



Submission to the Productivity Commission

Review of the National Agreement for Skills and Workforce Development

Response to the Interim Report

Brotherhood of St Laurence

July 2020

The Brotherhood of St Laurence and skills development

The Brotherhood of St Laurence is an independent non-government organisation with strong community links that has been working to reduce poverty in Australia since the 1930s. Based in Melbourne, but with a national profile, the Brotherhood continues to fight for an Australia free of poverty. We undertake research, service development and delivery, and advocacy with the objective of addressing unmet needs—particularly of disadvantaged Australians—and translating the understandings gained into new policies, new programs and practices for implementation by government and others.

This submission draws on our practical experience, along with our research and that of others. Our skills and training related work includes:

- **innovative employment support models**, sustained by philanthropic, corporate, state and federal funding. This includes delivering the youth-focused Transition to Work (TtW) program, convening a national Community of Practice of (some) TtW providers and facilitating the National Youth Employment Body (NYEB).
- **delivering training** to a diverse range of learners— particularly those experiencing disadvantage— through our Group Training Organisation, Learn Local and our former Registered Training Organisation.
- **partnering with TAFEs** to support young people to access and sustain engagement with education and training. This includes establishment (with Launch Housing) of Education First Youth Foyers. This supportive accommodation, located on TAFE campuses, enables young people experiencing (or at risk of) homelessness to engage in education and training that helps alter their life trajectory.
- **major Australia-wide research** commissioned by the National Centre for Vocational Education Research and others, as well as numerous evaluations of VET-related support services.
- **operating the David Scott School**—an independent, high-support school for young people who had fallen out of mainstream education. Over 110 senior secondary students are currently undertaking the Victorian Certificate in Applied Learning at the school.

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Overview

The Brotherhood of St Laurence welcomes the opportunity to respond to the Productivity Commission's interim report on the National Agreement for Skills and Workforce Development (NASWD). While we see merit in many of the Commission's findings, recommendations and 'options', we also identify a number of shortcomings and reform opportunities that are overlooked.

Summarising the Commission's interim findings and options

The Commission found that the NASWD is outdated. The two principal targets set in the agreement—halving the proportion of Australians aged 20–64 years without at least a Certificate III qualification; and doubling the higher qualification completions (Diploma and above)—were not met and, according to the Commission were 'arbitrary and too ambitious'. The mechanisms employed to attain these targets—creating a national training entitlement, promoting 'user choice' led competition, and expanding access to income-contingent loans—achieved only modest success.

According to the Commission, a new agreement should make the VET system a more efficient, competitive market, driven by the informed choices of students and employers. The Commission argues that this might be pursued through a new 'principles-based agreement', emphasising:

- competition in service delivery by establishing contestable community service obligations;
- better use of data and evaluation to assess government policy;
- better information to inform decisions of learners and employers;
- reform to course pricing; and
- a single national regulator.

The Commission raised the need for reform to funding, with options including enhancements to the VET Student Loans; simpler and nationally consistent subsidy arrangements—calculated with a common methodology taking into account state and regional contexts; student vouchers to promote user-choice; and less reliance on incentives to employers to train apprentices.

Ultimately, there is, according to the Commission, great scope for more efficient allocation of the Australian Government's \$6.1 billion spending on VET.

Our response

Our response is premised on the enabling function of governments. Such an enabling role in VET can achieve greater collaboration across sectors, and harness community resources in ways that ensure the following public policy outcomes:

- a socially cohesive and fair society with reduced disadvantage and improved life outcomes
- a population equipped to meet future workforce needs
- an interlinked skills and jobs agenda designed to utilise the opportunities, resources and efforts of diverse regions across Australia

- people realising their potential and maximising their social, civic and economic participation throughout their lives, through innovative, engaging and capability-building curriculum and pedagogy
- high quality workforces in publicly funded/subsidised services such as disability, aged care, and early years education and care.

In response to the principles-based approach set out in the interim report, we offer an alternative vision for a principles-based training system that:

- is premised on equity
- is adaptive to community needs at local, state and national levels
- enables differentiated skilled pathways fit for purpose to stage of career
- is forward-looking to emerging occupations and the changing world of work
- is built on government stewardship for collaboration and investment in TAFEs as public infrastructure.

Four domains requiring an alternative approach

In this submission we lay out alternatives in four domains that we see as requiring attention to strengthen the VET system's capacity to achieve equitable and quality outcomes. These address:

- the VET system architecture and processes
- VET qualifications and pathways
- VET providers and their relationships to place
- Measuring VET system performance.

