



**Submission to the Senate Education and Employment References  
Committee**

***The operation, regulation and funding of private vocational  
education and training (VET) providers in Australia***

## **The operation, regulation and funding of private vocational education and training (VET) providers in Australia**

### **Submission by TAFE Directors Australia**

There has been much focus in recent months, in the public domain, on the operation of dodgy private colleges offering sham courses and enticing prospective students with incentives such as cash rebates and laptops.

This is evidence of two significant problems. Firstly the reality of poor quality in VET provision in the case of a few providers and secondly the much greater problem of widespread perception of questionable practice that is doing significant damage to the reputation of VET nationally. While perception and reality may be at different levels, increasingly they are one in the eye of the public.

Not only must the reality be addressed but also perception.

At the reality end and in response to quality issues, new, more stringent standards are being introduced by the national VET regulator, the Australia Skills Quality Authority (ASQA). There is also a new training complaints hotline to report rogue operators (13 38 73).

These steps are welcome, but the task of overseeing some 5000 registered training organisations, including those in the burgeoning private market, can't be underestimated.

Australia's regulated training market also suffers an unfortunate situation whereby ASQA's oversight does not apply to Victoria and Western Australia, which have their own state-based regulators.

One of key priorities of State and Federal skills ministers under the COAG umbrella should be to remedy this impediment in the way the Federation operates. It is in the interests of VET students and employers that all jurisdictions operate under a single training regulator.

At the perception end of the scale the entire VET sector is being harmed through continued stories of questionable practice particularly in the marketing to and enrolment of VET students. This has happened in a way that would never be tolerated in, say, the university sector.

The fallout from some private college behaviour has ricocheted around the training sector and caused much apprehension among students, parents and employers.

We can all benefit from a dynamic training market with both public and private providers, but quality providers such as the nation's TAFE institutes cannot stand idly by and watch the reputation of VET being damaged.

The central place of TAFE in many communities, its reach, its history and its reputation for quality is sometimes overlooked by those with a narrow, market-driven focus.

It is indeed ironic that the attachment to TAFE is so strongly held abroad, especially in Asia, where students and parents are drawn by TAFE's outstanding reputation for quality teaching and qualifications relevant to industry.

TAFE is not opposed to private involvement in the training market and acknowledges the quality and performance of some private RTOs. Competition hones our performance and sharpens our minds to the changing needs of students, employers and, indeed, the broader economy.

But, some of the examples of private market behavior have not enhanced competition, boosted skills or increased the nation's productivity. Perhaps worst of all the trust of the community in the brand of Vocational Education and Training has diminished.

The private provider sector sometimes asserts that they deliver training at a lower cost than TAFEs. They advocate that private providers are leaner and more efficient and that the benefit is passed on to the purchaser (Government).

This is a simplistic and unhelpful argument given that TAFE Institutes have a range of expectations placed on them by State Governments as owners. These legitimate expectations align with Government policies, including industry development, and the expectations of students, employers and society. Moreover TAFE Institutes are, and are expected to be, enduring and robust providers of quality training throughout the ebb and flow of economic cycles.

The provision of substantial services and infrastructure, including in rural and regional areas, including student counseling, expensive trade workshops and libraries is generally not a feature of private training providers. There is a cost to operating a high quality TAFE Institute as opposed to operating a small RTO in leased premises or focused entirely on workplace training provision, which in some cases, devoid of actual teaching, amounts to travelling, administration and assessment.

As witnessed in recent State elections, and it is TDA's contention that, communities understand the value (and cost) of operating high quality TAFE Institutes and are not disposed to seeing them being rundown as a consequential outcome of implementing a training market.

TDA believes that elements of public policy should not always be put to the market.

On the subject of VET Fee Help, TDA notes that the process for a private training provider to obtain approval as a VET Fee Help provider is rigorous as are the requirements to obtain tuition assurance to protect students against a provider default. Of concern however is the behavior of brokers and third parties that sell training to students.

TDA's strong contention is that appropriate student counseling and selection is a major contributing factor to successful course outcomes leading to qualifications. Furthermore such success yields appropriate value when set against a loan taken out by the student. The failure to complete a course and be saddled with a debt is the worst of outcomes.

Students by their nature often have poor voice and their interests must be always to the fore when considering taking a VET Fee Help loan. The 'selling' of a student loan is unacceptable practice.

Those that act on the fringe of private training providers in selling and recruiting roles must be brought under regulation.

Private businesses by their nature seek to grow revenue, minimise costs and maximise profits. This is rational behavior in the private sector. The challenge for the regulated VET market is to avoid the

unintended yet serious action of rewarding training providers to recruit on volume and in so doing, set many students up to fail.

TAFE Directors Australia thanks the Senate Committee for the opportunity to make a submission to the enquiry.

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**Key Contact**

Malcolm White  
Acting Chief Executive Officer