



## INQUIRY INTO THE PERCEPTIONS AND STATUS OF VOCATIONAL EDUCATION AND TRAINING

The Minister for Skills and Training, the Hon Brendan O'Connor MP, has requested the Standing Committee on Employment, Education and Training undertake an inquiry into the perceptions and status of Australia's vocational education and training (VET) sector.

The inquiry's terms of reference cover:

1. information available to students about VET qualifications and related career pathways along a student's journey through secondary schools, vocational education, higher education, and work transitions, with a focus on how this combines with other sources of advice, including informal advice, to influence student choices, and how Commonwealth funded information for students about VET may be improved;
2. perceptions and status of the VET sector and how this may be impacting student enrolment choices, employer engagement, and recruitment and retention of the VET educator workforce, and how perceptions and status of the VET sector can be improved. International best practices in relation to VET perception and qualifications status should be examined;
3. successful partnerships between VET providers and employers that have demonstrably created career pathways and secure employment opportunities for students, considering the best practice elements of these successful partnerships, and how more partnering may be encouraged among VET providers and employers; and
4. Commonwealth programs which could influence the above, and intersections with state and territory, industry, and philanthropic efforts, including any structural barriers to improvement.

This submission responds to each of the terms of reference but provides a combined response to the second and third, given the status of VET is closely related to the relationships VET providers have with employers.

## BACKGROUND

I have worked in the Australian tertiary education sector for more than two decades. My previous roles have included senior positions in the TAFE, independent RTO, and non-profit/community sectors as well as in the Australian, New South Wales and Queensland governments. In my government roles I had responsibility for regulatory policy and operations, strategic policy, educational policy, planning, performance review, research and VET funding.

I now run my own consulting company and have a small number of other positions in the sector. This submission is made on my own behalf and draws on my previous experience, as well as my knowledge and understanding of new and emerging issues in the Australian VET sector.

## TERMS OF REFERENCE 1 - INFORMATION TO STUDENTS

### **Consistent information sources**

One of the critical issues for students, parents and even employers in the current VET system is the level of change the sector has undergone since governments agreed on a more national approach in the 1990s. The NCVET's '[Timeline of VET Policy Initiatives](#)' identifies the "national, state and territory programs and policy initiatives over the past 24 years that may have influenced enrolments and completions of VET courses, apprenticeships and traineeships".

It was last updated in March 2022 and at that time showed that since 1998 there had been a total of 710 changes to VET policy, funding, regulation and programs across Australia. That is an average of one major change in VET more than once every fortnight, every year, for 24 years.



It goes without saying that not all of these reforms and program changes have impacted all providers, and therefore all students. Where, for example, a government in one state introduces a new program it usually only impacts providers in that jurisdiction. However, the point remains that unlike schools or higher education, or overseas VET systems, there is an extraordinary amount of policy and program 'churn' in the Australian VET sector. That makes it extremely difficult for those inside the sector to keep abreast of what is happening, let alone the students, parents, employers and other organisations the sector wants to engage.

With skills being a key driver of labour productivity it is understandable that when there is a change of government or where Australia (or a state or territory) experiences a major economic event - that governments look to improve or reform the VET sector as part of their response. And yet that is not the case in other countries. For example, despite changes of government in Germany at both the Federal and State levels since 1998, and having many more states than Australia - there have been relatively few changes to the German VET system in the last 25 years.

If the Australian VET sector is to be able to provide students with relevant information about the courses and careers available to them, we must reach a greater bi-partisan settlement on key aspects of the VET system to ensure that reforms made now are enduring. The new National Skills Agreement provides an opportunity to try and reach that kind of bi-partisan consensus.

Governments should of course be able to introduce new policies and programs where there is a need, but the sector should place a much greater emphasis and value on stability in the organisations which play a key role. After all, how can we expect school career guidance officers, most of whom have not studied with a VET provider themselves, to be able to provide students with useful and relevant VET information if the agencies at Commonwealth and State/Territory level which they have been dealing with or sourcing information from, change at will. The same challenges apply for parents, prospective students, employers and other stakeholders seeking information on VET courses and careers.

