



**Skills Australia's response to the Productivity  
Commission's discussion draft *Impacts of COAG  
Reforms: Business Regulation and VET***

February 2012



Skills Australia welcomes the opportunity to comment on the Productivity Commission's draft discussion paper on the *Impacts of COAG Reforms: VET*. In our previous submission to the Commission in October 2011 on the impacts of the COAG reforms Skills Australia highlighted the need for the Australian VET sector to undertake comprehensive reforms in the way it is financed, organised and developed if the COAG targets are to be met and gains in workforce participation and productivity achieved. We referenced our detailed studies - *Australian workforce futures*<sup>1</sup> and *Skills for prosperity*<sup>2</sup>.

Our submission highlighted the need for structural reform of the VET sector in the following areas:

- the capacity of the sector to meet emerging economic and demographic requirements and the need for investment in the sector to underpin the required growth
- the organisation of the sector, particularly the way it is financed and developed to achieve productivity and participation outcomes
- the need for improved outcomes and transparency in the sector's operations.

We continue to argue for these reforms and note the research of the Productivity Commission confirms our findings that on current projections the COAG targets will not be achieved. Commonwealth skills and workforce development initiatives and the reforms undertaken in Victoria and South Australia are acknowledged. However, Skills Australia considers much more needs to be done in relation to funding, quality and transparency for the potential of the VET sector to be realised.

As Skills Australia's position on VET reform has already been provided this submission focuses on some specific issues we wish to raise in relation to participation and productivity as well as our responses to the Commission's specific requests for information.

### **Participation and Productivity**

In relation to participation we consider it important that the Commission highlight more strongly the significant impact of VET (and other qualifications) on participation.

We also strongly recommend that the Commission's findings in relation to the three qualification projections described as the 'baseline', 'Productivity Commission (PC) estimates' and 'COAG targets' be more clearly explained. Figure 3.4 on page 47 of Part B (VET) is an important and useful depiction of the estimated VET qualification achievements under each of the three projections discussed. It deserves more prominence and discussion. In particular this figure helps to clarify the Commission's estimate of an additional 0.99% increase in participation if the COAG targets were achieved compared to the 'PC estimate' projections.

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<sup>1</sup> Skills Australia (2010), *Australian workforce futures*

<sup>2</sup> Skills Australia (2011), *Skills for prosperity*

In this regard we are particularly concerned about the ambiguity in some of the relevant statements in the *Overview* of the Commission's Draft Discussion paper. For example, it is stated that 'Realised and prospective improvements in the qualifications profile are estimated to lead to changes in workforce participation and productivity (table 4.1)'.<sup>3</sup> We suggest that any reasonable interpretation of this statement would assume that the 'realised and prospective improvements' referred to are improvements compared to the present position and therefore compared to the present participation rate. Similarly it is also stated in the *Overview* that 'Achieving the COAG targets by 2020 ....workforce participation is projected to rise by about 1 per cent'.<sup>4</sup> Again a reasonable interpretation of this statement is that workforce participation in 2020 will then be 1 percent higher than at present. However, we are all agreed that if the COAG targets are achieved the aggregate workforce participation rate in 2020 will be close to 69 percent, which is much more than 1 percent higher than at present.

To clarify this point we consider it would be helpful to acknowledge in a table or chart that the 1% participation increase is the "extra" gained from achieving the COAG targets and that the projected increases in skills from the implementation of the whole reform agenda over the relevant time period would result in much bigger increases in participation relative to now.

We note that the Commission in its analysis of qualifications has focused on the COAG targets for the numbers completing Certificate III and above, which exclude Certificates I and II. We consider this to be a narrow interpretation of the terms of reference, but understand this has been the focus of your work. Nevertheless we consider Certificates I and II to be essential stepping stones into higher level qualifications, as well as into the workforce, and we are not convinced this has been sufficiently taken into account. This is especially so for early school leavers (those who left school at year 10 or below). Research shows that employment rates are higher for early school leavers who hold Certificates I or II compared with those who don't.<sup>5</sup> Also, in terms of the 'employment ladder', as those further up the ladder are equipped to move up a rung, less skilled jobs which may suit those with lower level qualifications, such as Certificates I and II, are freed up for those wanting to take up entry level positions.

