

Department of Education and Training

Review of Quality Assurance in Victoria's VET System



May 2015

General use restriction

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1. Project Context

Project Background

A strong and sustainable vocational training sector is vital to Victoria's future

Through Vocational Education and Training (VET) nearly 400,000 Victorian students annually seek to attain skills and capabilities that assist them to gain work, be more productive in their job or transition to further education. The Victorian Government's policy objectives for vocational training are to ensure that:

- "Victoria's industry skills needs are met, and people gain meaningful qualifications to get a job or to retrain for the needs of industries in transition;
- the VET system is well-resourced and flexible, to respond to the training needs of workers and industry needs in a changing economic landscape for manufacturing industries; and
- poor quality providers and those RTOs which rort the system are excluded from public funding".¹

As such, it is the delivery of quality training and assessment that is arguably the most important objective for Victoria's VET system. It is through receiving quality training and assessment that an individual can ultimately apply knowledge and skills obtained, to improve their participation in the labour force and productivity more broadly. Where quality is lacking (or is perceived to be), the skills developed and/or the currency of qualifications are diminished, which in turn reduces the return on both public and private investment.

The government's policy objectives are executed through contracted training providers who receive Government funding to deliver training to eligible students. The Government manages this market through:

- system design and resourcing;
- provision of consumer information;
- discrete market facilitation efforts; and
- RTO contracting and monitoring.

The Government has additional roles in the regulation of Nationally Recognised Training (NRT), as the owner of some training products, the accreditor of others (through the VRQA), the regulation of some RTOs and through contributing to national policy development.

Project Scope, Approach and Methodology

Focus of this review

To respond to perceived challenges, this review assessed a basis for strengthening quality assurance in the Victorian VET system, across five broad areas:

1. Evaluating the effectiveness of:
 - a) Victoria's existing quality assurance measures including the compliance audit program; and
 - b) Measures to assure students are genuinely attaining appropriate skills within a competency-based system;
2. Recommending a new, risk-based framework to provide assurance that VET credentials issued support high quality outcomes, meet the skills needs of students and employers and guarantee those skills have been attained (noting the VET Funding Review may recommend changes to funding settings), including:

¹ Victorian Labor Platform 2014

- a) quality assurance of government funded VET delivered by registered training organisations, including by third parties; and
 - b) opportunities to promote high quality fee-for-service VET, including international education;
3. Recommending a functional and resourcing strategy for the new framework, having regard to Victoria's VET regulatory, contracting and monitoring functions;
4. Assessing the adequacy of consumer protections available to VET students, including those accessing VET FEE HELP; and
5. Making recommendations and identifying quality drivers relevant to the VET Funding Review and Australia's VET funding architecture.²

Project Approach and Methodology

This review comprised six primary activities. Deloitte:

- Reviewed the current state of Victoria's quality assurance framework, including objectives, functions, operations and costs, systems, data and reporting.
- Undertook econometric modelling to identify provider characteristics most likely to be associated with high/low quality outcomes.
- Developed a set of better practice design principles to articulate what constitutes better practice.
- Assessed the current state quality assurance framework against the better practice principles to identify opportunities to strengthen the current quality assurance framework.
- Based on identified improvement opportunities, developed a strengthened Quality Assurance Framework.
- Developed an implementation plan to support the implementation of the Framework.

Inputs to the review

The seven activities described above drew on data, insights and perspectives from:

- **Operational data:** DET performance data (particularly around audits of training providers), regulator performance data and VET system data (from the Skills Victoria Training System (SVTS) and RTO Performance Indicator Trial 2014);
- **Literature and research:** research around VET quality assurance from other jurisdictions; and
- **Stakeholders:** government, regulators, training providers, community sector and industry stakeholders.

In some instances, whilst strong conclusions were reached by stakeholders, the evidence was not conclusive about either the extent of the problem or the solution. Therefore, some of the recommendations in this report should be introduced, tested and refined as DET develops a stronger evidence base.

² Drawn from Victorian Department of Education and Training RFQ 1415-94

Defining Quality and Quality Assurance

First and foremost quality is an intrinsic characteristic of training delivery (that is, one that is difficult to observe). Whilst it's difficult to define, it is ultimately reflected in the levels of educational and subsequent economic and social outcomes for training participants, employers and the community. Furthermore, a learner's best interest should be at the centre of a quality vocational training system. In support of this, the research in this domain finds:

Quality is the fact and perception that:

- The qualification attained through VET has **integrity** (i.e. students have attained the expected competencies and can use these to support employment outcomes); and
- The **student experience** aligns to the student's expectations.

