



Skills for Victoria's Growing Economy – AEU Submission

Introduction

The Victorian Branch of the Australian Education Union (AEU) welcomes this opportunity to contribute to the Skills for Victoria's Growing Economy Review (Macklin Review). The AEU is well placed to provide insights into the provision of Vocational Education and Training (VET) in Victoria, representing thousands of TAFE teachers and thousands more teachers and paraprofessionals in secondary schools delivering VET subjects. AEU members experience the daily realities of VET delivery in Victoria and offer a unique and valuable perspective on the policies and practices that work effectively and efficiently, or otherwise. To take full advantage of these perspectives, the AEU has surveyed its members in relevant positions to ensure that their voices directly inform the recommendations contained in this submission.

The AEU has for many decades advocated and campaigned for the industrial and professional interests of VET teachers, the provision of high quality vocational education through our public TAFE system and schools, and for adequate funding and models of resource allocation that fairly meet the needs of students, teachers, employers, and the broader community and economy.

In the lead up to the 2018 state election, the union outlined the key policy areas in need of support and reform by government to ensure that all Victorians can access high quality vocational education at TAFE.¹ The union's recommendations from that time have informed this submission, with many of the issues facing the sector unchanged or in need of further reform. The submission is structured with headings from the Terms of Reference although where there is significant overlap in content, the headings have been combined.

TAFE in Victoria has been through a tumultuous time over the past ten or so years, with frequent policy changes, market driven ideology and funding cuts. This environment has left TAFE in a fragile position, despite more recent investment and support from the Andrews government. The continuation of a contestable funding model by all state governments since its introduction in 2008, has resulted in TAFEs not only competing against private providers (mostly for-profit) but against other TAFEs. The playing field is not level and the result has been a diminution in the credibility of VET in the community, a drop in quality, and workload increases for staff trying to deliver more for less.

¹ AEU (2018) REBUILDING VICTORIA'S TAFE SYSTEM @ <https://puteducationfirst.com.au/wp-content/uploads/2018/11/PE1-TAFE-policy.pdf>

If we are to re-establish our TAFEs as the leaders in the VET system as a first step to building a 'VET system focussed on quality, excellence and innovation, rather than a market in which too many providers are focused on profit over outcomes', as the Issues Paper suggests then government must be prepared to acknowledge the failures of the past and review and change the funding model which lacks transparency and consistency across the system.

A further area that is critical to the success of this reform is the connection between the TAFE system and secondary schools. There is considerable criticism of VET programs offered by schools, which we address in this submission, however consideration must be given to how we improve this area rather than treat them as two separate entities. We focus heavily on transition at every other stage of schooling, pre-school to primary, primary to secondary, yet we do not have the same focus on at least attempting to integrate these systems at the post-secondary level for the benefit of students.

We know the importance of post-secondary education to the outcomes for young people and to Victoria's economic and social outcomes, yet we have a system which does not adequately prepare our school leavers to navigate the system, or provide a system that is easy to navigate and move between. Provision of career education and advice within secondary schools, with schools having the resources to offer a range of vocational qualifications and provide ongoing support to students to enable them to succeed and then understand their post-school options, is a minimum to start, alongside strategies to attract suitably qualified staff and build strong relationships with business/industry particularly in local communities.

Business and industry involvement is crucial to the success of vocational education, both at school and TAFE. We need them to step up and work cooperatively with all the players, rather than too often criticising the quality and effectively waiting at the end of the production line for the product of our post-secondary education system. Systems overseas, such as in Switzerland, have a more integrated system, including the expected involvement of industry, with a focus on the success of the students within the system. The recommendations arising from a number of reviews by the current federal government to give greater control to industry, including the development of training packages, would be a mistake. There is an opportunity here to build on the cooperation we have seen during the pandemic to build a genuinely integrated system, with all stakeholders willing to both contribute and set aside past prejudices.

Prior to the arrival of COVID-19 it was clear that to meet the needs of a growing community and changing economy, we needed to ensure the community had access to high quality post-secondary education. The impact of the COVID-19 pandemic, brings that need into sharp reality. This is particularly so for our young people, who are in normal circumstances vulnerable to higher unemployment levels. The impact of the pandemic has already seen the unemployment rate increase substantially, with young people more adversely affected, with further rises expected. Now more than ever, our state needs TAFE. Victorians who have lost their jobs will need new skills and qualifications if they are to find jobs in industries that have been changed forever by the pandemic, alongside an economic environment that worsens by the day.

Our communities value TAFE. They know how important TAFE is for apprentices, for migrants finding a place in new communities, for workers who need to upskill, school leavers and for those who have lost their job or entire industry. TAFE provides real opportunities, skills and access to decent jobs; it is the vehicle government needs to help rebuild our state.

- What are the education and training needs for jobs in Victoria over the next ten years?
- What reforms are required to meet the skills and capability needs of industry and employers, government and the community over the next decade?
- What reforms are required to build industry investment in skills and workforce development, including apprenticeships and traineeships?

