Higher fees threaten training

Joanna Mather

Business groups have slammed federal government plans to increase registration and compliance fees for vocational education and training providers to fund a national regulator to police the sector.

The Australian Chamber of Commerce and Industry (ACCI) warned higher costs are likely to be passed on to students and employers, and could hamper the government’s own skills agenda.

Registration costs will rise from $1000 to $20,000 for some providers under the draft fee schedule and could send some training businesses broke, said the chamber’s senior adviser on employment, education and training, Stephen Bolton.

“There is a significant risk the proposed fee increases will force closures and staff layoffs for many small providers, as well as force up course fees as other providers cover the increase in costs,” Mr Bolton said.

“This will lead to increased costs for businesses looking to source training for their staff to meet skills shortages.”

There are nearly 5000 registered training organisations in Australia, most of which are likely to pay the higher fees. With the exception of NSW, fees have until now been subsidised to some extent by state and territory authorities.

Among the organisations are large publicly funded TAFEs, enterprise-based academies operated by employers such as Qantas and Woolworths, and niche private providers of specialist courses.

The new regulator, to be called the Australian Skills Quality Authority (ASQA), will take over responsibility for standards and compliance at vocational education and training providers from most state and territory authorities on July 1. The West Australian and Victorian governments have refused to hand over power to the commonwealth and will continue to monitor compliance for operators based in those states.

Federal Labor expects ASQA to operate on a cost recovery basis and to return $40 million to the budget over the period from January 2011 to June 2014.

The ACCI supports a user-pays system but has called for an independent review of the proposed fees and recommended payments be based on a sliding scale according to business size and operational scope.

ASQA will charge a registration fee every five years and aim to recover costs for investigations and additional audits. At present, may providers pay an annual fee.

The new regulator acknowledges there will be added overall costs for providers and students, but has said this will be offset by better quality.

ASQA is part of a government crackdown on dubious operators accused of supplying sub-standard qualifications to overseas students whose primary objective is permanent residency rather than education.

A draft cost-recovery impact statement posted on the regulator’s website states that some providers could stop being viable due to the extra cost of regulation, but that “this is not necessarily a negative impact” given the explosive growth that has occurred in the sector over the past decade.

“The higher registration fee may encourage marginally financially viable organisations to leave the market of their own accord,” ASQA's website says.

“Historically, some specific [provider] collapses have left students in a vulnerable position and damaged the reputation of the Australian vocational education and training industry and the country as a market for overseas students.”

A taskforce has been set up to finalise the proposed fee schedule, which will need to be approved by participating state and territory ministers.

Enterprise-based training organisations are pushing for a sliding scale of fees, based chiefly on a provider’s risk profile.

In this category are some of the nation’s largest employers, including McDonald’s, Woolworths, Qantas and the Australian Taxation Office.
Enterprise RTO Association executive director John Churchill said such long-standing and reputable companies should be treated differently to smaller organisations.

If regulation became too onerous and costly, big employers might decide simply to opt out of the system, he said. They would still provide training for their employees but would not offer accredited courses or seek to be registered providers, he said.

Last week, the government’s advisory body on workforce planning, Skills Australia, raised concerns about funding for the regulator given its mammoth monitoring and enforcement remit.

Skills Australia said the university quality watchdog had funding of $57 million for use over four years to regulate about 192 providers, while the VET watchdog had only $55 million over the same period to regulate about 3700 institutions.

The Australian Financial Review

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