Further, a significant number of Certificate I and II graduates move into further VET study at higher qualification levels. Results from the 2011 NCVER Student Outcomes Survey show 23.2% of Cert I and II graduates entered further study at a higher level - 17.1% at the Cert III and IV levels, 2.5% at the Diploma and Advanced Diploma levels, and 3.6% at Bachelor or above levels.<sup>6</sup>

Another issue which we feel may not have been given sufficient weight is the potential impact of recent government initiatives, in particular the benefits of the Productivity Places Programs (PPP) and a greater focus on quality initiatives, including strategies to

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<sup>3</sup> Productivity Commission (2011), *Impacts of COAG reforms: Business regulation and VET*, Discussion draft, Overview, p.53

<sup>4</sup> Productivity Commission (2011), *Impacts of COAG reforms*, Overview, p.54

<sup>5</sup> ABS (May 2011), *Survey of Education and Work*, , Cat no. 6227.0 Table 1: Persons aged 15-64 years, Level of highest non-school qualification by labour force status, highest year of school completed, age and gender Customised table requested by Skills Australia

<sup>6</sup> NCVER (2011), *VET Graduate outcomes, salaries and jobs 2011*

improve completion rates, which will have an impact on participation rates. Although the Australian evaluation of the PPP produced limited evidence, it appears that the South Australian program may be achieving higher than average completion rates and a substantially higher proportion of enrolments for existing employees under the PPP at Certificate III and above.

In relation to productivity we think it would be helpful if the Commission were able to indicate the extent to which increased education and training could reasonably be expected to impact on productivity as measured. For example, if the increase in education and training does not lead to any upward movement in the distribution of qualifications then it is not clear why productivity should change at all. And while we would expect an upward movement in the distribution of qualifications from present policies, as we have noted the main effort is to increase qualifications and skills across the board. Indeed this broad-based approach is necessary if Australia is to succeed in increasing workforce participation.

### **Areas of disagreement**

We would also like to state that while we agree with the majority of the Commission's findings we disagree or have reservations in some areas which are outlined below.

#### *Future VET expenditure*

The Commission states:

*In its 2011-12 budget, the Australian Government committed funding through a new National Partnership for Vocational Education and Training for States and Territories that 'make a genuine commitment to achieving reforms which complement the objectives of the revised National Agreement on Skills and Workforce Development which is expected to be in place by 1 July 2012' (Australian Government 2011, p. 145). A total of \$1.75 billion was flagged for expenditure over five years from 2012-13. This suggests that expenditure, and VET activity, will continue to be higher when current policy statements expire, relative to the pre-reform period.<sup>7</sup>*

Skills Australia suggests there is more concern about funding than implied in the Commission's statement. Detailed analysis is needed on the likely changes in Commonwealth and state and territory funding in relation to projected need for training places. The Commonwealth made a very large addition to funding for VET between 2008 and 2010, over 30% increase in outlays at constant prices.<sup>8</sup> However the growth is not sustained in the near future. The Commonwealth's forward estimates for Specific Purpose Payments (SPP) and National Partnerships (NP) to the states and territories are included in the first rows of the table below which also shows other provisions related to the VET sector<sup>9</sup>. The Commonwealth's funding to the states peaks in 2011-12 with lower levels of funding shown for the following years. The funding under the national partnership on vocational education and training of \$1.75 billion for five years provides

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<sup>7</sup>Productivity Commission (2011), *Impacts of COAG reforms*, Part B: VET, p.45

<sup>8</sup> Estimate based on NCVER (2010), *Financial Information*

<sup>9</sup> The other forms of Commonwealth support for VET also need consideration in a comprehensive review of funding.

for \$238 million a year for the first three years, and \$516 million in each of the two final years (beyond the forward estimates). Assuming SPP funds are maintained in these later years Commonwealth total funding under the SPP and NP in 2016-17 will lift again in real terms to about the level of 2011-12.