Meeting Victoria's education and training needs

The impact of the current COVID-19 epidemic has demonstrated that it is not always possible to accurately predict what future economies will require, especially over the longer term. Rapid technological change can also affect vocational education requirements in unpredictable ways in a relatively short period of time. However, there is an important role for governments to play in planning and influencing the skills mix of future workforces. Future skills requirements can often be easily identified and reasonably predicted and planned for when they are the result of coherent policy programs. The Victorian State Government's policies to address workforce capacity constraints in the early childhood and disability sectors are clear examples of how skills planning can be done well, especially when they synchronise with broader policy reforms such as the introduction of universal three-year-old preschool provision. Identified growth sectors in Victoria's Skills First policy and the provision of free TAFE courses also demonstrate how governments can effectively influence the skills mix of future labour markets. Critical to meeting the vocational education requirements of workers in the future is a deep and ongoing understanding of business and industry prospects and fluctuations arising from key partnerships between businesses, TAFE institutes, teachers, workers, and their unions.

The alternative to a planned approach to VET provision was amply demonstrated by the introduction of the Victorian Training Guarantee in 2008 and its later transition to a fully contestable training market model. Under this regime training proliferated in courses that could be delivered with lower costs and higher profitability for private providers. Between 2008 and 2013 the number of Victorian private VET providers had doubled.² Victorians increasingly gained qualifications in sectors of the economy where job demand was low, such as personal training and business services, and certainly not in sectors with a shortage of qualified workers to the extent necessary.³ Contestable, demand-driven funding also saw wide-spread rorting of subsidies and a rapid escalation of student fees,

² Serena Yu and Damian Oliver (2015) *The Capture of Public wealth by the For-Profit Sector*, Workplace Research Centre @

http://stoptafecuts.com.au/application/files/3315/0157/0926/2015_02_25_The_Capture_of_Public_Wealth_by_the_For-Profit_VET_Sector_finalv4.pdf

³ CEDA (2016) *VET: securing skills for growth* @

https://www.ceda.com.au/CEDA/media/ResearchCatalogueDocuments/Research%20and%20Policy/PDF/31760-CEDAVETReportAugust2016Final_flattened.pdf

shifting the cost of vocational education on to students and their families.⁴ Aggressive and at times unlawful enrolment practices by many private providers saw significant increases in enrolments which led to a blow-out in government VET expenditure. A decline in TAFEs' enrolment share and cuts to subsidy rates for public provision threatened the financial viability of many TAFEs causing mergers and campus closures.⁵ Significant job losses in TAFEs, with more than 3000 teachers sacked, were also a consequence of this policy causing a serious reduction in the capacity of TAFEs to meet growing and changing VET needs in Victoria.

Clearly the experiment with market-based training has been a disaster for VET in Victoria. The reputational damage inflicted upon VET coupled with an increase in the number of available higher education places has seen a decline in VET completion nationally and in Victoria. Between 2015 and 2018 VET course completions fell nationally by 10.5 per cent and by 18 per cent in Victoria (Figure 1).

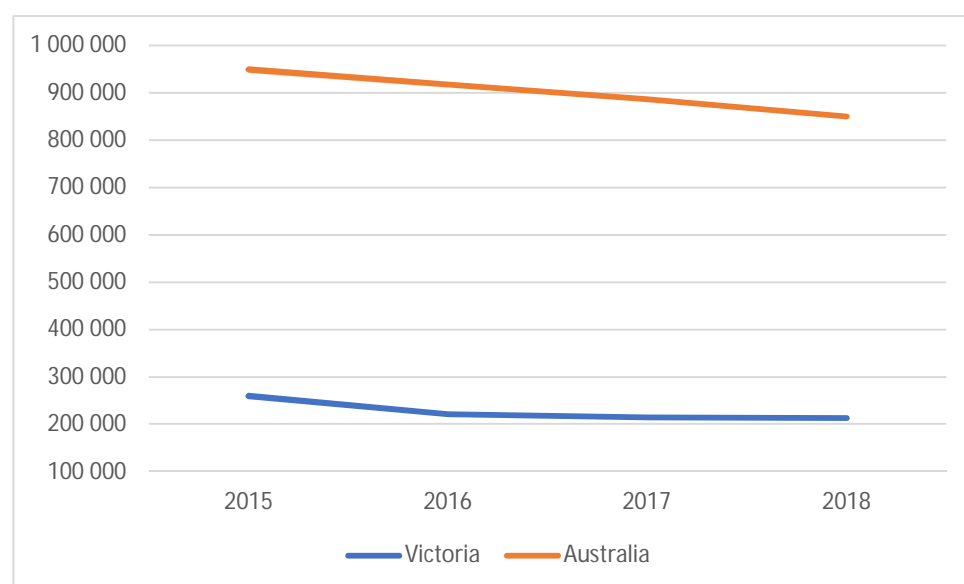


Figure 1: VET Course completions 2015 to 2018⁶

However, early indications are that more recent reforms in Victoria appear to be working. In 2019, after the introduction of selected fee-free courses in TAFEs, TAFE program enrolments grew by 11 per cent in the January-September period in comparison to the same period in 2018. A degree of re-regulation has also seen a reduction in the number of private VET providers and an increase of TAFE's share of government-funded enrolments.⁷ However, as the recently released TAFE annual reports for 2019 demonstrate, TAFE requires further direct and ongoing government support to restore its capacity to deliver the quality VET that the Issues Paper aspires to, and Victoria requires as outlined below.

