

Victorian TAFE
Association Inc



**Response to the VLESC
Report on setting VET
priorities to develop and grow
Victoria's innovation economy**

Prepared by:

**Education Standing Committee
Victorian TAFE Association**

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VTA Response to the VLESC Report on setting VET priorities to develop and grow Victoria's innovation economy

Preamble

This submission is made by the Victorian TAFE Association (VTA) to the Office of Training and Tertiary Education, Department of Education and Training in response to the Victorian Learning and Employment Skills Commission Report on setting VET priorities to develop and grow Victoria's innovation economy.

As the peak employer body for the TAFE sector in Victoria, with membership including all of Victoria's TAFE institutes and four multi-sector universities, the Association is well placed to comment on these issues from the TAFE perspective.

The VTA welcomes the initiative taken by OTTE to gather information to assist with the determination of training priorities and the consultative approach adopted. This response is structured to broadly align to the chapters in the VLESC Report and while comment will not be made regarding specific details of the 'Summary of Priorities by Sector', questions will be raised regarding the conclusions drawn to identify supposedly 'high priority', 'priority' and 'low priority' training activities. The VTA acknowledges that since the release of this VLESC report, further data collection and analysis has occurred across the Victorian VET sector through specific OTTE Area Studies. This response however, focuses only on the original report without the benefit of this intelligence collected in recent months.

The Role of TAFE

Demand for VET in Victoria is driven by industry, individual, regional and community needs as well as by imperatives outlined in government policies. As such, TAFE institutes in Victoria have to carefully manage finite government resources to balance the myriad of demands from all client groups.

In relation to the development of vocational skills, the TAFE sector has a responsibility to provide VET to meet the strategic future needs of industry. As such, the vital information to determine training priorities is not the identification of immediate skill gaps, but forecast economic development and the vocational skills required contributing to economic activity.

The Victorian TAFE sector also has responsibilities to develop communities and individuals. Authors such as Kangan, Finn and Burke highlight the responsibilities of TAFE to develop communities and individuals. Kangan¹, describes VET and TAFE as serving and empowering the individual, a sentiment also expressed by Finn when drawing attention to skills for 'active

¹ Kangan, as referenced in the Australian Education Union paper, "National TAFE Funding 2002 Background Paper" (July 2003, p2),

citizenship'. Burke et al² note that VET has an important role in relation to equity objectives and 'if vocational education is converging with general education this also implies the importance of education and training for life in the home and the community as well as in the paid workforce.' (page 3)

The Victorian TAFE sector recognises these demands for VET are continually changing and evolving and ongoing review of VET in Victoria is essential. However it must be remembered that sometimes, the outcomes of the training effort may not be directly aligned to employment outcomes but are valuable contributors to the quality of life in Victoria.

It is in these contexts that the VTA believes this VLESC Report oversimplifies the decision-making processes underpinning the determination of training priorities by overlooking long-term vocational forecasting as well as community and individual interests.

Approaches to Priority Setting

The VTA agrees with the comment in the report that the demand for VET will not abate. The recent reforms in the Higher Education sector are likely to place increased pressure for places in the Victorian VET sector as will the growing stream of university graduates seeking VET. NCVET statistics show that in 2002, 88,500 students studying at TAFE institutions had a bachelor or higher degree. The rising numbers of university graduates undertaking TAFE courses has been highlighted in the both the Sunday Age and the Sydney Morning Herald on March 18, 2004. Increasing over-enrolments at TAFE Institutes/Universities is also indicative of rising demand for VET.

The VLESC Report however, overlooks the additional pressures placed on resourcing VET in Victoria by the poor TAFE funding rate. Victorian TAFE institutes/universities have consistently delivered training in excess of the minimum targets negotiated annually with the Victorian Government but this cannot continue unchecked. The VTA believes it is not appropriate to use the current funding model in determining training priorities in Victoria. If it is the intention of the report to rationalise training opportunities, decisions must be based on realistic funding levels.

While it is acknowledged that individuals and industry will continue to contribute to the cost of VET, in the first instances every effort should be made by the Department of Education and Training to secure sufficient funding to fully fund VET in Victoria as a critical part of the State's economic development infrastructure.