1 The VET system: its architecture and processes

The key challenges

The market approach has failed to deliver quality, equity and accountability. We have misgivings about the extent to which the Commission relies on markets to satisfy the needs of learners, employers and, indeed, the community. There is an imperative to rebuild trust and quality and establish a core training system, as distinct from a training market. The VET sector must be regarded not solely as a field of competition, but as a vital community asset. An over-emphasis on competition by policy makers has previously led to waste and reduced quality across the system. The marketised system has dictated, rather than served, Australia's vocational education sector.

We acknowledge the Commission's support for a principles-based approach to reform and, in that context, its support for a number of measures that, according to the Commission, would help constitute a 'student-centred' agreement. However, we believe that the Commission's proposed principles-based approach, and its understanding of student-centredness, has severe limitations and should be revised.

Primary among our concerns is an apparent preoccupation with 'consumer sovereignty': the conception of student-centredness set out in the interim report falls far short of what is required to ensuring a training system built on quality, equity and accountability. We believe that student-centredness must not be reduced, in its essence, to the capacity to exercise choice in the procurement of goods and services (in this case, vocational training).

We are concerned with the extent to which learners are now constructed as consumers. The consumerist process within neoliberal markets has fundamentally recast the concepts of 'learner', 'teacher', 'education' and 'work' and has introduced an instrumentalism that distorts the decision-making of learners as they consider their educational pathways. We agree with Wheelahan when she asserts that support for this marketised training culture rests on, and reinforces, the problematic assumption that learners choose their provider based on an informed understanding.¹ The corollary of this was outlined in a recent review of VET funding in Victoria that focused on that state's over-emphasis from 2012 on demand-led policy regimes. It stated that 'much of the system has been driven by provider behaviour, rather than supporting students to make informed training decisions, or protecting them from opportunistic or unethical behaviour'.²

¹ Wheelahan, L 2006, *A Bernsteinian and realist synthesis to critique instrumental and constructivist theories of knowledge and learning*, 4th International Basil Bernstein Symposium, Rutgers University, Newark, New Jersey, 6–9 July; Wheelahan, L 2005, *How markets distort decisions to undertake education, vocational knowledge, provision & qualifications*, 4th International Conference on Researching Work and Learning, Sydney, 12–14 December. See also Myconos, G, Clarke, K & te Riele, K 2016, *Shedding light: private 'for profit' training providers and young early school leavers*, NCVER, Adelaide.

² Department of Education (Victoria) 2015, *VET Funding Review: Final Report* (B McKenzie, chair; N Coulson, deputy), <https://www.education.vic.gov.au/Documents/about/departement/VET_Funding_Review.pdf>

We note that the failure of the NASWD to achieve its targets occurred in a period when user-choice was a key principle, and information about vocational training was voluminous but largely ineffective. Far from empowering prospective learners, such information—when in the form of marketing—exacerbated inequity and poor outcomes.

There is misalignment between training and labour market demand

There continues to be a misalignment between the skills acquired through vocational education and the skills needed in contemporary workplaces. The COVID-19 crisis has amplified existing misalignment between VET enrolment and completion trends, and current and projected labour market demands. This misalignment intersects with existing problematic demographic patterns, including a concentration of low-achieving and low socioeconomic status young people in training programs with limited mobility into sustainable and sustaining skilled employment.

There are some serious questions to ask about how Australia's education and training systems will respond to the challenge of supporting labour market recovery for a diverse population of prospective learners seeking to reskill and upskill, including young people seeking their first job during this economic crisis. Low completion rates for many occupations and fields of study remain a concern (NCVER 2019).

An alternative vision for a principles-based training system

Great strides can be taken in addressing the above challenges. One key objective should be to create a VET system that adopts learner-centredness as a touchstone. In our view, this means building significantly on the Commission's call for a principles-based agreement. Our conception has as an objective the recasting of key elements of the system in ways that will help learners to realise their full potential.

While maximising student choice is self-evidently desirable, we believe that an expansive understanding of student-centredness is called for. We urge the Commission to adapt its stated principles-based framework in ways that affirm life-long learning, social inclusion and cohesion. Those principles should acknowledge the importance of building aspirations and the learners' capacity to act independently or collaboratively with regard to their own or group interests; of building adaptability through innovative pedagogies and curricula; and a more holistic view of abilities, aptitudes and capacities. Ultimately, the student-centred principles informing a national agreement should assist learners to build autonomy and a capacity to pursue passions and interests, as well as to strengthen their social connectedness and opportunities to contribute to their community.

