



IMPROVING VOCATIONAL EDUCATION & TRAINING THE CASE FOR A NEW SYSTEM

A POSITION PAPER OF THE NATIONAL
SKILLS STANDARDS COUNCIL

COAG CONSULTATION
REGULATION IMPACT STATEMENT
MARCH 2013

Foreword

The National Skills Standards Council was commissioned by Tertiary Education, Skills and Employment Ministers from all jurisdictions to undertake a broad ranging review of the standards for the regulation of vocational education and training, focusing on issues of quality.

Since commencing the review in June 2012, the Council has taken a consultative approach to the review, and has heard from a diverse range of stakeholders. The review to date has included a number of key consultative stages:

- A Consultation Paper released in June 2012, with 114 submissions received in response;
- National roundtables with key stakeholders held in July 2012;
- An Issues Paper released in October 2012; and
- Workshops with key stakeholders held in December 2012.

In addition to this intelligence, the review has also been informed by our members' significant expertise and experience in vocational education and training, and the wealth of research in the field.

On behalf of the Council, I am pleased to now present the Council's Position Paper: *Improving vocational education and training – the case for a new system*, which puts forward our position as to the reforms required to the current standards for the regulation of vocational education and training.

Our position responds to concerns regarding regulatory failure, quality in the vocational education and training sector – particularly in relation to teaching and assessment – and changes in the labour and training market more generally.

The uniqueness and adaptability of vocational education and training demands an innovative regulatory framework – a framework that is capable of responding to the diversity of vocational education and training, including within and across providers and learners and their motivations for skills development. The Council therefore proposes a new system, the Australian Vocational Qualification System; one committed to ensuring the integrity of vocational qualifications.

I strongly encourage all interested parties to provide a written submission to the Position Paper, with responses being accepted until the **16 April 2013**. Feedback to the Position Paper will inform the advice of Council to Tertiary Education, Skills and Employment Ministers on the changes required to the standards for the regulation of vocational education and training.

I would also like to draw attention to a related but distinct piece of work: investigation into the need for greater specification of training delivery requirements in Training Packages and VET accredited courses. In providing your response to this Position Paper I would encourage you to consider this related matter. Further information is available on the NSSC website:
http://www.nssc.natese.gov.au/standards_review/greater_specification_of_training_and_assessment_requirements.

I would like to acknowledge and thank the wide range of stakeholders that we have heard from for their contributions throughout this review, and look forward to receiving your feedback to the propositions contained in this Paper.



John Dawkins

Chair, National Skills Standards Council

12 March 2013

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The document must be attributed as: *Improving vocational education and training – the case for a new system.*

1. Introduction

This paper *'Improving vocational education and training – the case for a new system'* (hereafter referred to as the 'Position Paper') has been prepared by the National Skills Standards Council (NSSC).

The NSSC is a committee of the Standing Council on Tertiary Education, Skills and Employment (SCOTESE), one of a number of Standing Councils that report to the Council of Australian Governments (COAG). A primary function of the NSSC is the development of national standards for regulation of vocational education and training for approval by SCOTESE.

The Position Paper presents the NSSC's position on reforms to the current standards for the regulation of vocational education and training, as detailed under Option 3.

Review of the standards for the regulation of vocational education and training

SCOTESE asked that the NSSC, as a priority, undertake a broad ranging review of the standards for the regulation of vocational education and training, focusing on issues of quality.

Standards are critical to the appropriate and effective regulation of vocational education and training, ensuring the integrity of qualifications awarded to learners and supporting the achievement of both improved productivity and social outcomes for all Australians.

The NSSC's review has confirmed the need to reform the existing standards for the regulation of vocational education and training. Based on an analysis of available evidence and extensive consultation, the NSSC found that there are many instances of excellent practice in registered training organisations (RTOs) across the country, leading to quality outcomes. However, the NSSC was also made aware of the growing concern that excellent practice is not systemic across vocational education and training, with current delivery highly variable in terms of quality of qualification outcomes. Effective regulation of vocational education and training is critical to the reputation of the sector; the confidence of industry and employers in the value of the qualifications issued by RTOs; and individual learners and employees having the skills to effectively perform in the workforce.

Purpose of this Paper

This paper embodies the NSSC's proposed position on the review of the standards for the regulation of vocational education and training and analyses it against two other options. It presents the case for change to a new system of vocational education and training – called 'the Australian Vocational Qualification System'.

Providing feedback to the NSSC

Submissions are requested, by **Tuesday 16 April 2013**, and may be made to:

**National Skills Standards Council
GPO Box 9880
MELBOURNE VIC 3001**

Further details on how to make a submission and questions to guide consideration of the Position Paper is provided at Section 11 and Appendix D. The NSSC will also be undertaking consultations on the Position Paper with key stakeholders during the five week submission period.

Further details on the review, including work undertaken to date, are available on the NSSC website: www.nssc.natese.gov.au/standards_review

2. Background

This section outlines the context for the proposed reform of the standards for the regulation of vocational and education and training. It provides an overview of vocational education and training and its importance to the Australian economy, including how it is currently regulated. A brief summary is also included of the NSSC's review to date.

Vocational education and training

Vocational education and training aims to deliver a productive and highly skilled workforce. It enables all working age Australians to develop the skills and qualifications needed to participate effectively in the labour market and contribute to Australia's economic future and supports the achievement of increased rates of workforce participation.¹

This is achieved through nationally recognised training, which ensures that training meets the standards required by industry. Nationally recognised training also ensures that individuals who obtain nationally recognised qualifications can be confident that the skills and knowledge they attain are recognised and valued across Australia. The Australian Qualifications Framework (AQF) is the policy for nationally recognised qualifications in all education and training sectors, i.e. schools, vocational education and training, and higher education.

AQF qualifications have been strongly embraced, in workplaces by employers and employees, and in the general community by those individuals preparing for entry, re-entry, or changed entry to the workforce. Vocational education and training has supported existing employees to have their skills formally acknowledged, developed and recognised, as well as providing an avenue for young people or unemployed to identify a clear and defined vocational pathway to help them begin their careers or go on to further study.

AQF qualifications therefore represent a key currency in Australia's labour market. Like any currency, the integrity of nationally recognised qualifications is dependent on their perceived value. The registration of training providers against a set of standards to deliver, and also issue, AQF qualifications (specifically from the Certificate I to Graduate Diploma) is directed at ensuring and maintaining the value and integrity of these qualifications.

Overview of vocational education and training

- Nearly 5,000 registered training organisations, ranging from:
 - around 60 large government-owned Technical and Further Education (TAFE) institutes with many thousands of learners and hundreds of qualifications on scope; to
 - providers registered to offer both vocational education and training and Higher Education qualifications (approximately 90 providers); to
 - large private training colleges providing a broad range of training; to
 - very small private colleges focused on niche industry and learner needs; to
 - community colleges; to
 - not for profit organisations; to
 - enterprises delivering training and assessment to its employees; and to
 - secondary schools.
- Training and assessment of learners conducted in a range of environments, from workplaces to institutions, to simulated workplace environments and in some instances, on-line.
- 1.9 million learners in the public vocational education and training system,² including 1.5 million government funded students and an estimated 400,000 domestic full-fee paying students³
- Approximately 249,400 VET in School students of which about 18,500 are school-based apprentices and trainees

¹ The objective of the National Agreement for Skills and Workforce Development.

² NCVER 2012, *Australian vocational education and training statistics: students and courses 2011*, revised August 2012.

³ Ibid.

- 37,000 international full-fee-paying students studying in Australia⁴
- 73,000 learners studying Australian vocational education and training qualifications offshore in 2009, across 68 different countries⁵
- Approximately 3,300 nationally recognised vocational education and training qualifications:
 - 59 Training Packages managed by 11 Industry Skills Councils and AutoSkills Australia; and
 - around 1,600 accredited courses developed to meet needs not covered by the Training Packages.⁶

Vocational education and training and its importance to the Australian economy

*"The skills and education system plays a critical role in delivering sustainably higher living standards through forming one of the five pillars of productivity."*⁷

*"Skills and education create social and economic benefits through enhancing civil society, providing greater opportunities and generally improving life outcomes."*⁸

The Australian economy is going through a period of significant change, driven by a number of factors, including the expansion of trade relationships with Asia, new and emerging technology, an ageing population and workforce, and the shift to a low carbon economy.⁹ This period of change has seen increasing focus on the capability and willingness of businesses and industries to adapt to change. Australian workers also need the capacity to innovate and respond flexibly to the changing demands of the workplace and job market.

The changing economy means that Australian businesses are embracing technological and business process innovations to achieve competitive advantage in a global market place.¹⁰ Jobs will continue to be more complex and there will be a consequential increase in demand for a workforce with higher level skills.¹¹ There is however, a widening gap between the expected supply of higher level skills and expected industry demand.

By 2015, it is estimated that Australia will need another 2.4 million of its workers to have qualifications at the Certificate III level or above to meet projected industry demand and the replacement of retiring workers.¹² By 2025, it is estimated that Australia could be 2.8 million short of the number of individuals with higher-skilled qualifications that industry will demand. Further, many Australians lack the language, literacy and numeracy skills to participate fully in training and employment.¹³

A higher skilled workforce has the capability to more readily identify, adapt and implement new ideas, positively influencing the introduction of new technologies within Australian businesses. Increasing skills builds human capital and encourages the growth of high-productivity industries that employ highly skilled workers.¹⁴

Vocational education and training is important to creating this kind of skilled and adaptive workforce. It enables learners to gain qualifications for all types of employment, and specific skills to help them in the workplace. In a labour market that is experiencing such a high level of change and where the demand for higher level skills is increasing, employers need to be confident that holders of higher level qualifications do possess the skills and knowledge defined by such qualifications.

The evolving nature of vocational education and training

Vocational education and training has experienced significant evolution and change, particularly since the 1990s. This includes:

- a more open and competitive vocational education and training market, which has led to

⁴ Ibid.

⁵ National Quality Council, 2010, *VET Offshore by Public and Private Providers*, 2009.

⁶ Office of the NSSC analysis of data from www.training.gov.au

⁷ As outlined in *Australia in the Asian Century White Paper* – Chapter 5: Key points: "the five pillars of productivity: skills and education, innovation, infrastructure, tax reform and regulatory reform."

⁸ National Panel for Economic Reform, 29 January 2013, meeting communiqué: <http://www.pm.gov.au/press-office/national-panel-economic-reform---meeting-one---communique>

⁹ Commonwealth of Australia, 2012, *Skills for All Australians*, Chapter 2.

¹⁰ Ibid.

¹¹ Productivity Commission, 2011, *Vocational Education and Training Workforce*, Research Report, page xxxviii.

¹² Skills Australia, 2011, *Skills for Prosperity: a roadmap for vocational education and training*, page 21.

¹³ Australian Workforce and Productivity Agency, 2013, *National Workforce Development Strategy 2013 Future focus: Final Strategy Paper*, page 7.

¹⁴ Ibid, page 47.

significant growth and diversification in the providers of vocational education and training;

- growth in fee-for-service delivery;
- continued increase in the offshore delivery market;
- technological advances and innovation in the nature and way vocational education and training is delivered; and
- increased overlap and blurring with the schools and higher education sectors, including the emergence of dual and multi sector providers.

In April 2012 all Australian governments, through the COAG agreement to the National Agreement for Skills and Workforce Development (NASWD) and National Partnership Agreement on Skills Reform, have agreed to key reforms to vocational education and training to support Australian businesses and drive improvements in productivity by growing the pool of skilled workers, encouraging existing workers to up-skill, and supporting higher levels of workforce participation. These reforms include:

- the introduction of a national training entitlement for a government-subsidised training place to at least a person's first Certificate III qualification;
- extending the availability of income-contingent loans for government-subsidised Diploma and Advanced Diploma learners (VET FEE-HELP);
- developing and piloting independent validation of training provider assessments to improve the confidence of employers and learners in the quality of training courses;
- improving access to information about training options, training providers and provider quality on the new *My Skills* website, so potential learners and employers can make better choices about the skills and training they need;
- supporting around 375,000 additional learners over five years to complete qualifications, and improve participation and completion in high-level qualifications and among key groups of disadvantaged learners, including Indigenous Australians;
- better measurement of total vocational education and training activity; and
- introduction of a Unique Student Identifier.

The Australian vocational education and training workforce

The Australian vocational education and training workforce comprises a mix of trainers/teachers and assessors, other vocational education and training professionals and general staff across the public, private and non-profit sectors.¹⁵ Robust estimates of the exact size, demographics and profile of the VET workforce are not available; however it is estimated that there are about 73,000 Technical and Further Education (TAFE) institute employees and 150,000 employees involved in vocational education and training delivery at non-TAFE providers.¹⁶

Trainers/teachers and assessors are required to be skilled in the practices of teaching, training and assessment and also to possess sound industry currency. Within the profession of 'trainers/teachers and assessors', there are vocational education and training practitioners, TAFE teaching professionals, enterprise trainers and assessors, industry experts, and other vocational education and training professionals.¹⁷ For simplicity, the term 'trainer/teacher' is used throughout the Position Paper, and is intended to encompass workers who directly engage with students in the development, delivery, review and (in most cases) assessment of vocational education and training.

Nearly all trainers and assessors in TAFE, and about 80 per cent of those in the non-TAFE vocational education

¹⁵ See pages 35-37 of Productivity Commission, 2011, *Vocational Education and Training Workforce*, Research Report for "A practical definition of the Vocational Education and Training workforce"

¹⁶ Productivity Commission, 2011, *Vocational Education and Training Workforce*, Research Report.

¹⁷ See pages 35-37 of Productivity Commission, 2011, *Vocational Education and Training Workforce*, Research Report for "A practical definition of the Vocational education and training workforce"

and training sector, hold a post-school qualification. However, not all vocational education and training practitioners engaging in training and assessment activities hold the minimum qualification required for vocational education and training teaching (the Certificate IV in Training and Assessment) or an equivalent qualification.¹⁸

About half of the vocational education and training workforce comprises trainers/teachers and assessors who are 'dual professionals' (capacity and qualifications to operate in both educational and industry environments). The Productivity Commission estimated that approximately 65 per cent of trainers/teachers and assessors in TAFE are employed on a casual or sessional basis, with the majority working part-time hours. This figure did however vary significantly across jurisdictions, which can partly be explained by differences in industrial agreements. This figure was compared with estimates of casualisation within universities (22 per cent in 2007) and the Australian labour force more generally (20 per cent casuals and 10 per cent contractors in 2009).¹⁹

Investment in vocational education and training

The totality of vocational education and training expenditure in Australia, across public, private and non-profit sectors, is not known.

The National Centre for Vocational Education Research estimates that in 2011, the Australian Government invested around \$2.22 billion in vocational education and training with States and Territories investing a further \$3.96 billion.²⁰ In addition, both levels of government provide a range of incentives and rebates to support skill development, particularly in the area of apprenticeships and traineeships.

The Australian Council for Private Education and Training (ACPET) indicates that there is significant investment from the private sector in addition to the \$1.69 billion²¹ in fees and ancillary trading collected in the publicly funded vocational education and training system.²²

Regulation of vocational education and training

Why regulate?

As outlined above, vocational education and training in Australia encompasses public, private, community, and work-based education and training, within the framework of nationally recognised qualifications under the AQF. Nationally recognised qualifications provide a reliable and efficient signal to the labour market of the skills and knowledge that an individual holds. To ensure the effectiveness of the signal, the integrity of nationally recognised qualifications (i.e. that a graduate possesses the skills and knowledge outlined in the qualification) needs to be preserved. The existence of nationally recognised qualifications requires appropriate regulation to underpin the delivery and assure the integrity of the qualification. Inadequate or the absence of regulation may lead to the integrity or perceived value of nationally recognised qualifications being undermined with other less reliable and efficient signals of an individual's skills.

Restricting the power to issue qualifications only to organisations that have made a commitment to meeting a national set of standards, has been the primary method for preserving the integrity of nationally recognised qualifications in the vocational education and training sector for approximately two decades.

Regulation also ensures that purchasers of training (whether that be the learner, government, or employer) are faced with less risks in terms of their investment in and returns from training. In the training market, the expectation would be that RTOs providing high quality training at a reasonable cost will attract more purchasers than RTOs offering poor quality training. However, the ability of a purchaser of training to exercise effective choice is dependent on the availability of information on the type of training options available and performance of providers, as well as information relating to the demand for particular skills in the labour market.

Regulation plays a critical role in creating order and engendering trust and confidence in the system as a

¹⁸ Productivity Commission, 2011, *Vocational Education and Training Workforce*, Research Report.

¹⁹ Productivity Commission, 2011 *Vocational Education and Training Workforce*, Research Report, p.40-1

²⁰ NCVER 2012, *Australian vocational education and training statistics: financial information 2011*. These figures include revenues from direct allocations from governments but do not include revenues allocated by governments for capital infrastructure and equipment, which are reported as capital revenues. Nor do the figures include incentives for apprenticeships and traineeships.

²¹ Ibid.

²² WHK Horwath, August 2010, *Education Industry Survey: Australian Council for Private Education and Training*, unpublished.

whole. Regulation also manages risk and underpins quality outcomes and the delivery of skills that the economy needs. Poor quality vocational education and training services by a single provider can attract media attention that negatively affects the reputation of all of the vocational education and training system, both on and offshore²³.

It is important to note that the standards for the registration of training providers and for VET regulators (which are the focus of this Review) are one important aspect of a broader regulation and quality assurance framework of vocational education and training market, which also encompasses:

- Training Packages and accredited courses;
- the Australian Qualifications Framework;
- State and Territory governments and their approaches to publicly funded training;
- workforce development activities;
- internal quality assurance controls of the RTOs, which could also be recognised by general quality assurance bodies (e.g. ISO 9001)
- provision of consumer information, which could be provided directly by the RTO or published on websites such as MySkills and/or other government sites (e.g. Victorian Skills Portal); and
- voluntary memberships or partnerships, e.g. peak provider bodies or industry association partnerships.

Standards for the regulation of vocational education and training

Regulation of the vocational education and training sector through the setting of standards for registration as a provider of nationally recognised training, and the application of those standards by independent regulatory bodies, is a key mechanism for ensuring quality vocational education and training.

The standards for training providers set out the requirements for an organisation seeking to issue AQF qualifications, centred on ensuring that training and assessment complies with the Training Package or accredited course. The standards for regulators set out the requirements in regulating training providers against those standards and identifying the requirements for the accreditation of vocational education and training courses. The ultimate purpose of the standards is to ensure that qualifications issued by RTOs are consistent with the requirements outlined in Training Packages and accredited courses and the AQF, and have integrity for employment and/or further study. Standards are also established to ensure that RTOs operate ethically with due consideration of learner, employer and community needs; and that the regulation applied to the RTO is nationally consistent, proportionate, responsive, and risk based.

Responsibility for setting these standards is shared between the Australian Government and state and territory governments, as represented by their respective Ministers on SCOTese. Responsibility for developing the standards for SCOTese's consideration rests with the NSSC.

RTOs are currently regulated by one of two sets of standards, depending on their location of delivery and learner cohort. While there are differences between the National VET Regulator (NVR) Act legislative instruments and the AQTF in terminology, structure and layout, there is no significant variation to the intent or effect of the standards, which are derived from national processes over several years that have been endorsed by the Standing Council and COAG.

²³ Hodge, A., 29 November 2010, *Indian Students Ditching Australian Education Plans*; Sushi Das, 23 January 2010, 'Hard Lessons to be Learnt', *The Australian*.

