

NSW Government Submission to the Australian Government Productivity Commission's Review of the National Agreement for Skills and Workforce Development

December 2019

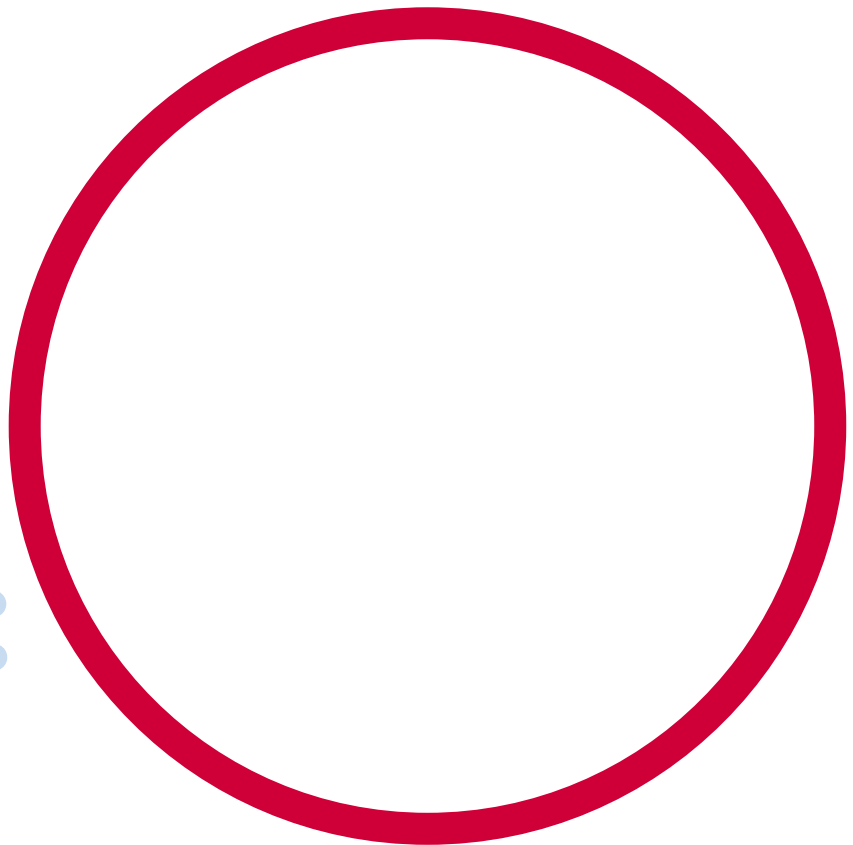
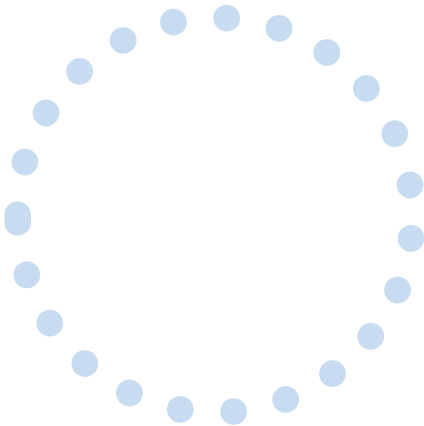
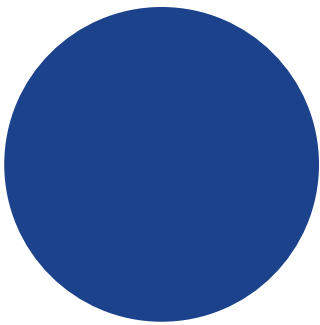


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Executive Summary

The NSW Government has set a clear direction for the NSW economy in its *NSW 2040 Economic Blueprint: Investing in the State's Future* to respond to the challenges of a changing world and expanding global economy. Skills and productivity are high on the NSW Government's agenda – we need skills to encourage higher growth industries, such as advanced manufacturing and tech-innovation, and to support industries that contribute significantly to the state's output.

The NSW Government has invested \$97.3 billion in the state's infrastructure to drive skills and jobs growth. The development of NSW's Aerotropolis - the city around the new airport at Badgery's Creek - will include an advanced manufacturing and industrial hub, creating 200,000 jobs in the fastest-growing industries of the future. These once in a generation reforms need a growing and skilled workforce, particularly in construction and advanced manufacturing.

The *2040 Blueprint* recognises that the NSW economy relies on a flexible and adaptive VET system but also acknowledges that it has current challenges. This context is critical for the Productivity Commission's Review of the National Agreement for Skills and Workforce Development (NASWD). The NSW Government supports a new national agreement that sets the ambition for a high quality VET system, trusted by learners and industry.

It is the position of the NSW Government that the next iteration of the NASWD be underpinned by the concepts of national aspiration with bilateral implementation. This submission advocates a revised approach to a new national agreement that re-imagines the way the Commonwealth and NSW governments work together by:

- introducing joint cross-jurisdictional decision-making on implementation of the objectives;
- introducing an agreed set of targets with agreed contribution from the Commonwealth towards achieving NSW's share of the these targets;
- introducing a bilateral agreement that recognises that both the Commonwealth and NSW contribute funding to the VET sector and that this should be considered in the negotiation of future funding arrangements;
- acknowledging that unilateral changes to arrangements for VET funding can have a detrimental impact on the NSW and national economies; and
- working together on a skills and workforce development agenda that spans schooling, VET sector and higher education.

In tandem, NSW will continue to review its own system and make any necessary amendments. For example, we are committed to maintaining a relevant and targeted Skills List, and support exploring the opportunity of introducing flexible and competitive market-based pricing of the vocational sector.

Context for the Review of the National Agreement for Skills and Workforce Development

The NSW Government has put productivity and skills high on its agenda. The recently released *NSW 2040 Economic Blueprint: Investing in the State's Future*, sets the direction for NSW in a changing world and expanding global economy.¹

By 2040, the NSW economy will have grown by 70 per cent, with skills development as one of the seven levers to secure our economic performance. We face rapid changes in skills demand as the state's industrial base changes and technology and increased automation disrupt workplaces.² We need skills to encourage higher growth industries such as advanced manufacturing and tech-innovation, as well as to support the dominant contributions to the state's output – construction, education, healthcare, tourism and financial and other services.

The NSW Government's \$97.3 billion investment in the state's infrastructure over four years is driving skills and jobs growth. The development of NSW's Aerotropolis - the city around the new airport at Badgery's Creek - will include an advanced manufacturing and industrial hub, creating 200,000 jobs in the fastest-growing industries of the future. These once in a generation reforms need a growing and skilled workforce, particularly in construction and advanced manufacturing. A pipeline of apprentices and trainees are vital to the success of these reforms, which the NSW Government is supporting through fee-free training. In addition, NSW will need generations of skilled workers to develop, operate and maintain the new innovations that we have not begun to consider.