We call on the Commission to adapt its principles-based framework in ways that counter the prevailing 'industry/employer-first' refrain. Central to this should be an enhanced Kangan-era emphasis on learner-centred and life-long learning, and on the importance of VET not only to economic interests, but to social inclusion and cohesion.

The Commission's recommendations should ultimately affirm that education must be responsible for more than imparting technical skills, improving one's status and/or employability, or increasing individual or collective wealth. While these are vital, we maintain that the principles on which Australia's VET system are based should better acknowledge a wider range of goals and

aspirations, including equitable access to quality training, and access to the breadth of supports needed to enable meaningful participation, progress and outcomes from VET. A learner-centred approach recognises the diverse motivations that bring learners to training and the different forms of capital that underpin their engagement with VET.

Mechanisms for pursuing an alternative learner-centred system

Build a stronger vocational education system through collaboration and a differentiated training market

To realise our objective of a learner-centred VET system that is responsive to the short- and long-term interests of industry, individuals and their communities, several reforms are needed. These must effect change at the ‘system’ and community levels, as well as at the level of the provider and individual learner. Stronger regional, interstate and national collaboration between key agencies and stakeholders (e.g. via the National Skills Commission and National Careers Institute) should be aimed at promoting vocational training and enabling the training system to meet the changing occupational needs of the Australian economy.

Our vision is of a VET landscape that features diverse provider types: TAFE, private/commercial, ‘enterprise’ and school-based, and community providers. They will play complementary roles, while focusing on their niche areas. TAFEs fulfil a unique, and principal, role in this landscape.

Designate TAFEs as ‘gateway’ institutions

We have seen a concerted effort by the Victorian Government to reaffirm TAFEs as the state’s gateway institutions in VET.³ Yet more can be done nationally, and through the successor agreement to the NASWD, to underscore TAFEs’ centrality.

We see an explicitly government-enabled role for TAFE institutions as ‘gateway’ institutions in local and regional communities. Research undertaken by BSL⁴ has shown how TAFE institutions are better placed than their for-profit counterparts to respond to the needs of learners and collaborating in meaningful and productive ways in local employment ecosystems. Their stability, and their capacity to utilise resources for student support and for cross-sector partnership building and to respond ‘at scale’, mark these public institutions as unique within the broader training system.

There is great potential to enhance the significant community assets available within TAFEs, and to position them as a network of gateway institutions. Their mission should include:

- harnessing local effort—through main and micro-campuses—by connecting with learners, local communities, unions, employers, local governments, schools and universities to drive social and economic development in their region

³ These initiatives (2015–2020) include the TAFE Rescue Fund, TAFE Back to Work, TAFE Community Service Fund, and TAFE provision of over 40 courses at government expense.

⁴ Dommers, E, Myconos, G, Swain, L, Yung, S & Clarke K 2017, *Engaging young early school leavers in vocational training*, NCVER, Adelaide; Myconos, G 2016, *Supporting transitions to employment for young job seekers: a resource for program development in south-east Melbourne by Chisholm and Holmesglen TAFEs*, Brotherhood of St Laurence, Fitzroy, Vic.

- strong engagement with local industry and social partners to co-create high-quality courses relevant to the local labour market, and to learner aspirations
- aligning the training and employment ecosystems in their region and supporting multiple modes of delivery (e.g. online and distance learning, workplace-based training)
- rebuilding and sustaining a workforce of professional vocational teachers and support staff that can provide accessible vocational guidance
- supporting all learners, no matter their location, needs and aspirations, to gain education and skills for life and work to the best of their ability
- a networked approach connecting the national, state and local, and creating the capacity to respond to policy imperatives (e.g. COVID-19, climate change, digitisation).

The successor agreement to the NASWD should lead to a substantial investment in TAFE capacity to ensure that they become gateway institutions. Additional funding must be committed through the national agreement to enable states to provide the required resources, including:

- more skilled personnel
- office space and teaching facilities (leased or purchased) in regional locations, and additional buildings on the main campuses
- upgrades of IT and online teaching capacity
- equipment needed for training.

Recognise the complementary and niche role of non-TAFE providers

We recognise the important role of non-TAFE providers, particularly those that have developed expertise in training specific cohorts, and developed unique partnerships with industry and community. Clearly, TAFEs—even through the creation of micro-campuses—are unable to satisfy the training demand across all locales, which are often determined by rapidly changing technological and economic forces.

