

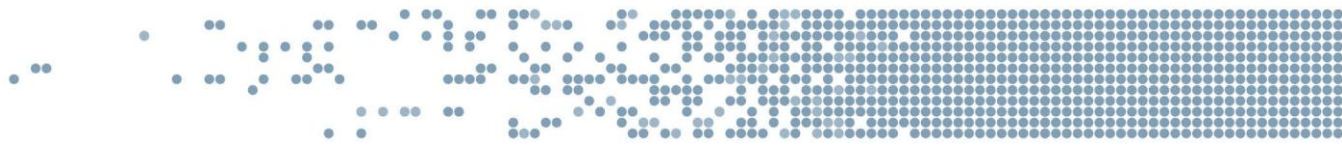
# REGULATORY STRATEGY 2017-18

ASQA's response to systemic risk priorities in  
the vocational education and training (VET)  
domestic and international education sectors



**Australian Government**

**Australian Skills Quality Authority**



# Background

## ASQA's role

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 have confidence in Australia's training sector. ASQA regulates more than 4000 training providers; these providers deliver 1400 qualifications as well as 3000 individual accredited course units/modules. Nationally recognised qualifications are available for work and occupations in most industry sectors in Australia.

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, and
- certain providers that deliver English Language Intensive Courses to Overseas Students (ELICOS).

Collectively, these RTOs and training providers deliver training and assessment services to 4.5 million people each year. To effectively regulate such a large and diverse sector, ASQA directs its resources towards those areas which pose greatest threat to quality outcomes.

ASQA's purpose is to:

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



## ASQA’s risk-based approach

To ensure its resources are effectively targeted, ASQA applies an intelligence-led and risk-based approach to regulation.

ASQA’s [Regulatory Risk Framework](#) outlines how ASQA manages risk on two levels.

Level of risk	How ASQA approaches risks at this level
1. Operational (provider risk)	<ul style="list-style-type: none"><li>ASQA addresses this level of risk by using data and intelligence to identify and intervene with individual providers.</li><li>ASQA focuses regulatory scrutiny on those providers that are exhibiting behaviours and practices that pose significant risk to quality training and assessment.</li></ul>
2. Strategic (systemic risk)	<ul style="list-style-type: none"><li>Systemic risk is defined as any risk likely to exist across the sector or in a concerning portion of providers.</li><li>If left untreated, significant risks of this type 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.</li><li>The drivers of systemic risks are often outside of ASQA’s legislative jurisdiction.</li></ul>

## Managing provider risk

Managing provider risk in VET is the foundation of ASQA’s regulatory approach. Managing risk at this level uses the greater part of ASQA’s regulatory resources.

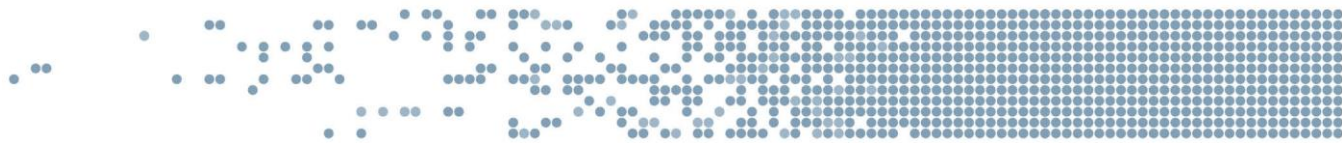
## Managing systemic risk

Managing systemic risk in VET is a shared responsibility.

The causes and most effective responses to systemic risk will involve a complex and multifaceted range of:

- policy settings
- financial incentives
- market design features, and
- drivers of behaviours.

This complexity means ASQA can only realistically pursue a small number of systemic risk projects at one time.



ASQA's regulatory experience suggests that concerns about VET raised by a range of industries have many common underlying issues or drivers. While these issues may present and manifest differently across certain industries/sectors, they are often linked to the systemic risks or drivers identified through ASQA's annual environmental scanning.

As such, ASQA identifies and targets these systemic risks in order to effectively address risks that are common to multiple industries represented in the VET sector. (Understanding drivers, and proactively employing strategies that aim to treat the causes, is more efficient than dealing with each of the 4000 ASQA-regulated providers. Treating systemic risk is therefore an important adjunct to ASQA's provider risk management.)

