Productivity Commission impacts of COAG reforms discussion draft submission

February 2012
Contents

Introduction 3

Part A 4
Australian economy, skills needs, government reform policy and agreements

Part B 5
ACPET response to key discussion draft feedback points

Part C 10
ACPET’s response to the implementation of the national COAG VET reform agenda

Part D 13
Implementation of VET reform in Victoria

Part E 15
Overview of private education and training providers and their response to the government reform agenda

ACPET contact
Mr Ben Vivekanandan
National Manager, Policy and Research
ACPET National Office
Suite 101, Level 1, 126 Wellington Parade
East Melbourne VIC 3002
Ph: 03 9412 5912
Introduction

Established in 1992, the Australian Council for Private Education and Training (ACPET) is the national industry association for private providers of post-compulsory education and training. ACPET has 1,100 members nationally, delivering a full range of higher and vocational education and training (VET) and English language courses across all states and territories.

ACPET’s mission is to enhance quality, choice, diversity and innovation in Australian education and training. ACPET represents a range of private providers, including commercial and not-of-profit entities, community groups, and industry and enterprise-based organisations. ACPET works with governments, education and training providers, industry, and community organisations, to ensure vocational and higher education and training services are well targeted, accessible and well delivered. It also ensures courses are of high quality and provide choice and diversity.

As the peak body for private providers, ACPET is committed to ensuring that its policies, products and services contribute to an inclusive tertiary education system.

ACPET welcomes the opportunity to respond to the Australian Productivity Commission’s request for a submission on its Impacts of COAG Reforms: Business Regulation and VET.

This consultation is an important opportunity to provide a considered assessment on the early stages of the implementation of the Coalition of Australian Governments (COAG) VET reforms, implemented in 2009 in Victoria, just commenced in South Australia and still under consideration within current reform policy periods in the other states and territories. ACPET is confident that the findings of the commission will contribute to appropriately supported, steady and sustained implementation of the COAG reforms across Australia to improve the educational profile of working-age Australians and achieve their goal of increased productivity in the Australian workforce.

This submission contains five sections:

- Part A – provides a brief overview of the Australian economy, skills needs and the COAG national reform agenda
- Part B – responds to the key consultation questions asked by the commission in the Impacts of COAG Reforms: Business Regulation and VET
- Part C – outlines ACPET’s response to the implementation of the national COAG VET reform agenda and expands on points of analysis in Part B
- Part D – provides a broad analysis of the implementation to date in Victoria of the COAG VET reform agenda
- Part E – provides an overview of the independent Australian VET sector and considers the sector’s response to the COAG reform agenda.

This submission will focus on the VET reform component of the commission’s discussion draft.
Part A

Australian economy, skills needs, government reform policy and agreements

The past decade has seen substantial changes in the Australian economy, workplaces, in people's expectations of work, and in the demographics of the current and evolving workforce.

Education for work is recognised as vital to Australia's productivity agenda. Performance of the VET system is critical to advance the productivity of the Australian workforce and secure its future prosperity.

The need for the VET system to continue evolving as a responsive, effective and efficient delivery of education and training has been recognised at federal and state levels.

The Commonwealth and state governments, as well as industry groups and training providers are all investing in change programs in the VET sector to substantially lift workforce participation, worker productivity and capacity to meet future needs. The early indications arising from Victoria's 2009 implementation of its *Securing jobs for your future – skills for Victoria* policy have provided a platform on which to consider if and where adjustments should be made to the COAG reform agenda and agenda timelines as it is rolled out across the states and territories.

The national COAG VET reform agenda

ACPET is a strong advocate for the timely, robust and sustained implementation of the skills reforms agreed to by COAG in 2009 through the *National Agreement for Skills and Workforce Development* (NASWD) and various national partnership agreements. The ACPET position on the COAG reform areas as they relate to the commission's discussion draft is broadly outlined below.

ACPET agrees with the view of the commission that adequate funding is necessary for the potential impacts of reform to be fully realised; as well as that funding and reform initiatives – adjusted as necessary – should be sustained beyond the end of reform policy statement periods.

