

## **MEDIA RELEASE**

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### **ACPET calls for Federal Government to withhold \$65 million training funding to South Australia**

Australia's national industry association for private tertiary education, the Australian Council for Private Education and Training (ACPET), has called for the withdrawal of \$65 million of federal training money to South Australia (SA), following the state government's sudden decision to ignore the competitive funding model.

The SA Government's subsidised training list released yesterday under the Workready program outlines the new policy for training, employment and skills activity and investment. Only 5000 of 51,000 new places will offer student choice in the new model.

"This decision to effectively ignore private training providers not only destroys student choice and some 20 years of progress achieved through National Competition Policy in this country, it is also a breach of South Australia's obligations under the National Agreement for Skills and Workforce Development (NASWD)," ACPET chief executive Rod Camm said.

"On this basis, ACPET believes the \$65 million of Federal Government funding allocated to South Australia for 2015/16 and 2016/17 should be withheld," he said. "This is a short sighted response to fiscal pressures that will result in significant job losses in South Australia," Mr Camm said.

Mr Camm said there had been no consultation and no warning of the drastic changes, which he estimates will put over 100 Registered Training Organisations (RTOs) at risk of closure in the state.

"There are a multitude of arrangements between South Australian businesses and private providers for traineeships that will effectively cease under the new arrangements," Mr Camm said. "The flow on effect to associated business activity could result in approximately 10,000 job losses."

Mr Camm questioned the rationale for prioritising funding to TAFE, with the latest NCVER Australian Vocational Education and Training Statistics showing that that TAFE is not able to deliver training as effectively as private RTOs and adult and community education providers.

"If the decision is based on the need to rationalise funding, the facts are that TAFE alone is a far more expensive alternative," he said. "The subsidy rate for TAFE SA per student is two and half time greater than that paid to private providers. This decision rewards inefficiency and effectively gives TAFE SA a monopoly on the training market."

Mr Camm said the decision was also at odds with the South Australian government's commitment to grow the international student education market. "How can this be accommodated with fewer provider options for students?" he said.

He said the South Australian Government had broken the trust of private training providers, and their students, who had invested in their state. "This decision will decimate the private training market, leaving only a handful of providers left if and when the government decides to reintroduce genuine competition," Mr Camm said.

## Key facts

- In 2013, South Australia spent \$580 million in TAFE operating expenses to deliver training to 97,600 students at TAFE. This equates to a cost of \$5,942 per student.
- South Australia contracted \$128.8 million of training delivery to non-TAFE providers in 2013 to service 75,400 students (including 5,800 community education students). This equates to a cost of only \$1,708 per student, some \$4,234 less per student or only 29 per cent of the cost of the TAFE equivalent, for the same student outcomes as reflected in NCVET student outcomes surveys.
- The *Australian Government Competition Policy Review Final Report* (Harper Review) released in March noted the potential benefits of competition in human services include lower prices, greater efficiency in service provision, greater innovation and improved customer choice.
- The NASWD and associated National Partnership for Skills Reform outlines the reform directions specifically focused on a competitive training market that:
  - encourages responsiveness in training arrangements by facilitating the operation of a more open and competitive training market;
  - improves training accessibility, affordability and depth of skills, through the introduction of a national training entitlement and increased availability of income contingent loans; and
  - strengthens the capacity of public and private providers and businesses to deliver training and support people in training.

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