The NSW Government is focused on our end-result-goals, and where we need to end up as opposed to simply what we are producing today. This is exemplified in the implementation of outcome-based budgeting. Outcomes budgeting aims to refocus resource allocation decisions in NSW at a holistic, whole-of-State level to achieve the best outcomes and value for money for the people of NSW. The outcomes for VET aim to support the training, upskilling and lifelong learning for individuals and NSW to improve personal, social and economic outcomes.

The 2040 Blueprint recognises that NSW's economic performance is reliant on a flexible and adaptive VET system. But it also acknowledges that the VET system has current challenges that must be addressed to ensure it is fit for purpose. These challenges include well-known issues of quality, the efficiency of the qualification systems, consistency of

¹ NSW Treasury, *NSW 2040 Economic Blueprint: Investing in the State's Future*, (Sydney, NSW Government, 2019).

² Ibid. 31.

funding, and availability of clear and useful information to drive policy reform and economic progress.³ A key recommendation of the 2040 Blueprint is that the NSW Government should work with the Commonwealth and State Governments and with industry to improve the performance of the VET system.⁴ This does not refer to a traditional transactional relationship based on meeting targets to receive funding. Our vision is of a truly integrated sector based on mutual obligation and accountability.

For NSW, this is the critical context for the Productivity Commission's Review of the National Agreement for Skills and Workforce Development (NASWD). The NSW Government supports a new national agreement that sets the ambition for a high quality VET system, trusted by learners and industry. In undertaking the review of the NASWD, the Productivity Commission's Issues Paper identifies a number of other reviews to take into account. NSW is continuing to refine its VET system through regular reviews and analysis with a focus on driving productivity in the State. In addition, the Productivity Commission should also take into the account relevant findings of the NSW Curriculum Review in relation to senior secondary pathways and VET in schools.

This submission focuses on the VET sector, but there is a clear need – from governments, industry and experts alike - for a comprehensive approach to skills development that includes other sectors such as the higher education sector.

Assessing the performance and suitability of the Agreement

The NASWD has been effective in setting an aspiration for the skills levels required for Australians and a reform direction for the VET system in Australia, agreed by all jurisdictions. It has provided a degree of funding certainty for State and Territory governments to allow them to support the needs of industry, employers and students in their jurisdictions. This is of critical importance to NSW. Our needs are not only very different to the rest of Australia, but also differ across our own regions. A funding arrangement that is suitable to respond to local, state and nationwide skills needs is fundamental to a strong VET sector.

The Commonwealth Government has provided consistent funding through the VET Specific Purpose Payment (SPP) to State and Territory governments to support their training markets. States and territories are responsible for allocating this funding and overseeing expenditure for delivery of training and ensuring the effective operation of the training market. These arrangements have provided the stability, autonomy and flexibility

³ NSW Treasury, *NSW 2040 Economic Blueprint: Investing in the State's Future*, (Sydney, NSW Government, 2019), 64.

⁴ *Ibid.* 63.

needed by State and Territory governments to address skills needs in their jurisdictions, and design initiatives to suit their own economic contexts. The VET SPP has also provided a strong framework and base funding to support reform through national partnerships, since national partnership funding has mainly been paid through reward payments in arrears.

The greatest improvement in the NASWD compared to previous Commonwealth-State VET agreements is that while NASWD sets out two ambitious targets, the parties recognised that they are aspirational and payments are not tied to the achievement of the targets. The targets are also not tied to onerous reporting requirements. Through the NASWD, State and Territory governments were incentivised and given the requisite breadth to design and implement innovative approaches to skills reform. However, subsequent national partnership agreements reduced funding flexibility for NSW and diverted attention away from the purpose of the NASWD through highly prescriptive objectives.

Despite the many benefits of such a model, the NASWD is limited by a broad scope of responsibilities of the Commonwealth and State and Territory governments, without the support of a shared implementation strategy. NSW supports greater joint planning and co-design with the Commonwealth to boost shared accountability and avoid unintended consequences.

As an intergovernmental agreement, the NASWD did not outline the role and responsibilities of industry despite its critical role in achieving the NASWD objectives.

The performance of the NASWD and achievement of targets have been impacted by specific problems in the VET system

The NSW Government successfully introduced contestability in the VET market, which is one of the key reform objectives of the NASWD. In 2015, the NSW Government introduced a demand-driven and contestable funding model through the Smart and Skilled program. Under Smart and Skilled, students can choose a government-subsidised vocational course from a list of approved qualifications (NSW Skills List) and training providers.

Through its Smart and Skilled program, NSW has been successful in achieving key aims of the NASWD, including accessibility, transparency and quality – see section ‘How well is the VET system working?’ for more detail. However, our effort was to some extent compromised by external factors beyond our control. For example, the target to double the number of government-funded higher-level qualification completions was impacted by the expansion of the fee-for-service VET diplomas driven by VET FEE-HELP. The problems of VET FEE-HELP are discussed on p.11.

Achievement of outcomes and targets in the NASWD has also been impacted by other challenges in the VET system, including:

- a training product development and implementation system that is slow to respond to industry skills needs, is overly complex with too many qualifications and units of competency, and lacks Key Performance Indicators (KPIs) to measure system performance and drive change;
- the quality of delivery and assessment by some training providers, as evidenced in the Braithwaite review report 'All eyes on quality: Review of the *National VET Regulator Act 2011*';
- changes to VET income contingent loans that have reduced training activity in diploma qualifications;
- a lack of timely and consistent information on employer skills needs;
- information asymmetry and lack of data for potential consumers of VET on courses and the performance of training providers; and
- negative perceptions of VET study and occupations as a career choice (particularly impacted by the failings of the VET FEE-HELP scheme).

Achievement of the NASWD objectives has also been impacted by limitations of the inter-governmental arrangements:

- the lack of an implementation strategy for the NASWD agreed between jurisdictions for all governments;
- lack of clarity about roles and responsibility of industry for funding and contributing to the quality of the VET system;
- rigidity in subsequent national partnership agreements that reduced funding flexibility for NSW; and
- lack of coordination between Commonwealth and NSW government employment and wrap-around services for vulnerable cohorts.

The current NASWD performance reporting framework has some challenges

In terms of the suitability of current indicators and targets, NSW agrees with the two points noted in the Issues Paper:

- for outcome 2 'all working-age Australians have the opportunity to develop skills', the performance indicators do not indicate the degree of opportunity to develop skills afforded to either the general population or groups requiring additional support; and
- the targets in the Agreement do not directly align with the Agreement's outputs, as they focus on higher-level qualifications and do not address whether the qualifications are those needed to improve workforce participation, address skills shortages or meet the changing needs of the economy.