⁴ Mary Leahy (2015) Reforming vocational education: it's time to end the exploitation of vulnerable people, *The Conversation* @ <https://theconversation.com/reforming-vocational-education-its-time-to-end-the-exploitation-of-vulnerable-people-51396>

⁵ Victorian Auditor General's Office (2014) *Tertiary and Further Education Institutes: Results of the 2013 Audits* @ <https://www.audit.vic.gov.au/report/tertiary-and-further-education-institutes-results-2013-audits?section=>

⁶ NCVER (2019) Total VET students and courses 2018 @ <https://www.ncver.edu.au/research-and-statistics/data/all-data/total-vet-students-and-courses-2018-data-slicer>

⁷ Ibid

Industry engagement

As noted in the *Issues Paper* produced in conjunction with this review:

Victoria has many examples of exemplary engagement between industry and education and training providers, including TAFEs, private providers, Learn Locals and universities. The Victorian Skills Commissioner also oversees an industry engagement framework, including Industry Advisory Groups, and Regional and Industry Skills Taskforces.⁸

Despite the existence of these relationships, the *Issues Paper* also acknowledges a low level of awareness of nationally recognised training packages among enterprises and identifies a need for a more concerted promotional effort from governments. There is perhaps some scope to increase the capacity of TAFEs to engage with local businesses, individually or collectively, although the AEU also agrees that there 'is a risk that a proliferation of channels for engagement will add further complexity to industry engagement with education and training.'⁹ To this end, a consolidation of TAFE provision in Victoria has the potential to streamline and simplify industry engagement. Improved integration with schools, community education providers and higher education could also result from such an arrangement.

In addition, the consolidation of TAFE provision in Victoria through a unified TAFE system, has the capacity to reduce duplication of effort and to add advantages associated with increased scale. A consolidation of TAFE provision should not diminish TAFE's individual identities and local community connections, rather set a consistent standard or benchmark from which individual TAFEs can then build on in terms of their own innovations. There is the potential to share some functions such as marketing, information technology, human resources and finance. Also, spreading the load of developing curriculum across all TAFES would reduce duplication and workload and improve quality and consistency whilst utilising each TAFE's areas of strength.

To achieve improved integration and genuine collaboration between all stakeholders, there must be some changes to existing governance arrangements for TAFEs. In an environment where individual TAFE Institute boards are required to make decisions in the interests of their own TAFE, there is a danger that this will create a barrier to the genuine cooperation required to have a unified TAFE system and a strong voice for the sector.

Even if the government acted to eliminate the policy settings which require competition for student enrolments between TAFEs as one way to foster cooperation, there is likely to be legacy management and operational cultures which may make the transition to a unified TAFE system challenging. For these reasons the AEU considers that the government must now take the opportunity to fully recast TAFE governance arrangements so to remove or alter any legislative, regulatory, or operational impediments to achieving a genuinely unified TAFE system. In making such changes, consideration should also be given to how a range of mechanisms, such as VET funding contracts, can be used to drive, encourage, and foster cooperation. Changes to TAFE governance must be conducted with and by key stakeholders.

⁸ Skills for Victoria Review (2020) *Issues Paper* @ <https://engage.vic.gov.au/skillsforvictoria>, p.33

⁹ Ibid

This type of governance and structural reform should not be considered unnecessary and ignored by government. Instead the realignment of authority and decision-making arrangements for TAFEs and between TAFEs and government is fundamental to successful reform and rebuilding our TAFEs. An exploration of international models of VET and industry engagement is warranted with the proviso that businesses engage on a collective level to ensure that publicly funded training is broadly beneficial to students, industries and the public at large. This requirement is in contrast to a system where narrow, in-house training is subsidised at the same level of public VET provision. VET curricula that include a broad range of capabilities and skills also ensures that students, graduates and economies are better equipped to face changes in economic, social and physical environments. This type of VET curriculum also supports students' abilities to engage in lifelong learning, an important factor that the *Issues Paper* rightly identifies as being crucial in a rapidly changing labour market. An improvement in the quality of VET curriculum, delivery and assessment is crucial to providing the workforce capacity that Victoria needs and will be discussed further below.

Recommendations

- Develop incentives to strengthen and embed links between schools, TAFE, universities and industry.
- Develop incentives for public school and TAFE partnerships to ensure schools-based programs are of high quality.
- Strengthen links between school-based apprenticeships and industry to encourage postschool pathways to employment. This could be achieved through incentives for employers to encourage ongoing employment.
- Ensure traineeships are predominantly in areas of skills shortage and benefit the student
- Develop regulations, including auditing employers that have rolling traineeships, to prevent employers utilising traineeships as a form of cheap labour rather than quality skills development. These could work in conjunction with financial incentives for employers to retain employees for a period after completion of their traineeships.
- Revise TAFE governance arrangements to remove barriers to cooperation between TAFEs and to ensure a unified TAFE system.

