

Submission: National Skills and Workforce Development Review Interim Report

IEUA-QNT welcomes the opportunity to provide feedback regarding the Productivity Commission's Review of the National Agreement for Skills and Workforce Development.

IEUA-QNT represents ~17,000 teachers, support staff and ancillary staff in non-government education institutions in Queensland and the Northern Territory and consistently engages in industrial and education debate at both state and national levels through its Education and Industrial Committees and through its national counterpart, the Independent Education Union of Australia, which receives input from teachers in all States and Territories.

In relation to the VET sector, IEUA-QNT represents educators working in a variety of training environments, ranging from private post-secondary colleges through to schools with substantial in-house VET programmes and those that make extensive or occasional use of external (TAFE and private) VET providers.

In this context, changes in regulation and operation of the VET sector have wide-ranging impacts on our members and, for this reason, we have previously made submissions and engaged in consultation around a variety of state and federal inquiries into, and reform of, the VET sector.

Further, a recent survey of our members working within the private VET sector indicates that 64% of respondents ranked reform of the sector as "extremely important" or "very important".

For the purposes of this submission, we recognise that the Discussion Paper is primarily focussed on post-secondary VET and have therefore chosen to focus on the impact of proposed changes on IEUA-QNT members working in private vocational training institutes or Registered Training Organisations (RTOs), but we also make commentary relating to VET in schools.

As a general introduction, we would note two major constraints on the quality of VET:

1. An over-reliance on casual and short-term contracts of employment for trainers and assessors, which makes it difficult for them to deliver high quality education and training programs and;
2. A tendency for governments to respond to problems within the sector by introduction of sweeping changes. This has made the sector change-weary and contributes to a public perception that the sector is both overly complex and inherently dysfunctional.

The Commission will note that, in responding to each of the requests for information, we repeatedly return to these two central points and offer suggestions as to how reforms might be better targeted to improve quality within the sector.

Information Request - Designing a new Intergovernmental Agreement

If a new principles-based agreement was negotiated in line with interim recommendation 2.2:

- **How should it consider other educational sectors, informal training and non-government funded training?**
- **What other mechanisms to facilitate reform and improve accountability would best complement an agreement?**

Given the current variability within the sector, in terms of the quality of education and training offered, it is desirable that the national regulator have coverage of all formal sectors (VET, ELICOS and non-government funded training), but it is clearly impractical for the regulator to have knowledge of, and therefore regulate, informal training.

While our union is not opposed to a principles-based agreement, we do believe that any option which unnecessarily constrains the States and Territories in terms of the VET qualifications on offer will also constrain regional responses to acute qualification needs. To this end, we would suggest that the principles governing the agreement are crucial. It is essential that these be expressed in terms of the quality of education and training provided, through mandatory reporting of percentages of students who complete training and progress to work and/or further study. In terms of assessing quality of education offered, it would also be beneficial to collect information relating to student satisfaction and the employment status of trainers and assessors (full-time, casual etc).

Although we recognise that some of the above data is currently collected by NCVET [1], this data is collected by survey only (and not for all VET students) and cannot be linked to individual provider/s. This is problematic because the challenge of improving accountability within the sector requires that individual providers should be required to report outcomes for all cohorts.

In that context, we would also register our concern that any reform of the sector that demands greater professionalism of trainers and assessors is counterproductive as long as employers fail to provide these critical workers with professional wages and conditions.

Our member data clearly indicates that this is not currently the case, with at least 37% of employees not in secure, full-time employment (Fig. 1). It is also important to note that it is likely that our data significantly underestimates the reliance of the sector on casual and short-term contacts.