There is much to be said for the nimbleness, innovation and adaptability of smaller providers. However, we must also acknowledge that their capacity to support learners, and to innovate and grow is too often undermined by the pressure to remain profitable and to compete in a high stakes sector. For these reasons we see private providers as playing a complementary role to the public providers.

Implement agile processes for involving employers in vocational training

Another key objective in transforming the VET system is building stronger relations between its providers, the student population and the broader community. These relationships can help to address interrelated misalignments between training patterns and labour market demand. Firstly, as identified above, there continues to be a misalignment between skills acquired through vocational education, and the skills needed in the contemporary workplace. This is not just a limitation of the training products or pathways available. There remains a mismatch between the occupations where jobseekers, particularly young people, face opportunities in growth industries, and the types of VET training young people are seeking out, based on their interests and aspirations. Involving employers and other community experts could help learners to build on

their personal interests and aptitudes to establish goals that are most likely to lead to employment.

Employer insights should also inform the design or revision of course so they prepare learners for evolving workforce needs. The review and updating of existing skill sets and qualifications is a slow and cumbersome process, often undertaken centrally and isolated from the diverse needs of local industries and employers. The post-COVID recovery will require an agile VET sector that supports learners to move rapidly into a changing labour market. Cross-sectoral collaborative efforts are needed to build tailored and responsive training and pathways to growth occupations and industries.

We welcome the piloting of three industry-specific Skills Organisations as a step towards clearer processes for employer engagement in the design and development of training products. To provide a robust platform for employer engagement, these Skills Organisations, and any future reforms aimed at involving employers, need to be adaptable to differences and changes in local and regional employment ecosystems.

Adopt a modified Community Service Obligation⁵

A revised approach to funding a Community Service Obligation (CSO) should be considered. It should include:

- specifying the target 'equity groups' covered by the funding
- directing resources to specific needs associated with individualised learning, wellbeing support and pathway planning
- linking CSO funding to measurable outcomes in participation, achievement and transitions
- funding for partnership building between the providers and non-educational supports.

Eligibility of non-TAFE providers for CSO funding would depend on their demonstrated capacity to assist disadvantaged cohorts. A current model is the New South Wales Government's Smart and Skilled ACE Community Service Obligation Program for training providers (offering accredited and non-accredited training), which funds intensive support for regional students encountering significant barriers to education.⁶

Consider a national approach to needs-based funding in VET

Creating a learner-centred VET system requires funding allocations that allow training providers better meet the learning and wellbeing needs of students, particularly those with complex needs.

A national needs-based funding model for VET should be considered. This should be modelled on the Gonski-inspired National Consistent Collection of Data on disability, which currently funds schools across Australia to support high-needs students. Layered loadings reflect community and individual student characteristics.

⁵ The Community Service Obligation mechanism has been a feature of TAFE funding in several states for many years. Monies are earmarked for TAFEs to fulfil the obligation to provide intensive support to vulnerable and high-needs learners.

⁶ <http://www.skillslinktraining.com.au/community-services.php>

Public needs-based funding of this kind should be tied to support service delivery only for those providers that have demonstrated commitment and capacity to deliver quality supports to high needs learners. The past exploitation of vulnerable learners by some for-profit providers points to the need for careful gatekeeping.

2 VET qualifications and pathways

The key challenges

Participation is declining in vocational education and training

Access to, progression through and completion of education and training are all crucial to supporting access to the labour market. Before the social, educational and economic disruption triggered by the COVID-19 pandemic, occupational training trends indicated that unskilled and low-skilled Australians, particularly young people, were already vulnerable to labour market contractions.

VET program enrolments (non-apprenticeship/traineeship) among 15 to 24 year olds declined between 2016 and 2018 across all states and territories⁷. The decline was particularly significant among 15 to 24-year-olds in Queensland (-27.5%) and 15 to 19-year-olds in Victoria (-26.1%). The decline was also most marked among young people from the poorest backgrounds, with a 20% decline in VET program enrolments among the lowest two socioeconomic quintiles.

The factors contributing to the declines in enrolment are complex and varied. The VET student population includes a large percentage of people who experience difficulties with literacy and numeracy skills, anxiety and confidence, disability, housing stability, social connectedness, safety and security (e.g. family violence), personal finances, and finding clear career goals. Social factors are also important—e.g. access to transport, and to information about education/careers. Many people are affected by the low socioeconomic profile of their community and its location, or by the local impact of national economic transformation. Many face multiple barriers simultaneously.⁸

Completion rates and associated employment outcomes also remain concerning. Despite some improvement in recent years, the overall VET completion rate was only 51.7% for 15 to 19-year-olds in 2017, and 49.4% for 20 to 24-year-olds. In 2019, only 27.5% of all VET graduates were employed in the occupation associated with their qualification⁹. This is not surprising given the misalignment between the skills young people are developing and skills demands in growth industries and occupations.

