



NATIONAL AGREEMENT FOR SKILLS AND
WORKFORCE DEVELOPMENT REVIEW

PRODUCTIVITY COMMISSION INTERIM REPORT

RESPONSE

17TH JULY 2020

Professor Stephen G. Fogarty
President

17th July 2020

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The Productivity Commission
Skills and Workforce Development Agreement Commissioner
4 National Circuit
Barton ACT 2600

Dear Commissioner,

On behalf of Alphacrucis College, I wish to thank the Productivity Commission for the opportunity to provide feedback regarding the Interim report for the Skills and Workforce Development Agreement.

AC considers VET reform, particularly around effective partnerships between higher education institutes, school clusters and local industry, as of vital importance for the development of an 'educated workforce' able to restore the Australian economy during and after the current COVID crisis.

As part of our submission to the interim report we will provide some background on our current engagements with the sector and the implication for a Skills and Workforce agreement, as well as providing our recommendations for the final report.

Alphacrucis College (AC)

AC is the largest Protestant Christian education provider in Australia and a dual sector provider, delivering both Higher Education (HE) and Vocational Education (VET). AC offers awards from Cert I up to PhD's across Business; Education, Arts and Social Sciences and Theology. In March 2020, AC applied with TEQSA for University College status (currently being processed).

The AC Hub model

AC have developed a unique approach to VETiS and teacher training that provides a multi-faceted solution to a number of challenges in the Australian educational context. The 'AC Hub model' is the development of what can be called 'locally-embedded, ethos-driven learning ecologies' (or Hubs) which overcome the inequalities in regional post-secondary VET and HE access by harnessing the energies and needs of

networks of like-minded local schools through partnerships with dual sector institutions to provide continuous, vertically integrated training across all AQF bands. The approach commenced at St Philip Christian College (SPCC) sites in the Hunter Region which has shown remarkable results.

The AC Hub model embeds VET and initial teacher education in the school cluster's local/regional learning communities, enabling onsite delivery with high levels of local agency, expert supervision and mentoring, a range of mapped curriculum VET pathways, additional support for students, and associated school leadership and research training. It involves:

- a) A bonded, long-term MOU between the HEP/VET provider (AC) and the school cluster (SPCC) with Cert II to PhD courses delivered onsite by tertiary faculty through a blended model of intensives and online learning.
- b) Established individualized education pathways in the schools, which increase engagement and raise the perceived status of trades and teaching as a profession among candidates in the critical years when they are making decisions about future study (Years 11-12).
- c) An ITE program with candidates screened by both the tertiary provider and the local schools at programme entry level based on quality (IQ and EQ), proven and locally vouchsafed volunteerism, local diversity needs, future HR needs and ethos alignment. These candidates become central to the VET delivery structure.
- d) Higher degree opportunities (MLead, MEd, PhD) for senior teachers within the cluster. These researcher-teachers provide professional development and support for the VET trainers.
- e) A designated regional director provided by AC to manage integration in the school, VET oversight, coordination of Clinical Teaching cadetship placement, ongoing support of students, and support to key school staff, and local business networks.

Although originally designed with an initial teacher training (ITE) focus, the VET aspect has proved significant with the ITE becoming an opportunity to teach VET courses to the community around the schools. SPCC current have around 150 VET students and anticipate 250 for 2021. The Hub has also evolved into partnerships with local business skill needs, successfully developed training pathways with local industries including hospitality, IT, tourism and social service. In 2021, SPCC Cessnock will launch a Hub-based youth entrepreneurship program which will provide students with greater access to both fulfilling work futures, and to personalized matriculation pathways to University.

We see this model as not only transforming the VET opportunities within the SPCC cluster but providing a template for widespread reform through HEP/VET and school cluster partnerships. Since its inception, this

model has already expanded into several other clusters,¹ and AC is currently negotiating with over 50 schools to develop the model in their areas. The Hub model is well-researched response to a number of previous report recommendations,² and is already test-driven. Ultimately, we see the model as an opportunity to reverse a tragic spiral of disadvantage and disruption to many thousands of Australian children and marginalized communities, and we think there should be consideration for it within any significant VET reform.³

Relevance to the Productivity Commission draft report

In response to the review of the NASWD and the relevance of the Hub Model to the report, there are two main aspects which provide significance:

Links between sectors

The first aspect mentioned in the report is the linkages between sectors that such a model provides. By introducing policy which encourages tertiary and training sector partnerships with school clusters (not simply individual students within a school), an interconnected learning ecology is created which strengthens capacity, links employment services and training provision, creates alternative university pathways, fosters industry trust and connects with local skill need, allows more career and credit opportunities within schools, and has deeper support services and pastoral care for VET students.