Quality assurance is the function that:

- Sets provider and delivery standards;
- Inspects, monitors and evaluates providers, practices and outcomes; and
- Supports and protects the rights of service users.

In terms of a well-designed quality assurance function, the research finds the primary drivers of quality to be the product, the provider and the consumer. Government is able to influence these drivers through three key levers:

- **Regulation**, including training packages, quality standards and provider compliance arrangements;
- **Funding / contracting**, establishing additional requirements on providers in particular markets/segments through funding and contract instruments; and
- **Information provision**, to encourage informed and active decision making by consumers.

The Victorian VET System

VET is largely comprised of nationally recognised training, which is quality assured by a range of agencies and instruments. Funding for nationally recognised training is drawn from three sources:

- Fees from consumers, which may come from students, industry/employers and/or from government through VET FEE-HELP;
- Victorian Government subsidies (provided through the Victorian Training Guarantee); and
- A small volume of training funded by the Commonwealth Government (i.e. training for transitioning workers).

Regulation and quality assurance for nationally recognised training takes multiple forms including:

- Requirements to comply with the VET Quality Framework, comprising:
 - The *Standards for RTOs 2015*;
 - The Australian Qualifications Framework (AQF), which establishes the framework for nationally recognised qualifications; and
 - General consumer protections.
- Providers of nationally recognised training are regulated by the Australian Skills Quality Authority (ASQA) and the Victorian Registration & Qualifications Authority (VRQA); and

- Where providers contract with the Victorian Government to provide training funded by the Victorian Training Guarantee (VTG), they must comply with the requirements of that contract.

This review primarily focused on those RTOs delivering nationally recognised training and receiving funding through the VTG contract.

The Victorian VET Market

Contracted providers comprise about half of all Victorian RTOs. They deliver the vast majority of nationally recognised training, although the exact proportion is not reported. In 2014, the profile of those RTOs with a VTG contract (including VTG and non-VTG subsidised training) included:



505 Providers

- Most providers (81%) are small, with fewer than 1,000 enrolments.
- 20 providers are very large with over 5000 students
- Large provider include 10 TAFE institutes, four dual sector providers, five private RTOs, and one 'Other' provider (Adult Multicultural Education Services)



390,000 Students

- 66% of students enrolled with a contracted provider attract at least one unit of VTG funding
- The majority of students are male (54%), and the largest proportion is under 25 (40%)
- Large proportions of students were born overseas (34%), speak a language other than English (28%), and some have a disability (8%)



534,000 Enrolments

- 64% of enrolments with contracted providers are subsidised through the VTG
- Overall, most enrolments are in vocational training (79%), followed by foundation (15%), traineeships (3%) and apprenticeships (3%)



1,217 Qualifications³

- 87% of qualifications delivered by contracted providers attracted VTG funding
- 20 qualifications comprise 30% of total enrolments

³ This includes qualifications with at least one enrolment in 2014

2. Challenges to Quality

A demand driven VET sector, like Victoria's, is vulnerable to a range of market failures and equity issues that can lead to sub-optimal quality outcomes. This is in part due to:

- the structure of the VET market, which has a large number of providers and a diverse range of qualifications, which can lead to overwhelming choice;
- the cohort of VET consumers, which includes young students, those with low levels of education and financial literacy and other vulnerabilities;
- the nature of VET, which by its very nature is: (1) an 'experienced good', making quality difficult to assess until after completion; and (2) competency based, encouraging flexibility but reducing comparability between individual services or outcomes;
- heavy reliance on the national regulatory regime, to assure quality in the Victorian market.

Evidence suggests quality of training and delivery is variable, with some below an acceptable level, and as a result of this (and other factors) there is now a general perception that quality issues are widespread. This creates the impetus to heighten the Department's role in quality assurance of those RTOs it contracts with in the short-to-medium term, until these perceptions of poor quality are rectified, and the national quality assurance approach to VET is widely accepted as robust.