⁷ NCVET 2018 Total VET Activity, data extracted from the Vocstats portal and analysed by researchers in the BSL Research & Policy Centre

⁸ Dommers, E, Myconos, G, Swain, L, Yung, S & Clarke K 2017, Engaging young early school leavers in vocational training, NCVET, Adelaide

⁹ <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/vet-student-outcomes-2019>

An alternative vision for differentiated qualifications and pathways

In response to this problematic misalignment between skills supply and labour market demand, we advocate consolidation and differentiation of training products. While full AQF level qualifications should still form the backbone of the training system, other types of products should be expanded to correspond to different stages of career development and different labour market contexts. This includes formalising the ways in which skill sets, particularly those at foundational and entry levels, and micro-credentials are developed and delivered to allow horizontal and vertical mobility for new and existing workers.

While we are hopeful that recent policy reforms, including the establishment of the National Skills Commission and the piloting of Skills Organisations, will lead to more agile training product development processes and more transparent labour market demand information, the increased timeliness of publication of labour market demand information should not be regarded as a panacea for the problem of misalignment between training enrolment trends and occupational demand.

Governments should invest in approaches to youth employment that harness local effort to drive social and economic development in their region. This involves connecting local communities, local industries, employers, local governments, schools and universities, to enable skilled pathways to work and actively engage in the co-creation of new job opportunities for young people.

Mechanisms for pursuing this alternative vision

Tailor training products to suit changing career circumstances and broad occupational clusters

As noted above, fewer than 30% of those that undertake vocational training go on to work in the occupation for which they have trained.¹⁰ Government should work with the National Skills Council and Australian Industry Skills Committee—and associated bodies such as Skills Organisations, Skills Service Organisations, Industry Reference Committees, the TAFE Directors Association and formal learner representative panels or groups—to reassess the effectiveness of training packages (which embed competency-based training as the dominant approach). In line with recommendations from recent reviews, all new products should incorporate appropriate future/personal, and basic/foundational/soft skills, alongside technical skills.¹¹

¹⁰ National Centre for Vocational Education Research, 2018, *Australian vocational education and training statistics: VET program completion rates 2016*, NCVER, Adelaide; Wheelahan, L, Buchanan, J & Yu, S 2015, *Linking qualifications and the labour market through capabilities and vocational streams*, NCVER, Adelaide

¹¹ Australian Government Department of Education 2017, *Training product reform: issues for discussion*, https://docs.education.gov.au/system/files/doc/other/training_product_reform_-_issues_for_discussion.pdf; Australian Government Department of Education 2017, *Training product reform: what is the case for change?* https://docs.education.gov.au/system/files/doc/other/training_product_reform_-_what_is_the_case_for_change.pdf

Invest in training pathways involving a line of sight to long-term employment security and mobility, not just near-term job access

Targeted investment is required to promote deep engagement between VET providers, local industry and social partners to co-create high quality courses relevant to the local labour market, and to student aspirations. Priority should be given to place-based collaboration. This type of investment should be administered through TAFE institutions, to position them in a partnership-enabling role, to establish and lead place-based efforts in skill pathway creation. Such cross-sectoral and collaborative place-based work will provide learners with the work experience, skills and networks required not only to translate their training into employment but to be secure and upwardly mobile in the future.

Within this collaborative effort, there exists a significant role for the TAFE sector, to consolidate its role as the backbone to skills and training for work. More focus needs to be given to the role of TAFE institutions, as large, stable and community-oriented providers, in enabling the intentional, experiential and localised career education, advice and development to support learners building their capabilities and awareness of careers in different sectors.

Expand opportunities to combine work and training

In the post-COVID-19 recovery period, focus will be squarely on lowering the general and youth unemployment rates. However, as outlined above, a myopic focus on immediate jobs at the expense of building skills and qualification attainment leaves young people vulnerable to future economic shocks and long-term labour market precarity.

In the current crisis, many young people do not have the financial security to delay access to work and commit time to complete training. There is an urgent need to rapidly expand employment-based training opportunities into sectors with workforce shortages, to enable young people to work and train at the same time. Innovations in apprenticeship and traineeship models are also needed. Employers should be active participants in developing generalist traineeships and innovative pre-apprenticeship models.