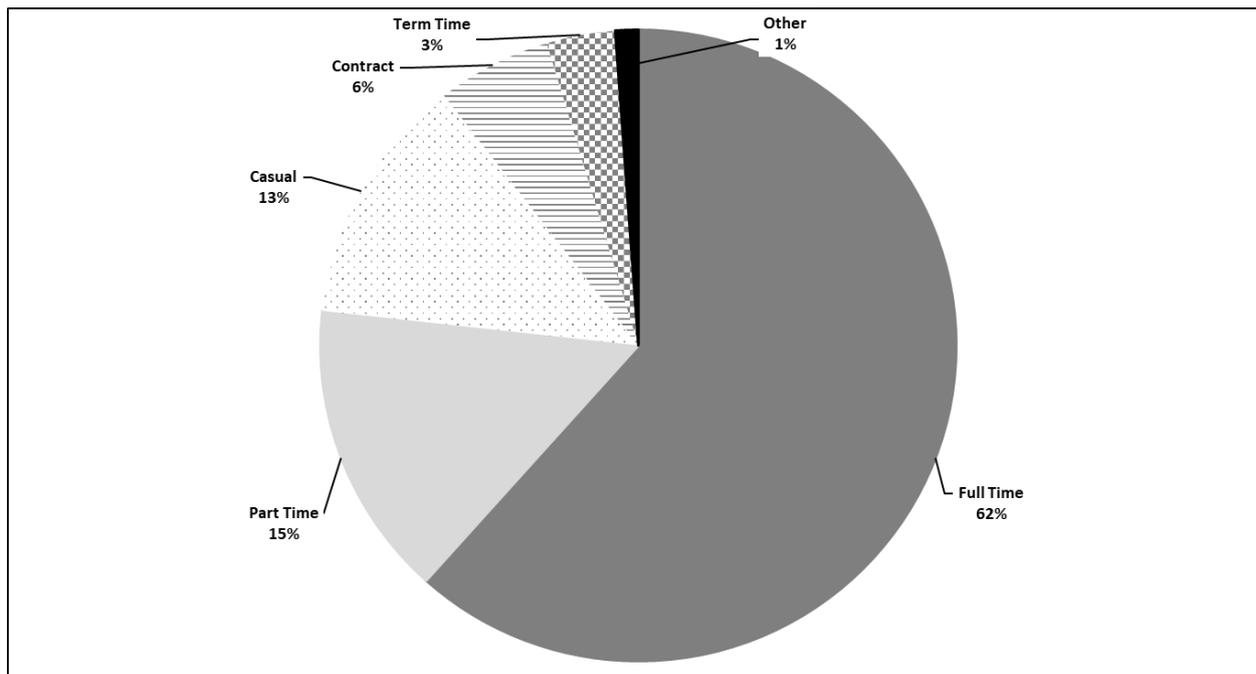


Figure 1: Employment Status of IEUA-QNT Members, VET Sector

Information request – Identifying and Acting on Skills Shortages

- **What are useful ways of defining and measuring the skills shortages (and surpluses) relevant to the VET sector?**
- **What factors are causing an apparently persistent shortage of skilled workers in some occupations, despite these occupations being a priority for government support?**
- **To what extent are skills forecasts based on future industry growth a useful and reliable basis for providing course subsidies?**
- **In what circumstances do skills shortages justify course and employer subsidies and at what level of granularity?**

A key challenge in any attempt to forecast skills shortages is a lack of comprehensive aggregated data. At present, private RTOs have little incentive to collate and report data related to numbers of students completing various qualifications, and their articulation to work or further study. One method of incentivising private RTOs to provide data is, obviously, to make it a condition of funding. Given that funding is distributed by State and Territory Governments, this would be best achieved by requiring RTOs to report to those governments, with data then provided to the federal body for further collation and analysis. Further, RTOs should be compelled to provide this data in a manner that makes it accessible to prospective students in order to support them to make informed choices.

Similarly, it is important to note that skills forecasts based on future industry growth are enabled, and limited, by the accuracy and reliability of forecast data. We would suggest that, the existing infrastructure (e.g. the IRC Skills Forecasts) is fit for purpose, but that a lack of input from trainers and assessors (education professionals) results in an over-emphasis on specific skills rather than transferable skills.

Information Request – Simplification of Subsidy Groupings

In judging the relative merits of alternatives in option 6.1:

- **How should subsidy groupings be simplified?**
- **What criteria should be used to bundle courses and set subsidy rates?**
- **What are the trade-offs between the greater simplicity of adopting nationally consistent subsidies and the reduced discretion for jurisdictions?**

While bundling courses to streamline the setting of subsidy rates may allow for greater efficiency at the federal level, and greater consistency at the state/territory level, it is important to preserve the capacity of individual TAFEs and RTOs to respond to localised training needs. Without sensitivity to those localised needs, different jurisdictions, and localised geographic regions within them, will potentially be disadvantaged because subsidies will potentially be unavailable for courses linked to employment within that particular geographic region.

