

TAFE Queensland Submission to the Department of Education and Training's Queensland VET Quality Framework



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TAFE Queensland Submission to the Department of Education and Training

Queensland VET Quality Framework

– promoting quality in vocational education and training

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Purpose

This submission provides TAFE Queensland's response to consultation on the Department of Education and Training's Draft Queensland VET Quality Framework.

Introduction

TAFE Queensland is Queensland's public provider of vocational education and training (VET). With over 130 years of history and through a state-wide network of six regions, TAFE Queensland is the most experienced provider of VET in Queensland. TAFE Queensland offers training through a variety of modes including traditional classroom delivery, distance learning, online tuition, workplace training and a blended delivery method combining two or more delivery modes.

TAFE Queensland continues to be the largest provider of VET services in Queensland with around 120,000 students choosing to study with TAFE Queensland in 2015/16 and over 89% of students successfully completing their study. A total of 52,000 qualifications were awarded ranging from statements of attainment to bachelor degrees in over 600 program areas.

Overview

TAFE Queensland welcomes the Department of Education and Training's consultation process on its VET Quality Network. Quality is an ever present issue within the sector and has been central to many recent examinations of the sector. As stated in a key recommendation in ACIL Allen's review of the National Partnership on Skills Reform "*...future reforms should prioritise clear specification of regulatory and contractual arrangements to ensure improvements in choice and access are matched by improvements in quality...*". This recommendation concisely captures the task that purchasers and regulators at the state and national levels are currently confronted with.

The Queensland VET sector has undergone significant reforms in recent years including implementation of 100% contestability for government subsidised training; complete fee deregulation; and a new VET investment framework with varying levels of government subsidy for a lower number of subsidised training courses.

These market settings are acknowledged as being the most advanced in Australia and their implementation, particularly contestability and fee deregulation have greatly diversified the sector in Queensland. This diversification of the sector needs to be balanced by quality considerations to ensure return on investment for government and to ensure the Queensland economy is receiving work ready graduates in areas of growth.

TAFE Queensland has sought to address the matters raised within the consultation document, however some key overarching principles are outlined below, which have shaped TAFE Queensland's response and are recommended to form the basis of the VET Quality Framework.

Provider Classification and Proportional Market Regulation

TAFE Queensland's long standing position on market regulation in the VET sector is that as a starting point it needs to acknowledge the diversity in the sector that has resulted from reform. In TAFE Queensland's recent submission to the 'Redesigning VET FEE-HELP Discussion Paper' it called on the Australian Government to utilise a provider classification model as a means of regulating a market, which has been experiencing significant difficulties. It is acknowledged that the Pre-Qualified Supplier (PQS) market should not be directly compared to this market, however the value of a provider classification system would also be significant.

The 2015 review of VET funding in Victoria discussed such a model to support the Victorian Government's purchasing of VET services. This review recommended an assessment of all providers based on organisational breadth and capacity to deliver training in line with the key objectives of VET and the financial and organisational stability (or level of risk) that the organisation was found to present to the purchaser.

TAFE Queensland supports a similar approach, being implemented in Queensland. It is acknowledged that the Quality Framework proposes a risk assessment of providers for entry and ongoing participation in the scheme. Extending this approach to enabling greater autonomy for low risk, high quality and not-for-profit providers to set aspirational quality benchmarks in the sector as is the case in other education sectors, is recommended as a strategy to build providers intrinsic motivation to deliver high quality outcomes for students and clients.

Under this model the providers that are identified as low risk and high quality would be given the appropriate levels of autonomy and provide the cornerstone of the sector in Queensland.

Quality should drive student choice

In a contestable market investment approaches need to be reflective of the cost associated with delivering high quality training. TAFE Queensland currently competes within a PQS market where cost of training is a key determinant for students when choosing between providers. The price offered (by some providers) for many qualifications can be well below the actual cost of delivering quality training and there is the potential for providers to remove cost by compromising the volume or quality of training provided.

TAFE Queensland's view is that the investment framework needs to actively promote quality training and remove providers that pursue low cost, low quality training that does not provide the Queensland economy with the skills it requires. This should support a realignment of the contestable market towards a focus on quality and student outcomes, as opposed to a 'race to the bottom' mentality, that at times has pervaded the Queensland market.

