Productivity Commission Review of the National Agreement for Skills and Workforce Development

Victorian TAFE Association Response
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Introduction
The Victorian TAFE Association is the peak body for Victoria’s public providers of Vocational
Education and Training (VET), including 12 TAFE institutes, four Victorian dual sector
universities, and an Associate member, AMES Australia.

The Victorian TAFE Association welcomes this opportunity to provide input to the
Productivity Commission Review of the National Agreement for Skills and Workforce Development (NASWD). The Victorian TAFE Association would like to use this opportunity to provide comment on a number of areas, including:

- Equal treatment of sectors
- The unique role of the public provider
- Distortions
- Developing all capabilities
- Micro-credentials
- The Victorian TAFE model
- More than apprentices

The Association intends to provide additional comments at the release of the Review’s interim report in 2020.

Equal treatment of sectors
TAFE and the wider VET sector currently do not have access to Commonwealth Supported Places, while students attending university can afford themselves of this support program. Similarly, the imposition of an Eligible Course List for students accessing the VET Student Loan program inflicts a restriction on VET student liberty to choose the education and training that best meets and serves their personal circumstances. It is worth noting that no such imposition or restriction is levied upon students in higher education,¹ who are free to choose the education of their choice, all of which has the benefit of subsidy and support.

Students in the VET sector are further impacted by the lack of funding available to support vulnerable cohorts. While programs exist at the Commonwealth level to support vulnerable student cohorts in the school and higher education sector,² no such programs exist for VET. What support is provided to VET students is generally created at the institute level and funded by the institute through sources such as general revenues.

VET students are also disadvantaged by more onerous regulatory requirements than those in higher education. For example, students enrolling in a VET program in Victoria must complete a number of steps, including a language, literacy and numeracy test. They are also required to demonstrate computer skills and undergo individual interviews. These requirements are applied irrespective of the student or his or her ability to demonstrate the required proficiency through other, more efficient means (through, for example, attainment of the senior secondary certificate of education). But higher education students face far fewer regulatory entry requirements. As such, it is not uncommon to learn that a student, faced with the burden and hurdles of TAFE and VET enrolment processes, chooses instead to pursue a similar course of study at a university.

¹ University higher education students also do not face the burden of an administrative levy on their loans, unlike their VET counterparts.
² For example, higher education providers can access support through the Higher Education Disability Support Program (see https://www.education.gov.au/higher-education-disability-support-programme, accessed 18 December 2019)
Further, once enrolled, VET students face impositions not borne by their higher education counterparts. For example, a student enrolling in a higher education course does not, on the whole (though there are exceptions), need to prove attendance. Instead, the student is treated as an adult, and is given free choice to attend classes or otherwise. But a student in VET is required to demonstrate attendance, with VET providers required to maintain records of attendance.

Section 45(1) of the Tertiary Education and Quality Standards Agency Act 2011 provides universities with the power to self-accredit courses of study. By contrast, the VET sector equivalent of the public universities (TAFE) has no such ability to self-accredit and easily develop courses. As such, while universities have (by virtue of their self-accrediting status) the flexibility and ease to create courses (including micro-credentialed courses) to rapidly meet and adapt to student and industry needs, no such facility exists for the TAFE and VET sector, making it more difficult for this sector to respond to industry and community requirements.

The discrepancies in treatment also appears in funding, as demonstrated by figures collated by the Mitchell Institute that showed that between 2005-06 and 2015-16, the VET sector saw real-term funding fall from $5.9 billion to $5.7 billion. By comparison, over the same period, school sector funding rose from $34.6 billion to $45 billion, while funding for higher education increased from $17 billion to $25.9 billion.3

These instances are raised to demonstrate the impact of funding and regulatory practice and the disadvantage they place on the VET sector, and by extension, to skills and workforce development. In the case of CSP, funding disparities create price distortions, which inevitably impact upon student choice. Similarly, the barriers erected by VET Student Loans and the Eligible course list limit the choices available to a given student. For students from disadvantaged backgrounds, the choices regarding courses of study can be determined by whether or not they will have access to support that makes their education and training feasible. And falling real funding levels affects the VET sector’s ability to invest in its services and educational provision. The favourable treatment given to higher education also contributes to negative views of the VET sector and serves to bolster narratives that too often relegate the VET sector as the ‘educator of last resort’.

