

**Keynote Address by
Council for Private Education Chief Executive, Brandon Lee,
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There have been many developments surrounding the broader education and training landscape over the last couple of years. And as clichéd as it might sound, it seems that the private education sector is once again at a potential crossroads. We have been meeting up with many PEIs over the course of the last few months and it is quite clear that there are many concerns and questions about the future. What I hope to do is to give you a firm, but perhaps rocky vantage point to look out from into the slight hazy horizon and a clearer map and compass to guide yourselves forward with.

My remarks will be in two main parts – the first part offers a perspective of the situation that the sector faces and some of the driving forces that will affect developments. The second part will suggest two areas that each PEI and the sector as a whole may want to think about seriously to be in a better position to deal with the future.

The first part will touch on three areas– Opportunities, Challenges and Anticipation.

First, let’s discuss opportunities. The future could be quite bright. At the broadest level, there is a strong national commitment to skills and lifelong learning - the SkillsFuture initiative. Through SkillsFuture, we can expect a greater focus and investment of resources into education and training for Singaporeans. But while resources can help facilitate the demand for education and training, it is not the only part of the equation. Another aspect is what kind of education and training is needed. DPM Tharman Shanmugaratnam had announced in this year’s Budget Speech that we intend to build up five new economic sectors– Advanced Manufacturing, Applied Health Sciences, Smart and Sustainable Urban Solutions, Logistics and Aerospace and Asian and Global Financial Services. The SkillsFuture Council is currently looking at the skills needs for 17 sectors. More recently, PM announced “The Future Economy” committee that aims to help create more good jobs for workers and help firms in adapting to a lean workforce, among other challenges. The Chairman of this committee, Minister Heng Swee Keat announced recently that the committee will look into “five futures” – jobs, companies, resources, technology and markets. These efforts will drive the creation of new jobs and hence the skills needed. Even if some sectors look broadly the same, the specific nature of each sector or industry is nearly guaranteed to change as technology improves and as organisations restructure. As human capital moves up the value chain of jobs and from one sector to another, individuals will need to deepen their skills or retrain to adapt.

There is also the international dimension of opportunity to consider. Whether it is international students who still hope to gain an education in Singapore, or international destinations that hope to leverage on the Singapore brand name to create education and training opportunities for their locals; to Singaporeans who need those internationally-recognised qualifications and skillsets to work abroad and expand Singapore’s footprint. The possibilities are out there for those that can see it and are ready to work for it.

Is the sector ready to take this on?

From one perspective, the PE sector is in a better position today. The profile of the sector has continued to improve – out of 312 PEIs as at the end 2014, we have more than two-thirds or 248 PEIs that have achieved 4-year registration period and above under the ERF (Enhanced Registration Framework). The proportion of PEIs having some form of EduTrust certification has also grown from 34% in 2013 to 36% in 2014. This year, we also have two PEIs being awarded EduTrust Star – congratulations to JCU and LASALLE. Since January this year, we've also received over 200 enquiries about setting up PEIs – so the interest is certainly strong.

But, there are challenges.

Most of you would agree with me that the business environment is getting tougher. Costs like rent and wages have continued to rise and good people are hard to find and even more difficult to keep. Margins are tight and competition is increasing – both home grown and from abroad. And certainly the strong Singapore dollar makes it less attractive for international students to study in Singapore and makes it easier for more Singaporeans to study overseas.

In the private education sector, we are already seeing some stress.

Enrolments are coming down - so when we compared the stock number of students as at the end of 2014 with 2013, we find instead a decline – especially in the degree segment. Nearly every PEI in this segment, bar a couple of exceptions, saw declines in the range of 10% to 30%. And this appears to be corroborated with the feedback that we have been getting from PEIs also. Since last year, CPE started collecting information that would let us identify new enrolments for the year of reporting and give us a better sense of the state of the sector moving forward. It will be interesting to see what the enrolment numbers are for 2015 when we complete the analysis early next year.

We have had more closures since the beginning of this year – 10 in total including two regulatory closures. Another eight have indicated to us that they wish to deregister in the coming months. Also while there have been quite a few enquiries on setting up of PEIs, the number that have actually come in to register is much fewer – only six have actually registered as new PEIs this year so far.

But in addition to the business challenges, we are seeing some issues with PEIs keeping up with standards. While the proportion of PEIs with better ERF and EduTrust status has improved, this is more because of a decline in overall numbers with more lower quality PEIs dropping out. This is not necessarily a bad thing. What is a little more worrying is the number of PEIs that have not been able to maintain their basic compliance for ERF or their systems and processes to maintain their EduTrust certification. Since 2013, we have had 13 PEIs that have been renewed on a lower ERF validity period and we have had 11 PEIs that have been renewed on a lower EduTrust award or lost their EduTrust certification completely.

Unfortunately, we have been also seeing some egregious behaviour. We've already had two regulatory closures this year and there is a concern that the sector might fall back into the disrepute that it was known for pre-CPE if it does not collectively stand up for something better as a group.

Finally, between the opportunities and challenges, there is anticipation.

Some PEIs have plans in place and some have even started taking action to align themselves with the emerging landscape. There will be a waiting period for details to be worked out like what kind of

programmes will get SkillsFuture funding and what additional requirements there will be to get that funding. But most appear to be adopting a wait-and-see attitude. They hope to have clearer direction from Government before deciding to do anything. But given that funding of programmes is not a particularly novel idea both in Singapore and abroad, what other possible developments could we anticipate learning from their experiences?

