

Senate Committee: Education and Employment

QUESTION ON NOTICE Additional Estimates 2014 - 2015

Outcome: Higher Education, Research and International

Department of Education and Training Question No. SQ15-000180

Senator Carr, Kim provided in writing

VET FEE-HELP

Question

"At the Supplementary estimates I asked the department a number of questions about apparent rorting of VET FEE-HELP. Since then, a report has appeared on the issue by the Workplace Research Centre at the University of Sydney. Are you aware of this report? Are you planning to implement its recommendations?

- What do you plan to do in response to its recommendation to mandate minimum hours of course delivery where public subsidies are involved?
- How do you respond to the recommendation to cap public funding to private RTOs?
- How do you respond to the proposed ban on subcontracting course delivery to unregistered providers?
- How do you respond to the proposal for better regulation of RTOs' recruitment practices and business models?

Do you believe that the rorting of VET FEE-HELP by private RTOs has implications about what to look out for in higher education? What measures do you have in place to prevent something like this occurring in higher education? Are those measures adequate? "

Answer

The department is aware of the report 'The capture of public wealth by the for-profit VET sector' prepared by the Workplace Research Centre at the University of Sydney which was commissioned by the Australian Education Union. The department's responses to the recommendations are as follows:

- Minimum hours of delivery for courses – The *Standards for Registered Training Organisations 2015* (Standards), require that a registered training organisation's (RTO) training and assessment strategies and practices, including the amount of training they provide, are consistent with the requirements of training packages and VET accredited courses. The Australian Skills Quality Authority (ASQA) is responsible for regulating courses and training providers to ensure nationally approved quality standards are met.
- Capping public funding to private RTOs – The allocation of state subsidies to RTOs is determined by, and the responsibility of, each state/territory. Under the National Agreement for Skills and Workforce Development and the National Partnership Agreement for Skills Reform, both of which were signed in 2012, the Australian Government and state/territories have agreed to support greater contestability in the VET training market. The Australian Government is providing \$1.8 billion to the states and territories in 2014-15 under these arrangements.
- Subcontracting Courses – From 1 April 2015 all RTOs must demonstrate compliance with the revised Standards. Under the Standards, an RTO is wholly responsible for any services delivered on its behalf. An RTO must ensure that services delivered on its behalf

by third parties is subject to a written agreement (Clause 2.3) and is monitored to ensure they comply with the Standards at all times (Clause 2.4). The written agreement also requires the third party delivering services to cooperate with the national training regulator, ASQA, in the provision of information and in the conduct of audits and other monitoring activities. Previous versions of the standards did not include these requirements.

These requirements give ASQA more powers to monitor arrangements between RTOs and brokers who work on their behalf. RTOs found to be non-compliant with the Standards can face serious regulatory action, including the cancellation of their registration.

- Recruitment practices – The Government is undertaking a significant program of reform of the vocational education and training sector including changes that address the recruitment practices of RTOs.

From 1 April 2015 all RTOs must demonstrate compliance with the revised Standards. These Standards strengthen requirements around marketing and the information provided to prospective students, an education provider's responsibilities in determining the support needs of individual learners, and access to support services necessary for the learner to meet the requirements of the training product.

The Government has also announced a number of changes to the VET FEE-HELP scheme over the course of 2015. These changes include prohibiting the use of inducements and undesirable marketing and recruitment practices. The changes to the VET FEE-HELP scheme will be supported by an enhanced compliance regime, with \$18.2 million budgeted to support activities including more random audits on both students and training providers.

These reforms were necessary to protect vulnerable students, taxpayers and the reputation of the wider VET system from the actions of a minority of unscrupulous providers who seek to take advantage of the administrative arrangements which have operated since the scheme was expanded in 2012.

The Government ensures that higher education providers (HEPs) are delivering quality training through the independent statutory agency —the Tertiary Education Quality and Standards Agency (TEQSA). TEQSA's primary role is to regulate courses and HEPs to ensure nationally approved quality standards are met. All providers approved under the Higher Education Loan Programme (HELP) must be a registered HEP before approval is granted.