The implementation of a demand-driven system with greater contestability of funding is a key component of the national VET reform agenda. Underpinning this submission is ACPET’s advocacy for the implementation of a robust demand-driven model for VET to reinvigorate Australia’s workforce productivity and secure its prosperity. This follows the lead of Victoria and needs to be underpinned by strategically focused, federal funding. Planned implementation of the COAG reform agenda in other states and territories should not be diverted by premature judgements or mired by partisan arguments around the “success” or otherwise of the early days of this most complex reform.
ACPET response to key discussion draft feedback points

The commission has requested stakeholder responses on its initial assessment of whether Australia’s VET reform potential is being reached and on opportunities for improvement.

The commission has sought feedback on:

- the assumptions it has made on the relationship between ability, educational attainment and productivity
- the most effective and efficient ways to provide potential VET students with the information they require to make informed decisions; in particular, available information about the costs of training and the quality of VET provided by training organisations
- the most effective and efficient approaches to improving completion rates in the VET sector, which are currently low
- the most effective and efficient ways of achieving quality delivery of VET; in particular, what further action may be required in relation to auditing and validation, and
- the sequencing of reforms for a staged move to a more competitive system.

ACPET’s response addresses the specific “Issues for consideration” set out in the discussion draft and considers the broader themes on which the commission has encouraged feedback.

Further analysis of some points is provided in Part C under COAG reform agenda items.

1. What would be the appropriate and realistic scale and timeframe for a further government initiative on LLN given the potential costs and benefits?

Foundation skills are broadly recognised as being at the heart of productivity and this has been acknowledged in the COAG reform agenda.

Given the foundation skills needs of the current and emerging Australian working population, and the patent incapacity of the VET sector to currently deliver to these needs, more investment is needed if the COAG targets are to be met. There needs to be a realignment of strategic planning if the COAG target to halve the proportion of Australians aged 20–64 who don’t attain at least a Certificate III is to be realised.

In broad terms, funding for increased learning support, curriculum design and professional development for teachers is required if the COAG targets for VET reform are to be met. This is particularly so for foundation skills. Real and sustained productivity gains from improved foundation skills require long-term government investment, the fostering of industry involvement and, importantly, the building up of the systemic capacity of the VET sector to address these needs. Early data from the Victorian skills reforms shows increased enrolments of some 67% in one year in foundation courses, demonstrating that offering learners a choice of provider and funding support delivers increased interest in improving LLN skills.

In addition, the boost in funding to the Workplace English Language and Literacy (WELL) program and Language, Literacy and Numeracy (LLN) programs reflects both the proven success of WELL and LLN training where they do occur and recognition of where and how the foundation skills needs of the

---

Australian workforce are most successfully addressed. There is an acknowledged need for industry collaboration with the VET workforce through LLN expert practitioners. However, time and again this understanding is accompanied by the incorrect assumption that there is sufficient capacity in the VET sector and sufficient practitioner competency and expertise in LLN. ACPET would argue that there is not and that additional funding for places and support is required, and that this should be explicitly modelled and included in the COAG negotiations on VET reform.

Important funding allocations have been directed at WELL and LLN programs, the development of the Foundation Skills Training Package and the Foundation Skills Strategy. However, it is unlikely to make a lasting impact unless it is linked to coordinated strategic action between industry, the VET sector and government to lift industry engagement and VET workforce capability around LLN.

The current funding policy periods for all states are inadequate for the development of realistic, self-sustaining, realigned initiatives around LLN. Given the complexity of LLN – and the challenge for industry and the VET workforce to recognise, come to terms with, engage with and become active around LLN – wide-scale coordinated effort is required to raise awareness and develop basic levels of LLN competence across the VET workforce.

The VET reform agenda currently skirts around the pivotal issue of developing capacity to address foundation skills needs. It is significant that although workforce productivity is the central goal of the COAG VET reform, the productivity and professional development needs of the VET workforce, which delivers one of Australia’s largest in-country and export earners (education and training provision) has effectively remained a peripheral consideration. LLN capability building is a case in point.