NSW has also identified some specific challenges in the current NASWD's performance reporting framework on page 9 of the Issues Paper:

- The Agreement's broad objective includes developing a productive and highly skilled workforce. However, none of the NASWD's outcomes, performance indicators or targets address whether the workforce is 'productive'. Attributing investment in training under the Agreement to productivity, or changes in productivity, would be valuable given the critical importance of productivity to growing the Australian economy.
- Outcome 1 is 'increasing the skill levels of the working-age population to meet the changing needs of the economy'. This specifies increasing skills levels, which is not reflected in the current performance indicator. Assessing achievement of outcome 1 should consider whether people achieve a higher-level qualification. Measures for assessing outcome 1 could also include increasing employment for graduates or qualification completions in occupations with skills shortages.
- Outcome 2 is that 'all working-age Australians have the opportunity to develop skills'. The related performance indicators focus on educational attainment and participation (as do the two targets under the Agreement). However, there is no indicator or target addressing ease of access to training or reduction in barriers to training. Measurement of achievement of outcome 2 should consider these, including the performance and accessibility of the VET Student Loan program.

The new agreement should include new objectives and be supported by a bilaterally agreed implementation strategy

The NSW Government supports a new national agreement based on the principles of mutual obligation and state autonomy, and reciprocal accountability for good outcomes for students. Sitting below national ambition needs to be a bilaterally agreed implementation strategy and key performance indicators to ensure the Commonwealth will work closely with NSW in achieving their co-designed objectives.

The national agreement should set the ambition for a high quality and trusted VET system with clearly defined outcomes and national targets. A future NASWD should be focused on building our skilled population in real terms – the number and attainment level of skilled people, by sector - to ensure we can meet current and future demands for a larger workforce with higher-level qualifications.

NSW supports the following targets:

- increase the proportion of people in Australia with at least a Certificate III qualification;

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- increase the proportion of 15 to 29 year olds engaged in employment, education and/or training;
 - decrease occupational shortages; and
 - increase the proportion of people in NSW who improve their employment status following government-funded training (new employment or employed at a higher level).

NSW supports the following ambitious objectives for the NASWD to achieve the targets:

- a training objective linked to the number of people needing to be trained to maximise productivity and inclusivity, and meet current and emerging skills needs;
- stronger cohesion and seamlessness between the overall school, VET and higher education sectors;
- reform of VET loans schemes to ensure equality of access to loan schemes for VET and higher education students (while ensuring any new scheme is carefully designed to avoid the serious problems of the 2012 VET FEE-HELP scheme);
- reform of the apprenticeship and traineeship model to make it more attractive to young people, industry and employers, offer sustainable employment and be more suited to a contemporary labour market and workplace setting;
- swift reform of the national training package system with capacity to implement updates within six months;
- stronger support for VET delivered in schools;
- suitable pathways, particularly for the most disadvantaged learners, into post-school VET; and
- a national data linkage program connecting data on service costs, education and employment pathways and outcomes to help assess the effectiveness of VET investment and delivery.

Under the new NASWD and associated bilateral agreement, the NSW Government would decide which industries to prioritise for achieving its targets. It is expected that the Commonwealth would become a partner in achieving targets and executing objectives, as critical levers to address skill shortages such as skilled migration are managed by the Commonwealth Government.

The bilateral arrangements would also cover financial contributions of the Commonwealth to the VET system. This could include funding for specified interventions, although it is key to note that all government funding for subsidised training places in NSW should be directed through the NSW Government's Smart and Skilled program.

The benefits of this approach to a new national agreement is that it re-imagines the way the Commonwealth and NSW governments work together by:

- introducing joint cross-jurisdictional decision-making on implementation of the objectives;
- introducing an agreed set of targets with agreed contribution from the Commonwealth towards achieving NSW's share of the these targets;

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- introducing a bilateral agreement that recognises that both the Commonwealth and NSW contribute funding to the VET sector and that this should be considered in the negotiation of future funding arrangements; and
 - acknowledging that unilateral changes to arrangements for VET funding can have a detrimental impact on the NSW and national economies.

The roles and responsibilities of governments in skills and workforce development should be discussed and defined as part of a broader discussion on governance and leadership of the VET sector. In parallel, the roles and responsibilities of employers and industry also need to be defined, given their critical role in achieving NASWD objectives. As a concurrent piece of work, the VET Reform Roadmap should also reflect these definitions.

How well is the VET system working?

NSW implemented skills reforms in 2015 and continues to make improvements to the NSW VET system

The NSW Government funds the delivery of vocational education and training through its Smart and Skilled program. Smart and Skilled was introduced in 2015 in line with objectives in the NASWD and the National Partnership on Skills Reform (NPASR).

Smart and Skilled was designed to achieve six key objectives:

- increase participation in VET;
- give students greater choice;
- meet industry training needs;
- support disadvantaged students;
- support TAFE NSW so it remains a strong and viable public provider; and
- improve the quality of VET.

The 2015 Legislative Council independent *Inquiry into Vocational Education and Training in NSW* found that a contestable market would benefit all parts of the sector over time, driving up quality and efficiency, and ultimately benefitting students, industry and the economy.

NSW amended the *Apprenticeship and Traineeship Act 2001 No 80* in 2017 to strengthen the apprenticeship and traineeship system. Amendments included:

- providing important safeguards to employers, apprentices and trainees;
- simplifying key processes around completion, certification, variations to training contracts and trade recognition; and
- removing red tape by abolishing the Vocational Training Review Panel.

The Smart and Skilled reforms have improved training participation, particularly by disadvantaged students

Since the implementation of Smart and Skilled, NSW has increased its government-funded program enrolments in Certificate III and above. In 2015, there were 199,500 enrolments and by 2018 this had increased to 289,215 enrolments⁵. This represents a 45 per cent increase in Certificate III and above program enrolments since the introduction of Smart and Skilled.⁶ Similarly, government-funded program completions in Certificate III and above have increased 15 per cent in NSW from 69,650 in 2015 to 79,985 in 2018.

Smart and Skilled also has a generous fee exemption and concession policy for disadvantaged students. Since it was implemented in 2015, around half of Smart and Skilled students have been fee-exempt or paid a concession fee. Smart and Skilled also provides loadings to registered training organisations (RTOs) for disadvantaged students.

Student characteristic data shows that disadvantaged student participation has increased between 2015 and 2018. The number of students with a disability has increased from 29,800 to 39,595; the number of Indigenous students has increased from 26,245 to 34,390; and the number of students classified as being from remote and very remote regions has increased from 4,575 to 5,185⁷.

Transparency of the NSW VET system and consumer information has improved

As a commitment under skills agreements, NSW supported the Commonwealth Government in implementing the unique student identifier (USI), which has facilitated data collection on all students, including those engaging in the fee-for-service VET market. This has improved our understanding of the overall VET market.

The NSW Government operates websites catering to students' information needs: Life Launcher, the VET NSW site, and the Smart and Skilled website each support the goal of individuals having access to VET information to efficiently inform their choices. In addition, digital resources provide advice for employers, parents and careers advisors as major influencers in student decision-making.