It is also important to consider the impact of subsidy groupings on student outcomes. If, for example, subsidies are grouped in a manner that increases competition between RTOs, this will potentially exacerbate existing issues related to unscrupulous marketing.

Information Request – Impacts of Vouchers

In judging option 6.3:

- **How would vouchers be provided for courses with capped places?**
- **What impacts would vouchers have on effective competition?**
- **What are the risks of vouchers?**

Our union notes that – of all the proposed reforms – this is among the least likely to precipitate change in practices of unethical RTOs. In fact, because a voucher system would place the responsibility for reviewing and selecting a provider directly with the student, it is likely that this would actually increase the number of providers cutting corners and providing poor-quality training in order to maximise the amount of voucher funding retained by the RTO. Within such a system, RTOs that are in the practice of soliciting and enrolling students via unethical means will not radically change their practices.

Introduction of a voucher system would also have the unintended consequence of punishing students wanting to change their area of study, or change RTOs, which would directly undermine attempts to increase quality of training.

Information Request – Implementing an Expanded Loans Scheme

If VET Student Loans (VSL) were expanded in line with option 6.4:

- **To what degree and where should restrictions on the VSL scheme be eased?**
- **What would be the costs and benefits (to governments and students) of**
 - **Removing course list restrictions?**
 - **Expanding the VSL scheme to Certificate-level qualifications**
 - **Re-orienting the role of the Australian Government from a direct funder of the VET system to an issuer of income contingent loans to all students in nationally recognised training programs?**
 - **Changing the loan caps**
- **What would be the appropriate roles and responsibilities of Australian, State and Territory governments in the VET system if the prime responsibility of the Australia Government was to extend VSL rather than provide subsidies?**
- **Which parts of the VSL administration and reporting requirements are most burdensome?**
- **What aspects of a system architecture and settings may need to be in place to reduce risks, assure quality and support the operation of a well-functioning market, including consideration of ‘black lists’, repayment thresholds, and recovery of unpaid debt from deceased estates?**

The argument that VET should not be considered inferior to academic pathways is sound and there is, therefore, a clear argument that the federal government should provide substantial funding for students undertaking VET pathways. It would also make sense that the mechanism for distribution of funding should be similar to the scheme applied to universities, in the form of income-contingent loans. It is however, important to understand the limitations of income-contingent loans and, in particular, how these might adversely affect students from disadvantaged backgrounds, or those who find themselves enrolled with unscrupulous providers.

In terms of the impact on students from disadvantaged backgrounds, the critical factors are ensuring that thresholds for repayment of loans are not so low as to compromise their ability to meet realistic living expenses once employed and ensuring that the qualifications obtained lead directly to employment.

In terms of minimising negative repercussions for students who find themselves enrolled with unscrupulous providers – and therefore liable for loans that have not led to employment or further study - it is essential that there is some mechanism for linking loans to quality student outcomes. For this reason, as indicated above, we would argue that all RTOs should be required to report student outcomes as a condition of funding. Further, we would suggest that compelling RTOs to report on staffing arrangements (e.g. numbers/percentages of trainers and assessors employed in full-time, part-time and casual roles, student support services provided) would support students’ capacity to make more informed choices.

Information Request – Implementing New Support Arrangements for Trade Apprenticeships

In assessing the merits of option 6.5:

- **Does the nature and size of the ‘apprenticeship problem’ merit new policy measures?**
- **How significant is ‘poaching’ as a problem that would justify industry levies?**
- **How effective are levies in increasing apprenticeships?**
- **Are there other reasons for using industry levies?**
- **How would the problems of administrative complexity for some existing levies be addressed?**

Apprenticeships are a centrepiece of the VET sector and have traditionally represented the pinnacle of VET, with those who complete apprenticeships going on to more secure, higher quality employment. Despite this, apprenticeship commencements and completions have been in decline for some time [2]. A key factor in this decline has been a persistent and pervasive perception of VET pathways as inferior to university. Overturning this perception requires long-term commitment to restoring credibility and quality in the VET sector.

