



**MASTER BUILDERS**  
A U S T R A L I A

Submission to the Productivity Commission

***Review of the National Agreement on Skills and  
Workforce Development***

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## Acronyms

ASQA	Australian Skills Quality Authority
COAG	Council of Australian Governments
NASWD	National Agreement on Skills and Workforce Development
TAFE	Technical and further education / public VET providers
VET	Vocational education and training

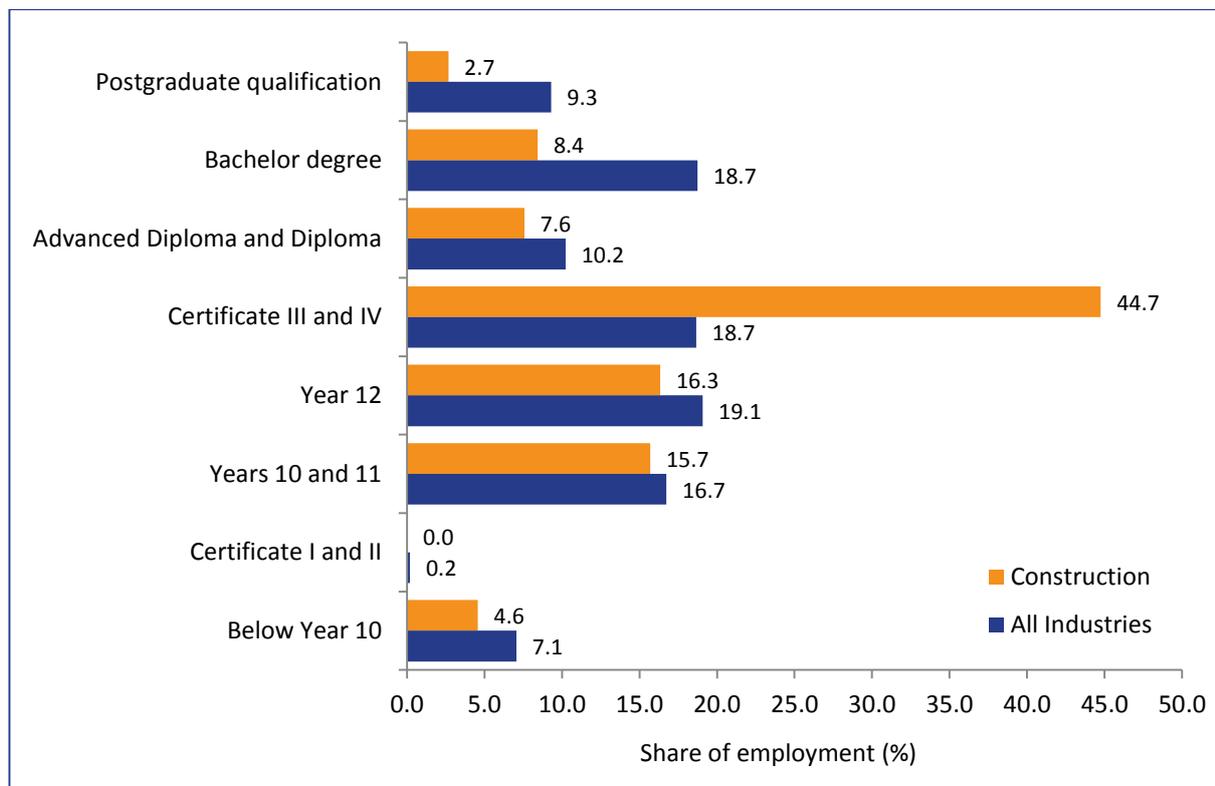
## 1. Introduction

This submission to the Review of the National Agreement on Skills and Workforce Development (NASWD) represents the views of Master Builders Australia. It is informed by our experience and the experience of our member associations and the building and construction businesses we represent.

Master Builders Australia is the nation’s peak building and construction industry association. Federated on a national basis in 1890, Master Builders Australia’s members are the Master Builders state and territory associations. Over 129 years the movement has grown to over 33,000 businesses nationwide, including the top 100 construction companies. Master Builders Australia is the only industry association representing all three sectors—residential, commercial and engineering—of the construction industry, an industry that generates over \$200 billion for the Australian economy annually.

Total employment in building and construction is expected to exceed 1.3 million by May 2023, an increase of nearly 120,000 on May 2018. Based on the qualifications held by the current workforce, we anticipate that the majority of skilled workers coming into the sector over the next five years will hold or be working toward a vocational education and training (VET) qualification. According to the Survey of Education and Work, 52.3 per cent of construction industry workers hold VET qualifications, 11.1 per cent hold university qualifications and 36.6 per cent hold no post-secondary qualifications.<sup>1</sup>

**Figure 1: Level of educational attainment in the construction industry, May 2018.**



Source: Labour Market Information Portal, 2019. Industry Characteristics. Accessed: 11/12/19.

<sup>1</sup> Labour Market Information Portal, 2019. Industry Characteristics. Accessed: 11/12/19. [lmp.gov.au/PortalFile.axd?FieldID=2789824&.xls](http://lmp.gov.au/PortalFile.axd?FieldID=2789824&.xls).