2. The information made available to potential students about the costs of training and the quality of VET provided by training organisations

Current information about education and training costs and the quality of VET providers is often inconsistent, of limited quality and hard to access. This may especially be the case for employers and industry, as well as individuals who may not know where to start searching for such information or indeed, know what they are looking for. Individual inclination to even consider certain providers, let alone search for information about them, is also influenced by marketing and public discourse that drowns out the “voice” of much of the training provider cohort.

ACPET therefore supports the development of the MySkills website as a centralised source of transparent, comparable information on publicly funded VET. ACPET believes the MySkills website will assist potential students, and those who support their decision making, to make more informed choices about where they may undertake the education that best suits their needs and the quality and range of offerings of different providers.

The success of MySkills will depend on the development of data collection protocols and how these relate to the delivering of training by private providers, particularly in relation to fee for service training. The collection and submission of data is a business cost. It is therefore imperative that data collected to inform the MySkills website is streamlined with other data collection requirements from state and federal departments, ASQA and NCVER. Importantly, the involvement of providers delivering only commercial fee for service activity should be voluntary and providers who do wish to participate should be funded to collect and submit this data, with such funding seen by government as an investment in the training system.

---

2 Australian Industry Group, When Words Fail, February 2012
3. The quality of VET outcomes – while the national arrangements presently being rolled out will address a number of points of weakness, further action may be required in relation to auditing and validation

ACPET supports the streamlining of auditing requirements and activity under an adequately resourced national VET regulator to strengthen auditing and validation requirements in the VET sector. Efforts need to be sustained around the duplication of effort and some of the unnecessarily heavy-handed auditing requirements that currently put a strain on the VET sector and in particular, on independent providers.

In an interview with *Campus Review*\(^3\) ACPET National Chair, Martin Cass, expressed his view on the weakness with audit systems:

> He [Martin Cass] believes that education requires rigorous regulation, which is not always evident in Victoria. “In my view, education is as important as the health system and should be treated in the same way. If you have regulators that are not zealous for the right reasons, you get the problems that we’ve experienced over the last few years.”

Cass considers that regulators in many states have lost their way in recent years, focusing on minutiae and overlooking unethical practices. “They’re over-zealous on minor issues and they’re too concerned about process, and not concerned enough about quality delivery and real outcomes.”

ACPET upholds the importance of the quality of education and training as the foundation of the acquisition of skills and learning. Quality and the real development of skills targeted at increased productivity should be the focal point. Targets around qualification acquisition should be addressed arising from this.

The pursuit of the “completions goal” rather than the “quality goal”, in an inadequate and overwhelmed regulatory environment, has undermined the lynchpin qualification of the VET sector and damaged the reputation of the sector itself. The commission itself continues to identify the TAE1040110 Certificate IV of Training and Assessment as an “at risk” qualification. ACPET supports the strengthening of the assessment validation process and the capacity of RTOs to implement effective quality regimes, through assessment moderation and validation projects currently running in South Australia and Victoria for member organisations. The objective of these projects is to improve assessment practices within the VET sector through the application of validation practices which support consistency in assessment outcomes. The key outcomes have been:

- improved capabilities among ACPET members in contemporary assessment practices through the use of validation to support consistency in assessment outcomes, and
- better understanding of strategies for quality assurance, quality control and quality review as aspects of the quality management of assessment.

These assessment moderation and validation activities will be rolled out nationally by ACPET throughout 2012.

In addition to this focus on external validations, ACPET has also established a national professional development framework designed to advance the skills and capability of members and their staff. While the professional development program takes the Standards for NVR Registered Training Organisations as a starting point, it aims to move members beyond a purely compliance focus to

---

\(^3\) “Deliver quality, or don’t take the money”, *Campus Review*, 20 February 2012
strive for high quality delivery and business improvement. Professional development activities are offered in all states and territories in four streams:

- teaching, learning and assessment
- student engagement and support
- business management and administration, and
- business development.

