

MEDIA STATEMENT

Thursday 1 May 2014

ACPET says Audit Commission Report needed more work

Speaking in response to today's release of the Reports of the National Commission of Audit *Towards Responsible Government*, the Chief Executive of the Australian Council for Private Education and Training, Claire Field today suggested the Commissioners "appeared to have made some recommendations on the basis of only 'some' of the facts".

"No-one disputes the government has difficult economic decisions to take and some of the recommendations made by the National Commission of Audit make sense. In other areas it appears some evidence has been left off the table and must be considered by the government before they finalise this year's Budget."

"Specifically the Commission's recommendation that vocational education and training should be fully transferred to the States ignores that Australia has a national economy, as well as turning a blind eye to the disparate and contradictory current approaches to State VET reform. What's needed is more, not less, Commonwealth involvement", said Ms Field.

"ACPET members delivering training in different States face significant financial burdens from the complex multitude of State requirements. Compliance costs for State government funding currently range from between \$3,550 and \$12,440 per week, per State. This situation is a nonsense and clearly needs streamlining. Less involvement from the Commonwealth will only make a bad situation worse."

"The further recommendation to abolish Commonwealth funding for VET including support for apprentices and other programs to assist employers – ignores the significant benefits accruing to individuals, the community and to economic productivity (and taxation revenue) from a more highly skilled population. The Productivity Commission has estimated that for an investment of \$5,333 in VET funding for an individual the Commonwealth receives an additional \$123,000 in taxation revenue. The Audit Commissioners have taken a short-term view and the government must consider the longer-term implications of what's being recommended," said Ms Field.

Similarly ACPET notes that while the Commission of Audit states that Austrade receives funding of \$335 million per annum and reported only assisting 205 export sales in their annual report, the Commissioners appear to ignore Austrade's substantial role in promoting Australia's largest services export earner, international education.

Ms Field noted that "international education generates \$15 billion each year to the Australian economy – that's a return of \$45 for every dollar invested in Austrade which is well worth continuing. When promotion of international education sat with the Department of Education it was not promoted nearly as effectively as it is now. In fact it's been in large part due to Austrade's efforts (and the grit and determination of Australia's international education providers) that has kept the sector in a relatively healthy state despite the battering it took from external forces over recent years."

The proposal to abolish the Export Market Development Grants "ignores the vital role they have played in assisting Australia's international education sector to expand into new student markets. The EMDG grants underpin expansion of international education beyond our traditional markets, and have made a keen contribution to the ability of private providers to attract international students. To end the grants now acts against the interests of the government and the sector, particularly as education providers look to set up overseas joint ventures – which further strengthen Australia's

international education reputation and deliver significant export revenue to the country,” said Ms Field.

In relation to the Audit Commission’s recommendations regarding higher education, ACPET considers it is vital that the government continues to invest in Australia’s future (with Australian students already having much higher costs for higher education than in many other OECD countries). ACPET believes that the recommendations of the recent Grattan Institute report, *Doubtful Debt: The Rising Cost of Student Loans*, make much more sensible suggestions about how the government can offset the costs of providing financial support and loans to tertiary students.

“The lessons from countries like New Zealand who at one point set market interest rates and low repayment thresholds for university loans show the burden of student debt soon becomes prohibitive. The New Zealanders walked away from market-like arrangements for their student loan scheme and we should learn from, rather than follow, their example”, said Ms Field.

ACPET has long supported the introduction of greater competition in higher education through fee deregulation and opening up Commonwealth funding to students studying at private higher education providers. Similarly, ACPET also strongly supports the streamlining of the current complex administrative arrangements for HELP loans.

“Reforms to improve competition, equity and student choice in higher education are a vital next step for our higher education system. All students deserve the same level of support whether they choose to study at a public or private higher education provider,” she said.

ACPET supports the merger of ASQA and TEQSA.

Contact: Ms Field is available for comment on 0411 240 671