What reforms are required to improve access to Higher Education and VET for students that are entering the workforce, and those seeking to reskill or upskill later in life, no matter their background?

The *Issues Paper* produced in conjunction with the Review identified a number of barriers for the pursuit of lifelong learning despite an increasing need for workforce upskilling and reskilling in modern economies. Interrelated issues of access, costs (financial and opportunity) and capabilities (individual, institutional and systemic) are all barriers to participation in lifelong learning. All of these barriers can be minimised by appropriate policy settings.

Access to lifelong learning is often affected by resource allocation. The location, costs and variety of suitably supported learning opportunities all influence the likelihood of access.¹⁰ As recognised by

¹⁰ Chapman, J., McGilp, J., Cartwright, P., de Souza, M., & Toomey, R. (2006) Overcoming barriers that impede participation in lifelong learning, *Lifelong learning, participation and equity* (pp. 151-174). Springer, Dordrecht @ https://link.springer.com/content/pdf/10.1007/1-4020-5322-3_8.pdf

the Victorian TAFE Association (VTA), learners re-engaging with education often have a diverse range of backgrounds and needs. Many of these learners have higher levels of need requiring:

significantly more support than other learners, typically manifesting in a need for greater levels of academic support (both in terms of staff and other resources) and for support to develop other abilities (such as communication skills, social skills and self-confidence).¹¹

The re-introduction of an appropriate level of community service obligation funding for TAFE would go some way to supporting the needs of these students as would an increase in the hourly funding rates for Foundation courses. The VTA also recommend that subsidy rationing for these students be removed as they:

often take longer to master skills, struggle to successfully complete required units (many require multiple attempts to complete required units) meaning they need greater time to build skills and to progress from one level to the next than the general student cohort. However, current arrangements mean subsidised training may not be available to such students after initial unsuccessful attempts, creating a financial barrier to their ability to reattempt and complete required units. Unable to access the subsidy, at-risk students instead choose to forego education, resulting in further disengagement.¹²

New initiatives such as the support offered under the Victorian Government's Skills First Reconnect program go a little way in addressing the issues faced by some of these learners although eligibility for the program is narrow and it is not provided by all TAFEs and dual-sector providers. Capacity to meet the needs of all students needs to be built into VET funding and not provided as an add-on. In 2012 an obligation for TAFE boards to have 'adequate arrangements for persons and groups which have not had or do not have adequate access to technical and further education programs and services' was removed from the *Education and Training Reform Act* (2006). This obligation should be re-legislated, resourced adequately to cover the costs associated with supporting higher needs students, and funded in an ongoing manner.

Apprentices and trainees also need support to find employment and to ensure that the educational and other needs of these students are being met, including industrial and occupational health and safety requirements. These students often have lower completion rates.¹³ Over the last few years a reduction in TAFE funding, particularly Commonwealth funding for apprentice support, has been accompanied by a reduction in resources dedicated to supporting apprentices and trainees, further contributing to the levels of non-completion for these students. Funding for a relatively small number of Apprenticeship Support Officers in TAFEs has been maintained since 2015 but this program needs to be extended and funded on an ongoing basis. As one teacher commented in the TAFE survey:

¹¹ Victorian TAFE Association (2018) Future Opportunities for Adult Learners in Victoria: Pathways to Participation and Jobs. Victorian TAFE Association Response @ <https://vta.vic.edu.au/doctest/publications/896-201808-future-adult-learners-vta-response/file>, p.5

¹² Ibid, p.7

¹³ Tanya Carney and Jim Stanford (2018) *Advanced Skills for Advanced Manufacturing: Rebuilding Vocational Training in a Transforming Industry* @ https://www.futurework.org.au/advanced_skills_for_advanced_manufacturing

There needs to be Apprenticeship Officers employed as there were 30 years ago that liaise with apprentices and employers on all matters and give them the tools to deal with issues on both sides. In my role I mentor apprentices that need direction, and nothing can be done with the employers that are getting away with issues such as bullying and employing cheap labour with no instruction. These issues have an impact on retention and completion. – Non-metropolitan TAFE teacher.

Inadequate hourly funding rates also increase the risk of disengagement or non-completion for many of these students by encouraging course compression. Funding constraints generate financial incentives for VET providers to reduce the number of face-to-face hours of delivery which, in turn, reduces the capacity of teachers to identify and support at-risk students. VET quality is also negatively affected by course compression.

Courses get funded by the nominal hours; however, trainers get paid by the contact hour. TAFEs are slashing the contact hours; however, trainers are still expected to deliver quality education, assess and complete admin according to the contact hours timetabled. It's even more complicated with online training and now with COVID-19 remote training. – Non-metropolitan TAFE teacher.