A well-functioning and responsive VET sector is fundamental to the success of the building and construction industry and its contribution to the Australian economy. As such, we are pleased to be able to contribute to the Review of the NASWD.

In responding to the issues paper, we draw attention to the significant number of skills related consultation processes currently underway by the Commonwealth Government and implore the Productivity Commission to assess the submissions provided to these consultations as part of this Review. For convenience, a summary of the key recommendations Master Builders Australia has made in recent submissions is provided in Chapter 2.

This submission covers the views of Master Builders Australia in relation to:

- The NASWD
- Funding
- Accountability
- Improving quality in the VET sector.

## **2. Recommendations to recent consultations**

Master Builders Australia notes that since September 2019 consultation and submission processes have been held for the National Skills Needs List, the Skilled Migration Occupation Lists; the National Skills Commission, Skills Organisations, the National Careers Institute, and Senior Secondary Pathways.

In considering stakeholder views, Master Builders Australia recommends the Productivity Commission review and synthesise stakeholder input to the above listed consultation processes. In this regard, please see the key recommendations we have made in recent submissions. The full submissions are available at: [www.masterbuilders.com.au/submissions-2019](http://www.masterbuilders.com.au/submissions-2019).

### **2.1. National Skills Needs List**

In September 2019, Master Builders Australia made a submission to the Department of Employment's Review of the Australian Apprenticeships National Skills Needs List. Recommendations included:

- Financial incentives for pre-apprenticeships to provide pathways for learners who are not yet work ready and for skill sets (rather than or in addition to full qualifications) to provide businesses greater flexibility to meet their skills needs.
- Forecasting to assess medium-term (four to five years) needs for inclusion on the National Skills Needs List and longer-term forecasting (eight to ten years) to ensure the training system is prepared with courses, qualifications and trainers.
- Occupational analysis at the state, territory and regional levels and collaborating with industry to validate analysis and capture on the ground experience.

## 2.2. National Skills Commission and Skills Organisations

In November 2019, Master Builders Australia made a submission to the Department of Employment's Co-design of the National Skills Commission and Skills Organisations. Recommendations included:

- The Council of Australian Governments (COAG) strengthen its commitment to the VET sector by agreeing to adequately fund VET reforms and put in place stronger governance arrangements that will ensure accountability for action and delivery.
- The National Skills Commission provide leadership, skills forecasting and support for industry, but not looking at funding, pricing or investment until the Productivity Commission has completed the NASWD Review.
- The Government acknowledge the diversity of industries and needs in the VET sector and ensure that the requirements for Skills Organisations in terms of governance, scope and responsibilities are sufficiently flexible to enable industries to meet the needs and nuances of their circumstances.

## 2.3. Senior Secondary Pathways

In December 2019, Master Builders Australia made a submission to the COAG Education Council's Review of Senior Secondary Pathways. Recommendations included:

- The COAG Education Council instil public confidence and assist to address the bias toward university pathways by making a public commitment to value all pathways and occupations equally and to put the interests and aspirations of secondary students at the centre of their career pathway education.
- Senior secondary school be appropriately resourced to provide quality up-to-date careers education; teach subjects in the context of their real world application (e.g. trigonometry in terms of carpentry or surveying); and leverage the knowledge and experience of industry and business to provide real world careers information and facilitate work placements.
- The Government develop, or provide funding to industry to develop, a work readiness continuum and assessment tool to assist students, educators, trainers and employers to identify students that are work ready and those who would benefit from additional training, such as a pre-apprenticeship.

## 3. National Agreement on Skills and Workforce Development

The overarching aim of the NASWD is:

**“** to achieve a vocational education and training (VET) system that delivers a more productive and highly skilled workforce, enabling all working age Australians to participate effectively in the labour market and contribute to Australia's economic future.<sup>2</sup> **”**

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<sup>2</sup> COAG, 2009 (updated 2012). NASWD.

This is further elaborated in the preliminaries, which discusses the need for a national training system that is high quality, responsive, equitable and efficient.

The NASWD has a number of worthy aspirations that had the potential to significantly improve the VET sector and its training outcomes. Unfortunately, and as reported on the Performance Reporting Dashboard, the outcomes of the NASWD are not on track to be achieved by 2020.<sup>3</sup>

COAG indirectly acknowledged this on 9 September 2019 when First Ministers agreed to a shared vision for VET that is eerily similar to the ideals of the NASWD:

“ *The vocational education and training system is a responsive, dynamic and trusted sector that delivers an excellent standard of education and training. It provides strong economic and social outcomes, and supports millions of Australians to obtain the skills they need to participate and prosper in the modern economy.*”<sup>4</sup>

There is no singular reason for the failure of the NASWD, just as there is no silver bullet to fix the situation. We recognise that the Commonwealth, state and territory governments are well intentioned when it comes to VET and operate in environments of budget constraints and competing priorities. Acknowledging this, we also recognise the need for improvement, and governments at all levels need to prioritise addressing VET sector funding, accountability and quality issues to make sure Australians are able to develop the skills required for our economy and society to prosper.