We recommend that these inequities be resolved to create equal standing between the sectors, which would remove artificial barriers, resolve distortions and enable education and training choices to be driven by the needs of industry and community and the fulfilment of individual talents, needs and aspirations.

The unique role of the public provider

In 2018, the Victorian TAFE Association commissioned KPMG to undertake an analysis of the contribution made by Victoria’s TAFE institutes to Victorian prosperity. The highly lauded outcome, The Importance of TAFE to Victoria’s Prosperity: Final Report, outlined the innumerable ways in which Victoria’s 12 standalone TAFEs and the TAFE divisions of its four dual sector universities contribute to Victorian wellbeing.

The report demonstrated that TAFE made an economic contribution of almost $3 billion to Victoria’s Gross State Product. But more than that, the report showed that the contribution made by TAFE is more than a matter of economics and finance and includes a large ‘social

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footprint’ that champions and delivers “equity and access to education and training for all Victorians”.4

The KPMG report is a reminder of the need to differentiate between private training providers and TAFE, with the latter fulfilling a public and social ‘charter’ that is a product of history and design and which is often explicitly required through legislation and other policy instruments.5 TAFEs are informed by more than whether or not an activity will generate a profit, but by a civic duty to the wellbeing of the communities in which they are immersed and serve. Indeed, the community itself holds TAFE to this more exacting civic standard, with an expectation that TAFE institutes fulfil or contribute to the attainment of a suite of social and cultural indicators and to the maintenance of society.

There are a number of ways in which this mission operates, such as:

- Multiple campus locations: for example, Victoria’s TAFE institutes and dual sector universities operate more than 100 campuses spanning the state. Their existence is based not on economic grounds solely, but also on community need, providing access to education and training facilities to communities that would otherwise go without. Proximity to an educational institution is often a leading factor in decisions regarding further study, so the presence of TAFE campuses within regional areas contributes to participation in tertiary education and training for regional students who would otherwise be disenfranchised. Indeed, the KPMG report showed that Victoria’s regional TAFE institutes train proportionally more regional students than private providers or universities. In addition, the facilities and resources at TAFE campuses are used for more than educational purposes, being available for community and industry use for multiple purposes, including in times of crisis (such as during a natural disaster).
- Profile: TAFE institutes have an expansive education and training profile that operates across industry sectors and AQF qualifications. This expansive profile is driven by a social expectation that TAFE serve diverse industry and community sectors and to ensure continued societal sustenance by providing the skills required for the successful functioning of society.
- Thin markets: this is related to profile and refers to a situation where there are “few learners (that is, there is low demand for VET) and/or VET providers (that is, there is limited supply of training)”. A thin market can apply to “occupational areas, industry areas and geographic regions (particularly in rural and remote locations)”. While these areas can (and sometimes are) catered to by private providers, such providers can (and sometimes do) decide to leave a thin training market if they deem it economically preferable to do so (that is, if they do not make a profit). But for TAFE institutes, the decision rule is not forged in matters of finance alone, but takes account of the many social and environmental factors that contribute to community and social wellbeing and resilience.

5 By way of example, section 3.1.13 of Victoria’s Education and Training Reform Act 2006 explicitly requires Victoria’s TAFE institutes to be public spirited in their operation, including by providing “programs and services which are responsive to the needs of the community”; and by providing “facilities for use by the community”.
6 NCVER (2008), Vocational education and training providers in competitive training markets: 30
• Community development: Victorian TAFE institutes play a leading role in leading and coordinating efforts to rebuild communities that have experienced economic dislocation and transformation. A good example is the Skilling the Bay initiative led by The Gordon Institute and delivered in partnership with Deakin University and the Victorian State Government. This initiative provides the people of Geelong with opportunities to address issues resulting in the closure of important industries like motor vehicle manufacturing and to engage with emerging sectors.7

• Partner to government: TAFE institutes partner with government to deliver and implement policy, or to ensure the delivery of projects that require the utmost integrity and skill. An example is the deployment of the Victorian TAFE network to deliver bespoke business and governance development training to 800 Business Managers in Victorian public schools. This training need was identified by Victoria’s Independent Board Against Corruption (IBAC), and Victoria’s Department of Education turned to the expertise and strength of the TAFE network to design and deliver the training.

