



16 July 2020

Jonathan Coppel & Malcolm Roberts
Commissioners
Productivity Commission

Via email: skills.workforce.agreement@pc.gov.au

Dear Commissioners,

RE: INTERIM REPORT INTO SKILLS AND WORKFORCE DEVELOPMENT AGREEMENT

The Victorian Trades Hall Council (VTHC) welcomes the opportunity to make a submission into this important review into the Skills and Workforce Development Agreement.

VTHC is the peak body for unions in Victoria, and represents over 40 unions and more than 430,000 workers in the state. VTHC notes the essential nature of this inquiry, given the current crisis across the labour force and the need to use all levers of government to drive the creation of good jobs with good wages and conditions, that working people can rely on.

The need to ensure policies and funding measures which enable Australia's vocational education and training (VET) system is well-equipped to serve the needs of working people and facilitate their opportunity into the future, is paramount.

VTHC has stood for the advancement of working people's education and training since its inception. Of particular importance is the opportunity that comes from high-quality supportive and well-resourced training. However, more frequently unions across Victoria are seeing the detrimental effects of an increasingly privatised and under-resourced system.

This inquiry is an opportunity to right these wrongs.

VTHC's submission is in two parts. First, this letter which responds to the specific points of the inquiry and the experience of Victorian workers in union. It addresses increased moves towards marketisation, the funding model, and protections for apprentices and trainees.

The second component of the submission is the report, 'Making Vocational Education and Training Work for Working Victorians', prepared by VTHC in response to the Skills for Victoria's Growing Economy Inquiry. The report was written in conjunction with affiliated unions about the state of the VET system in Victoria, and contains over 40 recommendations about how to ensure it drives fairness for working people into the

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future. It also establishes principles to guide an approach to the VET system, which should be the principles for a new National Plan going forward.

It is critical that the Government's approach has the best interests of people and their communities at its heart. This means ensuring that students are able to access high-quality training opportunities with real support, and have secure work with good wages. There must be a resistance to an approach that places faith in the market or to employers alone to deliver the outcomes Australian society needs: good work, skilled citizens, and good wages.

a) Vocational education and training is the domain of working people

VET is the domain of working people, and its institutions have enabled working Victoria's to develop their skill set and technical knowledge along with their long-term understanding of their chosen industry. Any national plan, such as the National Agreement for Skills and Workforce Development Review must place at its centre creating a quality learning experience that leads to meaningful, secure work.

In principle, there are a number of key points made by the Commission's interim report that are agreeable. For example, the need for increased accountability, uniform course costs and to see more frequently improved outcomes for VET students once they complete their courses is extremely important, and should be central to the focus of updating the national agreement.

TAFE is central to Victorian unions' plan for a well-functioning VET system that supports working people. It is a key component of public education and therefore, a public good. At the centre of a strong VET system must be a well-resourced TAFE system that receives at least 70% of government funds. A new national agreement must emphasise the importance of public TAFE, and secure TAFE funding.

b) Furthering the marketisation of VET will disadvantage working people

The Victorian VET system has suffered at the hands of a market driven approach. If improved accountability and outcomes for students is the aim of a new national agreement, a move towards increasing the marketisation of the sector will have the opposite effect.

While the cases of private providers rorting the system for public funds is well known, the marketisation of VET and competition for government funding has also led to a diminished experience for students in terms of in-depth learning and contact time with teachers and holistic support across their institution.

The competitive funding approach means that TAFEs and registered training organisations (RTOs) are in competition to deliver courses to students with course costs as low as possible. In practice, this means that in order to compete with small private

RTOs who focus on one course or one subset of courses, TAFEs have to cut services and support, such as numeracy and literacy support, counselling, career advisers and a range of other professional and support staff that can make or break a student's experience. TAFEs also work to forge partnerships with industry and drive innovation, and often do not have the funding to make this become a reality.

Often the Government responds to unscrupulous private providers who set themselves up out of nowhere based on the funding arrangement, by quickly altering the funding basis. TAFEs are left with little notice and little ability to plan for their student cohort. As a result, they must make drastic cuts to the number of students they can intake or the resourcing of the course.

It has also resulted in vast differences in course costs and inconsistencies across TAFEs and private RTOs. There is a range of subsidies, as well as the Victorian Free TAFE program, with complex qualification requirements. These make it extremely difficult for working people to ascertain their exact upfront and long-term costs.

The Victorian Government has gone some way to addressing these issues by guaranteeing some of the funding for Victorian TAFEs. However, a unified approach to TAFE funding without the competitive nature would make a real difference to working Victorians.

Further, wage theft has become a dominant issue amongst apprentices and trainees undergoing training through the VET system. The competitive nature of funding has meant that institutions have become reliant on employers for enrolment numbers, and managerial decisions gear TAFEs away from resources to address exploitation of these young workers.

