

24<sup>th</sup> January 2020

Productivity Commission

re: Skills and Workforce Development Agreement

I write on behalf of William Angliss Institute in response to your call for submissions to the review of the Skills and Workforce Development Agreement.

The submission follows.

Please let me know if any additional information is required.

Yours Sincerely,

Paul A Whitelaw (PhD)  
Associate Director Higher Education, Scholarship and Research

| f +61 3 9670 0594  
| w [www.angliss.edu.au](http://www.angliss.edu.au)

attach.

**William Angliss Institute of TAFE** is the Victorian State Government endorsed specialist centre for foods, tourism, hospitality and events. The Institute offers courses from short, lifestyle programs, to industry compliance and licencing courses to entry level foundational skills courses to VCAL and VETIS to apprenticeships, upper VET as well as higher education programs including masters degrees by coursework and higher degrees by research. The Institute has campuses in Melbourne and Sydney along with a national training footprint as well as partner campuses in Sri Lanka, Singapore, Vietnam and China. The Institute was established in 1940 and currently trains and educates more than 25,000 people each year.

WAI is one of 12 dual sector TAFEs in Australia (of which five are located in Victoria) and can be compared in this sense to the six dual sector universities in the country (of which four are located in Victoria).

WAI notes the extensive information requests posed by the Productivity Commission in its review of the NASWD. For the majority of the information requests, we will defer to the Victorian TAFE Association (VTA) as our peak representative body. However, there are two requests (numbers 15 and 16) wherein our view is that WAI is uniquely positioned to offer several key insights. This is because as a dual sector TAFE, WAI competes with external entities such as dual sector universities, other TAFES, and private providers. As well, WAI has to deal with the internal competition created by having both VE and HE courses offered at AQF Levels 5 and 6: a situation which gives rise to confusion in the market.

---

#### 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.*
- 

Inconsistencies in funding for both VET v HE and TAFE v University creates a raft of inequitable situations for students and significant distortions in the market for post secondary education. This is most notable in the upper VET qualifications namely, Diploma and Advanced Diploma, as well as in higher education programs offered in the TAFE sector. There are several key points to note:

- Apprenticeships and Traineeships @ AQF 3 enjoy higher levels of state government support than the Diploma (AQF 5) and Advanced Diploma (AQF 6).
- Apprenticeships and Traineeships @ AQF 3 enjoy Commonwealth Government support whereas the Diploma (AQF 5) and Advanced Diploma (AQF 6) receive no Commonwealth support.
- Higher Education Students in TAFE do not gain access to the tuition subsidy, Commonwealth Supported Places (CSP), unlike their counterparts in university.
- Higher Education Students in TAFE are levied a 25% surcharge (loan fee) on their FEE-HELP whereas their counterparts in university do not have any surcharges on their HECS-HELP.
- Diploma (AQF 5) and Advanced Diploma (AQF 6) students at WAI can only borrow \$5,000 towards their tuition under VET-FEE-HELP, leaving a gap of up to \$10,000 to be self-funded in contrast to HE students at WAI who can put all of their tuition on FEE-HELP, albeit with a 25% surcharge.

As can be readily recognised, this mosaic of inconsistent funding and financing arrangements creates market distortions and significant inequities across the post secondary education sector. Critically, it tends to privilege higher education at university over higher education at TAFE and in turn over upper vocational education at TAFE. We argue that this creates significant market distortions such as the massive switching of enrolments from VET and TAFE to higher education and in particular, university seen over recent years.

It is our view that all students in post secondary education and training, irrespective of the sector or AQF level or institution should have access to:

- a subsidy from the Commonwealth, typically expressed as a flat percentage of their tuition.
- access to an income contingent tuition loan with the same current balance and lifetime allowances without any discriminatory surcharges.

---

#### **INFORMATION REQUEST 16**

- *Are the contributions by government (on behalf of the public), industry and individuals towards VET proportionate to the benefits that each of these groups receive?*
  - *Is direct estimation of public and private benefits as a means to direct government funding feasible and desirable? What would be the implications for other sectors (e.g. Higher Education) if such an approach was taken in VET?*
  - *How should governments judge priorities for funding and effort, and why?*
  - *How should employers and industry contribute to funding the skills training of their workforce? Are there any barriers or disincentives to private funding of VET?*
  - *Should the level of government funding vary for different course or student types, and if so, how should government decide the relative amounts?*
  - *What approaches are most useful to assess the effectiveness of government investment in VET?*
  - *Should government investment in the VET system seek increased participation in training by all Australians? How should this goal be achieved?*
- 

In order to fully appreciate the issues raised by these questions, it is imperative to ensure a uniform understanding of the constituent parts of the VET sector.

Whilst the conventional descriptors are Vocational Education and Training and Higher Education, the reality is much more nuanced, especially in terms of funding in VET:

- Trades and apprenticeships (AQF 3 and some at AQF 4) always have been and will always be relatively favoured by all governments of all political colours and thus relatively well funded.
- Many trades (AQF 3) enjoy the statutory power of formal licencing.
- Schools programs, either VETiS or VCAL (AQF 1 and AQF 2), focus on the very elementary, entry level skills and qualifications and sit largely within the secondary school funding system and are thus funded independently of the HESG.
- Enabling, outreach and entry level programs, especially those tailored to disadvantaged cohorts (AQF 1 and AQF 2), are also focussed on the very elementary skills sets and qualifications and tend to be independently funded by government areas other than the HESG.
- Industry based training (AQF 1 to AQF 3), including professional development (AQF 3 and AQF 4), and especially those funded within a client based fee for service model (i.e. as some form of internal training in a company), tend to be focussed on skills sets, and are clearly contingent upon the company as the business decision making client – which tends to be somewhat independent of government funding.

- Non trade “higher” VET programs, especially those at the Diploma (AQF 5) and Advanced Diploma (AQF 6) level in contrast tend to be very “vulnerable”:
  - They make the student “the recipient, the client, and the financier” of the training and education
  - They tend not to enjoy any form of licencing or regulatory protection that enhances employment outcomes
  - They tend to sit beyond any workplace sanctioned and funded training or professional development program
  - They sit in a contested space as something of a political football:
    - In terms of funding and financial support between state and commonwealth government
    - In terms of positions on the AQF scale between VET and HE.

TAFEs have a well-articulated mission to provide access to training and education for all. Critically, TAFEs are often used by government when there is a failure of industry, business, or social policy. In the former, the TAFE is often sent in (usually without sufficient resources) to provide re-training for those left unemployed when major employers depart a local community. In the later, TAFEs are often used to provide entry level training (usually without sufficient resources) when communities are wracked by long term unemployment, various societal ills, or other form of chronic social disadvantage.

Our view is that there needs greater collaboration and co-ordination between State and Commonwealth in the policy settings for the funding and financing of post secondary education. Critically, this co-ordination must address inequities in support which in turn create market distortions in demand for training and education with longer term implications for a well trained and educated workforce. Importantly, the policy settings must be clearly communicated to education and training providers, existing and prospective students, industry and future employers and the wider community.

**END**