



MASTER BUILDERS
AUSTRALIA

**Submission to the
VET Reform Taskforce on the
Proposed Standards for Training Providers**

23 July 2014

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building australia



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1. INTRODUCTION

- 1.1 This submission is made by Master Builders Australia Ltd ('Master Builders') in response to the Commonwealth Government's *Proposed Standards for Training Providers*, issued in June 2014.
- 1.2 Master Builders is Australia's peak building and construction industry association, federated on a national basis since 1890. The association represents over 30,000 businesses nationwide, including the top 100 construction companies. Master Builders is the only industry body that represents all of the residential building, commercial building and civil construction sectors.
- 1.3 The building and construction industry is Australia's third largest employer with over one million employees. It is the largest employer of skilled tradespeople and one of the most significant users of the VET system. Master Builders' state and territory associations also operate six RTOs offering a wide range of qualifications from the Certificate I to Advanced Diploma level.
- 1.4 Master Builders welcomed the opportunity to meet with Ms Peta Furnell, Head of the VET Reform Taskforce in April 2014, and would be pleased to organise a follow-up meeting should you wish to discuss anything in this submission further.

2. OVERALL POSITION

- 2.1 Master Builders supports the *Proposed Standards for Training Providers* (Proposed Standards), which overall strike a good balance between minimising red tape and ensuring system quality, particularly compared with the previous draft provider standards issued in 2013. At the same time, a number of issues are identified in the following section which may create an unintended burden for smaller RTOs and which should be addressed in the final 'standards' to maintain a level playing field in the provision of quality training services.
- 2.2 The Proposed Standards offer greater clarity of expectations in a number of areas, including training and assessment quality, industry engagement, auspicing arrangements and communication with students and the public. At the same time, unnecessary and burdensome compliance requirements have been eased. The winding back of inefficient governance and financial requirements to those required under Corporations Law is particularly welcome in this respect.

3. DETAILED COMMENTS

3.1 A number of small but important issues are identified below that should be addressed in the final Standards:

- The Dictionary section interprets 'Current Industry Skills' in a way which implies that actual 'hands on' industry experience is not mandatory – if this is the intent it would represent a significant shift from the current situation.
- The expanded discussion around validation of assessment (Standard 1.9) is an important addition, but would benefit from clarification around who is a person 'not directly involved in the training or assessment delivery of that qualification'. For small RTOs that only deliver one or two qualifications, this may be a significant issue. One response would be for the standard to refer to 'unit of competency' rather than a qualification, which would provide a higher level of granularity. It could also be made clear that a manager coordinating the delivery of a qualification could undertake validation as long as they did not themselves undertake the training and assessment (i.e. supervision does not constitute being 'directly' involved). Of course external validation may be an option, but is likely to be expensive and beyond the means of small RTOs.
- Similarly, the requirement for more transparent use of subcontractors (Standard 2.3) is welcome, however the concept of subcontractor requires definition in the Standards. In the private RTO sector, most individual trainers are subcontractors (engaged using an ABN to do particular work) although they will generally be using the RTO's premises, teaching resources, student systems, etc. This is very different to the 'auspicing' of another body to conduct training and assessment, but the two are not distinguished in the current wording of Standard 2.3.
- It is unlikely that any but the largest RTOs would have the resources or personnel to offer comprehensive learning support to the level apparently envisaged by Standard 1.7, which should be narrowed in scope.
- Similarly, Standard 5.1 appears to require RTOs to fulfil an unconstrained 'workforce development' role with respect to prospective learners, a role that would be beyond the reach of many RTOs. This requirement should be re-written to be less open-ended, e.g. 'the RTO must take account of the learner's goals and existing skills and competencies before agreeing to provide Services to the Learner'.

- Master Builders does not support the provision in Standard 6.3(e) to provide for an independent third party review of appeals. While all providers need to have robust internal validation and appeals mechanisms, external appeals are likely to tie up providers in vexatious and expensive complaints. Most smaller RTOs simply don't operate on the kind of margin that would allow them to remain viable in such circumstances. Resort to ASQA is in any case already available to complainants who have genuinely exhausted internal mechanisms.
- The requirement in Standard 8.4 for RTOs to provide an annual declaration on compliance in our view is meaningless and unnecessary red tape. An RTO by definition must be compliant with the standards at all times, so what is added by having an annual form to this effect?
- In Schedule 6, final point 3, Master Builders is not aware of any alternative fee protection that has ever been approved by the VET Regulator, i.e. other than the un-necessarily burdensome bang guarantee and Tuition Assurance Scheme options. If there are viable alternatives (e.g. self-insurance arrangements for bodies that meet certain minimum requirements) then these should be specified in the Standards rather than left to regulatory discretion.

4. CONCLUSION

- 4.1 Appropriate provider standards that balance quality assurance with minimise red tape are at the core of a successful competitive training market. Overall, Master Builders believed the Government should be commended on listening to industry and significantly revising the draft standards issued in 2013. While supporting the Proposed Standards as a whole, Master Builders is concerned that several Standards identified in the previous section have the potential to create a significant unnecessary burden for smaller RTOs. Many of these RTOs provide essential, high quality, industry-based training, and if an effect (albeit unintended) of the proposed reforms was to make these providers uncompetitive this would be of significant concern to employers.
- 4.2 Master Builders would welcome the opportunity to discuss any of the issues raised in this submission further. Please contact the National Training Director, Dr Alex Maroya, on 02 6202 8888 or email amaroya@masterbuilders.com.au.