**Concern:** Governments enter into protracted negotiations for a new agreement which ultimately provides little assurance to the VET sector that improvements will be achieved.

**Recommendation 1:**

The new agreement:

- Clarifies the roles and responsibilities of all parties (avoiding overlap).
- Commits all parties to significantly increase VET funding.
- Provides additional financial incentives from the Commonwealth to the states and territories to implement reforms that improve national consistency, including pricing, funding and subsidies across the levels of qualifications and categories of providers.
- Includes performance benchmarks, targets and indicators that are relevant, easily understood and appropriately measure progress toward the achievement of the national reforms.
- Is drafted in plain English so that it can be easily understood by VET stakeholders, including training providers, students and employers.

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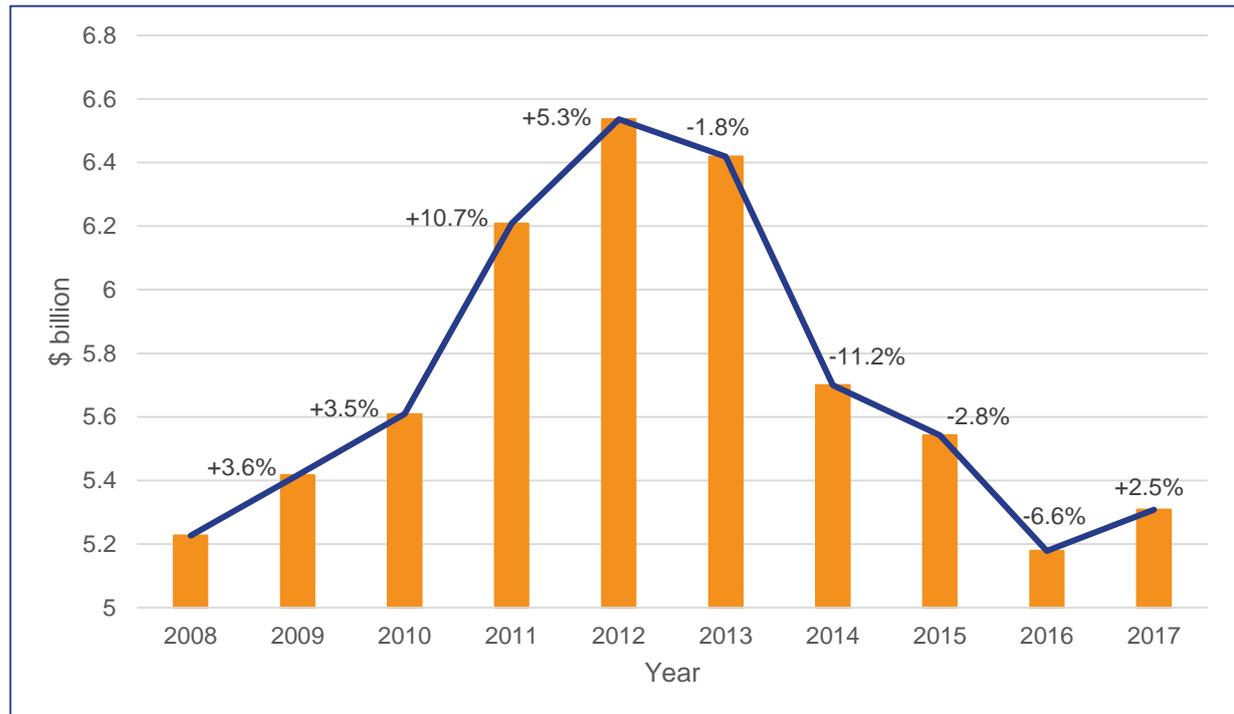
<sup>3</sup> Productivity Commission, 2019. Performance Report Dashboard – Skills.

<sup>4</sup> COAG, 2019. A shared Vision for Vocational Education and Training.

## 4. Funding

Commonwealth funding to the states and territories through National Specific Purpose Payments for skills and workforce development has been stable over the last decade. However, total funding (Commonwealth Own Purpose Expenditure, Commonwealth Specific Purpose Payments and state and territory funding) to VET has been volatile. The graph below shows total VET funding (recurrent expenditure excluding user cost of capital) from 2008 to 2017 (adjusted to 2017 dollars) as well as the percentage change each year.

**Figure 2: Spending on VET, 2008-2017 (\$ billion in 2017 dollars) and year-on-year change.**



Source: Productivity Commission, 2019. *Report on Government Services 2019, Part B, Chapter 5.*

From 2010 to 2011 and again from 2013 to 2014, total funding for VET changed in excess of 10 per cent. Volatility in total funding and, importantly, volatility in how it is spent with each state and territory creates uncertainty for training providers and industry, which inhibits planning, growth and outcomes.

Between 2005-06 and 2015-16 funding (in real terms) for schools increased by 30 per cent and universities by 52.6 per cent. Both school and university funding is demand driven and linked to per student funding rates. VET funding, on the other hand, decreased by 4.7 per cent over the same period<sup>5</sup>. VET funding is not demand driven and states and territories have a set funding bucket with eligibility rules. Subsidy and fee levels are used to manage VET budgets within the bucket available. Additionally, indexation levels for schools and universities have been higher than for VET.<sup>6</sup>

<sup>5</sup> Pilcher and Torii, 2017. *Expenditure on education and training in Australia 2017*, Mitchell Institute.

