

**Economics Legislation Committee**  
ANSWERS TO QUESTIONS ON NOTICE  
Industry Portfolio  
Supplementary Budget Estimates Hearing 2014-15  
23 October 2014

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**AGENCY/DEPARTMENT:** Australian Skills Quality Authority (ASQA)

**TOPIC:** RTOs and VET-FEE-HELP

**REFERENCE:** Written Question – Senator Carr.

**QUESTION No.:** SI-90

1. How many providers were registered with AQSA in 2012-13, 2013-14 and currently?
2. How many complaints have you received about providers in 2012/13 and 13/14?
3. Can ASQA provide a list of RTO non-compliance investigations? How many of these have resulted in:
  - a) deregulation?
  - b) appeals to the Administrative Appeals Tribunal?
4. How many RTOs have been deregistered since ASQA was established? If this can't be provided by individual RTO can it be provided by general categories such as private/public, location/State, and course?
5. What resources do you devote to investigations?
6. Your website states, *ASQA takes a risk-assessment approach to complaints—our resources are limited so must focus on the most serious complaints*. How do you define a “serious complaint”?
7. What action has been taken following recent media reports about the actions of so-called education brokers, who act for providers, or purport to do so, and are reported to target young people, people with English as a second language, people in public housing, aboriginal communities?

In Senate Estimates on 23 October 2014, Mr Robinson advised that if ASQA identifies media reports regarding problems with RTOs they will investigate whether the claims have substance. Can ASQA advise what steps have been taking following media reports on the companies in Attachment A?

- a) Additionally, with regard to companies such as Aspire who are not on the VET FEE HELP list, how are students able to sign up to VET FEE HELP through a company that is not on the VET FEE HELP provider list?
- b) Has ASQA identified (a) the blacklisted Canberra child care training companies mentioned in previous articles and (b) the hairdressing training college mentioned in ABC reports? What action has been taken with regard to these training colleges?
- c) Are you aware of media reports that these brokers sign people up to courses and VET FEE-HELP using incentives like free laptops and cash incentives to recruit other students?

- d) And are you aware that people are being told it doesn't matter if they pass or fail, and that they won't have to pay back their loans? What action has been taken against these providers or RTOs that employ brokers to perform this task?
  - e) Are these brokers subsidiary companies of registered RTOs? If not, how can students apply for VET FEE HELP through these broker companies?
8. There have been media reports regarding the recruitment of disadvantaged students (particularly students with low literacy levels and people with intellectual disabilities), and the family and community concerns about these students being signed up to huge debts through VET FEE-HELP. There have also been reports of prospective students noting that they have an intellectual disability on their form and subsequently being accepted into a course they are unable to complete.
- a) Will the new National Standards ensure that additional care and attention to the advice and information is provided to students with a disability or language barriers?
  - b) If so, which measures will ensure that these students are (1) enrolled in an appropriate course and (2) ensure they comprehend the financial implications of their enrolment?
9. Is ASQA concerned about the huge disparity in hours required for the same qualification between providers, as reported on A Current Affair on 15 October 2014?
- a) Does ASQA receive complaints about these disparities? If so, how many has ASQA received? Is there a pattern in a particular industry sector or geographical location? Please provide details.
  - b) In Senate Estimates on 23 October 2014, Mr Robinson advised that there are volume of learning requirements for training. How is this monitored and enforced?
  - c) Does ASQA believe that the new National Standards will address the huge disparity in hours required? If so, which measures will particularly target this problem?
10. Under the new National Standards will there be stronger measures requiring RTOs to:
- a) Provide advice to students of upcoming census dates in order to ensure that VET FEE-HELP is not being misused? If so, which measures will particularly target this problem?
  - b) Provide students with advice of the debt levels and course costs they are incurring? If so, which measures will particularly target this problem?

Please liaise with the Department of Education to provide answers to these questions.

11. Can the Department provide advice as to the number of students:
- a) Who have a VET FEE HELP debt with a qualification from a now deregistered provider?
  - b) Who have a VET FEE HELP debt and have failed their course?
  - c) Who have a VET FEE HELP debt with a qualification from one of the training colleges currently under investigation or listed in Attachment A?

