Review of Quality Assurance in Victoria’s VET System:

*Government Response*

**A message from the Minister for Training and Skills**

As part of our work to establish Victoria as The Education State, the Andrews Labor Government is committed to making sure all Victorians are able to access quality training to develop the skills they need for the job they want.

In recent years, student and employer confidence in the training system has suffered due to some training providers failing to deliver quality training which costs students, employers and the community time, money and opportunities.

This is unacceptable. We need a strong training system that is focused on developing job-ready skills that lead to real jobs and industry productivity.

This is why the Andrews Government made a commitment before the 2014 election to crack down on low quality training providers and build a training system that better delivers the quality training Victorians need to get a job.

The Review of Quality Assurance in Victoria’s VET System is the first step towards building a training system that better protects the interests of students, supports improved training quality and gives employers confidence in the skills and expertise of our workforce.

This work will feed into the broader work the Government is undertaking to create a more sustainable training system through the independent VET Funding Review which will be finalised later this year.

The Review of Quality Assurance in Victoria’s VET system reveals there is an urgent need to restore community-wide confidence in training and training providers, and I am pleased to accept all the recommendations from this review.

I look forward to working with training providers, students and industry to realise these improvements. They will greatly benefit our state for the long-term.

Hon. Steve Herbert MP

Minister for Training and Skills

**The Victorian VET System**

The Victorian Government invests $1.2 billion each year to deliver subsidised vocational education and training (VET) to eligible individuals. Eligible Victorians can currently access their government funded training entitlement at 500 contracted registered training organisations (RTOs). Eligibility for subsidised training is based on factors such as an individual’s prior qualifications and age.

The Victorian training system is large and diverse. About half of Victoria’s training providers have contracts with the Government, and they deliver the vast majority of nationally recognised training across the state. In 2014, approximately 260,000 students commenced 340,000 government funded training courses across 1,058 qualifications.

Of the 500 contracted training providers, 81 per cent are small, with fewer than 1,000 annual enrolments, while 20 providers—of which 15 are publicly owned and five privately—are very large, with over 5,000 students.

**VET in Victoria: challenges to quality**

Victoria’s training system has experienced instability and uncertainty over the past few years, which has impacted on training quality.

Whilst we have many excellent training providers, VET students and employers have reported a range of problems. These include aggressive and exploitative marketing practices, students being enrolled in unsuitable qualifications, questionable training delivery practices and serious financial and behavioural misconduct.

These practices harm training quality, which means students’ time, effort and money is wasted. They damage the credibility of the VET sector, undermining employers’ confidence and the confidence of the graduates it produces which harms high quality providers – both public and private. Along with the current VET Funding Review led by Mr Bruce Mackenzie PSM, we have the opportunity to reconsider how the training system can best position Victoria to derive social and economic value from VET.

**The Review**

The Review of Quality Assurance examined significant evidence, including student and employer surveys, training delivery data, complaints, wide-ranging consultation with VET stakeholders and other relevant information.

The Review confirmed there is a widespread acknowledgement that quality must be lifted, and there is enough data to confirm that training quality in Victoria is variable and the problem is not small. Since November 2014 the Victorian Government has had to restore training entitlements to 10,000 students who received inadequate government funded training. Surveys reveal that student and employer satisfaction with the quality of training in Victoria has declined overall.

This calls for a new, crucial and more active role for Victoria in managing the quality of government funded training across the state. We will focus our effort across five key areas:

1. an immediate targeted blitz on low quality providers;
2. prioritising quality in determining eligibility to deliver government funded training;
3. improving key factors in a student’s training experience, such as the duration of training and the skills and abilities of trainers;
4. actively monitoring and managing the performance of contracted training providers; and
5. empowering students and employers to drive quality through informed choices and consumer protection.

This document provides an overview of how the Government plans to implement the review’s recommendations. For reference, the recommendations are provided alongside the Government’s planned actions.

**Immediate response**

The Government will start to address unacceptable behaviour among Victorian training providers straight away. We have provided an immediate injection of funds to target a range of compliance and conduct issues in the current system. While much of our forthcoming work aims to change provider practices over time, this immediate crackdown is an opportunity to clean up the sector and exclude low quality providers from government funding.

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| **Recommendation 10****Action** |
| **Immediately commence audit blitz of up to 50 contracted training providers**, targeting problem areas, such as:* short duration courses,
* serious misconduct, like exploitative marketing and fraudulent claims
* courses where substandard training could represent high risk to students or the general public; and
* providers with low student and employer satisfaction ratings.
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Beyond the immediate crackdown, the Government will dedicate the remainder of 2015 to implementing the first stages in building Victoria’s future quality assurance system. Students and providers will start to see changes this year as the Government progressively builds quality into all aspects of the Department’s approach. Set out below are six key initiatives that will be in place during 2015.