The Commonwealth's share of total VET funding has increased substantially but some 60% of VET funding is still provided from states and territories own revenues. While the 30% increase in real Commonwealth funding 2008 to 2010, was occurring the States increased their outlays by only 3% and the total all government funding and other funding increased 12 per cent. If the states continue to lag in funding or if private funding remains at its relatively low levels<sup>10</sup> the achievement of the increased VET enrolments recommended by Skills Australia, and meeting the COAG qualification targets will be difficult.

The alternative could be that increased enrolments are provided through further reduction in funding per student contact hour. The *Report on Government Services 2012* shows that Government real recurrent expenditure per annual hour between 2006 and 2010 fell by 14%.<sup>11</sup> This is on top of a decline of 11% from 1997 to 2005<sup>12</sup>. This decline in funding is in contrast to the long term increase in funding per student in schools<sup>13</sup> or the funding per Commonwealth supported place in Universities, which declined from 1994 to 2003 but has since recovered from to about the level of the early 1990s<sup>14</sup>.

Continuing decline in funding per student contact hour is likely to affect quality, the provision of support for individuals with major learning needs and perpetuate high-volume/low margin approaches to training delivery and assessment.<sup>15</sup> There are many examples of students being awarded qualifications but employers expressing concern that the students have not reached the standards prescribed for that qualification. This has been featured in Skills Australia's discussions with industry, in the Productivity Commission's *Caring for Older Australians*<sup>16</sup>, the Knight Review of the Student Visa Program<sup>17</sup> and the Victorian Essential Services Commission *VET Fee and Funding Review*<sup>18</sup> and subsequent consultations. It is important to meet quantitative targets but the training provided must be of sufficient quality to ensure the skill needs of individuals and industry are met.

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<sup>10</sup> NCVER data for 2010 show domestic fees for government supported places provided about 4 per cent of total VET funds while other private funding including international student fees made up 18 per cent of total funds.

<sup>11</sup> Productivity Commission (2012), *Report on Government Services 2012*

<sup>12</sup> Michael Long (2011) *TAFE Funding and the Education Targets An Update*, CEET

<sup>13</sup> See *Report on Government Services* Table 4A.10

<sup>14</sup> *Higher Education Base Funding Review: final report* October 2011 pp3-4.

<sup>15</sup> Peter Noonan (2010), *Investment in VET for a productive and inclusive society*, CEET.

<sup>16</sup> Productivity Commission (2011), *Caring for older Australians*

<sup>17</sup> *Strategic review of the student visa program* (2011) (the Knight Review)

<sup>18</sup> Victoria. Essential Services Commission (2011) *VET Fee and Funding Review*

### Australian Government funds for skills and workforce development

	\$ million					Increase	Average
	2010-11	2011-12	2012-13	2013-14	2014-15	2010-11 to 2014-15	annual increase <sup>1</sup>
Total to States: SPP and NPs <sup>2</sup>	1,713	1,864	1,709	1,774	1,722	0.5%	0.1%
<b>National Agreement SPP</b>	<b>1,339</b>	<b>1,363</b>	<b>1,391</b>	<b>1,417</b>	<b>1,446</b>		
<b>National Partnership Programs</b>	<b>374</b>	<b>501</b>	<b>318</b>	<b>357</b>	<b>276</b>		
Total DEEWR Programs including support for employers of apprentices, apprentice benefits, language programs and workforce development	1,804	1,998	1,814	1,820	1,764	-2.2%	-0.5%
Total DEEWR Student Assistance for VET <sup>4</sup>	590	629	633	619	619	5.0%	1.2%
DIAC Adult English Migrant Program <sup>5</sup>	205	212	220	226	233	13.7%	3.4%
<b>TOTAL VET Related Funding<sup>6</sup></b>	<b>4,311</b>	<b>4,703</b>	<b>4,376</b>	<b>4,439</b>	<b>4,338</b>	<b>0.6%</b>	<b>0.2%</b>

**Notes:** <sup>1</sup> Calculated as "Increase 2010-11 to 2014-15" divided by 4

<sup>2</sup> Treasury Budget Paper No. 3 2011-12: *Australia's Federal Relations Table, 2.5*