Standards for RTOs	
RTOs regulated by Victorian Registration and Qualifications Authority (VRQA) or WA Training Accreditation Council (TAC)	RTOs regulated by Australian Skills Quality Authority (ASQA)
AQTF Essential Conditions and Standards for Initial/Continuing Registration Quality Indicators for RTOs	<i>NVR legislative instruments:</i> <ul style="list-style-type: none"> ■ Standards for NVR Registered Training Organisations ■ NVR Fit and Proper Person Requirements ■ NVR Financial Viability Risk Assessment Requirements ■ NVR Data Provision Requirements
Standards for Regulators	
VRQA and TAC	ASQA
AQTF Standards for State and Territory Registering Bodies AQTF Standards for State and Territory Course Accrediting Bodies	NVR Standards for VET Regulators

In addition to the standards for RTOs described above, the Victorian *Education and Training Reform Amendment (Skills) Act 2010* places additional requirements on RTOs regulated by VRQA, whereby RTOs must have a 'principal purpose of providing education of training'²⁴ and comply with the *VRQA Guidelines for VET Providers*.²⁵

History of standards for the regulation of vocational education and training

The history of the standards for the regulation of vocational education and training since the early 1990s illustrates how the key features of these initial regulatory and quality frameworks have endured. It also shows that the regulatory system has responded to prevailing policy concerns and perceptions of risk, and moved between being primarily a recognition system with certain prescriptions, to a system adopting an outcomes-based and continuous improvement approach, and reverting back to a system favouring compliance, with specific governance and financial standards.

- A focus on prescription: in 1992 the National Framework for the Recognition of Training (NFROT) was developed to establish national consistency in the standards of training and assessment expected in the creation of a new national system. This was followed by the Australian Recognition Framework (ARF) in 1998 and the Australian Quality Training Framework (AQTF) in 2002. In 2005 updates resulted in the clarification and modification of language and expectations (AQTF 2005)
- A focus on outcomes and continuous improvement: in 2007 a stronger focus was placed on quality skills outcomes, outcomes based auditing, and continuous improvement (AQTF 2007)
- A return to a focus on prescription: in 2010 the AQTF strengthened requirements for initial and continuing registration to ensure consumer protection, governance by 'fit and proper persons', learner record systems able to provide data that is compliant with the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS), and evidence of intended scope of operations and results of financial audits for new providers (AQTF 2010).

The overarching principle that has endured across the various iterations relates to the creation and maintenance of a national system of vocational education and training based on national industry competency standards, aimed at preserving the integrity of Australian Qualification Framework (AQF) qualifications.

²⁴ Note: the *Education and Training Reform Amendment (Skills) Act 2010* automatically exempts a range of organisations from the principal purpose requirement, including: universities, TAFE institutes or adult education institutions; registered schools; bodies in receipt of ACFE funding; public sector bodies or Commonwealth or State departments or authorities.

²⁵ Refer to VRQA website for further information (updated 13 January 2013) - http://www.vrqa.vic.gov.au/registration/Vocational_education_and_training/reg/requirements.htm

Vocational education and training regulators

Responsibility for regulating RTOs against the standards is shared between the three vocational education and training regulators in Australia²⁶:

- i. Australian Skills Quality Authority (ASQA) – all RTOs in NSW, Queensland, South Australia, Tasmania, the ACT and the Northern Territory, and RTOs in Victoria and WA which offer courses in a referring state or territory and/or to overseas students;
- ii. Victorian Registration and Qualifications Authority (VRQA) – all vocational education and training providers enrolling only domestic learners in Victoria;²⁷ and
- iii. Western Australia’s Training and Accreditation Council (TAC) – all vocational education and training providers enrolling only domestic learners in Western Australia.²⁸

In December 2009, COAG decided to establish a national regulator for vocational education and training responsible for the registration and audit of registered training providers, and course accreditation. In March 2011, the Australian Government’s *National Vocational Education and Training Regulator Act 2011* was passed. ASQA commenced operations in July 2011.²⁹ Victoria and Western Australia did not refer powers for the regulation of vocational education and training to the Australian Government and continue to regulate RTOs operating in their States that do not have international learners and/or are not operating in a referring jurisdiction.

As at February 2013, training.com.au estimates that ASQA has regulatory responsibility for 4,025 or more than 80 per cent of Australia’s 4,879 RTOs, with the VRQA responsible for 481 RTOs, and the TAC 373 RTOs.³⁰

Regulation of specific learner cohorts within vocational education and training

The standards for the regulation of vocational education and training form the basis of the regulation of all RTOs. However, many RTOs are subject to other regulatory requirements or contractual obligations depending on their learner cohort and the body that ultimately pays the fees for the training and assessment, including delivery to:

- international students in Australia are subject to additional regulation by the *Education Services for Overseas Students Act 2000*.
- students receiving payments under the VET FEE-HELP loan scheme is subject to additional contractual obligations set by the *Higher Education Support Act 2003*.
- students receiving public subsidies from state/territory governments are subject to additional contractual obligations set by the relevant state/territory funding body.
- apprentices and trainees are subject to provisions within State/Territory training legislation

These additional requirements are underpinned by the standards for the regulation of vocational education and training, whereby eligibility for one of the above schemes includes the requirement that it be a RTO.

The review of the national standards for the regulation of vocational education and training

The NSSC commenced the review under the direction of SCOTESE, which asked the NSSC, as a priority, to undertake a broad ranging review of the standards for the regulation of vocational education and training, focussing on issues of quality. An overview of the review process and timetable is provided at Appendix D.

The review commenced with the release of a Consultation Paper on the Standards for the Regulation of vocational education and training in June 2012. The paper sought to determine the extent of any change with

²⁶ Prior to the establishment of ASQA, each state and territory had its own regulator.

²⁷ Providers that operate in both Victoria and WA (and no other states or territories) may choose whether they are regulated by either the VRQA or the TAC.

²⁸ As above.

²⁹ Providers in the Australian Capital Territory, the Northern Territory and New South Wales came under ASQA’s jurisdiction immediately. So too did certain RTOs in Victoria and Western Australia. Providers in Tasmania came under ASQA’s jurisdiction in February 2012, South Australia in March 2012, and Queensland in July 2012.

³⁰ www.training.gov.au report: ‘RTOs types – by registration manager’, accessed 13 February 2013.

the national standards for the regulation of vocational education and training, enabling the NSSC to appropriately set the priority areas and approach to the review of the standards. An analysis of the feedback to the NSSC Consultation Paper has been published on the NSSC website.³¹

An Issues Paper was subsequently developed and issued in October 2012. The Issues Paper identified the issues with the standards that the NSSC considers need to be addressed as part of the review and provided possible options as to how the standards could be revised to address each issue. The Issues Paper was informed by a range of sources, including: the 114 submissions to the NSSC Consultation Paper; feedback from key stakeholder at the face to face consultation sessions; and a desktop scan of other Australian and international regulatory models. The NSSC also received written feedback from a variety of stakeholders including: Commonwealth, State and Territory Governments, Industry Skills Councils and community representatives.

Feedback to date has questioned the ability of the current regulatory framework to meet the future needs of the vocational education and training market and raised concerns that the current framework may be contributing to inefficiencies in the market. In particular, the following issues were identified:

- lack of clarity regarding what the standards are expected to accomplish;
- a focus on inputs and processes rather than outcomes, contrary to the intent of the 'outcomes' focused standards that aim to enable flexibility for providers;
- 'burdensome' regulations and audits of questionable benefit rather than a clear commitment to quality assurance systems;
- differing regulatory approaches across regulators as reflected in the various regulatory guidelines/policies on top of the standards, and some variation between the wording of the standards in the Act and the AQTF, consequently resulting in inconsistencies in the implementation of the AQTF;
- the variability of quality across the sector in both training and assessment;
- lack of transparency through the failure of the standards to require the provision of sufficient information on vocational education and training thus making it difficult for learners, industry and government to make more informed decisions; and
- a lack of confidence particularly by industry stemming from inconsistency of quality in vocational education and training outcomes for learners.

³¹ Ithaca Group (2012) Analysis of submissions to the NSSC Consultation Paper – Review of the Standards for the Regulation of Vocational education and training.

3. The Problem

Damage to the reputation of Australian vocational education and training and national recognised qualifications represents a significant threat to Australia's prosperity and growth. Concerns about the quality of training and accreditations will impact of training decisions of employers, adversely impact of the functioning of the labour market and damage Australia's education export market, both on and offshore.

The problem is considered to have three contributing factors:

- Inconsistent quality of training and assessment of RTOs, undermining the integrity and value of vocational qualifications held by all individual learners and employees.
- Lack of comparable and reliable publicly available information regarding an RTO and its performance upon which learners, employers and governments can make decisions regarding training.
- Significant diversification, growth and change in the provision of vocational education and training evolving and reacting to a changing economy and market. In particular the regulatory framework needs to be updated to reduce unnecessary regulation and reflect the move towards various forms of learning entitlements or subsidies and extensive and growing competition across the diverse provider cohort.

Inconsistent quality of training and assessment is undermining the integrity and value of vocational qualifications

As stated above, the integrity of nationally recognised qualifications is dependent on their perceived value. Integrity is jeopardised when any participant (provider, consumer or regulator) behaves or is perceived to behave poorly, raising concerns with the qualifications awarded by all providers and tarnishing the reputation of Australia's education and training system.

Over the last few years, there have been concerns about inconsistency in the quality of vocational education and training. These include concerns in the international market about student welfare, educational quality in some areas of the sector, and reports of unethical behaviour by some education providers and education agents. These concerns have been evidenced by both provider failures and closures, impacting on many thousands of international students and domestic fee paying students. In the domestic market, concerns have been raised by a range of stakeholders about the significant variability in the quality of training and assessment, leading to the integrity and value of qualifications held by individuals being undermined, with subsequent impact on the operation of the Australian labour market.

Further detailed references to these concerns are in the following reports:

- Skills Australia (2011) Skills for prosperity report;
- Productivity Commission (2011) Research Report – VET Workforce;
- Productivity Commission (2011) Research Report – Early Childhood Development and Education Workforce;
- Productivity Commission (2011) Inquiry Report – Aged Care Reform;
- Bruce Baird (2011) Review of the Education Services for Overseas Students Legislative Framework; and
- Victorian Essential Services Commission (2011) VET Fee and Funding Review.

Reflecting these concerns, the reports have in various forms commented on the inadequacy of the existing standards for the regulation of vocational education and training, and called for a more effective regulatory approach. In their submission to the Baird Review of the ESOS Act, the Victorian Government identified the sector framework, notably the AQTF, as not being “well-equipped for regulating providers in the international

market” and in limiting the effectiveness of regulation³². Likewise, ASQA in its submission to the NSSC welcomed the review as “timely... in the context of growing concerns about quality, flexibility and innovation”, and called for a quality lens on two central issues, namely standards that can be both consistently interpreted and effectively implemented. Reflecting on the current standards, the Productivity Commission, observed that “the national standards for the registration and auditing of RTOs should be more rigorously enforced by vocational education and training regulators to ensure quality and consistency in course delivery and learner outcomes”³³. Similar views are reflected in the research findings listed above.

In line with the findings from the above reports, the quality of training and assessment was also the main area identified in the review process as needing significant reform.³⁴ The majority of submissions to the review strongly argued that inconsistency in the quality of training delivery, despite relatively high satisfaction rates, has compromised industry and learner confidence in qualifications issued by RTOs. Industry and RTO submissions to the review in particular argued that some graduates, despite being issued with qualifications by an RTO, are failing to meet nationally set minimum levels of attainment appropriate for the industry sector in which they have trained, and appropriate to the AQF level of the award they have been granted.

Further, submissions to the NSSC review argued that there is currently a perceived mismatch of intent and design in the standards for RTOs, which places a greater emphasis on business processes and overshadows training and assessment. Many argued that the heavy focus on business requirements and compliance do little to assure the quality of the training outputs - the ‘real business’ of vocational education and training.

Concerns with the quality of training and assessment have also been raised by vocational education and training regulators. For example, ASQA’s submission to the NSSC Consultation Paper reported that the most common area of regulatory action taken in its first twelve months of existence (accounting for 97% of rejection decisions) is for non-compliance against, but not necessarily exclusively, standards SNR 15 - Strategies for quality training and assessment and SNR 16 - Strategies for principles of access and equity and to maximise outcomes for clients. Regulators have also identified a number of specific training and assessment quality issues, including the:

- quality of on line assessment validation;
- improbable timeframes for ‘weekend qualifications’;
- inappropriate offering of Recognition of Prior Learning (RPL);
- RTOs self-accrediting their own staff as trainers/teachers and assessors; and
- limited or minimal access to workplace / industry involvement for learners to practice developing skills and competence in a meaningful way.

Many of the concerns raised during the review relate to the quality and competency of the vocational education and training workforce, an issue central to the ability of an RTO to deliver quality training and assessment and issue qualifications that have integrity. This concern by stakeholders was consistent with the findings from the Productivity Commission research report into the vocational education and training workforce³⁵ and the former Skills Australia. Key themes included:

- inadequacy of educational experience and qualifications within RTO leadership, with too much focus on business management at the expense of educational program design and delivery;
- depth and breadth of the professional capabilities of trainers/teachers and assessors. For example, the Productivity Commission found issues with the educational capabilities of the vocational education and training workforce, including in the delivery of training and assessment to learners who might experience disadvantage, the ability to assess prior learning, and workplace-based delivery;
- maintaining the currency of industry skills, with industry currency not well understood or applied;

³² Government of Victoria, Submission 51 to Baird Review

³³ Productivity Commission (2011) Inquiry Report - Aged Care Reform (June 2011)

³⁴ Ithaca Group (2012) Analysis of submissions to the NSSC Consultation Paper – Review of the Standards for the Regulation of VET.

³⁵ Productivity Commission Research Report, Vocational education and training Workforce, April 2011, page 246.

- quality and adequacy of the Certificate IV in Training and Assessment as the minimum educational qualification for vocational education and training trainers/teachers. Critics of the qualification have not only questioned its ability to adequately prepare trainers/teachers with the appropriate pedagogy, but also its inadequate focus on assessment theory and practice. However, on balance, when taught well, both the Productivity Commission and Skills Australia agreed it is an appropriate minimum educational qualification; and
- quality of training being delivered by individuals with relevant vocational competencies working under the direct supervision of a trainer/teacher that holds the TAE40110 Certificate IV in Training and Assessment.

Currently, the Standards allow non-registered entities to deliver training on behalf of an RTO; however, the Standards do not specify the formal arrangements to be in place between the RTO and the entity delivering the training or assessment on its behalf. This creates a distance between the RTOs 'up-front' quality assurance and the delivery to learners, and in effect delegating the responsibility for delivery and assessment from the RTO to the entity. In the absence of an RTO registering with the regulator such a delegation to an entity, the risk is that the regulator does not have sufficient information to implement a risk-based regulatory model.

Lack of publicly available information regarding an RTO and its performance

Relevant and robust information is crucial for clients of the vocational education and training system to make informed choices and decisions. The current lack of sufficient information on individual RTOs and their performance makes it difficult for governments to effectively target funding, learners to select training providers and keep track of their training, and businesses to select training options that best meets their needs.

The standards are vague in terms of the type and level of information that an RTO must provide to clients, and consequently, consumers do not have reliable information on which to make an informed choice. Instances of both incomplete and insufficient information and data collection constrain decision making by vocational education and training consumers (learners, employers and community) and has adverse impacts on vocational education and training investment decisions.³⁶ The lack of systemic and robust data also leaves vocational education and training consumers vulnerable to providers manipulating data for marketing purposes. Current Quality Indicator data is not useful in its current form due to concerns with its reliability, validity, timeliness and cost.

ASQA's submission identified a number of weaknesses in current published information by training providers that limits effective decision making, leading to market inefficiencies. In particular, it noted an absence of information about public liability insurance, practical placement and other industry documented agreements that would better inform learners and industry. Other submissions claimed that insufficient data on provider performance, capability and commitment to deliver quality training, restricted the ability of regulators to identify issues of non-compliance to the standards, and does not support consistent and proportional regulation.

Further, COAG agreed in August 2011, and reaffirmed in April 2012, that greater transparency in the vocational education and training system is needed to support informed choices by employers and learners, aligning training reform directions with similar improvements to transparency and accountability in the schools and health sectors. To support this objective, governments agreed to work cooperatively on improved information sharing including through the implementation of the My Skills website to improve access to information and support informed choice; the introduction of a Unique Student Identifier; and the enhanced collection and sharing of vocational education and training data to improve accountability of outcomes. The standards need to align and support these transparency initiatives.

A number of submissions suggested more needs to be done to protect learners where training is of poor quality or an RTO becomes insolvent. Two concerns have been identified with the current learner protection arrangements provided for under the existing standards. Firstly, the standard may not be robust enough and sufficiently implementable to protect all learners. Secondly, there is uncertainty as to whether the Australian Consumer Law (enacted across all jurisdictions) enables sufficient protection of learners, without additional

³⁶ A Skills Australia October 2010 discussion paper (p.79) identified 'insufficient transparency and inadequate data to properly assess performance' as an issue which resonated with submissions to its Road to Prosperity report.

protection arrangements in the standards for RTOs. This is due to consumer law relying to a large degree on the consumer taking the supplier to the courts once mediation processes have been exhausted.

Standards do not enable a regulatory framework that supports current and future goals of vocational education and training

The standards were first developed when the training market was much more constrained, with the majority of public funding going to TAFEs, whereas the current situation reflects a greater flexibility within the market through varying degrees of entitlement, choice and contestability.

The referral of regulatory powers by most States and transfer of powers from the Territories to ASQA in 2011 and 2012, except Victoria and Western Australia, has significantly changed the regulatory landscape. The standards for the regulation of vocational education and training, both RTO and regulator standards, therefore need to evolve to be fit for purpose to the current regulatory framework. For example, the existing standards for regulators are centred on consistent regulation across different regulators; which, while still important, is less so now as there are currently only three regulators, not eight.

Further, a key issue at the moment is the existence of two sets of standards used to regulate RTOs: the AQTF and the legislative instruments established under the *NVR Act 2011* collectively known as the VET Quality Framework. Whilst the standards contained within AQTF were used as the basis for the development of the NVR legislative instruments with no significant change to the effect or intent of the standards, there are enough differences in terminology, structure and layout to cause some confusion in the sector and lead to possible inconsistencies in interpretation by RTOs, regulators, auditors, industry and others. Adding to the confusion, the AQTF is further divided between conditions and standards, whereas the VET Quality Framework is not.

Concerns have also been raised, including within submissions to the NSSC consultation paper, regarding inconsistency in the way vocational education and training is being regulated within and across regulators.³⁷ This is reflected in various different regulatory guidelines/policies that are used by regulators to supplement the standards. While they note that consistency is not about applying the same solution to every RTO no matter the circumstances, they are concerned that an RTO receives different treatment and interpretation of the standards depending on who their regulator is or the auditor that undertakes the audit. Some submissions identified the problem with different approaches to auditing, with the different approaches taken by ASQA and state regulators perceived to create inconsistent outcomes across the sector.

While the flexibility of the standards was recognised as a strength (allowing RTOs the flexibility to demonstrate compliance in a way best suited to their business profile), it can also sometimes be an impeding factor since these enable a wide variation in interpretation and application, and the potential for abuse.

Respondents argued that the standards do not clearly articulate their purpose and expected outcomes. It was also argued that the standards need to be structured in a user-friendly and streamlined format as a means of achieving consistency in interpretation and application. Further, while the standards provide a statement of policy intent, the nature of the language used in them does not always sustain regulatory decisions when challenged in courts and tribunals.

A number of respondents pointed to a variety of interpretations given the 'ambiguous' language in the standards, and subsequent generation of an even greater variety of evidential requirements. This leaves many issues open to interpretation, creates uncertainty and confusion in their application, and results in standards that are unwieldy and difficult to enforce.