<sup>6</sup> Noonan, 2016. *VET funding in Australia: Background, trends and future directions*, Mitchell Institute.

On 9 August 2019 COAG agreed a vision that VET and higher education are equal and integral parts of Australia’s post-secondary education system<sup>7</sup>. However, funding is neither equal nor equitable. If governments genuinely want to increase the number of Australians with a minimum Certificate III level qualification and the number with higher level VET qualifications, then funding needs to be increased.

**Concern:** Governments are unable to achieve the COAG vision of VET and university being equal due to insufficient funding for VET and increasingly lower funding relative to university.

**Recommendation 2:**

The Commonwealth, state and territory governments immediately increase funding for the VET sector and commit in the new agreement to raise funding to per student parity with university students over the next ten years.

#### 4.1. Improving national consistency

In addition to lifting total funding to the VET sector there is also a need to improve national consistency. As raised in the issues paper, the states and territories have different approaches to setting prices, fees and subsidies, and can change these arrangements at any time. The allocation of VET funding is heavily influenced by skills needs in each jurisdiction, which creates uncertainty and inconsistency across and within the states and territories, as well as variation between qualifications and industries.

In addition, many jurisdictions preference VET funding to their public institutions (TAFEs) over industry and private training providers. Whilst acknowledging that TAFEs are not classified as government business enterprises for competitive neutrality purposes it should be acknowledged that for many courses public VET institutes are in direct competition with industry and private training providers.

We note that a degree of flexibility in the funding system is warranted to enable states and territories to address local needs. However, the current lack of consistency across states and territories and over time creates unnecessary uncertainty and complexity.

The Commonwealth must take the lead in driving the agenda to improve national consistency. Master Builders Australia notes it is proposed the National Skills Commission take responsibility for looking into and making recommendation on options for nationally consistent funding and pricing arrangements.

The Commonwealth’s key lever to drive national reform in areas of state and territory responsibility is funding. Whilst the NASWD proposes numerous reforms to improve the VET sector, the associated National Specific Purpose Payment does not require progress to be made on these reforms for funding to be provided. Although arrangements are consistent with the Intergovernmental Agreement on Federal Financial Relations, and it is our belief that no party would have set out to undermine the NASWD, ten years have passed with very little progress.

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<sup>7</sup> COAG, 2019. *Shared Vision for Vocational Education and Training*.

**Concern:** Inconsistency in pricing, fees and subsidies across the VET sector creates unnecessary uncertainty and complexity for employers, learners and training providers resulting in less engagement in nationally recognised VET qualifications.

**Recommendation 3:**

The new funding agreement should provide financial incentives for states and territories to implement national reforms to improve the consistency of pricing, fees and subsidies across the VET sector.

## 4.2. Funding and incentives for short courses and pre-apprenticeships

In September 2019, in a speech to TAFE Directors Australia Michael Brennan, Chair of the Productivity Commission, highlighted that:

“*It will be individual tasks, rather than entire jobs, which are most likely to be automated in the future... [suggesting] demand for training in the future could be up-skilling by workers in order to keep doing their existing jobs.*”<sup>8</sup>

The nature of work is changing, and workers will increasingly need to upskill throughout their careers. Whilst on-the-job and informal learning is likely to form the bulk of this upskilling, workers will also need to undertake formal training to complement their existing skills in response to changes in the way work is carried out (e.g. artificial intelligence, robotics, 3D printing).

At present, VET funding and incentives favour full qualifications. Linking funding and incentives, instead, to skill sets would increase flexibility in the training system by enabling businesses to select the most appropriate option to address their skills needs and allowing students to train in specific areas relevant to their role and career development.

Funding and incentives for skill sets would be particularly beneficial for small businesses. Many small businesses in the building and construction sector do not have the pipeline of work for an additional employee but do have skills needs within their business. This option would assist the business owner to upskill their workforce, enhancing the overall capability of the business. This is likely to improve productivity, enable businesses to compete for larger projects, and to tender for government work.

**Concern:** Government subsidies and incentives preferencing full qualifications over skill sets reduces industry flexibility, particularly for small business, to address skills needs within the business in response to changes in the operating environment, such as regulatory changes and digitisation.

<sup>8</sup> Brennan, 2019. Future of Markets and TAFE: [pc.gov.au/news-media/speeches/future-markets-tafe](https://www.pc.gov.au/news-media/speeches/future-markets-tafe).

**Recommendation 4:**

To improve flexibility for students and employers, particularly small businesses, the new funding agreement should consider opportunities to encourage states and territories to fund skill sets. For example, including performance indicators on the number of skills sets funded and completed.

A key challenge employers' face when hiring an apprentice is a lack of work-ready candidates. Learners that commence without being work-ready are less likely to complete their apprenticeship. This costs employers, trainers and government time and money, and can create issues for the apprentice's future work prospects. Short courses, such as foundation skills and pre-apprenticeships, are valuable in assisting learners that need additional support and training to increase their employability.