Please liaise with the Department of Education to provide answers to these questions.

12. In Senate Estimates on 23 October 2014, Dr Banerjee advised that the Minister was due to write to his counterparts by the end of October with a summary of actions regarding marketing practices and poor quality training. Has this occurred and can a copy of the correspondence be provided?

## ANSWERS

### Q1

Date	ASQA RTOs
1 July 2012	4018
1 July 2013	4003
1 July 2014	3938

### Q2

Complaints by Financial Year	
FY 12-13	FY 13-14
1274	1398

### Q3

Since commencing regulatory operations on 1 July 2011 through to 31 August 2014, ASQA recorded 870 audits as “finalised non-compliant”. These audits relate to 552 separate organisations (i.e. an organisation can have more than one non-compliant audit recorded against it).

It is important to note that while a specific audit may be finalised with a finding of not compliant, that does not automatically mean that action is taken to suspend or cancel the RTOs registration as other, less severe, regulatory sanctions are possible, such as giving the RTO a written direction requiring it to rectify the breach. It may also be the case that a subsequent audit led to a finding of compliant.

- a) Since commencing regulatory operations on 1 July 2011 through to 31 August 2014, ASQA made a total of 568 regulatory decisions in the following categories:

Regulatory Decision	11/12	12/13	13/14	YT 31 Aug 14	Total
Decisions to Cancel Registration	6	34	25	6	71
Decisions to Suspend (all/part) Registration	4	31	49	6	90
Written Notices of Intention to Cancel /Suspend	12	134	188	7	341
Other Administrative Sanctions	3	24	35	4	66
<b>Total</b>	<b>25</b>	<b>223</b>	<b>297</b>	<b>23</b>	<b>568</b>

This means that since ASQA’s inception (to 31 August 2014) it has issued 341 written notices to cancel/suspend registration (and actually made 161 decisions to cancel or suspend registration) and refused to reregister 129 existing RTOs. These decisions have affected a total of 339 individual RTOs (given an RTO can have more than one decision made against it).

- b) Since commencing regulatory operations on 1 July 2011 through to 31 August 2014, a total of 121 applications have been lodged with the Administrative Appeals Tribunal (AAT). The details are provided below:
- 60 matters were resolved between ASQA and the applicant – typically the applicant was finally able to address the outstanding non-compliances;
  - 8 matters were dismissed by the Tribunal on jurisdictional grounds or the application for review of a decision not accepted by the Tribunal;
  - 4 matters were affirmed by the Tribunal and ASQA’s decision remained in place;
  - 2 matters were overturned by the Tribunal and ASQA’s decision set aside;
  - 33 applicants withdrew their application; and
  - 14 matters are ongoing.

(the above figures do not include eight legacy matters which were being managed by former State VET regulators and were subsequently transitioned to ASQA).

#### Q4

As detailed in the response to Question 3(a), since commencing regulatory operations on 1 July 2011 through to 31 August 2014, ASQA has made decisions to cancel/suspend/refuse to reregister 339 RTOs (noting that some of these organisations have subsequently been able, through a review process, to demonstrate compliance).

#### Q5

ASQA dedicates a substantial proportion of its resources to its compliance and investigative functions, with the Compliance and Risk (including Investigations) teams making up almost 70% of the Authority’s total workforce, which equates to expenditure of over \$17 million.

Both the *National Vocational Education and Training Regulator Act 2011* and *Education Services for Overseas Students Act 2000* provide for ASQA to gather information using coercive powers. In such instances, ASQA is utilising a specialist Investigation Team. These formal investigations may lead to criminal prosecution, civil prosecution or administrative sanctions.

#### Q6

Issues such as the potential impacts on students (unmet expectations, not obtaining requisite skills and knowledge, injury or death); sectoral impacts (reputational damage; integrity of qualifications); impacts on industry (workers not having the skills and knowledge specified in the training product) are all matters relevant to determining the seriousness of a complaint.