In principle these expanded opportunities for combining work and learning should include a clear, achievable pathway to full qualifications, to ensure young people retain options for both horizontal and vertical mobility within their chosen industries, and back to further education and training.

Develop fit-for-purpose, high quality skill sets and micro-credentials

The current range of training products should be supplemented by fit-for-purpose skill sets and micro-credentials. These credentials could help learners respond to changes in the demand for skills, move across industries and specific jobs, and forge pathways to broader 'occupational clusters'. They would also help people to continue life-long learning as their circumstances change.

Important caveats apply to the promotion of micro-credentials, which can include formal/accredited and informal/non-accredited products.¹² The Brotherhood supports the use of *credit bearing* products that are:

- aligned to qualification levels and delivered with robust assessment processes
- strongly related to work and to work opportunities across ‘occupational clusters’
- endorsed by industry, Industry Reference Committees and Skills Organisations
- appear on searchable websites such as training.gov.au
- enabling of the sequential building of stackable skill sets to enable occupational mobility.

3 VET providers and their relationships to place

The key challenges

Enrolments in TAFE are declining

Student enrolments at TAFE institutions declined by 10% between 2015 and 2018. While enrolments across the sector have plateaued during this time, the public sector (TAFE) share of the student market has fallen to barely 19%. Contributing to this decline was the adoption of a demand-driven funding model that ensured government funds flowed to an increasing number of private training providers. This was compounded by cuts to funding for TAFEs by states (in response to cuts in Commonwealth funding); increased course fees applied by TAFEs to recoup lost revenue; rationalisation of courses and campus facilities to ward off financial crisis; and encroachment by universities providing diploma and advanced diploma courses to recipients of VET Student Loans. Consequently, the reputation of the national TAFE network has suffered significantly.

The VET system is fragmented and not always well aligned with local skills and employment ecosystems

Australia’s vocational training is delivered through eight systems, with states/territories continuing to develop their own localised approaches though demand-driven, market-based funding models. States provide approximately two-thirds of the funding for VET. We echo concerns raised in a number of recent publications¹³ about the disjointed policy making in the VET system, where:

- the division of responsibilities between the Commonwealth and state and territory governments is unclear
- the principles underpinning funding are not apparent and are inconsistent

¹² Oliver, B 2019, *Making micro-credentials work for learners, employers and providers*, Deakin University, <http://dteach.deakin.edu.au/wp-content/uploads/sites/103/2019/08/Making-micro-credentials-work-Oliver-Deakin-2019-full-report.pdf>

¹³ See for example, Department of the Prime Minister and Cabinet, *Strengthening Skills (Joyce Review)*; Bowman, K & McKenna, S 2016, *The development of Australia’s national training system: a dynamic tension between consistency and flexibility*, NCVET, Adelaide.

- the costs of similar courses—for the learner and the provider—vary wildly across jurisdictions
- state-based entitlement schemes have very different emphases and subsidy levels.

The VET sector is part of a sprawling landscape where VET and non-VET agencies meet and sector alignment is wanting. This is concerning given that non-VET players exert both enabling and constraining influence over whether, when or even how a person's vocational education experience unfolds.

Institutions in this landscape include schools and referral agencies such as job service providers, group training organisations and services funded to assist second chance learners (e.g. alternative education providers, Transition to Work or Victoria's Reconnect). In many respects these are gatekeepers for learners navigating the vocational education system and the labour market. Yet, many of these institutions and services are themselves grappling with the ever-changing nature of the VET sector.

An alternative vision for government stewardship for collaboration and investment in TAFEs as public service infrastructure

We question the Commission's apparent preference for minimal government intervention, and its commitment to 'competition' as the over-riding organising principle. We believe that government must play an active stewardship role, and that such stewardship is particularly important in times of crisis—such as that triggered by the COVID-19 pandemic - . and when the shortcomings of private sector provision of essential services are exposed. It is in these times of collective and individual crisis brought on by economic crisis, that it is the role of governments to ensure, where free markets fail, that all citizens can benefit from public sector infrastructure.

It is through government that we must secure greater investment in public service infrastructure and the institutional capacity to meet the diverse and complex needs of citizens. We thus see a unique and vital role for TAFEs as 'gateway institutions' to vocational training and employment services. This role is imperative given the number of students and prospective students in vocational training that face significant barriers to learning and employment, and who are in need of learning and wellbeing supports more likely to be provided in larger institutions.