Twelve Issues Facing the Victorian VET System

Analysis of the current state VET quality assurance system identified 12 key issues, which restrict the system's ability to support high quality training and assessment:

Issue 1: The regulatory system focuses on ensuring that RTOs meet the requirements of the training packages and provider standards prospectively, rather than on the quality of student outcomes attained or the student experience retrospectively

Currently, the regulatory system conducts audits that test RTOs' compliance with the standards at a point in time. These audits seek to form a view as to whether the RTO met the standards. However, a systematic assessment of individual student outcomes does not occur. For the regulators, this is a matter of role definition, having regard to the functions and powers set out for them in their constituting legislation. Ultimately, the current approach to enforcing the standards does not provide the kind of assurance required for DET to be confident that RTOs are delivering high quality outcomes.

Issue 2: DET doesn't sufficiently specify provider quality requirements prior to the RTO accessing the VTG contract; therefore there are providers holding a government contract that deliver training of variable quality

RTOs are currently not required to have a demonstrated track record of quality training delivery prior to being awarded a VTG contract.

When VET market contestability was introduced in 2009 the focus was on increasing the number of training providers to facilitate competition. This resulted in a large increase in the number of contracted RTOs, up 75% from 2009 to 2011 to over 600. Subsequent changes to contracting and enforcement resulted in a stabilisation of RTOs at around 500 since 2013.

There continues to be some evidence of varying RTO quality, as signalled by suspended payments and commencements, cancelled contracts (4% in 2014) and findings from the RTO Performance Indicators survey. The perception of varied quality levels was reinforced through stakeholder consultations.

Issue 3: The current DET assurance regime is predominantly focussed on funding assurance, with a primary reliance on the national provider registration process to assure quality

Reflecting an assumption that regulators would assure quality, the Department's current assurance regime is predominantly focussed on funding assurance, with an ad-hoc quality review capability.

In keeping with the initial emphasis of the VTG contract on funding assurance and readily observable provider characteristics, contractual requirements and audit processes and documents focus on performance against financial, student eligibility, record-keeping and other essential compliance requirements. To date, audits have had minimal focus on the quality of training and assessment.

Issue 4: The VTG contract doesn't specifically identify levels of non-compliance against quality standards and associated enforcement mechanisms

The contract includes only high level statements in relation to quality. There is no specification of what would constitute non-compliance and associated consequences. This has limited DET's ability to pursue all but the most egregious instances of poor quality providers.

Issue 5: There is a lack of systematic information/ performance data and analysis that enables the Department to monitor the quality of RTOs, qualifications delivered and student outcomes

The Department's current data collection, analysis and dissemination/reporting process is insufficient to enable effective monitoring of the quality of RTOs, qualifications delivered and student outcomes.

There are currently no specific quality risk indicators that are systematically collected and monitored by the Department. To date the Department has focused on developing financial risk indicators.

The 2014 RTO Performance Indicator Trial data, based on 2013 completers and their employers, is a valuable first step and will become more instructive as longitudinal data emerges. It will also enable the Department to build the sophistication of its monitoring regime.

Issue 6: The Department's current resources are more commensurate with the requirements of a funding assurance regime, than a quality assurance function

Departmental resources have been established primarily to support funding assurance, and are not commensurate with managing a systematic quality assurance regime. The increasing emphasis on quality assurance has therefore been supported through ad hoc quality reviews and some monitoring of emerging quality issues.

Issue 7: The Department's primary assurance mechanisms, being aligned to funding assurance, do not account for the varying quality risk levels associated with qualifications and more vulnerable student cohorts

Qualifications vary in terms of 'risk', with regard to both risk of competencies not being attained (due to nature/complexity) and risk to the public where competencies are not attained. Qualifications associated with certain industries, such as children's services and aged care, or with heightened OH&S and other workplace risks, are of particular concern.

ASQA and Departmental investigations have also revealed a propensity for particular student cohorts to be vulnerable to poor quality and unscrupulous providers. Indeed recently recalled qualifications have had a disproportionate effect on some student cohorts.

Issue 8: Some trainers and assessors, including sub-contractors, are perceived to have insufficient technical or practical expertise to deliver quality training and assessment

Whilst there is minimal evidence on the levels of trainer and assessor expertise that currently exists, there is a perception amongst stakeholders that trainer and assessor competencies vary substantially, and that they are often inadequate to support quality student outcomes.

The available data from the RTO Performance Indicator Trial suggests that 24% of RTOs had less than 80% of completers reporting satisfaction with the quality of teaching. Modelling of this data indicates that RTOs with a high proportion of qualifications delivered by subcontractors realised poorer quality outcomes on average.

Issue 9: The volume of training and mode of training delivery is, at times, perceived to be inadequate or inappropriate to ensure student competency

While competency based training poses a challenge to specifying an appropriate volume of training and mode of delivery, there is significant concern with, and some evidence of, inappropriate training volumes and modes.

