

Creating Futures



# Position Paper

## Future options -Vocational Education and Training Regulation

July 2009

<b>1. Introduction</b>	<b>3</b>
<b>2. The Scope of VET Regulation</b>	<b>3</b>
<b>3. The Case for Change – A critique of existing arrangements</b>	<b>4</b>
<b>4. The Changing Nature of the VET Industry</b>	<b>6</b>
<b>5. Principles Guiding the Regulatory Framework</b>	<b>6</b>
<b>6. A New Regulatory Framework</b>	<b>7</b>
<b>7. Conclusion</b>	<b>10</b>



## 1. Introduction

The Australian Council for Private Education and Training (ACPET) is the peak, national industry association for independent providers of post-compulsory education and training. ACPET represents more than 1,100 organisations, from schools to higher education institutes, delivering a full range of education, training and English language courses to both domestic and international students.

ACPET acknowledges the need for stronger and more cohesive national regulatory arrangements for Vocational Education and Training (VET), and supports the establishment of a national regulatory body to oversee registration of providers and accreditation of VET qualifications and courses. ACPET's believes that the appropriate model for a national VET regulator will deliver stronger and more cohesive national regulatory arrangements for VET.

This paper outlines a preferred model for the development of a VET regulatory structure which delivers strong national regulation. A model that strikes an appropriate balance between the provision of high quality education and training through responsive and flexible regulatory practice with flexible, innovative and responsive service provision.

## 2. The Scope of VET Regulation

Existing VET governance is a complex arrangement that relies on consistent and coordinated activity across government entities, statutory authorities, subcommittees, working groups, secretariats with varying guidelines and terms of reference working in multiple jurisdictions. In attempting to organise these arrangements, the VET system can be segmented into four distinct layers:

- Ministerial - Ministers and the joint jurisdictional committees that they sit on.
- Legal and policy - Government Departments, advisory bodies and legislation.
- Product and provider regulation - registering and accrediting bodies, guidelines, frameworks, products and contracts for programs.
- The market – providers, students, business and industry.

The development of a national VET regulatory model and the provision of a consistent national regulatory framework will only be achieved after the harmonisation of the different VET layers throughout Australia's jurisdictions.

### 3. The Case for Change – A critique of existing arrangements

Future models for VET regulation need to be built on an understanding of the performance and impact of existing arrangements in order that good practice can be supported and poor practice can be discarded. An outline of some key strengths and weaknesses follows.

#### **Strengths**

##### **AQTF standards**

The Australian Quality Training Framework (AQTF) standards are nationally agreed and supported by national guidelines and handbooks designed for use by registering bodies in all states and territories. The documentation is readily accessible, providing transparency for all participants in the national training system.

##### **Outcomes focus**

The AQTF focuses on the quality of services and outcomes being achieved for clients and students rather than the inputs used to get there. This should mean that RTOs have more flexibility in demonstrating how their individual approaches provide quality training outcomes for their clients.

##### **Continuous improvement**

Continuous improvement is a key focus of the AQTF and both RTOs and registering bodies are required to work on continuous improvement in implementation and outcomes achieved for clients and students.

##### **Industry focus**

A recent study undertaken on behalf of Skills Australia found that one of the strengths of Australia's VET system is employer and industry involvement, both formal and informal, at all levels. This engagement provides the opportunity for industry and employer views on Australia's skill challenges to impact directly on the VET system and its operation.

##### **Training packages**

Despite varying experiences, in their pure form, training packages are a great example of industry engagement in the system where it is most valuable.

#### **Weaknesses**

##### **Lack of education and training provider input to policy setting and regulatory arrangements**

The VET market is dynamic and flexible, however, the current imbalance in governance, policy setting and regulatory arrangements run the risk of consigning providers of education and training to a secondary role rather than as one of equal and valued partners within the VET landscape.

The impressive level of capacity and delivery, both domestically and internationally, demands a central role for institutions to be appropriately represented within any new national



regulatory framework. Institutions are well placed as experts to provide input into the structure and implementation of education and training.

### **Duplication and inefficiency**

The current regulatory framework causes barriers to effective and efficient regulation. Currently the structure of the regulatory framework encompasses different State and Territory VET Departments and different State and Territory VET legislation and regulation. This framework is particularly burdensome for RTOs that operate in multiple jurisdictions and can result in the benefits of regulation being offset by unduly high compliance and implementation costs.

The operation of VET Departments in each jurisdiction provides an opportunity for the development of symmetrical stakeholder consultation, which is an important element in fostering an effective, equitable and efficient regulatory environment. Accordingly, a single national VET Regulator with state offices would allow for consistency of regulation whilst minimising inefficiencies of regulation due to duplication of industry consultation.

