



TAFE COMMUNITY ALLIANCE SUBMISSION TO THE PRODUCTIVITY COMMISSION ISSUES PAPER - SKILLS AND WORKFORCE AGREEMENT

The TAFE Community Alliance (TCA) welcomes this opportunity to provide a submission to the Productivity Commission issues paper, and to assert the need for a strong well-funded VET system in Australia with TAFE as the pre-eminent provider of quality vocational education and training for all.

The TAFE Community Alliance is an advocacy group representing members drawn from all parts of the VET system: students, teachers, employers, small businesses, local community members, researchers, managers and policy-makers. Our common goal is to advocate for a publicly-funded TAFE system that continues to provide the trusted benchmark for quality VET services across Australia and beyond. The TAFE network is a national asset and must be recognised as such, funded accordingly and continuously developed.

Without a strong TAFE system across Australia, providing the backbone of the VET system, the COAG vision for the VET system will not be achieved.

The Commission's Issues Paper covers many issues and contains many information requests. The TAFE Community Alliance submission focuses on just seven questions seeking information.

INFORMATION REQUEST 2

- The Commission seeks evidence on how well the National Agreement for Skills and Workforce Development's (NASWD) objectives for the vocational education and training (VET) sector have been met, and the reasons for those outcomes.

One of the central shortcomings of the current NASWD is the absence of an agreed evidence base upon which to assess the achievement of its broad objective for VET or the nine subsidiary objectives.

The objectives themselves are reasonably sound, it is their implementation that has been inadequate. Based on the many credible technical reviews undertaken of the sector in recent years and the ongoing National VET Collection data from NCVET, the Alliance can say with confidence that:

- The VET System does NOT meet industries' needs promptly as the economy changes. Training Packages were introduced to do just that but as they have evolved, they weigh down the system and limit local innovation and responsiveness.
- The VET system is NOT accessible to all working age Australians: low income earners are being priced out of the market.
- The VET system is NOT centred on quality teaching and learning outcomes. On the contrary it is centred on the machinery of government at national and state / territory levels; on the creation of new high-cost oversight and governance organisations which persist in tinkering with the system in uncoordinated ways with perverse consequences.
- The VET system is NOT accessible to people experiencing disengagement or disadvantage who may need additional support, in particular people with disabilities and young people living in rural and remote communities.
- The VET system does NOT have a stable funding base. Any analysis of funding since 2012 shows funding decline, funding fluctuations, and programmatic obfuscation. No quality system can emerge from such unpredictable funding arrangements.

INFORMATION REQUEST 3

The Commission seeks views on:

- whether the objectives and policy directions for the VET sector set out in the NASWD are suitable for the future and why

The TAFE Community Alliance believes that some of the policy directions as set out in the NASWD have done more harm than good to the quality and standing of the VET sector. For example, the failure of COAG to ensure that VET and higher education are treated as equal and integral parts of Australia's post-secondary education system has led to serious funding and participation distortions which need to be remedied as a matter of urgency in any new agreement.

However, the biggest harm has been done by clumsy and crude efforts to create a training market, which is a government subsidised market not a free market, without an appreciation of the role of TAFE not as a monopoly provider but as the backbone of the VET system.

What is essentially missing from the NSAWD Agreement is a clear statement about the provider system required to deliver COAG outcomes, including the central role that TAFE plays as the public provider. The Alliance urges the Commission to come to grips with the central issue of the nature and composition of the supply system and TAFE's role in that rather than obscuring the issue by simply re-stating the purported benefits of contestability.

The TAFE Community Alliance supports the four design principles laid out by the Business Council of Australia in relation to the provider system in its 2017 paper "Future-Proof: Protecting Australians Through Education and Skills".

- A well-designed tertiary education system needs both public and private providers.
- Any design of a tertiary system needs to clearly define the role of the public provider, be they TAFEs or universities, including their obligations to learners, their local community and the relevant government.
- Public providers cannot be allowed to become residual providers, and governments need to fund them appropriately to ensure they do not suffer this fate.
- Public providers have an obligation to taxpayers to ensure they have an effective business model so they can compete with private providers and deliver value for money.

Maintaining a sustainable TAFE network across the country must be a feature of any new agreement and the costs associated with TAFE's community service obligations need to be recognised in any new funding arrangements.

As Zoellner's research notes, the national training system delivered through an open and competitive training market is producing a smaller number of qualified persons in an increasingly narrow range of occupations.¹ This is hardly a ringing endorsement of implementation of current policy objectives.

