



A•S•U

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18 August 2017

Department of Education and Training
GPO Box 9880
Canberra ACT 2601

Dear Review Secretary,

**Re: Review into National Vocational Education and Training
Regulator Act 2011**

**Australian
Services
Union**

**National Office
Melbourne & Sydney**

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National Secretary
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The ASU welcomes the opportunity to provide a submission to the current Review into National Vocational Education and Training Regulator Act 2011.

About the ASU

The Australian Services Union (ASU) is one of Australia's largest Unions, representing approximately 135,000 members.

The ASU was created in 1993. It brought together three large unions – the Federated Clerks Union, the Municipal Officers Association and the Municipal Employees Union, as well as a number of smaller organisations representing social welfare workers, information technology workers and transport employees.

Today, the ASU's members work in a wide variety of industries and occupations and especially in the following industries and occupations:

- Local government (both blue and white collar employment)
- State government
- Social and community services, including employment services
- Transport, including passenger air and rail transport, road, rail and airfreight transport
- Clerical and administrative employees in commerce and industry generally
- Call centres
- Electricity generation, transmission and distribution
- Water industry
- Higher education (Queensland and South Australia).

The ASU has members in every State and Territory of Australia, as well as in most regional centres.

The Current Review

The ASU notes the Terms of Reference for the current Review which outlines the Scope of the review in the following terms:

- a. The reviewer will make recommendations regarding the NVETR Act and its subordinate legislation to ensure its capacity to:

- b. Provide the regulator with functions and powers that are relevant and suitable to the current and future VET environment
- c. Enable the regulator to use its existing powers in a timely, effective and transparent manner
- d. Enable the regulator to apply a responsive, risk-based regulatory approach and effectively detect non-compliance
- e. Enable the regulator to consider student outcomes in making regulatory decisions
- f. Provide appropriate student protection mechanisms
- g. Ensure only an appropriate level of regulatory burden is imposed on RTOs
- h. Ensure regulators can effectively manage qualification types which may be delivered in both the higher education and VET sectors
- i. Facilitate an outcomes based approach.

The reviewer will also advise on any other administrative improvements to the NVETR Act.

The reviewer will also advise on the implications of their findings and recommendations for the operations of ASQA.

Some issues of concern for the ASU

In a recent survey undertaken by the Union, the following feedback was noted as having some relevance to the current Review. It raises a number of ongoing concerns about the VET system which indicate regulatory failures as well as critical underlying problems in respect to the government's policy approach to the provision of services. We begin with comments received from the survey which have been categorised under headings which appear to capture the nature of the comments.

Deteriorating quality of education and training

Young people being signed up to shonky providers with little chance of actually completing their courses.

Certain qualifications have lost value due to being offered too frequently, and not delivered in a quality manner. Fees are expensive, particularly for permanent residents, who need to pay upfront and in full.

They've made it less practical to get a registered or recognised qualification

By privatising students pay more for a course that is not up to standard like a tafe course . Having attended a private college I withdrew feeling like I was not properly trained in the field

The quality is not consistent across course providers, and fees vary greatly.

Increased fees and increased profits

The cost means that some young people will be reluctant to take on a debt and will, thus, not enter into VET education. Privatisation of VET means that the standard of some programmes is dodgy.

It's too expensive and more about making money than giving young people the skills they need for employment.

They don't care about the quality of the course they deliver only what profit they can make

Sky rocketing numbers of providers ripping young people off

Students stranded and demoralised

There are providers who offered a course in my town, but they did not continue. This left anyone who wanted to complete the course stranded. Education should be a human right, not for generating profit.

Shonky providers screwing young people out of huge amounts of money with no, or virtually useless accreditation

I know many people whose courses have been cancelled with very little notice

Destruction of TAFE is affecting communities

The financial cost for young people to study is a barrier. The government has ruined TAFE! It used to be accessible to all. Especially in Rural areas and low socio economic areas

Less courses at local TAFEs, less apprenticeships, more expensive, less resources in the classroom etc.

Less courses at local TAFEs, less apprenticeships, more expensive, less resources in the classroom etc.

Tafe courses are so expensive now and many low income students cannot access courses

Inadequate and ineffective regulation

When I went through TAFE was still an institution that was affordable and accessible. Now there are too many sharks, and not enough oversight in the industry. Quality varies wildly.

Far too many cowboys...