Improving Student Information

A key tool for changing the current focus on price is increasing the information that students have when deciding on a training provider. Consistent, and meaningful information on the quality of training is the tool that needs to be utilised to inform student behaviour. In addition to this it is critical that this information is easily accessed by students and there is public awareness in relation to where the information is held. Other highly competitive industries have strong and well known sources of information on the performance of providers. These sources play an important role in regulating quality in the market and enabling decision making by consumers.

TAFE Queensland acknowledges the strong focus on student and employer information within the framework and looks forward to working with the purchaser on how to further strengthen this aspect.

TAFE Queensland also recommend a social marketing campaign focused on building the profile and attractiveness of VET and VET pathways which would complement the proposed strategies

Program Design

Determining Investment Priorities

TAFE Queensland supports the inputs highlighted to determine priorities for investment. TAFE Queensland would however support the specific reference to the sector, in addition to industry, as a key source to support program design. TAFE Queensland's recent collaboration with CSIRO that culminated in the report '*The VET Era: Equipping Australia's workforce for the future digital economy*' is an example of the sector itself proactively examining future skilling needs and the need to evolve both our purchasing and delivery models to align with future market and industry demand. TAFE Queensland considers itself a thought leader in future skilling needs and would welcome increasing engagement on these matters in the best interest of the sector and the Queensland economy more generally.

At a more granular level, TAFE Queensland recommends that the Pre-Qualified Suppliers (PQS) arrangements seek to provide greater autonomy to high quality, low risk, not-for profit providers in determining investment priorities at the local level in consultation with industry and the community. :

TAFE Queensland supports the Queensland Training Subsidies List (QTSL) being reflective of changing industry priorities and superseded qualifications.

TAFE Queensland does acknowledge the difficulty of maintaining a state wide list, given the diversity that exists across regional economies. TAFE Queensland therefore is supportive of a considered approach to examining regional or localised investment models where there are unique and specific demands for particular skills and/or in instances of high levels of unemployment and socio-economic disadvantage.

Operationally, there is currently a Deed of Variation required when qualifications are removed, added or superseded from the QTSL and TAFE Queensland would support options to streamline and where possible automate this process.

Additionally, TAFE Queensland would see benefit from aligning the QTSL with the Australian Skills Quality Authority (ASQA) schedule to ensure qualifications being delivered in Queensland maintain industry currency and are responsive to changing national skilling demands.

Similarly the current process of embargoing new qualifications being added by providers for the final period of the PQS contract term reduces the ability of TAFE Queensland to be responsive to industry need. The reduction of this period (currently 5 months) would be of great benefit.

Determining eligibility criteria for students

TAFE Queensland is supportive of investment commitments that focus on ensuring that training provides pathways into the labour market and results in measurable job outcomes, as well as the commitment to building the skills of disadvantaged cohorts. TAFE Queensland strongly support both the Skilling Queenslanders for Work and Rescuing TAFE funding, which seek to target funding toward disadvantaged learners in a concentrated manner.

In relation to current fee waiver requirements, TAFE would seek an amendment to current guidelines which only allow a fee waiver to be applied based on financial hardship. TAFE Queensland have the circumstance arising whereby a student will transfer from one TAFE Queensland region to another following student fee payment in the original region. In these circumstance it would be greatly beneficial for TAFE Queensland to have the ability to waive these students' fees. If feasible, this could be done as an amendment to TAFE Queensland's contractual arrangements, due to its scope and size

within the Queensland market.

Within a national context TAFE Queensland continue to advocate for the equal treatment of VET and higher education students in regards to both policy and funding setting. Current funding models at the national level treat VET students inequitably when compared to Higher Education students, particularly those studying at public universities. TAFE Queensland would appreciate any support from the state government on this matter to ensure individuals are making educational choices based on what is best suited to them, as opposed to the policy and funding frameworks skewing their choice.