• Diverse cohorts: TAFE plays a major role in providing opportunities for those who come from disadvantaged backgrounds, with a student cohort that includes large numbers from non-traditional backgrounds. Research by KPMG showed that in Victoria alone, the TAFE network delivered training to three times as many students from low socio-economic backgrounds as higher education providers, and about four times as many Indigenous students.8 Further, TAFE plays a crucial role in the delivery of English language and vocational training to Culturally and Linguistically Diverse (CALD) communities, helping to address barriers to employment faced by this cohort. Without the conduit provided by TAFE, many from disadvantaged cohorts would likely be excluded from tertiary education and training and from engagement with society.

The Victorian TAFE Association considers that the NAWSD should differentiate TAFE and dual-sector universities from their private counterparts. This would manifest (among other things) in the way funding is disbursed, including through provision of long-term funding to explicitly support and enable TAFE to meet community obligations. It would manifest in pricing policies that recognise the diverse markets, cohorts and thin industry sectors that would cease to function without the presence of TAFE. Explicit recognition of the special role of TAFE would also require the development of performance measures beyond the financial, to more properly gauge the rich contribution of TAFE, and to enable a fairer comparison of its role vis a vis private training providers.

Distortions

As noted elsewhere in this document, the VET sector faces a number of discrepancies that place it at a disadvantage compared to higher education. Some of these, such as the inability to access CSP, create pricing differences that contribute to distortions in student choice, and result in diminished enrolments for VET compared to higher education.

Distortions manifest in numerous other ways. For example, the VET Student Loans scheme includes bands or levels of support, dependent on the course of study. The different levels of

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support mean that some courses will be more expensive to undertake than others, impacting on the choices made by students. Further, VET student Loans is limited to courses that fall within an Eligible Course List: students undertaking course on the list can access the loan system, while those pursuing courses outside of this list cannot. As a result, students may pursue a course because of the affordability due to its placement on the list and not because the course of study is more suited to his or her needs or aspirations. It should be reiterated that no such list is imposed upon university higher education.

We consider that the distortions created by these policies will increase markedly should the recommendations of the Joyce review for equality of prices/payments across states and territories be adopted. This is because:

1. The Joyce review recommendation does not take account of differences across states and territories regarding different skills requirements and workforce profiles. The recommendation made by the Joyce Review would remove the flexibility to use subsidy rates as levers to encourage training in areas of greatest need.
2. The Joyce recommendation does not recognise that the cost of delivery may be higher in some jurisdictions than in others. A level averaged out over 4,000 highly diverse training providers would yield rates that would be unlikely to cover the costs of provision for large public (and some private) providers.
3. There is no recognition of the important role and need for public providers. Indeed, the Joyce review appears neutral on this, implying that training can be provided by both public and private providers in a similar manner. But as noted elsewhere in this submission, public providers like TAFE are held to a different standard, and its decision on the delivery of training and other activities is informed by a more complex decision rule than whether or not an activity will generate a profit.
4. With respect to point 3, failing to recognise differences between private and public training providers would place TAFE institutes and the communities it serves at a disadvantage. This is because TAFE institutes are expected to provide a full suite of education and training activities in a host of different locations. Some of these may be in costly areas of training or in economically challenging locations. As such, an ‘averaged out’ subsidy and pricing regime is unlikely to be sufficient to cover the costs associated with training and in meeting TAFE public missions and obligations.

