



CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND SUBMISSION

- ▶ *Redesigning VET FEE-HELP Discussion Paper*
Australian Government – Department of Education and Training

JUNE 2016

Introduction

1. The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide a submission to the Department of Education and Training on the *Redesigning VET FEE-HELP* discussion paper.
2. Queensland needs a robust Vocational Education and Training (VET) sector capable of delivering quality outcomes that meet the skills needs of industry and boost workforce participation. It is widely recognised that VET training plays a critical role in lowering unemployment particularly among young people and in Queensland's regional areas.
3. The responsibility for delivering a successful VET system in a broader context lies jointly with government, industry and the RTOs. It is only collectively that Australia can achieve a VET system that is responsive to industry's needs in an increasingly global labour market with increased labour mobility. As such, VET policy and outcomes need to be linked to employment, innovation, infrastructure and trade policies.
4. Industry recognises the importance of having a well-informed market that directs students to courses that offer a smooth transition in the job market. To pay back their debt, students need appropriate, graduate-level jobs.
5. CCIQ, alongside our national body the Australian Chamber of Commerce and Industry (ACCI), have been vocal about achieving national consistency in training funding, policy, research and data that avoids duplication and overlap in regulatory requirements. The submission herein provides a summary of our key recommendations for VET Reform.

Key challenges

6. It is rightly asserted in the discussion paper that since the expansion of the VET FEE-HELP scheme in 2012, there have been "serious concerns over the quality, probity and conduct of some providers, low completion rates and unethical practices".
7. While a number of issues are apparent with the current system, the core issue is in relation to how the current funding scheme is fundamentally disconnected from the quality of teaching and real job outcomes. There is currently very little VET provider accountability tied to funding and an absence of ownership by the providers around completions rates.
8. Media reports had identified that while Registered Training Organisations (RTOs) have received over \$100 million in VET FEE-HELP funding despite having completions rates of less than 10%. However, it is acknowledged that caps and a number of other effective measures have since been implemented to stop the actions of "dodgy" providers. Nevertheless, greater transparency is still needed around VET FEE-HELP data to ensure public money does not go to waste.
9. The many shortcomings of the VET system and the VET FEE-HELP scheme has resulted in spiralling costs on public borrowing which increased substantially from \$26 million in 2009 to \$2.9 billion in 2015. While much focus has been to clamp down on unethical practice, there still

remains a multitude of flaws in the system which could be resolved if the quality of the training was more closely linked to funding model.

10. The massive blowout in bad debt in loans is indicative of the current funding model needing desperate repair. Government needs to respond urgently to problems with the VET FEE HELP system by backing the case for reforms to income-contingent loans and action to ensure VET meets the needs of the labour market.

Building a Better National VET system

11. ACCI released their policy paper *“Focus on Skills: Building a Better National VET System”* in February 2016 which addressed the future of VET in the context of Federation Reform and presented a case for change. CCIQ and ACCI mutually support a number of recommendations as discussed within the paper, and detailed below.
12. A key priority is a review of the income threshold and collection policies. Current rules clearly are resulting in inadequate debt recovery, although limits on the share of income are necessary to minimise the impact on graduates starting their careers.
13. Greater policy coherence is need than is possible under the current situation, where federal, state and territory governments each separately set VET policy and funding priorities. The future of VET cannot be marred by duplication, inequalities in funding application and complexity.
14. The system must be simplified for employers and students who need to access information, funding and services at multiple levels or who cannot access training in one jurisdiction when it is readily available in others.
15. Industry needs to be embedded in every layer to work with government to identify critical skills demand and emerging skills needs, and work alongside the national regulator to determine quality output and the veracity of training outcomes from training providers. Industry can:
 - set the occupational standards around which learning and assessment processes are developed;
 - be central in determining the criteria for assessment and the conditions of assessment;
 - provide guidance and a learning context for training providers when implementing training and learning strategies; and
 - provide practical experience for students undertaking training.
16. Furthermore, CCIQ and ACCI support retaining the Australian Industry and Skills Committee or similar to oversee the system provided that it is truly an industry body including more industry representatives and not requiring a nominee from every state.
17. Federal Government control of VET, with significant industry input, is considered to be the long-term goal of achieving efficiency in the system. The Federal Government’s role will be similar to the one it currently plays in higher education, where it sets policy and funds delivery and regulation. Employers and industry must remain central to VET in a move to a genuinely national system.

18. Removing duplication and inefficiencies should result in significant savings, which should be directed back into VET to make up for ground lost with significant cuts in recent years. A refocussed and centrally directed VET system should be adequately funded so employers and learners can access the flexible and responsive training needed to deliver quality outcomes for a productive economy.

Further enquiries

19. We thank the Department for the opportunity to provide comment and welcome any feedback. Please contact Catherine Pham, Policy Advisor, at cpham@cciq.com.au for matters relating to this submission.