Planning should be based on research of long-term patterns in the demand for and the supply of VET and these needs to be reflected in the Performance Agreements. Currently these are negotiated on an annual basis, reflecting short term rather than long-term perspectives. The research data should be inclusive

² Burke, G, McKenzie, P, Maglen, L, Selby Smith, C, Ferrier, F and Selby Smith J, "The Economics of Vocational Education and Training in Australia; A Review of Recent Literature, ANTA, 1994, page 2.

of industry demands, community and individual demands – not industry alone as appears to be the current approach within the VLESC report. The research data needs to be based on transparent collection and analysis processes if it is to have credibility across the TAFE sector. The VLESC report refers only to 'The Research Program – a range of data and intelligence input and processing.' VTA members would have more confidence in the proposed framework if a comprehensive description of the proposed research methodologies (both qualitative and quantitative) was disclosed. Aggregated geographical data extracted from national and statewide databases will not, in the opinion of VTA members, necessarily lead to the appropriate determination of VET priorities.

Important stakeholder information must be included as part of the Research Program, including localised research and reports from peak bodies. As an example, the ACCI/BCA Employability Skills Framework cannot be overlooked. This report highlights the importance of generic personal attributes and fundamental employability skills including among others, communication, teamwork, problem solving, and technology.

VLESC Endorsed Principles

Core Principles

The criteria to determine Industry Skills Needs, Individual Career Skills Needs and Regional/Community Skills Needs must be determined in close consultation with the stakeholders. On occasions a macro view will suffice but researchers may require a micro perspective in some instances with highly detailed data relating to specific communities.

The current report does not appear to recognise the role of the Victorian VET sector as contributing to the national economic growth of communities and the skilled workforce. By subsuming community interests under the broad heading of 'Regional and Community Skills Needs', the emphasis is on regional industry skill needs and does not draw on either the methodologies or the outputs of research on sustainable communities. Consideration must also be given to funding training in border areas, and recognition given to the increasing mobility of the Victorian workers. This is brought into sharp relief in border communities such as Albury-Wodonga where people often live in one state and work in another. However it can often be difficult to obtain accurate data from the other State. Further, identifying the drivers of demand can depend on the research capability locally, which can vary from State to State. Along the Murray River in particular the VET needs of industries either side of the border must be factored into the research together with acknowledgement that regional VET providers are contributing to the skill base outside the immediate geographic area.

The identification of training quotas within regional areas may in fact create very 'thin' markets where the costs of training to the provider may exceed the funding available. Young people should have the opportunity to obtain skills and knowledge in the community in which they live without being disadvantaged in terms of the costs of that training simply because the employment opportunities are limited or lay elsewhere. In these instances State and regional boundaries are not relevant to the collection of research data.

The National Training Framework is built on a foundation of transferable national competencies and investment in training in regional areas must be seen as contributing to national and Victorian economic growth and not just to the geographic region where the training occurred. The VLESC Report states that training being demanded 'addresses foundation and generic skills for adults' (page 4). This comment seems at odds to the Summary of Training Priorities by Sector. Generic skills as described by the ACCI/BCA project³ include reference to technology skills that would be developed across all the Australian Qualifications Framework for new entrants and/or among the existing workforce wanting to enhance their skill base. The Summary of Training Priorities by Sector implies this is a 'low priority' training area.

It is also questionable to consider training in Management (within the Business Sector) as an occupational group. Management skills are generic skills critical to success across all industry sectors. The Business and Clerical Sector is another case in point. The skills and knowledge contained in this sector could well be described as generic in that they span all industries and occupations. This is supported by the descriptors in the ACCI/BCA Framework of Employability Skills. The measurement of 'vacancies' in Business and Clerical Sector may be skewed as many 'vacancies', requiring business/clerical skills, would not be tagged to the Business/Clerical sector. The business/clerical and financial skills required of the small business sector may likewise not be represented in the research conducted and used in the Summary of Training Priorities by Sector.

Implementation Principle

The VTA supports the access and equity principles contained in the report. It is important that *risk of social or economic exclusion* and *significant disadvantage* is not limited to particular geographic areas or age ranges. While government policy is currently targeting the skills development of young people in the 15-19 year age bracket, the needs of young adults (20-35 year range) should not be overlooked. The current report seems to ignore this cohort.