Well, one thing that many countries have in common is the challenge of making sure that the funding serves its intended purpose – making sure the right individuals and institutions receive the right amount of support at the right time to achieve the desired educational, social and economic outcomes. And in some cases, this means dealing with providers that set out to exploit the expansion of the market. In 2012, the US Senate released an exhaustive report on the for-profit higher education industry's business practices. It is hundreds of pages long but the gist of it is that the two-year investigation found compelling evidence to support the familiar criticisms levelled at such schools: poor graduation rates, high rates of student loan default and aggressive recruiting tactics. The schools studied spent more on marketing and advertising than student instruction and charged excessively high tuition while short-changing academic investments in order to maximize revenues. In Australia, the regulator for the vocational sector, ASQA, just released a report from its VET FEE-HELP audit project. VET FEE-HELP is a student loans scheme and the targeted audit focused on the accuracy of marketing, advice and information provided to potential students. The results of the audit indicated that there are levels of non-compliance with the national standards and ASQA would be taking further regulatory actions as a result.

What these examples have in common is the combination of an injection of substantial amounts of financial resources into the sector and a large number of players, both public and private wanting to get a piece of it. The sobering point is that where there are incentives, there is then also the incentive to abuse. And even if the concerns about egregious behaviour are put aside, there are still concerns as to whether students are being equipped by *bona fide* providers with the right skills and competencies.

How might we design the regulation to prevent such situations before they occur and get the outcomes that we collectively want? In the ideal situation, any provider that chooses to be in education should be motivated to provide a high standard of education for their students. But as the market opens up, we may see more players wanting to enter it and play a "role", but not all will be adequately prepared to do so or enter with the right motivations. Resources can be assessed; motivations less so and performance and outcomes can only be assessed after the fact. Quality in education or learning may not be something that can happen by just setting a rule. But a regulatory framework, and perhaps one that is strengthened further, is necessary to ensure minimum standards are met and potential abuses are mitigated.

So for those who do not intend to wait-and-see, perhaps you can ask yourselves two questions.

First, how do we ensure that what we do is relevant? This raises all kinds of issues, the key one being relevant with respect to what? Government may have a particular view on the types of programmes that should be offered and the roles that providers can play but providers will surely have a view on what may align most with their mission or bottom line. Employers may have a certain view of what skills they would like from their employees, but employees would have their own ideas of what skills and upgrading would help them move up in their own careers. Future needs may not be the same or

even conflict with the needs of today. And of course, the situation which we may not prefer is for individuals to just chase empty paper qualifications.

So how can we get more clarity on what is needed? One response is for all stakeholders to continue to network and engage to clarify what is needed. At the national level in Singapore there is SkillsFuture. But there could also be room for more distributed efforts that could see individual or groups of providers or associations engaging employers, business associations and even prospective students to ensure that what they do is relevant. In this regard, I would want to commend SAPE for their efforts in engaging business and industry associations on their members and the sector's behalf.

There are already PEIs that are engaged in networks that ensure that what they do is industry relevant and that their graduates are industry recognised. An example of this is the collaboration between Digipen Institute of Technology (Singapore), the Media Development Authority (MDA) and Nintendo. Digipen opened the doors of its development and publishing studio in July this year. MDA will help Digipen reach out to the local game development community and Digipen will then provide the technical expertise to help developers make better games while Nintendo lends them the marketing and advertising support. Other than Digipen, there are also already many PEIs that have links to industry and in fact many PEIs are set up by industry. More can be done to strengthen those relationships to create greater relevance for PEIs, industry and most importantly, the individual that is both a learner and a worker.

Second, how do we ensure that what we do is robust? What should be the standards? How do we ensure that what we plan for has the necessary academic or practical rigor? How do we ensure that what is planned for is delivered in reality? This is especially so if it is a transnational programme – how do we ensure that the integrity of academic oversight is maintained across borders? This is more than just meeting basic regulatory requirements – in the end, it boils down to trust and the knowledge that the right things are being done. This cannot be a situation where providers say “please trust us but leave us alone”; to build this trust, providers and the sector need to be more transparent and willing, even pro-active in demonstrating their outcomes, whether quantitatively or qualitatively, probably both, in a robust manner so that everybody is clear what they are getting. The OECD-MOE conference in Singapore a couple of weeks ago discussed many ideas and challenges about how we can better assess learning outcomes. One observation I could make is that there appears to be a fundamental difference in perspective between educational institutions, quality assurance bodies, students/workers, government and employers – while there was a lot of talk about quality assurance systems, be it internally within an institution or imposed externally, what everybody might actually want is more quality control of the final product – the graduate.

There are pertinent differences in these two approaches which could drive future discussions. Quality assurance is the process of managing for quality while quality control is used to verify the quality of the output. Moving forward, and with the increase in investment and significance of what we all do, there will be a greater desire to not only have the systems and processes in place but also tighter “controls” of the final outcomes however it may be defined. The onus and the challenge will then be on everybody working within the system to find ways to better prove that has been positive impact rather than just report on what has done as part of a structured process.

Individual PEIs and the sector collectively as a whole can make a choice to strive for higher quality and better outcomes, to promote good practices and denounce bad ones. I sincerely hope that as educational institutions, your primary focus will be on doing well by your students and the hope and aspirations that they've entrusted into your hands.