A related problem, which will only magnify as digitisation increases and people rely more and more on digital information sources, is the endless changes to website addresses when government agencies and other VET organisations undergo machinery of government or nomenclature changes. Website addresses may seem like a superficial, insignificant issue for the Committee to consider, in a sector which educates more than 4 million learners annually. But when prospective students, parents, guidance officers and others cannot readily find the website links they were recommended or were using previously - it makes it easier for them to recommend university study instead.

If the VET sector is going to improve people's understanding of what it offers and their perceptions - it must settle on names, roles and responsibilities of key organisations (eg Jobs and Skills Australia, the Jobs and Skills Councils, the Department of Employment and Workplace Relations, etc) and leave them in place as trusted sources of information, and the same is true of similar bodies and agencies at the State and Territory level.

### **Information on VET quality**

While reliable information on VET courses and future careers is important, so too is information on the quality of each VET provider's delivery.

In the higher education sector, provider-level student and employer satisfaction data is published annually. While some VET providers are quite small (eg niche independent providers offering training to only a small number of employers or very small community providers) there is no reason why student and employer satisfaction data cannot be reported for all providers in receipt of government funding. Making this information available would help strengthen confidence in the sector and assist more informed decision making.

The higher education regulator, the Tertiary Education Quality and Standards Agency (TEQSA), also publishes key summary information on its most recent audits of all higher education providers. Regrettably none of this information is available at the provider level in VET.



In 2006 Skills Ministers (meeting as the Ministerial Council on Vocational and Technical Education) agreed for the first time to publish regulatory information on individual VET providers (ie each RTO's latest audit report). To date, and despite other more recent agreements at Ministerial level on this issue, the work remains yet to be done.

To support informed student decision making, State and Territory governments currently require the VET providers they fund to publish their latest audit report from the Australian Skills Quality Authority (or state-level equivalents - the Victorian Registration and Qualifications Authority and the Western Australia Training Accreditation Council) on the provider's website. These reports can be dense because they are not written with prospective students as their intended audience. Nonetheless these reports provide transparent information to prospective students, employers and other stakeholders on the provider's level of compliance with the Standards for RTOs.

In the interests of transparency and improved student decision making, these details should be readily available to students and other stakeholders for all Australian RTOs. The most recent audit reports of all RTOs should be available on either the relevant regulator's website (ASQA, the VRQA or TAC), as is the case with TEQSA's summary reports, or the information should be included along with the provider's details on the National Register of VET ([training.gov.au](http://training.gov.au)).

It has been suggested that one of the issues with making the information available on the [training.gov.au](http://training.gov.au) website is because RTO audit reports are published in pdf format. That has not prevented pdf versions of all Training Packages being available in pdf format on the same website. See for example this link to the pdf version of the Business Services (BSB) training package: [https://training.gov.au/TrainingComponentFiles/BSB/BSB\\_R8.0.pdf](https://training.gov.au/TrainingComponentFiles/BSB/BSB_R8.0.pdf)

Ultimately students, employers and other VET sector stakeholders would benefit from short summaries of each audit report being made publicly available in user-friendly language (again, as TEQSA does) - but 15 years on from when Ministers first agreed to publish information on the quality of a training provider's delivery - the fact that this information is still not publicly available for most RTOs undermines confidence in the sector and inhibits student decision making.

A related quality issue is the apparent inconsistency in the publicly available data on the level of serious non-compliance in the VET sector. The Productivity Commission publishes details on ASQA's audit activity in its annual Report on Government Services (RoGS). For the last two years the Commission has reported low numbers of RTOs being audited and very low levels of serious non-compliances being identified in those audits. Despite the RoG's data being drawn from ASQA's records, the figures published by the Commission appear to be at odds with the data published in ASQA's annual reports. The low levels of serious non-compliance in the sector also appear to be at odds with the numerous media reports of serious non-compliance in the last 12 months (see p. 4 and p.8 of [this recent summary](#) of VET activity in 2022).