#### Q7

##### **Response:**

While ASQA is aware of allegations of poor behaviours and inducements offered by brokers, it does not have any direct regulatory authority over them.

As of 1 January 2015 the new standards come into effect for persons applying to become a new RTO (and from 1 April 2015 for existing RTOs). A new requirement under the new standards is that RTOs are required to have written agreements with third parties providing services on their behalf and to notify ASQA when those agreements are entered into and when they come to an end.

The new standards make clear that the RTO is responsible for complying with the standards, including where services are being delivered on its behalf and require RTOs to have sufficient strategies and resources to monitor those services and to ensure that such services comply with the standards.

The new standards also require RTOs to provide details to learners about any schemes, such as VET FEE HELP, associated with the RTOs provision of services to the learner.

ASQA has also produced a *Users' Guide to The Standards* which provides RTOs with clear information and examples related to third party agreements. An electronic version of the guide has been published on ASQA's website here:

<http://www.asqa.gov.au/users-guide-to-the-standards-for-registered-training-organisations-2015/users-guide-to-the-standards-for-registered-training-organisations-2015.html>

ASQA has responded to a number of complaints relating to VET FEE HELP. For the period 1 January 2013 to 16 October 2014, 82 complaints with a VET FEE HELP component were received by the regulator.

The status of these complaints as at 16 October 2014 was:

<b>Status</b>	<b>No</b>	<b>%</b>
Closed	52	63.4%
ASQA Currently Investigating	25	30.5%
Referred (e.g. VET FEE HELP, TEQSA)	2	2.4%
Preparing for or Audit commenced	3	3.7%
<b>Total</b>	<b>82</b>	<b>100%</b>

Of the 52 closed complaints:

- 18 - the RTO Informed of complaint and/or ASQA required RTO to take action
- 9 - Not substantiated
- 25 - Referred back to the RTO for resolution through its internal complaints processes.

In relation to the providers/issues mentioned in the media reports at Attachment A, ASQA has been in contact with the ABC and collected additional information to inform its investigations and regulatory responses (KAPS Institute of Management Pty Ltd had attracted ASQA's attention before the ACA story was broadcast on 15 October).

ASQA's response to the other parts of this question:

- a) Aspire is not a RTO, however it is contracted by Study Group Pty Ltd to provide training (ASQA has audited Study Group Pty Ltd)

The Department of Education administers the VET FEE HELP scheme and should be contacted for a response on this matter.

- b) ASQA is aware of the child care providers raised by the ABC and has taken regulatory action where necessary.

While ASQA has ongoing investigations related to the delivery of the Diploma of Hairdressing Salon Management, it is not clear that this is the matter referred to in Attachment A.

- c) ASQA is aware of these media reports and has raised these matters with the Department of Education who administers the VET FEE HELP scheme and should be contacted for a response on this matter.
- d) ASQA is aware of these reports however the Department of Education administers the VET FEE-HELP scheme and should be contacted for a response on this matter.
- e) The Department of Education administers the VET FEE-HELP scheme and should be contacted for a response on this matter.

## Q8

- a) While the new standards do not contain specific provisions relating to students with disabilities or language barriers, they will require that enhanced information be provided to prospective learners, including advice about the training product appropriate to the learners needs.

The new standards also require RTOs to have training and assessment strategies and practices to enable each learner to meet the requirements of the training product in which they are enrolled and to determine the support needs of each individual learner. The RTO must provide access to the educational and support services necessary for the learner to meet the requirement of the training product in which they are enrolled.

- b) (1) New standard 4 (about *accurate and accessible information*) and standard 5 (*learners are properly informed and protected*) will assist in ensuring students are enrolled in appropriate courses.
- (2) Under the new standards, RTOs are required to provide information to prospective learners about their obligations, including in relation to the repayment of any debt incurred under the VET FEE HELP scheme arising from the provisions of service by the RTO.

## Q9

ASQA shares concerns of sector stakeholders about training programs offered over very short durations.

