



## Australian Institute of Professional Education

### Submission to the Senate Inquiry into the operation, regulation and funding of private vocational education and training (VET) providers in Australia

**Amjad Khanche**  
Chief Executive Officer

#### Background

The Australian Institute of Professional Education (AIPE) is a relatively new provider, established initially as a VET and ELICOS provider offering courses mostly to international students in early to mid-2008.

In less than seven years we have grown to be a fully integrated English language school (ELICOS), vocational education and training (VET) and higher education provider (HEP) with a good mix of domestic and international students.

Our rigorous academic standards are the reason that AIPE was the first private provider to be accredited as a higher education provider by the Tertiary Education Quality Standards Agency (TEQSA). AIPE's strong track record of delivery to international students (and high levels of student visa compliance) meant that we were also in the first group of 19 non-university providers offered Streamlined Visa Processing arrangements by the Department of Immigration. We have been pleased to be recognised by ASQA as a quality provider at the time of our re-registration and the only private provider to have been accredited for over 3500 students on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) at our brand new, state of the art, campus on Sussex Street, in Sydney.

Today we offer 40 plus accredited courses to hundreds of local and international students, predominantly in business, IT, tourism and hospitality, and events and project management.

AIPE is a very highly regarded provider both in Australia and overseas – as the awards and recognition we have achieved attest that. They include:

- **2014 FINALIST** Premier's NSW Export Awards - Education and Training
- **2014 WINNER** STM<sup>1</sup> Star Vocational College
- **2014 FINALIST** STM Star English Language School - Southern Hemisphere
- **2013 FINALIST** Premier's NSW Export Awards - Education and Training
- **2013 FINALIST** NSW Business Chamber Business Awards (North Eastern Sydney Region)

<sup>1</sup> Study Travel Magazine is the flagship business publication for the study abroad sector of the travel industry. Its Star Awards are unique peer-voted awards in the international education industry. AIPE is also pleased to have twice been shortlisted as a finalist for the STM Star English Language School, Southern Hemisphere.



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- **2012 FINALIST** STM Star English Language School - Southern Hemisphere
- **2012 WINNER** STM Star Vocational College
- **2012 FINALIST** NSW Premier's Export Awards - Young Exporter of the Year (*CEO Mr Amjad Khanche*)
- **2012 WINNER** Premier's NSW Export Awards - Education and Training
- **2011 WINNER** Premier's NSW Export Awards - Young Exporter of the Year (*CEO Mr Amjad Khanche*)
- **2011 FINALIST** NSW Premier's Export Awards - Education and Training
- **2010 WINNER** Premier's NSW Export Awards - Education and Training
- **2009 FINALIST** Premier's NSW Export Awards - Education and Training

Our staff and academic board members also have significant academic and business experience.

Key appointments include Professor Robert Castle, Academic Advisor to the Board of AIPE (Professor Castle is a former Deputy Vice-Chancellor (Academic) of the University of Wollongong, Professor Castle has previously worked in senior management in the then NSW Department of Education and Training and is an Emeritus Professor of the University of Wollongong) and Emeritus Professor Christine Ewan AM, is AIPE's Dean of Studies, and offers advice and guidance on a day to day academic matters of AIPE.

Our Academic Board is chaired by Emeritus Professor Tony Shannon AM. Dr Shannon has over 40 years' experience at various universities including: 10 years at UNSW; 27 years at UTS; and study leaves in Oxford, Harvard, Cambridge, Hong Kong, Pamplona and Sofia. His substantive position for the last ten years has been Master of Warrane College at the University of New South Wales.

AIPE commenced operations at the same time that the international VET sector in Australia entered a serious decline. Unlike other long-established VET providers, with resources to draw on and 'ride out' the crisis, AIPE did not have this luxury. Instead we needed to ensure we could succeed even while the sector was in serious decline. Our success has been hard won but it is due to our commitment to our students, our investment in our staff, facilities and IT systems, and a focus on excellence.

This submission draws on our experience of what it takes to be a highly successful Australian private VET, ELICOS and higher education provider.

### **1. The access private VET providers have to Commonwealth and state public funding**

AIPE believes that students undertaking VET and higher education in Australia deserve government support for their studies, as well as a choice of provider.

