



Mr Tim Bryant
Committee Secretary
Senate Economics Committees
PO Box 6100, SG. 64
Parliament House
Canberra ACT 2600

Dear Mr Bryant

Thank you for the invitation to provide a submission to the *Inquiry into the National Vocational Education and Training Regulator (Charges) Bill 2012*. Skills Australia is pleased to have the opportunity to contribute to the Committee's deliberations.

Skills Australia strongly supports a coordinated national approach to VET regulation. This was a key recommendation of *Foundations for the Future*¹, in which we outlined proposals for the future governance, architecture and market design of the national training system. We believe that a robust national VET regulator is one of the key strategies for achieving a high quality system. While there are many examples of excellence, we believe the vocational education and training (VET) sector as a whole is not realising its full potential and there continue to be concerns raised about inconsistent quality in the VET sector. In *Skills for Prosperity*² we argued that there needs to be a shift towards achieving a central aspiration of excellence in quality of teaching and learning outcomes. This is especially important with the introduction of more market-oriented approaches, such as demand-based funding. However, the success of the national VET regulator, the Australian Skills Quality Authority, is dependent on sufficient resourcing.

In the 2010-11 Budget, the Australian Government allocated \$55 million over four years for the operation of the national VET regulator and the National Skills Standards Council. There are currently more than 5,000 VET providers and the Australian Skills Quality Authority (ASQA) is required to regulate approximately 3,700 of these. We question whether this level of funding is sufficient for the magnitude of the task and the risks in the system. By way of comparison, in the 2009-10 Budget, the Australian Government allocated \$57 million over four years to establish the Tertiary Education and Quality Standards Authority (TEQSA) which will regulate approximately 192 higher education providers.

Skills Australia supports a cost recovery fee structure as an effective mechanism to ensure adequate levels of funding and to sustain ongoing regulation. In *Skills for Prosperity* we suggested that there is a strong case for moving towards a full cost recovery model with the ultimate objective of the regulator maintaining its functions through self-funding. We based this recommendation on the principle that investing in good practice regulation will benefit all by building a stronger market and improved products, services and outcomes that generate public and business confidence in VET qualifications.

¹ Skills Australia (2009), *Foundations for the Future: Proposals for Future Governance, Architecture and Market Design of the National Training System*

² Skills Australia (2011), *Skills for Prosperity: a Roadmap for Vocational Education and Training*



Furthermore, high quality providers will pay less, as they can expect a lower level of regulatory intervention. The full cost recovery model is also based on the assumption that ASQA is able to retain revenue so generated.

If you have any queries about this submission or would like further information, please contact Marilyn Hart, Director of Skills and Provider Policy. Marilyn can be contacted via marilyn.hart@skillsaustralia.gov.au or on 02 9297 9040.

We look forward to hearing the outcome of the Inquiry in due course.

Yours sincerely

Robin Shreeve
Chief Executive Officer
Skills Australia

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