This *Regulatory strategy 2017–18* outlines the **systemic risk** priorities that will be the focus of ASQA's regulatory efforts for the next 12 months.

## Determining annual systemic priorities

To determine systemic priorities for each regulatory strategy, ASQA takes an evidence-based approach, 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 2017-18* included:

- Australian Government priorities
- ASQA's *Environmental scan 2016-17* (E-scan), which was developed through stakeholder consultation, market research, media monitoring and VET data analysis
- A review of the projects undertaken to address risks identified by the *Regulatory strategy 2016-17* and the outcomes of these projects.

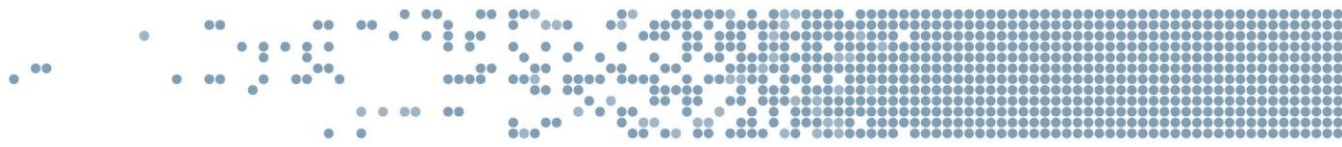
## Targeting systemic risk priorities

ASQA seeks to address systemic risk priorities through two kinds of work which are identified in this strategy: target areas and 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.

ASQA also determines annual **initiatives**. Initiatives support ASQA's focus on systemic risk in one or more of the following areas:

- continuing work from previous strategic reviews, or
- supporting the continued improvement and sophistication of ASQA's risk-based regulatory approach.



## Communicating ASQA's systemic risk priorities

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

Publishing this strategy also 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.



# Systemic risk—target areas for 2017-18

## Target area 1: Australia's international education sector

### Background

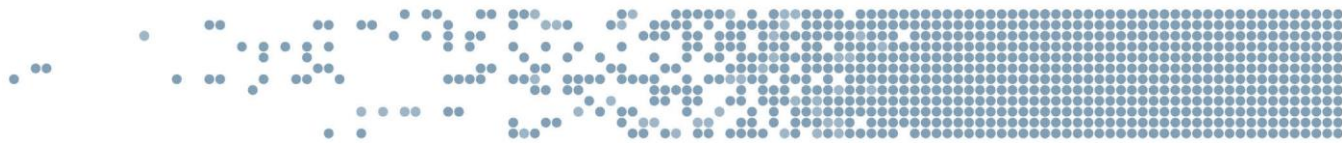
International education (delivered on and offshore), is one of Australia's top service exports. ASQA has noted recent growth in Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) provider registrations for onshore delivery. Additionally, the Australian Government has forecast continued growth in international education. The importance of international education to Australia is emphasised in the Australian Government's [National Strategy for International Education 2025](#). ASQA contributes to this strategy through its role in 'maintaining a robust regulatory environment'.

ASQA's role in regulating the international education sector is situated within a broader regulatory framework involving a number of other regulatory and policy bodies. In 2015, the Education Regulators and Immigration Committee (ERIC) was established to provide a dedicated forum for consultation and information sharing across the relevant agencies—ASQA; the Tertiary Education Quality and Standards Agency (TEQSA); the Australian Government Department of Education and Training (DET); and the Australian Government Department of Immigration and Border Protection (DIBP). Through its participation in this committee, ASQA will continue to collaborate with relevant government agencies that share responsibility for monitoring and managing the international education sector, in order to respond to potential risks. This ongoing collaboration will be critical to managing this complex sector and to ensuring that responsibilities for protecting the reputation of Australia's international education sector are effectively shared.

ASQA regulates international education providers that offer VET and English language intensive courses to overseas students studying in Australia on student visas. These providers must be registered on the Commonwealth Register of Institutions and Courses for Overseas Students (i.e. CRICOS registered). 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 2017*.

### ASQA strategies in this target area

1. In 2017-18, ASQA will undertake a [strategic review of VET and English language education delivery to overseas students](#). This review will involve:
  - > collaboration with relevant government and non-government agencies to identify and consider responses to emerging regulatory issues
  - > research into the regulatory approaches of other relevant countries to ensure Australia's regulatory approach aligns with international best practice
  - > analysing information about overseas student experiences to identify both examples of good provider practice and potential areas of risk to overseas students and Australia's reputation, and
  - > additional communication with providers about meeting the national standards that safeguard overseas students.