This is our view despite the fact that AIPE has chosen not to seek government funding at this stage in our development. Our focus in VET is on higher level courses at Certificate IV, Diploma and Advanced Diploma level. While the deferred VET FEE-HELP loan scheme assists our students to meet the costs of their Diploma and Advanced Diploma studies, it is regrettable that no form of assistance (government funding or a VET FEE-HELP loan) is available to assist our students undertaking a Certificate IV course.

While AIPE is aware that there are limited trials extending VET FEE-HELP loans to Certificate IV courses it is regrettable that in NSW the government has chosen to limit the trials only to TAFE NSW and four (4) private providers.



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While the pilots run there is currently no funding available to support our 300 plus students currently undertaking Certificate IV courses. This is particularly problematic when the Certificate IV course is a mandatory pre-requisite for a Diploma course in the same discipline. We have had numerous requests for this assistance particularly in the accounting discipline.

Extending government support to private providers increases the choices available to students, it has been a key driver in increasing student enrolments in VET, and allows providers more opportunity to offer personalised learning opportunities to their students. It must continue to be a feature of Australia's VET system and serious consideration must be given to extending government support and/or VET FEE-HELP loans to students undertaking Certificate IV level courses.

## 2. The cost of education at private VET providers

At AIPE we take very seriously the quality of our course content, the currency of our course content, the support we offer to our students and the training outcomes that we want our students to have. The costs we charge allow us to ensure we continually keep our learning materials and facilities up-to-date, and that our student support is sufficiently intensive to support our students to succeed in their studies.

Some of the ways in which we value add for our students include the 3 monthly reviews we undertake of all of our course content to ensure it is current, engaging and relevant. We also offer all of our students (online and face-to-face) extensive one-on-one support from their trainer, career support officer and academic support officer. For all of our students (and particularly those learning online) we carefully monitor their learning engagement. Where we have not had contact with them in a fortnight we explicitly engage with them to understand why they have not been studying and to work with them to re-engage them in their learning priorities. We not only conduct extensive internal audits on our learning content but also engage in a variety of industry consultations in order to keep our learning content current.

We carefully monitor our student satisfaction and progression data to ensure our students are achieving their aims of studying at AIPE. In addition, we work closely with employers to ensure the learning and assessment we are offering to our students makes them work ready graduates.

The cost of these additional services and support is reflected in our student fees. Our expansion and growth since our inception and the growing numbers of international and domestic students choosing AIPE indicate that the students are receive high quality, work relevant VET, and support for their studies. They recognise the value for money their course represents and on average our international and domestic students study with us for a minimum of 24 months completing advanced to associate level qualifications.

## 3. The regulatory regime private VET providers operate within

Like all private providers, AIPE is subject to extensive and overlapping government regulations. These include different regulatory requirements and our regulators are listed as per below:

### ASQA

- Standards for NVR RTOs which are in transition to the Standards for RTOs 2015
- National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007



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- Education Services for Overseas Students Act 2000
- Education Services for Overseas Students Regulations 2001, inc Education Services for Overseas Students Amendment (Student Visas and Other Measures) Regulation 2014
- Education Services for Overseas Students Tuition Protection Services Levies Act 2012
- Education Services for Overseas Students (Calculation of Refund) Specification 2014
- Education Services for Overseas Students (Notifying provider default – requirements of a notice) Determination 2012 (No. 1)
- Education Services for Overseas Students (Student default – discharge of obligations – requirements for a notice) Determination 2012 (No. 1)

#### TEQSA

- Higher Education Standards Framework (Threshold Standards) 2011
- National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007
- Education Services for Overseas Students Act 2000
- Education Services for Overseas Students Regulations 2001, inc Education Services for Overseas Students Amendment (Student Visas and Other Measures) Regulation 2014
- Education Services for Overseas Students Tuition Protection Services Levies Act 2012
- Education Services for Overseas Students (Calculation of Refund) Specification 2014
- Education Services for Overseas Students (Notifying provider default – requirements of a notice) Determination 2012 (No. 1)
- Education Services for Overseas Students (Student default – discharge of obligations – requirements for a notice) Determination 2012 (No. 1)
- ELICOS National Standards

