Thank you all for your attendance at this year's conference and AGM. The conference is the largest on record for ACPET with nearly 500 delegates in attendance, and it's also good to have so many of you here at this year's AGM for us to discuss the profound changes occurring within the sector and the changes we've made in the last year within ACPET.

Looking externally first - the past twelve months have been a period of substantial change in all aspects of tertiary education - domestic higher education, VET and of course international education.

I'd like to briefly canvas what changes we've seen in each of the sectors and then reflect on what I think we'll see in the next twelve months. As well as bringing you up to date on the changes ACPET has made to ensure it can respond to this changing environment.

Vocational education and training

In terms of government decision making there is no bigger forum than COAG, the Council of Australian Governments. While some critics claim that COAG is a weak model for agreeing to lasting reforms (and I note that those critics are often State Premiers, who seem to think they've missed out on a share of funds for a particular initiative) it is hard to go past this year's April meeting and COAG's agreement to fundamental reform of the VET system, as an example of COAG working as it should.
Let me just take a moment and repeat that - COAG agreed in April to a fundamental reform of the training system.

You may wonder why I think the point needs repeating. Or question if I'm not being overly enthusiastic, or a little naive, in characterising the COAG agreement as being such an important reform.

After almost twenty years working in the tertiary sector I can tell you absolutely with confidence, that the COAG agreement represents a profound and positive change for the sector.

Was it reported that way in the media?

Not really, the stories often seemed to focus on there being 'nothing new in the reforms'.

Incorrect.

The reforms that were agreed will bring major changes to the system. AND - if well implemented, they will make a very big difference in encouraging more people into training, and ultimately into higher skilled jobs. But more on that in a minute.

Why did some in the media not understand the magnitude of the reforms? Because "it'd all been announced before".

Following that logic - a reform can't be significant if government takes the time to properly work on their reform ideas and engage the views of key stakeholders on reform proposals.

What a sad state of affairs that would be if it were true, and what rubbish reforms we would get as a result.
It's time for recognition - that 'new' doesn't necessarily equate to 'good'.

And so to the skills reforms - what do they entail and why do I think they're so important?

They're important because for the first time in our history we're prepared, as a nation, to recognise VET study as a valid choice for learners. The reforms do this through ensuring that anyone who doesn't already have the knowledge and skills for success in today's workforce - is entitled to a government-subsidised place in VET.

Further the reforms introduce a choice for the learner as to who they will use their government entitlement with. TAFE will no longer be the first or only provider for students undertaking VET with government support.

The reforms also rely on policy makers having a better understanding of the private sector - our characteristics and delivery profile. And that means data.

While ACPET recognises that, in theory at least, government policy making is enhanced by better data, ACPET does not support the provision of AVETMISS compliant unit record level data on all private sector activity.

We support the collection of relevant data by ASQA to allow for more regulatory attention on high risk providers, and less regulation for low risk providers.

We also see value in high level data on the size and scope of the sector. But we don't see a need for government to collect that data. It's data about our sector and should be collected, managed and reported by us. A survey to do just that is out 'in the field' at present. If you want government to take us seriously - then please take the time to complete the survey and ensure we have the best data we can get to demonstrate the work done by private providers.

Returning to skills reform - the final important shift is the move from focussing on inputs to outputs. A focus that has been sadly lacking for many, many years. The
move to introduce external validation of assessment decision making will change the nature of our VET system - if it is done well. The time is now for States to get this right - if they don't we'll end up with another 'tick and flick' approach to quality which ultimately takes us nowhere.

Instead ACPET stands ready to work with governments and industry on expanding and strengthening the assessment validation and moderation workshops its run in the past. I wish to particularly thank the Queensland government for their support for us in this regard.

And so to the reforms themselves - why am I convinced they're a good thing and deliver results which will improve the take-up of training and enhance job outcomes?

The evidence is in - it's just that ACPET appears to be the only one trying to make it public.

As members are aware, the first state to roll out the reforms was Victoria.