Recent changes in federal government policy, with the potential to extend the retirement age of a significant part of the Australian workforce, have also heightened awareness of the need to provide VET for mature aged workers as new technologies impact across workplaces. These workers are likely to need new skills and new combinations of skills on an ongoing basis.

Outcome Principle

The broad generalisations contained in the report require clarification. Several questions come to mind:

- What is the measurement of *substantial* public benefit?
- How is *substantial* private benefit determined?
- Is the writer assuming an inverse relationship between perceived *public* and *private* benefit?
- Does that application of the Outcome Principle conflict with the Implementation Principle?

³ Download the full report, 'Employability Skills for the Future', http://www.acci.asn.au/text_files/reports/Employability_Skill.pdf

The general principle stated is correct – that the public dollar should not be invested in activities where there is no public benefit. However, the assumption to be gleaned from the report is that the greater the private benefit, the less the public benefit. While the individual may benefit from education and training by gaining improved employment prospects or higher social status as a highly qualified person, the benefit is not solely to the individual; commerce and industry will benefit from heightened skills and knowledge, and the community will benefit from added social and economic contributions. As noted in the Swinburne University (TAFE Division) response to the VLESC paper, “the community derives considerable advantage from better and safer levels of service across the industry spectrum, and Diploma level training, in particular, has become entry level training for many occupations” (page 2). Equally, VET graduates from programs at Diploma and Advanced Diploma levels do not always receive private benefit from their training in the form of higher pay or otherwise. This is particularly evident in the Community Support, Children’s Services and TCF& L sectors.

Public benefit will depend on the net benefits and may be greater or less depending on the content of the training, but this will not be determined by whether private benefit from the same training is greater or less. Rather, it is determined by what other options exist for investing that same public dollar. That is, the opportunity cost of the investment. There is not an inverse relationship between *public* and *private* benefit.

The Outcome Principle implies that policy outcomes may differentiate between clients’ access to VET based on income earning capacity at present, and in the future. The VTA believes this premise is in conflict with the principles of equity and access. If the example provided by Ryan⁴ was considered, male VET graduates may have to contribute more financially to their learning than female VET graduates because of longer-term income earning capacity. Does this mean males course participants are treated differently to female course participants as their perceived private benefit is greater? This is untenable.

Educational Pathways & Lifelong Learning

The development of educational and training pathways within the VET sector and between sectors has been a major public policy initiative providing opportunities that would not otherwise exist for many Victorians to participate in Higher Education. There has been considerable Victorian effort to promote pathways and lifelong learning through initiatives such as the Credit Matrix, VET in Schools programs, VCAL and credit transfer arrangements with universities.

The VLESC Report Summary of Training Priorities appears to ignore the importance of career pathways underpinned by the Australian Qualifications Framework. If access to VET was distinguished on the basis of these perceived

⁴ Ryan, C “What are the longer-term outcomes for individuals completing vocational education and training qualifications”, NCVET, 2002, page 8. Ryan concludes that male VET graduates appear to enjoy more substantial immediate benefits from completion of their qualifications than do female graduates and this divergence continues in the longer-term.

'priorities' and enacted in policy disincentives would exist for Victorians to engage in lifelong learning. By reference to the Summary of Priorities by Sector, the following examples are offered:

- Information Technology: Certificate levels 1 and 2 have a 'priority' rating, yet a person developing a career pathway in this industry sector may not be able to access Certificate levels 3 and 4 (low priority) and subsequently may not take advantage of higher level Diploma and Advance Diploma training (priority).
- Finance: Prioritised areas include Certificate level 3, Diploma and Advanced Diploma, yet the important transition from entry-level to Diploma level (Certificate 4) is not afforded a priority. If these priorities translated into decisions to allocate funding, Certificate 3 graduates will face a barrier to engaging in higher level training.
- Automotive. While pre-apprenticeship training for new entrants is prioritised as 'high', there is no priority rating for Certificate 3 for this group suggesting that there are not employment outcomes to be found at the end of Certificate 2.