<sup>3</sup> DEEWR Budget Statements: Outcome 3, Table 2.3.5 Administered Expenses VET National Support. This does not include student assistance listed separately above

<sup>4</sup> Derived from DEEWR Budget Statements: Outcome 3, Table 2.3.3 Tertiary Student Assistance - Estimates based on projected numbers in VET and average payment per student. DEEWR does not separate funding for VET from higher education

<sup>5</sup> DIAC Budget Statements 2011-12: Outcome 5, Table 2.3.5: Program component expenses

<sup>6</sup> Excluding the cost of VET FEE-HELP

#### Governance arrangements and contestability

Skills Australia is concerned that the argument around governance arrangements for public providers (Part B page 57) is narrow as it focuses on the role of public providers in high cost, thin markets. Skills Australia believes the role of the public provider is broader than this. Public providers have a significant function, not only delivering in thin markets, but also as a lever of government policy in supporting regional and local initiatives. This role includes contributing to community and regional development, meeting the needs of specific community groups, establishing links with industry, schools and universities, providing stability to the training system and setting high quality standards.

#### **Our response to the Commission's specific requests for feedback and information**

The Commission has invited comment and feedback on the analysis in this discussion draft and supporting volumes. In particular it would appreciate feedback in regard to:

- preliminary assessments of the nature of the reforms being assessed and the estimated direct and economy-wide impacts;
- the scale of benefits that have been realised, are in prospect or remain potential;

- and the nature and scale of on-going compliance and administrative costs, as well as government and other transition costs associated with implementation of reform.

The Board notes the Commission has specifically requested feedback on the assumptions that have been applied and we would like to discuss the following assumptions made about the relationships between ability, educational attainment and productivity:

### **Assumption**

- The Commission assumes that completion of a VET qualification increases the productivity of an individual.

The Board agrees with this assumption

### **Assumption:**

- An individual's workforce participation, and his or her productivity, are only enhanced through the attainment of a full qualification above the highest one already held.

The Board does not support this assumption. There would be many instances where individuals with a degree would undertake a VET qualification to either increase their employment prospects or their career advancement. For instance a nurse with a degree who wishes to become a unit manager may undertake a qualification in frontline management at certificate level. Data shows that in 2010, 7.8% (139,794) of VET students had a Bachelor or higher degree as their previous highest level qualification.<sup>19</sup> Further, of VET students who previously held a Bachelor or higher degree as their highest level qualification, the majority were currently enrolled in a Certificate IV level qualification.<sup>20</sup>

People might also undertake another VET qualification at the same or lower level for similar reasons. For example a plumber who would already have a trade certificate might undertake a certificate level course in small business management to enable him or her to set up their own business. These qualifications, although at a lower or equivalent level to initial qualifications, represent skills broadening and can be argued to contribute to both participation and productivity. "Refresher" courses or ICT updates can also be important in enhancing a worker's productivity. Beyond full qualifications, skills sets can also contribute to both employability and improved career prospects by enabling individuals to obtain the specific skills required for particular jobs. Literacy and numeracy programs too, which are often at a low qualification level can have significant impact on both participation and productivity as demonstrated by the Commission's own work in this area.

We also consider it important to remember that the Australian economy is in transition, with accelerated differentials in growth patterns across various industries and regions.

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<sup>19</sup> NCVER VET collection, *Students 2002-2010*

<sup>20</sup> NCVER VET collection, *Students 2002-2010*

People are likely to change industries and in order to obtain jobs in different industries might need to obtain new qualifications at the same level to those already held. We believe this process needs to be facilitated and will both support participation and improve productivity.

***Assumption:***

- A person who undertakes a qualification as a result of a policy initiative is less able than a person who chooses to acquire the qualification in the absence of the initiative.

The Board does not agree with this position and we are not aware of any evidence to support this assumption. Indeed it is not difficult to think of a variety of reasons that have nothing to do with an individual's ability, which could explain why that individual may not have previously obtained a qualification prior to a policy initiative. For example, factors such as income and low SES background are well established reasons for low educational attainment that are not related to ability. This is acknowledged in the Commission's discussion about the relationship between ability and productivity by education level on page 30 of Volume 3, but may need more discussion and analysis.