Professional development is offered for senior decision makers and operational staff (including administrative staff, teachers and assessors) and is targeted at introductory, intermediate and advanced levels. ACPET’s Peer+ points system allocates points to individuals and colleges and encourages regular participation through a rewards system. ACPET would be pleased to further brief the commission on this initiative.

4. Completion rates – current rates in VET are low

The implementation of VET reform is taking place in a system which links funding to completions. However, full qualification completion in preparation for employment may not be necessary and may be a burden on some students. While completion translates in the strictest sense to an improvement in the qualification profile of the working-age population, it does not of itself guarantee enhanced employment outcomes or increased productivity.

Measuring performance based on completions may also drive RTOs to avoid offering places to students who:

- stand to benefit the most from the COAG reforms
- are traditionally at highest risk of non-completion, or
- are better suited to completing clusters of units or skill sets, such as those with foundation skills needs or Aboriginal or Torres Strait Islanders.

These matters need serious consideration prior to any decisions to move to reward providers for their performance in terms of the completion of VET qualifications.

5. The sequencing of reforms for a staged move to a more competitive system

The steady progress and sequencing of reform implementation in line with state and territory policy statement periods need to hold steady against hasty reactions or partisan statements from stakeholders regarding the rollout of the Victorian reforms.

The particularity of the jurisdictions, with their different policy statements, different implementation periods and different training and workforce environments, also presents a challenge for the cohesion of the national reform and the coherence of the dialogue around it. ACPET supports the role of the Australian Government in sustaining the strategic coherence and policy principles underlying the COAG VET reform agenda, and in overseeing regulatory processes and activity. ACPET sees the functions of the state and territory governments as continuing to lie in the interpretation and delivery of reforms to their constituencies, ensuring that users of the VET system are able to easily interpret and access a streamlined system that serves their needs.

Across the jurisdictions there continues to exist various models and practices which muddy the waters around the COAG VET reform principle of improved student choice and greater responsiveness to the diverse needs of individuals. Certainty is critical in supporting private providers,
the largest segment of the Australian education and training market, to plan and resource adequately. This cannot occur when funding processes and timeframes are unclear or ambiguous. These models need to be reconsidered in the lead up to reform implementation or there is a risk that the implementation will be compromised.

Given these challenges, and in consideration of the early findings of VET reforms in Victoria, ACPET believes the implementation of the COAG reform agenda and the broad principles of the agenda should be adhered to. VET reform funding effort should be sustained beyond the initial period of policy statements in the states and territories. ACPET also believes that adjustments should be made, where necessary, to ensure reform effort is not based on false or narrowly prescribed assumptions. It should also not lead to dead-end outcomes such as doubling the number of higher-level VET qualification holders with no clear link to individual employment outcomes, improved job mobility or broader dynamic productivity gains for the Australian economy.

In the same vein, ACPET believes that state and territory governments need to keep in mind the time needed for the effects of reform to take place and potential adjustments that may be needed along the way. In doing so, they must continue to move forward rather than recoil from the implementation of reform in their own jurisdictions, given the clear and pressing need for reform to take place.

The Victorian example has demonstrated this, both in the response across the VET sector to funding opportunities under a new demand-driven model and individual responses to educational options in areas of industry skilling need and individual preference. In making adjustments to moderate the growth of training places and to direct the flow of funding towards training for areas of skills shortage, the Victorian government has likewise demonstrated how reform implementation should be monitored and adjusted as trends gradually emerge.
Part C

ACPET’s response to the implementation of the national COAG VET reform agenda

ACPET’s position on the implementation of the COAG reform agenda across the states and territories is broadly outlined below under key COAG VET reform areas that relate to the commission’s discussion draft. This analysis incorporates an expansion of various points discussed in Part B.

1. A more flexible and demand-driven system, with greater contestability of funding for public education and training and greater competition between providers

Entitlement funding motivates and increases demand from individuals to ensure the supply of skills as the evidence from the Victorian reforms shows. ACPET believes that to be effective, the demand-led student funding model requires that base funding be set at a rate which ensures quality in the system. It is also clear that, as per Skills Australia’s recent estimates, base funding increases of at least 3% per annum are required.