It is worth comparing this approach to the Federal German *Bundesinstitut für Berufsbildung (BiBB)*, which has already established a strong dual-pathway system into university or highly skilled trades. The model lies not only at the heart of student honor, but national honor, with key systemic partnerships between large industries and schools. Students are not only trained at school, but are also employed by companies such as Volkswagen and Bosch whilst training, and lie at the heart of Germany's high-tech economy. More information on this can be found in a recent opinion piece by our Deputy Dean of Education, Dr David Hastie.⁴

¹ Such as the Teaching School Alliance – Sydney - <https://www.teachingschoolsalliancesydney.org/>

² [Independent review into Regional, Rural and Remote Education](#) (Recommendation 2, 3, 5, 8, 10)
[National Regional, Rural and Remote Tertiary Education Strategy](#) (Recommendation 1, 4.4, 5.24, 6.3)
[Measurement and outcome-based funding in New South Wales schools](#) (Recommendation 53 – mentions the AC Hub model specifically)
[Status of the teaching profession](#) (Summary points 10, 11, 13, 25, 30)

³ More information on the Hub model can be found in the Alphacrucis College Hub Business plan (2018) which can be made available upon request.

⁴ <https://www.theaustralian.com.au/higher-education/its-time-to-rebuild-the-apprenticeship-system/news-story/c7c98c9fd6288172a362ad7fb582dea1>

Support for VET innovation

The report highlights the need for incentives for innovative models of training. AC's own Professor Paul Oslington describes it this way:

One of the lessons of economics about innovation is that it tends to come from new firms entering a market rather than existing firms. Depending on the structure of the market, innovation will spread to the incumbent firms, with some incumbent firms who fail to adapt exiting the market. The lack of possibility of entry does not bode well for innovation in (VET and) higher education in Australia. As well as organisation innovation in higher education there is also the question of whether large bureaucratic and mostly comfortable institutions are a good environment for generating the innovation and collaboration with industry that Australia needs.⁵

Despite significant success of the Hub model, the massive potential for the VETiS sector, and demonstrated support and demand (particularly in the regional areas), there has to this point been no financial support available from State or Federal Governments. A number of factors can be identified as impeding opportunities:

- Due to alternative VET models bringing together a **number of portfolios** (Education, VET, industry, innovation, regional development, indigenous affairs, and even foreign affairs) departments are often quick to 'pass the buck' or dismiss such models on minor grounds rather than forming cross-departmental committees to properly assess innovative models;
- State Education departments work on **highly-centralised models** which make localised innovation difficult. If models don't fit into existing scholarship structures or teacher training systems then they are often discarded without adequate consideration and local assessment (as AC have directly experienced). Due to the flexibility in the Catholic and Independent school systems there is much more opportunity for innovation, but this is still limited without Government support in regional areas. Large, bureaucratic systems are not a good environment for generating innovation and the collaboration with industry that Australia needs;
- **Contingent funding** is based on a restricted list of eligible qualifications rather than student satisfaction and education quality. If student choice is to be improved through alternative VET

⁵ "Competition Policy in Higher Education" by Paul Oslington in *The Australian University in Crisis* edited by William Coleman. Connor Court. 2019.

pathways and model there needs to be more options around the direction the student chooses to take across qualifications;

- **Grant provision** around VET innovation are often tightly restricted to very specific guidelines, rather than allowing for broader cross-portfolio proposals. Although there are a number of Federal and State grants and subsidies that touch on aspects within such models, often they are unavailable (e.g. NSW Smart and Skilled) or do not allow for wider impact; and
- There is a lack of **competitive neutrality** for independent tertiary providers looking to create linkages between higher education and VET in schools. This is due to higher independent student fees, a lack of Commonwealth supported places (CSP) and student loans (VSL), and no access to research or PhD funding which underpin the measures behind strong alternative models. Such lack of neutrality creates high barriers for new providers and a lack of diversity which in turn stifles innovation.

Recommendations

In summary, there are several key recommendations which we would ask to be considered in the final report for the Productivity Commission:

1. **Any new NASWD to provide discretionary funding opportunities for alternative VETiS pilots which partner with Higher Education Institutions (such as the AC Hub model)**
2. **Capacity for Federal bodies (such as the National Careers Institute) to initiate and fully assess innovation in the VET sector, and then provide facilitation between Federal and State Departments for funding agreements.**
3. **Contingent student funding to include greater weight on student satisfaction and education quality rather than restricted lists of eligible qualifications.**
4. **Greater competitive neutrality for independent dual sector providers.**

Thank you for your consideration, and we would welcome the opportunity to provide further evidence if requested. Please contact our political liaison, Nick Jensen for further inquiries.

Warm regards

Professor Stephen Fogarty
President