ASQA's Strategic Review into Training for Aged and Community Care Sector in 2013 found that training programs were often too short with insufficient time in a workplace for skills development. It was found that up to 70% of RTOs offered the Certificate III in Aged Care in less than 1200 hours, even though the Australian Qualification Framework guidelines imply a benchmark of 1200 hours or more for Certificate III programs. A number of RTOs offered

the Certificate III in less than 200 hours. Again, 70% of RTOs offered the Certificate III in Aged Care over a period of less than one year, even though the Australian Qualifications Framework guidelines benchmark one to two years as being appropriate for a Certificate III. Over one-third of RTOs offered the Certificate III in Aged Care in less than 15 weeks.

- a) ASQA regularly receives complaints which include a component relating to claims about short time frames for training / assessment (these complaints also often include a component relating to claims about low fees.)

ASQA does not currently capture specific data about complaints about course duration, however the majority of these complaints fall within these categories:

	No. of Complaints	%
Training delivery	1023	31%
Assessment	1319	40%
Marketing	938	29%
Total	3280	100%

ASQA receives such complaints in relation to all industry sectors; however, ASQA Complaints Officers have noted anecdotally that a number of complaints relate to Child Care, Aged Care, Security, First Aid, Business, Training and Assessment (TAE) and Workplace Health and Safety courses, particularly those offered online.

It should be note that one of the reasons course durations may vary is the student cohort to whom a particular course is marketed. For example, if a course is designed for students with significant industry experience (such as a prerequisite of five years experience in the relevant industry), a shorter course duration might be appropriate. The provider’s training and assessment strategy for the delivery of the course, including the amount of training provided face to face or by other modalities, must meet the requirements of the relevant training package or accredited course.

- b) To date ASQA has had limited scope to monitor volume of learning.

As from 1 January 2015, however, the Australian Qualifications Framework (AQF), which describes a ‘volume of learning’ for each qualification level, has full effect (the *National Vocational Education and Training Regulator Act 2011* requires RTOs, as a condition of registration, to comply with the AQF).

- c) ASQA believes that the new standards will support efforts to address the issue of very short training courses. In particular, the new Standard 1 (clause 1.1) introduces the concept of 'amount of training'. This requirement aligns with the full implementation of the AQF on 1 January 2015. These provisions, in conjunction with the strengthened RTO standards, will provide ASQA with scope to take action against RTOs offering training and assessment across very short durations.

## Q10

The responsibility for administration of the VET FEE HELP program lies with the Department of Education. ASQA offers the following comments with respect to the new RTO standards;

- a) The new standards do not address census dates. However, the new standards 4 and 5 will work to ensure that students are enrolled in appropriate courses and that the financial implications of the training are clear. For example clause 5.2(e) describes the learners obligations, including in relation to the repayment of any debt incurred under the VET FEE HELP scheme arising from the provisions of service by the RTO.
- b) While the new standards do not specifically address student debt levels, they do require that where a RTO collects fees from an individual learner that all relevant fee information is provided prior to enrolment (including fees that must be paid to the RTO, payment terms and conditions including about deposits and refunds and the learners consumer rights).

## Q11

The responsibility for administration of the VET FEE HELP program lies with the Department of Education. The response by the Department of Education is at **Attachment B**.

## Q12

The responsibility for administration of the VET FEE HELP program lies with the Department of Education. The response by the Department of Education is at **Attachment C**.



**ABC AM – 18/10/2014**

**Aspire College** – Lukas has autism and an intellectual disability, Aspire College stopped him on his way to Centrelink and enrolled him in a business management course with the promise of a free computer. Lukas couldn't do the course but instead of helping him out, Aspire sold him another diploma. **Aspire College** is not on the VET FEE HELP list. His brother, who is also autistic has been targeted. Mrs Whitehead said her other son was harassed by telephone sales people from another company after they obtained his details from a job website. Unnamed Sydney college – Rebecca was signed up for a \$40,000 hairdressing degree even though she couldn't read the contract and has dyslexia. When she tried to pull out the college ignored her calls. Sand Goanna (being mimicked) – Boyd set up distance training college Sand Goanna because they wanted to get quality employees for their tourism business. Their business name and information has been misappropriated twice by unscrupulous companies. Providers are copying their whole website, pasting it into another website and advertising courses for VET FEE HELP. Sand Goanna are not eligible for VET FEE HELP funding. Their reputation is being damaged and each day they need to scan the internet to ensure their details haven't been misappropriated again.

