

SKILLING AUSTRALIA – NEW DIRECTIONS FOR VOCATIONAL EDUCATION AND TRAINING

Comments by TAFE Directors Australia on the Discussion Paper

TAFE Directors Australia has welcomed the opportunity of being involved in the consultations on the proposed new arrangements and the opportunity that it has been given to comment on the Discussion Paper that has been released by DEST. Our aim is to work in close cooperation with government and industry with a view to achieving the best possible vocational education and training system for Australia.

As the paper notes, the resumption of ANTA functions provides a major opportunity to build on and improve the current system. Unfortunately, however, the proposals in the Directions Paper have not taken advantage of this opportunity.

The paper fails to look at the system as a whole and identify where the problems and shortcomings are. The proposals represent changes at the margin rather than ones which might be expected to yield significantly better outcomes.

We have set out below our views on a number of issues that emerge from the Directions Paper, the resolution of which will be key to ensuring that the new arrangements deliver improved outcomes both from an industry and a broader community perspective. We have a number of concerns and suggestions about what is being proposed.

Central to our recommendations is the view that the new arrangements are most unlikely to produce better outcomes unless there is much better involvement of those who are responsible for delivering vocational education and training. It is vital that providers, and especially TAFE which is responsible for the overwhelming proportion of publicly funded VET both in the traditional trades and in other areas, have a seat at the table so that they can work in genuine partnership with government and industry.

We are strongly of the view that every opportunity should be taken for bringing industry and providers together and encouraging dialogue and interaction between them.

1. An industry driven system

The current vocational education and training system set up by the Australian Government is industry driven and has been in operation for many years. Industry through its role on the ANTA Board, the NTQC and ANTA's many committees and working groups, together with its role in the ITABs and now the Industry Skills Councils, as well as through its participation in Skills Forums and the like, has played a central and crucial part in determining the nature of the system and how it operates.

The major industry bodies have been uniquely well placed to determine needs and priorities and have been very influential in determining the policy approach. Industry has effectively had full responsibility for determining the competencies required and developing Training Packages.

Yet the present system is seen by government and industry as having real deficiencies. We agree with this judgement. But it is difficult to see how the proposed new arrangements differ in essence from the current system, at least insofar as industry's role is concerned.

Current shortcomings will not be overcome by an approach which simply reflects more of the same. Key contributors to deficiencies in the system are

- failure to involve the providers of vocational education and training in any significant way in the policy development, planning and decision-making process;
- failure to recognise in current arrangements that the education industry is one of Australia's major industries both in domestic and export terms, and the role that the industry plays as an industry serving other industries;
- inadequate mechanisms for small business needs and concerns to be fed into the planning and decision-making process
- inadequate recognition that there are two major groups of clients in the VET market and that the system must meet the needs of a diverse range of individual students as well as employers; and
- failure to ensure that the training system is adequately resourced for quality delivery and that the funding provided keeps pace with the growth in demand.

If the arrangements being developed are to make a difference, it is vital that these shortcomings are addressed.

We have no issue with the proposition that the VET system should be demand driven or with the proposition that full account must be taken of industry needs and priorities and that the system must be responsive to these. But we strongly question whether the arrangements currently in place allow industry requirements to be accurately reflected. We are aware from TAFE Institutes' ongoing contact with small and medium sized businesses that many consider that the system including Training Packages does not properly meet their needs and that the avenues for their input are not sufficient.

We are also strongly of the view that while the system needs to be demand driven and industry has a critical role in determining training needs and the outcomes required, industry is not necessarily well placed to make judgements on how those requirements are best met, ie on how competencies are most effectively acquired. This is an area where industry needs to work closely with educationists if the best results are to be achieved.

We note as well that often industry tends to have a short term focus in relation to training needs and that the prime consideration is ensuring that the immediate requirements for getting a job done are met. This has meant that the more generic skills which serve individuals and industry well in the longer term are often forgotten. This has been a cause for major criticism of training packages. If the issue is to be addressed adequately, experienced vocational educators must be utilised as a source of advice to Ministers.

TDA recommends that the Government recognise the value of a tripartite approach to providing leadership for Australia's vocational education and training system involving a partnership between government, industry and training providers, and put in place arrangements that give effect to that collaborative approach.

2. The place of providers in the new arrangements

While the new arrangements stress the importance of giving industry and business a direct line of advice to the Ministerial Council, it is silent on the way in which it is intended to involve the education industry itself. The Ministerial Council would benefit greatly from direct input from providers as well.

