Pre-Budget Submission (Federal)

January 2010
The Australian Council for Private Education and Training (ACPET) is the peak, national industry association for independent providers of post-compulsory education and training. ACPET represents more than 1,100 organisations, from schools to higher education institutes, delivering a full range of education, training and English language courses to both domestic and international students.

Private training institutions are the ‘engine room’ of the Australian training sector and deliver over 4,000 accredited and non-accredited courses to an estimated 2.5 million students at any one time.

Private providers generate the majority of their funding from tuition delivered on a fee-for-service basis and therefore must be responsive to the changing needs of industry and business. Private providers play a critical role in building the skills base of the nation.

ACPET welcomes the opportunity to provide a submission to the Federal Government in preparation for the Federal Budget and presents four recommendations for consideration.

Recommendation 1
ACPET recommends that the Federal government extend VET FEE HELP to Certificate III and Certificate IV.

Recommendation 2
ACPET recommends that the Federal Government reduce the FEE-HELP administration fee from 25 per cent to 20 per cent.

Recommendation 3
ACPET recommends that the Federal Government broaden the funding policy relating to the removal of TAFE fees for children’s services qualifications to include the removal of fees for all providers of the identified courses.

Recommendation 4
ACPET recommends that the Federal government make available grants with a lower minimum amount of funding for Education Investment Fund projects.
Extend VET FEE HELP to include Certificate III and Certificate IV

Recommendation 1

ACPET recommends that the Federal government extend VET FEE HELP to Certificate III and Certificate IV

Background

ACPET is committed to working with the Federal government and other stakeholders in order to increase productivity and address skills shortages. Providing assistance to students to help meet the cost of studying is a crucial aspect in meeting these goals and the VET FEE-HELP loan scheme is a cornerstone of this assistance.

Currently VET FEE-HELP is available to students who are studying a diploma, advanced diploma, graduate certificate or graduate diploma courses with an approved VET provider, to pay for all or part of their tuition costs.

Currently, students studying a Certificate III or a Certificate IV cannot access VET FEE HELP. Given that a person’s likelihood of being unemployed is reduced by 40 percent if they have obtained a VET qualifications then the productivity of Australian society can be improved by extending VET FEE HELP to Certificate III and Certificate IV.

The Council of Australian Governments has agreed to halve the proportion of Australians aged 20-64 without a Certificate III level and above. By allowing students who have not yet obtained this level of qualification to access VET FEE HELP the disincentive of having to pay upfront tuition fees is overcome. Accordingly it will provide more Australians with the opportunity to pursue VET courses which might otherwise not be available to them and in turn increase Australia’s productivity.

FEE HELP Administration

Recommendation 2

ACPET recommends that the Federal Government reduce the FEE-HELP administration fee from 25 per cent to 20 per cent.

Background

From 1 July 2010 the FEE-HELP administration fee will rise from 20 per cent to 25 per cent. ACPET does not support this rise.

In the Government’s policy document Transforming Australia’s Higher Education System, the Australian Government did not support the Bradley review recommendation to raise the FEE-HELP administration fee from 20 per cent to 25 per cent. This policy position was reversed in 2009.
This reversal in policy without consultation means the Government has not had an opportunity to fully gauge the implications that the policy decision will have on students and on the non-University sector of Higher Education providers. The Australian Government has set a national target of 40 per cent of 25-34 year olds having obtained a qualification at bachelor level or above by 2025.

On current trends this target can only be achieved if the Australian Government sets policy that supports the development of both public and private institutions in the higher education industry. ACPET asserts that the decision to lift the FEE-HELP administration fee from 20 per cent to 25 per cent does not complement the growth targets and overarching Government policy, but in fact may act as a barrier to increased student participation in Higher Education.

ACPET acknowledges that the change in policy will deliver savings to the Government of $42.8 million over three years. However when this figure is examined within the total funding for Australia’s tertiary education system (VET and Higher Education) the savings are relatively minor when compared to the potential to undermine the capacity of the Australian Higher Education system to deliver the 2025 attainment targets as set by the Australian Government.

**Funding Children’s services qualifications**

**Recommendation 3**

ACPET recommends that the Federal Government broaden the funding policy relating to the removal of TAFE fees for children’s services qualifications to include the removal of fees for all providers of the identified courses.

**Background**

Current Government policy is delivering an artificial stimulus to the TAFE sector. As such there has been a detrimental change in the business environment that private providers operate within. This poses serious ramifications for the long term viability of the early childhood workforce training sector. Private providers have been severely disadvantaged by Government policy and providers may be forced out of the sector. This may result, over the medium to long term, in the deterioration of the skills base of the early childhood workforce.

This policy has had a dramatic effect on the businesses of private providers, some receiving no enrolments in Children’s Services courses in 2009 and all of them at least noticing a significant reduction in enquiries and enrolments. It has been a serious problem for small providers who have focused their business on Children’s Services training. There is a considerable amount of anger and frustration from the non-TAFE providers as the business environment that they were operating within has undergone substantial change due to Government action.

ACPET has undertaken qualitative and quantitative research to gauge the effects of the policy. The following example of statistics is evidence of the negative impact that this policy has had on non-TAFE providers:

- 75% of respondents indicated a significant reduction in enquiries and enrolments;
93% of respondents expressed concern that demand has decreased or will decrease further;

95% of respondents indicated major changes to their resourcing and staffing;

67% of respondents indicated that the quality of training will be negatively impacted by the policy with TAFEs often only offering classroom delivery which does not:
   - always complement the student’s learning style;
   - encourage individual interaction between the trainer and student; and
   - suit employment arrangements with child care centres needing to cover staff during block release to training; and

One private RTO respondent indicated that 350 of their students had withdrawn from their courses to enrol in a TAFE course instead.

Another implication of this policy is the risk of increased unemployment based on the need for private providers, previously with strong markets in delivering Diploma and Advanced Diploma of Children’s Services courses, either reducing staff numbers or at worst, closing down their businesses.

**Education Investment Fund**

**Recommendation 4**

ACPET recommends that the Federal government make available grants with a lower minimum amount of funding for Education Investment Fund projects.

**Background**

The role of the Education Investment Fund (EIF) is to build a modern, productive, internationally competitive Australian economy by supporting world leading, strategically focussed investments that will transform Australian tertiary education.

ACPET applauds the Government’s support of the Australian tertiary education. ACPET does however believe that the minimum funding level for grants under the EIF provide a barrier to many providers. Round three of the EIF set minimums of $10 million for vocational education and training and $15 million higher education institutions. An amendment to the grant levels to allow a series of grants at a lower level would encourage a wider range of applicants and increase innovation and diversity.

The current minimum levels mean that large institutions are favoured by the applications guidelines. Smaller providers do not have the resources or expertise to develop grant applications for $10+ million projects or to fund the ongoing maintenance cost of a successful bid.

If the Government were to adjust the guidelines for any future round to allow for five projects that had a range of between $1 million and $5 million then a more competitive environment for small and niche providers would exist. Innovation by small providers has the potential to deliver long lasting benefits to the Australian community and therefore meet the goals of the EIF.
Conclusion

Access to education for all Australians must remain a critical policy focus for the Federal Government. The regulatory and funding recommendations outlined in this submission are targeted at developing an education industry that promotes student choice and provider innovation.

ACPET looks forward to further engagement and consultation with the Federal Government regarding the issues raised in this submission.

Contact Details

Mr Ben Vivekanandan
National Manager, Policy and Research
Tel: 03 9412 5912
E: ben.vivekanandan@acpet.edu.au