

LC Inquiry into VET in NSW - Questions on Notice to David Collins

1. Do you have any figures with you today showing the number of complaints about private sector providers that have been made to ASQA?

Answer

Since 01 January 2015 we have referred a total of 10 complaints about private providers to the Australian Skills Quality Authority (ASQA). Five (5) of these complaints relate to providers funded by the Department and the other five (5) are complaints about private providers not funded by the Department.

2. **The Hon. DANIEL MOOKHEY:** Great. That hierarchy of remedies that you have just outlined—the shot-across-the-bow option, the suspend-payment option and the *cancel-the-contract option*—in the first year has the department or the New South Wales Government had to avail itself of the shot-across-the-bow option? If so, how many times? **Mr COLLINS:** It has. I will take numbers on notice and I will provide advice on numbers more formally, but it has used that option. It has suspended and it has terminated contracts. **The Hon. DANIEL MOOKHEY:** I guess if you undertake the first bit on notice in respect to the numbers, in respect to all three remedies are you able to do the same—for all three? **Mr COLLINS:** Certainly.

Answer

Since the start of Smart and Skilled on 1 January 2015 and as at 06 October 2015 the Department has:

- Suspended the contracts of five (5) providers
 - Terminated the contracts of eight (8) providers
 - Lifted the suspension of the contracts of eight (8) providers as sufficient evidence of contract compliance has been provided.
3. **Dr JOHN KAYE:** Could you give us an indication of your anticipated spending for 2015 and how much of that has not been spent because of providers not taking up those CAPS? **Mr COLLINS:** I would take that question on notice as well.

Answer:

The original 2015 entitlement budget allocation for the full calendar year was \$429.7 million. This includes funding for financial caps, loadings and fee gap estimates for fee exempt students.

As reported in Budget Paper no, 3 (page 6-11) the VET budget for financial year 2014-15 was underspent by \$113.5 million due to lower than expected market response to Smart and Skilled since its start in January 2015.

4. **Mr COLLINS:** There is some funding that is available through underutilised CAPS that has given us confidence to do this. **Dr JOHN KAYE:** And on notice you will give us the dollar amount there and the number of entitlements there? **Mr COLLINS:** I will give you budget information. **Dr JOHN KAYE:** No, that was not my question. I am asking you: When you did this reallocation, what percentage came from unused entitlements? **Mr COLLINS:** I will endeavour to give you the answer to that.

Answer:

One-hundred per cent (100%) of the funding for reallocations was from unutilised caps.

5. **The Hon. CATHERINE CUSACK:** Can we get a copy of the formula that was used? **Mr COLLINS:** You can certainly get a copy of the application. **The Hon. CATHERINE CUSACK:** No, my question is: Can we get a copy of the formula, please? **Mr COLLINS:** I will take that on notice. **CHAIR:** And the methodology used.

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Answer:

The Smart and Skilled Provider Application was the process by which NSW based Registered Training Organisations (RTOs) applied to become an approved provider. The design of this process was based on the following government priorities: high quality training; consumer choice; budget neutrality; and a strong public VET provider.

An evaluation methodology was designed in line with NSW Government procurement guidelines and the NSW Quality Framework defined the eligibility and assessment criteria for the application process.

The process was guided by a steering committee which included an independent probity advisor and an external VET quality advisor.

A three stage assessment was carried out, which included assessments of RTOs:

1. Organisational capacity and capability
2. Contractual compliance and performance
3. Qualification capability, capacity and performance by region.

RTOs were required to meet minimum benchmarks set for assessment areas 1 and 2 (organisational assessment and compliance) to be considered for approval to deliver qualifications in regions.

Fifteen ABS regions were used and training activity targets were established for qualifications in each of the regions based on forecasted activity and available budget.

For the Smart and Skilled Entitlement Full Qualifications program, provider financial caps for training commencements in 2015 were allocated on the basis of providers' relative assessment scores and the capacity to meet forecasted student demand in each of the regions.

The final outcomes were subject to sensitivity analysis to achieve the best balance between:

- Adequate coverage of qualifications in both metropolitan and regional areas
- Sustainable structural adjustment in year one for the public provider
- Sufficient diversity of providers for consumer choice
- Sufficient size of allocation to some providers in some regions for economic viability.

6. **The Hon. CATHERINE CUSACK:** So the shot across the bows is a letter and a visit, is it? **Mr COLLINS:** It may be a visit. It depends on the situation. **The Hon. CATHERINE CUSACK:** Do you have actual documentation of that process that you would undergo or is it just completely at the discretion of the officer? **Mr COLLINS:** We can provide advice if you want to see advice on our processes. **The Hon. CATHERINE CUSACK:** Or the guidelines for how you follow up those matters? **Mr COLLINS:** Yes.

Answer:

- The NSW Quality Framework includes levers to manage provider performance. We have a risk-based approach to performance monitoring to increase transparency and encourage best practice.
- Performance monitoring for Smart and Skilled contractors includes:
 - reviews of enrolment data and student records;
 - telephone interviews with students;
 - site visits to check training facilities and equipment; and
 - the use of internal and external auditors.
- Complaints regarding providers are directed to the Department for investigation and

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where appropriate are referred to Fair Trading NSW or to the Commonwealth Department of Education for VET Fee Help matters. Cases can also be referred to the Australian Skills Quality Authority (ASQA) for investigation.

- The Smart and Skilled contract has enforceable sanctions for providers that are found to be non-compliant, which include withholding payments, removing allocations and suspension or termination of the contract, depending on the degree of non-compliance.