It is remarkable that the foreword to the discussion paper in referring to the importance of a cooperative and collaborative approach for delivering nationally recognised qualifications mentions government, business and industry but fails in the proposed new arrangements to recognise the role and the need to involve those who are actually responsible for the delivery of these qualifications, namely TAFE and the other vocational education and training institutions.

One of the problems with the current system has been the extent of bureaucratic intervention between providers and industry. There is now the opportunity to engage providers more directly and utilise their experience and advice in developing system improvements.

The case for involving TAFE directly and giving it a seat at the table is a compelling one. TAFE representation would make a vitally important contribution in several ways

- TAFE is extremely well placed to provide a valuable perspective on demand trends and drivers because of its position as the predominant part of the vocational education and training industry – an industry which serves the full range of Australia's industries
 - It is particularly well placed to provide an informed 'grass roots' view on small business needs because of its day to day dealings with small business and partnership arrangements with a wide range of businesses – in many ways TAFE could be considered a surrogate for small business
 - And there is no organisation better placed to advise on emerging trends in student demand because TAFE institutions deal directly with students all the time. Arguably this is an equally, if not more, important indicator of Australia's future skill needs as employer assessments, since the employer focus is often on immediate shortages or needs, whereas student demand also reflects perceptions about future career needs.
- It has an excellent understanding of the full range of individual student needs because of the number and diverse nature of students that are enrolled with TAFE. These are a very important part of the overall market. It cannot be emphasised too strongly that the majority of students are in fact *not* employer sponsored but undertake study at their own volition – in some cases to gain the basic skills and qualifications to enable them to enter the labour market or as a pathway to further study, and in other cases to build on and improve their skills to enhance their future career prospects and life skills and make them more productive workers.
- It is uniquely well placed to advise on training solutions – ie TAFE providers can advise on what needs to be done to respond to industry demand both in terms of design and delivery.

- And it can make a real contribution to developing thinking on how the system could be more flexible and responsive including through identification of what the impediments are.

The National Industry Advisory Group

We consider it essential that TAFE representation be included on the Industry Advisory Group. Indeed the terms of reference of the National Industry Advisory Group could not be adequately fulfilled without such representation, given that the Group is required to provide advice on the training needed to support the future directions of the Australian economy and advice on training delivery issues.

The National Senior Officials Committee and Action Groups

There is also a case for involving providers in the proposed National Senior Officials Committee, even if in a non-core capacity, given the importance of delivery to the execution of decisions taken. We note that it is proposed to set up National Action Groups on a needs basis to provide targeted, specialist advice requested by the Ministerial Council or the National Senior Officials Committee. It would be particularly important to involve TAFE in these, especially where they are looking at delivery issues.

Other bodies

In addition, TAFE should be involved in both the National Skills Agency and the National VET Quality Agency.

The issues proposed for the National Industry Roundtable would benefit from provider input as well.

3. Strengthening the voice of clients – the importance of the individual student as well as the employer

One of the strong points of the National VET Strategy endorsed by all governments, Australian, State and Territory, is the recognition that it gives to the individual as well as the employer as a core client. The overwhelming emphasis given in the Directions paper to industry and business needs raises concerns that the proposed arrangements may not adequately cater for individuals' needs.

The inference could be drawn from the paper that all individual clients are employed and undertaking training directly related to their current employment. This is in fact far from the case. Apprentices or trainees account for only a minority of students – 21% of TAFE graduates. As noted above, students are a diverse group and undertake courses for a variety of reasons; they include pre-employment students (ie school leavers and others not in the workforce who are seeking to acquiring the skills necessary to get a job), those preparing themselves for a job or career change, those seeking to set up their own business, and those seeking a pathway to further education.

Categories of Students	TAFE Graduates	Module Completers
	%	%
Labour market entrants	11	8
Apprentices/trainees	21	9
Career changers	18	17
Skill Improvers	23	27
Bridgers	6	4
Self-developers	17	31
Self-employed	4	5

Source NCVER. Data are for 2003

It is vital that future arrangements, if they are to be successful, take account of the needs of all or what could be described as a “whole of workforce” approach.

Reliance is being put on State jurisdictions for assessing individuals’ client needs and at the Commonwealth level solely on the proposed mechanism of student roundtables. By any measure, this is an inadequate approach to ascertaining and responding to individuals’ needs and concerns.