Some providers operate under a variety of complex compliance systems that do not interconnect as well as they should. These included contractual requirements for public vocational education and training provision, ESOS, Higher Education, VET FEE HELP, ASIC, ISO requirements and DIAC obligations. RTOs that consider themselves as 'reputable' providers wish to spend less time demonstrating compliance and more on building quality education assurance in their organisations. They called for better harmonisation of legislation and coordination across the full regulatory environment. In some cases they have also suggested self-assessment (with appropriate checks and balances), and greater reliance on corporate body regulations and oversight to remove some of the regulatory duplication especially with regard to demonstrating financial viability and

³⁷ Examples include: Ithaca Group analysis of submissions; Skills Australia October 2010 discussion paper

business capacity.

Finally, it is the NSSC's view that past changes in standards have been largely reactive. The AQTF 2007 review was in reaction to criticism of AQTF 2002 that the standards were too prescriptive, and were therefore re-focused to support continuous improvement and reducing the regulatory burden, as well as reflect outcomes based objectives. The AQTF 2010 review was in reaction to provider collapses and concerns about low-quality providers in the vocational education and training market. Subsequent changes focused on financial management, governance and consumer protection. The standards underpinning the regulation of vocational education and training need to be revised to adequately assure the quality of training and assessment by all Australian RTOs and the integrity of AQF qualifications that RTOs issue and to reflect changes in the market in which they operate. This review needs to take a bolder approach to the future, and provide a remedy for the foreseeable risks, in order to strengthen the system for its role in Australia's skill development and productivity growth.

4. Policy Objective of Change

Arising from the review, the NSSC considers the primary objective of reform to the current regulatory framework should be to establish a single national set of standards that:

- promote integrity and confidence in the vocational education and training sector and outputs from it;
- are appropriate to high-quality training and assessment services for vocational education and training participants and reliably indicate the level of competence achieved;
- support the achievement of a flexible and adaptable skilled workforce that readily responds to the needs of industry;
- are nationally consistent, applying to all RTOs no matter under which regulator it operates;
- are clear in their stated purpose regarding what each is or is not intended to achieve;
- are readily and consistently complied with by all RTOs while minimising the compliance burden;
- are enforced fully and consistently by the vocational education and training regulator/s;
- provide an appropriate level of learner protections;
- support provision of appropriate consumer information; and
- support and align but minimise the overlap with standards in related sectors (including Higher Education).

5. Statement of the Options

Throughout the extensive consultative process conducted as part of the NSSC review, it has been evident that there is a strongly shared view across stakeholders on the need for change to the regulatory standards in order to assure the integrity of vocational qualifications. Furthermore, in the main stakeholder expectations are for substantial change rather than for minor modification to the existing standards.

In forming its proposal, the NSSC has also considered the demands and impacts on the system that change brings and acknowledges that it is not to be recommended lightly. It has also considered the risks in continuing on as it is now and allowing confidence in vocational qualifications to further diminish.

In finalising its position, the NSSC has considered three options with varying degrees of change:

1. retaining the status quo
2. making minimal change by realigning the AQTF with the NVR Quality Framework
3. reforming the system with stronger, clearer, and targeted standards.

The NSSC endorses option 3 but all three options are presented below for the consideration of the stakeholder community. All options proposed are based on the existence of national standards as the means by which the registration of training providers to issue AQF qualifications are regulated.

Impact of Change

The impact of regulatory change on the issuance of vocational qualifications has been examined and its effect considered over both the short-term and the long-term against the economic, community and personal benefits they deliver. For individuals these include improved job chances and earnings, further learning opportunities, mobility and job satisfaction. For employers, these include more highly skilled staff and productivity improvement. These benefits are challenging to quantify, as it is difficult to put a value on the integrity of vocational qualifications. It is even more difficult to estimate the cost of diminished confidence by employers and individuals and resultant impact on training decisions, and then to weigh against the impact on the overall system of reform.

More broadly, it is not possible to explicitly quantify where the vocational qualifications system is currently positioned in terms of cost-benefits and risk, but there is some evidence that the confidence of employers as primary users is declining. An analysis of the impact of the following options on the system needs to be assessed against this background, and with the following risks in mind:

- a cost to industry who either cannot access skilled workers when they need them, or have to train employees who do not hold the competencies defined by their qualification;
- a lost investment in time and financial resources by learners, with diminished faith in qualifications and the system;
- a cost to competent holders of the same vocational qualifications, no longer completely trusted by employers, who may find it difficult to gain employment with their qualification; and
- inefficient use of government funding to subsidise training, and by learners or employers who pay fees;

There are both financial and personal costs to all parties when vocational qualifications do not have the confidence of employers, individuals and the broader community. Building confidence in vocational qualifications requires clear regulation to assure their integrity, no matter the RTO from which they are issued. In this way they will provide both better value for the current investment by governments, employers and individuals, and improved benefits for learners, employers and the overall economy.

The NSSC is looking for your feedback on the options and their impact, particularly any data on the costs and benefits to you or your organisation, as well as any illustrative examples.

Please see **Appendix C** for a range of issues you might like to take into consideration in preparing your response.

6. Option 1: The Status Quo - Not recommended

Under Option 1, there would be no change to the standards and the status quo is maintained. The AQTF Essential Conditions and Standards for Registration and Quality Indicators would continue to apply to RTOs regulated by the VRQA and TAC, and the NVR VET Quality Framework would continue to apply to RTOs regulated by ASQA. Similarly, the AQTF Standards for State and Territory Registering/Accrediting Bodies and the NVR Standards for VET Regulators would remain unchanged.

Under this Option, the standards would include planned changes to the standards already agreed to by SCOTESE in relation to the enhancement of the national data collections and implementation of a Unique Student Identifier.

Analysis of Impact – Option 1

Option 1 would only partially address the policy objectives; the standards would not be nationally consistent. There would be no additional benefits associated with this option and the opportunity to address current and emerging risks in the vocational education and training sector would be missed, with consequences for the integrity of the vocational qualification, the effective functioning of the labour market, and Australia's ability to attract international students. In terms of costs, this option would result in the continued deterioration of confidence in the national system of vocational education and training and vocational qualifications, undermining its ability to contribute to the skilling of the workforce, as well as to Australia's international education export market.

RTOs

In the short term, RTOs would not incur any additional costs, but in the medium to longer term:

- RTOs offering quality qualifications may find it more difficult to compete with RTOs offering qualifications without integrity. This is because the latter likely have lower costs, reflected in lower learner fees. Many learners would assume that, as government regulations apply uniformly, all RTOs offer uniform quality so that an unintended outcome may be that RTOs offering quality qualifications would become less competitive or be forced to lower their standards to compete;
- Little would be done to minimise the regulatory overlap with other education sectors meaning that some RTOs would continue to incur higher compliance costs;
- The impact on the quality of the vocational qualifications and a loss of confidence may lead to a reluctance on the part of governments, learners, and employers to invest in vocational qualifications;
- Taken together, in the medium to longer term, these may further undermine confidence in the vocational education and training system potentially impacting both on the number of people with appropriate skills to the workforce, and potentially fewer international students choosing to study in Australia.

Learners

Learners would not experience any immediate change:

- Learners would largely continue to make less than fully informed choices about their studies because of the lack of consistent, reliable data on the performance of current providers;
- Learners, particularly domestic learners, would continue to find redress difficult in situations where an RTO has failed part-way through their course. This is because there are few protections beyond generic consumer protections. Generic consumer protections (such as the Australian Consumer Law) are not sufficiently specific to provide readily accessible protections to learners who have entered into a 'contract' with an RTO that closes or provides poor quality training. It would be left to them to pursue 'breach of contract' through the courts, requiring significant resources, time and effort to do so.
- Many learners would find it more difficult to gain employment that readily utilises their skills without further training. This is due to poor quality training and/or assessment that leads to the issuance of

qualifications without integrity. Many potential learners may be dissuaded from entering or continuing their vocational qualification, thereby impacting on the available skill levels and productivity of the available labour market. This includes potential learners from low socio-economic or disadvantaged backgrounds where failure to participate would impact on their future individual, economic and social circumstances. A proportion of students in high schools who would otherwise continue with secondary education may drop-out of school altogether.

- Pathways to higher education would remain difficult to navigate, thus impeding the efficient utilisation of both sectors for those learners wishing to further their education.

Employers/industry

Many employers would continue to express their lack of confidence in vocational qualifications reflecting:

- Variability in the quality of vocational education and training provided, an increasing number of graduates fail to meet employers' expectations;
- Employers would face increasing input costs due to the need to up-skill their vocational education and training graduates to ensure key competences are available in their workforce to be productive and competitive, including with international businesses. Some employers may seek to reduce their commitment to training and import skilled labour.
- While many employers may be in a position to recoup these increased labour costs through increased productivity, some may not and would therefore find it more difficult to compete both domestically and internationally.

Regulators

Regulators would continue to experience frustration with the lack of clarity with the standards and with the limitations on their effectiveness in regulation, including costs associated with challenges in appeal tribunals due to inconsistent interpretation.

State and territory governments/Australian government

Governments may come under increasing pressure to lift the capacity of the workforce by addressing the perceived quality issues of vocational qualifications through other means, including further reviews and changes, and/or through higher skilled immigration levels.

Community

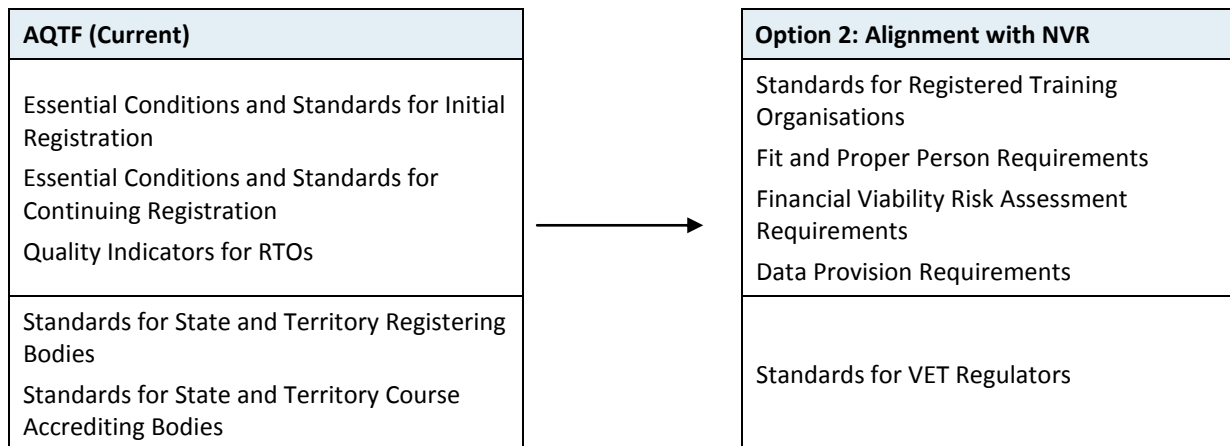
The community may question the value of the vocational education and training system when there is an increasing proportion of people without the skills to successfully undertake employment and who remain unemployed or underemployed (with consequences for GDP and taxpayer funded government expenditure) while, at the same time, industry demands for skilled labour are high and levels of skilled migration continues to increase.

7. Option 2: Alignment of AQTF with the NVR VET Quality Framework and clarification of the standards through non-legislative policy mechanisms - Not recommended

Under Option 2, the AQTF would be amended to align with the NVR legislative instruments. This would involve: minor changes to the wording of the AQTF; and the separation of the AQTF into different standards documents that directly align to the NVR legislative instruments.

To supplement this alignment and to improve quality, the NSSC would clarify the standards through non-legislative policy mechanisms, for example: communication to the sector; the revision of existing supporting material; and development of new material for all stakeholders to support interpretation of the standards.

There would be minor amendments to the wording of the AQTF, and the AQTF documents for the standards for the regulation of vocational education and training would be restructured in order to align with the legislative instruments as established under the *National Vocational Education and Training Regulator Act* for regulation by ASQA.



In addition to the alignment of the AQTF standards to the structure of the NVR legislative instruments, the standards will be supplemented by the revision of current guidance material and/or the development of new guidance material, and other communications to the sector regarding interpretation of the standards. Communication might include information sessions, guidelines, practice notes, definition of terminology and its application in particular types of RTOs.

As with Option 1, Under this Option, the standards would include planned changes to the standards already agreed to by SCOTESE in relation to the enhancement of the national data collections and implementation of a Unique Student Identifier.

Analysis of Impact – Option 2

Option 2 would not achieve all of the policy outcomes and may generate greater uncertainty.

While the key policy objective of a single set of national standards would be achieved, significant deficiencies in the current standards would not be addressed. Furthermore, the revised supporting material or material to support the interpretation of the standards, while regulatory, would not be legislative and this creates a risk of it becoming de facto standards. In an environment where increasingly rigorous regulatory action is being demanded, material which sits outside of the standards and leaves issues open to interpretation can create uncertainty and confusion in its application.

This option would not address the present issues with the standards, as outlined in the Problem above. As mentioned previously, the standards reflect the policy environment present at the time of drafting of the

AQTF, rather than the present regulatory environment. Although subsequently modified to address specific issues, the amendments to the standards over the years have added to internal inconsistencies which would not be addressed.

This option does very little to address the current Problem, and will impose additional costs to a number of stakeholders with little to no benefit. Overall it is assessed that the total additional benefits would not be commensurate to the total additional costs.

RTOs

The guidance material issued by the NSSC would likely be interpreted by courts to have the same effect as the standards themselves. Therefore, RTOs would incur additional costs as they would be expected to comply with the revised supporting material and/or new material to support the interpretation of the standards.

- As the AQTF would be amended to align with the NVR VET Quality Framework, these additional costs would largely impact on the about 900 RTOs that are currently regulated by the VRQA in Victoria and the TAC in WA. This is because the AQTF would be amended to align with the NVR VET Quality Framework. Although the AQTF and NVR Quality Framework are similar in intent, there are variations in terminology, structure and layout.
- RTOs under the AQTF and regulated by the VRQA and the TAC would, as a minimum, have to modify a number of systems and procedures to comply with the revised arrangements. Many RTOs may have flow-on consequences to other aspects of their business.
- All RTOs would incur higher compliance costs particularly where the guidance material provided to clarify the NVR standards results in the identification of deficiencies in RTOs. As a minimum, all RTOs would be required to check their processes and systems with the guidance material provided, and some RTOs would identify deficiencies which would require remediation to the extent they fall short of the required standard. These would be in addition to cost outlined above for RTOs in Victoria (about 480) and WA (about 380).

However, there would not be a commensurate impact on the benefits. This is because the revised supporting material or material to support the interpretation of the standards, while regulatory, is not legislative. This would lead to increased uncertainty for RTOs.

This option would not address the present issues with the standards as outlined in the Problem above. In particular, RTOs providing higher standards of quality would continue to compete with RTOs taking a less robust attitude to quality. In consultations to date, a number of RTOs have expressed concern that RTOs with less robust standards continue to operate.

Learners

Learners are unlikely to experience any real change. As with Option 1:

- Learners would largely continue to make less than fully informed choices about their studies because of the lack of consistent, reliable data on the performance of current providers;
- Learners, particularly domestic learners, would continue to find redress difficult in situations where an RTO has failed part-way through their course. This is because there are few protections beyond generic consumer protections. Generic consumer protections (such as the Australian Consumer Law) are not sufficiently specific to provide readily accessible protections to learners who have entered into a 'contract' with an RTO that closes or provides poor quality training. It would be left to them to pursue 'breach of contract' through the courts, requiring significant resources, time and effort to do so.
- Many learners would find it more difficult to gain employment that readily utilises their skills without further training. This is due to poor quality training and/or assessment that leads to the issuance of qualifications without integrity. Many potential learners may be dissuaded from entering or continuing their vocational qualification. The extent that they have the potential to do so equates to a waste since their 'human capital' is not fully utilised. This includes potential learners from low socio-economic or disadvantaged backgrounds where failure to participate would also increase the likelihood of many remaining in their circumstances. A proportion of students in high schools who would otherwise continue

with secondary education may drop-out of school altogether.

- Pathways to higher education would remain difficult to navigate, thus impeding the efficient utilisation of both sectors for those learners wishing to further their education.

Employers/industry

As with Option 1, many employers are likely to continue to express their lack of confidence in vocational qualifications reflecting:

- Variability in the quality of vocational education and training provided, an increasing number of graduates fail to meet employers' expectations;
- Employers would face increasing input costs due to the need to up-skill their vocational education and training graduates to ensure key competences are available in their workforce to be productive and competitive, including with international businesses. Some employers may seek to reduce their commitment to training and import skilled labour.
- While many employers may be in a position to recoup these increased labour costs through increased productivity, some may not and would therefore find it more difficult to compete both domestically and internationally.

Regulators

Regulators would be impacted, however, not uniformly. All regulators would most likely face increased litigation, due to uncertainty around the application of guidance material, and therefore increased costs having to defend their decisions in courts. This is due to the likelihood that guidance material issued by the NSSC would be interpreted by the courts as de facto standards.

- It is likely that ASQA would be least impacted relative to the VRQA and TAC since its standards would not be changed. However, as clarity through non-legislative policy mechanisms are nonetheless regulatory, ASQA would be required as a minimum to modify its processes and materials so that it could regulate RTOs accordingly. It would also be required to develop and undertake dissemination strategies to inform RTOs and its other stakeholders. Relative to the status quo, however, it is also likely that ASQA would face increased litigation. This is because it is likely that more RTOs, faced with the cancellation or non-renewal of their registration, would seek to challenge non-legislative policy mechanisms on the basis of their validity and interpretation. It is likely that these would utilise an increased proportion of ASQA's resources, and undermine its authority and capacity to regulate the sector.
- The impact on the VRQA and TAC would be greater than that of ASQA, as all the documentation currently underpinning the regulation of RTOs in Victoria and WA would need to be revised, in addition to the changes required due to the non-legislative policy mechanisms.

State and territory governments

The Victorian and WA governments would be impacted. It is anticipated that other state/territory governments would be largely unaffected.

Victorian and WA government agencies responsible for vocational education and training policy would be required to go through all state legislation that refers to the AQTF to ensure that these are revised and aligned accordingly.

National Skills Standards Council

Considerable effort and resources would be invested in developing non-legislative policies and communications strategies designed to add clarity to the standards. These are likely to be as much as, if not greater than, the effort involved in developing new standards as per Option 3.

Community

Notwithstanding the considerable effort by all affected stakeholders, it is not likely that the Australian community would realise a commensurate increased benefit.

Reputable high-quality RTOs may find it increasingly difficult to compete and consequently lower their quality standards accordingly or exit the industry, potential learners may have fewer choices of provider, particularly in thin markets

Further, it could be expected that Australia's reputation as a provider of quality export education and training services would be negatively affected.

8. Option 3: Australian Vocational Qualification System - NSSC's recommended option

Under this option, it is proposed that the standards for the regulation of vocational education and training be amended. This would set a higher bar for RTO registration and establish a regulatory architecture that is fit for purpose in assuring the integrity of vocational qualifications³⁸ and enable the adoption of a more responsive regulatory model.

The proposed standards, described throughout this section, have been directly informed by the findings of the consultations and research undertaken by the NSSC to date, and have drawn upon the expertise and knowledge of the Council. The proposed standards include consideration, and in most instances further development, of the suggested approaches previously outlined in the NSSC Issues Paper.

Purpose of the new system

It is now time to consolidate the elements of vocational education and training into a stable and assured Australian Vocational Qualifications System. A system in which all providers encompass the characteristics of the best RTOs; one in which all RTOs deliver training and assessment to even higher standards, thereby assuring the reputation of the system and the integrity of all vocational qualifications.

Ensuring the integrity of qualifications issued by all RTOs

The need for new and higher-level skills and for the certification of skills has increased both demand for and the supply of vocational qualifications. The integrity of these qualifications supports individuals on their career pathways, and ensures that employers have the relevant and current skilled workforce to make them productive. A failure of confidence in these qualifications will not only waste the significant funding investment in training, but will also devalue the existing qualifications and undermine the functioning of the labour market.

