



Australian Education Union

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19 December 2019

Review of the Skills and Workforce Development Agreement
Productivity Commission
GPO Box 1428
Canberra ACT 2601

Email: skills.workforce.agreement@pc.gov.au

Dear Sir/Madam,

Re: AEU Submission to the Productivity Commission Inquiry into the Skills and Workforce Development Agreement

Thank you for the opportunity to submit to the Productivity Commission Inquiry into the Skills and Workforce Development Agreement.

Please find our submission attached.

Please contact me if you have any questions in relation to this submission.

Yours sincerely,

Susan Hopgood
Federal Secretary



Productivity Commission Inquiry into the Skills and Workforce Development Agreement

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Overview

The Australian Education Union (AEU) represents more than 189,000 members employed in public primary, secondary and special schools and the early childhood, TAFE and adult education sectors as teachers, educational leaders, education assistants or support staff across Australia.

The AEU is proud to advocate for a quality public education which is accessible to all Australians. This submission draws on the views of our membership, AEU policy and is also informed by our work with leading academics.

Introduction

Australia is in the midst of a critical skills shortage with fewer young apprentices learning their trades than back in 2013¹. Yet we also have a youth unemployment rate that continues to hover around 12.5 %, more than twice the national unemployment rate.

Opportunities to participate in the labour market are clearly available, but current vocational education policy is failing. The Australian Government's 'Jobs Outlook' data² forecasts that there will be 866,000 jobs to fill by 2023 and the top sectors for growth will be in health care and social assistance, construction, education and science/technical. It predicts two out of every three jobs will come from these four sectors in the future - all sectors where Australia's-world-leading TAFE institutions were funded to provide effective vocational education to support young people into employment, before funding cuts left it perilously close to collapse.

Australia's transition into the fourth industrial revolution is disrupting a growing number of traditional industries and leaving Australian's to face an increasingly uncertain labour market with contradictory reports about the potential scale and effect of automation and artificial intelligence. Our rapidly changing twenty first century is reconfiguring our patterns of production of trade, knowledge transfer and cultural development, which makes vocational education more important to our national development and the employment prospect of Australians than ever before.³

This submission therefore argues that a revitalised TAFE sector is the single greatest policy reform that will help deliver a productive and highly skilled workforce. It will enable all working age Australian's to develop the skills and qualifications needed to participate effectively in the labour market and contribute to Australia's economic future and support increased rates of workforce participation – the overarching objective of the National Agreement for Skills and Workforce Development (NASWD).

As the current crisis in TAFE and vocational education unfolds, the flawed logic of market reforms is increasingly exposed. Since the National Training Reform Agenda of the early nineties, TAFE has been increasingly positioned as merely one of many “providers” in a vocational education

¹ National Centre for Vocational Education Research (NCVER) Apprentices and Trainees Quarterly Report, June 2019

² Australian Government Job Outlook <https://joboutlook.gov.au/future-outlook.aspx>

³ Pardy, J. (2019), *Rebalancing Australia's Education System*, The Australian TAFE Teacher Spring 2019

“market” made up of private and public “providers”. This has led to the norms, behaviours and practices of private enterprise becoming the standard to which governments have expected the public TAFE system to aspire. The crisis of quality engulfing vocational education across the country is the natural trajectory of a market driven approach to vocational education.

Market “reforms” to TAFE and vocational education, especially those of the last decades, have combined with sustained underfunding to force a crisis across the country in TAFE, and in some states and territories its future is in jeopardy. Campuses have closed and thousands of teachers across the country have been made redundant. This represents a devastating loss of knowledge and expertise.

This inquiry represents a good opportunity for Governments to coordinate and streamline their support for vocational education in the future by revitalising public TAFE institutions as the anchor of quality in the vocational education system.

Point 5: Options to ensure government investment in VET encourages increased participation in training by all Australians and is commensurate with the outcomes and benefits derived by individuals, business, industry, the local and national economy and society more generally.

TAFE institutions have a long history following a tradition of providing high quality technical, further and general education that the relatively recently conceived private vocational education sector has been unable to match. TAFE institutions have always been sites of innovation and aspiration – both for students and for teachers within the institutions. From their origins as working men’s colleges, they have implicitly aspired to become the best and most democratic sites of learning for the broader community, and for some of the least advantaged and most marginalised in society.