Master Builders Australia is of the view that learners sit on a continuum of work readiness. If schools, training providers and employers could consistently understand and assess if a learner is work-ready or requires additional training then education, training and employment outcomes could be improved.

In 2016 Master Builders Australia received grant funding from the Australian Government under the *Innovative Arrangements for Apprenticeship and Trade Training Delivery Pilot Project* to conduct four pre-apprenticeship 'introduction to construction' pilots.

Whilst the pilots were designed to provide participants with introductory skills and knowledge in a range of construction trades and job roles, the research and evaluation processes also identified that employers are very aware of the attributes a work-ready apprentice needs to maximise their chances of success. Many of these attributes are applicable to any work environment, whilst others are industry specific. The identified attributes included, but were not limited to, motivation, work ethic, communication, adequate literacy and numeracy, social skills, a sense of self-responsibility, and realistic workplace expectations.<sup>9</sup>

**Concern:** Young people who commence full VET qualifications, particularly apprenticeships, before they are work-ready are more likely to drop out from the post-secondary education system. This could potentially lead to workforce disengagement, as well as costing employers, trainers and government time and money.

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<sup>9</sup> Lista Consulting, 2018. Evaluation of Master Builders Australia Ltd Pty Pre-Apprenticeship Project.

**Recommendations 5 and 6:**

To improve training and employment outcomes:

- The government should develop, or provide funding for industry to develop, a work readiness assessment tool to assist students, educators, trainers and employers to identify students that are work-ready and the areas for development and support in those that are on their path to becoming work-ready.
- The new funding agreement should include initiatives, incentives or targets that encourage states and territories to fund foundation skills and pre-apprenticeship training for learners that are assessed as needing additional support to become work ready.

**4.3. Addressing disincentives**

Universities and higher education providers are funded by the Commonwealth whilst VET is funded jointly by the Commonwealth and the states and territories. From a budget perspective, this creates an incentive for states and territories to promote university education over VET.

This is exacerbated by the fact that university funding is demand driven, while VET is not. More students in VET means less dollars per student and greater pressure on the states and territories to increase funding. On the other hand, more students in university doesn't impact on per student funding or state and territory budgets, instead it requires the Commonwealth to spend more.

The potential for cost shifting and funding distortions between VET and higher education were pointed out in the Bradley Review in 2008, prior to the implementation of demand-driven funding for higher education. The Bradley Review pointed out<sup>10</sup>:

“Some states and territories face major fiscal constraints, which may lead them to reduce their investment in VET in the near future, leading to skewed and uneven investment between the sectors over time if a demand-based funding model is adopted for higher education.

Moving to a demand-based approach to funding higher education cannot be done in isolation from VET. Changing higher education funding but leaving VET funding untouched would compound existing distortions.”

The gap between expenditure on VET and expenditure on higher education has increased – and will continue to increase unless swift action is taken. One option, first proposed in 1992, is that the Commonwealth assume responsibility for funding VET, as it has since done for higher education.

<sup>10</sup> Bradley, Noonan, Nugent and Scales, 2008. *Review of Australian Higher Education* in Noonan, 2008. *VET funding in Australia*.

## 5. Accountability

As pointed out in many submissions to the Joyce Review, the NASWD loosely defines the division of roles between the Commonwealth and the states and territories, the consequence of which is reduced accountability.

Under the NASWD:

- The Commonwealth provides funding contributions to states and territories to support their training systems; provides specific interventions and assistance to support: industry investment in training, Australian apprenticeships, literacy and numeracy and those seeking to enter the workforce; coordinates the development and publication of the Annual National Report as legislated under the Skilling Australia's Workforce Act 2005; and ensures data is provided as required.
- The states and territories determine resource allocation within their jurisdiction; oversee the expenditure of public funds for, and delivery of, training within their jurisdiction; and ensure the effective operation of the training market.
- The Commonwealth and the states and territories jointly develop and maintain the national training system and raise the status of VET and Australian apprenticeships.

This lack of clarity between the parties is a contributing factor to why the NASWD objectives have not been achieved. To improve accountability the new funding agreement should, as far as possible, exclude shared responsibilities. Where there are roles and responsibilities that would ordinarily be shared, it is recommended that the Commonwealth and the states and territories negotiate a division based on who is best placed to perform each role or responsibility.

**Concern:** An ongoing lack of clarity between the roles and responsibilities of the Commonwealth, state and territory governments leads to continued inaction on VET reform, worsening perceptions of VET quality and status, and exacerbation of skills shortages.

### **Recommendation 7:**

The new funding agreement should clearly delineate the roles and responsibilities of the Commonwealth and the states and territories. Whilst recognising that there are areas of shared responsibility in the VET sector, these should be addressed in the negotiation of the new agreement and assigned to either the Commonwealth or the states and territories based on who is best placed to undertake the work or hold the responsibility.

## 6. Improving the quality of VET

Stakeholder input to the Joyce Review revealed that training providers, employers and employer representatives are concerned about the quality of VET training, inconsistency between providers and the presence of ‘tick and flick’ training providers.<sup>11</sup> Improving the quality, and the perception of quality, of VET training is essential to raise the status of VET qualifications and apprenticeships.