Many stakeholders noted the volume of training and mode of delivery can affect quality outcomes. Stakeholders provided anecdotal evidence of short and inappropriate training that was thought to affect the realisation of student outcomes. RTO Performance Indicator Trial data modelling indicates students undertaking particular modes of delivery achieve poorer quality outcomes on average.

Issue 10: Poor assessment practices, adopted by some RTOs, are perceived to undermine the integrity of the qualification

Stakeholders, particularly employers, reported that there is large variation in the quality of assessment practices across the sector. Several stakeholders specifically raised that the lack of industry/workplace perspective was a common feature of inadequate assessment practice.

The RTO Performance Indicator Trial data suggests that about one in five RTOs have less than 80% of completers who report a positive perception of the assessment process. The recent recalling of qualifications by providers also offers evidence of inadequate assessment at some RTOs.

Training packages provide only high-level indicators of appropriate assessment practices and do not effectively create conditions leading to consistent quality assessment.

Issue 11: The consumer is not empowered to drive quality in the VET sector, primarily hindered by the limits of current information provision mechanisms and the way in which the VTG entitlement operates (via providers)

There is currently a patchwork of information sources for students and employers, with large gaps in relation to the quality of training, including learner outcomes. This was reinforced through the stakeholder consultations, where the point was reiterated that students and employers are not always sufficiently informed of their own entitlements to drive quality within the sector.

Further, current arrangements create confusion around who holds the training entitlement, particularly when reinforced by some provider marketing/enrolment techniques.

Issue 12: Consumer complaint and redress mechanisms are fragmented and difficult to access

Consumer complaint and redress mechanisms are fragmented and difficult to access, making them less effective in incentivising quality. There is a range of disparate complaint avenues available (including ASQA,

VRQA, DET, general consumer protection regulators). Many stakeholders reported that these are complex and difficult to access and navigate.

Conclusion: The issues and evidence identified through this Review suggest that the Department should take a new, crucial and more active role in assuring the quality of Victorian VET. This transformation can be effected over the short-to-medium term. However, the Review's findings do not call for a total market redesign, and the proposed changes should be reviewed after three years.

The national quality assurance framework has (to this point) been unable to provide the conditions and confidence required by the Victorian Government, to ensure its investment in VET adequately meets students' needs and creates sufficient economic and social value.

Quality problems in Victorian VET are likely to be rectifiable. The Department must adopt a new (interim) focus on improved quality assurance and adjust its 'market management' practices. The Department needs to be more active in ensuring that the opportunities provided by markets support, rather than undermine, the performance of the Victorian VET sector.

It's important to note that whilst the Department will be exercising greater choice in who it contracts with, and the conditions under which those contracts will be awarded and monitored, it should still value student choice, contestability and innovation.

The Department already exercises explicit choice and market management based on an organisation's financial position and performance under past contracts. This choice paradigm must now consider the quality of the provider, its staff and its teaching, learning and assessment processes.

This change can be achieved if the Department continues to expand, and make more systematic, its approach to monitoring and reporting the quality of providers, qualifications and student outcomes.

The available evidence is insufficient to allow comment on precisely how subsidies drive quality. However, significant subsidy reductions, especially where there is no commensurate increase in the student's contribution to cost, are likely to drive a reduction in the quality of training. In such a situation, the absence of a robust quality monitoring and assurance regime will reduce government's capacity to monitor and address quality problems in the manner expected by the public.

3. Recommended Reforms

Four High-level Areas for Reform

Research and analysis performed for this review has identified four central areas through which DET can achieve improved VET quality assurance:

1. Market Access



DET should proactively manage and minimise risk to improve training quality in Victoria through access to a VTG contract and freedom to operate within the contract. This includes introducing higher quality access thresholds for training providers seeking to deliver training to students eligible for a VTG subsidy. Ultimately, the awarding of the VTG contract should be a strong signal to the market that an RTO is delivering an acceptable level of quality training and assessment.

2. Delivery of Quality Training and Assessment



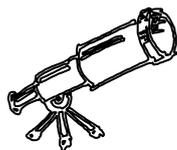
Quality in VET is driven through a composite of factors, including trainer and assessor competency, the training and learning process and provider improvement and innovation. Stakeholders perceive that providers need to raise the quality of trainers and assessors and improve the process of learning. Given the level of stakeholder concern, interim measures are warranted while further work is conducted. However, the contract must ultimately avoid excessive prescription and standardisation, which may limit providers' innovation in educational practice and prevent their meeting individual students' needs.

