



Mr Tim Bryant
Committee Secretary
Senate Economics Legislation Committee
PO Box 6100, SG. 64
Parliament House
CANBERRA ACT 2600

DGL 12/433

Dear Mr Bryant

I write in response to your letter of 22 March 2012, inviting the Department to make a submission to the Senate Economics Legislation Committee inquiry into the *National Vocational Education and Training Regulator (Charges) Bill 2012*.

Thank you for the opportunity to provide advice on this matter.

A rapid growth of registered training organisations operating in New South Wales placed increased financial pressure on the former NSW vocational regulator, the NSW Vocational Education and Training Accreditation Board, to carry out its regulatory functions. Consequently, it was decided to implement a full-cost recovery fee structure in order to support the quality of service delivery.

When New South Wales agreed to refer its regulatory powers for the vocational education and training system to the national regulator, it was on the basis that the national system would follow the NSW practice and be a fees-based cost-recovery system for more effective resourcing of vocational education and training regulation.

I have enclosed a submission that supports the proposed Bill, which is consistent with the New South Wales position on a cost recovery system.

Should you require further information, please contact Mr David Collins, General Manager State Training Services on telephone number (02) 9561 8171 or via email at david.collins@det.nsw.edu.au

Yours sincerely

Dr Michele Bruniges AM
DIRECTOR-GENERAL OF EDUCATION AND COMMUNITIES
MANAGING DIRECTOR OF TAFE NSW

18 April 2012



SUBMISSION TO THE SENATE INQUIRY INTO THE *NATIONAL VOCATIONAL EDUCATION AND TRAINING REGULATOR (CHARGES) BILL 2012*

The proposed *National Vocational Education and Training Regulator (Charges) Bill 2012* will allow the Australian Skills Quality Authority (ASQA) to charge registered training organisations for compliance audits and substantiated complaint investigations.

BACKGROUND

In recognition that increasing demands for skilled labour in the face of an aging population and an expanding economy would place significant pressures on Australia's future skills needs, State and Commonwealth governments have dramatically increased their investment in training throughout the last decade.

These increases have led to a rapid expansion of the vocational education and training industry. In New South Wales the number of registered training organisations (RTOs) grew from 852 in June 2003 to 1086 in June 2011 placing significantly increased pressure on the ability of the industry regulator, the Vocational Education and Training Accreditation Board (VETAB) to appropriately service the industry.

The returns on investment in the expanding training industry were particularly positive for providers in the international training sector, and consistent with NSW policy and practice in regard to regulation, the NSW Government decided that the costs of the additional resources necessary for effective regulation should fall on training providers rather than through increased government funding.

Accordingly, in 2007 VETAB implemented a program to phase in a full-cost recovery fee structure over the five year period to 2011. The last step in the phase-in program in 2011 meant fees for CRICOS providers reached full-cost recovery, compared with only 27 per cent in 2007.

When New South Wales agreed to refer its regulatory powers for the vocational education and training system to the national regulator, it was on the basis that the national system would follow the NSW practice and be a fees-based cost-recovery system which would address the need for more effective resourcing of vocational education and training regulation. The national system was to replace the state centred system where resourcing and effectiveness of regulation in some jurisdictions had not kept pace with the growth of the market place, and to address

the poor training and negligent RTO practices that had become evident in some jurisdictions with some providers.

CURRENT POSITION

New South Wales continues to support the position that a cost-recovery system is necessary for government to sustain the on-going effective regulation of the vocational education and training industry.

Australian's well earned reputation for training quality comes from having reputable RTOs and a regulatory regime that promotes high standards.

ASQA's regulatory function underpins the quality assurance for vocational education and training in New South Wales. Without appropriate resources to support its operation, there is an increased potential for unethical and fraudulent activities by RTOs. This would ultimately undermine the confidence of the intended beneficiaries. Failure of ASQA to effectively regulate RTOs operating in New South Wales could undermine and put at risk the skills base of the State.

A full cost-recovery basis for its operations would ensure that ASQA remains adequately resourced to support its activities.

Without cost-recovery to mitigate against inflation, cyclical variations associated with the Commonwealth Budget and further industry expansion, the ability of ASQA to regulate effectively could be under threat.

Finally, cost-recovery associated with complaints and on-going compliance issues could act as a deterrent, and serve to encourage better compliance and student management practices among RTOs that might otherwise give insufficient attention to the importance of these matters.