In this context, it is imperative that there is adequate support for public providers (TAFE) as these institutions service rural and remote regions, offer greater student support services and are generally sole providers of some of the most resource-intensive training. The emphasis on expensive, resource-intensive training in particular should not be underestimated as the vast majority of private RTOs focus on training that is cheaper to deliver, thus maximising their profit margins.

There is much the government could do to encourage enrolment in apprenticeships, in terms of removal of financial barriers for those wanting to undertake an apprenticeship and increasing support measures for employers.

While poaching may represent a significant problem in some industries (e.g. mining and construction) our members note that it is not observed in others (e.g. hospitality) and it might be instructive to examine why this is the case.

It is also worth noting that profit margins are already low in some industries (e.g. hospitality, nursing, aged care, early childhood education) and the introduction of levies could significantly constrain employers in these industries.

Information Request – Assessing Streamlining Options

In assessing the policy alternatives in option 7.1:

- **What are their relative costs and benefits?**
- **Are there alternative ways to encourage governments to coordinate or streamline their employer incentive programs?**

The inherent flexibility of the VET sector is an essential feature which enables it to respond in a timely manner to emergent training and skills needs. For this reason, it is essential that the State and Territory governments retain the capacity to respond to regional/local industry needs, rather than being compelled to meet requirements set at a national level. This

necessitates a flow of funding from the federal government to the states and territories, rather than distribution at a federal level.

This does not however, mean that the States and Territories should not be encouraged to co-ordinate and streamline their employer incentive programs and we would argue that compelling RTOs to report student outcomes for specific courses would provide vital information to students seeking to maximise their chances of articulation to full-time work or further study. Were this information recorded, it would also provide baseline data identifying major employers in particular regions or sectors, which would enable State and Territory Governments to work with those employers to develop more responsive training packages.

Information Request: Apprenticeship Support Network Service Delivery

In assessing the three options in option 7.3

- **What types of information could the Australian Government provide to help State and Territory governments plan their service delivery?**
- **What is the effectiveness of the joint contracting model in the Northern Territory and the feasibility of extending this model to other jurisdictions?**

In relation to the question of what types of information the Australian Government might provide to assist State and Territory governments plan their service delivery, we would suggest that it is more appropriate to ask what information the states and territories might provide that could inform federal investment and policy. Given that VET's core strength is a focus on skills that are directly related to work, it is the States and Territories that are best positioned to identify and respond to localised industry needs and any proposed reform must preserve their capacity to do so.

In analysing the impact of the joint contracting model currently deployed in the Northern Territory it is important to note that privatisation of the VET sector is more widespread in other jurisdictions. The demise of TAFE as a robust provider of public training in states such as Victoria, New South Wales and Queensland, and consequent proliferation of smaller, private RTOs -many of which are heavily invested in delivery of training in industries with lower inherent costs - makes it less likely that joint contracting would deliver positive outcomes.

Information Request - Flexibility Allowed by Training Packages

How could the approach to developing training packages more effectively manage the trade-offs between consistency and flexibility?

Within the VET system, the capacity of any provider to deliver training packages that are both consistent and flexible is fundamentally dependent on the quality of the trainers and assessors who deliver the various courses and units of competency. It is their professional knowledge and skills that enable responses to rapidly changing industry needs and investment in human resources should therefore, be a priority. Many private RTOs however, attempt to achieve flexibility by hiring trainers and assessors on an as-needed, casual basis rather than providing professional working conditions. Overturning this trend and

facilitating greater quality in the private sector requires government to reverse policies and practices that encourage profiteering and undermine the importance of a strong, stable and high-quality sector.

To allow development and delivery of courses that are responsive to changing practices in specific industries, it would be helpful to allow greater industry consultation, particularly in relation to the core units. At present, the situation is such that a course such as Commercial Cookery has 21 core units and 4 electives. While the four electives give trainers and RTOs some ability to be flexible and innovative, many of the core units are in need of review to accommodate industry innovations and changes. While our members would suggest that there are basic skills and techniques that need to be covered in core units, the current arrangements are such that these are not well balanced with a need to keep up with changes in industry.