Assessment in the VET system is competency based, which the Commonwealth Department of Education and Training defines as: *the consistent application of knowledge and skill to the standard of performance required in the workplace.*<sup>12</sup>

Reform is needed to address quality issues and improve confidence in VET. As part of this Review the Productivity Commission should investigate alternative assessment models. In this chapter, Master Builders Australia discusses two options: standardised assessment (all training providers assess Units of Competency using the same assessment toolkits) and independent assessment (Units of Competency/qualifications are assessed by an independent assessor, rather than the trainer).

Under current assessment processes there is an inability to differentiate proficiency. Integrating one or more levels of proficiency above the base of competent has the potential to incentivise students to try their hardest and training providers to deliver above the minimum requirements. From an employer perspective, proficiency assessment provides a greater understanding of a potential employee’s capabilities and strengths, enabling the employer to make a more informed hiring decision. Proficiency assessment is discussed further in section 6.3.

To improve the quality of VET it is important that training and assessment is consistent across all providers. Members have raised concerns with us about the quality of VET in schools, this is discussed further in section 6.4.

### 6.1. Standardised assessment

In New South Wales, SafeWork NSW has a mandated assessment tool for the General Construction Industry (White Card) training.<sup>13</sup> The tool was developed in consultation with stakeholders and subject matter experts and ensures that on completion all students meet the same standard of competency.

Master Builders NSW report a similar assessment tool had been developed years ago and then dropped. However, with a need to improve consistency of outcomes it was re-introduced. There has not been industry backlash to the introduction of the assessment tool and SafeWork NSW appears to be more comfortable and confident with being able to audit and trust the system.

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<sup>11</sup> Joyce, 2019. *Strengthening Skills: Expert Review of Australia’s Vocational Education and Training System*.

<sup>12</sup> Department of Education and Training. Fact Sheet: Competency-Based Training. [myskills.gov.au/media/1776/back-to-basics-competency-based-training.pdf](https://myskills.gov.au/media/1776/back-to-basics-competency-based-training.pdf).

<sup>13</sup> NSW Government, 2017. Assessment Kit: CPCCWHS1001. <https://engagelearninganddevelopment.com/portfolio/general-construction-induction-training/>

One of the greatest areas of non-compliance amongst training providers is in their assessment tools not meeting the requirements of the Units of Competency. At present training providers develop their own assessment tools based on their interpretation of the unit requirements – there is significant variation.

Standardised assessment tools and assessor guides for all Units of Competency will likely improve the consistency of outcomes by removing the potential for variation in the interpretation of requirements and thereby ensuring that all students meet the same benchmark regardless of the training provider.

Master Builders Australia members have, on a number of occasions, raised concerns with us regarding the inconsistency of Australian Skills Quality Authority (ASQA) auditors. They have noted that the goalposts seem to be different from one auditor to the next. Standardised assessment tools also have the potential to improve audit consistency. Master Builders NSW notes that SafeWork NSW do not seem to have the same level of variation between auditors as ASQA. One of the first things SafeWork NSW auditors do is check to make sure training providers have and are properly using the mandated assessment tool.

The content of assessment toolkits would vary depending on the needs of the Unit of Competency, qualification, industry and/or profession. Toolkits could include knowledge questions, observable tasks, written projects, scenarios or case studies, role play, third party, supervisor reports, etc. In addition to assessment toolkits, assessor guides would need to be prepared and provided. The guides should include an assessment matrix or rubric to show how the assessment meets industry requirements and the minimum standards for that Unit of Competency.

The development of standardised assessment toolkits and assessor guides is an extension of the current Unit of Competency requirements and therefore it seems logical that this responsibility should sit with Skills Services Organisations/Skills Organisations. In regard to other stakeholders, under this proposal:

- Students could be confident that they meet the same standards as other students that have studied the Unit of Competency or qualification.
- Employers could have more confidence in the VET system because the standards that students must meet are more reliable and consistent across all training providers.
- ASQA and training providers would be confident that the assessment tool meets compliance requirements. ASQA could therefore focus on making sure the assessment tool is being used as designed and on other areas of concern to lift the standard of vocational education. Training providers would have greater capacity to focus on designing and delivering high quality training.

## **6.2. Independent assessment**

In Australia, electrical and plumbing trades require a license to operate. A requirement of getting a license is to successfully complete the capstone test, which is an independent assessment of competency. Independent assessment is a well-accepted and supported practice in these sectors.

Stakeholders that participated in consultations for the 2017 Victorian Government report, *Rebalance and Relaunch*, cited the electrical and plumbing licensing requirements as effective mechanisms for ensuring the quality of outcomes for these trades. The report recommended the Victorian Curriculum

and Assessment Authority work with industry to develop, trial and administer independent assessment of proficiency, such as a capstone assessment, and suggested the Certificate III in Carpentry as an initial trial.<sup>14</sup> In the 2018-19 Victorian budget the Government committed \$44 million over four years to lift the standard of apprentices and trainees, including the introduction of independent assessment.<sup>15</sup>

The Joyce Review recommended expanding the Victorian pilot to other states and territories and examining options to build this into the VET system. Master Builders Australia is supportive of further work and pilots. Independent assessment provides greater assurance of competency and reduces the risk of poor providers gaming the system.