***Assumption:***

- The Commission takes the view that while aggregate productivity is improved by people joining the workforce who might otherwise not have worked, their productivity is lower than the average productivity of the workforce they are joining. The newly qualified person's productivity as measured by wages is therefore lower than the average of the educational cohort than at they join

The Board queries this assumption. For example, as a general rule most education and training is to meet replacement demand and in our experience when someone is appointed or promoted to a vacant position, there is no evidence that on average they are better or worse than the person they are replacing. We therefore query the impact of this assumption on both productivity and participation, and the reasonableness of the assumption itself.

***Assumption:***

- The Commission also notes that sometimes obtaining a qualification simply certifies existing skills and does not lead to an improvement in their productivity.

We agree with this assumption, but note that certification (recognition of prior learning) generally only provides part recognition towards a qualification, and obtaining a full qualification for such persons therefore leads to acquisition of additional skills and so potentially greater productivity. Certification may also enable those already employed to take on greater responsibilities, such as supervisory roles, so contributing to greater productivity.

As a general comment, we consider the Commission's assumptions need to take account of existing workers and the fact that part qualifications, such as acquisition of skill sets for those who already have a certificate III or above can add to productivity.



The Commission has also requested feedback on the following issues:

The most effective and efficient ways of providing potential VET students with the information that they need to make informed decisions

Provision of information to potential students about VET providers is currently highly variable. Many provider websites have an emphasis on marketing rather than accurate objective information on which students can make informed decisions. Information should include courses offered, fees, services and facilities such as learner support, disability services, library access, ICT services and counselling, and indicators such as completion rates, graduate outcomes, employer/industry partnerships, articulation and other partnerships with schools and other providers.

The *MySkills* website should be expedited to support provision of accurate and relevant information to students.

Career advice also needs improvement. Quality career information is required for successful transitions from school to further education and training and work but also for adults, potentially throughout their working lives, as their career develops. There is currently a paucity of information available to current and prospective VET students. Although there is evidence of high usage of career development services at universities, in the VET sector they are relatively limited.<sup>21</sup> Career development services in VET are often enveloped within general student counselling services and there is large variance in these services between VET providers.

A multifaceted approach is required to improve this situation – better career advice, greater provision of information about providers and improved access to labour market information, including future prospects and career paths. The Board considers it important that industry be engaged at a grass roots level in any career development initiatives.

The most effective and efficient ways of achieving increased quality delivery

The issue of quality is the most critical element of the VET system. Without continued focus and improvements the VET “brand” is undermined and public funds are wasted. Indeed, concerns about the quality of training delivery and assessment were the single biggest issue identified in the submissions we received to our discussion paper, *Creating a future direction for Australian VET*.<sup>22</sup>

In *Skills for prosperity* we argue that improved quality in the sector can be achieved through a number of interrelated reforms:

- a robust and properly resourced national VET regulatory system

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<sup>21</sup> Phillips, KPA (2008), *Review of career development services in Australian tertiary institutions*, Career Development Section, Department of Education, Employment and Workplace Relations

<sup>22</sup> Skills Australia (2010), *Creating a future direction for Australian VET*

- the introduction of eligibility criteria for providers that wish to supply publicly funded entitlement places
- a strengthened Australian Quality Training Framework (AQTF), which is now the VET Quality Framework (VETQF), that will lift the quality, rigour, validity and consistency of assessment through external validations
- high-quality and rigorous delivery of the Training and Education Training Package, which is central to building qualifications and capability in the VET workforce
- growing a professional and skilled VET workforce by building the depth and breadth of workforce qualification and investing in a national VET workforce development strategy
- ensuring transparency so that clients and stakeholders of the system can clearly judge it, using appropriate and reliable data

We have consistently argued that opening up the training market to greater contestability must be preceded by more stringent quality measures. The danger otherwise is that providers will only compete on price and additional investment in the sector will be compromised as a result of poor quality.