For those of you not resident in Victoria it would be hard for you to gauge the success the reforms have had.

In fact, from an external perspective, you'd wonder why governments would bother to reform their VET systems at all, if all they got for it was 'rorting' by private providers and the demise of TAFE.

There is no doubt there are real lessons for other state governments from the Victorian experience, both in the design and rollout of their reforms.

Equally critical to the success of reforms in other States will be a clear explanation from government of the changes and why they're important. This has been sadly lacking in Victoria and has left the general public and communities scratching their heads.
And so to the evidence:

- In the first quarter of 2012, enrolment growth of 13 per cent in occupations that are either specialised or in shortage, an increase of over 13,300 enrolments from the same time last year.
- Apprentices and trainees have experienced growth with apprentices up a modest 2 per cent and trainees up 44 per cent.
- Total reported enrolments (government funded and TAFE fee-for-service) have grown by 35 per cent in the past twelve months. Total reported hours are up 26 per cent while student numbers have grown 28 per cent.
- Student numbers across all age groups have grown. The strongest growth is among 45-64 year olds, up by 42 per cent.
- There has been a 38 per cent increase in government funded enrolments by unemployed people and the vast majority of VET students that are unemployed are undertaking training at Certificates III-IV levels.
- The number of VET students with a disability is showing encouraging growth (up 26 per cent) with over 19,000 students with a disability undertaking training.
- A 21 per cent increase in Indigenous students and a 37 per cent increase in Culturally and Linguistically Diverse (CALD) VET students.

Skills reforms have delivered.

The Victorian data shows that more people want to access training when they are given an entitlement and allowed to choose where they use it.

Despite the successes though, there are clearly aspects of the Victorian reforms that could have been done better.

The Victorian government should have thought more about the prices they paid for different courses and used price to send signals to the market on what training was needed and what wasn’t. They should also have thought more about the eligibility criteria they used to identify providers who could offer student
entitlement places. The fact that they didn't, and that they didn't know enough about the quality history of their providers, allowed some provider to game the system.

It's a sad fact that, prior to the introduction of the reforms, the Victorian government regulator, the VRQA, had not done a good job of regulating VET providers in Victoria. This left the funding arm of government with woefully inadequate information as to which providers had the proven track record needed to deliver on the government's reform agenda.

Finally, there should have been better management by government of the market in its early days. Without strong information to consumers on the training options available to them and details on how they could use their entitlement - there is no doubt that while many made good choices - not everyone did. This, combined with the lack of pricing signals, resulted in too much training delivered in areas which do not contribute directly to the economic development of Victoria.

These matters have been recognised by the Baillieu government and changes made to tighten government oversight of the market.

While these moves are supported by ACPET, it is disappointing that the government moved in such a rush to tighten its control. Their haste has meant public and private providers have had to radically change their course offerings in a very short period of time to avoid financial ruin.

Sadly, job losses in public and private providers are the result.

And while job losses in TAFE serve as a rallying point for community anger and action, private providers don't stand to gain if they make job losses public. Rather they stand to lose public confidence and thus more market share if people know they are laying off staff.

That unfortunate reality means that TAFE job losses will continue to be front page news, while private providers will do their best to keep their job losses and
business restructuring out of the public domain. In turn, that makes it hard to build the public's understanding of, and support for, private providers.

A more hands-on approach by government to the implementation of reforms has been seen in South Australia. And while the South Australian approach shows that lessons have been learned from Victoria, let's be clear South Australia is no nirvana. In fact, the approach taken in South Australia has created its own challenges for private providers, particularly in terms of the price differential in the funding paid to public and private providers for delivery of the same course. Delays in the approval of private providers eligible to offer student entitlement places have also raised concerns.

Other States are now preparing their plans for reform. Only the Northern Territory has indicated they will not introduce contestability in funding in the first year of their reforms. Following the change of government in the Territory over the weekend, ACPET is hopeful that this position will now change.

**Higher education**

Unlike the VET sector which very definitely operates within a federated model, most of what happens in higher education is a result of Commonwealth government funding, policy and regulatory decisions.