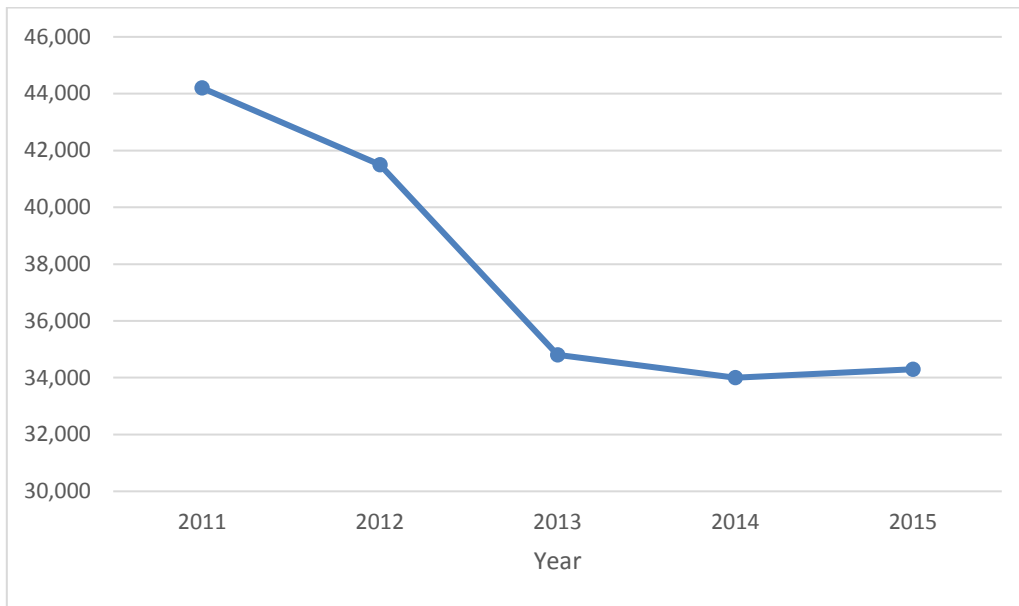
Determining funding agreement terms and conditions

TAFE Queensland is supportive of the key State Government objectives for funding and recommend the following are considered during the development of agreements:

Strong state investment in higher level skills: Investment should be actively targeting areas of growth in skills demand. A prime example of this is the need for strong investment from the state in higher level skills. Higher level skills have been identified as being critical to the future growth of the Australian economy. This includes recent research undertaken by the CSIRO in partnership with TAFE Queensland which shows strong growth in demand for the skills acquired at the Advanced Diploma/Diploma level over the last 30 years.

Despite this and as illustrated at Figure 1, based on NCVET data, there was a 22.4% decline in Diploma and Advanced Diploma enrolments in Queensland from 2011-2015. This decline is of concern to TAFE Queensland at a time when Queensland employers are increasingly reliant on these skills to drive the economy. And while there has been some small growth in this cohort in 2015 the longer term decline in state support of these qualifications is clear.

Figure 1: Qld Subsidised Students 2011-2015 (Diploma & Advanced Diploma)



Source: NCVET Government-funded students and courses 2015

It is acknowledged that students undertaking higher level skills (Diploma and Advanced Diploma) are often eligible for VET FEE-HELP, however this should not impact state investment in this area of skills, noting that the Commonwealth subsidise a significant proportion of higher education qualifications that are eligible for FEE-HELP and HECS HELP.

Cost Sharing to support quality delivery: TAFE Queensland note the reference to cost sharing and the need for increased awareness that training often requires contribution by the individual or employer to cover the cost of delivering high quality training. TAFE Queensland believes that there needs to be explicit reference to ensuring that students are being provided with the appropriate level of volume and quality of training to support workforce participation. Put more specifically, reduction in investment from employers and government will inevitably lead to reductions in quality and volume.

Flexibility supported by compliance: TAFE Queensland support appropriate flexibility within the procurement model to enable responsiveness. Despite this, the sector requires a level of funding certainty and stability to enable the viable delivery of high quality training. Measures that encourage the delivery of cheaper, low quality training should be avoided at all costs and it is expected that performance management and compliance activities will negate the need for regular flux in funding to the sector.

Supplier entry requirements

RTO registration as a mandatory requirement

TAFE Queensland supports RTO registration as a mandatory requirement and the need for RTOs to comply with all components of the VET Quality Framework regulated by ASQA including the *Standards for Registered Training Organisations*.

PQS entry criteria

TAFE Queensland view barriers to entry as a key opportunity for the purchaser to drive up quality in the PQS market. Additionally, tougher market entry requirements have the potential to result in a market that is simpler to regulate and is more consistent in the quality of training it provides to the market.