While ASQA is making changes to its regulatory approach, in 2021-22 the Productivity Commission's RoGs identified ASQA undertaking just 211 audits (5.5% of all RTOs). Of these just 15 were identified as having serious or critical non-compliances (equivalent to just 0.4% of all RTOs in the sector).

	<i>Unit</i>	<i>Aust</i>
2021-22 (g), (h)		
Number of regulated providers	no.	3 834
Number of regulated providers that were audited	no.	211
Regulated providers subject to compliance audit with critical/serious findings (i)	no.	15
Providers audited as a proportion of all regulated providers	%	5.5
Providers that were subject to compliance audit and with critical/serious findings, as a proportion of all regulated providers	%	0.4



In 2016-17 the RoGs data shows that ASQA audited 545 RTOs (or 13.1% of all RTOs regulated by ASQA at the time). Of these 193 were found to have serious or critical non-compliances (equivalent to 5.5% of all RTOs).

2016-17		
Number of regulated providers	no.	4 171
Number of regulated providers that were audited	no.	545
Regulated providers subject to compliance audit with critical/serious findings (i)	no.	193
Providers audited as a proportion of all regulated providers	%	13.1
Providers that were subject to compliance audit and with critical/serious findings, as a proportion of all regulated providers	%	4.6

By contrast ASQA's [annual report for 2021-22](#) reports the agency undertaking 356 "performance assessments" (these are not defined in the report and may include desk-based assessment activities). In the same period ASQA reports imposing 10 sanctions to cancel registration, 7 conditions, 10 sanctions to suspend all or part of a provider's registration, 1 civil penalty and 1 criminal prosecution (it should be noted that some of these regulatory actions may apply to the same provider).

There seems to be more synergy between the data reported in the RoGs for 2016-17 and the details in [ASQA's annual report](#) for the same period. ASQA reports cancelling the registration of 125 providers, suspending the registration of 56 and issuing infringement notices, imposing civil penalties or launching criminal prosecutions against 33 providers (again multiple sanctions can be imposed on the same provider).<sup>1</sup>

Accurate data is vital so to ensure there is confidence in the sector, the apparent discrepancies between the ASQA and the RoGS data should be clarified. Equally important is understanding the decline in the number of providers being audited and found seriously non-compliant by ASQA over the past five years. Based on media reports and anecdotal evidence it seems unlikely that as few as 0.4% of all ASQA-regulated RTOs have serious non-compliances. As the government looks to improve perceptions of VET, its efforts risk being undermined if serious non-compliances are currently going unnoticed and subsequently receive significant media scrutiny.

The most important issue for students is being able to have confidence that they are not enrolling with a provider found to be seriously or critically non-compliant with the Standards. Publishing provider audit reports will assist in safeguarding student interests and building confidence in the sector.

## TERMS OF REFERENCE 2 & 3 - PERCEPTIONS OF VET AND RELATIONSHIPS WITH EMPLOYERS

The Jobs and Skills Summit was an important event for many reasons, including firmly connecting in the public's mind the critical link between employment and the vocational education and training (skills) sector. The subsequent shift from the 'National Skills Commission' to 'Jobs and Skills Australia' and the renaming of the proposed 'Industry Clusters' with 'Jobs and Skills Councils' all help lift public understanding and perceptions of skills (or VET).

It is understood that the government's plan is now to build on these initiatives through the actions agreed at the Jobs and Skills Summit and in the next National Skills Agreement. While other submissions to the inquiry will no doubt offer insights into initiatives which will assist in enhancing perceptions of VET, the launch of Chat GPT in late 2022 (and other forms of Generative AI) will challenge one of the key fundamentals of the Australian VET sector (ie national Training Packages) and if the sector is unable to respond effectively - the courses it offers will become increasingly irrelevant in some industries. This will obviously significantly damage perceptions of VET.

1. ASQA's annual reports also include details of written directions issued to providers but these regulatory tools are typically not used to address serious or critical non-compliances.