The Council believes that all training providers that issue nationally recognised vocational qualifications must perform to high standards. The Council acknowledges that while many RTOs not only comply with the current standards but exceed them, there are too many examples of RTOs that issue nationally recognised vocational qualifications that are not consistently meeting the standards and are not valued by employers. For example, it was these practices that led the Productivity Commission, researching into the delivery of the Certificate IV in Aged Care to conclude that there are some registered training organisations that are not delivering accredited courses to the standard required.

Responsive regulation

A key element of the proposed system is to support a shift towards a more responsive regulatory model, one which utilises a range of regulatory tools and strategies to ensure quality training and assessment delivery by RTOs. This is not just about a VET regulator ensuring compliance against the standards, but also enabling 'softer' regulatory mechanisms or controls to influence RTO behaviour (e.g. market mechanisms through informed consumer choice; and rigorous internal controls and quality assurance mechanisms of the provider).

The system needs to support a regulatory model that is responsive to the individual circumstance of the RTO, encompassing not only its conduct and behaviour, but also its strengths, industry context and environment, and culture. It needs to encompass not only a risk based approach to ensure regulatory action targets poorer performing RTOs, but also that regulatory response is proportionate to the non-compliance and the RTO, with sanctions, conditions and penalties applied as a last resort. A key element of the system is ensuring that effective and well regarded RTOs are supported and encouraged to continue to deliver quality training and assessment.

³⁸ Please note: for the purposes of the Position Paper, the term 'qualification' encompasses nationally recognised training leading to an AQF qualification either in full or in part (e.g. unit/s of competency and/or skill sets as reflected within a Statement of Attainment).

Application of the new Australian Vocational Qualification System

The cornerstone of the new AVQS is raising the registration standards required to be a provider that issues vocational qualifications, particularly the requirements regarding training and assessment. The following section describes how the standards for the AVQS would be applied, leading into discussion on what the NSSC proposes that the standards would become.

Licensed Training Organisations

Given the importance of vocational qualifications to individuals, employers and the community, and their impact on Australia's productivity, being afforded the responsibility of issuing vocational qualifications is a privilege. In recognition of this, the NSSC proposes that training organisations which issue vocational qualifications be called 'Licensed Training Organisations', and through regulation be awarded a licence to issue vocational qualifications for up to five years. This shift from registration recognises that providers are afforded the right and privilege of issuing vocational qualifications that are nationally recognised and which are essentially developed for and the property of all Ministers responsible for skills and employment, on behalf of all Australians.

Regardless of the form, purpose or ownership structure of the provider, all LTOs issued a licence under the new AVQS must comply with the regulatory standards hereafter called the 'AVQS Quality Framework'. As defined below, the standards applied under the new system will set a higher bar for providers issuing vocational qualifications, raising the quality of training and assessment and better ensuring the integrity of the qualifications issued to individuals.

Whilst the NSSC maintains that a diverse range of providers in the vocational training system is a key strength, reflecting the diverse needs of industry and individuals; it also recognises that raising the standards will impact on the existing provider market. For some providers, this may require a stronger investment in training and assessment expertise or reconsideration of their licensing as a provider. For others, it will mean raising both their aspirations and efforts to a higher level and standard. However, for many it will be business as usual for they already exceed the current standards and would meet the higher level required to be a LTO under the new AVQS.

Not wanting to limit the ability of the AVQS to respond to industry or individual needs, the NSSC is keen for the AVQS to allow providers that are unable or do not wish to meet all of the new standards to have the option to continue to deliver quality training and assessment. Under the AVQS this would occur through encouraging training providers, particularly those addressing skill needs in highly specialised or niche areas of industry, who wish to continue to provide quality training and assessment but not as a licensed provider to partner with LTOs licensed to issue vocational qualifications. These partnering arrangements will need to be formal and registered with the AVQS regulator.

Under these partnering arrangements, the LTO is responsible for ensuring the quality of all training and assessment undertaken by the training provider on its behalf, including ensuring all training and assessment undertaken by the training provider on its behalf meets the relevant training and assessment standards. Only the LTO will be able to issue a vocational qualification. For regulation purposes, the training provider that has partnered with the LTO will operate in effect as a site of the LTO and, through the contractual obligations of the registered partnering arrangement, will be subject to audit on the same basis as all other sites.

One set of standards applied nationally

As described in the background, there are currently two sets of standards used to regulate providers: the AQTF and the NVR legislative instruments. Whilst the standards contained within AQTF were used as the basis for the development of the NVR legislative instruments with no significant change to the effect or intent of the standards, there are enough differences in terminology, structure and layout to cause some confusion in the sector and lead to possible inconsistencies in interpretation. The NSSC therefore proposes that a primary outcome from the review will be one set of national standards applying to all LTOs, no matter the regulator. The standards applied to providers under the AVQS will be called the 'AVQS Quality Framework'.

The existing standards for providers are currently split into standards for initial registration and standards for continuing registration; with the AQTF further split between conditions and standards. The NSSC proposes that a single set of standards, with no conditions, applying to providers that have been registered for a period of

time as well as new entrants to the training system. This means that the 'bar' for entry is equally as high for a new LTO as for a practising one, with every learner able to expect quality learning regardless of how long their LTO has been licensed.

Further reducing regulatory burden on LTOs that consistently demonstrate high performance

A number of submissions to the NSSC Consultation Paper argued for the standards to be customised to the needs of different types of providers. However, throughout the consultations there was a consistent view, which is also held by the NSSC, that all standards must contribute to assuring quality training and assessment, and so are applicable to all LTOs regardless of size or type.

The proposed standards for VET regulators (discussed in more detail later) encourages regulators to more actively and regularly apply strategies to reduce regulation for high-performing LTOs with a history of strong compliance and to increase regulatory activities for those LTOs considered as higher risk. Examples of strategies that regulators would be expected to continue to apply to reduce regulatory burden include:

- an active and dynamic risk assessment process that is based on compliance history, performance data, and industry and learner intelligence;
- varying the type and regularity of regulatory audits, based on risk assessments;
- recognising and not duplicating the regulatory decisions of other relevant regulators (e.g. Fit and Proper Person Requirements, common application processes for dual sector providers, joint audits); and
- delegating (subject to legislative requirements) regulatory powers to low-risk LTOs, such as the ability to amend their scope of licensing.

New entrants to the national training system as LTOs

A key theme arising from consultations is that the barriers to entry to be a provider, as set by the existing initial registration standards, do not adequately ensure all new entrants have the ability to immediately deliver quality training and assessment. One contributing factor for this is that new entrants are unable to demonstrate a track record of quality delivery, thereby an assessment of their compliance with the standards is based on their preparedness to perform (e.g. strategies, plans, staff qualifications and intentions); rather than on demonstrated performance. Currently, regulators generally require new providers to undergo an audit at or around 12 months from initial registration, whereby the provider must demonstrate that its performance meets the regulatory standards.

The NSSC considers that changes are required to this process, and that a new entrant should receive provisional licence only, for a period of up to 18 months. Towards the end of the 18 months, the provisional LTO would then apply for a full, 5 year licence, subject to demonstrating to the regulator that its performance meets the standards. A full licence could be awarded by the regulator at any time during the 18 month period, in instances where it is satisfied that the actual performance of the LTO demonstrates quality training and assessment.

During the provisional period, the LTO would of course be obliged to comply with all standards. Further, the regulator may, based on the application for a license, place conditions on the new LTOs scope of license. This could include, but would not be limited to, limitations on the:

- number of qualifications on the LTOs scope of licence;
- number and type of Training Packages or accredited courses that can be included on the LTOs scope of licence;
- delivery of 'high risk' units or qualifications or those that have industry licensing outcomes; and
- proportion of individuals delivering training who do not have the required educational competencies set by the NSSC and are working under the direct supervision of someone that does.

At the end of the 18 month provisional licence period, the provisional LTO must demonstrate to the regulator that its performance complies with all of the AVQS Quality Framework standards and that it consistently delivers quality training and assessment. The regulator could extend the provisional licence period if there was

a view that performance was adequate but risk of failure was still significant.

Principles underpinning the development of standards to support the AVQS

The following principles have guided the development of the proposed standards and will continue to guide the future drafting of the standards:

Principles of content

- **Quality:** the standards assure quality in the delivery and assessment of nationally recognised vocational qualifications, ensuring learners, employers and prospective employers, and other education providers can be confident that the individual has the skills, knowledge, and learning outcomes as assessed and certified.
- **Transparency:** the standards support a transparent vocational education and training sector with accessible information available on individual LTO performance and regulator operations, informing decisions made by learners, industry, enterprises, governments, regulators, and LTOs.
- **Responsiveness:** the standards enable a system whereby LTOs are responsive to their learners, clients and industry; and regulators respond to the assessed risks of providers and the market.

Principles of form

- **Clarity:** one set of standards applicable to all LTOs and applied by all vocational education and training regulators, each with a clear purpose statement and written a manner such that they can be clearly and consistently interpreted by regulators, LTOs and in courts of appeal.
- **Consistency:** each standard and quality benchmark able to be consistently measured, interpreted and implemented based on a confidence that there is a shared understanding of its meaning and intended effect.
- **Coherence:** each standard and quality benchmark not only have a purpose in its own right, but is consistent with and contributes to direction of the AVQS as a whole.

Setting a higher bar for providers – new AVQS Quality Framework standards

The proposed revised standards for LTOs that underpin the AVQS ('AVQS Quality Framework') are described throughout the rest of this section. The focus is on rebalancing the standards and regulation of vocational education and training on quality training and assessment that maintains the integrity and reputation of AQF qualifications. In effect, a balance between the two domains of education and LTO administration needs to be achieved; one that assures learners, clients, industry, and government of the quality of the learning process and its outcomes, as well as the continuity of service provision.

The NSSC recognises further work is required for the proposals below to be translated into standards that are implementable and have regulatory rigour. This drafting work will be the focus of the Council over the next six months, including consideration of the feedback provided to this paper. The NSSC is committed to continuing its highly consultative approach to the review, with subsequent standards drafting and implementation activities to be undertaken in an open, collaborative way.

Key components of the Standards

The NSSC proposes that the new AVQS Quality Framework standards contain the following three core elements:

- Purpose statement – clearly articulating the intent of the standards framework, supporting a shared understanding and consistent interpretation of the standards by regulators, LTOs, auditors, and enterprises/industry.
- Standards – written in plain English as high level outcome statements, defining what is expected

for licensing as an LTO or operations of a vocational education and training regulator.

- Elements – underpinning each standard whereby compliance will ensure the requirements of the overarching standard are met; a combination of input, process and output measures are used.

In undertaking the review, there have been calls for improved guidance material, with an expectation that LTOs would be provided with documentation supporting the standards, including case studies and examples of best practice. However, the challenge with prescriptive guidance material is that it becomes de facto standards, with providers and auditors alike placing a greater emphasis on the material than was intended. There is also a level of uncertainty as to their status in appeals tribunals and courts. Further, in a system as diverse as vocational education and training whereby a risk based regulatory approach is adopted, it is difficult to describe the ‘general’ compliance requirements of an LTO as the type and depth of evidence required for compliance varies dramatically depending on the individual circumstance of the provider.

The NSSC therefore proposes rather than develop guidance materials that the new standards be clearer in their own right, overall and individually, both in purpose and in intended outcomes. The new, clear standards will be supplemented by an extensive communication and implementation program.

LTO Standards Framework

The proposed new LTO standards (as presented in the framework below) contain a total of nine standards organised across three key areas: Training and Assessment, Obligations to learners and clients, and LTO Governance and Administration. When considered holistically, the standards describe what it means to be a LTO with responsibility to deliver and issue quality assured nationally recognised vocational qualifications.

A summary of the key changes proposed by the NSSC is discussed following the table, with Appendix A providing a detailed summary of the rationale behind each of the quality benchmarks with reference to the existing standards.

AUSTRALIAN VOCATIONAL QUALIFICATION SYSTEM – AVQS QUALITY FRAMEWORK STANDARDS	
<i>Purpose: Standards ensure that AQF qualifications issued by LTOs are consistent with Training Packages and accredited courses and have integrity for employment and/or further study, and that LTOs operate ethically with due consideration of learners’ and enterprises’ needs.</i>	
TRAINING AND ASSESSMENT	
1.	<p>Training and assessment strategies and practice give effect to AQF qualifications defined in the Training Package or accredited course</p> <ul style="list-style-type: none"> ▪ Training and assessment strategies and practice meet the requirements for each nationally recognised qualification on the scope of license as defined in the Training Package or accredited course; ▪ LTOs have the capacity, including staff and physical resources, to deliver quality training and/or assessment for each nationally recognised qualification on its scope of license, ▪ LTOs actively ensure all trainer/teacher and assessor staff have relevant vocational competencies (at least to the level being delivered or assessed) and can demonstrate current industry skills directly relevant to the training or assessment being delivered; ▪ Trainers/teachers and assessors hold: the minimum training and assessment qualifications, as set by the NSSC (currently the TAE40110 Certificate IV in Training and Assessment and the Assessor Skill Set); or, if working under the direct supervision of a trainer/teacher with the minimum educational qualification, hold the appropriate skill set, as set by the NSSC (currently the enterprise trainer skill set), and are restricted in the training that they can deliver (i.e. type, learner cohort and number, mode of delivery); ▪ Trainer/teacher and assessors delivering the minimum training and assessment qualification set by the NSSC hold at least the Diploma of Vocational Education and Training; ▪ LTOs deliver only current qualifications or units of competency, with all learners transitioned from superseded qualifications or units of competency within 12 months of being replaced on

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	training.gov.au.
2.	<p>AQF qualifications or statements of attainment are issued to learners assessed as meeting the competency requirements defined in the Training Package or accredited course</p> <ul style="list-style-type: none"> ▪ LTOs have an assessment system that contains controlled, ordered, quality assured processes designed to ensure that assessment decisions made are consistent, fair, valid and reliable; and includes arrangements to ensure: <ul style="list-style-type: none"> a. assessment is conducted in accordance with the rules of evidence (i.e. valid, authentic, sufficient, current); b. assessment meets relevant occupational and licensing regulatory requirements; c. assessment is systematically validated; and d. learners' complaints and appeals regarding assessment decisions are efficiently and effectively acknowledged and resolved. ▪ Learners are offered access to Recognition of Prior Learning for assessment against relevant competencies; ▪ AQF certification documentation issued by other LTOs and authenticated transcripts issued by the USI Agency are recognised; ▪ Issuance is conducted in accordance with the requirements of the Australian Qualifications Framework and the NSSC; ▪ AQF certification documentation is issued within 90 days of the learner being assessed as competent or once the learner has met their obligations to the LTO under the agreement (e.g. payment of fees), whichever comes later.
3.	<p>An LTO has an Accountable Education Officer, who is registered with the AVQS regulator and responsible for all training and assessment undertaken by the LTO</p> <ul style="list-style-type: none"> ▪ Accountable educational officer has appropriate vocational education and training pedagogical expertise and experience, including holding a diploma or higher level qualification in education and training; ▪ Accountable educational officer is registered with the AVQS regulator, with the LTO to notify the regulator of any changes. Registration may be withdrawn by the regulator where there is a demonstrated failure of the LTO of quality training and assessment strategies and/or practice; ▪ Accountable educational officer is responsible for all training and assessment delivered by an LTO or on its behalf, ensuring that it: <ul style="list-style-type: none"> a. is consistent with the LTO's scope of license; b. is compliant with the requirements of and supports the achievement of the competency outcomes described within the Training Package or Accredited Course; c. is delivered by staff with the appropriate trainer/teacher and assessor competencies, vocational competencies, and industry currency (as defined under Standard 1); d. is relevant to the identified needs of industry, with employers and potential employers, enterprise clients, and/or industry representative bodies actively and formally engaged in educational decision-making; and e. supports learners to identify and achieve their learning goals, which includes access to educational and other support services that recognise and support their needs.

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4.	<p>LTO is accountable for and systematically monitors all training and assessment services, whether undertaken by itself or through a partnering arrangement, to ensure the achievement of quality training and assessment outcomes and compliance with all the standards</p> <ul style="list-style-type: none"> ▪ Partnering arrangements with non-LTOs to deliver nationally recognised training are formally documented and registered with the regulator. ▪ Where training or assessment is not being delivered by the LTO, learners are informed that it is being undertaken under a partnering arrangement with the LTO responsible for the ultimate issuance of an AQF qualification or statement of attainment.
OBLIGATIONS TO LEARNERS AND CLIENTS	
5.	<p>Learners are supported to achieve their chosen qualification outcome, in a manner consistent with the principles of access and equity</p> <ul style="list-style-type: none"> ▪ LTO enter into a written agreement for training and assessment with all learners for which it is responsible for training and assessment, no matter if delivered by the LTO or by another entity under a formal partnering arrangement. ▪ Learners are informed of and understand their rights and the LTO's responsibilities under the Standards, including avenues for making a complaint or lodging an appeal (both internal and external), and their rights and obligations in instances whereby the provider closes or no longer delivers the unit(s) that the learner is enrolled; ▪ Learners are informed of all charges, conditions, refund conditions and costs involved in studying with the LTO, including any changes over time; ▪ Learners receive the services described in the agreement for training, unless amended with appropriate notice; ▪ Learners have timely access to current and accurate records of their participation, progress, and achievement; ▪ Learner records of attainment and qualifications are maintained in a format required by the AVQS regulator.
6.	<p>All Clients, including learners, enterprises, and funding agencies have access to the information required to make informed decisions</p> <ul style="list-style-type: none"> ▪ Client and potential client decision-making is informed by ethical and accurate marketing that is consistent with the LTO's scope of license and is clear as to what is and is not nationally recognised training; ▪ Clear and accurate information on an LTO's performance is publicly available and easily accessed. This is expected to include participation in a nationally consistent student outcomes survey process; ▪ LTO's collect, evaluate and submit data against the AVETMISS standard in line with the Total VET Activity policy (currently under consultation); ▪ Compliance with the requirements of the Unique Student Identifier – i.e. the LTO: <ul style="list-style-type: none"> a. recognises a USI generated authenticated transcript b. validates a USI provided by an individual before using that USI for any purpose c. does not confer a qualification or issue a statement of attainment on an individual without being in receipt of a valid USI d. ensures the security of USI records; ▪ Complaints and appeals are efficiently and effectively acknowledged and resolved. ▪ LTOs submit, and ensure the currency of, information contained on the MySkills website.

AUSTRALIAN VOCATIONAL QUALIFICATION SYSTEM – AVQS QUALITY FRAMEWORK STANDARDS	
<i>Purpose: Standards ensure that AQF qualifications issued by LTOs are consistent with Training Packages and accredited courses and have integrity for employment and/or further study, and that LTOs operate ethically with due consideration of learners' and enterprises' needs.</i>	
LTO GOVERNANCE AND ADMINISTRATION	
7.	<p>Organisational processes are quality assured</p> <ul style="list-style-type: none"> ▪ A self-initiated evaluation process is conducted annually with the outcomes used to inform quality assurance; ▪ Evaluation outcomes are supplemented by other relevant information, feedback and data to systematically and continually improve training and assessment.
8.	<p>Learners and clients are assured of effective LTO administration and governance</p> <ul style="list-style-type: none"> ▪ LTO has a management team with the appropriate skills and expertise to lead an educational organisation; ▪ LTO is incorporated in Australia or a government operated entity; ▪ An LTOs current ratio (current assets divided by current liabilities) meets the minimum requirement set by the NSSC, at all times during its period of license; ▪ LTO meets requirements for financial viability and fit and proper person requirements, unless it is a: <ul style="list-style-type: none"> ▪ government operated entity; or ▪ Australian University; or ▪ employer or volunteer association whose learners solely consist of its employees or members who are not charged fees for the training or assessment.
9.	<p>Legal and accountable operations are evident</p> <ul style="list-style-type: none"> ▪ Compliance with all requirements of the Australian Qualifications Framework; ▪ Compliance with and full and timely cooperation with the AVQS regulator; ▪ Compliance with relevant Commonwealth and State legislation, including for the Unique Student Identifier; work, health and safety; privacy; access, equity and discrimination, including disability standards; and corporate regulation obligations; ▪ Hold insurance for public liability throughout the period of its license.