#### The Department of Education (some are managed in conjunction with ASQA and TEQSA)

- Higher Education Support Act 2003
- Higher Education Support Act 2003 - Administration Guidelines
- Higher Education Support Act 2003 - FEE-HELP Guidelines
- Higher Education Support Act 2003 – Higher Education Provider Guidelines
- Higher Education Support Act 2003 - VET Guidelines
- Higher Education Support (Transitional Provisions and Consequential Amendments) Act 2003



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## Department of Immigration

- Education Services for Overseas Students Act 2000 (in conjunction with the Department of Education)
- Migration Regulations 1994 - Specification of Eligible Education Providers and Educational Business Partners - IMMI 14/075

These regulations sit on top of the 'ordinary' regulation private businesses like AIPE are also subjected to. As the recent Review of Higher Education<sup>2</sup> identified private higher education providers are also regulated by government agencies including: the Australian Securities and Investment Commission, the Australian Tax Office, safety, health and environmental regulators, as well as safety and rights regulators. There are also governance obligations on us as a result of our contractual obligations to other parties, membership requirements (including regulatory type arrangements) set by the professional and peak bodies we belong to, and we also have requirements set by international accreditation agencies with our higher education programs.

Given the extraordinary amount of regulation private providers are subjected to, AIPE strongly supports the current government's emphasis on de-regulation. Further we are very supportive of the case management approach to regulation which TEQSA has put in place. We have been impressed by the knowledge and professionalism of our TEQSA case manager. He has taken the time to get to know our business and has dealt with us in a timely and considerate manner. This in turn has made it easier for us to deal with the TEQSA requirements we are subjected to. Unfortunately we have lost that manager now as he has moved out of TEQSA and we are working to build a new relationship with a new case manager that has been assigned to us.

Similar approaches by ASQA and the Departments of Education and Immigration would make it much easier for providers to comply with their legal responsibilities and the multitude of regulatory instruments imposed upon them. It is acknowledged that the current government budget may preclude the extension of case management approaches to all providers by agencies such as ASQA in the short term, but consideration should be given to extending it to larger providers like AIPE (from a risk based perspective such a move would have a positive impact on the greatest number of students).

## 4. The operation of VET-FEE-HELP

VET FEE-HELP is an important means of ensuring that students, like those studying at AIPE, have the opportunity to access educational opportunities that might otherwise be out of reach to them.

A significant and inequitable barrier currently exists which seriously disadvantages students using VET FEE-HELP and FEE-HELP loans – that is the 20-25% administration fees students must pay, on top of the cost of their course, for using the loan scheme. As the government's higher education legislation correctly identifies, this is clearly inequitable when students at university using the HECS-HELP scheme do not pay any administrative loan fee. Removing the loan fee should be a priority recommendation for the Senate's Education and Employment References Committee.

Amongst our domestic students undertaking a Diploma or higher qualification (including our higher education students) a vast majority come from rural and regional locations not well served by public tertiary education institutions; two-thirds (68%) of these students are unemployed or looking to change jobs, and more than half (57%) are 30 years of age or older (mature age students seeking qualifications they missed out on as school leavers). Most of our students when profiled are looking to change jobs, are looking to upgrade their skills, or are wanting to learn soft skills to improve their job prospects in the wider industry. A large number of these students also face the

<sup>2</sup> Dow, K L & Braithwaite V (2013) Review of Higher Education Regulation <http://docs.education.gov.au/system/files/doc/other/finalreviewreport.pdf> (accessed 27 January 2015)



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personal pressures of being out of jobs sometimes for over 6 months to a year and just do not have sufficient funds to opt for fee for service programs. Government loan initiatives are critical for these students and unfortunately awareness of these initiatives by the Government is very poor in regional and rural areas.

Our experiences in implementing both VET FEE-HELP and FEE-HELP requirements have identified that the Department of Education's training is not currently sufficient to ensure providers understand the complex obligations these loan schemes place on providers. At present the Department's training requires providers to send staff to Canberra (rather than the Department running sufficient training programs in the States where providers operate, as other government agencies do). In addition and more seriously, within hours of the courses being advertised they are filled. Regrettably this does not see the Department schedule additional sessions despite the obvious level of unmet demand. A lot of other government departments and peak bodies constantly run information and training webinars and a webinar approach with clearly defined training modules such as beginner/introduction, intermediate/advanced could greatly benefit both newly approved institutions and established providers too.