Effective regulation is a key plank of a quality system and there have been significant national regulatory developments across the tertiary sector. These include the establishment of the Australian Skills Quality Authority (ASQA) and the new National Skills Standards Council (NSSC). A strong, coherent and well resourced regulatory apparatus is important for the sector's future and we are concerned to monitor that the regulator has the resources required to undertake its work. However quality assurance needs to be multi pronged and more needs to be done apart from effective regulation.

While the ASQA and NSSC are responsible for setting and monitoring national quality standards, concerns have been expressed that national quality, regulatory and information services may not be sufficient to underpin the move to entitlement funding. In *Skills for prosperity* we recommended the introduction of additional eligibility criteria for providers seeking to supply publicly funded places. These eligibility requirements would be enforced by funding bodies through their procurement arrangements with registered training organisations (RTOs). We consider that governments should be using their tender processes to insist upon the criteria, and should verify that RTOs who receive public funding money are indeed delivering to the agreed standards.

We support the Commission's comment that currently the "overwhelming emphasis of quality control is on inputs and not student outcomes"<sup>23</sup> and we consider there should be much greater reporting and rewards based on outcomes, rather than inputs. There should also be increased transparency. These strategies would provide both efficient and effective ways to achieve improved quality and inform the market.

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<sup>23</sup> Productivity Commission (2011), *Impacts of COAG reforms*, Part B: VET, p.54

Given the feedback we have received about inconsistency and lack of confidence in assessment outcomes in the sector we consider it a priority that the VETQF be strengthened to require mandatory external validation of assessment. By this we mean validation of a sample of student assessments on an annual basis by authoritative external parties independent of the RTO.

Validation would consider both the assessment process, including the tools used, and the assessment outcomes. It would also review assessment materials from on- and off-the-job training settings, and cover the range of training package qualifications delivered by the RTO.

At the front line of excellence in teaching and learning outcomes is a professional and well-supported VET workforce. Ongoing concerns about the alleged variable quality in the delivery of the Training and Education (TAE) Certificate IV are worrying. In *Skills for prosperity* we recommended a number of standards that, in addition to the AQTF (now VETQF) standards, RTOs with the TAE on their scope, teachers and assessors of the TAE, and students demonstrating competence in the TAE, should be required to meet. We would also like to see the TAE strengthened to include a boarder range of qualifications and include language, literacy and numeracy competencies as a mandatory priority. Furthermore, as the role of VET practitioners evolves and greater demands are placed on them Skills Australia believes that a unified national strategy for building VET workforce capability is necessary.

Finally, a key strategy to drive quality improvements is to ensure transparency so that clients and stakeholders of the system can clearly see what it is achieving and judge it, using appropriate and reliable data and information. The move to increasing accountability and public information across the whole education and training system has been agreed by governments. However, as the sector becomes more demand driven it is becoming imperative that all RTOs be required to provide data to the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) and that agreed information is published on the *MySkills* website.

Effective and efficient approaches to improving completion rates in the VET sector
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We agree current completion rates in the VET sector are unacceptably low and that this impacts on the overall supply of qualifications. Although we acknowledge that RTOs enrolling a large proportion of disadvantaged students are more likely to have lower completion rates and there are cases when a partial completion may be considered a successful outcome, we maintain that such low qualification completion rates represent wastage for individuals, employers and government. We suggest the following strategies to improve completions:

- Collect qualification completions data from all providers and publish completion rates by provider. However, a wide range of data on each provider will need to be published to ensure RTOs delivering to a large number of students, including high proportions of disadvantaged learners, are not compared to small single purpose “specialist” providers.