Performance of training providers should also be an important piece of consumer information. As a tool to improve Smart and Skilled contracted RTO performance, the NSW Government recently provided information on their students' post-training outcomes. This information is still under development, however the ultimate goal is that all players in

⁵ National Centre for Vocational Education Research, *Australian vocational education and training statistics: government-funded students and courses 2018*, (Adelaide, Commonwealth of Australia, 2019).

⁶ Ibid.

⁷ Ibid.

the training market will be able to use this information to compare RTO outcomes and inform their decision-making.

Delivery through the contestable training market is of high quality, as can be seen from students and employers' responses

NSW has adopted a rigorous approach to ensure quality. We have developed the NSW Quality Framework, which clearly outlines government expectations of providers' performance. The Government also applies stringent quality assurance measures in managing the Smart and Skilled provider contracts, a process that has kept the quality of RTOs delivering subsidised training very high.

NSW's VET qualification completion rates exceed the national average since the introduction of Smart and Skilled. It is projected that the completion rate for those commencing training in 2016 will be 44.8 per cent and for those commencing in 2017 52.5 per cent, compared to 42.9 per cent and 49 per cent for the same periods nationally.⁸

The NSW Student Outcomes Survey results show high levels of satisfaction with their Smart and Skilled training provider. This signifies that the VET market is operating well in NSW, with more than 90 per cent of students reporting that they would recommend the training or institute they used

The Survey also demonstrated that NSW government-funded VET students experienced an employment uplift after training, with 45 per cent of students stating that they secured a job after training (of those unemployed prior). Additionally, 65 per cent of respondents noted at least one job-related benefit.

The NSW Government has strengthened data analytics capabilities to improve the understanding of skills needs and development of the NSW Skills List

A priority skills list is most effective when it is regularly reviewed and updated, based on robust, data-driven processes as well as consultation with industry and other users of training. NSW implements robust processes to ensure qualifications are continually added and removed in response to changing skills demand. The risk with priority skills lists is that qualifications with low industry demand are not removed, and as a result, low-priority skills are subsidised.

The NSW Government uses a range of tools to assess skills needs and qualification outcomes to inform allocation of government VET funding. Key projects include:

⁸ National Centre for Vocational Education Research, *VET qualification completion rates 2017*, (Adelaide, Commonwealth of Australia, 2019).

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- the Skills Demand Dashboard, a tool that incorporates multiple labour market measures (vacancy rates, vacancy duration, unfilled rates, employment growth, unemployment rates, and change in average hours worked) to indicate whether an occupation is likely to be in shortage or surplus; and
 - our research into skills shortages in regional areas, which allows us to better understand how the VET market responds to local needs.

Improving the development of training products and quality of assessment is a high priority

NSW supports measures to significantly reform and speed up training product development and implementation. Governments and industry agree that arrangements for managing, developing and updating training packages are too slow and overly complicated. It is an aspiration of the NSW Government to reduce the time to develop and reform most qualifications to six months.

We appreciate that this is a national issue that requires action at a national level. Further rationalisation of qualifications and units of competency can improve reduce the inherent complexity of the current system for potential students and employers. The training product development system would also benefit from having KPIs.

The draft VET Reform Roadmap, jointly developed by Commonwealth and State and Territory governments further validates NSW's position and it is encouraging that moves to fast-track training package development have already been agreed. Importantly, industry's role is acknowledged, in line with NSW's position of greater industry collaboration and accountability.

Better collaboration between governments is essential to improve the VET system

Strong collaboration in planning and policy development is important between the Commonwealth, State and Territory governments. The Review of the former National Partnership Agreement on Skills Reform clearly pointed out that future reform would benefit from greater coherence between initiatives in the VET sector. The proposed National Skills Commission and the National Career Institute are steps in the right direction but they must be co-designed.

Stronger collaboration should take into account all relevant government policies including higher education, population, migration, employment and welfare policies. State and Territory governments traditionally have little influence on Commonwealth Government initiatives, despite the fact that they are subject to their outcomes.

Generally, governments' role in market development and reform needs to be managed in a way that avoids unintended consequences and unnecessary disruption. For example,

changes to the Commonwealth Employer Incentives Program in 2012 promoted apprenticeships and traineeships not on the National Skills Needs List (NSNL). Yet under the National Partnership Agreement on Skilling Australians Fund (NPA SAF), NSW is committed to ambitious targets and implementation of fee-free apprenticeships and traineeships from the NSW Skills List. In this instance, Commonwealth policy worked in opposition to the objectives it set for NSW.

NSW's proposed approach of mutual-responsibility and co-design advocates changing this, with greater transparency between State/ Territory and Commonwealth initiatives.

Issues with the VET Student Loans scheme need to be addressed

The NSW strongly supports a VET Student Loans program that offers the same benefits and access as the HECS system. We know that the implementation of VET FEE-HELP (while initially supported by states and territories) was problematic with fraudulent activity by some training providers. Since the replacement of VET FEE-HELP with VET Student Loans, quality issues have largely been addressed. Nevertheless, conditions such as the prescribed course list and loan caps create significant access issues.

NSW supports VET Student Loans having comparable access to the higher education loan schemes. There is further discussion on the inconsistencies between the VET and higher education loans scheme in the section 'Government Investment in VET'.

Skills needs assessments

Skills needs assessments provide the basis for estimating demand for VET services, informing allocation of government funding for VET courses. The effectiveness of skills needs assessments depends on the scope and quality of the information and data used, and the rigour of the assessment methodology. To ensure the quality and effectiveness of skills needs assessments, the NSW Government supports increasing and improving the use of robust, data-driven processes, including data collection, integration and analysis at the national level to identify and respond to skills needs in national, regional and local labour markets.

In terms of scope, skills needs assessments should focus more on current skills needs, given the high level of uncertainty over how skills demand will evolve and the resulting difficulty of accurately forecasting skills demand.

For information gathering, skills needs assessments should include consultations with industry and other users of training, as well as analysis of labour market trends and the uptake and employment outcomes of qualifications. Skills needs assessments may also involve monitoring the uptake of accredited courses and non-accredited training, which are often quicker to respond to the new and emerging needs of industry than training package products (e.g. units of competency, skill sets and qualifications).

Funding and pricing of VET

Funding and pricing approaches in NSW were designed to meet the State's priorities and agreed objectives in skills agreements

Funding arrangements under Smart and Skilled were implemented through the National Partnership Agreement on Skills Reform (NPASR) with an approach that reflect the needs of the NSW economy and the State's priorities.

As noted earlier, the NSW Government's Smart and Skilled reforms were designed to achieve six key objectives:

- increase participation in VET;
- give students greater choice;
- meet industry training needs;
- support disadvantaged students;
- support TAFE NSW so it remains a strong and viable public provider; and
- improve the quality of VET.