Training and assessment (Standards 1-4)

As outlined earlier, a range of stakeholders have expressed concerns over a number of years on the inconsistent quality of training and assessment of providers, which in turn has undermined the integrity and value of vocational qualifications held by all individual learners and employees. Throughout the review to date, there has been strong stakeholder consensus for a need to clearly re-focus the standards on the core function of training providers; that is, their investment and capacity to consistently deliver quality training and assessment. While sound business processes are essential to support training provider viability and sustainability, the shared view was that they underpin the real business of vocational education and training, which is quality teaching and assessment. In effect, a balance between these two domains of education and business needs to be achieved; one that assures learners, clients, industry, and government of the quality of the learning process and its outcomes, as well as the continuity of service provision.

Key changes proposed by the NSSC in relation to strengthening the consistency and quality of training and assessment are discussed below, with further details of the rationale for the proposed changes and their relationship to existing standards provided at Appendix A.

Stronger linkage with, and increased emphasis on, Training Packages and accredited courses

Whilst acknowledging that the linkage exists in the current standards, the NSSC considers it opportune for the standards to more clearly emphasise the linkage with industry developed Training Packages and accredited courses; which it has done through the purpose statement and making clear reference in Standards 1 and 2. This also emphasises that vocational education and training is about delivering AQF qualifications that support individuals in the workplace and further education.

A stronger linkage between LTO standards and Training Packages / accredited courses also supports the effective implementation of Training Packages that comply with the new Standards for Training Packages, as endorsed by SCOTESE in November 2012. The new Standards have a strong focus on ensuring that assessment requirements for the achievement of competency outcomes in Training Packages are clear and specific. This clarity and specificity will give industry, LTOs and regulators confidence in a shared understanding of the requirements to be met. While Training Packages take primacy within vocational education and training, the development of new Standards for VET accredited courses will also align to the design standards of Training Packages. This will ensure a consistent approach to the specification required for nationally recognised training products, and allowing greater portability of competency standards for workforce development purposes. Both standards will also provide implementation advice to support LTO best practice and qualification integrity.

Concerns have been raised by industry, both directly and through Industry Skills Councils, regarding inappropriate training and assessment practices of some providers for some qualifications (e.g. 'weekend' Diplomas, online assessment undertaken with poor identity verification). The NSSC is therefore, concurrent to the Position Paper, seeking feedback as to whether to recommend to SCOTESE further amendments to the Standards for Training Packages that would allow for greater specification of training and assessment requirements within Training Packages, specific to individual qualifications and units of competency and based on a nationally agreed suite of measures.

A project to consider this issue was commissioned by Industry Skills Councils in November 2012, with support from the NSSC and the Department of Innovation, Industry, Science, Research and Tertiary Education (DIISRTE), the findings of which has been provided to the NSSC for its consideration. For further information regarding this related piece of work, refer to the NSSC website – http://www.nssc.natese.gov.au/standards_review/greater_specification_of_training_and_assessment_requirements.

Improved educational leadership – Accountable Education Officer

The development of training and assessment strategies and identification of appropriate resources and staff to produce the outcomes defined within Training Packages and accredited courses and to meet the needs of learner and local enterprises is considered to be one of the most challenging compliance activities of a provider. For example, ASQA's submission to the NSSC Consultation Paper reported that the most common area of regulatory action taken in its first twelve months of existence (accounting for 97% of rejection decisions) is for non-compliance against, not necessarily exclusively, standards SNR 15 - Strategies for quality training and assessment and SNR 16 - Strategies for principles of access and equity and to maximise outcomes for clients.

The NSSC proposes to require LTOs to have a registered Accountable Education Officer. This quality benchmark will ensure that the officer has sufficient expertise and experience in vocational education and training pedagogy, including holding a diploma or higher level qualification in education and training, to lead staff in educational decision-making processes and in developing, implementing and monitoring quality teaching and assessment strategies that reflect Training Package and Accredited Course requirements. The body responsible for registration (proposed as being the AVQS regulator) may withdraw the officer's registration where there is a demonstrated failure of quality training and assessment processes and outcomes; having implications for an LTOs compliance with the standards.

This proposal recognises the requirements needed to lead an educational organisation and shifts the onus of responsibility and compliance onto the LTO, and more particularly senior management within the LTO. A similar concept is applied by ASIC, whereby company secretaries are individually accountable for compliance against relevant business regulations. Only one officer will be registered for each LTO; however, in larger

organisations, the Accountable Education Officer may devolve management of their responsibilities, while retaining the overall accountability.

This requirement reflects that not all provider chief executives are educators, nor do they all have explicit knowledge of the complexities of vocational education and training products, services, and client learning needs. These are essential leadership requirements in an organisation that awards nationally recognised vocational qualifications, regardless of type or size of the LTO.

The CEO could nominate her or himself as the Accountable Education Officer; however, they must be able to demonstrate that they hold the required competencies and experience.

Minimum training and assessment competency requirements of trainers/teachers and assessors

As currently occurs, it is proposed that the NSSC continue to define the minimum training and assessment competency requirements of all trainers/teachers and assessors – as currently described in the NSSC Determination. Industry, through Industry Skills Councils, defines the vocational competencies as well as any additional training and assessment competences over and above the NSSC Determination within Training Packages and accredited courses.

Currently an individual who holds at a minimum the TAE40110 Certificate IV in Training and Assessment (TAE) or can demonstrate equivalent competencies is deemed to hold the training and assessment requirements to deliver vocational education and training.

However, a strong theme arising from consultations to date is concern with the quality of delivery of the Certificate IV in Training and Assessment, which in turn has a significant impact on the capability of vocational education and training trainers/teachers and assessors to implement quality training and assessment practices. Critics of the qualification have not only questioned the design of the Certificate IV, but also the level of the minimum qualification.³⁹ In particular, concerns have been raised regarding its ability to adequately prepare trainers/teachers with the appropriate pedagogical skills to deliver training as well as detail regarding assessment theory and practice.

The NSSC considers that, when trained and assessed well, the Certificate IV in Training and Assessment is an appropriate minimum qualification for vocational education and training trainers/teachers provided that it is seen as a foundation for further capability development, a position supported by the Productivity Commission and the Australian Workforce and Productivity Agency. This also recognises the dual nature of trainers/teachers (i.e. need for both vocational and educational competency), and the cost implications of requiring all existing and new trainers/teachers to hold a higher level qualification than the Certificate IV.

Evidence suggests that a sizeable proportion of trainers/teachers do not possess the TAE40110 Certificate IV in Training and Assessment or equivalent formal educational qualifications, with the Productivity Commission estimating this to equate to 40% in TAFE and higher in non-TAFE providers.

The NSSC has therefore sought to identify mechanisms whereby the standards can increase the scrutiny and monitoring of providers that deliver the TAE40110 Certificate IV in Training and Assessment and other training and assessment qualifications including the Diploma of Vocational Education and Training. Whilst many options are outside the remit of the NSSC and require broader government agreement and investment (e.g. establishing a professional body for trainers/teachers and assessors), the NSSC proposes to strengthen the existing requirements to:

- require trainers/teachers and assessors to hold the minimum qualification or skill set determined by the NSSC. This would be achieved through a formal assessment process (which could include recognition of prior learning), removing the existing ability for trainers/teachers and assessors to demonstrate equivalent competencies through an informal assessment being made by the employer on an individual's past training, experience and ongoing professional development against each individual unit of competency;

³⁹ Examples of research include: Clayton (2009) Practitioner experiences and expectations with the Certificate IV in Training and Assessment (TAA1104): A discussion of the issues; National Quality Council (2009) National Strategic Industry Audit of the Certificate IV TAA1104; Wheelahan and Moodie (2011) *The quality of teaching in VET*; Skills Australia (2011) *Skills for Prosperity*

- require a trainer/teacher delivering the TAE40110 Certificate IV in Training and Assessment to hold at least the Diploma of Vocational Education and Training; and
- strengthen the requirements for individuals working under the supervision of a trainer/teacher (see below).

Trainers/teachers working under supervision

The NSSC Determination for Training and Assessment Competencies to be held by Trainers and Assessors currently allows for individuals who do not hold the minimum competency requirements of a trainer/teacher to work under supervision⁴⁰ of someone who does. Under the current arrangements, from 1 July 2013, individuals working under supervision will be required to hold or demonstrate equivalent competencies to the enterprise trainer/teacher skill set within a two year period.

Enabling trainers/teachers to work under supervision is key to supporting providers to draw on people within industry that have deep and current vocational skills and knowledge to deliver vocational education and training to learners within their area of expertise, and support vocational education and training delivery within the workplace.

Concerns have been raised throughout the review regarding whether the capability for people working under supervision have the appropriate training and pedagogical competency, skills and knowledge required to teach learners, particularly those with special needs. Concerns have also been raised regarding the supervisory arrangements adopted by some providers, particularly that they do not effectively quality assure the training delivery (e.g. too many people working under the supervision of one trainer/teacher, lack of formal supervisory processes implemented within some providers).

Whilst recognising the importance of supporting flexible and innovative delivery, the NSSC therefore proposes to further strengthen the requirements for trainers/teachers working under supervision, better protecting learners and the integrity of the qualification outcome. The following are proposed:

- require all individuals working under supervision to hold the enterprise trainer skill set, prior to delivering training;
- limit the number of individuals that can work under the supervision of an individual who meets the minimum training and assessment competency requirements (e.g. <5 staff); and
- limit the scope and type of training that a supervised individual can deliver (e.g. # of learners, mode of delivery, learner cohort, high risk and/or occupational licensing units or qualifications, etc.).

Maintaining the currency of vocational competency of trainers/teachers and assessors

Maintaining the currency of vocational skills of its trainers/teachers and assessors is a challenge for most providers, with many establishing work release schemes, supporting trainers/teachers and assessors to continue private practice or to work part-time in industry or engage in workplace vocational education and training delivery.

As stated by the Productivity Commission in its research report into the VET workforce, 'despite a longstanding recognition of the central role of industry currency in quality VET delivery, it does not appear to be well researched or understood ... (with) evidence of currency gaps in the current workforce'⁴¹.

Vocational competency is defined as broad industry knowledge and experience, usually combined with a relevant industry qualification. A person who has vocational competency will be familiar with the content of the vocation and will have relevant current experience in the industry. Vocational competency must be considered on an industry-by-industry basis and with reference to any information provided in the relevant Training Package or accredited course (e.g. determination of relevant industry qualifications and experience, acceptable forms of evidence to demonstrate the maintenance of currency of vocational competency).

Vocational education and training trainers/teachers should be able to demonstrate vocational currency achieved through a recent period of relevant employment or placement in the industry, appropriate to the

⁴⁰ Supervision is defined as the provision of regular and ongoing guidance, direction and leadership from a person holding the minimum competency requirements. The supervising person monitors and is accountable for the training delivery.

⁴¹ Productivity Commission (2011) Research Report – Vocational Education and Training Workforce, p. 243-4

qualification they are delivering. This should involve the trainer/teacher in an 'immersion in the field of practice' in an industry context if they are to gain the most from the learning process.

The NSSC therefore proposes that LTOs continue to be required to demonstrate how its trainers/teachers and assessors have maintained their vocational competence, but that this is undertaken in an active manner with the Accountable Education Officer ultimately accountable for how it occurs. The standard will also require that an LTO engaging personnel to deliver training or assessment services, but not directly employing and supervising them, to demonstrate the same evidence of vocational competence as if they were an employee of the LTO.

The NSSC considered requiring all trainers/teachers and assessors, including individuals working under supervision, to be registered with the AVQS regulator. LTOs would be required to identify the competencies and qualifications held by its trainers/teachers and assessors (both vocational and training/assessment) as well as how their industry currency is maintained. However, given the transient and casual nature of the workforce and impact on LTOs, it was agreed that a more appropriate model would be requiring the LTO leadership, via the Accountable Education Officer, to be responsible for its workforce, including how it maintains the currency of the pedagogical and vocational competencies.

Partnering arrangements

Under the existing standards, providers are fully responsible and accountable for all training and assessment undertaken on their behalf. However, submissions to the NSSC consultation paper raised concerns regarding the lack of quality assurance processes of some providers to ensure the consistent quality of delivery undertaken under what is commonly known as 'auspicing' arrangements with concerns regarding compliance with the standards. VET in schools was one area particularly highlighted, whereby some secondary school deliver VET under a partnership arrangement with non-school VET providers and concerns raised regarding a lack of consistency in training, poor assessment practices, inadequate workplace placements, and variable teaching quality.

Partnering arrangements support flexibility and innovation in delivery of quality training and assessment, enabling access to industry standard infrastructure, equipment, and expertise that may not already exist within the provider. The NSSC is therefore keen to retain the ability for providers to undergo partnering arrangements, however in future these partnerships will need to be formalised and registered with the AVQS regulator. These arrangements need to be fully transparent and learners need to clearly understand that their training is being undertaken under a partnership arrangement and that it is the LTO that is fully responsible for all aspects of their learning and participation, including the ultimate issuance of an AQF qualification or statement of attainment.

Assessment

As described throughout the problem statement, there is rising concern regarding the assessment practices and the subsequent qualifications issued by some providers. Industry and provider submissions to the review in particular argued that some graduates, despite being issued with qualifications, are failing to meet nationally set minimum levels of attainment appropriate for the industry sector in which they have trained, and appropriate to the AQF level of the award they have been granted.

It is important that the providers' internal quality assurance process is close to the delivery of training and, in particular, the assessment process. The further away the quality assurance processes are from practice, the greater the risk of delivering poor quality outcomes. For this reason, LTOs should not be able to delegate their quality assurance responsibilities and must be able to demonstrate ongoing and direct management of assessment outcomes at all times, including that undertaken on its behalf. It is therefore proposed that an LTO must demonstrate that it has, through the Accountable Education Officer, full and direct responsibility for the quality of its assessment services and decisions at all times.

Further, the NSSC proposes to more explicitly require LTOs to have an assessment system. An assessment system is defined as a controlled and ordered process designed to ensure that assessment decisions made in relation to many individuals, by many assessors, in many situations are consistent, fair, valid and reliable, and may include: grievances and appeals process, validation systems and processes, reporting/recording arrangements, acquisition of physical and human resources, administrative procedures, roles and responsibilities, partnership arrangements, quality assurance mechanisms, risk management strategies and documented assessment processes. The NSSC considers that existing providers that have appropriate quality assurance processes and conduct quality assessment would already have an assessment system that meets

this definition.

Whilst the NSSC investigated various assessment models undertaken internationally (e.g. Ofsted model in the UK, models applied within Europe by CEDEFOP, New Zealand), the NSSC has deliberately not proposed radical change with the assessment standards, with many of the existing components maintained. This is not only given the NSSC not being convinced regarding the ability of these international models to be applied to Australia, but also to enable the recent reforms associated with the Standards for Training Packages and COAG decision to pilot models of independent validation of assessment to be implemented and their impact on providers and their assessment practices to be better understood.

To support interpretation and application of this definition to particular qualifications, as outlined above, under 'Stronger linkage with, and increased emphasis on, Training Packages and accredited courses', the new Standards for Training Packages have a strong focus on ensuring that assessment requirements for the achievement of competency outcomes in Training Packages are clear and specific. Assessments according to the Training Package requirements are then enforced through the first standard for LTOs: "Training and assessment strategies and practice meet the requirements of all nationally recognised qualifications on the scope of license."

COAG recently agreed, as part of the National Agreement for Skills and Workforce Development, to develop and pilot models of independent validation of LTO assessment practices, with a view to informing the development of a national model. The NSSC recognises that the implementation of external validation of assessment would be a significant step in gaining, or in some cases regaining, industry confidence in vocational education and training qualifications. However, establishing and agreeing to systemic external validation processes that are sustainable, cost effective, retain the integrity of the LTO as the issuing body for the qualification, and do not add an unnecessary layer of red tape will require considerable effort and time; with the outcomes from the pilots not anticipated to be available till 2016-17. The NSSC therefore proposes that the standards will, when required, implement nationally agreed models of external validation of assessment agreed by Ministers.

Vocational education and training workforce data standard

As evidenced by the Productivity Commission report into the VET workforce, there is a lack of information on the size, nature, characteristics and experience of the VET workforce. It is understood that a VET workforce data standard that collects nationally consistent information regarding the size and characteristics of the VET workforce is currently being developed by NCVET, as a prerequisite to a possible collection that would strengthen knowledge about the system for use by regulators, governments and to inform workforce planning and developmental activities.

The LTO standards would therefore require providers to participate in any such data collection, once endorsed by SCOTESE. In the interim, all providers would be required to maintain data on their workforce against the new workforce data standard.

Industry role in training and assessment

All providers, regardless of their other business missions, need to embrace their obligations in being part of an industry-led system in which qualifications and work competencies are designed to meet the skills needs of industry.

Currently, at a system level, industry is engaged in the vocational education and training system through defining the skills and knowledge required to perform effectively in the workplace, which are translated into competency outcomes described in Training Packages (via Industry Skills Councils) and accredited courses. At the provider level, the standards require not only that training and assessment meets the requirements of the relevant Training Package or accredited course, but also for a providers training and assessment strategies to be developed in consultation with industry.

Providers have the flexibility to determine not only the courses and qualifications they offer but also the teaching and assessment strategies they use to meet the learner outcomes defined by industry through national Training Packages and accredited courses. This flexibility leads to great diversity and variability in the delivery of training and assessment available to learners and employers, which is widely acknowledged as one of the major strengths of Australia's national training system.

Submissions to the review were polarised on the issue of how best to engage industry to ensure that learners

have the skills required to meet industry needs (as defined in Training Packages and accredited courses). Industry stakeholders called for an increased role in the actual delivery of training and assessment further than just being consulted (which occurs in a variety of ways and with varying success); whilst providers highlighted the practical challenges of engaging industry in a meaningful way and argued for a need to better manage industry expectations.

The NSSC does not wish to limit the flexibility for providers to develop innovative models of training and assessment that consistently meet the competency outcomes required by industry, as set in the Training Package or accredited course. It does however propose to require providers to not only consult with employers, potential employers, enterprise clients and industry representative bodies, but to demonstrate it occurs in an active and formal manner. The Accountable Education Officer is ultimately responsible for ensuring that this occurs.

Obligations to Learners and Clients (Standards 5-6)

Two standards relating to the LTO's obligations to learners and clients are proposed:

- transparency of information and data for decision making and complaints and covering all clients, including learners, enterprises, and purchasers such as government; and
- a learner-specific standard including learning support – i.e. support for achieving a learner's chosen qualification outcome, in a manner consistent with the principles of access and equity.

Key changes proposed by the NSSC in relation to the client engagement standards are discussed below, with further details of the rationale for the proposed changes and relationship to existing standards provided at Appendix A.

Supporting clients to make informed choices

Transparency of information is crucial for clients of the vocational education and training system to make informed choices and decisions. The current lack of sufficient information on the performance of individual providers makes it difficult for governments to effectively target funding, learners to select training providers and keep track of their training, and businesses to select training options that best meets their needs.

COAG agreed in August 2011, and reaffirmed in April 2012, that greater transparency in the vocational education and training system is needed to support informed choices by employers and learners, aligning training reform directions with similar improvements to transparency and accountability in the schools and health sectors. To support this objective, governments agreed to work cooperatively on improved information sharing including through the implementation of the My Skills website to improve access to information and support informed choice; the introduction of a Unique Student Identifier; and the enhanced collection and sharing of vocational education and training data to improve accountability of outcomes.