Upskilling criteria for access to fee subsidies remains a barrier for both workforce upskilling and reskilling. Workers who are seeking to change industries will often need to access lower level qualifications to develop new skills and capabilities. Those wishing to upskill may need to refresh their skills in light of technological developments within their current industry, or in order to become reacquainted with the requirements of study before continuing to higher qualifications. Exemptions to the eligibility criteria exist although many individuals and institutions may be deterred by the tasks of actively seeking a limited number of exemptions. The requirement to undertake a higher-level qualification is also a disincentive for higher education graduates to study in TAFE. The *Issues Paper* notes that the pathway between VET and higher education is fairly well utilised but also recognises difficulties associated with current system misalignments including:

a lack of standard, guaranteed and transparent entry and credit arrangements from VET qualifications for university entry. The lack of proficiency-based or graded VET, independent assessment, minimum course durations, consistent application of recognition of prior learning, or industry-backed licencing, can make higher education providers reluctant to admit or award credit to students on the basis of VET qualifications, as the 'value' of VET qualifications can be considered to vary significantly.¹⁴

A move away from competency-based training towards a more consistent curriculum with improved assessment would go some way to smoothing transitions between VET and higher education. This will be discussed further in the next section.

¹⁴ Skills for Victoria Review (2020) *Issues Paper* @ <https://engage.vic.gov.au/skillsforvictoria>, p.26

Recommendations

- Reintroduce community service obligations with attached, ongoing funding to meet the costs of provision
- Ensure that processes around recognition of prior learning are consistent across all providers
- Increase opportunities for students to access qualification levels that are not higher than those they already possess without losing fee subsidies.

What reforms are required to ensure relevant, high quality teaching and VET courses that produce job-ready graduates at all stages of their career?

Job-readiness is too frequently imagined as the possession of a minimal set of job-specific skills and a positive attitude. In modern, post-industrial economies characterised by insecure work and rapidly changing technology, all students need to be equipped for broader economic and social participation and positioned to shape the economic environment that will dictate the quality of their working lives. Unfortunately, the current VET funding system has seen:

increasing concentration of training around small, more fragmented units. The marketised user-pay delivery model for VET in Australia contributes to this problem, since it is less expensive for students to enrol in narrower, “bite-size” subjects – as compared to undertaking full qualifications (Ross, 2018). Employers may also be more willing to fund employees to attain microcompetencies that meet immediate practical needs within their workplaces, rather than support them to attain broader, more complete qualifications, certificates, and diplomas.¹⁵

Microcompetencies and micro-credentials have potential to fragment and decontextualize VET, especially when used in isolation and not meaningfully integrated within existing qualifications. To address these and other threats to VET course quality, the AEU has recommended a range of reforms in its *Rebuilding Victoria's TAFE System* policy document.

Recommendations

- Develop a Victorian comprehensive curriculum across all qualifications
- Link delivery of a Victorian curriculum to provision of government funding
- Ensure quality professional development for staff in the area of curriculum development and instructional design.

A VET curriculum underpinned by the development of students' capabilities rather than narrow competencies recognises that:

The capacity to exercise skill at work is an emergent property of more fundamental, complex and wide-ranging knowledge, skills and abilities. Capacity arises from the inter-relationship

¹⁵ Tanya Carney and Jim Stanford (2018) *Advanced Skills for Advanced Manufacturing: Rebuilding Vocational Training in a Transforming Industry* @ https://www.futurework.org.au/advanced_skills_for_advanced_manufacturing, p.29

between personal, social and working lives, and that means learning *for* work needs to go *beyond* work (italics in original).¹⁶

A deeper and more comprehensive VET curriculum would improve the quality and consistency of VET in Victoria but would need to be supported by improvements in teachers' capacities and the quality of VET providers. To this end, higher qualification requirements for all VET teachers is required to ensure that VET teachers have the skills to develop a more comprehensive VET curriculum. In addition, VET teachers should be registered with the Victorian Institute of Teaching and access to VET funding tied to the provision of VET by registered teachers. It is unacceptable for VET teachers with minimal industry experience and merely a Certificate IV in Training and Assessment to be teaching students at a higher AQF Level.

Recommendations

- Minimum teacher education qualification levels for VET teachers must be raised and regulatory oversight of the awarding of those qualifications strengthened. The minimum standard should be AQF Level 5, with a phased introduction to a Level 6 or above over three years
- Teachers delivering vocational education and training should be fully qualified and registered as a TAFE teacher through the Victorian Institute of Teaching (VIT). This will ensure no provider is able to conduct training without employing a qualified teacher and remove inconsistencies around registration requirements for the teaching of school age students.

Higher qualification levels for teachers alone will not be enough to improve VET quality; there needs to be an appropriate time allocation for curriculum development, planning of delivery and moderated assessment. More than 80 per cent of the respondents to the AEU's survey of TAFE teachers felt that a lack of time for assessment threatened the provision of quality VET in Victoria. Similarly, more than 93 per cent agreed that a lack of time for curriculum development threatened the provision of quality VET in this state. There will also need to be improved access to professional development and opportunities to maintain industry currency. These aspects of teachers' work need to be enhanced if high-quality VET delivery is to be improved. Industry plays a pivotal role in this area, and there is a need for the development of, and commitment to, stronger partnerships to enable this to occur, in the interests of students, teachers and industry.