The Victorian TAFE Association considers that these issues should be addressed in the development of the NAWSD. We consider that pricing must take account of differences between public and private providers, should not be based on some average, and should facilitate the delivery of the mission and expectations imposed on public providers. Further, the Association considers that imposts levied on VET students through the VET Student Loans scheme should be removed, so that VET students are afforded the same opportunities to pursue their dreams and aspirations as their higher education counterparts.

Developing all capabilities
When national training packages were first introduced, their aim, along with the competency-based system, was putatively to ensure a training system that was rooted in the needs of industry. Industry was given a central place in the design and development of training, a hallmark of which is training packages made up of discrete units that an individual must successfully undertake to be declared competent for a particular job or function. But in recent times, their highly focused nature has proven problematic in providing the generic skills that individuals need to function across industry sectors and job types. Indeed, this was in part recognised in the 2018 review of training packages (Training Product Reform: Issues
for Discussion), which outlined proposals for a fixed number of foundational skills as a means to ensure individuals obtain skills that translate to diverse situations.

Against this is research that shows that about 78 per cent of VET graduates achieve employment at the completion of training. Additional research shows that only 27.2 per cent of graduates who completed a course of training went on to employment in an occupation that was the same as their training course. And so, it seems that in addition to technical skills, VET graduates are provided with training that generates generic skills that enables them to operate successfully across a diverse range of settings.

These points are raised to highlight two areas in need to consideration in the development of the NAWSD. Firstly, for the NAWSD to ensure that skills development is couched beyond technical skills to include a requirement that training also develop transferrable generic skills. But secondly, for the NAWSD to develop mechanisms to capture and leverage the generic skills development that is already taking place in training provision and for some mechanism to recognise these. We consider that this work will provide graduates with greater confidence in their ability to operate across industry settings, but also give industry partners a greater understanding of the skills that a graduate will bring to their workplaces.

**Micro-credentials**

In its submission to the Review of the Australian Qualifications Framework, the Victorian TAFE Association made reference to research undertaken by Deloitte that showed about a third of workers undertaking non-AQF qualifications, with almost 40 per cent planning future study through non-AQF options. The research also showed that while about four in five expressed an interest in pursuing “future study through Australian higher education and/or Vocational Education and Training providers, almost half (45 per cent) reported a preference for ‘bite-size’ intensive learning”.

The story told by the Deloitte research can be cast as one of increasing use of micro-credentials, which are “mini-qualifications that demonstrate skills, knowledge, and/or experience in a given subject area or capability” and can be “awarded for soft and hard skills”. And it is likely their increasing use and importance informed recommendations from both the Expert Review of VET (Joyce Review) and the Review of the Australian Qualifications Framework (Noonan Review) for formal recognition and adoption of micro-credentials in policy.

But formal recognition is just part of the story, with consideration also needing to be given to funding arrangements. Firstly, because many jurisdictions simply do not fund training

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11 Deloitte (2018), Higher Education for a changing world: Ensuring the 100-year life is a better life: 7, 27.

12 In the VET sector, the preferred term is ‘skill sets’. Like the generic ‘micro-credential’, skill sets training enables a student to draw on a ‘few’ units in order to meet some training need without having to complete an entire qualification. For example, a person who holds a generic cookery qualification but who wishes to increase skills in a particular form of cuisine may undertake a unit associated with that cuisine without having to undertake an entirely new qualification.

through micro-credentials, and secondly, because inconsistent treatment among judications adds a level of complexity and uncertainty for both industry and students.

The Victorian TAFE Association recommends that the review of the NASWD give thought to micro-credentials, focusing on how to best fund these increasingly important forms of training, but also to ensure consistency in funding and treatment across jurisdictions.

**The Victorian TAFE model**

In 2017, the LH Martin Institute undertook an analysis of the highly devolved structure of the Victorian TAFE network and compared it to more centralised approaches in other states. While comparable states (for example, NSW) have moved towards a highly centralised structure whereby formerly independent TAFE institutes are merged and centrally managed, Victoria has preferred to continue with an approach that establishes a series of independent TAFE institutes, each with their own CEO and Board of Directors.