This standard will include requirements to support the implementation of broader transparency initiatives agreed by COAG in the National Partnership Agreement for Skills Reform – i.e. Unique Student Identifier (USI), compulsory reporting of AVETMISS data, and the MySkills website.

This includes requiring any changes to the standards resulting from the review to reflect the amendments that are due to take effect from 1 January 2014 to support implementation of the USI and Total Vocational Education and Training Activity (TVA). These amendments are as follows:

Total Vocational Education and Training Activity

- all LTOs must collect and submit AVETMISS data on their nationally recognised training activity, subject to a policy (currently under consultation for consideration by Ministers later in 2013) which will outline reporting requirements in detail.

Unique Student Identifier (currently under consultation with legislation expected to be introduced to Commonwealth Parliament in Autumn 2013)

- must recognise a USI generated authenticated transcript;
- must validate a USI provided by an individual before using that USI for any purpose;
- ensure they will not confer a qualification or award a statement of attainment on an individual without being in receipt of a valid USI; and

- ensure the security of USI records.

The combination of the USI and TVA may enable a reduction in the requirements for records of learner attainment and certification documentation being kept by a provider for 30 years, on the assumption that this information (or its equivalent, i.e. the authenticated transcript) is held, stored and maintained by the USI agency. The USI and TVA will however only apply for training undertaken from 1 January 2014 and is not retrospective.

The MySkills Website was launched in September 2012 and contains information regarding each RTO using the data contained within the national register (training.gov.au). Participation in MySkills is currently voluntary, with RTOs not required to provide and ensure the currency of the information contained on MySkills. Mandated provision and consistent data on course offerings, locations, process and subsidies would assist in supporting consumers to make informed choices.

Publishing of performance data

Providers are currently required to report annually to their regulator against three quality indicators – student satisfaction, employer satisfaction and competency completion. Significant concern has been raised throughout the review regarding the utility and accuracy of these indicators, particularly their ability to provide reliable, timely and consistent information in a manner that can be attributable to the providers' performance and inform regulator risk assessments or a providers improvement activities.

Research is currently being undertaken by NCVET on new measures on performance, which it is envisaged would replace the existing quality indicators. Once defined and agreed by SCOTese, LTOs would be required to collect and make available for publication, on an annual basis, data on their performance against these new measures. This information would be compiled nationally and enable comparison on LTO performance by regulators and consumers, including being made available on the MySkills website. LTOs would not only be required to collect and provide the information to the national collection but also demonstrate at audit how the outcomes of this data informs their subsequent improvement actions, a process that will support a culture of learning.

This would ensure that performance related information is available to consumers in a timely manner to support choice, provide regulators with data for the assessment of risk, and ensure that the LTO was engaged in a transparent organisational quality assurance and development process.

Recognition of existing learner competencies and AQF certification documentation

A cornerstone of the vocational education and training system is that completed and certified AQF training is recognised nationally.

The new standards therefore will continue to require LTOs to recognise the AQF qualifications and statements of attainment issued by any other LTO, on the same basis on which it recognises those it has issued. This will ensure that learners' skills are portable, and they are not disadvantaged by unnecessary additional training.

The standards will also continue to require LTOs to offer RPL assessment to learners, recognising that many competencies held by individuals may not be formally recognised.

Minimising provider failure

In circumstances where an LTO unexpectedly ceases to provide training, typically as a result of it becoming insolvent or having its licence cancelled by the regulator due to non-compliance with the Standards for LTOs, there can be significant problems for students. These include lack of information about students' rights and providers' obligations, difficulty accessing student records, difficulty making alternative arrangements to complete training and loss of fees paid in advance for tuition that has not been delivered.

Understanding the ongoing financial viability of each provider, rather than relying on protection mechanisms which occur after the fact, may be more effective learner protection measure in the long term.

All providers are currently required to demonstrate that they are financially viable for the entire period of their registration period and that they can protect any learner fees paid in advance upon which the training has yet to be received. However, it is argued that for some providers the effort of demonstrating compliance can be cumbersome and overly costly, when by their nature they have minimal likelihood of suddenly ceasing to

operate and thereby leaving learners exposed to financial loss.

It is therefore proposed that the standards do not require the following types of providers to demonstrate that they are financially viable or meet fit and proper person requirements:

- Government operated entities, including TAFEs, government departments, government agencies;
- An Australian University, which has been established under state, territory or commonwealth legislation and is regulated by TEQSA (which includes business related matters); and
- Employer or volunteer associations whose learners solely consist of its employees or members who are not charged fees for the training or assessment.

To demonstrate financial viability, the standards will require LTOs to demonstrate that they have a prescribed minimum amount of capital available at all times during the license being awarded. This would give an indication of an LTO's underlying financial position and would be available should costs be incurred in relation to student placement or refund of fees. Different measures are available for this purpose, such as financial leverage ratios or liquidity measures. Financial leverage ratios, such as the debt ratio⁴², measure long-term solvency but do not guarantee that liquid funds are available. In view of the policy objective of ensuring that funds are available to cover student placement or fee refunds, liquidity measures such as the current ratio⁴³ or working capital⁴⁴ are preferred. The current ratio is presently listed as an indicator under the Financial Viability Risk Assessment Requirements and provides a proportional view of the provider's ability to meet its short-term obligations, including tuition for which fees have been paid in advance. The Council therefore proposes that it be adopted as a requirement for LTOs, with advice to be sought on the appropriate level of the threshold.

Supporting learners during provider failure

As consumers, domestic fee-paying students have a role in arranging alternative training should a provider close, and bear some responsibility for their initial choice of LTO (i.e. 'buyer beware'). In order to ensure that their choice is an informed one, the NSSC proposes strengthening the requirements on providing information to students at the point of enrolment or commencement of training through a written agreement between the student and the LTO. This agreement would include specified types of information, e.g. the processes for claiming a refund, a plain English explanation of what happens in the event of a course not being delivered, etc.

Protecting individual learners tuition and fees paid in advance

Robust tuition and fee protection measures are available for international students through the provisions of the ESOS Act, including access to the Tuition Protection Service (TPS). Domestic students currently do not have the same level of protection, justified on the basis that they are less likely to face significant language barriers and are typically able to engage more easily with the Australian education and training system.

Existing fee protection standards for LTOs have not fully been implemented since being revised in 2010. The NSSC proposes to only require fee protection measures for individual student fees collected in advance above \$1,500. For fees collected in advance above that amount the LTO must demonstrate to the regulator that it has adequate fee protection in place, meeting one of the following requirements:

- Government operated entities: the LTO must have and implement a policy addressing student fee protection arrangements. This must detail how, if the LTO is unable to provide training, the student will be placed into an equivalent course in a location suitable to the student or a refund made to the student of any fees for services yet to be delivered above the prescribed amount. This policy could be reflected in the LTO-student agreement described above.
- Non-government operated entities:

⁴² The debt ratio is defined as the entity's total liabilities divided by its total assets.

⁴³ The current ratio is defined as the current assets of the entity divided by its current liabilities. Current assets are defined as assets which will be converted to cash or used within a year, and include receivables, inventory, and cash or equivalents. Current liabilities are those expected to be liquidated within a year, and include tuition for which fees have been paid in advance, employee salaries, etc.

⁴⁴ The working capital of an entity is also known as its net current assets, and is defined as its current assets less its current liabilities.

- Trust Account: a standard Trust Account arrangement governed by a standard trust deed instrument approved by the regulator. The Trust Deed would need to have an independent party as the Trustee and beneficiary such as a legal firm or insolvency practitioner; contain appropriate drawdown options that minimise administrative burden on trustees but covers all fees paid in advance at a given time; and contain appropriate monitoring clauses and reporting requirements;
- Bank Guarantee: the LTO holds an unconditional financial guarantee (where the regulator is the beneficiary of the guarantee) from a bank operating in Australia for no less than the full amount of funds held by the LTO which are prepayments from students (or future students) for tuition to be provided by the LTO to those students.
- Membership of a Tuition Assurance Scheme (TAS) approved by the regulator, whereby the TAS either places the learner into an equivalent and suitable qualification/course or refunds the fees paid in advance for tuition yet to be received.
- Any other fee protection measure approved by the AVQS regulator.

LTO Governance and Administration (Standards 7-9)

Whilst training and assessment is the core to the operations of an LTO, business viability is critical to its ongoing sustainability and the investment made into training and assessment delivery, which if not at an appropriate level negatively impacts on quality training and assessment outcomes. Operational and financial business standards therefore provide important protective measures for the learner and industry, as well as acting as a disincentive for underprepared entities to enter the market.

The increased focus on teaching and learning provides an opportunity to lessen duplicative burdens on the regulation of administrative processes, particularly where the same regulations are applied by other regulators. While it is expected that all LTOs will be rigorously risk-assessed and audited as required against the teaching and assessment and the client engagement standards, those LTOs that have parallel regulation, secure and long-standing governance and funding arrangements, and a history of excellent business administration should expect a reduction in regulatory requirements in the area of business operations.

The NSSC commits to continue to work closely with the Higher Education Standards Panel (which is currently reviewing the higher education provider standards applied by TEQSA), State and Territory Governments, and the Commonwealth as administrators of VET FEE-HELP, to reduce regulatory burden in relation to business administration standards.

There are three governance and administration standards to ensure that the obligations of being an LTO are fulfilled through operating effectively, fulfilling all legal obligations, and committing to ongoing quality assurance and improvement.

Key changes proposed by the NSSC in relation to the governance and administration standards are discussed below, with further details of the rationale for the proposed changes and relationship to existing standards provided at Appendix A.

Requiring non-government providers to be incorporated associations or incorporated companies

The NSSC proposes that to be licensed as a LTO, all non-government providers must be registered as a company, incorporated association or registered Australian body. This would raise the business professionalism and capability of all non-government LTOs through subjecting them to the broader business regulations set by relevant legislation (e.g. the *Corporations Act 2001* or the relevant incorporated associations legislation in each state and territory); encompassing requirements related to management of financial records, undergoing financial audits, governance, accountable officeholders, etc.

This approach enables the AVQS regulator to focus more on the core business of an LTO, training and assessment; reducing the unnecessary regulatory burden associated with the administrative and management standards. This also aligns with the requirements of higher education providers regulated by TEQSA, reducing duplication for dual sector providers.

The data available indicates that the majority of providers registered with ASQA are either incorporated or

government entities – 81% being incorporated entities, and 6% being government entities of different types.⁴⁵

Internal quality assurance

The Council believes that the very best standards of quality are achieved when providers focus on both assuring and improving the training and assessment services they offer. Requiring LTOs to undertake a quality assurance process is not only sound business and educational practice, but it will also better inform the decision-making of their learners and other clients. The ultimate outcome would be for vocational education and training providers to take responsibility for the quality improvement of their practices for market driven motivations, and not to achieve compliance with the standards.

The NSSC considers two elements have merit as drivers of quality improvement: firstly, the requirement for all LTOs to participate in an annual self-review process and secondly, the publication of meaningful data on LTO performance (as described earlier). A self-assessment process is recognised as a cornerstone of effective quality assurance (e.g. ISO 9001; underpinning models in UK, South Africa and New Zealand), ensuring a LTO collects and evaluates information to understand its performance, which is then used to improve its delivery of training and assessment.

The new standard will require LTOs to conduct an annual self-assessment and the results are to be made available to the AVQS regulator upon request.

Legislative and legal obligations

The standards also continue to explicitly require an LTO to be aware of and compliant with its legislative and legal obligations, including those beyond the AVQS. This includes, amongst other things, compliance with the Australian Qualifications Framework, work health and safety, access and equity, and workplace/HR legislation.

⁴⁵ Source: Active RTOs with ASQA at the end of 2011. Note: These figures must be treated with caution since they may or may not be indicative of the total. However, these are the best available figures of the types of RTOs at this point in time.

AVQS Regulator standards

The Council is committed to the development of a regulatory model that is responsive and risk based, where LTOs embrace the standards and endeavour to display compliance, and the actions taken by the regulator are proportionate and in response to the specific circumstances of the LTO. It is the Council's view that this focus can lead in time to a mature regulatory environment in which LTOs themselves lead quality improvement, and any regulatory enforcement of compliance is minimised.

Purpose of the standards for AVQS regulators

The Council's role in relation to the standards for the regulators is primarily to ensure regulators effectively apply the standards for the regulation of LTOs and the standards for accredited courses, and that regulatory processes are managed in effective ways that support the delivery of innovative, efficient, and improved quality training services. In addition, the Council has a responsibility to advise the Ministerial Council on the operation of the regulators and to assess and provide advice to the Ministerial Council on their performance against the standards.

The standards recognise that there are various accountability mechanisms that apply to regulators. These range from administrative law review in the courts, to civil or criminal liability, Parliamentary and Ministerial scrutiny, and accountabilities to Auditors-General or Freedom of Information legislation. The standards should neither duplicate these types of accountability obligations, nor should they undermine regulators' independence in making regulatory decisions.

The foundations of a responsive regulatory system are set through the combined effect of both these broader accountability processes and the proposed standards for regulators, as well as through the ongoing and transparent partnership between the regulators and the NSSC.

Reporting against the standards for AVQS regulators

AVQS regulators will be required to regularly report to the NSSC on two levels; firstly against these standards, and secondly on the performance of the standards for LTOs. The report against these standards will enable the NSSC to meet its obligation to report to the Ministerial Council on their operations against the standards. Feedback on the effectiveness of individual and the collective LTO standards from the regulators will assist the NSSC to review and amend the LTO standards.

Regulator reports will include narratives on identified and specific problems and on areas of risk, and on the results achieved as a result of their subsequent actions. The current AQTF quality indicators for registering and course accrediting bodies will not be continued; rather regulators will be required to include in their report to the NSSC meaningful data reflecting their achievement against the AVQS regulator standards.

As required by its charter, the NSSC will commission a third party audit review of the regulators at least every three years, with additional audits commissioned as required to examine emerging issues or respond to the concerns of stakeholders. These audits will examine regulators' performance against the standards as well as the consistency of regulation both within and between regulators.

Draft standards for AVQS regulators

As with the proposed LTO standards, these revisions to the regulator standards are also described at conceptual level, with further work required for the concepts to be translated into formal standards.

Appendix B provides a summary and rationale for the proposed standards for AVQS regulators, and a cross-reference to existing standards.

AVQS Regulator standards framework

AUSTRALIAN VOCATIONAL QUALIFICATION SYSTEM – REGULATOR STANDARDS	
<i>Purpose: Standards to ensure the regulation of Registered Training Organisations is risk-based, responsive, proportionate, transparent, and consistent; with course accreditation conducted in a manner that maintains the integrity of nationally recognised qualifications.</i>	
1.	<p>Effective regulation of LTOs is practised</p> <ul style="list-style-type: none"> ▪ LTOs are regulated using risk-based, transparent, and accountable practices. ▪ Regulation is informed by data, strategic reviews and feedback including from learners, LTOs, industry, and clients. ▪ Actions taken to enforce the standards are responsive, necessary and proportionate. ▪ Auditors and course accreditation advisors meet national competency requirements set by the National Skills Standards Council. ▪ The regulator has processes in place to ensure internal consistency in auditor judgement. ▪ Decision making has internal independence and integrity, consistent with the principles of natural justice and procedural fairness. ▪ Industry reviews and projects involve engagement with, and contributions from, other AVQS regulators and industry regulators. ▪ Regulatory practice encourages LTOs to improve their performance. ▪ Provisional license is awarded to LTOs that demonstrate capacity to comply with the Standards for LTOs, with their provisional status assessed against actual performance within eighteen months.
2.	<p>Effective accreditation of courses is practised</p> <ul style="list-style-type: none"> ▪ Course accreditation decisions are consistent with the Standards for VET Accredited Courses. ▪ Accredited Courses relating to industry regulation and occupational licensing are supported by the relevant industry and regulatory bodies. ▪ Training Package developing bodies and other stakeholders are advised on gaps in Training Packages where appropriate.
3.	<p>Effective communication enhances regulatory and accreditation practices</p> <ul style="list-style-type: none"> ▪ On-going communication and information processes with stakeholders enhance regulatory and accreditation practices. ▪ LTOs, State/Territory Governments and stakeholders have timely and accurate information and advice on regulation, including arrangements between AVQS Regulators. ▪ Complaints and appeals within the regulator’s scope of action are efficiently acknowledged and fairly resolved. ▪ Regulatory information, including enforcement actions against LTOs, is publicly available in a timely manner. ▪ The National Register is current with all information within the regulator’s scope of responsibility.
4.	<p>Standing Council and NSSC obligations and reporting requirements are satisfactorily fulfilled</p> <ul style="list-style-type: none"> ▪ Reports to the NSSC against Regulator and LTO standards are timely and meet guidelines as issued by the NSSC. ▪ Requests by the Standing Council on Tertiary Education, Skills and Employment, or its successor, and State/Territory Governments for information regarding regulation of LTOs are met.
5.	<p>Regulatory and accreditation functions are improved</p> <ul style="list-style-type: none"> ▪ Licensing delegates demonstrate comparable and effective practice to the delegating regulator. ▪ An external review and moderation process, undertaken by the NSSC on a three yearly cycle, is used to improve regulatory and accreditation functions.
6.	<p>Management and administrative services are effective and efficient</p>

AUSTRALIAN VOCATIONAL QUALIFICATION SYSTEM – REGULATOR STANDARDS

***Purpose:** Standards to ensure the regulation of Registered Training Organisations is risk-based, responsive, proportionate, transparent, and consistent; with course accreditation conducted in a manner that maintains the integrity of nationally recognised qualifications.*

- Business continuity and organisational effectiveness support regulator and sector business practices.

Effective regulation of LTOs is Practised (Standard 1)

The Council will support regulators in the development of a regulatory model that is responsive, transparent, accountable and risk-based. The regulatory model needs to use the full suite of available regulatory tools to encourage LTOs to take responsibility for not only complying with the standards but also for improving their capacity to deliver quality vocational education and training outcomes. The corollary to applying a risk-based approach is the principle of decisively acting when it is a case of necessity.

An overly prescriptive regulatory approach would stifle the innovative delivery that is required for such a diverse sector. The regulatory model needs to encourage LTOs to be high performing and positively motivated to not only comply with the standards, but to also be driven internally to quality assure and to self-improve their performance. Regulators have indicated their full commitment to this model of regulation; which the AVQS regulator standards will support them in this direction.

Sound LTO regulatory standards will be of little value without effective regulation, and regulation ineffective without sound standards; they are both essential for the achievement of quality outcomes. Alongside the standards and the regulation, is the need for a LTO quality culture that is internally driven, for the best standards and regulation will eventually prove futile if the regulated are not driving themselves to deliver the very best outcomes for their learners and clients.

Provider submissions to the Consultation Paper raised concerns regarding the audit experience, particularly inconsistent interpretation of the standards by auditors. The NSSC therefore proposes to require that AVQS regulators:

- auditors and course accreditation advisors meet national competency requirements set by the NSSC;
- have processes in place to ensure internal consistency in auditor judgement; and
- decision making has internal independence and integrity, consistent with the principles of natural justice and procedural fairness.

Effective accreditation of courses is practised (Standard 2)

The standard for the approval of accredited courses has been streamlined to eliminate the duplication of the requirements of the standards for the development of courses. Otherwise, the arrangements for course accreditation will remain essentially unchanged.

Effective communication enhances regulatory and accreditation practices (Standard 3)

In the consultation process a number of LTOs indicated a lack of consistency in the interpretation of the standards by auditors, both within and across regulators. For the vocational education and training system to further improve it is important for LTOs to understand what both compliance and non-compliance with each standard entails, no matter which auditor or regulator is engaged in the process.