Much of the debate in education since the launch of Chat GPT on 30 November 2022 has focussed on teaching and assessment - ensuring academic integrity - particularly in schools and higher education which have a higher reliance on written assessment tasks than the VET sector with its competency-based assessments. There are though a number of written assessment tasks in the Business Services (BSB) Training Package (for example "produce a written report on..." or "develop a strategic plan for..."). More than 3,300 RTOs currently have at least one unit of competency from the BSB Training Package on their scope of registration (because so many BSB units are incorporated in qualifications and skill sets in other Training Packages).

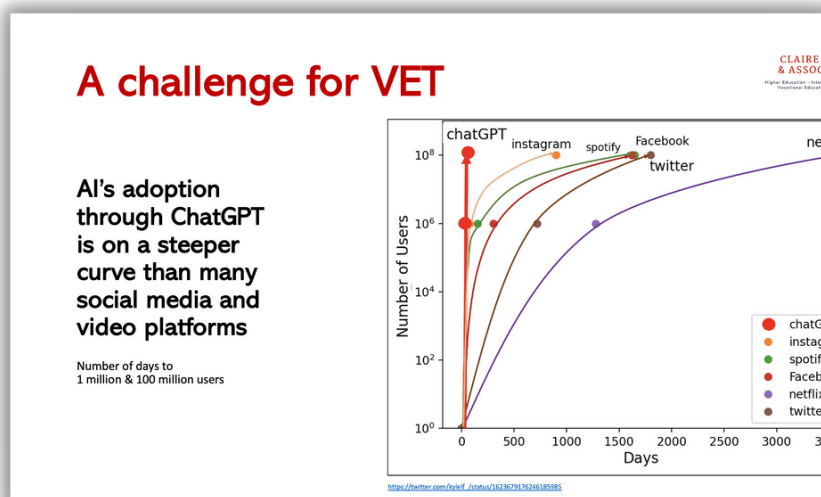
That means that, in the first instance, many RTOs are going to need to review and refine their assessment tasks as a result of the development of Large Language Models like ChatGPT and there are ethical and privacy issues in them doing so. I was pleased to discuss these, along with Dr Suneeti Rekhari from TAFE NSW, in a recent "TAFETalks" presentation for TAFE Directors Australia. There is however a much more significant issue for the VET sector related to how it maintains the currency of the BSB Training Package.

While current reforms, to broaden VET qualifications from their current focus on narrow occupational outcomes, are important and will improve both the transferability of skills and reduce the need to update qualifications when specific technology changes - they do not and cannot account for the pace of change that AI is bringing to some forms of work.

In other words how will the BSB Training Package remain relevant when the world of work is changing as rapidly as it currently is as employers embrace ChatGPT and other forms of Generative AI?

This week I was pleased to present to the Digital Leaders Roundtable - a Steering Committee convened by the Digital Skills Organisation - on the ways in which ChatGPT is already transforming a range of business tasks and roles which the VET sector prepares people for. The full suite of slides from my presentation is available here but I am including a number of them in this submission to illustrate the magnitude of the challenge VET and the Digital Skills Organisation, as the Jobs and Skills Council responsible for the BSB Training Package, faces.

Firstly the adoption of ChatGPT has been incredible when compared with other social media and video platforms:



The technology is also rapidly becoming ubiquitous, not only has Microsoft made a \$10B investment in OpenAI (the developers of ChatGPT) it is incorporating it in its search tool, Bing, and both Google and Meta have since followed suit and launched their own versions of ChatGPT - known respectively as Bard and LLaMA.



In business in just the last three months ChatGPT and other forms of AI are being used to:

- support strategic decision making
- document and create policies and procedures
- create a website layout, do basic coding, write marketing copy, create blog articles
- organise meetings, record and produce written records of meetings and then generate summaries of key decisions taken at meetings
- undertake different aspects of legal work including contract analysis, due diligence, litigation and regulatory compliance
- undertake professional writing and editing with global media companies using ChatGPT in place of journalists for some work tasks, and
- help global consulting firms to assist companies with customer experience, marketing and financial services.