2. Encouraging participation of disadvantaged students, with a focus on regional and remote area provision

Flexible support services and enhanced funding are necessary to improve workforce participation rates for disadvantaged and disengaged individuals. Contestability for a greater share of public funds will enable independent providers to expand their delivery of skills training to disadvantaged students, particularly in rural and remote areas, as student demand increases.

ACPET believes that the roll-out of the National Broadband Network (NBN) will provide new learning opportunities for people in regional and rural areas and support for providers to harness the benefits of the NBN needs to be considered in relation to future VET funding.

Once again though, the Victorian reforms demonstrate that the most effective way to increase enrolments in VET by learners from disadvantaged groups is to offer them a choice of training provider. The most recently available data for 2011 when compared with 2010 data shows:

- government subsidised enrolments by students from culturally and linguistically diverse (CALD) backgrounds are 26% higher, particularly in areas of high CALD unemployment such as Greater Dandenong and Hume local government areas
- enrolments by students with a disability are up 22%
- enrolments by Indigenous students are up 16%
- enrolments by students aged 15–19 who did not complete Year 12 are 24% higher, and
- enrolments in foundation courses (basic language, literacy/numeracy) are up 67%.

3. Increasing take-up of higher-level qualifications to improve workforce productivity and resilience, and learning outcome standards

Current and projected global economic challenges to workforce productivity are driving industry demand for higher skilled workers. Within already transformed and constantly evolving workforce environments, individuals’ learning and career pathways need to be developed and supported.

In its discussion draft, the commission has stated the assumption that “an individual’s workforce participation, and his or her productivity, are only enhanced through the attainment of a full
qualification above the level of the highest one held”, in line with COAG’s focus in the National Agreement for Skills and Workforce Development. ACPET agrees with the view that funding should be allocated to support individuals’ career pathways and, where appropriate, the undertaking of higher-level qualifications, whether this relates to study costs themselves or the support that may be required to sustain their learning commitments.

The commission states that the substantial expansion of places and enrolments will translate to only a small increase in higher-AQF level qualification completion and, by implication, only incremental growth in productivity. However, jobs acquisition and pathways in today’s fluctuating and complex workforce and social environments are not a simple linear experience. Despite the assumption that “upskilling” within occupations leads directly to increased productivity and upward movement in the workforce, the emergence of creeping credentialism across Australian industry has seen individuals with higher level VET qualifications competing against degree holders for the same jobs. At the same time, individuals with higher level VET qualifications (and those with higher education degrees) are increasingly likely to hold lower-level positions than they would have in the past with the same qualifications. Related to this is the risk of overskilling, with resultant unsatisfactory employment outcomes and the saturation of employment markets.

ACPET is of the view that the direct cause and effect implied between undertaking lower level qualifications and lower productivity increases, overlooks the role that lower AQF-level competencies may take in addressing real skill gaps that may prevent higher-qualified individuals from enhancing their own productivity levels or from entering or progressing in the workforce. This implication also seems to contradict the commission’s own listing of foundation skills as one of three key attainments (Certificate III/IV and Diploma/Advanced Diploma are the other two) for increased productivity. It is valid to assume that skills are enhanced through upward qualification progression. However, caution is needed with the assumption that productivity is enhanced only by moving qualification-by-qualification up the AQF hierarchy, rather than including in the mix lower level AQF competencies which may be vital to addressing any given individual’s lower-level skill gaps and assisting their career pathways.

4. Greater transparency and accountability to support informed choices by employers and students around their education provider choices

See ACPET’s response Part B, section 2.

5. Improved quality of the VET sector, through the new regulatory body arrangements, a renewed focus on VET teacher professional development; and the introduction of stronger quality measures for VET providers

Effective regulation is critical for ensuring quality and the recent establishment of the Australian Skills Quality Agency is a seminal development. At the same time, quality reform cannot be in the hands of regulators alone. Sadly regulatory failure, particularly in Victoria and New South Wales, has contributed to a loss of confidence in the Australian international education sector. As a result, ACPET has substantially strengthened its requirements for membership and used these to terminate the membership of those providers that do not adhere to its Code of Ethics.