Many of the concerns around audit consistency can be reduced through effective communication by the regulator explaining its expectations and decisions. Effective and transparent regulation will not only improve LTOs' understanding of regulatory decisions, it will also establish an environment of continuous improvement, and inform learner and industry decision-making. Likewise, information and feedback sourced from learners and industry can inform the risk-assessment process of the LTO. These processes, and their impact on all parties, need to be managed with procedural fairness.

Effective communication by the regulator involves not only the explanation of expectations and decisions, but where necessary, promoting and encouraging the continuous improvement of an LTO's capacity to issue AQF qualifications.

Standing Council and NSSC obligations and reporting requirements are satisfactorily fulfilled (Standard 4)

In addition to regulator reports as described previously, members of the Standing Council or their delegates seek from time to time advice on the performance of LTOs operating within their jurisdiction. This is often in regards to funding that is being received by the LTO from government sources. While the regulator may be limited by confidentiality arrangements, it is expected that such information that is available will be provided to the member or her or his delegate in a timely manner, particularly when government and learner interests are under significant threat.

Regulatory and accreditation functions are improved (Standard 5)

These standards will require regulators to provide leadership in demonstrating their commitment to improving their regulatory practice through a range of improvement strategies. Regulators should also engage in continuous improvement processes relating to the quality of information produced and through analysis of the feedback and action on results. In addition, national consistency can be enhanced by regulators continuing to work collaboratively by using memoranda of understanding, external review, systemic risk processes, or a common enforcement policy; however, the Council also believes that a standard for auditors is required.

Management and administrative services are effective and efficient (Standard 6)

While vocational education and training regulation is not a service for LTOs, but rather a means of assuring quality outcomes for learners and industry, supporting the productivity of Australia's economy, and protecting the reputation of Australia's vocational education and training system, regulators do have a responsibility to lead by example and ensure that their business and communication processes are efficient so that LTOs can maintain their business operations and delivery services to the highest standards.

Analysis of Impact – Option 3

Option 3 appears to best address all the previously mentioned policy objectives. While it would increase costs, particularly for those current providers that wish to register against the higher standards and particularly during the implementation phase, overall this option appears to provide a net benefit to the learners, employers and the community.

The NSSC is looking for your feedback on whether the following is an accurate assessment of the impacts of Option 3. The NSSC seeks your views on the impacts of this option, any data about the costs and benefits to you or your organisation, as well as any illustrative examples.

Please see **Appendix C** for a range of issues you might like to take into consideration in preparing your response.

Providers

All current providers that wish to register against the higher standards would face additional costs in a variety of forms, regardless of whether they fall under the jurisdiction of ASQA, VRQA or TAC. The scale of these costs will differ depending on each individual provider. Those current providers that wish to continue under partnership with an LTO would not have additional costs.

One set of national standards would apply to all LTOs. In addition to greater clarity of purpose and the better integration of the standards, LTOs would be required to meet a number of more stringent requirements in the proposed revised standards. LTOs that did not meet the proposed revised standards by the end of the transition period would no longer be LTOs.

- The proposed revised standards would impact less on the costs of high performing quality providers than those that are not providing vocational education and training services of the same quality. This is because the changes required to meet the proposed new standards are likely to be smaller for high performing RTOs since they are more likely to already meet or partially meet these. It is anticipated that high performing quality RTOs would therefore benefit from the proposed changes since they would become more competitive relative to other RTOs.
- The cost of implementing and complying with the revised standards would vary significantly depending on the circumstances of individual providers. The compliance burden for some would, however, likely be lightened. Government-owned providers, Australian universities, and enterprise or volunteer association RTOs whose learners consist solely of its employees or members would no longer be required to demonstrate financial viability for the entirety of its license period. In addition, providers that are high-quality and assessed as low risk would be subjected to less intensive regulatory action, thus freeing up capacity to better focus on the core business of providers – the provision of quality training and assessment.
- The costs of implementing the requirements of the revised standards would include amending business processes and IT systems, re-training staff and possibly employing staff with the required skills, and reporting or making available additional information.
- All providers must meet the requirements for USI and AVETMISS data for learner activities so the proposed revision in this regard would not create additional costs.⁴⁶
- Providers that are government entities should already have in place robust reporting requirements particularly as part of their funding arrangements. Incorporated RTOs would similarly already be meeting a range of reporting obligations in regards to their administration and operations to ASIC.
- Staff employed at providers that would not meet the proposed revised standards with regard to the vocational education and training workforce may be required to undertake additional training or go through an assessment process to determine whether or not they have the skills required for trainers/trainers/teachers or assessors. The costs associated may be met by their employer or the staff themselves.
- The additional costs for providers are likely to be higher during the implementation stage while,

⁴⁶ RISs for USI and TVA have been completed and found to have overall benefit.

post implementation on-going costs would be less than implementation costs.

Short-falls against the current standards would appear to cut across the range of provider entities. For example, ASQA's website indicates that while the majority of providers that have had their registration cancelled or suspended since 1 July 2011 are incorporated entities, these appear to be roughly consistent with the proportion of incorporated providers more generally.

The impact of the proposed changes may be greater for small providers that do not have appropriate systems and processes in place to support the new standards. Further, small providers may not have staff with the capacity to implement and manage the revised standards.

As a result, a small number of providers may choose not to pursue licensing under the revised standards. Under the revised arrangements they would have the choice to either exit the industry entirely, or continue to offer their expertise and training to learners through registered partnerships with LTOs. Under the latter arrangement, they would operate in effect as a site of the LTO and be subject to audits on the same basis as other sites.

Competition

The proposed revised standards would place a higher hurdle for entities wishing to establish themselves in the training market, and many may choose not to be licensed as an LTO. The higher proposed standards would therefore reduce the number of providers in the training market thus potentially reducing competition through the number of providers, though not in the quality of competitive providers. The greatest impact may be in training markets and locations where there are very small number of providers, which would require management through purchasing strategies.

However, restricting access to the training market to those providers able to demonstrate performance to the levels required by the proposed revised standards would mitigate:

- damage to Australia's reputation and therefore exports of quality education service, including outside of the vocational education and training sector;
- investment wasted by learners and employers in vocational education and training products that fail to meet their needs and requirements;
- erosion of the capacity of the workforce to meet the skill demands of employers, with consequences for labour productivity;
- diminished confidence in the quality of vocational education and training products, and a greater perception of vocational education and training as a variable product; and
- costs for regulators as a result of changes to the provider market.

The benefits from ensuring the regulatory frameworks for vocational education and training support the quality of its output and the reputation of the sector are likely to exceed any costs of reduced competition. Without ensuring that those who seek access to the vocational education and training market as providers intend to do so to offer a sound product, it is unlikely that a number of the objectives of the proposed reforms are met, including: high-quality training and assessment services; an appropriate level of learner protections; integrity and confidence in vocational education and training; and the achievement of a flexible and adaptable skilled workforce.

Learners

It is anticipated that all learners, especially domestic ones, would benefit from the proposed changes to the standards. Learners would be able to proceed with their studies with greater confidence in the return on their investment.

It may be that providers increase learner fees to cover the costs of meeting the higher standards. For the reasons outlined above, it is anticipated that fees for those learners enrolling with providers that are not high performing may increase commensurately more than those at high performing quality providers.

Overall, it is anticipated that less wastage in investment in training, better outcomes, and greater confidence in

the system, and less time wasted by learners undertaking due diligence, would more than offset any additional costs to learners.

Employers/industry

Industry generally and employers specifically would largely benefit from the proposed revised Standards through access to skilled employees, reduced training and retraining costs, and productivity improvement.

There may be some additional costs where employers are paying for their employees to undertake vocational qualifications, and for enterprise providers (about 325 government and non-government) that would face similar impacts to all other providers.

Regulators

All regulators would be impacted. This is likely to be a cost in the short term since all regulators would need to revise their procedures, documentation including information and marketing, re-train staff, develop or amend IT systems.

In the medium to longer term, it is anticipated that costs for the regulators would be less than at present once duplication with other standards is reduced, and more problematic providers have either lifted their standards or exited the industry.

State and territory governments

All state and territory governments, as funders of vocational education and training would be impacted in the short to medium term as the changes are implemented, and in the longer term for maintaining a higher skilled workforce. These increased costs would need to be balanced against the reduction in system waste and particularly in the current cost of funding that is wasted through the delivery of courses for vocational qualifications that are neither valued nor recognised by employers.

Additionally, Victorian and WA governments would be required to go through all state legislation that refers to the AQTF to ensure that these are revised and aligned with the revised national standards.

Australian government

The Australian Government (including the NSSC) has already invested considerable effort and resources in developing the proposed revised standards. However, depending on SCOTese's decision, more work in implementing the revised standards (including through the amendment of the *National Vocational Education and Training Regulator Act* and associated legislative instruments) would be involved. This has not yet been costed.

Community

On the whole, it is anticipated that Option 3 would be a net benefit to the community. This is because the costs are likely to be more than offset by the overall benefits stemming from a more highly skilled workforce better able to respond to the changing requirements of employers and industry. In turn, this would have a positive impact on productivity where even a small impact is likely to bring significant benefits. Further, while the costs are concentrated (though not exclusively) in the short term, the benefits are likely to grow in the medium to longer term.

Distribution impacts

Overall, providers that are not high performing, particularly whose business model is skewed to maximising revenue to the detriment of quality vocational education and training provision are likely to be disadvantaged by the proposed reforms to the standards.

High performing providers, learners, employers and the community are likely to be advantaged.

9. Consultation and opportunity for further comment

Consultation to date

A consultation paper on the standards for the regulation of vocational education and training was released by the NSSC in June 2012 and marked the first point of public consultation and activity for the review of the standards for the regulation of vocational education and training. The paper sought to confirm the need for and extent of change with the national standards for the regulation of vocational education and training, enabling the NSSC to appropriately set the priority areas and approach to the review of the standards.

The NSSC received 114 submissions to the consultation paper in addition to conducting a number of face-to-face consultation sessions regarding the issues raised in the consultation paper with Commonwealth and State and Territory governments, vocational education and training regulators, Industry Skills Councils, peak bodies, and other key stakeholders throughout June 2012. A summary report of the analysis and synthesis of the submissions was published on the NSSC website in October 2012.

The Issues Paper identified the issues that the NSSC proposes to address as part of the Review. This Paper has been developed based on a variety of information sources, most notable: the 114 submissions received to the NSSC consultation paper; feedback from key stakeholder at the face to face consultation sessions; and a desktop scan of other regulatory models in Australia and internationally. The Issues Paper was developed primarily to inform the development of the NSSC Position Paper and was made publicly available on the NSSC website. A series of workshops were held with Commonwealth and State and Territory governments, vocational education and training regulators, Industry Skills Councils, peak bodies, and other key stakeholders in December 2012 to seek feedback to the issues and approaches identified in the Issues Paper in addition to debating the key policy objectives underpinning the proposed solutions to the issues described.

Consultation process for the options in this Position Paper

The NSSC is seeking input from stakeholders and the wider public on the proposals outlined in this paper, particularly Option 3. This Position Paper is subject to a minimum six-week consultation period, and the Council welcomes feedback on the proposed options for the standards of vocational education and training and any other aspect of document.

The closing date for submissions is **16 April 2013**. No late submissions will be accepted.

Targeted consultations will also be undertaken with governments, peak RTO and industry bodies and other key stakeholders.

How to provide a submission

The paper contains several questions to guide submissions at Appendix C. The NSSC does not wish to limit responses to these questions and welcomes submissions that respond to the paper more generally. However, concise responses are encouraged.

Where possible, submissions should be provided electronically in a text-based format (such as Word or Rtf):

Email: nssc_standards_review@natese.gov.au

Alternatively, submissions may be provided by fax or mail to:

Fax: +61 2 6276 9197

Mail: Office of the NSSC
GPO Box 9880
MELBOURNE VIC 3001
Location Code: V414LA4

Cover page

The following information should be provided in a cover page to your submission:

- Name of organisation
- Category of stakeholder – i.e. registered training organisation, peak industry body, union, government agency, regulator, etc.
- Contact person if clarification is required
- Contact person's phone number
- Contact person's email address.

It will be assumed that submissions are *not confidential* and may be made publicly available on the NSSC website (www.nssc.natese.gov.au). If your submission, or any part of it, is confidential please indicate this clearly in your submission. A request made under the *Freedom of Information Act 1982* for a submission marked confidential will be determined in accordance with that Act.

Due to tight deadlines, all submissions must be received by **16 April 2013** to be taken into consideration.

No late submissions will be accepted.

Enquiries

For enquiries regarding submission please email nssc_standards_review@natese.gov.au or phone **(03) 9954 2502**.

Further information is available on our website: www.nssc.natese.gov.au/standards_review

10. Evaluation and conclusion

Of the three options proposed, Option 3 is preferred as it is considered to provide the most benefit to the community.

Relative to Options 1 and 2, Option 3 would best meet the policy objectives of ensuring the current and future RTOs deliver quality training and assessment services. This will ensure that the reputation of the sector is maintained and that the community, employers and industry value the vocational education and training qualifications held by individuals.

Option 1 would mean that opportunities to address current and emerging risks in the vocational education and training sector are missed, with a continued deterioration of confidence with the system and its ability to deliver learners with quality qualifications.

Option 2 has the potential to create more confusion and uncertainty within the sector as non-legislative mechanisms such as guidelines are open to interpretation. The option does little to address the current problem and it is unlikely to deliver any discernible benefit for the costs required to implement and maintain.

While the specific costs and benefits for Option 3 – the new Australian Vocational Qualification System – have not yet been quantified, the high-level qualitative analysis undertaken so far indicates significant benefits arising from a system in which all vocational education and training providers train and assess to a consistently high standard and which assures the reputation of the system and the integrity of all vocational qualifications.

This is an indicative conclusion which will be assessed again following the closure of the consultation process and through the development of a COAG Decision RIS.

11. Implementation and Review

Details regarding implementation will be considered as part of the consultation process, including proposed dates and transition timeframes.

If a new system giving effect the new Australian Vocation Qualification System is agreed, the proposed implementation timeframe will have an impact on quantifying the costs.

Planning and developing the implementation and transition strategy will be undertaken in a consultative manner to allow appropriate consultation with stakeholders in the development of legislation, regulatory and business systems, IT systems and other arrangements.

Mechanisms such as developing an implementation taskforce could be considered to ensure all aspects of implementation are addressed.

A communication and engagement strategy would be developed to ensure that all stakeholders are included in the planning and implementation of the new system and kept informed about progress.

12. Abbreviations

ACPET	Australian Council for Private Education and Training
AQF	Australian Qualifications Framework
AQTF	Australian Quality Training Framework
ASIC	Australian Securities and Investments Commission
ASQA	Australian Skills Quality Authority
AVETMISS	Australian Vocational Education and Training Management Information Statistical Standard
AVQS	Australian Vocational Qualifications System
AWPA	Australian Workforce and Productivity Agency
COAG	Council of Australian Governments
DIAC	Department of Immigration and Citizenship
ESOS	Education Services for Overseas Students
ISC	Industry Skills Council
ISO	International Organisation for Standardisation
NASWD	National Agreement for Skills and Workforce Development
NSSC	National Skills Standards Council
NVR	National Vocational Education and Training Regulator
PC	Productivity Commission
RIS	Regulation Impact Statement
RTO	Registered Training Organisation
SCOTese	Standing Council on Tertiary Education, Skills and Employment
TAC	Western Australia's Training Accreditation Council
TAFE	Technical and Further Education
TVA	Total Vocational Education and Training Activity
USI	Unique Student Identifier
VET	Vocational Education and Training
VRQA	Victorian Registration and Qualifications Authority

Appendix A – Proposed RTO standards cross reference to current standards, with summary rationale for changes

The references below are to the AQTF Standards (C: Condition; S: Standard). They refer to either new proposed standards or new elements to a standard, or to the streamlining process where the current standard element is given effect either in full or in part in a proposed standard element, subject to drafting requirements.

Std	Proposed Standard/Quality Benchmark Guideline	Ref to AQTF	Key changes / rationale
AUSTRALIAN VOCATIONAL QUALIFICATION SYSTEM – AVQS Quality Framework Standards			
<i>Purpose: Standards ensure that AQF qualifications issued by LTOs are consistent with Training Packages and accredited courses and have integrity for employment and/or further study, and that LTOs operate ethically with due consideration of learners' and enterprises' needs.</i>			
TRAINING AND ASSESSMENT			
1.	Training and assessment strategies and practice give effect to AQF qualifications defined in the Training Package or accredited course		
	Training and assessment strategies and practice meet the requirements for each nationally recognised qualification on the scope of licence as defined in the Training Package or accredited course	S1.2, S1.5a, S1.3	Strengthened focus on suitability of practice for training products, and currency by linking to the qualifications on its scope.
	LTOs have the capacity, including staff and physical resources, to deliver quality training and/or assessment for each nationally recognised qualification on its scope of licence	S1.3	Strengthened focus on the capacity of the LTO to meet its delivery obligations for each qualification on its scope.
	LTOs actively ensure all Trainer/teacher and Assessor staff have relevant vocational competencies (at least to the level being delivered or assessed) and can demonstrate current industry skills directly relevant to the training or assessment being delivered;	S1.4 (b), (c)	Continued requirement, but clarify element on vocational competencies.
	Trainer/teacher and assessors hold: the minimum educational qualifications, as set by the NSSC (currently the Cert IV TAE and the Assessor Skill Set); or, if working under the direct supervision of a trainer/teacher with the minimum educational qualification, hold the appropriate skill set, as set by the NSSC (currently the enterprise trainer skill set), and are restricted in the training that they can deliver (i.e. type, learner cohort and number, mode of delivery);	S1.4 (a) New requirement	Continued requirement for minimum qualification as set by NSSC Responded to calls to strengthen 'supervision' controls and support the review goal of ensuring that learners are taught by appropriately qualified trainers/teachers, supported where appropriate by supervisors.
	Trainer/teacher and assessors delivering the minimum training and assessment educational qualification set by the NSSC hold at least a Diploma of Vocational Education and Training;	New requirement	Responded to concerns by reducing the high risks around the delivery of educational qualifications.
	LTOs deliver only current qualifications or units of competency, with all learners transitioned from superseded qualifications or units of competency within 12 months of being replaced on Training.gov.au	C9	Continued requirement.