In the screenshots below from my presentation the written text I have included details the various units of competency from the BSB Training Package which already need to be rewritten (in part or in full) because of the uptake of ChatGPT technology by business.

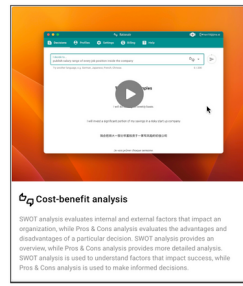
That is, businesses are no longer undertaking a variety of tasks in the same way that they used to and these changes have come about in just the last three months.

Note that for ease of reading the names of the units of competency included on the slides have had their unit codes removed eg "BSBMKG431 Assess Marketing Opportunities" is included on the slide as simply "Assess marketing opportunities". Note also that this is not an exhaustive list of the BSB units of competency which are likely to need updating.

## Business Services

### Planning & decision making

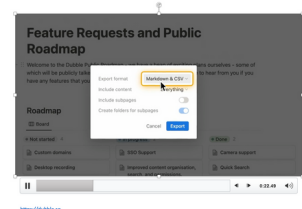
- Articulate, debate and present ideas
- Assess marketing opportunities
- Apply critical thinking to work practices
- Plan procurement
- Manage business risk
- Evaluate and report collected information
- Make procurement decisions
- Plan and implement strategic sourcing
- Manage business operational plans
- Drive sales results
- Develop and implement business plans
- Develop and implement an e-commerce strategy



## Business Services

### Policies and procedures

- Support human resources functions and processes
- Coordinate separation and termination processes
- Implement and monitor WHS policies, procedures and programs
- Implement and monitor environmentally sustainable work practices
- Implement and monitor procurement process
- Apply project quality management techniques
- Apply project procurement procedures
- Apply government processes
- Apply project lifecycle management processes
- Work within compliance frameworks
- Assist with workplace compliance with WHS laws



## Business Services

### Marketing and Communications

- Conduct e-marketing communications
- Analyse data
- Write persuasive copy
- Develop social media engagement plans
- Develop a social media strategy
- Create and optimise digital media



## Business Services

### Legal and Paralegal Services

- Apply principles of evidence law in matters under litigation
- Write complex documents
- Apply legal principles in contract law matters
- Conduct simple legal research
- Analyse and present research information
- Apply legal principles in criminal law matters
- Communicate with influence
- Apply business risk management processes



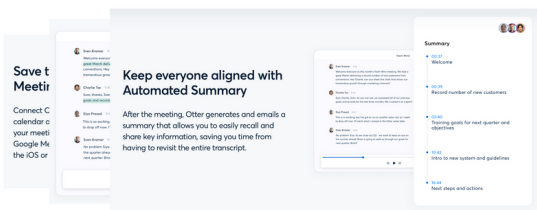




## Business Services

### Meetings

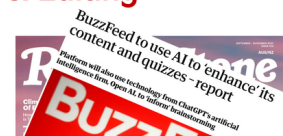
- Organise business meetings
- Establish innovative work environments
- Coordinate business resources
- Manage meetings



## Professional Writing & Editing

### Cert IV Accredited course plus BSB package

- Write persuasive copy
- Develop PR documents
- Create electronic presentations
- Design and produce complex text documents
- Use digital technologies to collaborate in a work environment
- Write simple documents
- Write complex documents
- Marketing and Communication Skill Set
- Communications and PR Foundations Skill Set

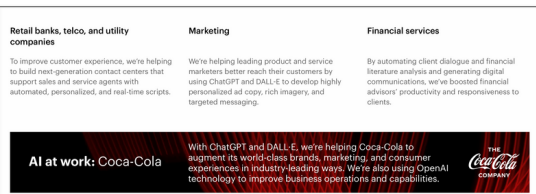
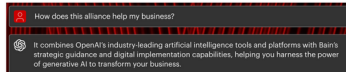


The news sent BuzzFeed stock surging as much as 157% to \$2.45

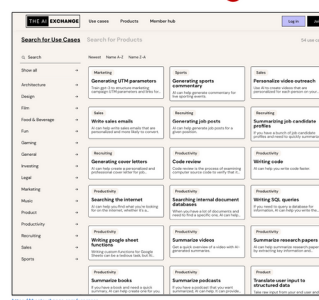
The company said last month it would cut about 12% of its workforce to rein in costs.