The NSW Government delivers on these objectives through a range of funding and pricing policies including:

- a competitive market for training, including a student entitlement for full qualifications up to and including Certificate III and apprenticeships and traineeships;
- funding allocations to providers by region and qualification;
- the payment of RTO loadings for certain students (e.g. from disadvantaged backgrounds or regional areas);
- fixed prices and fees for training to refocus on quality;
- fee concessions for a range of students;
- a skills list that prioritises funding to particular qualifications identified by industry; and
- operational base funding, community service obligation and other funding provided directly to TAFE NSW.

In light of other jurisdictions' experiences and the State's own priorities and needs, NSW's implementation of the NPASR through Smart and Skilled includes funding and pricing arrangements aimed to give budget certainty, support quality and TAFE NSW, and train people in areas where they are likely to get a job.

The methodology for assessing the cost of providing qualifications in NSW was developed by IPART

Smart and Skilled uses a methodology to estimate the cost of each individual qualification developed by the NSW Independent Pricing and Regulatory Tribunal (IPART) in 2013. IPART developed the pricing methodology based on stakeholder consultations and available data sources about costs of VET delivery. A key data source was TAFE NSW's internal resource allocation model, which showed how TAFE NSW had historically distributed funding for delivery of units of competency (UoCs) and qualifications. Other data sources on costs of VET delivery included analyses of VET funding in NSW and other jurisdictions, and tender submissions from NSW providers to the Strategic Skills Program and Productivity Places Program. The methodology reflects historical funding allocations rather than a detailed costing analysis.

The NSW pricing includes a 'base price' plus additional percentage-based loadings to support disadvantaged learners

The IPART methodology determines the 'base price' that reflects the efficient cost of delivering the qualification to the required standard of quality for a standard student in a metropolitan area. The base price is then adjusted with additional percentage-based loadings for RTOs delivering to certain students. Loadings apply to higher cost groups of students including those in regional and remote areas, and students with a disability, Aboriginal and Torres Strait Islander (ATSI) students and long-term unemployed students.

The base price comprises a fixed component plus a variable component. The fixed component is a flat dollar value for each AQF level; higher AQF levels have a higher fixed component. The variable component formulates a 'standard pathway' – the grouping of UoCs that students normally undertake to achieve a qualification. The agreed nominal hours for these UoCs are then multiplied by a dollar-per-hour value for each field of education.

The IPART methodology was designed to build prices to reflect the efficient costs of delivery

In NSW, Smart and Skilled pricing is premised on the efficient cost of delivery and does not use price to signal demand to providers. A review of the implementation of Smart and Skilled by Nous Group in its first year of implementation found that no significant changes to training volumes could be attributed to the introduction of Smart and Skilled prices. This provided evidence that the introduction of Smart and Skilled prices did not distort providers' decisions about the training they deliver. Since 2016, changes to the market, technology and industry may have impacted the accuracy of historical pricing when applied to today's cost of delivery.

Student fees reflect public and private benefits at the qualification level and can be adjusted for equity reasons

The NSW Government and students share the cost of training – the Government pays the subsidies and loadings while students pay a qualification fee. If the student is eligible for one of the NSW Governments' many for fee free arrangements, the government subsidy fully covers the price of the qualification.

Under Smart and Skilled, standard student fees are based on the qualification's AQF level and industry grouping. Within each AQF level, fees vary between industry groupings. The intention of the fee-setting methodology is that there is an appropriate proportional funding split between government subsidy and student fee on average across all qualifications at each AQF level. Student fees at higher qualification levels contribute to a higher proportion of costs to reflect the greater benefits to the individual. A higher fee is set for qualifications with high nominal hours, and therefore higher total cost, relative to their industry grouping.

The student fees that individuals pay are adjusted under Smart and Skilled to support policy and equity objectives. All Aboriginal and Torres Strait Islander (ATSI) students and students with a disability are exempt from fees. Several other groups of disadvantaged students are also granted a concession (reduced fee) or exemption from fees to support access to the benefits of VET. Foundation skills courses and part qualifications have zero student fees. The NSW Government has committed to fund 100,000 fee-free apprenticeships commencing 1 July 2018, and will fund 75,000 fee-free traineeships beginning on 1 January 2020.

The prices, fees and subsidies for qualifications on the NSW Skills List can be found here: https://www.training.nsw.gov.au/smartandskilled/prices_fees.html.

Smart and Skilled payments to providers encourage qualification completion

Smart and Skilled subsidies are paid based on activity milestones during training delivery. Payment is staggered so that providers have a strong incentive to maximise students completing the full training program. Since the full price of training is regulated, provider profits depend on cost-efficient delivery. However, training must fulfil the standards of the Smart and Skilled Quality Framework. Providers who do not meet the standards of the Quality Framework may have their contract suspended or terminated.

While apprenticeship and traineeship funding is for state-wide delivery, funding for other program streams is allocated to providers for delivery in specific regions to ensure that training is available across NSW. Within their funding allocation, providers can adjust their mix of delivery to respond to changing industry and student demand by delivering any of the approved qualifications on their activity schedules. Funding for delivery of apprenticeships and traineeships is uncapped.

Pros and cons of pricing and funding approaches under Smart and Skilled

IPART was commissioned to develop efficient pricing for the qualifications on the NSW Skills List. At the time of implementation, a policy of fully regulated prices and fees under Smart and Skilled was introduced to ensure that delivery was fully focused on quality and service delivery in a context of mistrust for VET.

As indicated above, a limitation of the Smart and Skilled pricing model is estimating the costs of training delivery primarily based on historical data. This means that the administrative pricing model is not easily refreshed to incentivise or reflect innovations in training delivery that competitive pricing mechanisms may offer. Moving towards an outcomes-focused approach will likely require a different approach to pricing.

NSW is exploring the opportunity of introducing flexible and competitive market-based pricing of the vocational sector.

The NSW Government does not support a national administrative price setting mechanism

The NSW Government supports the principle of transparency in terms of making public pricing and funding mechanisms and methodologies. However, the NSW Government does not support a national administrative price setting mechanism.

Administrative pricing mechanisms have limited responsiveness to changes in training costs over time, whether increases (e.g. introduction of work placement requirements in training products) or decreases (e.g. innovations in delivery that lower efficient costs). It is unlikely that a national administrative pricing mechanism could effectively account for variations in efficient cost across jurisdictions and geographic regions.

A national model would also limit the NSW Government's ability to consider alternatives to the administrative model for setting prices, subsidies and fees, including using competitive mechanisms to determine providers' costs of delivery and set prices, or allowing flexibility in subsidies and/or fees.

Aspects of funding administration under skills agreements can be improved

While the NASWD allows flexibility for states and territories to address the skills needs in their jurisdictions, there are undesirable conditions in national partnership agreements. These include:

- payment in arrears for achievement of training activity targets and milestones;
- instability of funding due to the agreement being short-term in duration;
- in the case of the National Partnership Agreement on Skilling Australians Fund (NPA SAF), a funding source based on uncertain revenue from a new temporary skill shortage visa and certain permanent skills visas;

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- additional reporting on achievement of a VET budget benchmark for eligibility of payment; and
 - a very narrow focus on a sub-sector of VET delivery (apprenticeships and traineeships) thus neglecting the upskilling needs of other types of learners.