TAFE Queensland is supportive of the PQS entry criteria, particularly the requirement for RTOs to be registered to deliver and/or assess the full qualification in Queensland. In addition to the measures outlined TAFE Queensland can see benefit in the addition of the following:

- Should be examining existing student completions/outcomes and employer views on the RTO (noting that performance history in other jurisdictions is discussed below);
- RTOs should demonstrate that they have premises and staff operating and/or working in Queensland;
- RTOs should be registered to **deliver and/or assess** the full qualification in Queensland.

Entry eligibility should also be restricted to those organisations that have VET as their primary objectives or core purpose in their constitution / articles of association.

TAFE Queensland is supportive of the decision to not automatically rollover PQS contracts in 2016/17, however in future years it would be more beneficial to the market for length of agreement to be based on performance measures as opposed to applying a single approach to all providers, regardless of risk profile (as discussed above under provider classification).

Performance and governance history

TAFE Queensland is supportive of additional eligibility control tests which include performance history with other jurisdictions, company searches and credit history. As discussed above student and employer views and outcomes are critical to understanding the performance history of an RTO.

Knowledge of the VET investment programs

TAFE Queensland supports the requirement for a PQS to have a knowledge and understanding of the VET Investment Program's operating policy, guidelines and directives. TAFE Queensland is interested to gain a better understanding of how this would be measured.

Additionally, TAFE Queensland would be supportive of a move toward clearer operational conditions and statements in the guidelines and directives of the VET Investment Program, and to streamline the terms and categories of VET Investment subprograms.

Exclusion criteria

TAFE Queensland is supportive of the exclusion period that may apply to a terminated RTO and associated individuals.

Industry endorsement

TAFE Queensland supports the requirement for RTOs applying to become a PQS to demonstrate links to industry, with ongoing industry collaboration and engagement. Importantly TAFE Queensland would recommend that this requirement is not only applied to the entry process, but be incorporated within the performance management framework to ensure this alignment is ongoing.

Information and support

Assisting students and employers to make informed decisions

Information asymmetry has been identified as a key issue by a number of sources. TAFE Queensland welcomes the VET Quality Framework's focus on this area, specifically:

- TAFE Queensland supports the requirement for PQS to supply students with specific and detailed information upon enrolment. This information should be provided on all marketing materials and web pages, not just on fact sheets.
- TAFE Queensland welcomes the implementation of the Demystifying the VET Sector program for schools.
- TAFE Queensland also welcomes the requirement for PQS compliance audit results to be published on Queensland Skills Gateway.

TAFE Queensland recommend that these measures could be further supported by the publication of the training and employment completion survey outcomes on the Queensland Skills Gateway. This survey may also benefit from extending the survey period beyond the current three month post-study window and could instead be based on an annual process. This approach would be more reflective of the current employment environment where transition to employment may not necessarily occur in the three month period.

TAFE Queensland recommends that a social marketing campaign aimed at raising the profile of VET and VET career pathways be implemented to target school leavers, career changers and older workers. The Campaign could support broader economic priorities of upskilling the existing workforce in preparation for economic transition that will increase in speed and impact over the next five to ten years.

Assisting students and employers when they experience difficulty

TAFE Queensland is supportive of the requirements for PQS to maintain a complaints management process and note that TAFE Queensland has a detailed complaints management policy and procedure.

TAFE Queensland also continue to work with the Queensland Training Ombudsman, noting that there is evidence of duplication in the current arrangements where complaints are in some instances concurrently being investigated by three or more parties. TAFE Queensland is working with the Queensland Training Ombudsman on a MoU to better define processes and arrangements between parties for complaints to be resolved in the most efficient way.

TAFE Queensland also recommends a broadening of the scope of the PQS complaints investigation process to take account of key quality issues, including volume of learning, that have in the past been treated as an ASQA issue to deal with. Experience in market has been that the time taken to address these complaints by ASQA (as they have been deemed by DET to be out of scope of the PQS process) has resulted in many students receiving poor quality training with low volumes of learning. The impact for these individuals is significant with many not able to attend a quality training provider / program due to the current upskilling requirement of the VET investment framework. For providers, particularly in regional and thin markets, this issues undermines sustainable and longer term business presence in areas and ultimately will lead to an overall reduction in regional areas and thins markets of training

options.

Maintaining communication channel

TAFE Queensland support the focus on communication as a key component of the PQS framework. In the first instance and as discussed elsewhere students and employers need to be provided with the best possible information to support choice around both the RTO and qualification of choice.