Information Request – Pathways and Transitions

The Commission seeks evidence on:

- **The usefulness of VET in schools in developing work-ready skills**
- **What can be done to improve students' awareness of credit entitlements between the VET and higher education sectors?**
- **The extent to which time-consuming processes for credit and recognition of prior learning are a barrier to students applying for credit**
- **The effectiveness of programs and services aimed at assisting groups to move from education to employment (such as Jobs PaTH, Transitions to Work and jobactive)**
- **Whether there are gaps in government initiatives aimed at improving students' workplace-ready skills and, more broadly, transitions from education to employment.**

Our union supports the view that school students could be provided with better quality information in relation to VET pathways and believe that this would be facilitated by providing school Guidance Counsellors with more comprehensive understanding of VET options. We would also support the role of the National Careers Institute as a source of career guidance/information.

One significant problem that has been identified in our sector is a tendency for schools to offer lower level qualifications in subject areas that are not well aligned to career pathways. For example, a number of our religious schools impose a requirement for students to undertake Certificate II level qualifications in Christian Ministry as a personal development initiative. In other schools, students are encouraged and facilitated to undertake Certificate II courses in computer technology as part of the development of their computer literacy skills. We would argue that, while the intention to promote personal development is understandable, such a practice does little to promote strong, positive perceptions of VET as a pathway to meaningful, quality employment.

Similarly, there is an inherent tension in conflation of VET and academic pathways. Historically, VET operated as an alternative to academic pathways and was favoured by students who did not intend to undertake university studies in the years immediately

following school. The increased incidence of senior secondary students who undertake VET studies in addition to academic subjects has generated confusion about which pathways provide more desirable outcomes and dissolved a long-established dichotomy of trades versus professions. Employers in general have a clearly expressed desire for graduates who possess a combination of technical and academic skills and abilities and the current crises in both VET and university education might well be interpreted as a consequence of the necessary dissolution of this dichotomy. Resetting the higher education system to deliver more wholistic (academic and technical) outcomes for students and employers requires governments to conceive and enact policies that facilitate quality education, regardless of the sector in question. We believe that private RTOs have a valid place within the higher education system, but current policies and practices do not reward providers of quality educational programs and instead encourage profiteering.

Information Request – Evidence about Mentoring and Pastoral Supports

- **How should pastoral and mentoring services be funded, delivered and designed, taking into account the continuity of funding, scale and effectiveness in improving outcomes for students?**
- **What should be their priority target groups?**

Provision of pastoral support is considered essential in schools and other publicly funded education institutions, but is rarely recognised as such in private RTOs. Indeed, much of the current and historical malpractice in the sector is, and has been, perpetrated by RTOs that provide no significant support for students. It would be helpful, in this context, to specify minimal levels of support that must be provided for student cohorts of specified sizes (e.g. the more students enrolled, the greater provision of pastoral care required).

This tendency for private RTOs to focus on profit rather than provision of quality, wholistic education is a key weakness of the sector. Our union would argue that the provision of secure employment for qualified, professional educators is a key indicator of quality of VET provided and would recommend that RTOs be compelled to report these statistics.

Information Request – Investment in Public Provision

In feedback on interim recommendation 6.3, the Commission requests information on:

- **The funding, monitoring and outcomes delivered under community service obligations**
- **Any changes to funding models, or other actions, that governments should undertake to address any potential breach of competitive neutrality principles in relation to VET services**
- **The funding mechanism (for example, training subsidies or block funding) best suited to efficient and effective service delivery in ‘thin markets’**
- **How future funding arrangements to promote national consistency should incorporate any additional (non-subsidy) funding to public providers, if at all.**

While our union has coverage of trainers and assessors working in private RTOs rather than the public sector, we believe that the public sector represents an important benchmark for

the industry and should be funded and resourced at a level that is commensurate with the benchmark status. In determining appropriate funding levels, it is also necessary to take into consideration the fact that publicly-owned and funded TAFE colleges: a) provide students with wraparound services that are not generally offered by private RTOs and; b) offer courses that are more expensive and resource-intensive to run.