In addition, independent assessment information could be used by regulators to identify potentially sub-par training providers and therefore to allocate audit resources more effectively.

Master Builders Australia recommends undertaking further work to test the suitability of independent assessment for VET qualifications as a mechanism to improve quality. This work should progress in close consultation with industry to ensure assessment aligns with employer needs and expectations of graduates. We note that independent assessment is unlikely to be suitable for all industries, however believe this should not preclude work progressing in industries where it does look to be suitable.

There are a number of considerations to work through including funding and assessors:

- Currently training providers receive funding to train and assess students. It is envisaged that training providers would retain the need to assess students on completion of various units and stages within their qualifications and would therefore continue to need this funding. The funding for independent assessment would therefore need to be additional. In Chapter 4, recommendation 2 we made the case for additional investment in the VET sector, further to this we propose that a portion of this additional funding could be directed to independent assessment.
- Successful implementation of independent assessments will require industry and employer buy-in. It will be essential that the assessor is, and is also perceived to be, genuinely independent. There are several options for who could do the assessments, including government, Skills Organisations, trusted training providers, and industry bodies. Processes will need to be put in place to mitigate against the potential for real or perceived bias if trainers are also assessors.

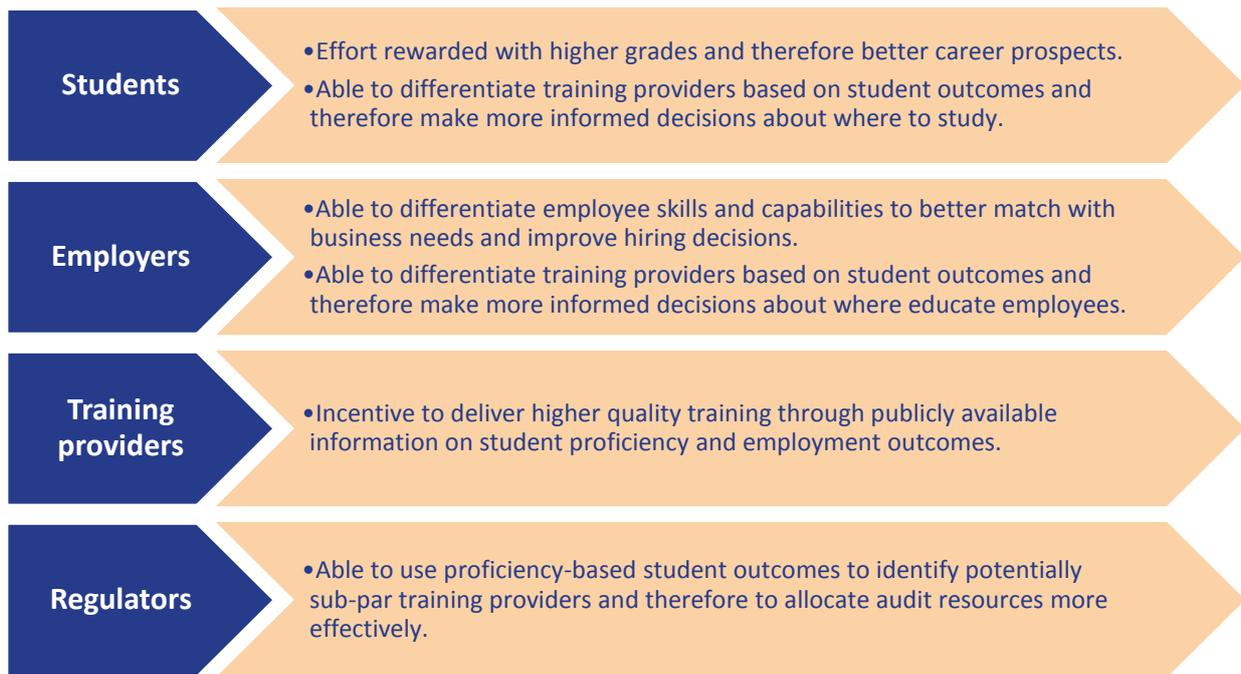
### **6.3. Proficiency-based assessment**

At present, VET's competency-based assessment means that a student is deemed to either be competent or not competent, with no assessment of the degree of competency. There are potential benefits that arise from proficiency-based assessment. Integrating one or more levels of proficiency above the base assessment of competent could benefit students, employers, training providers and regulators, as shown below in figure 3.

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<sup>14</sup> Victorian Skills Commissioner, 2017. *Rebalance and Relaunch*.

<sup>15</sup> Victorian Government, 2018. Budget Paper 3.

**Figure 3: Potential benefits of proficiency-based assessment.**

Proficiency-based assessment would need to be underpinned by a clear assessment rubric that differentiates the requirements and expectations at each level of proficiency. The rubric should be industry and qualification specific and drafted so that it is easily understood and clearly shows where a student sits in relation to competency.