- Provide better counselling and student advice up front so that students are better able to select a course in which they are likely to succeed. Research by the NSW Board of Vocational Education and Training (BVET) found that a quarter of all apprentice recruits are not well suited to the trade, or to the apprenticeship experience they signed up for and are therefore very unlikely to complete.<sup>24</sup> Another 20% were ambivalent about their experience and did not rate their chances of completion highly.<sup>25</sup>
- The study by BVET also found that “fairness” is a major factor in qualification completions. If the apprenticeship experience passes the “fairness test”, that is it meets the individual’s expectations, they will be more likely to complete.
- Ensure mentoring and learner support, especially for disadvantaged students.
- Provide adequate loan support and student financial assistance.
- Ensure teachers are made aware of the benefits of completing a full qualification and so encourage their students to do so.
- Introduce outcomes based funding – rewarding completions, but only after required quality processes are in place. We recommend that public funding should move progressively to a system of staged payments at enrolment, midpoint and a final payment based on module completion. Putting the emphasis on completions also has the potential to promote a much stronger focus on student selection and support.

We also note that the recognition of skill sets is likely to reduce the number of people who sign on for full qualifications which they have no intention of completing. Instead these people will be able to sign on for a skill set, which they will complete, while the apparent completion rate for the remaining people who sign on for the full qualification will also rise.

Factors that ought to be taken into account in assessing the importance of the different steps in reform sequencing.

There are significant dangers in opening up the training market without proper quality controls and there are continuing reports of poor provision and poor provider behaviour which are alarming. These include those cited recently in the Commission’s recent report on Aged Care<sup>26</sup> and in the Victorian parliament<sup>27</sup>. The Board therefore recommends there be additional criteria for providers of publicly supported places as outlined above. A tougher ‘bar’ to deliver publicly funded qualifications is considered important to protect consumers in a more open competitive market with a multiplicity of providers and where

<sup>24</sup> Dickie *et al.* (2011), *A fair deal: Apprentices and their employers in NSW*, NSW Board of Vocational Education and Training

<sup>25</sup> Dickie *et al.* (2011), *A fair deal: Apprentices and their employers in NSW*, NSW Board of Vocational Education and Training

<sup>26</sup> Productivity Commission (2011), *Caring for older Australians*

<sup>27</sup> The Hon Peter Hall Minister for Higher Education and Skills, quoted in Hansard, Victorian parliament, 8 December 2011

ongoing concerns about quality are being expressed. We also consider that reforms such as outcomes based funding should not be implemented until ASQA has been established for two years and rigorous processes are in place to ensure quality is not compromised.

We recommend the following quality measures should be implemented urgently. They are listed in priority order:

- Mandate external validation of assessment
- Implement eligibility criteria for providers to deliver entitlement places, noting that most jurisdictions have already introduced additional controls. (Skills Australia has commissioned research on this issue and will be happy to share this with the Commission, once it is completed)
- Strengthen data collection and require all RTOs to provide data compliant with the AVETMISS that will readily enable a comprehensive national data collection and promote transparency.
- Expedite the development of the *MySkills* website
- Expedite implementation of the unique student identifier – so completions and student progression can be monitored effectively

#### Language, literacy and numeracy

*The Commission would also appreciate study participants' views on whether the estimated gains in productivity from improved language literacy and numeracy (LLN) (outlined in V3 p48-49) are achievable. What would be the appropriate and realistic scale and timeframe for a further government initiative on LLN given the potential costs and benefits?*

Skills Australia considers these gains are achievable and should be a priority. In *Australian Workforce Futures* we argued for the development and implementation of a national adult literacy and numeracy strategy.<sup>28</sup> This recommendation was accepted by the Australian government and is currently under development. We also recommended a 50% increase in both the WELL and LLN programs, with Commonwealth resourcing of \$12m per annum and \$38m per annum (non cumulating) between 2010 and 2012 and that after this funding be determined in line with the national strategy. We noted this may entail increasing resources to the specialist teaching and learning of core skills across the tertiary education sector and in the workplace.

We welcome the Commonwealth injection of funds for language, literacy and numeracy in the last budget (\$20m over 4 years for WELL and \$143.1m over 4 years for LLNP) but consider greater investment is needed in line with our previous recommendations. It is our view that the productivity and participation gains that would ensue warrant such investment. We note the Commission's findings in relation to estimated gains from improved adult literacy and numeracy and support this position

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<sup>28</sup> Skills Australia (2010), *Australian Workforce futures*, p.35-42