2. In 2015, ASQA commenced a program of audits of providers of offshore education and in 2015-16 ASQA completed audits in several regions of China. In 2017-18, ASQA will undertake further audits in China in conjunction with the China Education Association for International Exchange (CEAIE).
3. In 2017-18, ASQA will also review providers offering assessment-only services to offshore students. This is likely to include providers who offer offshore skills assessment in:
  - > China (including Hong Kong and Macau)
  - > Fiji
  - > India
  - > Iran
  - > Ireland
  - > Korea (South)
  - > the Philippines
  - > South Africa
  - > Sri Lanka
  - > United Arab Emirates, and
  - > the United Kingdom.

## Target area 2: Trainer and assessor capability

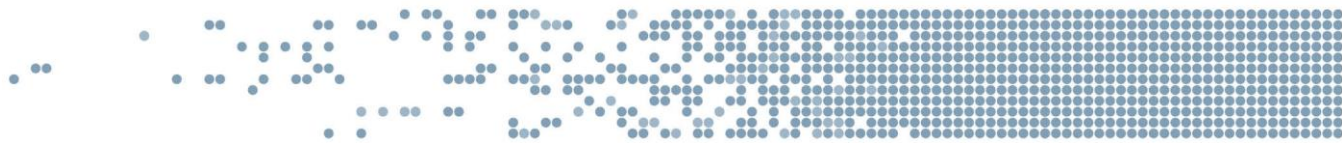
### Background

ASQA's *Regulatory strategy 2016-17* identified RTO trainer and assessor capability as a critical concern for the VET sector. A lack of capability in the VET workforce directly affects the quality of delivery and assessment across the sector. This is a significant issue as the quality of assessment that trainers and assessors deliver directly affects the quality of VET outcomes.

Despite ASQA's program of work targeting Training and Education (TAE) providers—and a range of work undertaken by those organisations with shared responsibility for ensuring quality VET outcomes—ASQA's *Environmental scan 2017* identified that stakeholders still hold significant concerns about the capability of trainers and assessors.

This is not surprising given that:

- the initial stage of the transition to new trainer and assessor qualifications in the new Training and Education (TAE) training package will not be complete until 5 October 2017, and



- the impact of the increased scrutiny of providers intending to deliver the new TAE 20116 Certificate IV in Training and Assessment—and the additional requirements for delivering this qualification—will not become evident for some time (that is, until graduates that have completed the new Certificate IV are working in the sector).

Delivery of TAE qualifications in excessively short periods is also likely to be a contributing factor to concerns about the quality of trainers and assessors—ASQA’s recently completed strategic review of course duration found that more than 30 per cent of the advertised Certificate IV in Training and Assessment courses include advertised duration of less than half of the minimum AQF volume of learning.

Initial analysis attributes this ‘lack of trainer and assessor capability’ to a range of drivers, with responsibility for addressing this issue shared among a number of stakeholders. The main causes can be grouped in two main areas:

- the quality of delivery and assessment of the Certificate IV Training and Assessment (TAE) qualification, and
- lack of continuing professional development of the VET trainers and assessor workforce (beyond TAE).

ASQA is best placed to target the first area and will do this by maintaining regulatory scrutiny on those RTOs intending or currently delivering TAE products. ASQA can contribute to the second area through an ongoing program of communication for providers.

## ASQA’s strategies in this target area

To address concerns about the capability of VET trainers and assessors, ASQA will:

1. Continue scrutiny of RTOs who apply to deliver TAE training products
2. Develop and implement a monitoring strategy for RTOs delivering TAE training products
3. Provide further communication and education for providers to promote quality assessment practice.

