencies to implement the recommendations

The Community Services & Health Industry Skills Council accepted the recommendations that related to the training packages they have responsibility for and are working to revise the training packages.
Early childhood care and education strategic review*

Key findings

- most registered training organisations have difficulty complying with assessment requirements.
- following time to rectify areas where they were not compliant, most RTOs became compliant.
- training courses are often being delivered in too short a time to enable the development of sufficient skills and knowledge and for valid assessment decisions to be made.
- learning and assessment in a structured workplace environment is not being done well by many RTOs

* At the time of the review RTOs were transitioning to the 2013 training package.
Early childhood care and education strategic review

Key recommendations

- training packages to include minimum benchmarks around the amount of training required for units of competency and VET qualifications
- ASQA to obtain intelligence from early childhood and care providers about the quality of training and assessment
- the quality of assessment to improve
- greater clarity in training packages in relation to assessment evidence
- adequate provision of training and assessment in an actual or simulated workplace
- trainers and assessors to gain and maintain vocational competence.
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

<table>
<thead>
<tr>
<th></th>
<th>% applications refused</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial application</td>
<td>31.4</td>
</tr>
<tr>
<td>Re-registration</td>
<td>12.1</td>
</tr>
<tr>
<td>application</td>
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</table>
ASQA’s regulatory impact

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

<table>
<thead>
<tr>
<th></th>
<th>Proportion of RTOs (%)</th>
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<tbody>
<tr>
<td>Notices issued to</td>
<td></td>
</tr>
<tr>
<td>cancel/suspend</td>
<td>0.3</td>
</tr>
<tr>
<td>registration</td>
<td></td>
</tr>
<tr>
<td>Decisions to</td>
<td>0.3</td>
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<tr>
<td>cancel/suspend</td>
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<tr>
<td>registration</td>
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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

<table>
<thead>
<tr>
<th></th>
<th>2012-13 %</th>
<th>2013-14 %</th>
<th>2014-15 %</th>
<th>2014-15 With new Standards %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully compliant when audited (%)</td>
<td>19.6</td>
<td>23.9</td>
<td>26.4</td>
<td>33.1</td>
</tr>
<tr>
<td>Fully compliant after rectification (%)</td>
<td>72.9</td>
<td>77.8</td>
<td>83.4</td>
<td>87.0</td>
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## Provider compliance with the Standards

1 July 2014 – 30 June 2015

<table>
<thead>
<tr>
<th>Provider Type</th>
<th>Former Standards %</th>
<th>New Standards %</th>
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<tbody>
<tr>
<td><strong>All providers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of providers fully compliant at audit</td>
<td>26.4</td>
<td>33.1</td>
</tr>
<tr>
<td>Percentage of providers fully compliant after the rectification period</td>
<td>83.4</td>
<td>87.0</td>
</tr>
<tr>
<td><strong>Community-based providers</strong></td>
<td></td>
<td></td>
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<tr>
<td>Percentage of providers fully compliant at audit</td>
<td>29.4</td>
<td>22.2</td>
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<tr>
<td>Percentage of providers fully compliant after the rectification period</td>
<td>70.6</td>
<td>100.0</td>
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</table>
ASQA’s regulatory impact

• When non-compliances are identified, assessment is always an issue
  o 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 (e.g.: 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

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

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
The Australian Skills Quality Authority

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