Restoring Confidence in the VET Sector VET

A New Era

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VET
ACPET Mission

ACPET is committed to:

• enhancing quality, flexibility, choice & innovation in the tertiary education sector
• developing a higher education sector that meets the current and future needs of students, industry, the workforce, and the Australian community
Restoring Confidence in the VET Sector
The New Environment

- Trusted but corrupt
- In governments today
- Kleptocracy
- Unholy alliance
- The brown envelope
- Lies
- Sex
- Bribes
- Corruption
- Public sector fraud
- Institutional corruption
- Misuse of privilege
- Exploitation
- Whistleblower
- Kickback
- Special interest
- Back hands
- Inefficiencies
- Sexism
- Lies
- It's own hype
- Immorality
- Hypocrisy
- Call girls
- Avoid the issue
- Electoral fraud
Origins of VET in Australia

- Apprentices arrived with the first fleet
- Mining booms in the 1850s onwards
- More skilled labour was needed.
- Governments established schools of mines and industry
  - Ballarat in 1870,
  - South Australia 1889,
  - Western Australia 1902.
- Technical colleges to support the growing manufacturing industries.
The Birth (?) of a National Approach

- Pre 1994 - Australia had 8 separate training systems, mostly focused on the public TAFE system
- 1994 – ANTA was born
- 2005 - ANTA was abolished & national responsibility for VET came directly under the Commonwealth
What is VET?

• ASQA
The providers of VET include technical and further education (TAFE) institutes, adult and community education providers and agricultural colleges, as well as private providers, community organisations, industry skill centres, and commercial and enterprise training providers. In addition, some universities and schools provide VET.
Purpose

The VET sector is crucial to the Australian economy; both for the development of the national workforce and as a major export industry.
Contestability

- User Choice – 1980s
- Up until 2009, all jurisdictions have provided targeted funding since the introduction of National Competition Policy in the 1980’s.
- Victoria was the first to move to a fully contestable market in 2009.
Where are we now?
Where are we now?
National Agreement - Objectives

- Encourage responsiveness in training arrangements through a more open and competitive training market.
- Improve training accessibility, affordability and depth of skills, though the introduction of a national training entitlement and increased availability of income contingent loans, and
- Strengthen the capacity of public and private providers and businesses to deliver training and support people in training.
National Entitlement – Definition

• The introduction of a national training entitlement to a government subsidised training place (up to and including a Certificate III) enabling an individual to access training at any private or public RTO that meets the criteria to access funding.

• These criteria are determined by each state and territory to reflect local markets.
8 Different Funding Models
Has anything changed?
National (almost) Approach to Regulation

- In 2009 COAG agreed to National Model
- In 2011, Australian Skills Quality Authority was established.
- All states and territories with the exception of WA and Vic have referred RTO regulation to the Commonwealth.
- Market share of ASQA is approximately 90% of RTOs in Australia (4000), including TAFEs
What is the **Problem we are Fixing?**

- ASQA - 25 organisations (6%) had their registration cancelled from over 400 compliance audits in 2013-14
- 862 applications for renewal of registration were approved
- Rejections have fallen from 12.1% in 2011-12 to just 3.5% (33 applications). Rejections for change of scope in 2013-14 were only 1.4% of over 7000 applications.
- 77% of providers found to be non-compliant achieve full compliance after submitting rectification evidence.
- Reported that the majority seeks to comply with the Standards, but many do struggle to understand what is expected of them
So is it how we **Regulate**?
The Facts

Just the facts, mam. Just the facts.
The Facts - State of the Sector

• VET completion rates 35.8 percent
• 87% of graduates and 84% of module completers satisfied
• 77% of graduates were employed after undertaking training,
• 80% of those undertaking training for employment related reasons were employed after training.
Public & Private

There's a divide!!

Get over it...

PUBLIC

PRIVATE
The Private Sector is it Real?

- Private tertiary education providers 5.8 billion per year to the national economy,
- Employ almost 100,000 people and 1.4 million (equivalent full-time) students.
- 4500 private Registered Training Organisations (RTOs) in Australia of which 1670 received government funding in 2013.
- Government funded private providers enrolled 28% of students in 2013.
- Private providers are the preferred choice for international students, attracting 109,700 overseas visa students studying onshore in 2013.
The Private Facts

• 45% of employers choose private providers - 16.7% used TAFE as their main provider of nationally recognised training in 2013.

• 79% of Government funded graduates of private providers were more likely to be employed after training - TAFE 74%
• Government funding to private VET providers nationally has risen from 8 percent in 2009 to 17 percent in 2013
• 2013 states and territories spent
  ➢ $6.4 billion to deliver training to 1.2 million students at TAFE at a cost of $5,247 per student
  ➢ $1.3 billion of non TAFE providers to train 686,000 students at a cost of $2,078
Is Our System Broken?

• Poor market design
• Government must focus on quality measures for provider access
The value of VET FEE-HELP loans issued between 2012 and 2013 grew from $325 million to $699 million, a growth rate of 115 per cent.

In 2014 it grew to around $1.5 billion, also a growth rate of 115 per cent.
Is Competition a Dirty Word?
National Competition Policy

From H to H

This is about giving people choice and diversity over things that are intimately involved with the quality of their lives, or the lives of their loved ones, particularly ageing parents or relatives suffering from a disability of one form or another.
From H to H

The key is:

• setting up independent regulators to police service providers
• encouraging private sector delivery
• making poor performers susceptible to replacement
  boosting information including user feedback
• letting funding follow the choice of the people
What is New

**Victorian government**

- Victoria highest student numbers in Australia, a third of all students, well above its relative population share of 25 percent.
- 30% funding share ($1.2 billion) investment by Victoria, largest in Australia.
- VET Funding Review and Review of Quality Assurance in Victoria’s VET System. Better consumer protection and information. Supporting TAFE. Improving barriers to entry for RTOs to VTG. Hopefully outcome focused system that is responsive to inappropriate behaviour.
VET FEE HELP

• Strict requirements for access to VET FEE HELP funding and transparent reporting of the training outcomes resulting from VET FEE HELP loans.

• Scrutiny of student completion data for enrolments funded by VET FEE HELP loans.

• VET FEE HELP training should be better monitored to ensure loans are being utilised appropriately.

• Price v Debt v income
Price Gouging?

- Pricing - private providers are priced competitively with TAFE and are cheaper in many instances.
- Private providers appear to be priced lower than the Smart and Skilled prices set by the NSW government for 2015.
- For diploma level courses there is significant variation in price by field of study, but again private providers and TAFE are generally priced competitively, with private providers often providing cheaper courses.
Is the system completely broken
Where to from here?
What is Needed for Quality?

• Well designed funding programs
• A well resourced regulator
• An informed market
• Clearly defined TAFE role
• Harper recommendations..
• Industry co-regulation
• ACPET Code of Ethics
Training Ombudsman
A vision for the future
The quality stamp