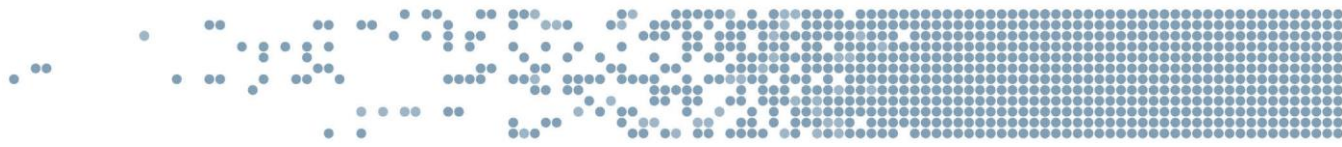
Analysis of the applications submitted during early 2017 for TAE training products suggests ASQA apply scrutiny to the following areas, where there is high likelihood of RTOs failing to meet standards:

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

This continued scrutiny will apply to both RTOs currently delivering training products from the TAE Training Package and to any RTOs seeking to deliver these training products for the first time. Monitoring of RTOs delivering TAE training products will encourage compliance and confirm that RTOs follow through with the intentions stated in their applications.

Communication and education will provide support to those RTOs who aim to provide quality delivery and assessment; additional information about compliance requirements in this area will assist these RTOs to deliver training and assessment to the expected standard.





## Initiatives 2017–18

ASQA will also focus its efforts on the following initiatives during 2017-18.

### Collaborating with DET to monitor VET Student Loans (VSL) providers

The Australian Government Department of Education and Training (DET) is responsible for administering the VET Student Loans (VSL) scheme. Building on the lessons learned from the [2015 VET FEE-HELP targeted audit program](#) and the 2016 Strategic Review into VET FEE-HELP providers, ASQA will continue to work with DET to monitor VSL-approved providers and undertake regulatory work as agreed.

### Progressing recommendations regarding ‘unduly short training’

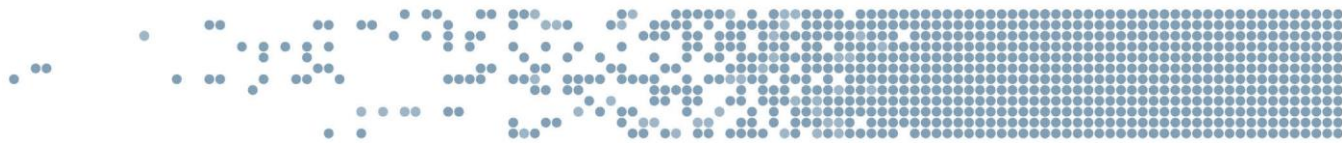
The report on ASQA’s 2016-17 strategic review into amount of training, [A review of issues relating to unduly short training](#), includes a range of recommendations. The report suggests change to the broader VET regulatory framework to enable more effective regulation of the amount of training and prevent providers from delivering excessively shortened courses that do not provide graduates with the required skills and knowledge.

ASQA will work with key stakeholders responsible for aspects of the VET regulatory framework to pursue implementation of these recommendations.

The pathways for progressing these recommendations include:

- the review of the *National Vocational Education and Training Regulator Act 2011* and its associated subordinate legislation
- the review of the Australian Qualifications Framework, and
- the work of the Training Product Reform Joint Working Party.

The Training Product Reform Joint Working Party comprises senior government officials from six jurisdictions; the Australian Industry Skills Council; and peak industry bodies, and is supported by the Australian Government Department of Education and Training. This working group will undertake engagement with industry and the VET sector and will propose reform options to enhance the design of training packages and accredited courses.



## **Increasing scrutiny on new RTOs entering the VET market**

ASQA will increase scrutiny on applications for initial RTO and CRICOS registration. Initial applications are currently approved based on evidence of the organisation's 'intended' practices.

From 2017-18, in some cases ASQA may place conditions on a provider's registration when approving an application for initial registration, as at this stage, the new provider's ability to implement their intended delivery and assessment practices has not been tested. This will allow ASQA to limit significant changes to the size or scope of an RTO's operations until their actual practice has been tested.

## **Embedding ASQA's 'student-centred audit approach'**

ASQA's student-centred audit approach was rolled out in 2016-17. In 2017-18, ASQA will continue embedding the audit approach and increasing external stakeholder awareness of the approach.

ASQA will also develop a range of smarter tools and processes to increase the efficiency and response times associated with the audit process.

## **Recognising and supporting quality in the VET sector**

In building a more sophisticated risk-based approach, ASQA will explore additional strategies that recognise and support compliant providers (the vast majority) and positive pathways in the VET sector.

This initiative aims to:

- provide incentives for providers to strive to meet compliance requirements
- provide support for providers to develop quality practice, and
- repair reputational damage to the sector, resulting from the recent spotlight on a small number of unscrupulous VET providers that abused the VET FEE- HELP scheme.