## Consulting services



## 54 use cases & counting...



As the final slide above identifies there are now at least 54 use cases for generative AI in business processes in architecture, design, film, food and beverage, gaming, investing, productivity, recruiting, sales and even sports. While universities will also have to adapt their courses to keep them current as AI changes the industries they educate people for (eg architecture, business, and legal services) they are not reliant on national processes and consultations to agree and formalise amendments or updates to their courses.

Unlike VET providers, Australian universities and some higher education providers have self-accrediting powers. They can use their own internal processes to update their courses as they hear from their industry partners that they need changing. By contrast, in the VET sector it takes years to respond to calls from industry for change - because for the last three decades the sector has placed a priority on ensuring national consistency in the skills being taught and this requires national processes and extensive consultations.

With the level of change to business processes since the introduction of ChatGPT it is timely for the Committee and the sector to consider if the existing training package approval process remains fit-for-purpose in relation to business services? If VET continues to update the content being taught to students studying business units of competency, skill sets and qualifications under the existing model - even with improvements the process will still take at best 18 months between when industry identifies the need for change and when providers start enrolling students in the updated courses.

What will students, parents and other stakeholders' perceptions be of VET (at least in relation to business services training) if its courses are so out of date? It seems highly unlikely that employers will use the VET sector to upskill their existing staff or take on new recruits with BSB qualifications - if the VET sector's business courses do not teach people how to use ChatGPT in the tasks they are undertaking in the workplace. I canvassed these issues in a [recent opinion piece](#).



## TERMS OF REFERENCE 4 - COMMONWEALTH PROGRAMS

The National Skills Agreement is clearly much more than a program but given the excessive rate of policy and program churn in the VET sector in the last two and a half decades (with 155 of the 710 policies and programs introduced in the last 24 years being Commonwealth government initiatives) it will be important to proceed with caution before new programs which might be specified in the Agreement, are developed and launched.

One of the other significant problems which has bedevilled the sector in the past has been a lack of evaluation of the programs and initiatives which are introduced and subsequently terminated when new initiatives are rolled out. I note that in the Finance Minister's October 2022 [address](#) to the Institute of Public Administration Australia she stated that evaluation is a priority for the government and that the Department of Finance is developing a "Commonwealth Evaluation Policy and Toolkit" and working with both the Treasury and the Office of Impact Analysis in the Department of Prime Minister and Cabinet (formerly the Office of Best Practice Regulation) to "drive service improvements".

The government is to be commended for its emphasis on rigorous policy and program evaluation and it will be important that, with the agreement of States and Territories, these evaluation activities also apply to Federal financial agreements such as the next National Skills Agreement.

As the Commonwealth, States and Territories sit down to negotiate the next Agreement they need to be cognisant of the need for consistent funding and policy directions for the sector. It will not be possible to enhance the perceptions and status of VET if funding from most jurisdictions continues to decline, as the RoGs report shows has been the case over the last decade.

The Productivity Commission's RoGs identifies that real recurrent funding for VET fell in all jurisdictions except New South Wales and Tasmania between 2012 and 2021 (note that in the table below the figures for 'Australia' is the national figure and not specific Commonwealth government funding).