To realise our objective of a learner-centred VET system, we believe it is necessary to recognise and invest in TAFEs as gateway institutions (as outlined above). TAFEs are well positioned to build on their deep connections to community and industry, to innovate and to support learners. Although much diminished by the effects of competitive training market policies, TAFEs have significant capital (physical, intellectual and cultural) and have a broader remit than other training providers, with an obligation to provide a wider range of training, and to serve learners of all backgrounds.

We are fully supportive of diversified provision and see an important role for non-public providers. We maintain that a fit-for-purpose approach is needed, whereby the allocation of public funds to TAFEs should be prioritised. This means implementing levels of contestability. We have seen in Victoria a concerted effort by the state government to reaffirm TAFEs as the state's

gateway institutions in VET.¹⁴ Yet more can be done nationally, and through the successor agreement to the NASWD. We believe that investing in TAFEs as a significant community asset can also contribute to the local to state to national networks necessary to respond to the policy imperatives of climate change, digitisation and the COVID-19 pandemic.

Strong stewardship by government extends beyond the allocation of funds. We believe that meaningful reform, and ultimately economic growth, requires direction.¹⁵ This involves mission-oriented policy for social change that is just and sustainable. Mission-oriented policy undertaken by government necessarily includes collaboration of diverse actors (community, all levels of government, and business), and across different sectors (employment, education and training) to drive investment.

Many of our recommendations in this submission are premised on the enabling function of governments. Through this enabling role in VET we can achieve greater collaboration across sectors. This type of collaboration can harness community resources to ensure public policy outcomes contribute to a socially cohesive and fair society, a population equipped to meet future workforce needs, and a linked skills and jobs agenda designed to utilise the opportunities, resources and efforts of diverse regions across Australia.

Mechanisms for pursuing this alternative vision

Involve enabling bodies in connecting education, training and employment

A new national agreement should recognise the value of enabling bodies, particularly those whose network capital within local employment ecosystems can facilitate informed learner choice of and access to training. In its enabling role within a national Transition to Work Community of Practice and the National Youth Employment Body, the Brotherhood is testing frameworks that recruit employers as active participants and co-designers of pathways and opportunities.¹⁶ Through mechanisms such as our National Employer Reference Group and local Community Investment Committees (CICs), the Brotherhood involves employers as partners to improve learning and employment opportunities for young people. For example, local employers across the NYEB CICs are co-designing youth employment courses with TAFE, while TAFE is exploring flexibility within the national training package framework to tailor courses for young people and industry. Local employers are also recruited to champion investment in young people by other employers, including through work experience or work tasters, site tours or entry-level pathways including internships.

¹⁴ These initiatives (2015–2020) include the TAFE Rescue Fund, TAFE Back to Work, TAFE Community Service Fund, and TAFE provision of over 40 courses at government expense.

¹⁵ Mazzucato M, 2018, 'Mission-oriented innovation policies: challenges and opportunities', *Industrial and Corporate Change*, vol. 27, no. 5, pp. 803–815

¹⁶ Transition to Work Community of Practice evaluation: Bond, S & Keys, D 2020, *Finding that spark: what works to achieve effective employment services for young people?*, Brotherhood of St Laurence, Fitzroy, Vic. Also available on request are NYEB evaluation findings: Borlagdan, J, Dunstan, E, Clarke, K & Rudd, R 2020 (unpub.) NYEB emerging findings, Brotherhood of St Laurence.

Lift the expectations of training providers to address the needs of disadvantaged learners

We support a key recommendation of the recent Braithwaite review of ASQA¹⁷ calling for the standard of learner support offered by training organisations to at least match that required of secondary schools and universities. Key supports need to include:

- intensive language, literacy and numeracy supports
- access to specialist wellbeing supports—including through strong partnerships between providers and external community support services
- personalised coaching to identify aspirations, co-develop and advance learning and career plans and address barriers to learning
- supported work experience for students who lack the resources, networks and skills to arrange their own opportunities.

Government-funded websites designed to assist students navigate the VET sector (e.g. the Victorian Skills Gateway, MySkills, Training.gov.au) should require all training providers to display the learning/welfare supports they provide, and those they can provide access to via external referrals.