Unfortunately in this sector while regulation focuses on both public and private providers - policy debate and funding focuses almost solely on public universities. That is despite 1 in 10 higher education graduates now coming from private providers, and 13% of international students also choosing a private higher education provider!

So, with policy and funding focussed on public universities - what has the impact been on private providers of recent changes in the university sector?

The evidence from government statistics and ACPET's own research shows that the government's policy of uncapping Commonwealth Supported Places in public universities has not had a negative impact on student numbers in private higher education.
Students continue to choose private higher education providers and pay the full cost of their courses, rather than enrolling in a government subsidised HECS place at university.

This is an achievement you as providers can be proud of.

It demonstrates that the:

- high quality
- industry focussed
- employment oriented

higher education offered by private providers, backed up as it is by excellent student support and smaller class sizes, is valued by students.

As a result they are prepared to pay more for an educational experience that better meets their needs.

It is however an inequity for prospective higher education students that, with a very small number of exceptions, they are only eligible for government support for their studies if they choose to enrol in a public university.

ACPET believes that Andrew Norton is right with his recent analysis of the private returns from higher education. Those of us with degrees do much better in terms of the money we earn and the job opportunities and employment security we have, than do other workers for example in the childcare or aged care industries.

If you want to talk 'fair and equitable' in relation to access to higher education - is it really fair and equitable that the waiters and cleaners in this hotel are paying taxes to subsidise university study for my son or your daughter?

Fee deregulation for government funded higher education is not something that either side of politics should walk away from.
We need an honest and frank debate about who should pay and who benefits from higher education.

Students who will earn more in their lifetimes (doctors, lawyers, engineers and the like) should pay more for the higher education they receive. And in a deregulated market - private providers should be given the choice to opt in to offering HECS places.

Some will argue that quality is at risk if private higher education providers are given wider access to government funding.

What a load of tosh!

If providers can be approved to offer students government backed FEE-HELP loans for their study - they can be approved to offer HECS HELP loans as well.

**International education**

And so to the education we offer international students.

When I joined ACPET two and a half years ago I was reasonably confident in my knowledge and understanding of international education. How wrong I was and how unnecessarily complicated this part of the sector is.

Australia's stand out export opportunity - and one of the only ones that can't be exhausted when it's all 'dug out of the ground' - international education offers us a chance to engage with the youth of the world and open doors to their future careers and life chances - and we've wrapped the whole system up in so much red tape that our reputation and competitive advantage has been seriously (perhaps permanently) undermined.

If you cast your mind back to the last time we met, in Brisbane at the end of August 2011, you'll recall that ACPET had only recently launched a media
advertising campaign, highlighting the need for reforms to student visa processes. We were yet to see the release of the Knight Review, and the GTE was a largely unknown concept in the sector.

While there have been some positive change since then - the problem for the sector is the snail's pace of the change and some of the unintended consequences.

Knight was released in September last year and recommended a major overhaul of the current student visa framework - recognising that governments were using a 'blunt instrument' to regulate the sector by treating providers differently depending on which regulator accredited their courses. If you're with ASQA you're automatically a higher risk provider than if you're regulated by TEQSA!

No one denies that there were appalling practices in a small number of VET providers delivering to international students. The fact that the then State regulators let rogues into the market and didn't have sufficient legislative powers (or, some would argue, the will) to get rid of them - has unfairly tarnished the reputation of all providers - and most especially VET providers.

ACPET has been clear and consistent - judge a provider based on their track record not on how their courses are accredited.

Pleasingly Knight agreed, advocating the introduction of a provider-based risk framework for student visas - with the public universities the first low-risk providers to kick off the new 'streamlined' visa arrangements.

While questions have been raised about how streamlined the new processes are - for the universities and their students; DIAC has faithfully delivered on Knight's recommendations for the university sector: streamlined visas and post-study work rights.