Student roundtables have their place but given the large numbers and range of students, relatively high turnover rates and the fact that most students are part-time, their efficacy in providing a good channel for student input is likely to be limited. If they are set up, we suggest that elected student representatives on TAFE Institute Councils be included.

Because individual students account for the overwhelming majority of the market for vocational education and training, TAFE Institutes are attuned to and responsive to their needs. TAFE is very conscious of the need to be very responsive to industry demands and is keenly aware that support for apprenticeship training is a national priority. But being responsive to broader market needs is also a priority. As noted above, we consider that including TAFE representation on the key bodies in the proposed new structural arrangements will help ensure that individual student needs are kept to the fore.

4. Access and equity issues

Many TAFE students come from a disadvantaged background or have special needs. The Directions paper appears to have scant regard for this.

To illustrate

Equity Group	% of VET students
Indigenous	3.3
Non-English speaking	19.7
With disability	3.9
Rural	30.0
Remote	3.7
Low economic status	25.0

(Data is for 2001; Source Tom Karmel Australia's Tertiary Education Sector, NCVET May 2004)

The paper is not clear about whether the Australian Disability Training Advisory Council and the Australian Indigenous Training Advisory Council are to continue or, if not, what arrangements will be put in place.

It does not address more generally the special needs of equity groups, how these might be best met and the appropriate funding and other arrangements that should be in place.

We consider it important that the new arrangements explicitly address the special needs of equity groups and that they have built into them mechanisms for ensuring that access and equity issues are given appropriate attention. As part of this, formal arrangements need to be established to provide a clear conduit for the provision of advice to Ministers from appropriately constituted bodies that can speak authoritatively on access and equity issues.

At the same time, we would also note the importance of building in access and equity requirements to registration provisions and the crucial importance of adequate funding provision which recognises the additional costs involved if progress is to be made on the access and equity front. Currently, funding models make no or inadequate allowance for these extra costs. Poorer outcomes for Indigenous students, unemployed student and other equity groups are to be expected if additional funding is not provided that reflects the additional costs of delivery to cater for those with special needs.

5. National VET Quality Agency

We strongly support the focus on quality but note the importance of making provision for any additional costs that will be involved.

The proposal for a National VET Quality Agency has great merit. We see a national approach to quality assurance and a national quality agency as being a fundamental element of a national system. We note the limited role that is being suggested for the proposed agency initially and would hope that its role would be extended and possibly replace State processes in the future.

We are attracted to a model which gives an important place to peer review and which encourages sharing of best practice. We urge DEST to look at models applying in other countries.

We draw attention to the desirability of putting in place arrangements that avoid the need for multiple audits. In this connection, providers are currently subject to requirements that necessitate multiple and different quality processes that are time consuming and expensive. This is likely to increasingly become the case as larger numbers of dual products are developed that cover both the VET and Higher Education sectors. This suggests that the concept of a single Tertiary Education Quality Agency deserves further exploration.

We see no merit at all in combining the National VET Quality Agency with the National Skills Agency.

It will be crucially important for providers to be fully consulted on the detail of the arrangements for the establishment of the proposed quality agency.

6. Role and composition of the National Skills Agency

We agree with the proposal to set up a body with similar functions to the NQTC. We generally agree with the proposed terms of reference. We consider it essential that its composition include TAFE representation.

7 Performance measurement and public reporting

We do not have difficulties in principle with an approach that places more emphasis on performance measurement and reporting of outcomes. However we would have real reservations about the appropriateness of an approach which uses outcomes as the principal determinant of funding without regard for infrastructure needs or the higher costs involved in delivering in some geographic areas and to some important groups of clients.

There are several important points to be made which demand careful consideration:

- The performance indicators need to be appropriate ones, properly constructed and robust.
- They need to include a full range of measures, not just employer satisfaction and module completion rates.
- The issue is not new; an outcomes based model was explored in the early 1990's but was not in the event pursued. It will be important to look at the work that was done at that time and the problems that were identified and be satisfied that the approach now being considered can overcome those difficulties and problem areas.
- Funding models must have proper regard for
 - the need for provision of services and infrastructure where outcomes may be difficult to measure eg library services;
 - the different needs of different client groups, including hours of tuition required and the cost of student support services necessary to support quality delivery;
 - appropriate allowance for costs associated with RPL;

- we are concerned that the reference to reviewing the formula for RPL (3.5.3) envisages only counting the training activity involved and not the other costs involved in RPL, and that it also has no regard to outcomes

8. Funding Issues

The key issues are

- the future level of funding for the vocational education and training system; and
- its allocation.