Resourcing for the private sector should work in tandem with provisions for the public sector, with private RTOs primarily providing courses that cannot be effectively and efficiently delivered by TAFE. At all times, the emphasis should be on provision of funding for quality education, which necessitates collection and analysis of data on employment practices of the RTO in question, as well as student outcomes and satisfaction.

Information Request – The Challenges of Online Delivery

- **What is the scope to increase the use of fully online delivery of VET, with what advantages, risks and policy challenges?**
- **How should subsidy arrangements be configured for payments across jurisdictions for online delivery of services**
- **What subsidy, pricing and costing approaches are appropriate for services that have high fixed costs and low incremental costs?**
- **To what degree could accreditation be separated from training?**
- **What types of training are most suited to innovative models of training?**
- **What actions would governments need to take to maximise the potential for the adoption of innovative delivery of training or new types of training?**

Given the mass transition to online learning associated with the COVID-19 pandemic, education professionals have never been better positioned to critique its benefits and limitations. There is little doubt that on-line delivery provides a high degree of flexibility, which is particularly beneficial for remote and regional training and can be very cost-effective particularly for delivery of theoretical content. There is however an inherent risk that on-line training is of less consistent quality, although it could be argued that the risk is no higher than for face-to-face training, with the crucial factor being trainer/assessor quality. There are also potential issues with student access to technology, particularly for vulnerable and disadvantaged cohorts.

In terms of subsidies for on-line training, the crucial factor is not whether training is delivered on-line or in person as such, but whether training is delivered by suitably qualified and experienced trainers. In this context, we note that some jurisdictions are exploring implementation of trainer/assessor registration schemes, which may assist employers and students in preliminary assessments of course/trainer quality and could potentially be linked to subsidies.

It is also worth noting that introduction of trainer registration could also be linked to ongoing professional development requirements (similar to schemes that are in place for school-based teachers), which would assist in ensuring ongoing improvement in course content and quality.

Information request – Impacts of COVID-19

- **What, if any, are the likely medium and long-term impacts of the COVID-19 pandemic on skill formation and the market in the VET sector?**
- **To the extent that some cohorts face enduring displacement from the labour market, particularly younger Australians, what role beyond current arrangements should VET play in augmenting their skills and employability?**

While it will take some time for the long-term impacts of the COVID-19 pandemic to become apparent, it is clear that the immediate impacts trace back to a sudden and unprecedented decrease in numbers of students undertaking training. This is less problematic for the public sector, where the existence of relatively permanent infrastructure and resources ensures that TAFE colleges will be able to resume normal operations once the pandemic passes and demand increases. In the private sector however, the less stable status of many RTOs means staff have been laid off and leases on commercial properties have been severed. In terms of managing the long-term future of the private sector, it is more important than ever that the stronger, more stable, higher quality RTOs are supported to retain staff and resume normal teaching as soon as practicably possible.

The JobKeeper scheme is an essential support for the private VET sector and decisions about its continuation must consider the likelihood of sustained constraints on student (domestic and international) mobility for at least the remainder of 2020.

Concluding Comments

Our union notes that this review of the National Agreement for Skills and Workforce Development is similar to other reviews relating to the VET sector in that it seeks to simultaneously review numerous elements of the system, rather than identifying, and concentrating on, a few key areas for improvement. We would caution that the introduction of wholesale change will do little to challenge views of employers, employees and students who believe the sector is unnecessarily complex and unstable in terms of its structure, operations and governance and would urge the reviewers to identify a smaller suite of key changes that would most efficiently address the core issues.

While some simple measures - such as a shift to a single national regulator – are relatively easy to envision and enact, providing users with the knowledge and understanding required to navigate the complex maze of courses, providers and subsidies is clearly more challenging. A principles-based agreement between Federal and State Governments might offer an opportunity to simplify some processes and procedures, but it is of crucial importance that the system does not constrain the ability of VET providers to respond to geographically localised skills and training needs. This means the states and territories must retain their ability to set priority areas for subsidies.

A further, general point that we would make is that any changes that demand greater professionalism of VET trainers and assessors are unlikely to succeed as long as employers within the sector continue to employ a majority of staff on casual and short-term contracts.

We thank the Productivity Commission for the opportunity to respond to the Interim Report and would welcome the opportunity to participate in further discussion.

Terry Burke
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