Australia’s TAFE system has provided millions of Australians with the skills they needed to thrive and is a lifeline for those who seek a second chance at education. The fundamental importance of TAFE, its current problem in the unfettered market and the potentially disastrous outcome if the issue is not urgently addressed is succinctly described in a report from the University of Sydney Business School:

The role of TAFEs remains paramount in the delivery of training in areas of skills shortages and to student equity groups, but also as the custodian of quality vocational education. In meeting these and other obligations (including delivery in thin markets, delivery of student services, meeting public sector reporting requirements, and asset maintenance), it is important to recognise this competitive disadvantage. As the cornerstone vocational educational provider, TAFE has an obligation to serve all fields of education, all student backgrounds and all areas of Australia. TAFE does not have the option of targeting only profitable areas of delivery or profitable student types. Funding for TAFE has been substantially reduced despite their obligation to contribute to these social and economic objectives, while also acting as custodians for the provision of

quality vocational education. If higher levels of funding and a more sustainable funding model for TAFE is not found, then there is a very high likelihood that public confidence in the entire system of vocational qualifications will be fatally eroded.”⁴

Despite the clear and undisputed societal and economic benefits there has been a concerted drive from successive federal governments over the last decade to marketise the vocational education sector and defund TAFE, viewing it as a cost to be reduced rather than an investment in the individual⁵. Vocational education funding was cut by more than 15% in the decade from 2007 to 2016 and government expenditure declined by 31.5% over that time.⁶ This was swiftly followed by another cut of \$177 million in the 2017 federal budget and a further cut of \$325 million in funding from TAFE budgets in 2018⁷.

It is no surprise that the sacrifice of quality for profit is the result of unfettered privatisation of the sector - we are not dealing with market failure in vocational education. The market is doing exactly what it was designed to do – deliver profits to private providers who work within the parameters set for them.⁸

In recent years, five day diplomas and qualifications delivered in mere hours have become the currency of this debased private vocational education system. At the height of the rotting of the system, the regulator seemed powerless to stop for-profit private providers from offering qualifications at exorbitant prices in a fraction of the time it should take, because at the time, in the vocational education market, they were deemed to be doing nothing technically wrong.

When the societal value, and consequent productive economic value of vocational education is not prioritised, and is replaced with the drive towards profit, the inevitable outcome is a decline in standards. The proliferation of private providers has made it impossible to guarantee quality at a system level. In 2016 there were over 4,600 active registered training providers, but only 96 of these providers have more than 100 full time students, as a result the courses and qualifications offered to students vary massively.⁹

In addition, the funding available to providers is not put to equivalent use in the public and private sectors. Private providers focus on courses that are relatively cheap to run but are fully funded by public subsidies, such as business studies, media studies, tourism and community services courses, while public TAFE providers continue to dominate in areas of high-cost training and specialised

⁴ Yu, S. & Oliver, D, *Op. cit.*, p.42

⁵ Jones, A. (2018) Vocational Education for the 21st Century, LH Martin Institute, University of Melbourne

⁶ Australian Education Union, (2018), *Stop TAFE Cuts Manifesto*, p1.

⁷ <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/government-funding-of-vet-2018>

⁸ Australian Education Union (2018), *Submission to the Terms of Reference for the ALP Commission of Inquiry into post-secondary education*, p.8.

⁹ Wheelahan, L., (2018) *New figures quantify the extent of the TAFE disaster*, retrieved from http://stoptafecuts.com.au/blog/new-figures-quantify-extent-tafe-disaster?ccm_paging_p=3

and in-shortage skills.¹⁰ TAFE is left in the impossible situation of trying to compete in the market environment while still providing vital functions including libraries, student support centres, pastoral care and a truly broad range of qualifications taught by industry experts who are skilled educators. Moreover, TAFEs are often located in rural and regional areas where the provision of vocation education can be much more expensive however it is critical for ensuring access and equity to education.

Restoring confidence

The damage inflicted on the vocational education sector due to funding cuts across the nation and private provider roting has affected its reputation and public confidence in the sector is markedly low. This damage is entrenching perceptions amongst students, parents and the wider community about the relative merit of VET focused pathways, which can often be seen as inferior to university by students and their parents. *Strengthening Skills: Expert Review of Australia's Vocational Education and Training System*, chaired by Steven Joyce, found that many of the reviews' participants raised these concerns about the VET sector, many of which directly impact on the way in which the pathway is perceived, on the esteem that VET is held in, and on the ease of access (or lack of it) for secondary students into appropriate VET courses. The issues that contributed to this perception, as raised in the Joyce review include:

- Continuing variations in quality between providers, and concerns about the relationship between the regulator and providers.
- A cumbersome qualifications system.
- A complicated and inconsistent funding system that is hard to understand and navigate, and which is not well matched to skills needs.
- A lack of clear and useful information on vocational careers for prospective new entrants.
- Unclear secondary school pathways into the VET sector and a strong dominance of university pathways.[1]

It is essential that young people from all locations across Australia and from all backgrounds have access to all available post school pathways so that they are able to explore all options and choose the most appropriate one for them to enter the labour market, without restriction.

Unless the TAFE sector gets the support required to run these programs we will not see the educational outcomes of our youth improved nor our communities and industry prosper. Encouraging people into vocational education should be a policy priority and a strong TAFE, as a permanently funded public institution should be the natural anchor for developing and sustaining

¹⁰ Hamdhan, A., (2013) *Contestable funding in the VET sector: implications on the role of public TAFEs – a cause for concern*, cited in Australian Education Union (2015) *Submission to the Inquiry into the operations, regulation and funding of private vocational education and training (VET) providers in Australia*, p.10.