3. Managing Performance



An enhanced regime of quality assurance for providers accessing VTG contracts is required to supplement DET's current funding assurance regime. This should serve a dual purpose – removing contracts from training providers whose performance does not meet acceptable levels, and building a greater focus on continuous quality improvement amongst all providers contracted under the VTG. DET should create a new function that clearly defines quality requirements, monitors and enforces providers' performance against them, and builds effective relationships with RTOs.

4. Strengthening Consumer Information



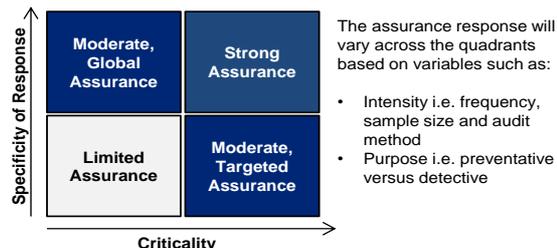
An effective training market is only possible when the consumers in that market (students and employers) are fully empowered to make appropriate choices. This requires robust, accessible information, support for susceptible cohorts and rapid redress when providers fail to provide services to a sufficient level of quality.

Nineteen Recommendations to Strengthen the Quality Assurance Framework

These four reform areas will be realised through 19 recommendations. No one recommendation can be expected to solve quality concerns in isolation, as together they shape and drive desired market behaviours.

The strength of response / level of investment required to implement each recommendation will vary based on the risk appetite of DET and the priority level associated with strengthening particular components of the quality assurance framework. This will be determined by levels of criticality and the specificity of the response required. The spectrum of response levels are outlined below:

- Strong Assurance:** this should be applied to priorities that are highly critical to strengthening quality across the sector. A strong global assurance response is required that is complimented by a tailored assurance program that recognises varying risk profiles.
- Moderate, Global Assurance:** this should be applied to priorities that are highly critical to strengthening quality across the sector. In these instances, a moderate, global assurance response may be sufficient.
- Moderate Targeted Assurance:** this should be applied to priorities that are not as critical to strengthening quality across the sector but require a highly targeted response. A moderate, tailored assurance program that recognises varying risk profiles should be sufficient to address risk.
- Limited Assurance:** this should be applied to priorities that are not as critical to strengthening quality across the sector and which may require a highly targeted response. A limited assurance program is required to address residual risk.



The duration and relevance of responses will also vary i.e. responses may be obviated as others take effect over time. Responsibilities for these may change in line with this. It is expected that the role played by the Department to assure minimum quality standards would decrease as the scope and activity of regulators in enforcing standards broadens.

Market Access

Recommendation 1:

Increase the entry requirements for RTOs seeking to obtain a VTG contract. RTOs would need to demonstrate a proven track record of delivering quality training and assessment before being eligible for a VTG contract. New entrants would be required to undergo a review of their training delivery methods and assessment processes prior to contract commencement.

Recommendation 2:

Implement a probationary period/contract for RTOs that have not previously held a VTG contract, with a minimum period of 12 months. Whilst on probation, RTOs should be subject to additional restrictions, compliance and quality assurance. The probationary period may be extended where a provider does not demonstrate sufficient compliance and quality.

Recommendation 3:

VTG contracts (and access to student subsidy covered by the VTG) should be limited to the scope of registration held by the provider at the time the contract is established. That scope will be specified in the contract. VTG contracted providers that extend their scope of registration will only be able to claim VTG subsidies for such additions if they have sought, and had approved by the Department, additions to their scope of delivery.

Recommendation 4:

The Department may determine circumstances where certain classes of RTOs are offered a VTG contract for a scope of delivery narrower than their scope of registration. This may include the option for capped enrolments, the restriction of specified qualifications or the establishment of limited panels of providers. RTOs that accept narrower contracts should be subject to a quality assurance regime adjusted for their risk.

Delivery of Quality Training and Assessment**Recommendation 5:**

Implement a more independent approach to issuing trainer/assessor qualifications. Training providers contracted under the VTG should, going forward, be prohibited from credentialing their own trainers and assessors with the Certificate IV in Training and Assessment. Where the Department identifies that providers may be non-compliant with their regulatory obligation to employ suitably qualified trainers and assessors, these matters should be referred to the regulators.