INFORMATION REQUEST 6

- How well have the intergovernmental arrangements instituted under the NASWD worked?

The many intergovernmental challenges in the VET sector are well understood and well-documented. One of the purposes of the NASWD was to solve some of these challenges but it has failed to do so.

The respective roles and responsibilities of the State/Territory governments and the Commonwealth government as set out in the NASWD and illustrated in Figure 3 of the PC's Issues Paper are not always observed. The NASWD is an agreement which is essentially unenforceable and subject to political interpretation and political disagreement.

Accusations of cost-shifting between one level of government to another continue even after decades of such debates, with little transparency on the truth of the matter. Simplistic calls affirming the importance of cooperative federalism, policy cooperation and shared accountability for outcomes will not have the required effect.

As State/Territory governments face increased pressure from their Treasuries to achieve even greater budget reductions, it is likely that state contributions to VET under the agreement will reduce relative to other areas of state expenditure such as health and schooling. Any new agreement must minimise this risk.

¹ Don Zoellner, "Student choice and lifelong learning: who you gonna call?" Paper presented to the National Centre for Vocational Education Research 'No Frills' International Research Conference, Adelaide 10-12 July 2019.

INFORMATION REQUEST 7

- Is the current market structure efficient, and is it well-placed to meet Australia's current and future skills and training needs?

The move to a competitive market has been driven by ideology at both the state and Commonwealth levels, and there is no real evidence that true efficiencies have actually been achieved. As some researchers have noted, a market strategy has been largely absent and assumed efficiencies have been subsumed in wasteful competition.²

In the government-subsidised market, rural and regional Australia is under-served by local providers as rent-seeking private RTOs congregate in the cities. As John Halsey in his 2018 Independent Review into Regional, Rural and Remote Education commissioned by the Australian Government noted that, "The conclusion I have reached is that nationally, TAFE has to be put back into the regions, closer to people, places and the heartland of much of Australia's productivity."³

The introduction of the so-called "managed market" over the past decade has revealed the stark truth that governments currently lack the political will or policy acumen to manage any market, let alone one as complex and heavily subsidised as VET. The contestable training market we have today is a clear failure, and government subsidies to unreliable RTOs that are little more than shell organisations is a gross mis-use of public funds. The dismantling and increased privatisation of the TAFE system by overt and covert means has undermined employer and community confidence and trust in the ability of the VET system as a whole to respond to local circumstances, especially in rural and regional areas, and to meet student and industry needs alike.

In this sectoral de-funding context, there has been a systematic stripping of funding from TAFE systems over many years. This, combined with ideologically-driven and poorly managed market contestability, has brought TAFE systems to a tipping point. A national network of respected public TAFE institutions providing quality assured and valued services to communities all across Australia is being dismantled in favour of low-quality profit-seeking short-term training providers with no ongoing commitment to the economic and social sustainability of local and regional industries and communities or to meeting the complex learning needs of students in all their diversity.

Quality vocational education and training should not be compromised by purely commercial motivations or by the cutting of funding to TAFE and limiting its capacity to provide quality education and student

² Schubert, Goedegebuure & Meek, "Revisioning the system: A critical analysis and the way forward", 3 Aug 2018, https://melbourne-cshe.unimelb.edu.au/data/assets/pdf_file/0006/2848029/2018-Vocational-Education-Discussion-Papers-Combined.pdf

³ Page 53

support services. The supply side of the market is saturated and poor-quality providers need to be swiftly exited from the market.

INFORMATION REQUEST 11

- To what extent do (and should) users (students and employers) determine VET offerings?
- How are users' preferences influenced by government incentives and programs (including information programs)?

At this time students and VET educators have very little say in the structures and governance of the VET sector, including the determination of VET offerings. The control of the sector has been handed to employers and industry which has limited sectoral capacity for educational innovation and local responsiveness. This imbalance needs to be redressed and vocational educators given an opportunity to be represented on governing bodies. Educators alone should not determine VET offerings, but with extensive local knowledge and contacts they should be able to make a significant input into VET offerings into the future. VET educators are able to also work with potential students as well as local industry in ensuring VET offerings will meet local needs and relevant industry changes.

Valuing the work and expert knowledge of educators in this way, would be one way of helping to rebuild the status of the VET sector and to demonstrate the important contribution that its teachers and other educators can make.