^[1] https://www.pmc.gov.au/sites/default/files/publications/strengthening-skills-independent-review-australia-vets_1.pdf p.27

vocational education innovation in Australia. It needs to be cherished as an enduring public provider and source of excellence, not set adrift.¹¹

The bedrock condition for a renewal of TAFE into the future is that the educational institution provides a high quality education. The activities of governments in encouraging and sustaining the activities of private for-profit providers by providing them with significant amounts of public funding, and the increasing lack of confidence in the system around understanding and elaborating what constitutes quality in the vocational education system have combined to undermine trust in vocational education. It is this, combined with burgeoning costs to students, and the deteriorating state of TAFE course offerings and campus locations which has led to the collapse in enrolments in the sector. Up until recent times, TAFEs were able to provide a number of safeguards against poor quality because they are publicly owned. TAFEs belong to their communities who should and do make quality demands upon them.

Case Study: Germany

The AEU draws the commission's attention to Germany as an illustration of a strong public vocational education system that is delivering benefits to; individuals, business, industry, the local and national economy and society more generally.

Germany has a strong vocational educational dual system that is well respected by the community. It offers qualifications across a broad range of professions and flexibly adapts to the changing needs of the labour market. It is possible to move through the trade stream and arrive at PhD level which has created a reputation for developing 'master tradespeople'.

More than one-third of all pupils graduating from secondary school in Germany enter a vocational training program which is strongly supported by industry, to the extent that around 68 percent of the graduates enter the workforce in the company where they were trained immediately after training. Germany's vocational schools partner with around 430,000 companies, and more than 80 percent of large companies hire apprentices.¹²

The German Government properly resources its public vocational education system and reaps a massive return on this investment by having one the lowest youth unemployment rates in the European Union.

Moving from Competency Based Training to Building Capabilities

A market-driven, fragmented, competency based training (CBT) system severs the link between learning and assessment. Under CBT, learning happens anywhere, anytime, and can be assessed in any place. But this trivialises vocational education because in this system curriculum, structured teaching and learning do not matter, and nor do teachers or institutions. In vocational education, as in all education, quality should centre on the learning process, which young apprentices and all

¹¹ Buchanan, J, in TAFE as an anchor for social and economic renewal, The TAFE Teacher, Autumn 2019

¹² <https://www.cleanenergywire.org/factsheets/how-germanys-vocational-education-and-training-system-works>

vocational education students engage in when they “go to TAFE”. Learning is a social process linked to an educational institution, even where a part of that learning is on the job.

To maintain that vocational education should be built on units of competency that have been derived from current jobs, while we know that 50% of people today will be doing jobs in the future that haven’t been created yet is illogical¹³ There is an urgent need to build the capabilities of the person so that young people can adapt to changing circumstances and easily transfer their skills.¹⁴

Our narrow behaviourist qualifications need to be broadened for twenty-first century capabilities including critical thinking, creativity, adaptability and entrepreneurship. If we want young people to tackle the big issues facing our society and come up with solutions these skills will be vital. Such a change would mean an end to the ownership of industry over national qualifications and a return to teachers having greater input into the curriculum and applying workplace situated pedagogies which would allow for a much more agile response to local needs, rather than the ‘just in time courses’ that are being driven by industry demands today.¹⁵

There must also be a properly resourced commitment to ensuring that all young people have strong core literacy, numeracy and digital skills as a basis for ongoing participation in work and community. This commitment must acknowledge the specialised needs of significant groups such as early school leavers, Aboriginal and Torres Strait Islanders and recently arrived migrants.¹⁶

Apprenticeships need to be expanded to cover a much larger range of industries recognising the value of situating education in real work places. Incentives may need to be considered to encourage employers to host on the job learning. Above all vocational education must meet the needs of young people wishing to skill throughout their working lives and respond to the digital disruption of the future.¹⁷

Conclusion

Unless governments address the crisis in the TAFE and vocational education sector as a matter of urgency, the consequences for Australians – and the society and economy – will be dire.

The vocational education sector now needs a complete structural overhaul. Tinkering at the edges of the current market based system, where the profit available in the gap between the VET loan cap and the cost of delivery is the only system driver, will inevitably result in the further devaluation of vocational education in Australia, and the failure to equip Australians with the skills and qualifications needed to participate effectively in our labour market and contribute to Australia’s economic future.

¹³ National Youth Commission, Facts on Issues <https://nycinquiry.org.au/>

¹⁴ Buchanan, J, in TAFE as an anchor for social and economic renewal, The TAFE Teacher, Autumn 2019

¹⁵ Jones, A (2018) Vocational Education for the 21st Century, LH Martin Institute, University of Melbourne

¹⁶ ibid

¹⁷ ibid

The AEU advises the Commission that we plan on providing additional input to later stages of this inquiry in the hope that the NASWD can be reformed in order to meet future needs. We trust that the information provided above will assist the Commission in the preparation of its upcoming interim report. The AEU looks forward to the findings of the Commission in the hope that it will contribute positively to a national dialogue about vocational education with TAFE as a strong public anchor institution.