Recommendation 6:

Establish a panel of providers approved to deliver the Certificate IV in Training and Assessment. Trainers and assessors with certificates that pre-date the panel would not be excluded from delivering training and assessment, but may be subject to a reasonable transition period.

Recommendation 7:

Grant RTOs with a track record of performance in delivering high quality training and assessment, particularly across qualifications for trainers and assessors, the right to self-accredit trainers and assessors.

Recommendation 8:

Commission further research into whether, and to what extent, there should be amendments to qualification levels and skills sets required by trainers and assessors to deliver quality training and assessment.

Recommendation 9:

Explicitly state in the contract that RTOs are expected to deliver a volume of training in line with recommendations in the AQF and/or Training Package. Where training deviates beyond a certain threshold, the RTO will be required to document and justify its approach, providing this to DET upon request. The requirement to demonstrate the appropriateness of training duration may be required at contract initiation and/or as part of audits. This requirement should be systematically monitored and assessed in assurance audits. To support this, DET should refine its data standards to effectively capture both the duration and intensity of learning and conduct further research into the acceptable range for

volume of training delivered per qualification. When sufficiently developed, this could inform systematic monitoring of duration and intensity, and inform DET's broader quality assurance activities.

Managing Performance

Recommendation 10:

Inject additional resources into DET's VET review function to allow an immediate focus in 2015-16 on rapid investigation and enforcement, targeting a core cohort of RTOs with known performance issues. This will send a strong message to the sector that high quality training and assessment is a priority.

Recommendation 11:

Build a strong quality assurance regime that is explicitly enabled by the VTG contract. Auditing of providers should serve two primary purposes:

- Ensuring compliance with contract and verifying performance against funding requirements. Compliance audits will be supplemented by quality audits, which may be triggered at compliance audit for further investigative purposes.
- Quality assurance will aim to improve both educational process and outcomes (quality of graduates and qualifications). Quality audits will evaluate an RTO's training and assessment practices.

The Department should design the quality review program to be additional to the regulatory audits against the standards. Its primary focus should be on the student experience and outcomes. Any observed breaches of the regulatory standards should be referred to ASQA or the VRQA for attention.

The Department should continue to work with the regulators, Commonwealth and industry bodies to improve quality assurance through the national regulatory and standards system.

Recommendation 12:

The Department's quality assurance regime should segment RTOs on the basis of risk, and the assurance regime should be tailored for each risk segment. Appropriate technical expertise should be assembled for each audit.

- The quality assurance regime should be tailored to each segment. Segmentation would be based on the overall risk profile of each RTO including qualifications delivered, volume of enrolments and business operating models (e.g. use of third parties). Higher risk segments would be subject to a more intense and qualitative assurance regime that would vary in terms of frequency, breadth and depth of audit activity. Sustained performance over time would reduce the compliance regime.
- A review of the RTO's overall risk rating may be triggered through certain events as specified by DET, for example change in ownership, the commencement of a new CEO, significant expansion of scope or significant change in enrolments.

Recommendation 13:

Strengthen early detection and risk segmentation capacity through increased information collection and monitoring mechanisms, including establishing and continually refining an agreed set of quality risk indicators. These could build on existing financial risk indicators and be broadened to include improved measures of consumer (both student and employer) experience and satisfaction (as per the RTO performance indicators).

Recommendation 14:

Build and align the Department's technical expertise and resources to be commensurate with what is required to maintain an effective quality assurance regime. This includes sufficient FTE, information and funding to:

- Effectively oversee and report on the performance of the sector
- Conduct/contract audits and reviews of individual RTOs, including establishing and maintaining a panel of external auditors/quality assurance reviewers
- Establish a relationship based performance monitoring regime with RTOs with the highest number of VTG subsidised enrolments - in 2014, 25 RTOs were responsible for 50% of all VTG enrolments. This will involve higher sharing of operating information and performance based discussions at regular intervals. Over time, extend this to incorporate additional RTOs, such as those that comprise the next 25% of enrolments.
- Establish policy and processes for rapid response to provider financial or performance failure and to support students in the case of provider performance (including quality) or financial failure.
- Build the new quality assurance regime and transition the sector to it. At the end of 3 years, the functions required to build and implement the new quality assurance regime are expected to decrease in size. At this point, the level of compliance and quality auditing should be reviewed. The review should also have regard to national changes in product and provider standards and enforcement. It should be expected that the role played by DET to assure minimum quality standards will decrease as the scope and activity of the regulators in enforcing standards broadens.