### **Lack of consistency**

Current arrangements result in unduly complex regulation and inconsistent regulatory practice across different jurisdictions. The capacity of Institutions to operate effectively and in a flexible manner is restricted by these practices and administrative and compliance costs are increased. Ultimately this leads to higher costs for clients and a reduced education and training effort across the economy.

### **Failure of mutual recognition**

The purpose of mutual recognition is to promote economic integration and increased trade between jurisdictions. The current regulatory regime demonstrates instances of mutual recognition failing as a result of inconsistent application of the principles of mutual recognition leading to inconsistencies and inefficiencies in the regulatory system.

### **Poor risk management, including reputational risk**

Fragmented and inconsistent application of risk management practices places at risk the quality of education and training services because of a resultant failure to adequately differentiate between provider performance and to respond proportionately.

### **Hinders innovation**

Business is reliant on the VET sector's ability to innovate and respond to industry needs. Few would consider existing VET regulatory arrangements as dynamically flexible, largely because regulation and regulators are not keeping pace with the industry they regulate and the markets that the VET industry serves. The current regulatory arrangements hinder innovation and therefore constrain the nation's economy.

### **Training package interpretation and implementation**

Training package interpretation and implementation on a state by state basis has led to many of the inconsistencies that frustrate RTOs and Industry. Endorsement, transition arrangements and durations by each state and territory have led to a confusing marketplace for the student and employers.

### **Quality indicators**

Quality indicators are not regarded as indicators of quality by many stakeholders and provide little or no opportunity for improvement.

### **Lack of market recognition**

There is no recognition of the Quality Framework by the users of the system - students and employers.

### **Nominal Hours Curriculum**

The application of NHC is an example of how little understanding the regulators have of the market and the range of applications of VET. eg; the notion that the same hours can apply to school leavers, International students and existing employees with experience in a workplace. Furthermore NHC requirements can differ from state to state for the same qualification.

## **4. The Changing Nature of the VET Industry**

The Australian economy has undergone extensive change over the last decade and the VET system has been the 'backbone' that has provided the Australian workforce with the skills to meet the dynamic demands of business and industry. The current regulatory regime has enabled the VET regulatory system to operate at an adequate level in the face of political, economic and policy shifts over previous years. However technological, economic, environmental and social change is not slowing, rather it is gaining pace and the regulatory framework of VET will need to be improved to effectively operate in such a dynamic environment

The current arrangements are under strain as the requirements of VET evolves at a rapid pace and the commitment of successive governments to a policy framework that embraces the principle of lifelong learning begin to permeate through business, industry and the wider community.

## **5. Principles Guiding the Regulatory Framework**

ACPET advocates that the following fundamental principles should underpin VET regulation:

### **Equity**

The regulatory structure must treat all VET institutions equally regardless of what jurisdiction they operate within or whether they are a public or private Institution.

### **Proportionality**

The regulatory requirements imposed on institutions must be in proportion to the public benefit. Over burdensome regulation will, in the end, be detrimental to the consumer.

### **Efficiency**

The regulatory framework must be administered in an efficient manner. Administrative and compliance costs must be kept to a minimum in order to produce quality outcomes for consumers.

### **Enterprise**

The regulatory structure must encourage enterprise and investment in order to expand provision and meet industry and individual demand for quality education and training in line with government goals and targets.

### **Innovation**

Regulation should maximise the operating flexibility of those who are regulated. As industry evolves the VET sector will need to adapt to industry needs and at times be the leader in providing students with the skills that industry requires.

### **Consistency**

The regulatory framework must be applied in a consistent manner across all jurisdictions.

### **Accountability**

Regulation and regulatory practice itself should be subject to continual improvement in the same way that successful institutions and industries are encouraged to operate.

### **Choice**

The regulatory framework should ensure that artificial barriers are not put in place that limit the capacity of consumers to choose the institution that will best deliver education and training in line with their needs and circumstances.

### **Sustainability**

The regulatory framework should provide a VET system that is sustainable. This will be achieved by ensuring providers are operating in a system that is both reactive and proactive and can adapt to changes in the market or policy.

## **6. A New Regulatory Framework**

VET regulation can be beneficial, but only if it is responsive and flexible and strikes an appropriate balance between the provision of high quality education and training through responsive and flexible regulatory practice with flexible, innovative and responsive service provision. Such a framework will provide for the delivery of high quality education and training services in the most efficient manner.

**Table 1** sets out a regulatory framework that ACPET advocates will generate the greatest net benefit for the community. The proposed framework will allow for the delivery of consistent regulation across all jurisdictions.

