

**ACPET CEO's address to the ACPET National Conference  
29 August 2013, Adelaide**

Good morning and thank you all for your attendance at this year's conference – to our international delegates who've flown in from around the world, to those of you who've flown in from across the country, as well as the local South Australian contingent – it is a delight to have you here with us today.

Before I begin I'd like to pay my respects to the Kurna people – the traditional owners of the land on which we meet.

I'd also like to salute each and every one of you.

This year has been one of the most difficult for private providers in the time I've worked in the sector – and while adversity challenges us to innovate and improve our practices – there are times when adversity can also stretch us to breaking point, and that's the point that I believe the sector is now at.

Because it's been such a difficult year for you, providers, it's also been a tough year for ACPET. I'll have more to say at this afternoon's AGM on the challenges we've faced and overcome as an organisation this year, but I want to publicly acknowledge and thank the Chair and Board of ACPET and my staff, particularly Ben Vivekanandan and Maria Langwell – thank you all for an extraordinary effort.

While it's been a very difficult year there is no doubt that ACPET has come out of it in a stronger position. And you'll be pleased to know that we're not for a minute bowed by the challenges and fights still to be had on your behalf.

Them's fighting words...

Yes they are, and as I outline the challenges facing the sector it will become apparent why I'm using such strong language and why we've got our sleeves rolled up for the hard work ahead.

Some of you might be expecting me to comment on the election and which party offers 'the best' for the sector. With Minister O'Connor having just addressed you, and further presentations by the Hon Sussan Ley and the Hon Nick Xenophon still to be made – there's plenty of opportunity for you to form your own views on the commitment of each party to the sector.

What I want to discuss here are the 'experts' operating behind the scenes. 'Experts' who, in a time of extreme political upheaval this year (with 5 different Federal Ministers for tertiary education) have wielded unparalleled influence, and who I believe are driving profound and largely negative change to a sector that you and I love with a passion.

Turning first to the National Skills Standards Council and their expert advice on how to improve quality in the VET sector: I want to formally put on the public record how nonsensical their Licensed Training Organisation proposal is. But first let's remind ourselves of why they claim it's *needed*...

To quote from their Framework document the NSSC states that they consider the switch from RTO to LTO is "a critical element of implementing the AVQS, supporting a shift in current perceptions and

understandings to one where the regulation of providers is based on what they do (awarding nationally recognised qualifications) as opposed to what they are.”

Excellent logic – in fact I’m surprised that David Gonski and his panel reviewing the school system didn’t realise they could also improve the quality of school education in part by changing the name of schools. Just think we could probably have saved a cool billion or two if only the Gonski review panel had thought of ditching the name ‘school’ in favour of a title that describes ‘what schools do’. You’ll be reassured to know I’ve given it some thought and I reckon a suitable replacement term could be ‘Licensed preparatory level educational organisation’- it fairly rolls off the tongue doesn’t it.

You can imagine Charlie getting home and Mum and Dad sitting around the dinner table asking “so Charlie how was licensed preparatory level educational organisation today?”

Ok – so when I put it like that, it’s a little clumsy but I’m sure our ‘experts’ can come up with a handy acronym for Mum and Dad and Charlie to use – any takers for LiPLEO? After all – it’s bound to improve the quality of our schools if the regulatory system refers to what they do and not what they are.

And of course the Higher Education Standards Panel may not have twigged to the obvious link between a change to the title ‘university’ and improved quality in the sector. If schools become LiPLEOs then how can we describe our universities – as ‘higher education providers’ perhaps? That would go down well wouldn’t it...?

So given the universities are likely to want to continue to differentiate themselves from other higher education providers – maybe a more appropriate title in this brave new world of regulation could be ‘legislated academic learning and research organisations’. Can’t you just see Fred Hilmer at UNSW and his fellow Chancellors rushing to embrace that change, knowing deep in their hearts it will improve the regulation and quality of the university sector.

But look the more you think about it, the more obvious it is that this concept has legs beyond just education – in fact it doesn’t take much to think about how much better the whole world would be if we renamed everything that’s regulated to describe what it does and not what it is...

Consider road safety and the trucking industry – plenty of scope to lift quality and improve regulation there. And think of the many safety benefits to flow from renaming ‘trucks’ as ‘motorised vehicles for haulage’ to encapsulate the work that they do.

Carbon emissions are a vexed environmental and political issue – just think of the money and CO2 emissions we’d save if we stopped referring to trees as ‘trees’ and instead described them based on the work they do – yep that’s right – forget ‘tree’ and instead join me and the NSSC in embracing their new title of ‘photosynthesising CO2 emission reducing organisms’.

The building industry is another heavily regulated sector – so don’t be surprised when you’re checking out of your hotel on Saturday morning: the concierge won’t ask if you’re staying on in beautiful South Australia or heading home, no they’ll want to know if you’re heading back to your ‘personal residential shelter’.