Privatisation of TAFE has undermined the value of a government regulated training system

Students are getting screwed over

Other impacts

[VET] is in the dumps now and I tried to re-enrol in my diploma however it was way too complex and difficult

Summary

The information received has indicated that the marketization of the VET sector has resulted in considerable detrimental outcomes for students, workers, their communities and government funding capacity. In particular detrimental outcomes included (but not limited to) the following:

- Deteriorating quality of education and training
- Increased fees and increased profits
- Students stranded and demoralised
- Destruction of TAFE is affecting communities
- Inadequate and ineffective regulation

A comment from one participant appeared to summarise the situation aptly when commenting that:

There is no evidence that any positive gains have been made, meanwhile TAFE has been gutted. Students have been exploited and lost money, and the vulnerable (who previously gained inclusion through TAFE) are now marginalised

Regulatory and Policy Implications

From this information, the experiences of our members and other research, the Union developed concerns about the impact of policy directions which have placed increased emphasis on a market driven approach to the provision of VET services. As a consequence of this approach, problems plague the system, causing hardship for students, their families and local communities. Indeed the policies undermine efforts to improve social and economic equality in Australia.

A substantial amount of media attention and research studies reveal a range of problems including revelations of deteriorating quality standards, aggressive marketing behaviour by some training companies (particularly in vulnerable communities) and practices which have left many students demoralised, in debt and left with inadequately trained or an inability to complete their chosen course work.¹ The unfortunate consequent of poor quality training is that young people are not adequately prepared to enter the job market.

In addition, valued public institutions (such as TAFE colleges) have been starved of funds while new training centres came to life in the environment of competition and inadequate regulation.² As a consequence a growing proportion of taxpayers' money, traditionally used for VET services and valued infrastructure, has been diverted to profit-making organisations.

The impact was far reaching as an array of private for-profit VET providers saturated the market and many developed innovative ways to pervert the goals of VET in order to increase profits. In addition, the VET Fee Help scheme further

¹ For example see Serena Yu and Damian Oliver, 'Privatisation of vocational education isn't working', The Conversation, 24 February, 2015 <<http://theconversation.com/privatisation-of-vocational-education-isnt-working-37788>> viewed 4 August, 2017; see also Leith van Onselen, 'A sorry end to the private VET swindle', *MacroBusiness*, <<https://www.macrobusiness.com.au/2017/05/sorry-end-private-vet-swindle/>> viewed 4 August, 2017.

² TAFE Directors Australia, Op. Cit., for an article on the perspective of the NSW TAFE teachers union, see Clair Aird and Alison Branley, "TAFE teachers union says job cuts 50pc higher than figure announced by NSW Government", *ABC News*, 20 September 2014, <<http://www.abc.net.au/news/2014-09-20/tafe-teachers-say-nsw-state-government-doubled-job-cuts/5756974>> accessed 17 March 2015.

increased the number of vocational training courses being carried out by the private sector rather than through TAFE.³

The Union notes that after repeated exposure of shonky arrangements, the government did recognise the need to make some changes in an effort to improve the regulatory oversight of the system. However the Union is persuaded that problems continue to plague the system as a consequence of maintaining the market driven approach to VET. This approach is based on a flawed ideology and sets of assumptions which have little relevance in the real world. In practise they increase social and economic inequality.

It is in this time of ideological policy making that young people are thrust into an environment where they are expected to engage in the complex process of transitioning from school to work. The Union is therefore of the view that there needs to be an overhaul of the approach - instead of placing the market at centre stage, priorities should be realigned so that working people of all backgrounds and economic circumstances have improved opportunities to engage in the workforce and achieve a fulfilling lifestyle and economic independence.

Given the information provided above, the ASU concurs with the four points raised by the ACTU in their submission. Specifically:

1. The notion that the market will ever be the solution to market failure must be dispensed with.
2. The Regulator needs to concentrate on the capacity of the graduate against the standards as reflected in training packages, not whether the paperwork produced by providers 'should' deliver confidence and sound outcomes.
3. The system needs to revert to its primary purpose which is the production of the skilled and capable (socially capable as well as vocationally) workers Australia needs.
4. The need for a direct and demanding role for the industrial parties in driving higher levels of engagement in quality.

Once again, thank you for the opportunity to make a submission to this important Review.

Yours faithfully



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³ See Commonwealth Ombudsman, 'Vet Student Loans Ombudsman', <<http://www.ombudsman.gov.au/about/vet-student-loans-ombudsman>> Viewed 4 August, 2017; Tim Dodd, 'Private college's VET FEE-HELP loan scandal hit: \$160 million and counting', Financial Review, 21 May 2016 <<http://www.afr.com/news/policy/education/private-colleges-vet-feehelp-loan-scandal-hit-160-million-and-counting-20160519-gozbmp>> viewed 4 August, 2017. For example of media coverage of this issue see Frank Chung, 'This is a blatant rip-off of the taxpayer': Training colleges facing audit of 'predatory' pricing', *News.com.au*, <<http://www.news.com.au/finance/money/costs/this-is-a-blatant-riporff-of-the-taxpayer-training-colleges-facing-audit-of-predatory-pricing/news-story/b82f5b31b12ccc58755939fbfdb6d66d>> viewed 4 August, 2017.