The NSW Government instead supports improved national arrangements where both levels of government work collaboratively on shared priorities. This should include intergovernmental co-design on employment programs, levies, incentives or compacts with employers, and an improved negotiating architecture.

A potential funding agreement for VET in schools

The NSW Government would support a new national funding agreement for co-funding VET in schools on the condition of additional Commonwealth funding.

The NSW Government puts significant effort and State funding in the delivery of VET in schools programs. We have a strong focus on supporting good pathways into employment or further studies, including apprenticeships and traineeships, for secondary school students.

The NSW Government will continue to allocate State resources to our VET in schools programs. If the Commonwealth were to increase its funding for VET in schools, we may be willing to negotiate bilaterally agreeable efforts under a new agreement.

Government investment in VET

NSW Government maximises its investment in VET to ensure the public funding receives proportionate benefits

The NSW Government has conducted research to assess the benefits of its entitlement program. The return on investment for government contributions to VET through the Smart and Skilled program is 143 per cent. This means that the total benefits to students, employers, RTOs and government are more than 40 per cent higher than the cost of the contributions by government. Analysis shows that the majority of benefits accrue to employers and industry, and that individuals receive a smaller share of benefits.

Under current arrangements, industry receives substantial benefit from VET with no uniform requirement to contribute to cost. Smart and Skilled does not provide specific mechanisms to ensure that industry contributes towards VET. Under Smart and Skilled, employers may contribute to the costs of VET by paying the student fee in full or in part on behalf of their employees. Employers also cover wages under apprenticeship and traineeship arrangements. Industrial relations arrangements (awards and agreements)

may require employers to reimburse their employees' fees on completion, especially for apprenticeships.

Smart and Skilled could be seen to be over-subsidising VET, because student fee levels are set lower than the proportional funding splits between government subsidy and student fee recommended by IPART. However, the NSW Government considers that there is an important role for government investment in VET because industry and individuals will otherwise tend to under-consume VET due to cost.

The Commonwealth Government has committed to reviewing the VET Student Loans program. The NSW Government welcomes this decision, as we will soon be conducting independent research to gain a deeper understanding on how a loan scheme might operate in a NSW context. It is anticipated that NSW and Commonwealth work in this space will assist in modelling potential solutions

Benefits accruing to government, employers and individuals as a result of the Higher Education Contributions Scheme (HECS) have been analysed and demonstrate benefit to all groups. The design of HECS creates a low-risk threshold such that students repay their loan only when they derive a sufficient benefit from their qualification, through the measure of individual income.

Government funding may vary for different courses or student types

The NSW Government supports variation in the level of government funding for different course and student types. Under Smart and Skilled additional loadings are paid to providers to facilitate the delivery of high quality training to students who may require additional support (see further detail in the section 'Funding and Pricing')

Under Smart and Skilled, all foundation skills qualifications are zero fee, meaning the government subsidy covers the full cost of training. The NSW Government has committed to fund 100,000 fee-free apprenticeships, commencing 1 July 2018, and will fund 75,000 fee-free traineeships beginning 1 January 2020. Student fees (both full fee and concession fees) at higher qualification levels contribute a higher proportion of costs to reflect the greater benefits to the individual.

NSW uses an evidence-based approach in setting funding priorities

The NSW Government assesses qualifications for inclusion in or exclusion from the NSW Skills List by a range of criteria (see table below).

NSW Skills List Criteria

Rationale for inclusion	Definition
Industry demand/key qualification	Strong evidence of continuing and future industry need for the qualification (e.g. quantifiable evidence of industry need, confirmed occupational/sector employment growth and job opportunities, shortages due to a lack of trained workers)
Job/career outcomes	Strong, quantitative evidence of employment outcomes for people completing the qualification. Strong evidence demonstrating how the qualification improves career prospects (e.g. wage differential, wider range or better, more secure jobs).
Access or pathway to study	The qualification: provides the necessary foundation skills for undertaking a vocational qualification on the Skills List is part of a NSW Vocational Training Order (VTO) Pathway giving advanced standing into a higher level VET qualification is a pre-requisite for a higher level VET qualification (as prescribed in the training package) has a pathway (articulation) into higher education needs to be government-subsidised where fee-for-service market prices are restricting access.
Entry level qualification	Industry demonstrates why the full qualification is required to gain entry-level employment in an occupation or industry.
Regional economic development and communities	Strong evidence how the qualification supports business development, employment growth or community wellbeing in a specific NSW region or town (e.g. employment growth in the occupation or sector, growth of new businesses, improves quality of life in communities)
Support for small business	Strong evidence how the qualification supports setting up and/or sustaining a small business.
Disadvantaged/equity groups	Strong evidence of the benefits (market-based or social) to particular groups/communities of holding the qualification.
Key Government strategy	Strong evidence of how the qualification is central to successfully implement a specific government strategy, policy or program (e.g. NDIS, infrastructure etc.).
Rationale for removal/exclusion	Definition
No/low industry demand	No/weak evidence of industry demand (e.g. supply driven). Limited industry sources indicate demand.
Poor student outcomes	Data indicates poor student outcomes for the qualification. No/weak evidence from industry of good employment outcomes.
No/very low take-up	Zero, very low or declining take-up of the qualification (excludes qualifications for niche occupations critical to industry or NSW, as indicated by a persistent skill shortage or well-evidenced industry demand).

NSW Skills List Criteria

Similar qualification

A similar qualification for the occupation is on the Skills List. There is not enough evidence to differentiate the qualification.

There needs to be an agreed methodology to assess the effectiveness of government investment in VET

While outcomes measures for government investment in VET are regularly reported and compared across jurisdictions in the Productivity Commission's *Report on Government Services (RoGS)*, the NSW Government would support the development of an agreed methodology for a cost-benefit analysis (CBA) of government investment in VET.

The methodology would need to include measures of the quality of the VET system focusing on outcomes, rather than outputs. The methodology would ideally include analysis at both Australian Qualification Framework (AQF) level and qualification type, and where possible for individual qualifications. Measures for the efficiency of the training product development process should also be included.