Starting to feel like you’re trapped between the pages of a piece of Orwellian fiction?

I do, and while there is a perverse humour to this nonsense we're being asked to swallow; this is serious - experts with ideas like this are fundamentally changing our tertiary education system and not for the better.

Why are they doing it - because the system has been designed to be driven by 'experts' not those with real experience, and because the labelling of them as experts encourages them to back their own judgement, rather than engage in genuine consultation and dialogue with those who know the sector best.

And just how expert are they?

Well we have experts who thought that they'd lift quality in the sector by introducing a minimum prescribed amount of capital for all RTOs (yes I know they referred to them even then as LTOs, but I'm damned if I will).

Anyone who knows anything about VET knows that size is not a de-facto marker for quality; big is not necessarily best, and there are plenty of reasons why RTOs choose to remain small or medium enterprises, including many which deliver predominantly 'on the job'.

But that's not what our experts thought.

Approaching the issue of quality through the prism of a predominantly classroom-based model of VET delivery, the experts told us that quality in the sector would be lifted if providers had to have a prescribed minimum amount of capital behind them; and reassuringly the experts are so expert they would determine what that prescribed amount of capital should be!

Now some will question why I've raised the minimum amount of capital idea, after all it's now off the table and some have described this as evidence that genuine consultation has taken place and ACPET and the sector have been listened to.

The flip side of that argument is that ACPET and the sector have spent months fighting for common sense to prevail - when a truly expert set of reforms would not have included such nonsensical ideas in the first place; and rather than waste time fighting to get rid of rubbish ideas, we could instead have been engaged on dialogue about quality and where and how to improve it.

A wasted opportunity.

As is the current caretaker period of government, and some over-zealous interpretations of the caretaker conventions, when an election is called.

Despite the NSSC being accountable to ALL VET Ministers and not just the Commonwealth, and all Ministers agreeing to further work and consultation on proposed changes to the Standards - caretaker conventions have been invoked as a reason to put on hold consultation with the sector (through two important mechanisms - an External Reference Group and the Small/Specialised RTO Working Group).

Now I've read the caretaker conventions issued by the Department of Prime Minister and Cabinet for this election, and they specify that:

*In summary, the conventions are that the government avoids:*

- *making major policy decisions that are likely to commit an incoming government;*
- *making significant appointments; and*
- *entering major contracts or undertakings.*

Hard to make the case that talking to providers and other stakeholders to get input into a final piece of work that won't go to Ministers until November is 'making a policy *decision* that *commits* the government'. And it's obvious that stakeholder engagement has nothing whatsoever to do with making a significant recruitment decision or entering a major contract.

It's hard to read the decision to put the consultations on hold, as anything other than an excuse to allow the experts to get on with the work of drafting the new Standards, without having to engage in 'messy' consultations with the sector for a five week period.

Once the election is finalised and Ministers in place, I anticipate that ACPET will once again take its place on the External Reference Group and the Small/Specialised RTO Working Group. I expect that after today's speech the reception I'll be given will be decidedly frosty. But on crucial issues like those relating to the regulation of providers - my job is not to keep others happy but to advocate for sensible, well thought through reforms.

At present what the experts are offering is a long way from that.

One of the things that's missing is a focus on how all this clever, expert thinking, will be operationalised. When I raise the point, I'm constantly told these are operational matters for the regulators to determine.

It's a great view of the world isn't it – we, 'the experts' will look out from our lofty heights and design a 'robust new regulatory framework' but we don't want any discussions on how our clever thinking might work on the ground.

Let's explore just one flaw in that kind of expert thinking - the proposed Accountable Education Officer.

Firstly let me state quite clearly, that ACPET firmly supports the need for all VET providers to have educational expertise in their senior management team - it's a must.

We also see some merit in the concept of the AEO.

There are however crucial issues to be addressed in the AEO concept, one of the most fundamental is how the introduction of the AEO will lessen the regulatory burden on providers with a proven track record, and increase the regulatory scrutiny on those who need it.

When I ask this fairly fundamental question I am consistently told that the concept will 'give the regulator line of sight' into the RTO.

When I press for further details on what this 'line of sight' for the regulators actually means I get platitudes but no answers. Further, when I press on the issue of how having line of sight into more than 4,000 RTOs allows ASQA to take a more proportionate regulatory approach - I'm told that's an operational issue.

Well I don't know about you but all this vague talk of line of sight by the regulator and imagining it from the ASQA Chief Commissioner's perspective inevitably brings a cyclops to mind... There he is - Chris Robinson bestriding the VET stage - with his line of sight beaming into RTOs near you!! A scary visual image and a scary and unknown change in how the regulators will operate.