ACPET believes that a culture of continuous improvement and professional excellence needs to be developed complementary to strong regulation, underpinned by expanded initiatives such as:

- an increased focus on VET teaching and learning quality, and
• new models of data collection on individual RTO performance.

Details of ACPET’s new national framework for professional development are provided in Part B Section 3.

ACPET is also pleased to see that Innovation and Business Skills Australia is continuing to improve the assessment and validation components of the TAE10 Training and Education Training Package, as well as advocate for the Diploma of VET. The diploma, with its more stringent requirements around practitioner experience, should replace the TAE1040110 Certificate IV in Training and Assessment as the required entry level qualification for anyone undertaking training and assessment in the VET sector.
Part D

Implementation of VET reform in Victoria

ACPET analysis of Jan–Sept 2011 Victorian training market performance comparing Jan–Sept (Q3) 2011 to same quarter 2010

- More people are training in Victoria. Relative to the same time in 2010, total reported student numbers are 17% higher.
- Government subsidised enrolments are increasing at higher qualification levels, particularly at Certificates III and IV level which are up 40% up.
- Private providers have clearly adapted quickly to the training market following full implementation of demand driven funding:
  - TAFE providers – up 3% (enrolments), up 2% (hours), down 3% (students)
  - private providers – up 113% (enrolments), up 128% (hours), up 112% (students), and
  - ACE providers – up 4% (enrolments), up 21% (hours), up 6% (students).

Better supporting the disadvantaged

- More people from disadvantaged groups are gaining access to the Victorian training system:
  - government subsidised enrolments by students from culturally and linguistically diverse (CALD) backgrounds are 26% higher, particularly in areas of high CALD unemployment such as Greater Dandenong and Hume local government areas
  - enrolments by students with a disability are up 22%
  - enrolments by Indigenous students are up 16%
  - enrolments by students aged 15 to 19 who did not complete Year 12 are 24% higher, and
  - enrolments in foundation courses (basic language, literacy/numeracy) are up 67%.

Servicing areas of importance

- Enrolments related to occupations in shortage increased 22% and enrolments related to specialised occupations increased 11%.
- Private providers reported an 85% increase in delivery against occupations either specialised or in shortage; ACE providers reported a 28% increase; and TAFEs reported a 1% increase.
- The vast majority of training is being undertaken in areas of importance to the Victorian economy. Government subsidised enrolments in courses relating to occupations either specialised or in shortage were 20% higher. Enrolments in courses relating to specialised and in shortage occupations have grown significantly in:
  - health and welfare workers and managers (+10,400 students)
  - hospitality managers and specialist workers (+5,900 students)
  - construction engineering and trades (+1,900)
  - nursing (+1,300 students), and
  - plumbers and gasfitters (+1,000 students).
- Enrolments of apprentices and trainees are also higher, with growth in apprentice enrolments being driven by:
  - building and construction trades
- electricians, and
- gardeners.

- Hairdressing, cookery and mechanical engineering enrolments are trending down.
- In terms of sectors, the majority of unemployed people are undertaking training in areas of importance such as community services (14%), followed by business and clerical (13%), health (7%) and storage and distribution (6%).
Part E

Overview of private education and training providers and their response to the government reform agenda

The number and diversity of non-public providers have grown exponentially over the past two decades. A large proportion of VET is now delivered to meet employer, employee and future worker needs through arrangements with private registered training organisations (RTOs). As private providers operate with a degree of flexibility, free of the rigidities of large bureaucracies, they are adept at responding flexibly and innovatively to industry needs.

Private RTOs are a diverse group, covering adult/community providers, enterprise-based providers, industry organisations, commercial and not-for-profit organisations, and others. The Education Industry Survey 2010 indicated that private providers are delivering 74% of all VET, with 80% of this provided to domestic students, most on a fee-for-service basis, in a wide range of accredited and non-accredited VET courses across the full range of the Australian Qualifications Framework (AQF). Many private RTOs also provide a wide range of student services.