	Unit	NSW	Vic (c)	Qld (d)	WA	SA (e)	Tas	ACT	NT	Aust (f)
Total government real recurrent expenditure										
Including user cost of capital (g)										
2021 (h), (i)	\$m	2 416.0	1 659.3	1 249.3	846.4	428.3	213.8	137.7	111.0	7 061.9
2020 (h), (i)	\$m	2 214.2	1 685.3	1 158.3	823.8	417.1	185.8	140.8	125.7	6 750.9
2019 (h), (i)	\$m	2 237.8	1 644.4	1 137.0	666.2	407.5	185.3	139.2	124.9	6 542.3
2018 (h), (i)	\$m	2 098.5	1 670.8	1 256.1	677.2	391.7	172.4	127.9	129.4	6 523.9
2017 (h), (i)	\$m	2 088.0	1 867.1	1 301.6	748.9	339.8	171.2	131.9	133.5	6 781.9
2016 (j), (k)	\$m	2 087.3	1 739.3	1 235.5	743.6	388.1	161.5	136.1	136.7	6 628.0
2015 (j), (k)	\$m	2 251.0	1 840.3	1 224.1	844.5	469.8	163.8	126.4	134.0	7 053.9
2014 (j), (k)	\$m	2 206.8	2 000.3	1 141.7	826.5	540.8	186.2	127.6	140.7	7 170.6
2013 (j), (k)	\$m	2 357.4	2 464.4	1 333.0	902.1	619.7	184.2	136.7	157.3	8 154.8
2012 (j), (k)	\$m	2 318.6	2 757.7	1 345.7	893.2	478.2	174.7	151.6	145.7	8 265.4

The impact of all of the changes in the VET sector over the past decade can be shown in part by the fluctuations in the average hourly funding rates paid to VET providers in that period (see following Table 5A.2 from the RoGS). The RoGs identifies how in most jurisdictions recurrent funding per annual hour changes each year - sometimes by very significant amounts (both increases and decreases).

These changes reflect Commonwealth and State/Territory government decisions to introduce new programs (with new funding) and to withdraw funding to try and achieve greater efficiencies.

While TAFE Institutes receive some ongoing funding for their activities they are impacted by both the changes to contestable funding arrangements and to organisational restructures undertaken by State and Territory governments (with amalgamations of TAFE Institutes having been pursued in a number of jurisdictions in the last decade).





Government-funded independent and community providers receive most or all of their government funding through competitive funding arrangements. The contracts they hold with their relevant State or Territory government are typically short-term in nature sometimes just an annual contract.

**Table 5A.2 Total government real recurrent expenditure per annual hour, 2021 dollars (a), (b), (c)**

	Unit	NSW (d)	Vic (e)	Qld (f)	WA	SA (g)	Tas	ACT	NT	Aust (h)
Total government real recurrent expenditure (i)										
2021 (j), (k)	\$/hr	24.18	15.96	17.74	21.18	22.13	31.82	26.05	28.87	20.21
2020 (j), (k)	\$/hr	22.65	20.49	17.24	23.77	25.44	35.89	29.18	33.80	21.64
2019 (j), (k)	\$/hr	21.44	14.91	16.22	19.23	23.53	29.29	22.87	30.42	18.52
2018 (j), (k)	\$/hr	20.60	16.45	19.21	19.20	24.74	27.21	21.49	29.40	19.38
2017 (j), (k)	\$/hr	20.70	15.95	19.11	19.59	18.86	24.25	24.28	25.30	18.84
2016 (l), (m)	\$/hr	20.58	13.48	17.24	19.12	20.44	22.85	26.33	26.36	17.56
2015 (l), (m)	\$/hr	28.16	11.77	16.09	20.68	20.15	22.15	23.12	30.12	17.91
2014 (l), (m)	\$/hr	17.68	10.89	16.92	19.60	18.37	22.46	19.34	26.72	15.33
2013 (l), (m)	\$/hr	19.27	13.28	23.45	20.19	14.83	23.91	21.71	36.74	17.37
2012 (l), (m)	\$/hr	17.12	14.76	20.59	19.77	14.90	19.41	20.25	31.06	17.00

Collectively, for all government-funded VET providers (TAFE Institutes, community and independent providers), the ongoing variability in the funding they receive and the programs they are asked to deliver creates significant challenges for their long-term strategic planning and their levels of community and employer engagement (as resources are continually diverted internally to respond to program and funding changes). While data to evidence this claim is not readily available for all providers, because VET data is not available at the individual provider level, the decline in fee-for-service funding for the TAFE sector in the last few years offers some insights into the impact of the ongoing funding changes in the sector.