The proliferation of low-quality private providers and widely reported rorting of VET subsidies under a marketised system has produced a regulatory regime that is heavily based on compliance outputs. More than 93 per cent of the respondents to the AEU survey indicated that the burden of these compliance requirements negatively affected the delivery of quality VET. The AEU's approach to regulation is to raise the input requirements of registered VET providers and staff in order to ease that regulatory burden. A more uniform mandated curriculum and moderated assessments should also reduce the need for excessive compliance requirements. It is also vital that regulatory bodies such as ASQA, TEQSA and the VRQA are staffed by suitably qualified and experienced personnel with

¹⁶ Wheelahan, L, Moodie, G 2011, *Rethinking skills in vocational education and training: from competencies to capabilities*, NSW Board of Vocational Education and Training, Sydney. @ <https://www.voced.edu.au/content/ngv%3A48914>, p.22

a deep understanding of VET provision, and that duplication between these regulatory bodies does not result in excessive workload being passed on to the TAFE workforce.

Recommendations

- Ensure that VET regulatory bodies are staffed by suitably qualified and experienced personnel with a deep understanding of VET provision
- Develop stronger partnerships with industry to facilitate industry currency for TAFE teachers, supporting teaching and curriculum development.

What reforms are required to improve pathways, and connections, between TAFE and other VET providers, adult and community education providers, universities and other non-university higher education providers, schools, and employers, so students can easily understand and navigate the post-secondary system and update their skills throughout their careers?

As described above, an improved and more uniform VET curriculum along with a unified TAFE system has great potential to smooth pathways between VET and higher education. These features of a reformed system also have the capacity to align and embed TAFE's connections with schools and other adult education providers. A TAFE curriculum that more easily integrates with higher education means that school students who pursue VET courses, perhaps whilst still in school, are not cutting off their options for higher education, and are ultimately able to move easily between the two systems to enhance their pathways to further study and employment.

Unfortunately, the capacity of secondary schools to offer access to VET courses has been restricted by real cuts to VET in Schools (VETiS) funding beginning in 2012. Until relatively recently, total funding for VETiS had been frozen at 2012 levels which has caused VETiS enrolments to fall by seven per cent in government schools between 2012 and 2019 despite government secondary enrolments increasing by seven per cent over the same period. Low hourly funding rates for VET and reduced enrolments have also restricted the variety of courses that TAFEs and other providers are able to offer. This situation is considerably worse in rural areas characterised as being in thin markets. One respondent to the AEU's survey of secondary teachers involved in the provision of VETiS identified a need for 'increased access to a wider range of courses for our rural students - we often have students disappointed because the course they wish to do isn't running.' Initiatives announced in the 2018 State Budget have increased provisions for VETiS funding as well as including extra funding for rural schools and schools utilising TAFEs for VETiS delivery. The AEU recommends that funding for VETiS is increased across all bands of courses and that schools and TAFEs are financially encouraged to support each other with course provision. VET funding for both secondary schools and TAFEs must recognise the extra barriers faced by non-metropolitan students, especially in small schools that lack the size to efficiently provide a wider range of courses.

School students' abilities to pursue a range of career options and pathways would be enhanced by the improved provision of careers support at the school level. This support could be provided in a scaffolded way from primary years onwards, to raise awareness of career and pathway options aligning with students' interests. Scotland's *Career Education Standard (3-18)* provides a comprehensive model of career education in schools that is part of a suite of policies outlining

expectations for teachers, schools, students, families and employers.¹⁷ The Head Start school-based apprenticeship program announced in 2018 shares some characteristics with European educational models and has potential to improve links between employers and schools.

It is likely that the provision of career education is patchy, especially in smaller schools. The AEU's submission to the Inquiry into Career Advice Activity in Victorian Schools found that:

... in many schools the time and support for careers advisors to implement a whole school quality program is not there and there is evidence from our feedback from schools that the time available for careers teachers to carry out their role has been decreasing.¹⁸

Recent state government initiatives have the potential to address some of these gaps and recommendations from the current Firth Inquiry into the Victorian Certificate of Applied Learning (VCAL) Pathways in Senior Secondary Schooling may provide further insights into how VET pathways may be better supported and integrated.

Recommendations

- Funding for VETiS must be lifted to accurately reflect the cost to schools of running these programs
- Fund specific school-TAFE-industry co-ordinator positions in schools to facilitate partnerships for public schools and TAFEs to ensure school-based programs provide improved vocational education and workplace experience opportunities.

What reforms are required to improve the funding arrangements of Victoria's VET sector?