Std	Proposed Standard/Quality Benchmark Guideline	Ref to AQTF	Key changes / rationale
2.	<p>AQF qualifications or statements of attainment are issued to learners assessed as meeting the competency requirements defined in the Training Package or accredited course</p> <p>LTO has an assessment system that contains controlled, ordered, quality assured processes designed to ensure that assessment decisions made are consistent, fair, valid and reliable; and includes arrangements to ensure:</p> <ul style="list-style-type: none"> a. assessment is conducted in accordance with the rules of evidence (i.e. valid, authentic, sufficient, current); b. assessment meets relevant occupational and licensing regulatory requirements; c. assessment is systematically validated; d. learners' complaints and appeals regarding assessment decisions are efficiently and effectively acknowledged and resolved. <p>Learners are offered access to Recognition of Prior Learning for assessment against relevant competencies.</p> <p>AQF certification documentation issued by other LTOs and authenticated transcripts issued by the USI Agency are recognised.</p> <p>Issuance is conducted in accordance with the requirements of the Australian Qualifications Framework and the NSSC.</p> <p>AQF certification documentation is issued within 90 days of the learner deemed competent or once the learner has met her or his obligations with the LTO under the agreement (e.g. payment of fees), whichever comes later.</p>	<p>S1.5(b), S1.5(c),</p> <p>S2.7</p> <p>C7, S1.5</p> <p>C7</p> <p>C6</p> <p>C6</p>	<p>Continued requirement.</p> <p>Continued requirement with more direct reference to assessment decisions as a key concern for students.</p> <p>Consolidated existing requirements.</p> <p>Continued requirement.</p> <p>Continued requirement.</p> <p>Strengthened requirement by including the timeframe within the standard.</p>
3.	<p>An RTO has an accountable Education Officer, who is registered with the AVQS regulator and responsible for all training and assessment undertaken by the LTO</p> <p>Accountable educational officer has appropriate Vocational Education and Training pedagogical expertise and experience, including holding a diploma or higher level qualification in education and training.</p> <p>Accountable Education Officer is registered with the AVQS regulator, with the LTO to notify the regulator of any changes. Registration may be withdrawn by the regulator where there is a demonstrated failure of the LTO of quality training and assessment strategies and/or practice.</p> <p>Accountable educational officer is responsible for all training and assessment delivered by an LTO or on its behalf, ensuring that it:</p>	<p>New requirement</p> <p>C1</p> <p>New requirement</p> <p>Consolidates requirements</p>	<p>Responded to calls that educational leadership is not strong enough in all RTOs and causes compliance difficulties in educational practice. Clarifies part of current Condition 1.</p> <p>Reinforced the high significance and importance of this role by having it registered (as with a company secretary) and liability to deregistration in case of failure of training and assessment compliance in the RTO.</p> <p>Identified specific accountability by AEO across the scope of registration.</p>

Std	Proposed Standard/Quality Benchmark Guideline	Ref to AQTF	Key changes / rationale
	<p>a. is consistent with the LTO's scope of registration;</p> <p>b. is compliant with the requirements of and supports the achievement of the competency outcomes described within the Training Package or Accredited Course;</p> <p>c. is delivered by staff with the appropriate trainer/teacher and assessor competencies, vocational competencies, and industry currency (as defined under Standard 1);</p> <p>d. is relevant to the identified needs of local industry, with employers and potential employers, enterprise clients, and/or local industry representative bodies actively and formally engaged in educational decision-making;</p> <p>e. supports learners to identify and achieve their learning goals, which includes access to educational and other support services that recognise and support their needs.</p>	<p>S1.2, S1.3</p> <p>S1.4</p> <p>S1.2, S2.4</p> <p>S2.1, S2.5</p>	<p>Continues requirement with specific accountability to AEO.</p> <p>Continues requirement with specific accountability to AEO.</p> <p>Strengthened to require active and formal engagement rather than less specific requirement of 'consultation' at present.</p> <p>Aligned role with between learner needs and relevant education practice, and with learner support.</p>
4.	LTO is accountable for and systematically monitors all training and assessment services, whether undertaken by itself or through a partnering arrangement, to ensure the achievement of quality training and assessment outcomes and compliance with all the standards		
	Partnering arrangements with non-LTOs to deliver nationally recognised training are formally documented and registered with the regulator.	New requirement	Strengthened to ensure that the regulator is aware of partnership delivery arrangements for audit and can consider number of LTO partner sites.
	Where training or assessment is not being delivered by the LTO, learners are informed that it is being undertaken under a partnership arrangement with the LTO responsible for the ultimate issuance of an AQF qualification or statement of attainment.	New requirement	Ensured that learners are aware of such partnerships and have a clear understanding of all training, assessment, and support obligations of both the LTO and the partnering organisation.

Std	Proposed Standard/Quality Benchmark Guideline	Ref to AQTF	Key changes / rationale
OBLIGATIONS TO LEARNERS AND CLIENTS			
5.	Learners are supported to achieve their chosen qualification outcome, in a manner consistent with the principles of access and equity		
	LTO enters into a written agreement for training and assessment with all learners for which it is responsible for training and assessment, no matter if delivered by the LTO or by another entity under a partnering arrangement.	New requirement	Ensured that the primary obligation to the learner remains with the LTO and that this is documented and agreed. Requires a written agreement to be entered into with the learner.
	Learners are informed of and understand their rights and the LTO's responsibilities under the Standards, including avenues for making a complaint or lodging an appeal (both internal and external) and their rights and obligations in instances whereby the provider closes or no longer delivers the unit(s) that the learner is enrolled.	2.7	Continued requirement with a complaints management process, expanded to apply to all learners and clients of the LTO.
	Learners are informed of all charges, conditions, refund conditions and costs involved in studying with the RTO, including any changes over time.	C5 (Fee Info)	Continued requirement.
	Learners receive the services described in the agreement for training, unless amended with appropriate notice.	S3.1	Continued with greater specification of requirements, particularly in the case of changes to arrangements.
	Learners have timely access to current and accurate records of their participation, progress, and achievement.	C6 (Clause 1) S2.6	Continued requirement.
	Learner records of attainment and qualifications are maintained in a format required by the AVQS regulator.	C6 (Clauses 2&4)	Continued and consolidated requirements.
6.	All Clients, including learners, enterprises, and funding agencies have access to the information required to make informed decisions		
	Client and potential client decision-making is informed by ethical and accurate marketing that is consistent with the LTO's scope of licence and is clear as to what is and is not nationally recognised training.	C8 (First clause)	Give client focus to current Condition 8.
	Clear and accurate information on an LTO's performance is publicly available and easily accessed. This is expected to include participation in a nationally consistent student outcomes survey process.	New requirement	Responds to transparency calls and need for performance information.
	LTOs collect, evaluate and report data against the AVETMISS standard in line with the Total VET Activity policy (<i>currently under consultation</i>).	C6 (Clause 3)	Continued requirement. New evaluation and reporting references can also be aligned to self-assessment and quality assurance Standard 6.
	Compliance with the requirements of the Unique Student Identifier – i.e. the RTO: <ul style="list-style-type: none"> a. Recognises a USI generated authenticated transcript; b. Validates a USI provided by an individual before using that USI for any purpose; c. Does not confer a qualification or issue a statement of attainment on an individual without being in receipt of a valid USI; 	C6 (Clause 5)	Continued requirement, with further clarification.

Appendix A

Improving vocational education and training - the case for a new system

Std	Proposed Standard/Quality Benchmark Guideline	Ref to AQTF	Key changes / rationale
	d. Ensures the security of USI records.		
	Complaints and appeals are efficiently and effectively acknowledged and resolved	S2.7	Continued requirement, with further clarification relating to need to acknowledging and resolving complaints and appeals.
	LTOs submit, and ensure the currency of, information contained on the MySkills website.	New requirement	Reflects decision by SCOTESE to establish the MySkills website.

Std	Proposed Standard/Quality Benchmark Guideline	Ref to AQTF	Key changes / rationale
LTO GOVERNANCE AND ADMINISTRATION			
7.	Organisational processes are quality assured		
	A self-initiated evaluation process is conducted annually with the outcomes used to inform quality assurance.	S3.2	Strengthened requirement.
	Evaluation outcomes are supplemented by other relevant information, feedback and data to systematically and continually improve training and assessment.	New requirement	Required demonstration of actions on an annual basis in response to self-assessment findings in order to improve quality training and assessment
8.	Learners and clients are assured of effective LTO administration and governance		
	LTO has a management team with the skills and expertise to lead an educational organisation.	New requirement	Responds to calls to strengthen educational leadership as well as business acumen with focus on 'educational organisation'.
	LTO is incorporated in Australia or a government operated entity.	New requirement	Strengthened financial obligations and practice by requiring incorporation.
	An LTOs current ratio (current assets divided by current liabilities) meets the minimum requirement set by the NSSC, at all times during its period of license	New requirement	Strengthened financial obligations
	LTO meets requirements for financial viability, and fit and proper person requirements, unless it is a: <ul style="list-style-type: none"> ▪ government operated entity; or ▪ Australian University; or ▪ Employer or volunteer association whose learners solely consist of its employees or members who are not charged fees for the training or assessment. 	New requirement C1, C5	Business accountability will be strengthened by requiring incorporation, but waive range of requirements for bodies where there is low business risk to learners or clients.
9.	Legal and accountable operations are evident		
	Compliance with all requirements of the Australian Qualifications Framework.	New requirement	Establishes direct link to AQF and consolidates range of requirements.
	Compliance with and full and timely cooperation with the AVQS regulator.	C2	Continued and consolidated range of requirements.
	Compliance with relevant Commonwealth and State legislation, including for the Unique Student Identifier; work, health and safety; privacy; access, equity and discrimination, including disability standards; and corporate regulation obligations.	C3	Continued and consolidated range of requirements.
	Hold insurance for public liability throughout the period of its licence.	C4	Continued requirement.

Supplementary Table: Current standards or conditions amended or not included in the proposed standards.

Other Conditions / Standards	Rationale for Non-Inclusion in AVQS Quality Framework
This table refers to AQTF Conditions and Standards that are not referred to in the new standards table above. Their removal will reduce the regulatory burden. In the main, their non-inclusion is due either to their minimal impact on quality outcomes or to the difficulty in objectively assessing compliance.	
CONDITION 1: Governance	
The RTO's Chief Executive must ensure that the RTO complies with the AQTF Essential Conditions and Standards for Continuing Registration and any national guidelines approved by the NSSC. This applies to all of the operations within the RTO's scope of registration.	It is the RTO that is registered, that is fully compliant, and may be de-registered. The introduction of an accountable and registered officer will apply to education.
The RTO must also explicitly demonstrate how it ensures the decision making of senior management is informed by the experiences of its trainers/teachers and assessors.	Highly subjective input condition; an Accountable Education Officer more specific.
CONDITION 6: Certification & issuing of qualifications & statements of attainment	
The RTO must have a student records management system in place that has the capacity to provide the registering body with AVETMISS compliant data.	Focus shift to the outcome, AVETMISS compliant data, rather than the input, a system.
STANDARD 2: The RTO adheres to principles of access and equity and maximises outcomes for its clients	
2.1 The RTO establishes the needs of clients, and delivers services to meet these needs.	Very challenging and 2.5 is a better outcome statement
2.2 The RTO continuously improves client services by collecting, analysing and acting on relevant data.	Part of New Standard on Improvement
2.4 Employers and other parties who contribute to each learner's training and assessment are engaged in the development, delivery and monitoring of training and assessment.	Not very realistic (except contracts of training), could modify to through a negotiated formal arrangement.
STANDARD 3: Management systems are responsive to the needs of clients, staff and stakeholders, and the environment in which the RTO operates	
3.4 The RTO manages records to ensure their accuracy and integrity.	Focus shift to outcome, learners have accurate records, rather than input.
Note: For Condition 1 – Governance and Condition 5 – Financial Management	
Fit and proper person requirements and Financial Management	These requirements have been waived for some types of providers.

Other Conditions / Standards	Rationale for Non-Inclusion in AVQS Quality Framework
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Appendix B – Proposed regulator standards cross reference to current standards, with summary rationale for changes

The references below are to the AQTF Standards (R: Registration, C: Course Accreditation) and the supporting Operating Protocol, and the NVR Standards for VET Regulators 2011 (S: NVR Standard). They refer to the streamlining process where the current standard element is given effect either in full or in part in a proposed standard element, and are subject to drafting requirements.

Std	Proposed Std/Quality Benchmark Guideline	AQTF (SVR)	Key changes / rationale
AUSTRALIAN VOCATIONAL QUALIFICATION SYSTEM – REGULATOR STANDARDS			
<i>Purpose: Standards to ensure the regulation of Registered Training Organisations is risk-based, responsive, proportionate, transparent, and consistent; with course accreditation conducted in a manner that maintains the integrity of nationally recognised qualifications.</i>			
1.	Effective regulation of LTOs is practiced		
	Provisional LTOs have the capacity to comply with the Standards for LTOs.	Protocol 2.6	Bring up from Protocols to Standard to support a single set of standards rather than initial/continuing.
	Provisional LTOs have their registration status assessed within eighteen months of commencing operations.	New Requirement	Ensures provisional registration is concluded either through ongoing registration or termination of provisional registration.
	LTOs are regulated using risk-based, transparent, and accountable practices.	R1.3 (S4.2),	Requires regulation at individual LTO level on the basis of risk assessment, and responding to risk with a range of regulatory approaches for compliance, rather than responding with sanctions.
	Regulation is informed by data and feedback including from learners, LTOs, industry, and clients.	R2.1 (S5.1)(S5.4) C1.2 (S8.2) C2.2 (S9.2)(S9.4)	A core practice is to use data and intelligence to inform risk assessments, regulatory actions, and improvement in all activities.
	Actions taken to enforce the standards are responsive, necessary and proportionate.	R1.5 (S4.4) R2.2 (S5.2)	Ensures that penalty actions are only applied when necessary, that they are proportionate to the non-compliance issue and consistent with policy.
	The regulator ensures internal consistency in auditor judgements.	R1.4 (S4.3)	On-site audit staff encounter a diverse range of providers and often work with high levels of independence, thus requiring moderation.
	Decision making has internal independence and integrity.	(S7.2)	Ensures independence of and integrity in internal decision-making.
	Industry reviews and registration projects involve engagement with, and contributions from, AVQS and industry regulators.	R2.3 (S5.3)	Vocational qualification serve a wide range of regulated occupations and each of these have an interest in the quality of their provision.
Regulatory practice encourages LTOs to improve their performance.	New Requirement	Regulators need to ensure compliance with the standards but rather than through a process or checklist approach, the goal is for the onus of compliance to be embraced by LTOs in a regulatory culture of quality assurance and improvement. The regulatory practice can support this.	

Std	Proposed Std/Quality Benchmark Guideline	AQTF (SVR)	Key changes / rationale
2.	Effective accreditation of courses is practiced		
	Course accreditation decisions are consistent with the Standards for VET Accredited Courses.	C1.3 (S8.3)	Amended to focus on the responsibility of the regulator rather than repeating the requirements from the Course Accreditation Standards.
	Accredited Courses relating to industry regulation and occupational licensing are supported by the relevant industry and regulatory bodies.	(S11.3)	From current course accreditation standards.
	Training Package developing bodies and other stakeholders are advised on gaps in Training Packages where appropriate.	(S11.5)	From current course accreditation standards.
3.	Effective communication enhances regulatory and accreditation practices		
	On-going communication and information processes with stakeholders enhance regulatory and accreditation practices.	R2.1 (S5.1)(S5.4) C1.2 (S8.2) C2.2 (S9.2)(S9.4)	A core practice is to use data and intelligence to inform risk assessments, regulatory actions, and improvement in all activities.
	LTOs and stakeholders have timely and accurate information and advice on regulation, including arrangements between AVQS Regulators.	R1.2 (S4.5) C2.1 (S9.1)	Applies to all regulatory communications, with LTOs, stakeholders including Training Package developers, and other regulators.
	Complaints and appeals within the regulator's scope of action are efficiently acknowledged and fairly resolved.	R2.4 (S5.5) C2.4 (S9.5)	Incorporates principle of fairness in resolving complaints and appeals, in either the positive or negative.
	Regulatory information, including enforcement actions, is publicly available in a timely manner.	New Requirement	Responding to demands for greater transparency.
	The National Register is current with all information within the regulator's scope of responsibility.	(S11.1)	Amended to focus on the responsibility of the regulator rather than repeating the requirements from the Course Accreditation Standards.
4.	Standing Council and NSSC obligations and reporting requirements are satisfactorily fulfilled		
	Reports to the NSSC against Regulator and LTO standards are timely and meet guidelines as issued by the NSSC.	New Requirement	Regulators are required to report to the NSSC both on their compliance against the standards and on their regulatory activity.
	Standing Council on Tertiary Education, Skills and Employment (including their delegate), or its successor, requests for information about LTOs are met.	New Requirement	Ministers may, from time to time, seek information regarding the regulation of LTOs within their jurisdiction.

Std	Proposed Std/Quality Benchmark Guideline	AQTF (SVR)	Key changes / rationale
5.	Regulatory and accreditation functions are improved		
	Auditors and course accreditation advisors meet national competency requirements agreed by the Standing Council on Tertiary Education, Skills and Employment (including their delegate), or its successor.	(S7.1) C1.5 (S8.4)	These requirements are currently referred to in the National Guideline for Audit Moderation and in the Standards for VET Regulators (In particular SVR 11.4 sets out knowledge required by a person to assess a course for accreditation). Given that these are not generally required but mainly be regulators, it is proposed to hold the national competency requirements as separate but publically available documents. This will enable them to be kept current without amending the standard.
	Registration delegates demonstrate comparable and effective practice to the delegating regulator.	R3.3 (S6.3) C3.3 (S10.3)	Delegation of appropriate low-risk functions to effective and efficient practitioners is appropriate but requires full compliance to standards.
	An external review and moderation process as approved by the NSSC and conducted on a three yearly cycle is used to improve regulatory and accreditation functions.	R1.1 (S4.1) C1.1 (S8.1)	The external review team may include regulatory expertise from other peer industry and VET sector regulators.
6.	Management and Administrative Systems are Effective and Efficient		
	Business continuity and organisational effectiveness support regulator and sector business practices.	R3.1 (S6.1) R3.2 (S6.2) C3.1 (S10.1) C3.2 (S10.2)	Business continuity within the regulator is essential, both for business efficiency and effectiveness within the sector and for successful and quality regulation. These systems are not prescribed in the standard as they are required to comply with each of the other standards and their effectiveness will be evident by the outcomes against all standards.

Appendix C – List of questions

On what basis do you support, or not support, the NSSC in progressing a recommendation to SCOTESE for moving to a new Australian Vocational Qualification System, as outlined in Option 3?

Comment on:

- The strengths and weaknesses of the NSSC preferred Option 3, a new Australian Vocational Qualification System
- Why any element(s) of Option 3 should be, or should not be, implemented
- Why any element(s) of the RTO or Regulator Standards requires change but has not been considered or discussed in this paper, or in the previous consultation documents
- What implementation of the preferred Option 3 would mean for your organisation and your clients and/or stakeholders

Evidence of impact

Information including, but not limited to the following would also be appreciated:

Costs

- What types of changes would need to be made to implement the changes proposed in Option 2 and/or Option 3 (such as IT, training, upgrading the skills of employees/contractors, marketing material, etc.), relative to Option 1?
- Please specify the period of time it would take to implement Option 2 and/or Option 3
- Would there be impacts on you stemming from changes that would need to be made in the RTO you are attending/organisation you administer/RTO you have a working relationship or arrangement with /related organisation?
- Would there be additional costs associated with employing a person with a competency or qualification from an RTO?
- Are there other costs?
- How much do you estimate these would cost in total? Please nominate your estimated period of time.
- Identify the costs to your organisation for each option in the short, medium, and longer term and provide an indication of the reasons for the costs.

Benefits

- What would you see as the benefits for you stemming from the changes proposed at Option 2 and/or 3? For example, would these save you time on complying with the current requirements/employing people with an RTO competency or RTO qualification? If so, please outline.
- Do you see any benefit in terms of reputation of vocational education and training/the ability of your RTO to compete with other RTOs/compete for international learners/ability to employ people with the required skills/reduction in any training required by an employer?
- Are there other benefits?
- How much do you estimate the benefits to be in total? Please nominate your estimated period of time.

- Identify the benefits for your organisation for each option in the short, medium, and longer term and provide an indication of the reasons for the benefits.

Considerations in assessing impact

When forming your response, please think about issues such as:

For RTOs/regulators:

- What will be the key changes to the way you do business?
- How will you need to modify your business processes? Will you need to employ new or different staff or will you need to re-train staff?
- Will you need to modify your IT systems? If so, what did the modifications cost?
- Altogether, what are the main costs incurred in dealing with regulators/RTOs now and how would these change? Think about management and other staff time.
- How often have you been audited/conduct audits? Would you expect your audit regime to change? If so how?
- How would you expect your competitive environment to change? Please explain.
- Would you expect to increase/decrease the fees charged to learners? Please explain.

For Learners/Employers:

- What would you see as the main benefits from the proposed changes?

Appendix D – Overview of the Review of the Standards for the Regulation of VET





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