Strengthening Consumer Information

Recommendation 15:

Encourage students and employers to provide the market with timely information on their training and assessment experience. This could be encouraged through information provided to students at point of enrolment and completion, media and social media campaigns, widely-accessible student and employer surveys and live feedback platforms.

Recommendation 16:

Inform consumer choice by making publicly available consistent, accessible and comparable performance information about RTOs including performance against quality indicators, employment outcomes, completion rates, consumer satisfaction results and completed and agreed audit results.

Recommendation 17:

Develop a powerful and meaningful tool, providing a standardised suite of consumer information that RTOs must give to students prior to enrolment. The manner with which this is provided to students should be carefully considered to ensure that it is accessible and drives informed decision making.

Recommendation 18:

In the absence of a national VET complaints system, establish a body responsible for ensuring the resolution of student complaints. This would be established as an independent function with the authority to rapidly resolve student complaints and refer actions to regulators and/or DET. Referral should include recommendations to reinstate student entitlements as appropriate. The requirement for providers to

respond to and co-operate with the independent body will be written into the VTG contract. RTOs' complaints handling performance, including timeliness and quality of responses, should also be evaluated as part of quality audits. DET should pursue the establishment of an appropriate VET Ombudsman function through national fora.

Recommendation 19:

Provide students with systematic and triaged access to independent career information and support, including information on employment pathways and skill demand levels, in alignment with planning conducted by DET to boost career information provision.

4. Transitioning to the Future State

The recommendations proposed will position the Department to better assure quality training and assessment experiences and outcomes in the Victorian VET system. Implementing the recommendations will require a concerted and focused effort as well as sufficient resources to realise the desired benefits.

A strategy has been developed to effectively implement the package of recommendations.

Implementation Strategy

An implementation strategy has been designed across a three-year timeframe as follows:



- **Preparation (0-6 Months):** The detailed planning required to undertake this programme of work should occur in this phase. Resources required to lead and complete each stream of work should also be identified. The implementation of 'quick wins' should commence at this stage.
- **Build (6-21 Months):** The bulk of the design required to build the quality assurance regime and consumer information functions should be undertaken during this phase, as a majority of VTG contracts with RTOs will expire at the end of 2016. A number of quick wins will continue to be implemented throughout this period. Sector education and support should be a primary focus prior to implementation.
- **Implementation (21 Months – 3 Years):** Trial and full-scale implementation of the new quality assurance regime and consumer information functions should occur at this phase. The design of these functions may be updated based on trial results. This phase should capture all RTOs as their VTG contracts expire from the end of 2016.

The first six months will also see rapid planning and implementation of a number of recommendations. These are recommendations: 2, 4, 10, 15 and 17 (above).

Funding and Resourcing Strategy

To deliver on our proposed recommendations five work streams are suggested:

Work Stream	Purpose	Primary Outputs
1. Program Management	Ensure delivery of the program as a whole	Program plan, interdependency management, risk & issue management and benefits tracking/ delivery, business case / funding management
N.B. This function will cease post the implementation phase		
2. Strategy, Policy & Advocacy	Support the other project streams in establishing overarching policy and strategy	Research, consultation, analysis and conclusions on the policy stance to be taken by the Department, consultation with other Government Departments and agencies to support implementation
3. Performance Management (Funding & Quality Assurance)	Drive development of the quality assurance regime and translate this into the VTG contract	Quality assurance regime including audits and peer reviews, translation of regime into the VTG contract
4. Stakeholder Engagement	Strengthen consumer information mechanisms and support RTOs transition to the future state	Consolidated consumer information, the development of standard information, streamlined consumer complaints mechanism, communications to the sector, strategies to support RTOs transition
5. Monitoring & Analytics	Support the other project streams to establish strong sector data collection and monitoring mechanisms	Build capacity within the current systems to collect, monitor and analyse data required to build sector quality.

These are work streams that will be delivered by a mixture of current Department staff (largely within the Higher Education and Skills Group), additional staff (new recruits or internal transfers) and service providers (such as external audit providers).