The documentation also fails to appreciate the role of Certificate level 2 training. Certificate level 2 programs are critical to VET in Schools programs and VCAL programs and hence, in establishing early pathways and contributing to the achievement of government targets to increase the percentage of young people completing year 12 or equivalent. Typically students develop employability skills through non-apprenticeship programs (Certificate 2) yet these are rated 'low'. At Diploma level higher-level employability skills would be imbedded into the course content equipping the student with management skills/small business skills.

The Summary of Training Priorities re-enforces comments above regarding the lack of foresight in the determining priorities. These documents are grounded in the 'here-and-now', training for *jobs* rather than *careers*. As an example, the Summary proposes that a low priority will be placed on training in the Business and Clerical sector 'for new entrants at all levels that exceed employment demand (vacancies).' The use of current vacancies as the measure of demand ignores forecasted needs for qualified business administrators/clerical personnel.

Finally in relation to the Summary of Priorities by Sector, there are consistent recommendations to prioritise as 'low' training for existing workers and specifically trainees 25+. This conclusion appears at odds with the concept of lifelong learning which involves upgrading workers' skills and knowledge throughout their careers. It also appears to contradict the importance being placed on attracting mature aged workers to remain in the workforce. Ryan⁵ notes that 'Good jobs in the future will only be available to those capable of adapting to new technologies and forms of work and education and training is seen as an important mechanism for promoting individual adaptability'. He

⁵ Ryan, C "Individuals returns to VET qualifications, their implication for lifelong learning", NCVET 2002, page 35.

speculates that individuals do benefit from additional VET (page 38). As individuals' benefits do translate into economic and community benefit VTA suggests a review of the low priority status afforded to persons undertaking VET in the 25+ age bracket.

Conclusion

The VTA acknowledges the content of the VLESC Report represents the first generation of a much larger research program. It is imperative though that the foundations built within the program are sound and are based on collaborative consultation processes including TAFE providers, other RTOs, communities, industries and individuals.

Drawing on the comments above the following issues emerge for consideration by OTTE as research development work progresses:

- Demand for VET in Victoria is driven by industry, individual, regional and community needs as well as by imperatives outlined in government policies. The focus of this report is too narrow, overlooking the needs of communities and individuals.
- While the Report describes three equal Core Principles, there is a lack of due regard to Individual Career Skills Needs, as well as Regional and Community Skills Needs. Individuals engaged in VET are often setting themselves goals for employment in the 2-4 year time frame. While the students are looking to the medium to long-term, this report focuses on training solutions for short-term vocational skill gaps.
- Research data to guide decisions for the allocation of resources will include macro level data and micro level data. Consultation processes must be transparent and open to scrutiny. Aggregated geographical data extracted from national and state-wide databases will not necessarily lead to the appropriate determination of VET priorities. The VTA membership welcomes the opportunity to engage in debate/consultations on these matters.
- Determination of VET priorities cannot ignore cross-border communities and industries.
- Determination of VET priorities must acknowledge the mobility of the workforce and transferability of skills and knowledge.
- Generic/employability skills do not appear to have been recognised in the determination of training priorities yet are highlighted as important to successful social and employment outcomes.
- Greater emphasis needs to be given to the importance of Business Management and Business/Clerical skills as generic industry skills.
- Categories of persons facing the longer-term *risks of social or economic exclusion* may need to be reviewed to include the 20-35 year age group and existing workers requiring skill enhancement to adopt technological changes or adapt to workforce shifts. As individuals' benefits from engaging in VET translate into economic and community benefits, the VTA suggests a review of the low priority status afforded to training for persons in the 25+-age bracket.

- Training priorities should provide incentives for mature aged workers to remain in the workforce.
- While accepting that the public dollar should not be invested in activities where there is no public benefit, there is not an inverse relationship between *public* and *private* benefit.
- To attempt to introduce *private benefit* into the debate appears to contradict the intention of creating equitable access to VET for people from disadvantaged socio-economic groups
- The Summary of Training Priorities presents examples whereby career pathways are fragmented. Learners will be disenfranchised from learning in these circumstances.
- The VTA rejects the notion of applying different funding and student fee structures to deemed *low* priority areas and *high* priority areas.

The Victorian TAFE Association welcomes the opportunity to respond to this paper and contribute to the improvement of the public provision of VET through TAFE