

7 August 2015

Mr. Bruce MacKenzie
c/o VET Funding Review
Level 2, 41 St Andrews Place
East Melbourne VIC 3002

Dear Bruce,

I am writing to you on behalf of the Australian Council for Private Education and Training (ACPET) Victorian membership in response to the consultation questions on the further directions outlined in the VET Funding Review Issues Paper.

While ACPET broadly accepts the five options aimed at creating a sustainable and stable VET funding system in Victoria, a summary is provided below in response to elements of the proposed direction to achieve these aims.

Strict barriers to entry for all providers to the Victorian Training Guarantee (VTG) funding in conjunction with tight contract management by the Department of Education and Training (DET) is key to ensuring the best outcome for the taxpayer investment in training. DET must be sufficiently resourced to monitor, manage and respond to all elements of the funding contract with providers.

It is essential that this review costs this level of management to help ensure VET retains its share of the state budget. It is assumed, but not sufficiently clarified, that the TAFE Rescue fund and Back to Work initiatives are allocations funded outside of the existing contestable funding pool. If so, there is sufficient resource available to invest in appropriate administration.

Better Targeting Funding

- A classification system for training providers does present the risk of further complicating an already complex system. What is needed is strong and real regulation. If the model is progressed on the basis that it is applied to TAFE, Learn Local and Private Providers, classification of all providers based on a broad based assessment is recommended. Physical inspection, assessment of institution training staff and classes, the experience in delivery in courses must be considered. ACPET recommends the establishment of an independent assessment panel consisting of representatives from the Victorian TAFE Association (VTA), ACPET and an independent third party to provide independent assessment of any provider prior to awarding VTG funding.
- As part of assessing applicants for VTG funding and the risk assessment of Registered Training Organisations (RTOs) for categorisation purposes, DET should also consider RTO membership of relevant industry associations as well as licensing / approval to deliver training in certain occupations (for example Victoria Police for security training, VicRoads for heavy vehicle training).

- It is interesting to note that of the 411 private providers that were government funded in 2014, less than 20 per cent were ACPET members.
- Given the scrutiny on private providers to gain and retain ACPET membership, engage education agents, and have appropriate tuition assurance, it is recommended that ACPET membership be considered as part of the selection process, even mandatory, for private providers to access VTG. This would further support the role ACPET could play in assisting with the physical assessment of all private RTOs that have applied for subsidised training funding. Should this be the approach it should not be assumed that all providers would be successful in gaining membership.
- Establishing a provider classification system based on financial stability is not sufficient criteria and is not supported. Many RTOs that have strong balance sheets do not allocate sufficient resource to training and therefore do not achieve good student outcomes in the long term, as insufficient training is delivered. Some RTOs (as is TAFE) are also funded from other entities/companies, thus inflating their value as a training provider with a true vocational purpose.

Supporting and Protecting Students

- ACPET supports that all students should be required to make some contribution to course fees to encourage meaningful consideration to the commitment required as well as the type of training they will undertake.
- In order to support the integrity of information regarding training options to the public, information to prospective students on workforce needs and the course(s) should be provided by the Department of Education and Training, for both public and private providers. The current expectation that education providers can penetrate mainstream media to provide this level of information in isolation for informed decision-making is possibly unrealistic. There may be a role for the Industry Skills Commissioner to coordinate this type of information from VTA, ACFE and ACPET and to combine with workforce labour requirements.
- Banning brokers and aggregators is seen as ambitious and if not implemented nationally, would place Victoria at a significant disadvantage compared to the other jurisdictions in terms of participation levels. ACPET would contend better regulation is required, such as through the ACPET preferred providers list for education agents. There is potential for further government support to this model that ACPET would welcome, as peer review of membership may not be sufficient alone.
- In terms of meaningful outcome focused training, workplace components of courses to the Certificate IV level should become compulsory, to not only ensure reasonable course duration but also encourage work ready students. Many ACPET RTOs already deliver beyond Training Package requirements to ensure students are exposed to employers and are graduating with the skills to be employed in that field. This is motivated by ensuring the RTO retains the employer as a client and that the students will be attracted to that provider.
- Private providers cannot be subjected to a separate and additional regulatory process from public providers. This is simply anti-competitive. Strict barriers to entry criteria and the independent assessment panel model as outlined above are recommended. Funding

of such activity from the \$1.2b contestable budget is deemed reasonable administrative cost, given the quantum of funding invested in training.