Proficiency-based assessment for the VET sector should be piloted. In doing so, pilots should test how many proficiency-levels are required to achieve the desired outcomes. The more levels there are the more complex the rubric, it may be the case that only one level is required above competent to allow employers to make informed decisions, students to be motivated to do their best and training providers to lift the quality of training.

**Concern:** Stakeholder issues with the quality of VET training, inconsistency of training and assessment across providers and the presence of ‘tick and flick’ training providers are not adequately addressed, eroding the value and status of VET qualifications.

**Recommendation 8 and 9:**

- To improve the quality and consistency of assessment in the VET sector:
  - The Productivity Commission should investigate the viability and suitability of standardised assessment for Units of Competency and independent assessment for VET qualifications.
  - The Government should fund pilots to develop and test standardised assessment of Units of Competency, independent assessment of qualifications, and proficiency-based assessment of Units of Competency, short courses and skill sets.

## 6.4. The quality of VET in schools

VET in schools presents a real opportunity to highlight the value of VET and the rewarding careers it can lead to. For students that complete a VET course and seek employment in the same industry, it demonstrates to employers that they have a genuine interest.

At present, however, the quality of VET in schools varies. The discussion paper for the COAG Education Council Review of Senior Secondary Pathways states:

*“There are concerns over the quality and outcomes of VET delivered to secondary school students, including a lack of value by industry, and inconsistent approaches toward competency-based quality assurance. Whether this is the reality or not, these concerns represent a reputational risk to the sector.”<sup>16</sup>*

In addition to these concerns Master Builders Australia members have also raised concerns about:

- VET in school students not always having appropriate access to real work situations.
- Some schools not having appropriate training facilities and/or trainers with industry experience.
- Regulatory impediments preventing industry trainers and tradies from teaching in schools.
- Some schools engaging training providers that train to the minimum benchmark rather than ensuring that students are competent to workforce expectations on completion.

These issues undermine the value of VET and VET in school qualifications and can negatively impact employment prospects. For example, competency-based wage progression for apprenticeships can mean if a student holds certain VET in school qualifications an employer must pay them as a second-year apprentice, even if they lack the skills or experience. Consequently, the employer may choose not to hire them.

Master Builders Australia, in our submission to the COAG Education Council review recommended that the review panel qualify and quantify the extent of the VET in school issues and the impact on student pathways, with the final report to propose recommendations to address these issues.

**Concern:** Stakeholder issues with the delivery and assessment of VET in schools are not adequately addressed, eroding the value of school-based VET qualifications.

**Recommendation 10:**

The quality and regulation of VET education and assessment should be consistent regardless of the organisation providing the training, whether that be schools, VET providers (government, not-for-profit, for-profit) or higher education providers.

<sup>16</sup> COAG Education Council, 2019. *Review of Senior Secondary Pathways: discussion paper.*

## 7. Summary of recommendations

Master Builders Australia recommends:

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1. The new agreement:
    - Clarify the roles and responsibilities of all parties (avoiding overlap).
    - Commit all parties to significantly increase VET funding.
    - Provide additional financial incentives from the Commonwealth to states and territories to implement reforms that improve national consistency, including pricing, funding and subsidies across the levels of qualifications and categories of providers.
    - Include performance benchmarks, targets and indicators that are easily understood, relevant and appropriately measure progress toward the achievement of national reforms.
    - Be drafted in plain English so that it can be easily understood by VET stakeholders, including training providers, students and employers.

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  2. The Commonwealth, state and territory governments immediately increase funding for the VET sector and commit in the new agreement to raise funding to per student parity with university students over the next ten years.

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  3. The new funding agreement should provide financial incentives for states and territories to implement national reforms to improve the consistency of pricing, fees and subsidies across the VET sector.

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  4. To improve flexibility for students and employers, particularly small businesses, the new funding agreement should consider opportunities to encourage states and territories to fund skill sets. For example, including performance indicators on the number of skills sets funded and the employment or business outcomes.

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  5. To improve training and employment outcomes the government should develop, or provide funding for industry to develop, a work readiness assessment tool to assist students, educators, trainers and employers to identify students that are work ready and the areas for development and support in those that are on their path to becoming work ready.

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  6. To improve training and employment outcomes the new funding agreement should include initiatives, incentives or targets that encourage states to fund foundation skills and pre-apprenticeship training, for learners that are assessed as needing additional support to become work ready.

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  7. The new funding agreement should clearly delineate the roles and responsibilities of the Commonwealth and the states. Whilst recognising that there are areas of shared responsibility in the VET sector, these should be addressed in the negotiation of the new agreement and assigned to either the Commonwealth or the states based on who is best placed to undertake the work or hold the responsibility.

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  8. To improve the quality and consistency of assessment in the VET sector the Productivity Commission should investigate the viability and suitability of standardised assessment for Units of Competency and independent assessment for VET qualifications.

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  9. To improve the quality and consistency of assessment in the VET sector the Government should fund pilots to develop and test standardised assessment of Units of Competency, independent assessment of qualifications, and proficiency-based assessment of Units of Competency, short courses and skill sets.

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  10. The quality and regulation of VET education and assessment should be consistent regardless of the organisation providing training, whether that be schools, VET providers (government, not-for-profit, for-profit) or higher education providers.
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