

Dissenting Report by Labor Senators

1.1 Labor Senators strongly oppose the recommendations in this report.

Vocational Education and Training

1.2 Privatisation and deregulation in the vocational education and training (VET) sector has been a dismal failure.

1.3 Experience has repeatedly shown that rent-seeking, and access to government funding in VET with limited regulation, has led to extreme outbreaks of malfeasance by unscrupulous private, profit seeking providers.

1.4 VET FEE-HELP is the most recent, but not the only, example of the runaway rorting by unscrupulous for-profit training providers putting profit before the national interest.

1.5 As a consequence of rorting in the VET sector the reputation of the sector has been marred by: dismal completion rates; increased course costs; burgeoning and unfair student debt; insolvency of major private colleges; and predatory behaviour by unscrupulous registered training organisations to enrol students and access government funding.

1.6 VET FEE-HELP was introduced by the Coalition in 2008 and opened up in 2012. In the five years under Labor, loans totalled \$1.4 billion. Under three years of the Coalition loans skyrocketed by a further \$5.8 billion.

1.7 The Australian National Audit Office has reported that the Government Actuary assessed that \$1.2 billion of loans were wrongly issued under VET FEE-HELP. The number of people misled and subjected to unfair debts is yet to be determined.

1.8 It is estimated that close to 75 per cent of all VET FEE-HELP funding went to private providers. This included \$600 million to just one provider, Careers Australia, which subsequently went into receivership leaving 18 000 students stranded without qualifications and holding unfair debts, 1000 employees robbed of their entitlements, and money owing to suppliers.

1.9 In addition to the scandalous provider behaviour exhibited in the VET sector, there is evidence that privatisation in VET has led to widespread and persistent concerns relating to quality, and in particular the development of low quality training markets driven by low-cost, high-profit provision. For example the prevalence of low cost, short courses was reported in a series of strategic reviews by Australian Skills Quality Authority of the aged and community care, early childhood education and care, and the construction and security industries.

1.10 It is clear that sound and fit-for-purpose regulatory standards are fundamental to ensuring quality delivery and for ensuring consumer protection in vocational education and training.

1.11 If public money is to flow to educational organisations then those organisations must be of the highest standards and the bar for entry must be appropriately high.

1.12 Labor recognises that the current design of the VET system is flawed. The reliance on a market to deliver quality vocational education and valued training qualifications is one of many factors that require close examination and review.

1.13 As such, no amount of regulatory oversight and intervention will adequately correct the current problems in the vocational education system. Importantly, regulation reduction will simply promote reduced oversight and increased exploitation of students.

1.14 In government Labor will establish an independent and comprehensive inquiry into the post-secondary education system, ensuring that public TAFEs and universities sit at the centre of the system as anchoring and publicly accountable institutions.

1.15 That inquiry will make recommendations about regulation and consumer protection, in light of the review of the whole post-secondary education system.

Higher Education

1.16 Australia has a well-established higher education system with a strong public university sector and a number of quality private providers. Unlike VET, public universities have not been subject to the same level of private competition and they have benefited significantly from reforms put in place by a number of Labor governments.

1.17 Labor's policy in 2009 to uncap university places (through the demand-driven system) has been one of the greatest changes seen to higher education in this country in a generation.

1.18 This reform, in conjunction with greater funding for access and equity opened the door of university to more than 200 000 more Australians. Our reforms also saw increased participation from traditionally underrepresented groups. Between 2008 and 2016, we've seen:

- Low SES undergraduate student enrolments increase by 55 per cent;
- Indigenous undergraduate student enrolments grow by 89 per cent;
- Enrolments of regional and remote students increase by 48 per cent; and
- Enrolments of undergraduate students with a disability more than double.

1.19 Not only did we boost participation, the demand-driven system drove innovation in modes of delivery and industry collaboration. This was noted by the Liberals' 2014 review of the demand-driven system.

1.20 In 2011, Labor introduced a national system of regulation with the creation of the Tertiary Education Quality and Standards Agency – fundamentally streamlining regulation of the sector, reducing the number of jurisdictions from nine to one. The regulatory system was also designed to be proportionate and risk-based.

1.21 Labor believes the national regulatory system in higher education needs more time to mature. In order to ensure the settings continue to be fit-for-purpose, we will examine regulation as part of our once-in-a-generation national inquiry into post-secondary education in Australia.

Senator Murray Watt

Deputy Chair