In the medium term the level of complexity in both loan schemes should be reviewed and simplified as part of the government's de-regulation agenda. AIPE believes that this can occur without reducing the Department's oversight of the scheme or weakening the standards that providers must uphold.

In the interim though the obligations on providers are very administratively complex and this seriously impinges on a newly approved provider's ability to understand all of their requirements and successfully fulfill them. It also leaves providers who have not had previous experience with student recruitment brokers very vulnerable to disreputable brokers who seek to take advantage of the provider's lack of familiarity with the loan scheme and the repercussions that it may have in future on the overall institution. Fortunately AIPE has had extensive experience with an international network of student recruitment agents which we were able to draw on when we commenced as a VET FEE-HELP/FEE-HELP provider. (Our success in managing our international recruitment agents is demonstrated in the Department of Immigration's offer of SVP arrangements to us, as one of the first group of just 19 private higher education providers). We strongly recommend that newly approved providers must be informed about market conditions, working with brokers and the Department's experiences with providers overall as part of the approval process, which will further reduce risky behaviour on the provider's part. We understand that this suggestion is outside of the current HESA Act but a proactive approach would go a long way in protecting the overall quality of the entire industry.

While ultimately the obligation for successfully managing the requirements of both loan schemes rests with the provider, due to the relative newness of the schemes and the comparatively small number of providers with approval it is extremely difficult for providers to source experienced staff who understand the administrative requirements of the scheme. Given this, there is a clear need for greater government support for providers in terms of both additional training and a case manager for at least the first 12 months of approval under the schemes. This would reduce the uncertainty newly approved providers face, would lessen the likelihood of errors being made, and limit the ability of unscrupulous brokers to prey on newly approved providers. In addition, if case managers were also introduced for larger providers this would improve accountability and ensure the Department and providers properly understood their operations and practices.

## **5. The quality of education provided by private VET providers, volume of learning requirements and graduate outcomes**

AIPE is extremely proud of the quality of its education and training and the outcomes its students achieve. Aside from the awards and recognition we have won, our current levels of student satisfaction are at 90% and we have student progression rates<sup>3</sup> for our on-campus students at around 83%. We have a large mix of international and

<sup>3</sup> Progression rates measure the number of units of study successfully completed relative to the number of units undertaken.



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domestic students on-campus and online. Our engagement strategies are built around the outcomes that we deliver to our students and staff alike.

While we have strong progression rates, one of the main challenges for a provider like AIPE which focuses on supporting unemployed learners into jobs and mature age students into better careers (as well as providing important opportunities for both domestic and international school leavers) – is that people in new jobs often require time away from their studies while they find their feet in their new role. As a result, a common trend amongst our students is that they 'pause' their studies once they gain a job. When considering outcomes from VET and higher education it is therefore important to look at job outcomes achieved prior to graduation, and to consider course completions over a longer period than the traditional 2-3 year model, as mature age students return to study once they are established in their new jobs. As our satisfaction and progression rates identify, what is crucial for this cohort of students is successfully completing their units of study and gaining a job. With successful study underway the student can return to complete their course at a later date. This argument further highlights the previous point made about students who are enrolling into these courses, they are mostly unemployed or not happy with their current jobs and as soon as they get something slightly better or get a new job, the study plan which they were originally committed to with the provider takes a back seat.

Another important factor when considering completion rates is the mode of delivery the student chooses. For example the Department's 2013 VET FEE-HELP statistics indicate that VET FEE-HELP students studying 'externally' (ie online or by distance) have progression rates of just 56.2%. At AIPE our students studying online are currently progressing at a rate of 59%. While we are pleased to be achieving above the industry average, this data is still quite immature as the majority of our students have enrolled in the last 18 months for a course which can go up to 24 months in an online format.

## **6. Marketing and promotional techniques employed by private VET providers and education brokers both domestic and international**

As previously stated AIPE has an extensive network of student recruitment agents who assist both international and domestic students with information about AIPE and our courses. In addition we have our own in-house marketing, recruitment and student engagement teams. In 2013/14 AIPE recruited students from over 73 different countries in various programs. This is by a considerable margin, one of largest student nationality mixes in the private sector, which is clearly evident on our CRICOS report. AIPE has received a lot of recognition in the process from NSW Premier's office for this effort.

