

Impacts of COAG VET reforms Consultation

Held on Friday February 3, 2012 10.00 am – 12.00 pm
at VTA Offices, level 3, 478 Albert Street, East Melbourne

Convener: Nita Schultz

Purpose: The purpose of this paper is to inform the TAFE Directors Association response to the Productivity Commission (PC) Discussion Draft. VTA will not be lodging a separate submission.

Scope: These comments are responding only to PC Discussion Draft *Part B – VET* Chapter 3 Impacts of COAG Reforms. This consultation is considering the paper from a Victorian perspective and as such comments draw on experiences in an entitlement model for VET within the scope of the Victorian Training Guarantee.

1. Productivity Commission Draft Report assumptions about the relationships between ability, educational attainment and productivity (Ch. 3 pp. 25-31)

We remain unconvinced this assumption is correct. Many industries have endorsed formal skills sets with the industry training package of qualifications in recognition of the importance of clusters of units to the development and productivity of the workforce. Achievement and application of skills sets can improve productivity of workers yet national measures give no value to skills sets undertaken in vocational education and training. This seems at odds with processes in higher education. We propose that the Module Load Completion Rate (MLCR), a common measurement in vocational education and training performance, is worthy of consideration to fully understand the relationship between educational attainment and productivity.

The Discussion Draft acknowledges that in some instances attainment of a qualification simply certifies an individual's existing skills and does not imply an improvement in his or productivity. We agree. However, it appears the data used by the PC on enrolments in Victoria since the introduction of the Victorian Training Guarantee (VTG) have not excluded such enrolments/qualification completions. The extent of recognition of prior learning (RPL) and subsequent issuing of qualifications goes well beyond those occupations where a regulatory change means all workers are required to gain a qualification. We encourage the PC to enquire from Skills Victoria the full extent of qualification completions based on RPL in 2011 and to review comments in the light of the data provided.

However, RPL serves to provide social benefits to awardees and is a valuable tool for workforce development planning that can lead to future productivity benefits.

2. Effect of market-oriented reforms in Victoria (Ch. 3 pp. 33-37)

Observations that:

- The extent of training being paid for by businesses is diminishing (borne out by decline in TAFE fee for service activity as disclosed in Skills Victoria Q3 report). Fee for service enrolments in TAFE fallen 5% as at Q3 2011 compared to Q3 2010. Industry has quickly shifted thinking to an expectation that the government will subsidise workers' training. Concerns that employers cannot afford fee for service rates (eg: Certificate III approx. \$3000-\$5000 in TAFE), cannot access govt. subsidies due to existing qualifications of workforce, and training effort declining. Comments that investment in training by employers will diminish as the value for money cannot be justified. Anecdotal advice that employers in the health

sector are recruiting staff not on the basis of the 'best fit' for position, but if the person can attract government subsidies for training.

- There needs to be a forensic investigation of the impact of the limited eligibility criteria in Victoria on mature aged workers/women. With ageing population and the policy imperative to increase workforce participation and entitlement models in VET, policy levers cannot discriminate against mature aged and disadvantaged people from receiving government funding support to undertake training. The public benefit must be quantified with government accepting a responsibility to invest in these cohorts.
- Anecdotal advice that employers in the health sector are recruiting staff not on the basis of the 'best fit' for position, but if the person can attract government subsidies for training.
- Pre-apprentices over the age of 20 cannot get government subsidies if they hold a Cert II or above. In 2010 over 1200 Victorians aged over 20 years of age enrolled in pre-apprenticeship programs (Certificate II) in Victorian TAFE providers while holding equivalent or higher qualifications. Pre-apprenticeship programs are valued by industry and an important stepping stone to skills development and employment not just for young people under the age of twenty. Pre-apprentices have excellent completion rates. Pre-apprenticeship programs need to be protected.

3. Draft Report commentary regarding gains in productivity from improved LLN skills.(Ch. 3 pp. 43-44, 48-49)

The Commission rightly acknowledges the challenges to raise literacy and numeracy skills across the broad spectrum of the population. This must occur from the earliest age with early childhood education and schools providing the foundation. The VET sector has a role to achieve step-change at this point in time to assist people that have missed out through the school system to achieve literacy and numeracy skills, including digital literacy and the use of converging technologies, to be able to effectively participate in work. The investment by the Australian Government and State Governments needed to achieve this is much more than currently being allocated. It is difficult to imagine COAG targets being achieved with current budget allocations. If irresponsible targets have been met they need to be reassessed.