The LH Martin Institute research highlighted a number of features that were shown to convey an advantage to Victoria as a result of its decentralised approach:

- Victoria’s TAFE system, which is more localised to regions within country and metropolitan Victoria, enables greater alignment with other bodies and institutions (such as those in local government), facilitating collaboration on social and economic development.
- The CEOs of Victoria’s TAFE institutes are more connected to local communities, making them more able to respond to local realities and opportunities; and to make decisions and provide an easily identifiable figurehead for external stakeholders.
- The devolved nature of Victoria’s system results in a greater number of CEOs, Board Chairs and Board Directors than their centralised counterparts. This creates a number of benefits, including access to an increased number of networks, a larger variety of experience and skill, and a greater pool of people to offer innovative and strategic thinking.
- The Victorian approach facilitates high profile industry specialisation and the formation of long-standing relationships with industry sectors.
- Victoria’s system does not stipulate a requirement to have equal-sized TAFEs across the state. As a result, regional areas are better served by having local TAFEs, which are large enterprises for their regions, with the local authority of a CEO.
- Related to the point above, the system has great diversity in terms of scale and size, educational scope and mission that ensures greater alignment between the education and training needs of regions and a TAFE institute’s training profile. With respect to this point, Victorian TAFE institutes have, where possible or required,

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14 For example, Victoria does not provide public funding for micro-credentials, while its northern neighbour (NSW) has undertaken work to enable this kind of activity through ‘part-qualifications’.
15 The complexity would result if different states and territories develop different treatments for this kind of training. It would be possible for seven different policy responses, which would create unnecessary complexity. But the different treatment would also create different signals regarding the worth or otherwise of these kinds of qualifications. Jurisdictions that fund micro-credential training would, by their actions, provide an implicit imprimatur for this form of training. On the other hand, those that do not send a signal that these forms of training are not worth supporting. This creates an uncertainty regarding the desirability of such qualifications (particularly when moving across jurisdictions).
worked collaboratively in the delivery of projects or activities, drawing on the diversity and strength of each of the Network’s parts.

The Victorian TAFE Association considers that the review should give consideration to the benefits of the Victorian model for skills development and to explore its extension to jurisdictions that are guided by more centralised models.

**More than apprentices**

A glance at policy documents relating to the VET sector leads invariably to the obligatory image of a young man in a hard hat. And it is not in the graphic departments alone that this view dominates, but it can also be seen in policies that are heavily focused on apprenticeships 17.

While TAFE and the wider VET sector are justifiably proud of their role in the training of apprentices and trainees, this limited ‘apprentice sector’ view does a disservice to VET, for it misses the large and broad areas of training activity beyond apprenticeships and the traditional trades. For example, Victoria’s TAFE institutes offer training across the Australian Qualification Framework; have a diverse educational and training profile; provide training over large geographical areas; have a highly mixed student cohort; work with and serve a large range of industry sectors; and undertake applied research projects that draw on TAFE’s strong links to industry and the community to solve real-world problems.

The Victorian TAFE Association considers that a more sophisticated and nuanced view of TAFE and the wider VET sector is warranted in the development of the NAWSD. We recommend that the review ensure a more comprehensive approach that moves beyond ‘hard-hat’ stereotypes and instead envelopes each facet and opportunity for skills development provided by this rich and varied sector.

**Additional recommendations**

The Victorian TAFE Association wishes to briefly highlight the following:

1. **Holistic approach:** the Victorian TAFE Association considers that the Review should move away from approaches that dissect the tertiary education sector into discrete parts (senior secondary, higher education and VET) and instead, consider the education sector and its operation in toto. We consider that this approach would facilitate a greater understanding of the interconnected nature of the system and ensure a fuller understanding of the direct and indirect impact of actions.