Lastly, TAFEs and their connection to industry and their communities hold the foundations to genuinely forge innovation with industry to create jobs that are meaningful to working people. The importance of this in the recovery after COVID-19 cannot be overstated. However, the marketisation approach has meant that TAFEs do not have access to the funds they need to invest in new technologies and innovations, and partner with industry to meet the needs of the workforce into the future.

c) The funding model

A new agreement must prioritise investing in TAFEs. Victorian unions strongly endorse the Australian Education Union (AEU) calls for TAFEs to receive at least 70% of VET funding. Part of this funding should be recurrent and identifiable for professional and support staff, so that they can occupy between 40-50% of the workforce, at comparable rates to university staff.

Private providers should only qualify for public funds where they can demonstrate the same level of commitment to furthering the skills and knowledge of working people as

TAFEs. This includes the same or similar levels of professional staff employment, employing teachers and workers securely, teaching genuine curriculum with comparable levels of contact time, and placements for students with employers who are regulated and licenced to take them.

Victoria's free TAFE program must be commended. Free TAFE will enable a generation of workers to develop their skills and further their careers. TAFEs must be funded and supported so that this model can be expanded to all workers across the country.

It is noted that instead, the Interim Report suggests a voucher funding system so students decide where to spend their allocated funding. VTHC strongly disagrees with this model as it will deeply disadvantage working people.

It undermines the ability for TAFEs to plan for the provision of holistic support and forge deep partnerships with industry; to undertake the work that creates a meaningful student experience that is not directly related to enrolment numbers. It will not allow TAFEs to employ workers full-time and long-term, resulting in sessional staff who will have a diminished capacity to prepare lessons, provide contact time and undertake all of the other work associated with being a VET teacher such as marking. This funding suggestion must be abandoned.

d) A new National Agreement must re-introduce genuine curriculum

The National Agreement aims to 'streamline' services, part of which is to extend standardised training through training packages. Victorian unions report that training packages are little more than a checklist and do not develop the foundational skills or critical thought required of many industries. The process for reforming their content is cumbersome, and often industry representatives are human resources workers, rather than the industry itself. This has resulted in units having repetitive components, such as invoicing and marketing in trades, while the foundational skills are lacking.

Training packages have become so far removed from the needs of workers, they must be scrapped. Instead, genuine curriculum should be developed by TAFE teachers, the only workers who are knowledgeable about the subject matter, as well as having an understanding of how to teach it to students. Industry should be treated as a genuine stakeholder and be consulted at every step. Units should be developed so that they can be taught as clusters that build a complementary set of skills concurrently, before moving onto the next subject.

Victorian unions are also deeply concerned about the increased use of micro-credentials. Unions have found that employers are compelling their workforce to undertake one select unit of a course so they can meet the immediate demands of the employer, with little regard for the ongoing development of the worker. A move towards extending the over-reliance on micro-credentials will deeply disadvantage working people, who will have a haphazard development of their skills.

However, Victorian unions have expressed support for the notion of genuine professional development for working people. Courses that build upon, or build towards a qualification with simple pathways that connect qualifications have deep support. Developing curriculum would enable professional development for working people.

e) Apprentices, trainees and students on placements must be protected

A trade was once seen as the key for workers to have a good income and secure work for life. While for many this is still the case, the recent rates of apprentices dropping out of their courses or there being no improvement in employment outcomes is high. Apprentices are suffering from VET institutions being unable to provide the holistic support they require.

Apprentices are also increasingly having issues with their employers and completing their qualifications. Research conducted by the Young Workers' Centre (YWC), a community legal centre aimed at assisting young workers based at VTHC, has found that apprentices and trainees are routinely exploited and feel under-valued. YWC has had many young workers referred to them who have felt unable to continue their apprenticeship due to a poor experience with their employer. Many report they have little if any supervision, have had their occupational health and safety put at risk, and are made redundant once they receive their qualification and their wages increase.

Underlying these problems is the fact that apprentices are made to feel dispensable, a feeling reinforced by apprentice wages, and that they are dependent on their employer for the completion of their qualification.

This ongoing exploitation must come to an end. Part of a new national agreement must be the scrapping of apprentice wages, and introduction of state-based licensing systems for employers wanting to take on apprentices. Before taking on an apprentice, employers should demonstrate that they have not committed wage theft, and that they are committed to protecting workers OHS rights.

f) Conclusion

A new national agreement must place its focus on improving the lives of working people. It naturally follows that TAFEs should be at the centre of any approach to VET, as these institutions and their courses are a public good and core to working people's advancement. Funding to TAFEs must be made less competitive, price variance of courses removed and a holistic approach to support for VET students be reinstated.

Training packages should be scrapped and TAFE teachers must drive the development of curriculum. Support for apprentices must also be improved, and employers who exploit young apprentices be held accountable.

Victorian unions will always fight for workers no matter their employment status, industry or qualification. These reforms will improve the lives of working people and increase the standard of VET qualifications.

If you have any questions or would further information, please do not hesitate to contact Ted Sussex, Research and Politics Lead.

Thank you for your consideration.

Yours sincerely,

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