In implementing Knight, the government committed to also offer streamlining to other low-risk non-university providers. To date while government has not issued any public statements on how that change will be made and when, members will
have seen news reports in the Financial Review this week which demonstrate that work is underway on introducing streamlined visa arrangements for other low-risk providers. We expect it will be larger providers with a proven track record who are given the option to opt-in to the new arrangements.

The challenge for the government and the sector - is that streamlining does not make sense for smaller providers - because it is so resource intensive.

I don't think that anyone seriously argues that smaller providers with a proven track record of visa compliance should miss out on improved visa processing arrangements under a provider-based risk model. The challenge for DIAC is what these arrangements should look like if streamlining does not make sense - and how they ensure they have reliable data on smaller providers to determine their visa compliance history.

And then of course there is the Genuine Temporary Entrant requirement - which was introduced post-Knight to add integrity to the system as it moved to a provider-based risk framework. What a nightmare this has been for so many of you and thank you to those who have given us feedback on your experiences.

We now have more than 200 examples of what appears to be superficial or contradictory use of the GTE criteria to refuse students the opportunity to study in Australia. I am pleased to say that as a result of our efforts not only is the media taking an interest in this issue but DIAC appear to recognise the need to do more than say they'll provide more training for their staff.

A meeting of a sub-group of DIAC's Education Visa Consultative Committee has been called for tomorrow solely to discuss the implementation of the GTE criteria. ACPET will of course be at the table.

And so, what future for international education in Australia? Again, some of you may think I'm being naive or overly optimistic but with two major reports due to government before the end of the year - the Henry White Paper on Australia in the Asian Century, and the strategic plan for international education being developed by the Chaney Council - I'm confident that when the new visa
processing rules are in place in 2013 we will start to see a new energy and focus to our efforts in this critical area.

I do understand some of you will be sceptical and I don't for one moment envisage that there will not be a lot of work for ACPET to do, on focussing the government's attention on getting implementation right - but if 2013 commences with a level playing field for large low-risk providers and decisions around how to support small low-risk providers - this will be a major change for Australia's international education sector. Recognition that it's not the owner or funder of the institution, or their course accrediting body, which determines whether they pose a risk to the industry or not.

And then there will be the need to focus government's attention on post-study work rights. In this area ACPET's leadership role has been supported by the NSW and Victorian State Premiers amongst others, and was a major theme in the submissions received by the Chaney Council in our consultations with the sector.

So watch this space and keep providing us with your feedback on what's working and what's not.

I deliberately haven't touched here on the growing opportunities for providers off-shore. We are pursuing a number of grants and MOUs with leading peak bodies, but our efforts are strongly focussed on China at present, following the launch of ACPET China in July. You'll hear more from Li Min, our ACPET China representative tomorrow.

Let me reassure you though that, whether its international or domestic education, ACPET works hard in public and behind the scenes to advocate on policy reform which will benefit students and industry and which brings with it a level playing field for the sector.

But remember, our advocacy is only as strong as the evidence we put forward - your feedback therefore is crucial.
Changes within ACPET

One of the key challenges for me since joining ACPET has been the need to reposition the organisation as a result of the changes occurring within the sector.

The past twelve months have seen us consolidate on organisational reforms commenced after my formal appointment as CEO in January 2011. Recruitment for a number of new senior managers took place towards the end of the 2010-11 financial year, with many commencing in their new roles at the start of the year in review.

New managerial talent and a change in the organisation's focus to improved service delivery to members, backed up by stronger financial systems and expertise - have stood ACPET in good stead in 2011-12 - and position the organisation well for the future.

Changes were brought in last year when we introduced detailed risk assessments for all tuition assurance scheme (TAS) applications and renewals. As members know these risk assessments, which continue this year for our ASTAS scheme, require you to provide us with extra data and information on your business operations, governance, educational capability and financial arrangements - to enable us to provide greater assurance to 'low risk' members that there would be fewer calls on our TAS schemes and thus fewer demands on them.