One final point about regulation, expertise and ASQA - and this may surprise you but I want to now put on the record my thanks and appreciation on behalf of ACPET and its members for Chris Robinson's pragmatic and provider centred approach to his role.

Before I explain why - I recognise that this is not a view shared uniformly by the sector and by some in this room - and the conference offers you the chance to speak to Chris and hear from him directly. So what I'm stating here is not intended to diminish or downplay some of the very real frustrations you have had - but while Chris and I sometimes have quite public disagreements, in all of my dealings with him I know that he is open to advice and keen to appreciate the provider viewpoint.

What evidence do I have?

Well when it comes to student fee protection mechanisms, in the Standards - there are very few choices available to private providers and all of them are burdensome.

That's despite the Standards allowing providers to meet their fee protection obligations through membership of a Tuition Assurance Scheme approved by the NSSC. Despite that option being written into the Standards back in 2009 and due to be operationalised from July 2011, neither the NSSC nor its predecessor the NQC has approved a TAS.

To be fair the NQC did a lot of work on the criteria that could be used to approve a TAS but then, you guessed it, the experts got involved again and decided that no TAS could ever be backed up by a commercial insurance contract and therefore no TAS could be approved.

Hence no TAS *would* be approved and the matter of student fee protection would be dealt with through the two year review of the Standards. That's right - providers could turn their business operations on their head for a total of at least 4 years while the experts worked out their next move.

And if only they'd done ACPET the courtesy of checking with us before making their expert determinations, we'd have shown them that not only could insurance be secured for TAS schemes, we actually have not one but two insurance contracts in place for the TAS we offer FEE-HELP and VET FEE-HELP providers.

So much for the experts; and you'll understand why I didn't bother banging my head against that brick wall, but instead submitted the ACPET TAS to ASQA for approval as a "scheme of equal rigour" under the Standards.

While it's taken a lot longer than I, or our members who have used our TAS schemes in the past would have liked, I am pleased to announce that our TAS has been approved by ASQA as a fee protection mechanism under the Standards.

I'll have further details to members in the near future, but without getting bogged down in the details, what I want to make clear is this: when I submitted the proposal to ASQA for approval, Chris immediately recognised it as a sensible option which would protect students and make life easier for providers, and it's been from that perspective that we've worked to get the scheme approved. So hats off to one expert who has been motivated to look at their work and responsibilities, from the perspective of the sector and the expertise within it.

Of course all the 'unhelpful' expertise isn't confined just to regulation and quality. The reach of the experts extends to apprenticeship reform and the rollout of skills reforms.

Turning first to apprenticeships – you'll recall the 2011 report of the Expert Panel on Apprenticeships for the 21<sup>st</sup> Century and its recommendations to *improve* the system.

Acting on the advice of the experts – the Commonwealth has made 14 cuts to apprenticeship and traineeship incentives since May 2011.

As a direct consequence apprenticeship and traineeship commencements have plummeted – and now at a time of rising unemployment they are at their lowest level in more than a decade. Even worse, after the cuts announced just before the election was called, it's clear that commencements have a long way yet to fall.

Even the Minister now publicly holds a contrary view to the previously Expert Panel. The Panel claimed that removing the incentives for existing worker traineeships would not affect employment in the industries which had used the incentives.

Yet when asked two weeks ago how the government planned to stop unemployment rising the Minister stated that: "we need to make sure we invest in skills and education in order to prevent people falling out of work. We need to go into the areas where there is anticipated growth - I would suggest, for example, the fall in the Australian dollar is going to lead to some opportunities in trade-exposed industries like manufacturing and tourism, provided we invest in the skills to the letter."

So much for the experts then....

And what about skills reform – as one of the few public champions of the reforms – how and why would I have a crack at the experts involved in their implementation?

The Victorian experience after all, shows that the reforms work:

- more people in training
- more people in higher level qualifications
- more completions
- a much stronger link between the training offered and the state economy's needs, and
- many, many more people from disadvantaged backgrounds enrolling in VET when they have a choice of provider and funding that supports that choice.

And yet to get to this point has been extraordinarily difficult for providers – both private and public – let alone students who used their entitlements without even appreciating they had one, and then were left scratching their heads as to why their next course wasn't free. Despite a more cautious and consultative approach to implementation, some of the same issues are arising in South Australia.

Before I dwell on those issues – let’s take a moment to focus on the good news (**refer to slides 17 – 20**).

You’ll hear more details from Victorian and South Australian officials during the conference about the impressive overall results of skills reform.

Sadly though, to get to these great results, there has been significant turmoil for providers. Why?

Because very few bureaucrats know or understand the private VET sector.

Introducing significant government funding into previously thriving fee-for-service markets distorts the market and the choices available to learners.

Governments can’t turn on and off the government funding tap at will.

It has serious impacts on both private and public providers.