Government investment in the VET system should seek increased participation in training by all Australians

Government investment in the VET system should encourage increased participation in training by all Australians, not only working age Australians (aged 20 to 64) as in the NASWD. This approach would:

- recognise that school students can undertake VET as early as Year 9 in NSW, when they are about 14 years old;
- better align with the NSW Government's Smart and Skilled initiative, in which an individual who has left school is eligible for government-subsidised training if they are aged 15 years or older (subject to the NSW Department of Education's school leavers' policy). There is no upper age limit on access to Smart and Skilled;
- better align with the Commonwealth Government increasing the Age Pension age to 67 years from 1 July 2023;
- better align with the COAG Vision for Vocational Education and Training, agreed to by COAG on 9 August 2019, in which Australia's VET system 'delivers positive opportunities and outcomes for all Australians regardless of geographic, social or personal circumstances'⁹;
- be unlikely to have a significant financial impact on governments' expenditure on VET given the limited number of older Australians who undertake VET. In 2018,

⁹ Council of Australian Governments, *Vision for Vocational Education and Training*, (Canberra, Council of Australian Governments, 2019).

there were some 6,500 government-funded VET students aged 65 and over in NSW, making up about 1.63 per cent of government-funded VET students in NSW;¹⁰

- support older Australians to remain in the workforce, effectively limiting government expenditure on pensions and health and aged care services and increasing the capacity of the 'working' population to support the 'dependent' population.

Funding and policy settings affect learning and career choices

Research has found that students consider a range of factors in making sector, course and provider decisions. Included in these are convenience, affordability and perceived quality and prestige. Existing research has commonly identified financial issues as an important factor in student decision-making.¹¹

The replacement of VET FEE-HELP by VET Student Loans program in 2017 is a good example to demonstrate the effect of funding and loan settings on students' learning choices. While changes to VET income contingent loans were necessary to prevent fraudulent activities by some training providers, the introduction of VET Student Loans program has significantly reduced enrolments in higher-level VET courses.

Student choices can also be impacted by policy changes in another educator sector. Vicki Thomson, chief executive of the Group of Eight, and Craig Robertson, chief executive of TAFE Directors Australia, have observed how different funding arrangements between the VET and higher education sectors have affected public perceptions and student choices:

'[It] is disingenuous to suggest it [the demand-driven system for higher education] has not had unintended consequences and created distortions in post-secondary education. [...] Its architects explain that it was meant to encompass all of the post-secondary sector. Instead, it was applied only to universities. University enrolments increased while TAFE enrolments decreased. All too soon we were confronted with too much anecdotal information to ignore that schools and parents were, subtly or otherwise, pressuring school leavers into university, with any other study choice seen as second best.'¹²

We have seen the number of domestic university undergraduate enrolments in NSW increased between 2012 and 2017, from 211,920 to 233,320 - up by 10 per cent.

¹⁰ National Centre for Vocational Education Research, *Australian vocational education and training statistics: government-funded students and courses 2018*, (Adelaide, Commonwealth of Australia, 2019).

¹¹ See Justin Brown, *In their words: student choice in training markets – Victorian examples*, (Adelaide, National Centre for Vocational Education Research, 2017) & Kristen Osborne and Michelle Cirelli, *From school to VET: choices, experiences and outcomes*, (Adelaide, National Centre for Vocational Education Research, 2018).

¹² Vicki Thomson and Craig Robertson, *Let there be no divide and conquer, TAFE and universities unite*, (Sydney, Sydney Morning Herald, 2019).

Nationally, the increase is even greater at 16 per cent from 662,180 to 768,750¹³. This increase came in the same period as enrolments declined in diploma and above VET qualifications.

Greater consistency in funding and loan arrangements between the VET and higher education sectors may improve efficiency in government investment

The NSW Government has been strongly advocating for greater consistency in loan arrangements between the VET and higher education sectors, and will soon be commencing independent research into how to increase parity between higher education loans and VET loans. The current inconsistencies in loan arrangements are likely to distort student choices between the VET and higher education sectors.

Current inconsistencies include:

- unlike HECS, course loan caps are applied under the VET Student Loans program, forcing many VET students to source additional funds to meet upfront costs for their study;
- the VET Student Loan is limited to a list of approved VET courses at diploma and above level, whereas HECS-HELP is available for all undergraduate courses;
- a loan fee of 20 per cent applies to fee-for-service students under the VET Student Loans program. The HECS-HELP does not charge a loan fee.

Loan arrangements are just one piece of the puzzle. There are other factors affecting student choices. These include awareness of long-term benefits to different post school educational choices, student interest in courses and careers, industry demand, perceived status and reputation of the course/ course provider, and the changing nature of work.

Employers and industry should have a better defined role in contributing to the skills training of their workforce

Industry currently invests in training through employment of learners or upskilling staff, yet their role in the broader VET system is not clearly defined. The National Employers Skills and Training Survey (NESTs) in 2018¹⁴ found that around fifty per cent of NSW employers utilised unaccredited training while 23 per cent utilised apprentices and/or trainees, and 22 per cent utilise Nationally Recognised Training (excluding apprenticeships and traineeships). Employers of apprentices have to cover the training cost and staff absences while they undertake training. Aside from those investments, the role that industry does or

¹³ Australian Government *Department of Education. Selected Higher Education Statistics -2018 Student data – enrolments time series*. Accessed 8 December 2019

¹⁴ The NESTs was a one-off national pilot to trial new approaches to surveying employers. The NSW Skills Board commissioned 2,500 additional responses from NSW employers in selected industry sectors.

should have in funding VET is unclear and responsibility for funding the VET system has been traditionally seen as belonging to Australian governments.

Some industries contribute funding for training through a levy. In another instance, the Commonwealth Government has operated workforce development programs with a co-funding model that required contributions from employers. However, these government workforce development programs/ industry skills funds have ceased and the total amount contributed by businesses was not clearly reported.

Given that many students contribute to their nationally-recognised training through fees, there is a question whether industry, as a consumer and beneficiary of VET, should play a greater role in contributing financially to the VET system.

In addition to industry leadership in developing training packages, industry could also take on greater responsibility in developing and pursuing workforce development strategies. This would place greater responsibility on industry for driving an increase in skilled labour to meet industry needs. This would also shift the current thinking from increased government investment being the first response to skills shortages, as that fails to address a range of factors in the market other than training availability or accessibility, which contribute to skills shortages.

Support for disadvantaged learners

Improving language, literacy, numeracy and digital skills is of the highest importance for disadvantaged learners

Language, literacy, numeracy and digital (LLND) skills are foundation skills. They are critical life skills and help to build the foundation for learners to progress to higher-level vocational studies. Foundation skills training improves opportunities and outcomes for individuals through:

- creating pathways and improves accessibility to VET;
- improving training retention/completion;
- improving employment preparation;
- helping improve the quality of outcomes, higher employment ratios and employment retention; and
- supporting social inclusion and wellbeing.

Foundation skills are particularly relevant and important to a range of targeted learners, including early school leavers (at risk young people), older workers, indigenous people, people with disabilities, migrants (especially refugees) and people in custody (juveniles and adults).

From 1 July 2018, foundation skills training in the NSW Smart and Skilled Entitlement program has been fee free.

The VET sector plays a significant role in delivering foundational skills

Schools have the primary responsibility for teaching foundation skills. However, the VET sector should continue to have a key role in providing the skills to those who need them, and to those who may not have achieved them through the school system, such as disengaged young people and refugees.