The quality of our vocational education and training and the ability to make adequate provision for meeting Australia's skills needs rests in large part on the adequacy of funding of the public system. The level of public funding has in recent years been inadequate to cope with the demands on the system.

While the Directions paper claims that "the Australian Government's investment in training is at record levels" it fails to acknowledge that the increased investment has essentially been in the form of subsidies to employers to take on increased numbers under the New Apprenticeship Programme. It also fails to acknowledge that most people undertaking vocational education and training are not covered by this programme

We recognise the value of encouraging employers to take on more apprentices and the role that the New Apprenticeship Programme can play in this regard. At the same time, we consider that there are a number of major shortcomings in the New Apprenticeship Programme and we have put forward our views on these on more than one occasion in the past.

In brief, we consider that the programme has put too much emphasis on basic level training for short term needs; it has not given sufficient emphasis to areas of skill shortage and to higher level qualifications, it has failed to adequately address the issue of high levels of non-completions, and it has failed to encourage greater investment by industry in skills development. The proportion of industry expenditure on training is no greater than it was some years ago and employer reluctance to take on apprentices in the traditional trades is one of the major factors contributing to the skills shortages currently being experienced.

Further, the Government's commitment to supporting and sustaining the public training system has in real terms diminished, especially when account is taken of the increased demands being put upon it. Funding provided by the Australian Government under the ANTA agreement is less now in real terms than it was in 1997 and its share compared with that of the States has declined. This decline in support has occurred at a time when there has been a significant increase in demand for vocational education and training. As a result funding per curriculum hour is now very much less than it was in 1997. While the impact has in some States been greater than others, it is clear that government funding (in total) has fallen to a level which is not sustainable over the long term.

The impact on the TAFE system has been particularly severe because cutbacks have occurred at the same time as a significant diversion of funds to private providers. Given that TAFE still accounts for 87% of publicly funded delivery of VET, this diversion of funds has considerable implications. It also underlines the potential impact of more extensive application of the policy of User Choice especially in an environment where overall funding levels are not being increased.

We understand that it is not envisaged that User Choice be extended beyond the New Apprenticeship Programme but that the Australian Government may require some existing limitations applied by some States to be lifted. In that event, we note the importance of offering genuine User Choice where the student as well as the employer is involved in the decision.

We also emphasise the importance of ensuring that the move to expand User Choice arrangements not be funded by a reallocation of funds or a change in existing funding rates in a way which would reduce the funds available for other VET qualifications and programs across the VET system. It would be highly inequitable to adopt an approach which has the effect of diverting funds to the New Apprenticeship Programme (which accounts for only about 21-23% of the total VET market) from other student segments including pre-apprenticeship training and other labour market entry programs. In other words, we should not be encouraging a shift in the allocation of the training dollar to those already in employment from those who are seeking the skills needed to enter the labour market.

If we are to strengthen and maintain the quality training system required to ensure Australia's future skills needs are met, it is imperative that higher levels of funding be provided, including to TAFE as the public provider. Additional funding is urgently needed to cater for increased demand, to support a program of infrastructure modernisation, for quality improvement, to discharge community service roles and to enable improved delivery in regional and remote areas. There is an urgent need for the Australian Government to provide much needed leadership in the area of vocational education and training and commit to putting in place funding arrangements that will ensure an improved training capacity in the future.

Whether or not there is a move to more outcomes based funding, we see it as essential that overall funding be at a higher level than before and that the funding for TAFE Institutes be improved in real terms.

9. Replacing annual processes with a triennium

We see merit in a triennium based system because of the greater certainty that it provides. Forward planning is facilitated by a triennium approach. But is the Australian Government intending to encourage the States/Territories to take a similar approach in their funding of providers? If not, the benefits will be largely lost.

10. Training Packages

TDA in general supports the recommendations and initiatives arising from the High Level Review of Training Packages. It is appropriate that they be given high priority in the new

arrangements. We have consistently argued for changes that would make Training Packages more responsive to industry needs including improving the processes for consultation with a view to involving a more representative group of industry stakeholders; better identification of competencies to meet workforce needs including employability or generic skills; greater use of cross industry skills sets; and making much better use of the scope for customisation regionally and locally.