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| **Recommendations 1,2, 15 and 16:****Actions** |
| **Tougher market entry requirements** will mean only providers with a proven track-record of quality delivery will be able to access Government funding, commencing with the upcoming application process. |
| Newly-contracted providers will have to serve a **probationary period**, where there will be limits on their enrolments and course types. |
| The Department will start **publishing serious enforcement decisions**, such as contract terminations, and name the providers involved. This will improve transparency and accountability across the system. |
| **Launch a consumer information campaign** to support students to make informed training choices and to ensure they’re able to select the course provider that’s right for them. |
| Initiate **a revamp of the Department’s online platforms** which provide information to students and industry, allowing them to offer feedback on their training experiences. |
| Place **tighter controls** on the subcontracting of training services. Providers must demonstrate it is genuine, specialised and limited. |

**Foundations for a stronger system**

The Review identified four central areas through which improved VET quality assurance can be achieved – Market Access, Delivery of High Quality Training and Assessment, Managing Performance, and Supporting Student Choice. The Government’s planned actions to address these areas are described in more detail below.

It will take time to transition to a system where all providers that deliver government funded training generate high quality outcomes for students and industry, and this objective is interrelated with the sector’s broader funding architecture. For this reason, the recommendations of this Review have been referred to the current VET Funding Review led by Mr Bruce Mackenzie PSM, and will also be considered in the context of that review.

**Market access**

The public rightly expects that a training provider contracted by government is delivering high quality training and assessment. The awarding of a VET Funding Contract should provide students with confidence that they are choosing from a pool of RTOs that respects their training entitlement, understand their needs and will deliver a qualification on which students and employers can rely.

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| **Recommendations 1-4:****Actions** | **When** |
| **Prioritise quality when choosing providers for government funding**, based on their track record. | **Progressively from now until the start of 2017**.One third of providers’ contracts expire at the end of 2015, with the remainder at the end of 2016. |
| **Introduce a probationary period for providers** that have not yet demonstrated their quality, followed by a performance review. |
| **Develop a new, low-risk type of funding contract** that will balance risk and scrutiny–this will mean some small, purposefully low-growth providers with a high quality track record are subject to an assurance regime that reflects their risk. |
| **Agree the types of courses a provider can offer at contract entry**, and then evaluate proposed additions based on the risk to quality. |
| **Restrict subcontracting** of training services, to where it is genuine, specialised and limited. |

**Delivery of high quality training and assessment**

The Government supports a professional VET sector that meets the needs of individuals and industry, drives learning outcomes through expert judgment and continuously seeks to lift the public’s trust in its abilities. We need to eliminate training and assessment practices that are clearly inadequate, while improving our understanding of how key factors contribute to a high quality training experience.

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| **Recommendations 5-9:****Actions** | **When?** |
| **Eliminate courses being delivered in timeframes that are clearly inadequate*** We will lift our ability to measure a student’s engagement in learning via provider reporting.
* We will require providers to justify and document their decisions to deviate from national guidance on volume of learning, and provide those justifications for external review.
 | New reporting standard from **2016**; embed practice by **2017** |
| **Lift the quality and integrity of trainer and assessor qualifications*** We will create a list of providers approved to deliver trainer and assessor qualifications within the government funded system.
* We will only allow approved providers to issue trainer and assessor qualifications to their own staff.
 | Approved provider list in place in **2016** |
| * We will require providers to establish a register of their trainers and assessors.
* We will investigate whether there should be amendments to the skills and abilities required of the VET workforce.
 | Register issued and research commissioned by **2016** |

**Managing provider performance**

The Government will move to an integrated, risk-based model of provider performance management, based on three indispensable expectations of providers: quality assurance, funding assurance and integrity of conduct. Moving to this approach will comprise two main initiatives: articulating our new expectations and determining the best approach to testing and enforcing those expectations.

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| **Recommendations 11-14:****Actions** | **When** |
| **Develop and articulate our expectation of high quality training and assessment** in the Government funded system | New quality framework in contract by **2016**Integrated provider performance standards by **2017** |
| **Enhance our ability to enforce our quality expectations*** We will expand our capacity to collect, monitor, analyse and use information and intelligence
* We will develop a regular and responsive model for auditing providers to detect poor quality training and test whether our expectations have been met
* We will segment different qualifications based on the risks they present should they not be delivered to a high standard
 | New quality enforcement by **2016**Integrated provider performance enforcement by **2017** |

**Supporting student choice**

An effective training system is only possible when consumers—both students and employers—are empowered to choose courses and providers based on high quality information. This means supporting different groups in different ways.

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| **Recommendations 15-19:****Actions** | **When** |
| **Measure and communicate provider performance*** We will continue to collect and refine RTO Performance Indicators, student and employer surveys
* We will develop a powerful tool to communicate provider performance in a way that is meaningful and useful for students
 | **Underway**Develop communication tools in **2016** |
| **Support susceptible cohorts** to make empowered course and provider choices, including through better career advice and engagement to support completion | Develop support model in **2016** |
| **Establish a body to investigate and resolve Victorian students’ complaints** | Established in **2016** |

Authorised by the Department of Education and Training

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