- The Ontario arrangements referred to in the Issues Paper have a designated person within a Ministry to oversee private providers for registration. This does not on face value appear to have merit and substantial duplication of structure should be avoided at all cost.
- A fee applied to private providers to access government funding is considered anti-competitive and a potential restriction of trade if the fee is unaffordable for small RTOs. There is also a risk RTOs would pass this cost onto students.
- An outsourced tuition assurance scheme is supported. ACPET has expertise through its existing Australian Student Tuition Assurance Scheme, with 130 of the 260 approved VET FEE HELP providers utilising the scheme. Again, consideration of ACPET membership for access to government funding to ensure improved scrutiny of providers is recommended.

Sustainable and supported TAFEs

- ACPET supports a diverse and competitive sector to drive quality and innovation. The role of TAFE as a public service provider needs to be made clear and, ideally, aspects of its operation should be funded outside of the contestable market.
- The inference in the Issues paper that TAFE is the only provider capable of delivering in regional areas is not supported. It also infers that TAFE has a greater community service obligation than private providers in this regard, which is also not supported. It is important to ensure student choice is preserved through the national training entitlement concept agreed to under the National Agreement for Skills and Workforce Development. Access to training in regional areas is enhanced only by a diverse and competitive range of providers.
- Similarly, access to higher education and pathways to higher education from VET providers is equally achievable through both private and public providers.

Supporting jobs and industries

- Flexibility of a VET student's options into employment should be preserved. Determining industry priorities based on graduate numbers alone can be misrepresentative, as approximately 40 per cent of students end up in other fields of employment. This should be seen as a significant outcome, as application to any education qualification is seen as a positive by employers.
- For this reason, ACPET does not support the limiting of funding at Diploma level to skills shortage areas. Diplomas in some professions are seen as the minimum requirement, therefore the Review should consider it an obligation to assist students in meeting part of their education costs.
- In theory, all government funded RTOs should also be VET FEE HELP providers where the RTOs scope allows such continuity. This would enable the full suite of course levels Cert 1 to Advanced Diploma to be offered to a student at an institution, therefore minimising the practice of commencing students into higher qualifications inappropriately.
- A workforce training initiative fund is supported if it is accessible to both private and public providers. Industry specialised training is also encouraged.

Supporting training for vulnerable, disadvantaged and high needs groups

- The value of certificate I and II training cannot be underestimated. In some industries such qualifications provide the basic skills required for employment. To reduce funding in these qualifications will force providers (both public and Private) to enrol students into higher qualifications, which the student may not be capable of undertaking. Students in this cohort may also miss out on the fundamental skills required in a wide range of employment areas. The Victorian economy requires people to be trained in the basic skills.
- Student choice must be preserved for those at risk of disadvantage. Disadvantaged students should have the same range of choice to study at private or public institutions. Appropriate funding loading support as well as existing services for these students should follow their choice of where and how to study, and not be restricted to only public institutions. Support services should be centralised and follow the student to their destination. Community Service activities should be articulated via this concept.
- Payments for concession arrangements to providers need to be frequent and timely. Smaller providers that specialise in training for disadvantaged learners cannot manage cash flow and operate effectively when fee reimbursement for health care recipient students is only distributed twice a year. A monthly reimbursement from DET would be preferable.

Thank you for the opportunity to provide further comment to the review. We wish to formally acknowledge the level of consultation afforded by yourself, Neil Coulson and the review secretariat. It is appreciated by ACPET and its membership and it is encouraging to see the dedication to ensuring Victoria maintains the most vibrant and comprehensive VET sector in Australia.

Yours sincerely



Martin Powell
Victorian Executive Officer



Mel Koumides
Chair ACPET Victoria State Committee