I know too many ACPET members who have acted in good faith to add courses to their scope of registration, invested heavily in new infrastructure and additional staff, only to have the funding rules change and to be faced with massive losses.

Moving from a government planned/direct purchasing model to a contestable funding model in a time of tight budgets is an enormous challenge.

It’s also very rare.

The introduction of these reforms into the VET sector is only the third time in Australia’s history (in any sphere) that governments have moved from running/tightly managing government programs – to creating and managing markets for the delivery of government services.

The first time we did this as a country was back in the 1990s when the Job Network was introduced to replace the Commonwealth Employment Service. The second time.... – well we’re in the early stages now... with the introduction of the National Disability Insurance Scheme.

In both of these instances the planning for the reforms and the communication of them is phased in over years.

Sadly, too often in VET, we rush into change and don’t think through the consequences nearly carefully enough.

To the remaining States and Territories yet to implement your reforms – take it from someone with hard won experience (but not an expert) – it’s hard work, and it’s much more likely to go wrong than you think it will be. If you get it wrong – providers, their staff and students all suffer.

The suffering is not to be lightly dismissed – it is real and the effects are profound.

Please – take the time to thoroughly test your ideas and assumptions with providers. Don’t discount what they tell you. Their advice is real and hard earned.

As I said, at the start of my speech – private providers are under extreme stress and while the end results of skills reforms undoubtedly have real benefits – the end can't justify the means.

Now for those of you with an eye on the clock – you'll be aware that my time on stage is drawing to a close. If you're a higher education or international education provider – you might be feeling somewhat frustrated that I've focussed on VET. The rationale is that in part I've had to – the issues and the advice of the experts is so damaging it needed a thorough exposition.

With respect to international education – the system is in a very dire position. Yesterday I outlined the challenges and remedies facing the sector at our Asia-Pacific International Education Forum – copies of the International Education Statement I released make it clear that change is urgently needed and spells out the changes which will help put the sector back on its feet. If you weren't able to attend the Forum, copies of the statement are available at the ACPET booth.

And higher education I hear you ask? The recent review of regulation in the sector by Professors Kwong Lee Dow and Valerie Braithwaite is a very good starting point for change and improvement. And separately we are working on the economic and academic case for extending Commonwealth Supported Places to the private higher education sector. So we'll have much more to say on higher education in the weeks ahead.

And now, having railed against the experts – it's time for me to step down from my soap box and make a really positive announcement.

We are proud of our ACPET membership base and have worked strategically, in particular over the past 2 years, to promote our members to the wider community, both domestically and internationally.

Part of this strategy is the establishment of formal relationships with the Careers Industry Council of Australia, as well as with the National Employment Services Association. On the international front, ACPET has also cemented formal relationships with a range of key agencies, including the National Skill Development Corporation, India.

To heighten the promotion of our members, I am delighted to launch the ACPET Catalogue today, an interactive 'App' that I know, will become a prime, comprehensive and trusted reference for careers advisers to show school leavers the study options available to them in the private tertiary sector. We also envisage it being widely used by careers advisers and the JSA network in their work supporting people who wish to reconnect with education and training. And of course, for those of you working in the international education sector – the app will be widely available to international education agents and the families and students who look to them for advice on where to study.

As ACPET Members, you are affiliated with excellence.

This Catalogue is a chance for you to stand out. Put simply, the Catalogue will offer school leavers and other learners a chance to get immediate access to information about your institution, exclusively, and in an innovative and visually appealing way.

Behind me you will note the strong digital as well as traditional and social media marketing campaign that will support the rollout of the app.



For interested members, information about the communications campaign is available at the ACPET Trade Stall. The communications campaign will be refreshed on an annual basis, and I've already done interviews with journalists at Careers One – explaining the ACPET Catalogue and how it will support learners to find the right private institution for their future study needs.

So members:- a reminder that the Catalogue has three levels of 'exposure' for your institution.

Level 1 is available as part of your membership fees. But we can't magic up the information you want included in the Catalogue about your institution. It is therefore crucial that you confirm your interest in participating in the Catalogue by registering with SkillsOne, our Catalogue partners.

And I know you're a competitive bunch – so while there's no cost to you for Level 1 involvement – many of you are likely to want to upgrade to Level 2 or 3 exposure. Have a chat to SkillsOne – you'll be surprised at how reasonable the costs are – particularly when you consider how widespread the Catalogue app will be and the comparative costs of advertising in a newspaper, magazine, TV or radio.

To ensure that we go live in November, I urge you all to register with SkillsOne, as soon as possible.

Rebecca and Kelly are here from SkillsOne over the next two days to answer any questions you may have. If you haven't signed up yet, or would like to upgrade your subscription, please make sure you visit them today at the ACPET trade stall.

Thank you and enjoy the rest of the conference.