The aim of the new risk assessment process has been to provide ACPET with information on those providers which pose an unacceptably high-risk to other members with TAS cover, allowing us to work with providers on the brink of closure prior to them entering provider default.

Overall the changes have been a major success and have certainly achieved their aim. An analysis of ACPET's risk assessments of its members for TAS cover shows that last year 73% were assessed as low-risk, 22% were medium-risk and only 5% were high-risk.

And should anyone question the rigour of those risk assessments - the risk assessment tool ACPET uses was developed with advice from Grant Thornton and
our own leading members on the Board's TAS Working Group - based on what we know of provider characteristics of those likely to close and trigger a call on the TAS.

Our risk assessment tool and processes are now under consideration by the Commonwealth's Tuition Protection Service Director as he looks to develop risk assessment practices for the TPS scheme, and you'll hear more from Vipan Mahajan tomorrow on the panel session.

Since introducing its risk assessment processes for TAS, it has been noticeable that no ACPET member entered provider default after December 2011, and while a number have closed or wound down their operations this year, they have done so without triggering a call on the TAS, or now on the TPS if they have international students.

ACPET managed eight provider closures in the last financial year. Unfortunately one of the larger ones (Perth Institute Western Australia) occurred during the period when ACPET's organisational changes were still being bedded down and as a result, there were aspects of that closure that could have been handled better. An independent review was subsequently undertaken and lessons learnt from the handling of that closure were integrated into ACPET's policies and procedures and used to good effect in the management of subsequent closures.

Lifting the quality bar has become a mantra for ACPET in the past two years. It is not something we pay lip service to.

The Board and I feel strongly that the sector has been let down by weak regulation and the reputation of private providers has suffered badly as a result. We have therefore found ourselves in a quasi-regulatory role and it is work that takes a substantial amount of our time.

The management of complaints about ACPET members is a key area of focus for ACPET staff, providing support to the Board and its Governance, Audit and Risk Committee in the management of more stringent membership requirements for ACPET members.
Where this work has been visible to the membership it has been well-received, but our 2012 membership survey indicates there is still a need to do more to ensure members and the broader sector know of our efforts to scrutinise and act on poor quality members.

While some members subjected to scrutiny found the experience a challenging one, the overall response has been positive, with a number of members subject to scrutiny able to demonstrate to the satisfaction of the ACPET Board that complaints were unfounded and/or that identified problems had successfully been addressed. The professionalism of ACPET staff in managing complaints in an unbiased and confidential manner has been a hallmark of the organisation's ongoing growth and development.

The introduction of a national framework for professional development for those working in the sector marked a major change for ACPET and its members in early 2012. For the first time members all across the country could access the same consistently relevant and well designed professional development seminars and workshops.

Ensuring the framework's relevance, ACPET introduced a rigorous selection process for presenters and carefully mapped PD activities to the relevant quality frameworks for VET, higher education and CRICOS. As part of ACPET's commitment to strengthening quality in the sector the new PD framework also provides rewards and recognition for individuals and ACPET member institutions who commit to their professional development.

Finally - the question on the lips of many in the sector, including I'm sure a number of members, has been the impact on ACPET's financial viability following the wind-up of our OSTAS scheme. The loss of OSTAS revenue is significant for ACPET but with strong levels of member satisfaction, improved member services and stronger advocacy ACPET has been pleased to see such a large majority of former OSTAS members choose to renew their ACPET membership this year even though there is no longer a 'need' for them to do so.

In June 2012 the Board endorsed a three year financial plan, developed in conjunction with the Board's Finance Working Group, which provides a clear plan
for ACPET in the short to medium term. Our financial statements show the strength of our financial position and reflect the substantial internal changes made at ACPET to position us as a strong and coherent industry association, not merely a TAS operator.

The changes to improve our relevance and thus strengthen our credibility have not been without their challenges, and I have no doubt there are many more challenges for us in the years ahead.

But rest assured, as a result of the hard work of the Board, its sub-committees and the team of dedicated ACPET staff - we are positioned exactly where we need to be for a very positive future.

Thank you