All TAFE Institutes value their employer relationships. Employers are a key source of domestic fee-for-service VET funding - as they pay for their staff to be upskilled and reskilled. In at least the last five years the impact of all of the major changes in VET (as recorded by the NCVER) has become evident - with a noticeable decline in domestic and international fee-for-service enrolments at TAFE. Too much energy and attention is diverted internally each time a new program or new funding is announced, leaving too little time for maintaining and growing external relationships.

**Changes in VET enrolments 2017-2021 by funding source and provider type**

Funding source	Year	TAFE institutes & dual sector universities	Community education providers	Private training providers
Government funding	2017	639,755	75,145	442,425
	2018	632,420	73,100	423,855
	2019	669,050	72,975	441,270
	2020	730,190	64,785	448,855
	2021	713,200	73,095	525,540
Percentage change 2017-2021		+11%	-3%	+19%
Domestic fee-for-service funding	2017	250,865	405,580	2,432,935
	2018	206,910	414,700	2,465,745
	2019	177,180	420,260	2,580,960
	2020	129,960	327,605	2,371,405
	2021	132,280	381,735	2,697,365
Percentage change 2017-2021		-47%	-6%	+11%
International fee-for-service funding	2017	42,270	2,945	129,515
	2018	34,925	3,020	156,935
	2019	38,125	3,090	183,675
	2020	29,410	2,915	189,755
	2021	30,635	2,160	180,330
Percentage change 2017-2021		-28%	-27%	+39%

Source: NCVER 2022, Total VET students and courses 2021: students DataBuilder, Total, Provider type, Funding source by Year

The same is true in the community education sector in the past five years but on top of that these important providers have also seen their government-funded enrolments decline. And while independent or private providers (as they are categories by the NCVER) appear to have done well as a group with growth in enrolments across all



three funding sources - the diversity in the size and focus of independent providers means that the impact of government funding and policy changes differ significantly at the individual provider level and are less visible at the national level. Nonetheless all providers (public and private) find the extent of policy churn and funding change in the sector destabilising and it undermines their ability to grow new community and employer relationships.

## A way forward

Dr Don Zoellner has recently published research on the need for a new funding model for VET which moves away from the current emphasis on competition to drive efficiencies, and instead recognises that the Australian VET sector is now a 'mature market'. Dr Zoellner argues a Public Value Management approach should be adopted to underpin future VET funding, in recognition that "the quantitative evidence also demonstrates that in more recent years the market structures have stabilised, and that not-for-profit and community education providers are leaving the market. Similarly, the range of products on offer to students has become heavily concentrated in just a few occupational groupings. Both serve to reduce choice in the now mature markets and could be factors that are driving students away from the sector." Prof. Mark Considine makes similar points in his recent book 'The Careless State: Reforming Australia's Social Services'.

While senior officials consider the details of the next National Skills Agreement, they may also consider a new program being trialled in South Australia where the social impact organisation Forte has partnered with the South Australian government to trial a new VET financing scheme which offers participants and governments free training, with the provider only receiving payment when graduates increase their earnings and pay higher taxes to government. If the trial proves effective this could be a model for funding some VET activity (and some VET students) which helps keep providers focussed on meeting employer needs and the post-study employment outcomes of their students. That in turn will only strengthen the perceptions and status of Australian VET.

## RECOMMENDATIONS

**Recommendation 1:** The new National Skills Agreement should:

- include significant ongoing additional funding for VET
- move away from its current focus on contestability and instead look at alternative funding models, and
- aim for a bipartisan consensus on the reforms it will deliver - to bring much needed stability to the VET sector.

**Recommendation 2:** Provider-level data should be published to inform student choice and lift confidence in the sector (this should include RTO audit reports).

**Recommendation 3:** Consistent national data should be published on regulatory activities undertaken in the VET sector.

**Recommendation 4:** ChatGPT means changes must be considered to the current Business Services Training Package, including potentially introducing self-accrediting powers for TAFEs and other trusted providers delivering business courses.

Thank you for the opportunity to provide this submission.

Claire Field  
1 March 2023

