TAFE sector has criticised the federal government's easing of visa risk assessment levels for overseas students applying for higher education courses while maintaining tougher risk assessment for vocational applicants.

It is the latest policy irritant for TAFE Directors Australia, who say the government's immigration changes may exacerbate skill shortages by discouraging overseas vocational students.

TDA chairman and chief executive of Melbourne's Holmesglen TAFE, Bruce Mackenzie, believes TAFE is being unfairly lumped in with those private providers where immigration abuses were centred.

"They need to recognise that the risk level at a TAFE institute is the same as a university," Mr Mackenzie said.

Last year TDA asked the Immigration Department to analyse its data to establish whether TAFE students do have better compliance than other vocational students. But it was told the department did not have the resources to undertake an analysis.

TDA said while risk assessment levels had been eased for vocational students from eight countries, of these only Taiwan was among the sector's top 20 source countries and the two biggest markets, China and India, were excluded.

However TDA pointed out that risk assessment levels for higher education had been reduced for 26 countries including China and India.

"Our TAFE institutes are suffering major collateral damage from the actions of a minority of private providers," TDA said.

Higher risk assessment levels impose greater financial requirements on student visa applicants.

Last year TAFE warned demand for its diploma courses could be hit by the government's decision to include higher education diplomas in the 573 visa higher education subclass that has more relaxed requirements than the 572 VET visa subclass.

"Diploma-level applicants from China and India will now be even more confused about the relative value and status of Australian diploma-level qualifications," TDA said.