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Review of the Skills and Workforce Development Agreement
Productivity Commission
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Dear Madam/Sir

UnionsWA response to Interim report: Skills and Workforce Development Agreement

UnionsWA is the governing peak body of the trade union movement in Western Australia, and the Western Australian Branch of the Australian Council of Trade Unions (ACTU). As a peak body we are dedicated to strengthening WA unions through co-operation and co-ordination on campaigning and common industrial matters. UnionsWA represents around 30 affiliate unions, who in turn represent approximately 140,000 Western Australian workers.

UnionsWA thanks the Productivity Commission for the opportunity to respond to its Draft Report. We support the ACTU's positions in its response to the Interim report's recommendations, findings, and information requests. This submission will provide supplementary responses to selected requests for information contained within the interim report.

One of the information requests is:

What is the appropriate (and exclusive) role of public providers, and why?

UnionsWA strongly believe that Skills and Workforce Development are a public good, which needs to be delivered through a publically provided TAFE system which everyone should have the right to access, regardless of their circumstances. Therefore we endorse the ACTU's view that:

Public providers of VET, the IATs in each state, should form the centrepiece of the VET system and should deliver the majority of VET training. Supported by not-for-profit private providers,

UnionsWA has welcomed the announcement by the WA Labor Government of widespread reductions in TAFE fees to support job skills training in many key areas.¹ This was a welcome reversal of TAFE fee rises under the previous State Liberal Government, which saw dramatic falls in enrolments. Data released by the National Centre for Vocational Education Research (NCVER) showed a steep decline in job training participation in WA between 2015 and 2017, falling at almost three times the national rate. Around 10,000 fewer West Australians engaged in vocational training during those years, with rate of decline in WA at -11.7%, compared to the national decline of -4.0%.²

¹ <https://www.jobsandskills.wa.gov.au/skillsready>

² NCVER, *Government-funded students and courses January to June 2018*, October, 2018, p.6
https://www.ncver.edu.au/data/assets/pdf_file/0039/3984618/Government-funded-students-and-courses-January-to-June-2018.pdf

In the years leading up to 2015, the State Liberal Government dramatically increased student fees, including concessional rates and apprenticeships. Many students, especially those on a lower income, struggled to afford a TAFE education and are forced to turn to lower quality private training providers offering cheaper and shorter courses. There are an increasing number of cases where private training providers have cut corners and not met training standards, leaving students with qualifications that may not be recognised by future employers.

This was privatisation by stealth: the TAFE sector became increasingly dominated by low quality private providers, while public TAFE was pushed further out of reach.

Examples of TAFE Fee Increases

Course	2013	2014	2015
Cert IV in Beauty Therapy	\$626	\$3908	\$4636
Diploma of Graphic Design	\$2545	\$4070	\$4173
Diploma of Fashion and Textile Design	\$1241	\$4369	\$4479
Cert IV in Business Administration	\$621	\$1685	\$2464
Diploma of Management	\$621	\$1907	\$2381
Certificate IV in Accounting	\$1037	\$2293	\$2836
Diploma of Business - Legal Studies	\$986	\$2156	\$2697
Diploma of Music	\$1241	\$4888	\$4888
Cert IV in Building and Construction	\$1241	\$2979	\$3534
Advanced Diploma of Engineering – Oil and Gas	\$2203	\$9096	\$9298
Certificate IV in Surveying	\$1156	\$2783	\$3162
Diploma of Surveying	\$1751	\$5640	\$5840
Cert IV in Education Support	\$621	\$1999	\$2743
Diploma of Nursing	\$1862	\$8295	\$8505
Certificate IV in Fitness	\$621	\$2508	\$3045
Cert III in Travel	\$621	\$3222	\$3822
Cert III in Events	\$621	\$2097	\$2487
Diploma of Events	\$1241	\$5032	\$5159
Advanced Diploma of Engineering - Electrical	\$2203	\$10728	\$11019

In 2014 the then Minister for Training, and the Executive Director of the Department, made clear to Parliament that the state government had a policy of shifting the cost of TAFE education to students, saying that, *'Of the \$45.8 million reduction (to TAFE funding), \$26 million will be replaced through additional student fee increases.'*³

Given that the Productivity Commission's policy 'options' include:

State and Territory governments could consider re-configuring subsidies paid to RTOs as student vouchers ...

It is clear that the Commission sees its primary role as ameliorating the negative impacts of privatisation through directly funding students. In the words of the ACTU:

³ WA Parliament *Hansard* (Wednesday, 21 May 2014)
[https://www.parliament.wa.gov.au/Hansard/hansard.nsf/0/17da9d44645a0f3148257cec0025f96d/\\$FILE/A39+S1+20140521+p244b-253a.pdf](https://www.parliament.wa.gov.au/Hansard/hansard.nsf/0/17da9d44645a0f3148257cec0025f96d/$FILE/A39+S1+20140521+p244b-253a.pdf)

The introduction of a voucher system would exacerbate the already negative outcomes that competition delivers. For evidence of this, we need only look at the outcomes of the VET FEE HELP scheme, which essentially acted as a voucher system (in that it represented an entitlement freely available to all people that could be used at any registered provider). Vouchers exposed billions in public funding as well as thousands of students around the country to unscrupulous providers who made millions of dollars while providing sub-par training or no training at all. This cost the taxpayer a fortune and deprived people who were already suffering from extreme disadvantage of their entitlement to publicly funded training. It is utterly bizarre that the PC, aware of this fiasco, would even consider the reintroduction of a voucher system.

UnionsWA is concerned that the private sector, left to its own devices, has a poor track record when it comes to the quality and outcomes of VET. This is particularly the case in Western Australia where, despite a decade long 'resources boom', we did not see any concomitant 'skills boom'.