Substantial improvements to VET quality and equity cannot be achieved without an appropriate investment in funding. The *Issues Paper* provides a good summary of some of the issues that have affected VET funding in Victoria:

TAFE funding needs to be sufficient to meet the costs associated with TAFEs' unique public role, including workforce arrangements, public asset maintenance, and public sector compliance requirements. Funding for TAFEs is a patchwork of different sources from subsidies, community service grants, loadings, infrastructure programs, and other targeted funding streams.¹⁹

Importantly, the *Issues Paper* recognises that:

Subsidies have remained constant since 2017, and there is still no annual indexation on subsidies, nor is there a process for regular review of subsidy rates to reflect the real cost of

¹⁷ Education Scotland (2015), *Developing the Young Workforce Career Education Standard (3-18)* @ <https://www.education.gov.scot/Documents/dyw2-career-education-standard-0915.pdf>

¹⁸ AEU (2018) AEU submission to the Inquiry into Career Advice Activity in Victorian Schools @ <https://www.aeuvic.asn.au/sites/default/files/careers%20aeusub%20part%20inquiry.pdf>, p.4

¹⁹ Skills for Victoria Review (2020) *Issues Paper* @ <https://engage.vic.gov.au/skillsforvictoria>, p.17

delivery. There is also no available data that demonstrates a quality-benchmarked 'underlying cost per place' to help guide subsidy rates and an efficient price for delivery of VET courses²⁰

The lack of hourly funding rate increases since 2017 represents a funding cut in real terms to the one predictable source of income directly related to unit outputs. Total recurrent funding per hour of VET delivery in Victoria is the lowest of any state and has been since 2010 according to Productivity Commission data (Figure 2). In 2018 Victoria's hourly funding rate was \$2.68 less than the Australian average.

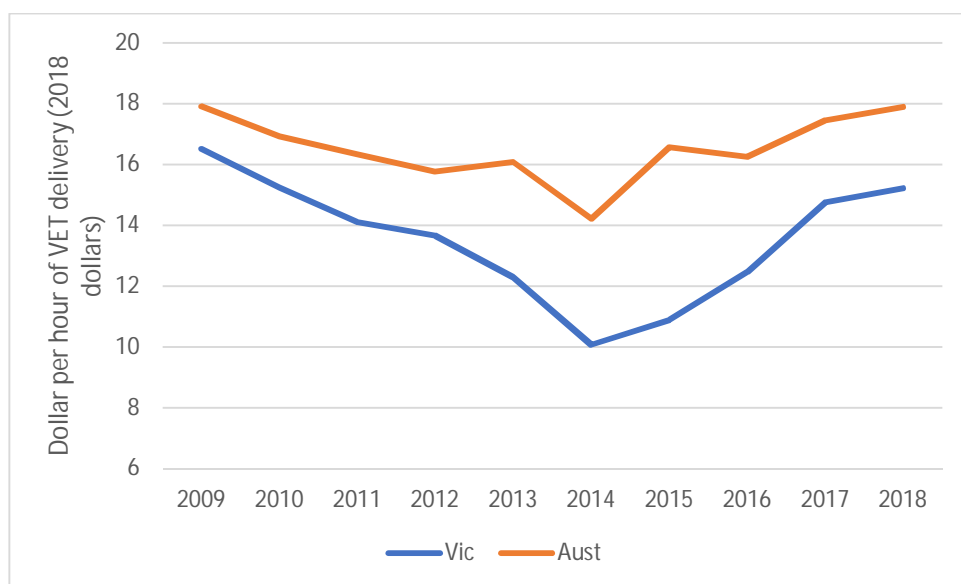


Figure 2 Real funding per hour of VET delivery in 2018 dollars. Source: Productivity Commission²¹

Increases to funding rates from 2014 have largely been sourced from one-off budget initiatives designed to save TAFEs from the perilous financial situations that threatened many of them in 2012 and 2013.

Reliable and appropriate sources of funding are required for TAFEs to accommodate meaningful improvements to VET in Victoria. For example, although the introduction of free TAFE courses in 2019 increased enrolments and associated net funding attached to those enrolments, there was not enough consideration of the other workload and cost impacts on a system that had been devastated by low levels of ongoing funding and a marketised funding system.

Improvements in VET quality and accessibility will require a larger workforce which necessitates the attraction and retention of suitably qualified staff. Improved remuneration and working conditions, especially job security, are important aspects of this requirement but other initiatives are required. The AEU has proposed a TAFE teacher scholarship program to attract highly credentialed workers from industry to long term TAFE teaching. The program aims to support industry professionals to

²⁰ Ibid

²¹ Productivity Commission (2020) Report on Government Services @ <https://www.pc.gov.au/research/ongoing/report-on-government-services/2020/child-care-education-and-training/vocational-education-and-training>

obtain appropriate teaching qualifications whilst gradually increasing supervised and unsupervised VET teaching in TAFEs (see Appendix A).