4 Measuring VET system performance

The key challenges

Disadvantaged and high-needs learners are missing out

Policy makers across Australia have taken a passive approach to improving outcomes for ‘equity groups’. Not since the National Agreement on Skills Reform (concluded in 2017) have all the states adopted a purposeful target to reverse declines in equity enrolments.¹⁸

Since the dissolution of the NVEAC, Australian governments have demonstrated limited commitment to improving outcomes for ‘equity groups’. Trends in VET participation by disadvantaged learners in Victoria are of concern. For example, 2017–2018 enrolment trends show falls of 3.1% for 15–19 year olds, and 3.1% for those in the most disadvantaged areas according to SEIFA¹⁹. Only an estimated 40–60% of those enrolled go on to attain their

¹⁷ Australian Government (Braithwaite report) 2018, *All eyes on quality: review of the National Vocational Education and Training Regulator Act 2011 report*,

https://docs.education.gov.au/system/files/doc/other/all_eyes_on_quality_-_review_of_the_nvetr_act_2011_report.pdf

¹⁸ Between 2009 and 2014, the National VET Equity Advisory Council developed and reported on progress on equity groups to the COAG Standing Committee on Tertiary Education and Employment (SCOTESE) through an annual National Report on Social Equity in VET, and a VET Equity Outcomes Framework.

¹⁹ NCVET 2018, Total VET activity, data extracted from the Vocstats portal and analysed by researchers within the BSL Research & Policy Centre

qualification.²⁰ Cuts to VET provider funding means that many are not equipped to provide the level of support needed.

Participation and completions among equity groups are going backwards—particularly for rural and remote communities, people with disability, low income earners, CALD communities and young people. There has also been a marked decline in apprentices and trainees, with commencements dropping a massive 26% since 2014 and completions declining by 47%. Falling participation in VET by equity groups in spite of the increasing demand for qualifications is an indictment on current practices and policies, and calls for urgent attention.

Disadvantage has multifaceted effects on VET and pathway options

As outlined earlier, the VET student population includes a large percentage of people who experience difficulties that impact their choices of, engagement with and outcomes from training. The costs for those who do not have the skills and qualifications to sustain work are immense. Some will face extended reliance on income-support payments and other social services, suffer from poorer health, or become marginalised from their communities. Moreover, the strengths and talents that they can contribute to our nation are in danger of being wasted.

Unfortunately, we have reason to be sceptical about the capacity of many private providers to cater for the range of students' needs, since a decade of competition has coincided with declining VET participation and completion rates "among groups facing multiple barriers.

An alternative vision for a VET system premised on equity

There is an urgent need to provide ready access to the learning and wellbeing supports that learners need, and to arrest the slide in participation and completion rates. We advocate a system underpinned by a commitment to a deep learner-centredness premised on equity. This includes the re-introduction of explicit equity targets within the system-wide performance framework. A system premised on equity recognises both the diverse needs and challenges experienced by learners accessing and progressing within VET, and the varying reasons for and benefits from engaging in training. These benefits extend beyond specific occupational skills and reflect the vital role that VET plays in enabling social connectedness, re-engagement with learning, career exploration and access to social and professional networks.

Mechanisms for pursuing this alternative vision

Monitor equity group progress and use targets to improve disadvantage learner outcomes

To strengthen VET policy in relation to disadvantaged cohorts, it is necessary to create a comprehensive monitoring framework, which should be promoted for national adoption and overseen by the National Skills Commission. This should entail creating an 'equity group' schema

²⁰ NCVER 2018, *Australian vocational education and training statistics: VET program completion rates 2016*, NCVER, Adelaide, https://www.voced.edu.au/vital_node_create/ngv_80349

and linking it to monitoring and performance targets.²¹ The main indicators of performance should be *participation* (via enrolment data), *achievements* (via completion data), and *transitions* (via employment outcomes data). The schema should focus on those:

- of low SES background
- lacking year 12 or Certificate III attainment
- with disability
- newly arrived and of CALD communities
- second chance learners (young/old early school leavers returning after a long absence), those re-skilling/upskilling following redundancy/retrenchment, and those involved in the criminal justice system
- of Indigenous background
- from communities under duress (e.g. ravaged by fire or drought).

This monitoring will show concentrations of high-needs students in various types of training, including:

- pre-employment training (usually for the young)
- retraining (for those retrenched or made redundant)
- upgrading skills training (for those already employed, but moving).

Require governments to produce an annual statement on equity groups' progress

We advocate a national approach to publishing the monitoring on equity, in fora such as the COAG Industry and Skills Council, National Skills Commission, the Australian Industry Skills Committee. The aim should be to require an annual statement on the training progress of equity groups across Australia—against targets—to be produced by the National Skills Commission and tabled to COAG via the COAG Industry and Skills Council.

²¹ Victorian Department of Education and Training Victorian Training Market Snapshot provides a single table glimpse of 'Equitable Access', accompanied by brief commentary.
<https://www.education.vic.gov.au/Documents/training/providers/market/vtmrfull2018.pdf>