



The Australian Industry Group
Level 2, 441 St Kilda Road
Melbourne VIC 3004
PO Box 7622
Melbourne VIC 3004
Australia
ABN 76 369 958 788

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Ms Julie Agostino
Committee Secretary
Senate Education and Employment Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Submission to the inquiry into the operation, regulation and funding of private vocational education and training (VET) providers in Australia

The Australian Industry Group (Ai Group) welcomes the opportunity to comment on the inquiry into the operation, regulation and funding of private vocational education and training (VET) providers in Australia. The inquiry addresses ongoing issues impacting Australia's internationally well regarded model for vocational education and training.

These issues are having an effect on the ability of the VET system to deliver a productive and highly skilled workforce. Workers must have the skills and qualifications needed to participate effectively in the labour market and assist with Australia's competitive future. As well as the need for relevant entry level training, employers increasingly need skills to re-train or upgrade their people for existing and emerging roles.

Whilst the subject of this inquiry focuses on private training providers, the Ai Group believes that some of the issues for review and improvement are not unique to private training providers. Australia's internationally admired VET system is in part a result of the richness created by the diverse types of registered training organisations involved: TAFE institutes, enterprise based RTOs, universities, schools, community providers and group training organisations. However the complexity of the system has also created issues for employers. The Ai Group's comments on the areas of quality and flexibility can therefore be related to all provider categories. It should also be made clear that the majority of training providers operate with the intent to provide quality, flexible, compliant training that meets the needs of employers and individuals.

This inquiry, aimed at improving the VET system, feeds directly into an ambition within the Australian Government's Industry Innovation and Competitiveness Agenda. The inquiry also complements the Government's current efforts to continuously improve the VET model through its VET Reform Agenda, including the two recent Discussion Papers considering engagement in training package development and reviewing training packages and accredited training courses. The Ai Group supports the complementary range of activities underway to improve the VET product.

The principles framing Australia's VET system

The Ai Group's focus in responding to this review is to ensure that the broad, foundation principles of our national training system are maintained and strengthened. The system must be industry driven, nationally consistent, outcomes focused and timely and quality assured. It is based on industry standards in order to meet industry's workforce needs to further advance Australia's economy. Training providers must exist firstly to meet those needs, and must not dictate the dimensions of training that must be tailored to suit individual employer/student needs.

VET providers need to be able to ensure that outcomes of their training support the COAG Industry and Skills Council 2014 principles around industry defined standards in the VET system. These include training that:

- reflects the technical and generic skills and knowledge that are required in jobs;
- provides a basis for consistent assessment of competence in those skills across the training system;
- provides a mechanism for the national portability of those skills; and
- is flexible enough to cater to the needs of different individuals, employers and industries, including as these change over time.

Industry must also have a key role in the delivery of training in the system and this aspect is where some VET providers have let employers and the system down. In Ai Group's 2014 national Workforce Development Needs Survey one in five employers stated that they were dissatisfied with the most recent training received by their employees.¹ Employers and individual students, wherever possible, need to have training delivery and outcomes shaped to meet their organisational and individual needs. There is considerable flexibility built into the application of qualifications to meet employers' or individuals' needs. Some training providers must better utilise this flexibility to meet specific needs and therefore deliver better outcomes.

Quality of delivery and assessment and standard of marketing

Industry is requiring higher level skills: skills and knowledge that meet the demands of advanced manufacturing and emerging roles in many other industries. Whilst both technical and cognitive skill development is built into industry standards (via training packages), there are questions over whether these skills are being adequately developed or assessed by some training providers.

Ai Group has experienced disquiet from employers concerning inadequate time in the delivery of courses by providers, inadequate assessment of competence and poor quality training outcomes. Volume of learning requirements are built into qualifications' development under the Australian Quality Framework. However the level of quality of competency based outcomes is dependent upon the teaching, learning and assessment activities undertaken through training provision.

¹ 2014 Survey of workforce development needs

We refer to the 2013 ASQA reports, *Training for aged care and community care in Australia* and *Marketing and advertising practices of Australia's registered training organisations*.² The major findings of each of these national strategic reviews further highlight the major concerns experienced across the sector. Noting that the reviews examined the practices of both private and public RTOs, the significant issues centre around:

- a lack of accuracy and integrity in a marketing (up to 50% of RTOs)
- the use of brokers in the system whose marketing practices are not transparent or are misleading
- training with a delivery duration that is too short to meet industry requirements and with insufficient time for workplace skills development. Work based experiences are mandatory in some cases.
- training and assessment strategies that are not well developed, not compliant or did not involve industry consultation.

The Ai Group is concerned that employers can be faced with both unclear and insufficient information when making decisions around training to upskill and improve their workforce.

Standards for RTOs and the role of the Australian Skills Quality Authority (ASQA)

The Standards for Registered Training Organisations (RTOs) 2015 provide a rigorous regime for training providers to meet. These standards have recognised and incorporated a number of mandatory requirements to ensure private RTOs/their trainers have the necessary experience and connections, technical competence, and cross industry understanding. However this has not prevented a number of instances where the standards are clearly not met.

Training providers who genuinely work to and meet these standards would ensure quality outcomes for industry. Some providers struggle to assess competency as currently described in training packages and it appears in some instances training packages are incorrectly interpreted as curriculum. The new Standards for RTOs are strengthening system inputs by addressing assessment requirements, driving consultation with industry, and increasing specifications for every unit of competency.

In recognition of training providers who strive for quality provision and compliance, it is important that the role of ASQA in risk assessment be balanced. On the one hand its auditing regime must continue to identify non-compliance and assist in rectifying training provider practices which are damaging the system. On the other hand, providers of proven quality should not be faced with heavy regulatory requirements. Intentions to build this balance into the system have been flagged by the Government and will assist with a streamlined and more efficient system.

² Australian Skills Quality Authority, *Training for aged care and community care in Australia*, September 2013; and *Marketing and advertising practices of Australia's registered training organisations*, September 2013.

VET FEE-HELP

There have been some recent concerns in relation to the operation of the VET FEE-HELP loans scheme. The Ai Group supports the principle of this loans scheme which extends the same kind of financial assistance to VET students undertaking diplomas and advanced diplomas as the HECS scheme does for university undergraduates. However, there have been reported abuses of the scheme by training providers in advertising of programs and recruitment of students. Inadequate information has been provided to students about the details of the debts incurred. Ai Group believes that corrective measures need to be introduced to rectify this problem with what is otherwise, a beneficial scheme for VET students.

I would be pleased to have the opportunity to further discuss any of the issues raised in this submission. Please do not hesitate to contact me directly on (03) 9867 0202 or email mlilly@aigroup.asn.au or Anne Younger, General Manager – Education and Training on (03) 9867 0172 or email anne.younger@aigroup.com.au.

Yours sincerely

A handwritten signature in black ink that reads "Megan Lilly". The signature is written in a cursive style with a large, decorative flourish at the end.

Megan Lilly
Director – Education and Training