Research commissioned by ACPET in 2010 confirmed the importance of the private sector in Australia in delivering skills for individuals and employers. Private providers were shown to be delivering education and training to 1.4 million equivalent full-time students across the vocational and higher education sectors in Australia during the 12-month period prior to the study. Of these, over 800,000 students were undertaking AQF qualifications at Certificate III level and above.

The private education and training sector in 2010 was found to employ over 95,000 estimated full-time staff nationally, including trainers and assessors, administrators and support staff.

There have been significant changes in the post-compulsory education landscape since 2009–10 but these figures have continued to grow. The private sector has been increasing the strength of its contribution to the overall VET effort in Australia, maintaining the same pace of innovation and responsiveness to industry needs, in response to the policy shift from supply- to demand-driven education and training systems.

In recognition of the significance of this expansion and the need for appropriate regulation, as well as to facilitate service innovation, contestability has taken a rising proportion of state governments’ funding of VET.

The progressive opening of the VET marketplace, including by contestability of funding, has spurred innovation and efficiency in both public and private providers, as seen in the following extract from a study commissioned in 2006 by the Australian Industry Group (AIG):

(A)round 65% say that they are satisfied with TAFE services, and a similar proportion is satisfied with private provider apprentice training. A higher proportion is satisfied with private providers for non-apprenticeship training. Private providers are rated higher by employers than TAFE on all more detailed criteria except cost ... although the gap between employers’ views of private providers and TAFE has narrowed over time, with TAFE now more responsive and private providers more affordable than in 1998 ...

Several employers moreover commented that opening up TAFE to competition has helped to improve their service, markedly in some cases, a point recently conceded by TAFE NSW in considering NSW’s

---

4 HK Horwath, Education Industry Survey 2010, ACPET 2010
implementation of the VET reform agenda. Where problems still exist, this was thought partly be due to lack of competition.

In a 2011 report on late-stage apprenticeships, the Australian Chamber of Commerce and Industry (ACCI) highlighted the importance of provider flexibility, quality and relevance to industry skilling needs. Private providers were confirmed as being particularly responsive to industry needs, as exemplified by education and training around sustainability, which has emerged as one of the top industry skills need areas.

The report also found that customised education and training, as modelled by various specialist education and training providers, is an effective way to address completing apprentice and new tradesperson needs – a training approach which is an acknowledged strength of the private education sector.

Private education and training institutions are now arguably the ‘engine room’ of the Australian education and training sector. However, the contribution of private providers continues to be under-acknowledged and semi-visible. Since statistics collecting focuses on publicly funded education and training, and because much of private providers’ education and training delivery has been largely fee-for-services rather than publicly funded, their contribution to VET provision is inadequately represented in statistical information on VET. The magnitude of private provision has tended to ‘fly under the radar’. This weakness has been broadly acknowledged, as has the need for the development of a national register for comprehensive data collection.

The image problem stemming from ignorance and underrepresentation of the private sector in statistical figures is compounded by media and political discourse in which the vast proportion of quality private education provision is tarred with the same brush which marks ‘dodgy’ private providers. This discourse and lack of understanding of the private education sector has coloured the tenor of current public debate over how education reform is to be funded and implemented.

Given the acknowledged urgency of reform, concern about widespread often systemic passivity in the face of this need, lowered current productivity and uncertainty about Australia’s future prosperity, the proven responsiveness of the private VET workforce to industry requirements and to the implementation of the VET reform agenda needs to be understood and given due consideration. Funding policy which energises responses, promotes real competition and individual choice, and drives innovation, underpinned by strong regulatory and quality systems, is critical.

The early positive indications of Victoria’s implementation of the COAG VET reform agreement exemplify real and expected gains which should be supported and built on in federal and state budget measures.

---

6 Australian Chamber of Commerce and Industry, *From apprenticeship to a career*, 2011