

**Senate Committee: Education and Employment**

**QUESTION ON NOTICE  
Supplementary Budget Estimates 2015 - 2016**

**Outcome: Skills and Training**

**Department of Education and Training Question No. SQ15-000821**

Senator Carr, Kim provided in writing

***The Regulatory Impact Statement for the VET FEE-HELP reform Bill***

**Question**

The Regulatory Impact Statement for the VET FEE-HELP reform Bill currently before Parliament says, "Current and historical compliance activity is reactive rather than proactive, and is weighted heavily to the lower level of the enforcement pyramid, focusing on encouragement in the hierarchy of responses (that is, guidance, education and training in the main), with non-compliance taken to be due to lack of knowledge or misunderstanding of the Act and guidelines on the part of the provider." This is from pages 22 and 23 – what does this mean?

**Answer**

When the Department of Education and Training receives complaints of non-compliance it takes actions proportionate to the seriousness of the non-compliance. The compliance activity by the department is *reactive* in that it reacts to a complaint. The department is moving to greater utilisation of data analytics and intelligence gathering which will lead to a more proactive approach, not reliant on the receipt of a complaint.

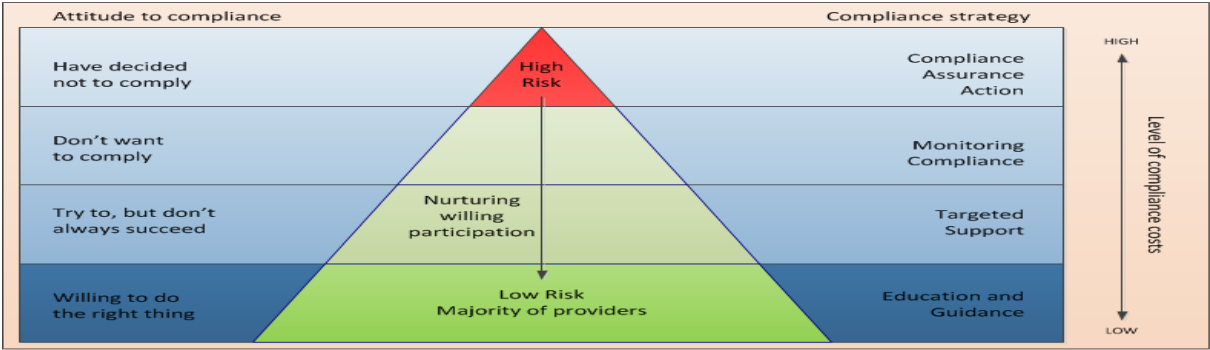
The noted *lack of knowledge or misunderstanding* refers to unintentional non-compliance by a VET FEE-HELP provider. Usually the department works with the VET FEE-HELP provider to rectify the non-compliance. In line with this position the referenced *guidance, education and training* refers to the support provided by the department to assist providers to remain compliant.

Some examples of this support are regular training sessions for provider staff, comprehensive information available on the department website, emailed newsletters covering compliance issues, and reminders to providers about approaching deadlines and their responsibilities.

The reference to the *lower level of enforcement and focus on encouragement* refers to the department making it clear to all applicants and approved VET FEE-HELP providers that it is the approved VET FEE-HELP provider's responsibility to ensure they maintain compliance with the *Higher Education Support Act 2003* and VET Guidelines 2015.

More recently the department has undertaken compliance assurance actions including issuing notices of intention to suspend VET FEE-HELP approval to major providers suspected of significant non-compliance. These actions have been made public.

The *enforcement pyramid* below illustrates the department's approach.



The *enforcement pyramid* (or compliance pyramid) is a well-recognised tool used by numerous government agencies across the globe. It is designed to target regulatory resources and to create downward pressure on regulated entities and move non-compliant providers down the pyramid towards full compliance. As an overview this is achieved by rewarding compliant behaviour with lower-level and less costly interventions and punishing non-compliant behaviour through, for example, imposing penalties or cancelling a provider's eligibility to participate in the program.