2. **Workforce attraction:** The Victorian TAFE Association considers that the Certificate IV in Training and Assessment model should be reviewed. This model is making it increasingly difficult to attract skilled and qualified trade and professional people to work in TAFE and the wider VET sector. This is because the time commitment and expense needed to complete a full course of study can be prohibitive. Other barriers include the timing of such courses (evening versus day, and duration), and the literacy levels required (including digital). The Association considers that options should be developed beyond the current TAE mode. One example would be the creation of a formal, short industry presenter option that would enable training to be delivered by those in industry without supervision. This option would be attractive to all types of training providers, from TAFE to industry-based, and help to ensure a robust and knowledgeable workforce.

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17 For example, the Skilling Australians Fund is focused on apprentices and trainees (See [https://www.employment.gov.au/skilling-australians-fund](https://www.employment.gov.au/skilling-australians-fund), accessed 18 December 2019).
3. Career advice: Earlier in this submission, the Association highlighted misapprehensions regarding the nature of the VET sector, to its offerings and by extension, to the exciting and rewarding career and workforce opportunities that VET education and training offers. It highlights the need for careers advice that is grounded in evidence and that is driven first and foremost by the needs and aspirations of a given careers advice user. The Victorian TAFE Association considers that the NAWSD should include provisions to increase awareness and provide accurate understanding of career options, including through the development of a robust and expert career adviser workforce to challenge biases and misapprehensions regarding education and training options.

4. Lifelong learning: modern societies and economies are characterised by increasingly rapid change. To stay abreast and successfully navigate these changes requires citizens to regularly engage with education and training. But in many instances, subsidies and support for training assume a traditional model, whereby a student completes senior secondary studies, goes on to training, and then enters the workforce. For example, a person who holds a master’s level degree and wishes to undertake training at a certificate level would be unable to access subsidised training, even if the certificate is key to securing employment. This barrier also applies to those undertaking qualifications ‘within VET’, such as a person who holds a Diploma obtained in a VET institute who then chooses to undertake a trade course at Certificate III. Some programs (such as Victoria’s Skills First Reconnect Program) include a requirement that a person not have completed a Year 12 or equivalent qualification to access subsidies, creating a barrier in cases where a person holds a year 12 qualification that was undertaken long ago and may be functionally obsolete. The Victorian TAFE Association considers that the NASWD should include provisions to address these barriers, to ease access to lifelong learning and facilitate skills provision for Australia’s economy.

5. Quality: While ASQA standards are focused on quality outcomes, it has shown reluctance to provide benchmarks or exemplars of what quality may look like. The lack of exemplars leads to variation between auditors as to what constitutes quality, let alone compliance. The Association considers that the sector would benefit through the development of exemplars for quality.

6. Information: the choice regarding courses can be problematic for both students and industry, with many finding it difficult to make a comparison between the offerings of different providers, and indeed, as to what to expect from their training. One way to address this would be through the development of a series of exemplars that would outline what a prospective learner could reasonably expect during his/her course of study. The information contained in these exemplars would be pedagogically sound, based on case studies and real-world examples and give prospective learners and industry a sense of the training that they would expect to receive.

7. Regional delivery: the cost of training provision in rural, regional and remote areas impacts on the number of units and/or course offerings available in regional settings. The Victorian TAFE Association recommends that the NASWD include initiatives to ensure regional communities have choices similar to those available to their city cousins. Policies and funding (including those relating to pricing and subsidy) could be developed that recognise different costs of delivery and encourage adequate provision in regional settings. Policies could also be developed to facilitate synergies and cooperation and the sharing of resources between secondary, VET and higher education providers operating in regional settings, to reduce costs of provision and raise efficiencies, thereby increasing course and unit offerings available.

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18 See, for example https://www.swinburne.edu.au/current-students/manage-course/fees/loans-discounts/skills-first/, accessed 18 December 2019
8. Digital matters: the Victorian TAFE Association considers that the agreement should include a requirement for the development of a ‘digital education strategy’. This strategy would outline initiatives to maximise the use of digital platforms by industry, VET staff and students alike. Part of the strategy would include initiatives to raise the level of digital literacy among all users of the education and training sector, and for a full exploration of the use and potential of digital learning platforms.

**Key contact**
The VTA welcomes the opportunity to speak further to the issues outlined in this submission. To do so, please contact:

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