5. Monitoring the Sector

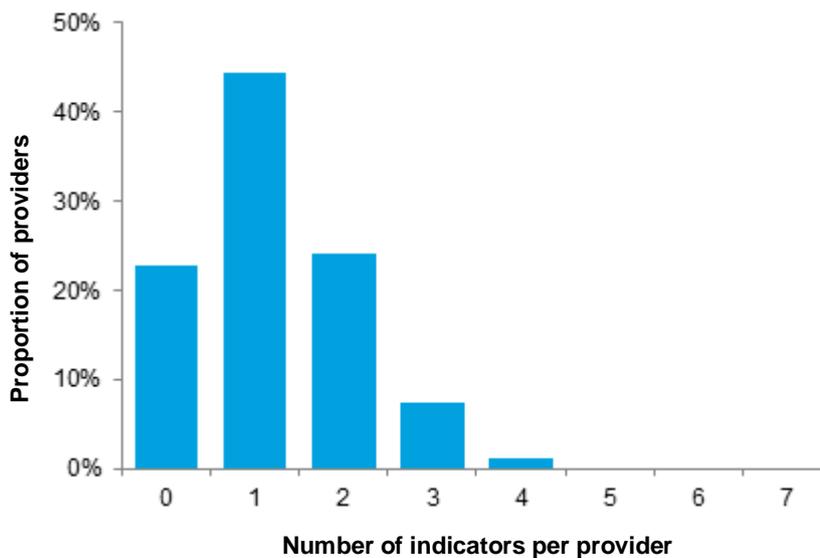
Available information on the quality of student experiences in vocational training and assessment reveals the diversity of experiences across training providers and courses.

To further explore the provider and training attributes most associated with poor student experiences, econometric modelling was undertaken using available data on student outcomes and enforcement activities. As a proof of concept, the results were then used to identify attributes of poor quality provision – or quality risk indicators.

A number of attributes were identified – for example, a high reliance on electronic delivery and on subcontracted provision. In isolation each indicator is of limited value, reflecting the diversity of VET sector provision and the large confidence intervals associated with the results. More particularly, over three quarters of providers exhibited at least one indicator.

However, in combination these indicators can be used to identify providers exhibiting multiple attributes associated on average with poor quality training and assessment. Applying the identified quality risk indicators as a set to VTG contracted providers in 2013, around 9% of providers were found to exhibit three or more indicators. This helps to identify a small group of potentially high risk providers.

2013 VTG contracted providers by quality risk indicator



Given current limitations with data integrity and availability, the confidence intervals associated with the indicators and the findings from this type of analysis are wider than would be desirable for broader implementation. With further enhancements to data on quality outcomes and provider and training characteristics, as well as the development of a longer time-series of data to observe trends, the set of indicators can be refined and extended to create a richer understanding of the distribution of risk across provider and training characteristics.

Indicators such as these can then be used to enable more effective prioritisation of quality assurance effort through a systematic monitoring framework.

6. Funding Considerations and Implications

While broader market design considerations are outside the scope of recommendations in this review, they inevitably affect the realisation of quality in vocational training and assessment, and influence the feasibility of the quality assurance function. Below are observations on how market design could potentially support quality objectives of the system over time.

Consideration 1.

Market design should support quality outcomes without unnecessarily impeding the commitment to a competitive market, through:

- DET more actively utilising its available policy levers in the short to medium term, including the national regulatory system, the VTG funding architecture, provider contracting and information provision, to ensure an appropriate balance between the two imperatives – quality and competition – in terms of the nature and number of providers who can access the VTG.

Consideration 2.

DET should work with the Commonwealth Department of Education and ASQA to progress quality reform, including:

- use successes demonstrated in Victoria, from heightened input, process and outcome monitoring, to seek enhancements to the national provider Standards in relation to minimum requirements regarding teaching and assessment.
- expand the focus of ASQA's assurance regime to include audits of past performance, beyond audits of current evidence, enabling more rapid and instructive rectification.
- shape training products within and beyond the Review of Training Packages and Accredited Courses, to improve consistency and rigour of training and assessment, e.g. in relation to mode of delivery, volume of learning and trainer and assessor expertise. This could draw on evidence developed through Victoria's initial explorations in these areas.

Consideration 3.

Along with broader objectives, the funding architecture should support quality outcomes, through:

- avoiding incentivising provider behaviours leading to poor quality outcomes, and ideally incentivising good quality provider behaviours
- being cognisant of existing market failures and equity issues including imperfect information, the capacity and appetite of different consumers to play an active role, the capacity to redress non-compliance with contractual and regulatory requirements, and variations in competition across different markets (e.g. metropolitan and rural and areas of specialisation)
- acknowledging DET can and does choose how it funds training and engages with providers, and that contestability may be appropriately achieved in different ways in different markets.

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