The model takes account of ownership and governance arrangements, scope of responsibility and operational implementation. States and territories remain important stakeholders with

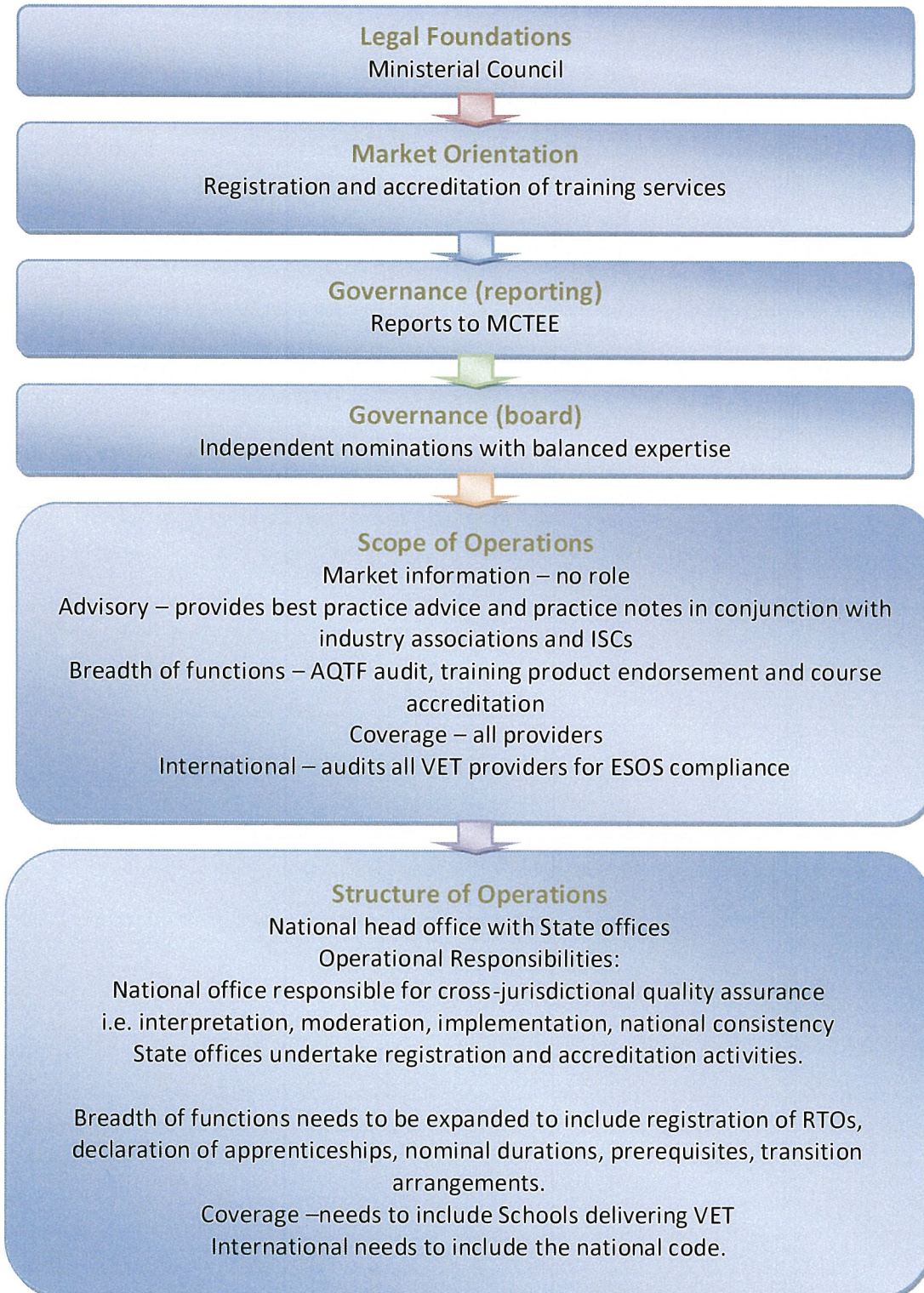


broad policy responsibility and a single national VET regulator takes responsibility for registration and accreditation activities for domestic and international education provision.

Within the Governance (board) layer it is vitally important to have a balanced representation. This means that stakeholders are represented proportionately with a mix of expertise and experience from public, private, domestic and international providers.



Table 1: ACPET’s proposed VET regulatory structure



## 6. Conclusion

ACPET supports the introduction of a single national regulatory body with sound governance arrangements and clearly defined roles across all VET provision in Australia. Such an arrangement provides the opportunity to deliver a stronger and more cohesive national regulatory framework and, consequently, a more skilled and productive workforce.

A framework that follows ACPET's proposed structure and incorporates the principles outlined will deliver a robust and transparent regulatory framework. ACPET's proposed model will eradicate state specific requirements and deliver nationally harmonised outcomes. By doing this Australia's well developed VET system can continue to provide business, industry and students with a high degree of confidence and deliver skills to a workforce that will drive the nation's economic prosperity.

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