Recommendations

- The Department of Education and Training should work with TAFE institutes to undertake comprehensive workforce planning and development, to ensure the ongoing workforce needs of the future are met
- The government must provide financial incentives, such as bursaries or scholarships (which would enable them to make the transition without experiencing personal financial hardship) for prospective teachers to undertake study to become qualified teachers, so they can study while gaining on-the-job experience

The Issues Paper also notes that:

The Commonwealth has indicated it intends to pursue nationally consistent qualification subsidy levels, in partnership with the states and territories. Victoria must be ready with clear evidence on training delivery costs to negotiate for the best possible outcome for training provision in our state.²²

The AEU agrees that Victoria must campaign strongly for an improved Commonwealth contribution to VET funding, especially as the Commonwealth has a much greater spending capacity than the states. The Commonwealth's recent track-record for VET is cause for significant concern. The most recently available data shows that commonwealth VET funding declined by \$326 million in nominal terms between 2017 and 2018.²³ It will also be vitally important to ensure that the provision of Commonwealth funding is not tied to requirements around funding contestability between private and public providers as it has been in the past. It is for this reason that no more than 30 per cent recurrent VET funding should be allocated on a contestable basis.

It is of great concern that two recent reviews commissioned by the Morrison government (*The Joyce Review* and the Productivity Commission Interim Report on Skills), continue to recommend that a market-based model is the best way forward, alongside a revamped student loan scheme. The market-based model has damaged the reputation and quality of the VET system significantly over the past decade, with massive sorting and poor-quality delivery by numbers of for-profit providers. In addition, the federal government has recently announced that more than \$90 million will be repaid to students who were exploited by providers offering incentives for poor quality and in some instances non-existent training. Around \$1.2 billion worth of VET FEE HELP debts have been written off.²⁴ To suggest that a new funding system could be developed, utilising a market-based model, would be completely and utterly irresponsible.

²² Skills for Victoria Review (2020) *Issues Paper* @ <https://engage.vic.gov.au/skillsforvictoria>, p.17

²³ NCVER (2019) *Government funding of VET 2018: data tables* @ <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/government-funding-of-vet-2018>

²⁴ Freya Lucas (2020) Federal Government returns funds following investigation into VET complaints, *The Sector* @ <https://thesector.com.au/2020/06/17/federal-government-returns-funds-following-investigation-into-vet-complaints/>

Recommendations

- At least 70% of state government VET funding to be quarantined for public provision through TAFE, with the remaining 30% allocated on a contestable basis to providers, including TAFE
- Develop a 'Unified TAFE System' to allow for efficiencies of scale and aligned and strengthened governance
- Government to provide additional funding to TAFEs in recognition of the greater costs the public system carries, compared to private providers
- Victoria's recurrent expenditure per annual hour to increase to at least the national average
- Course subsidies should not be employed as a mechanism for course 'rationing' and should reflect the cost of provision. System-wide caps on enrolments for particular courses or the re-introduction of block grants would be more transparent and consistent methods of allocating resources.

Appendix A

TAFE teacher scholarship proposal

Purpose

To attract suitable, highly credentialled workers from industry to long term TAFE teaching careers in key teacher supply shortage areas. The scholarship program would remove a significant income and qualifications barrier experienced by some potential TAFE teachers.

The proposal would assist in addressing TAFE teacher shortage issues in the medium and long term.

Approach

Establish a TAFE teacher scholarship to attract highly regarded and experienced workers from industry to TAFE teaching by bridging the qualifications and salary gap.

The scholarship would provide attraction incentives for prospective teachers by setting remuneration at the highest level provided for in the Victorian TAFE Teaching Staff Agreement 2018 (VTTSA2018) upon commencement of the scholarship.

Enrolment in a suitable AQF6+ vocational education teacher course would provide scholarship participants with the skills and knowledge required to deliver high quality teaching and learning to students from the outset of their TAFE teaching careers.

The formal study program would be complemented with a supported observation, supervision, and mentoring program which would provide participants with necessary on the job experience and guidance.

Scholarship elements

- Target recruitment of between 200-400 industry professional into defined list of VET teacher shortage areas
- Scholarship positions are for ongoing teacher employment at 1.0
- TAFEs/DET identify shortage areas and number of teachers needed for each course/TAFE
- Central recruitment process

- TAFEs employ teachers
- Scholarship teachers enrolled in AQF6+ teaching qualification to be completed over 2 years
 - Year 1
 - First 6 months*

Teachers will obtain minimum ASQA standard to teach, as a subset of an AQF6+ qualification, and participate in structured observation/mentoring program with existing teachers during this period
 - Second 6 months*

Upon completion of minimum ASQA standard to teach, teachers commence supervised teaching with a teaching load of 0.4 and continue studies to complete AQF6+ teaching qualification together with structured mentoring program with existing teachers during this period
 - Year 2

Teachers have increased supervised teaching load to 0.6 and continue studies to complete AQF6+ teaching qualification together with structured mentoring program with existing teachers during this period
- Teacher training conducted by partnership with selected universities
- Teacher is contractually obligated to remain employed at the TAFE for a period of 3 years following completion of AQF6+ teaching qualification, with penalties applicable for employee initiated cessation of employment
- Scholarship program could be scaled over time to ensure sufficient and appropriately targeted recruitment