In 2010 the National Resources Sector Employment Taskforce (NRSET) Report *Resourcing the Future* found that the resources sector's overall share of trade apprentices was lower than its share of trade employment. The Report referred to National Centre for Vocational Education Research (NCVER) research into the contribution made by the resources sector to the employment of trade apprentices relative to their trade employment share which noted:

... that the sector employs considerably fewer apprentices than would be expected from its share of trade employment. In fact the sector would have to double its number of apprentices to be on par with other industries.⁴

A 2014 NCVER report on 'labour mobility in mining and construction' revealed through interviews that

... employers in mining do not have the time to put untrained people into tasks on the job, and 'nobody is available on site to train anyway'. A single focus on operational necessity takes precedence. And as with most industries it is the training budget that is hardest hit during difficult economic times.⁵

UnionsWA argues that both national and state governments have a responsibility to ensure that the public Vocational Education and Training (VET) system is fully funded for its crucial role of underpinning strong training outcomes across a range of occupations and industries. Shallow calls for Skills and Workforce Development to simply 'respond to the needs of industry' will mean VET only responds to the needs of the 'big end of town' i.e. industries such as mining.

An increasingly private provision of VET, especially when tied to company specific training, will degrade the portability of skills between industries and companies. It has been long acknowledged in academic studies that the most common form of training provided by Australian employers is non-accredited training, which can range from the highly structured to the informal.⁶ For new technology especially, companies tend to use unaccredited training.⁷ However many company-specific training courses are not recognised outside a particular workplace or organisation, which acts as a significant

⁴ NSRT *Resourcing the Future Report*, p. 33 <http://www.innovation.gov.au/Skills/National/Documents/FinalReport.pdf>

⁵ NCVER, 'An exploration of labour mobility in mining and construction: who moves and why' (2014) <https://www.ncver.edu.au/data/assets/file/0018/9117/exploration-labour-mobility-2703.pdf>

⁶ Erica Smith Victor Callan Jacqueline Tuck Andrew Smith, 'Employer training in Australia: current practices and concerns', *International Journal of Training and Development* 23:2 (June 2019) <https://doi.org/10.1111/ijtd.12152>

⁷ NCVER, 'Reasons for training: Why Australian employers train their workers' (May 2009) <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/reasons-for-training-why-australian-employers-train-their-workers>

barrier to workers using their expertise and experience in the most economically productive way should they need or want to change their employer. If 'employer-specific' institutes proliferate under a private providers, this will severely limit an employee's options and decrease their attractiveness to future employers.

Paying attention to the loudest voices industry (i.e. the biggest industries) will mean that smaller industry courses will be downgraded and ignored. Those concerned with the arts, design, massage, beauty etc. are particularly important in providing opportunities for women to re-enter the workforce. However these courses, and the opportunities they provide, will be endangered if rhetoric around 'priority skill areas' is allowed to determine VET policies to the exclusion of other considerations. As the ACTU points out:

Employers prefer to churn through multiple temporary worker placements rather than invest a similar amount of time in the training of a local worker or, as shown earlier, offer more competitive pay to attract an existing workforce. This means that skills shortages are not effectively addresses and that it remains in the interest of employers, who are the sole source of skill shortage intelligence currently utilised, to keep occupations listed as experiencing a shortage for as long as possible.

The Final Report must address the strong likelihood of increasing rip-offs and rorting in the system that the Draft Report proposes. In 2014 the House of Representatives Standing Committee on Education and Employment report *TAFE: an Australian Asset*, made comment that

Evidence received regarding unscrupulous marketing practices and other questionable practices is of concern to the Committee. Such practices can endanger both the experience of students and the reputation of training providers generally.⁸

The report cited the evidence of Ms Aliesje Kolovis (a youth worker with vulnerable women), who provided specific examples of poor marketing practices within the VET sector. Ms Kolovis has clients who are particularly vulnerable to these practices. One of her examples cited in the report is as follows:

[One private provider] provide[s] [a] Diploma in Child care for \$15 000. Prior to my commencement, existing staff were unaware that State TAFEs provided this course (and many others) at much lower costs. [The private provider was] providing tailored information workshops to the young, vulnerable and at risk mothers advertising their courses accompanied by VET FEE HELP payment options, highlighting the conditions of repayment (only required once earning over a certain wage) with full awareness of their financial difficulties.⁹

An increase in private provision of 'TAFE-level' courses will see an increase in sham Diploma and Certificate courses (completed in days rather than months) which dilute the integrity of all courses in the eyes of employers. Both the public and private VET systems must uphold the integrity of the nationally accredited training system, to ensure the widest possible recognition of skills and experience for workers.

A VET sector in which private providers and competitive pressures predominate will likely see an increase in unscrupulous behaviour. Concepts employed by the Productivity Commission, such as 'competitive neutrality', are at best useless, and at worst actively harmful in effort to reduce the rorting which has so damaged Australia's VET system. As the ACTU points out:

⁸ House of Representatives Standing Committee on Education and Employment *Report - TAFE: an Australian asset* (October 2014) p.133

http://www.aph.gov.au/Parliamentary_Business/Committees/House/Education_and_Employment/TAFE/Report

⁹ *ibid.*, p.129.

VET should focus on the delivery of quality training with the aim of producing skilled workers. Requiring this to be done while also adhering to competitive neutrality is not only wasteful, it is directly contradictory to the aim.

In conclusion, the Productivity Commission's conception of a competitive training market will undermine both public and private providers alike, and the opportunities for students from all backgrounds to engage in high skilled future careers will suffer.

UnionsWA and its affiliates appreciate the opportunity to respond to the Draft Report. Please contact me on 08 6313 6000 if you would like to discuss matters further.

Yours sincerely

Owen Whittle

Assistant Secretary