One way of ensuring relevant input from VET educators is for the Federal Government to support a network of VET educators along with recognising the need for professionally qualified VET educators as in the schools and university sectors. Such a recognition would put an end to the current requirement of the Certificate IV in Training & Assessment as the only educational qualification required of VET educators, and ensure funding to support educators gaining professional higher level qualifications as is the case in many other countries. Significant work took place several years ago around a VET professional association, and this work needs to be reconsidered and given priority.

Such an association could also support national professional development programs which have had wide success in the past, and could assist in also supporting educators to continue to develop their pedagogic and vocational skills, including around assessment practices. The recognition of the impact of using applied research in the VET sector, also necessitates educators having the opportunities to build their capabilities in these areas. The recent NCVET report provides further ideas in relation to developing VET applied research. <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/vet-applied-research-driving-vets-role-in-the-innovation-system>

Government policies have neither driven nor supported innovative educational programs in VET over recent years. Rather considerable wastage of funding has resulted from changing the names and structures of VET without any noticeable improvement in the educational programs for students. This is not just a state/territory matter, but one that has been shaped by government policies and ideology around funding and directions. VET educators have a responsibility to ensure their students are qualified,

innovative and at the forefront of industry jobs and professions. The Federal Government has a responsibility to ensure that the same applies to VET educators and that their role is both valued and recognised.

INFORMATION REQUEST 15:

The Commission seeks:

- evidence of how funding (and other) settings affect learning and career choices
- views on options for achieving greater consistency in funding and loan arrangements between the VET and higher education sectors, and the likely benefits, costs and impacts of these options.

Tertiary education policy in Australia is increasingly incoherent. The best tertiary systems are differentiated systems which recognise the continuum of skills and competencies found in the occupational structure and support a corresponding variety of education and training institutions at the tertiary level which complement but do not unnecessarily compete with each other. Current demand-based funding models have led to unproductive competition between higher education and VET for share of the subsidised training market, and dysfunctional governance and funding arrangements. This competition is often at the expense of informed and realistic choices by students and also diminishes the core mission of universities. Perverse funding incentives to enrol in universities rather than VET institutions is distorting the occupational structure of the Australian labour market. The negative effects on the supply of vocationally skilled employees has been recognised by many industry groups and the problem is getting worse over time.

As suggested by multiple reports and studies, Australia needs a coherent plan for its tertiary sector, that is able to build on the strengths of both the higher education and vocational education sectors, with appropriate student pathways between them. The funding arrangements should facilitate not undermine such a plan.

INFORMATION REQUEST 19

- How can funding arrangements between governments better support more efficient, effective and accessible services for disadvantaged groups?

As the Australian Council of Social Service notes,

Excessive inequality in any society is harmful. When people with low incomes and wealth are left behind, they struggle to reach a socially acceptable living standard and to participate in society. This causes divisions in our society.

Too much inequality is also bad for the economy. When resources and power are concentrated in fewer hands, or people are too impoverished to participate effectively in the paid workforce, or acquire the skills to do so, economic growth is diminished.⁴

As business and commercial interests have come to dominate public VET policy over the past decade, the role of the VET sector in ensuring that all Australians, including disadvantaged Australians, have access to good quality vocational education and training programs and services has declined.

TAFE remains the pre-eminent provider for disadvantaged students but its capacity to respond to needs is declining under the weight of constant funding cuts and reduced public policy commitment to access and equity. TAFE special access courses play a significant role in promoting access with appropriate support to people who would not otherwise enter the VET system. Such programs have historically been fee-free which also provided vital access to the working poor who were not entitled to a concession but are living close to the poverty line. These are being priced out of the reach of many low-income Australians. In TAFE NSW there has been almost a total loss of Certificate 1 courses which can be essential for the most disadvantaged as a first step into the labour market. A coherent VET system should include all levels of training and education and should ensure access to these and provide learning pathways for all.

Equity must be embedded in the DNA of VET to improve workforce participation and social inclusion. There must be an end to restrictive funding and gaps in the pathways from engagement programs to higher level qualifications.

One way to help do this is to establish a national equity/social inclusion unit. Such a unit would build capability and capacity to embed relationships with peak bodies, communities, non-government and government organisations in order to negotiate, plan, deliver and evaluate strengths and place based programs according to needs and opportunities. This process would involve breaking down barriers, providing access and confidence to appropriate support in an authentic learner centred environment. This would also help ensure targeted support for students led by communities that recognise multiple and intersecting forms of disadvantage.

Further contact:

We are willing to provide further information to support our submission. Please contact:

Linda Simon, a spokesperson for the TAFE Community Alliance

⁴ <https://www.acoss.org.au/inequality/>