The approach of VET and Adult and Community Education (ACE) to the delivery of foundation skills suits some individuals better than that provided in the school environment. This approach emphasises the additional support required for disadvantaged cohorts to access and complete the basic level training so that they are able to move into further VET training or the workforce.

Better co-ordination of programs for disadvantaged learners and funding arrangements for foundation skills training will improve efficiency and outcomes

NSW increases access to VET and improves training and employment outcomes for disadvantaged groups through:

- fee exemptions and concessions;
- funding mechanisms that provide additional supports to improve participation/retention, training completions and employment outcomes.

Additionally, NSW also has programs to increase employment outcomes for marginalised youth. Commonwealth programs and services do not service all young people in need of help and there are gaps in the availability of employment services for young people, both in terms of eligibility for assistance and in how providers are required to implement programs. NSW supports programs that focus on complementing existing Commonwealth employment services, not competing with them.

Consistency in identification of disadvantaged cohorts and the approaches to supporting these groups is essential. Currently, the extent and type of disadvantaged cohorts and the support available for these groups varies greatly between jurisdictions.

The Commonwealth should work with states and territories to set directions and guidelines for foundation skills training, with clearer identification of the type and level of training that is defined as foundations skills.

Foundation skills funding has already been part of States and Territories' student entitlement models. Greater efficiency could be achieved through funding to States and Territories instead of running programs at two different levels of government. This would:

- simplify and remove confusion for providers who currently operate across various programs;
- increase transparency and reduce risk of 'double dipping'; and
- allow providers to better support students and create training opportunities for students that previously may not have had ready access to this funding source.

Additionally, foundation skills programs and funding arrangements should:

- consider the need to fund foundation skills training as well as wrap-around/support services;
- accommodate both full and part qualification delivery. Feedback from foundation skills providers indicates that there is significant demand and need for part qualifications/skills sets in foundations skills; and
- provide enough flexibility to allow providers to easily and quickly address foundations skills gaps identified for students already participating in a VET course.

The schools and VET sectors should be, and can be, better linked. NSW is conducting its curriculum review and a review of VET delivered to secondary students in NSW. These reviews, in addition to the Shergold Review of Senior Secondary Pathways into Work, Further Education and Training, should inform how schools and post-school education sector can be better connected, including in curriculum, delivery and support services.

Importance of data

Robust evidence and analysis are critical to ensuring the VET system is responsive to the needs of students and industry

Over the last two decades, the VET sector has built up an activity database that captures substantial amount of VET activities to inform policy and program decision-making. From 2015, the VET sector began collecting the total activity data across the market thanks to the USI. While a major step forward, our ambition should not stop there.

The VET system should have clear and nationally consistent performance measures and indicators in relation to student training outcomes, student and employer satisfaction with training, registered training organisation performance, student pathways into further education and training, and social participation. The VET system should also be underpinned by advanced data analytics on occupational labour market flows and the current balance between supply and demand in the labour market.

To effectively shape the VET market, governments need robust data on the system's performance and how it is meeting student and employer needs. Given this, there is a need to:

- introduce new measures of the VET system's performance in relation to student training outcomes, satisfaction with training, registered training organisation (RTO) performance, pathways into further education and training, and social participation; and
- increase the use of and support for advanced, up to date data analytics to monitor and inform improvements to the performance of the national VET system, particularly through the National Centre for Vocational Education Research (NCVER).

NSW supports and is currently developing the concept of publishing new measures of the VET system's performance. These include elements such as student training outcomes, satisfaction with training, RTO performance, pathways into further education and training, and social participation.

NSW has strengthened its data analytics capability and commissioned a student outcomes survey specifically for Smart and Skilled graduates and non-completers to collect information on their reasons for training, their employment outcomes, (dis)satisfaction with training, and further study outcomes. The student outcome data not only tells us students' experience with Smart and Skilled training but also gives us insights on the performance of contracted training providers and the employment outcomes of particular qualifications.

More work can be done through data linkage and data integration

Governments are fully aware of the benefits of data linkages in informing its program design and policy reform. Connecting service cost, education and employment pathway and outcomes data is critical to understanding the effectiveness of VET investment and delivery.

To better understand and improve the range of educational pathways and outcomes, the NSW Government has invested in the Educational Pathways data project. The project brings together for the first time senior secondary school, tertiary education and employment data from across NSW and the Commonwealth. To date, the project has been able to identify the critical background of students and educational pathway factors that predict educational attainment and employment outcomes. By taking a system-level approach, the project is able to adjust for a wide and complex range of factors influencing student outcomes and measure how different factors, including courses and providers, contribute to educational and employment outcomes.

Connecting this wide scope of data across multiple jurisdictions and privacy regimes has been extremely complex. The NSW Government supports measures to:

- improve the quality, consistency, scope and accessibility of data at the national level (including across jurisdictions);
- simplify and align the legislative and regulatory frameworks governing the use of data; and
- support increased and consistent data integration and analysis.

The NSW Government has also partnered with the Australian Taxation Office (ATO) to securely link NSW Government-funded students' VET data with their Tax File Numbers. This has effectively enabled high-level analysis of student employment and income outcomes in recent years. The project is currently based on a mutual agreement, meaning there are no financial costs for either the NSW Government or Australian Taxation Office. There is an opportunity to formalise a service-level agreement to undertake national-level data integration and analysis (potentially including students from all jurisdictions) and support the project's long-term sustainability.

NSW supports more data linkage projects, collecting real-time data and improving the national student outcomes survey

The NSW Government supports increasing the use of advanced data analytics at the national level, whether through the National Centre for Vocational Education Research or collaborative projects across jurisdictions, to monitor the ongoing performance of VET system (including student outcomes) and inform government priorities for funding and effort.

Increased effectiveness of monitoring of student, employer and economic outcomes can be achieved from data linkage of USI and RTO IDs to external agencies such as the Australian Taxation Office (ATO), Revenue NSW, and Department of Social Services. Improved quality assurance could also be facilitated by increased automated data linkage with ATO, Australian Securities and Investment Commission (ASIC), and Office of Fair Trading.

NSW has supported the national VET Data Streamlining Project to create a VET data repository to allow for near real-time VET activity data collection. It has elected to be one of the two states for piloting associated arrangements. The pilots will be evaluated to examine the cost and benefits. The project has the potential to improve the consistency and transparency of data collection across all jurisdictions.

The NSW Government will also like the national Student Outcomes Survey to be scaled to include part qualification completers and non-completers. At the moment, NCVET only surveys graduates of full qualifications and a sample of non-completers for full

qualifications. NSW provided additional funding to collect the extra information for more comprehensive data on student outcomes.

For apprenticeship and traineeship statistics, the NSW Government supports consistent national reporting of apprentices and trainees as two separate training types and smoothing out inconsistencies in reporting across States and Territories. Currently, the key barrier to reporting apprentices and trainees separately is that some qualifications declared as an apprenticeship in some States may be declared as a traineeship in others.

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