The communication between TAFE Queensland and the purchaser is also an important governance tool. This communication model should be as contemporary as possible and ensure information is accessible and timely for both parties.

TAFE Queensland recommends increasing communication and engagement with the Training industry and providers to inform departmental strategy development and to take advantage of provider level market intelligence. It is noted that the Training and Skills portfolio has increasingly engaged training providers and TAFE Queensland in such matters.

Market performance and oversight

Payment model

TAFE Queensland support accountability and transparency in the PQS model and this should apply to payments made under the framework. TAFE Queensland would request further consultation should any changes to the existing payment be considered.

Key account management

TAFE Queensland supports the appointment of a DET contract manager to each PQS, for the purpose of being a primary point of contact and monitoring of performance against the PQS agreement.

Performance monitoring

TAFE Queensland is supportive of performance monitoring via skills market reports and an independent 12-month post-training employment outcome survey. It is noted that existing quarterly surveys may not be capturing the post-training outcome of students, due to its proximity to training conclusion. Information collected on an annual basis will provide both government and the sector with a richer set of data on which to make a range of decisions. TAFE Queensland is also supportive of this additional data being utilised to support performance management and compliance within the PQS market and should support TAFE Queensland's suggested provider classification model.

TAFE Queensland would request that where feasible alignment occurs between reporting under the PQS framework and that required by ASQA. For example competency completions and student/employer satisfaction.

The current survey conducted in mid-July can be problematic due to its proximity to the end of the previous year's contract conclusion.

Market analysis

TAFE Queensland is supportive of the Department of Education and Training's market analysis processes which allow the Department to make decisions relating to subsidy levels and training areas for investment. TAFE Queensland suggests that industry and employer feedback would also be beneficial to contribute to this market analysis.

As discussed elsewhere this analysis should include the capacity for localised consideration of skilling needs.

TAFE Queensland recommends that timely and detailed market analysis information is made available to providers and policy makers to provide transparency about the operation of the market.

Undertaking investigations

TAFE Queensland supports the Department of Education and Training's investigations processes relating to market performance reviews, compliance activities and complaints. TAFE Queensland welcome a proactive approach to investigating providers that are considered high risk and market intelligence should be contributing to the risk profile of providers in an ongoing manner.

Compliance

Maintaining the audit strategy

TAFE Queensland support the core audit strategy and believe that there needs to be a responsive approach to issues and risks as they arise within the market. Fundamentally, TAFE Queensland believe that the audit strategy should be based on the risk profile of providers and under this approach those providers that represent a low risk should have a different audit approach to those that have been assessed as high risk.

It should be noted that ASQA recently announced a number of changes to its approach to auditing. These changes were aimed at moving the model to increasingly risk-based and proportionate regulation. The new audit model is aimed at being more proactive and risk-based, placing a stronger focus on the actual practices and behaviours of providers as opposed to systems and processes. TAFE Queensland are supportive of these changes and recommend that these principles are considered when designing the audit strategy to support the PQS framework.

Maintaining RTO and PQS risk profiles

TAFE Queensland strongly supports the maintenance of RTO and PQS risk profiles as a means for early detection of potential non-compliance. As discussed elsewhere in this submission these risk profiles should be applied more broadly across the regulatory framework and should inform a series of measures including Length of PQS agreement/length, Reporting requirements and other performance management mechanisms.

Additional measures that could be utilised during the risk profile process include competency completion, post training student outcomes/survey outcomes, audit outcomes, ASQA compliance and so on.

Managing enforcement and sanctions

TAFE Queensland support the active enforcement of audit outcomes. It is noted that the current financial penalty for non-compliance under the PQS framework is 20% and TAFE Queensland would recommend that this could be increased to enhance its effectiveness as a deterrent.

Partnering with the national regulator

TAFE Queensland is supportive of the partnership between DET and ASQA in being able to provide effective audit coverage. Importantly, this partnership should support the two regulators complementing each other and removing any risk of duplicated effort.

References:

ACIL Allen Consulting, *Review of the National Partnership Agreement on Skills Reform – Final Report* (ACIL Allen, 2015)

Australian Skills Quality Authority, *News – ‘ASQA is introducing a suite of procedural improvements’*, Accessed via web on 24 August 2016.

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