As an experienced and successful CRICOS provider, AIPE knows that it takes a significant effort to ensure our international student recruitment agents act ethically and appropriately on our behalf. To confirm that they do senior AIPE staff travel extensively throughout the year to meet regularly with our international student recruitment agents, we also provide training to them, and we only use PIER<sup>4</sup> approved agents and use organisations such as ICEF<sup>5</sup> which are approved by most international peak bodies to screen and recruit newer education agents.

We have used this experience to build strong relationships with the domestic recruitment agents we use. It must be noted that there are unscrupulous brokers operating in the market and, as a result, there are a number of brokers that AIPE will not deal with. We are pleased to see that under the new Standards for RTOs 2015, ASQA will have stronger powers in relation to providers using these brokers. However, as explained above, it can take time and experience for providers to identify and deal successfully with unscrupulous brokers. As a consequence AIPE supports ASQA being given additional legislative powers to directly regulate education brokers.

<sup>4</sup> PIER (professional International Educational Resources) is an internationally recognised Australian organisation which offers formal training to education agents which allows them in turn to be recognised as Qualified Education Agent Counsellors: <http://www.pieronline.org/qeac/>

<sup>5</sup> International Consultants for Education and Fairs – the world's leading student recruitment and marketing organisation



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To further ensure we can have confidence in our domestic student recruitment agents, AIPE staff do reference checks on all of the agencies that it works with and does extensive training with them in regards to ethical marketing practices. We also undertake comprehensive audits on their processes every 3-4 months. In addition to that AIPE interviews all prospective students prior to enrolment to ensure that they fully understand the requirements of the course they wish to enrol in, that they meet the pre-requisites, and crucially that they understand the cost of the course and the nature of the loan scheme. This is very evident in our processes and solid evidence is produced in order to make sure there are no ambiguities around enrolment processes. For example in 2014 we had over 25,000 referrals/applications from our recruitment agencies but our enrolment and eligibility criteria are such that we finally enrolled approximately only 16% of those agency referrals, as evidenced by our data submissions to the Department.

### 7. International comparisons to the Australian funding and regulatory regime

Senior AIPE staff have experience working in overseas institutions and collaborating with colleagues across the globe. From these experiences we consider that Australia's deferred student loan schemes are world leading. While some improvements must be made, to extend Commonwealth subsidies to students undertaking undergraduate studies (including VET diplomas and advanced diplomas, as well as higher education qualifications) and to remove the inequitable administration fees imposed on the loans; overall they are much fairer and more equitable than student loan schemes operating in the US, UK and elsewhere.

Student loans in the US are most frequently offered by commercial financial institutions requiring much higher rates of interest than the annual CPI adjustment in Australia. This coupled with a requirement to begin loan repayments on graduation, rather than when a graduate earns the average annual salary – act against equity in US higher education.

In the UK government loans are offered by a government agency, (the Student Loans Company Ltd) and have recently been subject to a number of changes. These include the introduction of a student loan cap of £9,000pa (£6,000pa for students at private providers) along with changes to both the interest rate applicable to the loans, the income repayment threshold, and repayment rates. With the interest rate on the loan calculated on a graduate's income it has become increasingly difficult for prospective students to determine how long it will take them to repay their loan, which has created confusion and uncertainty. The annual loan cap has also been ineffective as a pricing mechanism, with most public and private providers putting their tuition fees up to the maximum amount (or close to it) regardless of the course offerings.

Australia's VET FEE-HELP scheme can be improved with reduced administrative complexity, ongoing training for providers, removal of the administration fee, ongoing monitoring of provider's progression rates, student satisfaction rates and training outcomes delivered by the provider to the end user. It operates as an important equity mechanism in providing opportunities to students to pursue higher level studies and secure better jobs. At AIPE our experience with the student cohort accessing these loans has only been positive with students acquiring better skills and career outcomes especially in the regional locations where tertiary learning opportunities were previously mostly out of reach for these learners.

To give further input on the remaining discussion points, AIPE hasn't had any issues of non-compliances in its processes or funding arrangements. AIPE doesn't actively make any political donations. AIPE doesn't offer courses in aged care or early childhood programs hence cannot comment on any potential labour market outcomes.

We thank the opportunity offered to comment on these crucial discussion points and I am hopeful that majority of the discussion points will be taken on board.