However we continue to be concerned that there is still no recognition by government of some of the shortcomings of Training Packages – and in particular that they are not a universal answer. There are real challenges in the case of meeting rapidly emerging skill needs where we need to be much more forward looking. We have questioned whether Training Packages are necessarily the best mechanism, noting that a more general focus on broader areas of knowledge and general skill may better meet a rapidly changing environment. The High Level Review itself recognised that Training Packages cannot and are not intended to cover the full range of courses and activities of the VET sector.

We therefore note with some concern the remark in the Directions paper that there will be *increased* scrutiny of accredited courses to ensure that the principle that there be no accredited courses approved where there are Training Packages qualifications is *rigorously applied*. This would appear to represent a backward step.

We have provided comment on Training Package issues at a number of points during the High Level Review and also more recently to ANTA on their Working Paper on Improving Training Package Processes. Our most recent comments emphasised the importance of strengthened provider and equity input especially at the design stage. We also emphasised the importance of recognising the wide range of situations where accredited courses are reasonably to be preferred by both individual clients and their employers. These include meeting the requirements specified by regional industry bodies and community organisations.

TDA is committed to working closely with the Industry Skills Councils and is pursuing actions and arrangements with that aim in mind. It would be helpful to that agenda, however, if Industry Skills Councils were given clearer guidance on this issue. TDA recommends that

- Industry Skills Councils be required to include TAFE representation on the Councils; and
- in the ISCs' work on review of Training Packages there be clear guidance on the importance of involving TAFE (as the major provider).

11. Discontinuing the ANTA Action Plan

The move to discontinue the Action Plan concerns us if there is any suggestion that the Australian Government is stepping away from priorities and agreed actions that were part of the long term National VET Strategy. As the Action Plan was intended to focus on gaps in the training system and on areas that might really make a difference, we question whether discontinuing it can really be said to be streamlining the process.

12. Determining research priorities

TDA agrees that national research and analysis is critical to informing policy development, setting future directions and evaluating performance.

There are a range of stakeholders and research priorities should be determined in consultation with all the key stakeholders, not just industry. Consultation with providers is important. It will be particularly important that research is undertaken that provides support and underpinnings to an outcomes based model. Our observation is that there is real scope for focusing the research program to better effect on priority areas.

We also regard it as essential that transparency be maintained in the arrangements for managing the research program and that priority setting and management of the program be clearly separated from the undertaking of the research itself.

13. Improvements to Apprenticeship Training

The Government has indicated that it is considering changes to the apprenticeship system. TDA considers it vital that the Government consult fully with TAFE as the major provider of apprenticeship training in the course of developing its thinking on these issues. TAFE holds a wealth of information that could assist with the reform of the apprenticeship system.

We note that there are many improvements that could be made to apprenticeship training that would help lift completion rates and give apprentices a wider set of skills but that do not seem to be receiving any consideration at all at the moment.

These include actions to help employers better understand the role they play in educating apprentices through, for example, development of an employer training manual; and providing opportunities for apprentices on completion of their trade training to run their own businesses under the security of an umbrella organisation such as an apprenticeship or trade administration unit which could be attached to TAFE institutions. These units would perform small business functions such as book-keeping, quoting, scheduling time etc. for a designated period of time, for a fee, to ensure the apprenticeship business is viable.

The current way in which apprentices are signed up and the structural arrangements (such as the NACs) that are currently in place do not appear to have been a success. Given the shortages that are being experienced one would have to question whether the current system is as accessible and user friendly as it should be.

We have noted above, in the section on funding, our views about the deficiencies in the design of the New Apprenticeship Programme and our view that too much reliance is currently being placed on traineeships and low level qualifications rather than on skills upgrading or acquiring meaningful new skills. TDA has consistently argued that there should be

- a greater incentive and encouragement for higher level training;

- greater emphasis given to priority areas including areas where there appear to be structural barriers to training such as the traditional trades;
- greater encouragement to providing meaningful training for existing workers who need to upskill or reskill; and
- more attention given to individual training plans and their monitoring

The Directions paper emphasises the Government's desire to remove the final elements of a time-based approach in the training system including traditional apprenticeships and move to a genuine competency-based approach. If this is to succeed, the Government will need to address requirements which have been introduced as part of industrial, employment and licensing conditions and which underlie the time-based approach. It will also need to ensure that the competency assessment arrangements that are put in their place are appropriate and adequate for the purpose.