**ABC – 14/09/2014**

Childcare centres have started unofficial blacklists of training providers they will not use because graduate quality is so poor. There has been an explosion in the number of trainers offering Certificate IIIs and diplomas in childcare after the Government made qualifications mandatory.

**KAPS Institute of Management** - A Current Affair on 15 October 2014, providing Cert III and Cert IV qualifications in areas such as mechanics with as little as a half an hour of "study" when other quality courses require 1200 hours of study. These shonky courses can cost tens of thousands of dollars and students are accessing VET FEE-HELP and coming out with an effectively useless qualification.

When a student accesses a VET FEE-HELP loan, it becomes part of their aggregate HECS debt, administered by ATO, and subject to the same repayment and indexation provisions as other streams of HECS debt. As a result, it is not possible to separately report on current levels of VET FEE-HELP debt or the current number of VET FEE-HELP debtors.

Based on the VET FEE-HELP Data Collection, the department can report the number of students that have accessed VET FEE-HELP loans between 2009 and 2014. The following responses are based on the VET FEE-HELP Data Collection.

- a) The department does not keep records on all providers that have been deregistered by regulators. The following table shows the number of students that accessed VET FEE-HELP loans at providers that have since been revoked as an approved VET FEE-HELP provider. These providers may still be operating as registered training organisations (RTOs).

<b>Provider name</b>	<b>Students accessing VET FEE-HELP loans 2009-2014</b>
Australian College of the Arts Limited	73
Brisbane North Institute of TAFE*	303
Careers Australia College of Healthcare Pty Ltd	1,204
Careers Australia Institute of Training Pty Ltd	1,138
Carrick Institute of Education Pty Ltd	2,218
Central Queensland Institute of TAFE*	95
ICHM Pty Ltd	76
Metropolitan South Institute of TAFE*	551
QPIX Ltd	36
Southern School of Natural Therapies	21
The Bremer Institute of TAFE*	359
The State of Queensland as represented by Wide Bay Institute of TAFE*	156

*\*In 2014, the Queensland Government reorganised the legal structure of its TAFE institutes, requiring a revocation of these institutes. Source: Department of Education VET FEE-HELP Data Collection (correct as at 25 November 2014)*

- b) The VET FEE-HELP Data Collection does not capture ‘course failures’
- c) None of the RTOs listed in Attachment A are approved to offer VET FEE-HELP loans.

Dr Banerjee's comments on 23 October 2014, relate to the Minister for Industry's undertaking to work with his state and territory counterparts to enhance the publication of consumer information. This is a continuation of work agreed by the COAG Industry and Skills Council (the Council) at its inaugural meeting on 3 April 2014 and at the Council's second meeting on 26 September 2014.

The Minister has since written to his state and territory counterparts on continued work to address the six objectives and priorities of the Council, including providing consumers with greater access to information to inform their choices.

On 26 September 2014, the Council also agreed to new regulatory standards for training providers and regulators, which includes strengthened provisions around marketing.

Copies of the Communique for the April and September meetings and the new Standards for Registered Training Organisations are at:

[http://www.natese.gov.au/\\_data/assets/pdf\\_file/0005/80519/COAG Industry and Skills Council - Communique - 3 Apr 2014.pdf](http://www.natese.gov.au/_data/assets/pdf_file/0005/80519/COAG_Industry_and_Skills_Council_-_Communique_-_3_Apr_2014.pdf)

and

<http://industry.gov.au/AboutUs/Documents/COAG-Industry-and-Skills-Council/Communique-26-September-2014.pdf>

<http://www.comlaw.gov.au/Details/F2014L01377>