The Victorian Training Guarantee provides an entitlement to foundation training irrespective of age or prior qualifications. This is a strength of the Victorian Training Guarantee.

VTA supports targeted investment (early childhood, schools, specific mature aged groups) with clear outcomes driven performance measures. (see also VTA Note 2 below).

4. Improved information to students (Ch. 4 pp. 51-53)

Within the Victorian context of reforms it is noted:

- Timeframes for implementation were impossibly short. Systems and processes had not been fully developed and tested prior to implementation. For example, agreement with Commonwealth had not been reached to enable ICL for Diploma/Adv Dip students although it was announced for commencements 1/7/2009.
- Implementation commenced without a penetrating communication strategy on the part of the government. Employers were not sufficiently well informed of the changes and the impact on workforce development and training options for their staff.
- Small businesses particularly disadvantaged in obtaining government funding support for training where existing workers held other equivalent level/higher level qualifications and could not attract funding support.

- Labour market information to inform user/industry acquisition of training totally inadequate for public/employers to make informed choices about employment opportunities and training providers credentials.
- There has been no improvement in publicly available information to enable informed choice by employers and/or potential students. The prolific advertising of VET courses cannot be taken as a proxy.
- VTA members mentioned many examples where students have made poor first choices in VET courses and as a consequence cut themselves out of government subsidized training in the course of their subsequent career preference. Many examples cited where young people over the age of 20, find they have been signed up in a traineeship (Certificate II) as part of parttime employment and when they make a choice to gain entry qualifications in another industry, are not eligible for government funding in Victoria (eg for pre-apprenticeship program at Certificate II).
- Centrally located online information hub with design based on rigorous stakeholder consultations.

5. Effective and efficient ways to promote increased quality delivery of VET. (Ch. 4 pp. 53-55)

The issue of poor quality training and training outcomes as a result of the implementation of a market model in Victoria cannot be swept under the carpet. Qualifications issued by VET providers must have integrity and sound pedagogy at their foundation. We are concerned that the integrity of qualifications, particularly at the higher levels, has diminished in the public view due to well publicised disreputable practices. Reforms are needed to ensure that VET qualifications achieved in Victoria are regarded highly by industry and the general public.

Discussion particularly noted:

- The seemingly impossible task for the regulator (ASQA) to manage the volumes of requests from VET providers and monitor quality with existing resources.
- Escalation of providers in receipt of government funding in Victoria. (list accessible at <http://www.skills.vic.gov.au/get-training/find-a-provider-or-university/list-of-contracted-registered-training-organisations>) The question needs to be asked if an open market, with potentially unlimited suppliers, is the most appropriate in the VET context.
- Lack of a transparent risk based system for regulation of the quality of providers.
- An understanding that quality outcomes are measured by following paper trails through the processes and procedures of training organisations. This does not guarantee continuous improvement and quality outcomes.
- All training providers should be accountable for public funds and be required to publicly report financial and educational performance.

6. Draft Report commentary on completion rates. (Ch. 4 pp. 55-57)

Broad discussion regarding the input rules to AVETMISS and the possibility that student completion, as evidenced by certification being issued, may not be entered if data lodgement deadlines pass and student has not applied for certification.

7. Successfully sequencing reform drawing on Victorian experience (Ch. 4 pp. 56-57)

In addition to the comments above/below regarding information, the following steps are recommended for effective planning for, and implementation of, VET reforms:

- Establish quality standards befitting a market model using billions of dollars of government investment. Standards must go beyond the minimalist requirements of the AQTF.

- Establish a risk management strategy for VET providers participating in government funded training.
- Establish quality monitoring framework and implementation plan.
- Ensure data used to underpin policy decisions are accurate. A flawed assumption based on poor data can have profound impact. (The Victorian policy was underpinned by research concluding that 1.6 million Victorians lacked the necessary qualification to enter the workforce. This has been challenged by TAFEs but there has been no response from the Victorian government bureaucracy.)
- Ensure data used by potential VET students and employers to inform choice are accurate.
- Publicly transparent planning and implementation strategies. In Victorian context policy was implemented in three stages commencing July 1, 2009. At that point in time recording and reporting processes and supporting systems had not been de-bugged. VET Fee-Help had not been agreed between the Commonwealth and the State. There was insufficient opportunity to thoroughly train customer services staff in changes – misinformation resulted. In our view a very poor communication strategy by government. Continuous knee jerk reactions to unwanted outcomes of the policy implementation.