Adult Learning Australia

NEIGHBOURHOOD HOUSES VICTORIA

Submission:

Skills and Workforce Development Agreement

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Compiled with the assistance of the staff and office bearers
of Adult Learning Australia and its affiliated member organisations, and
Neighbourhood Houses Victoria.

Adult Learning Australia

Office 1, 45 Moreland Street
FOOTSCRAY VIC 3011

Ph.: 03 9362 8894
Web: ala.asn.au
Email: info@ala.asn.au

Contents

About

Adult Learning Australia

Adult Learning Australia (ALA) welcomes the opportunity to provide input into the Australian Government's Skills and Workforce Development Agreement.

ALA has been operating for 59 years as the national peak body for adult and community education (ACE) in Australia. We have over 1,100 members. They are located across every state and territory in urban, regional, rural and remote communities.

ALA's membership is diverse and includes organisations such as community colleges, neighbourhood houses, community learning centres, U3As, Aboriginal learning cooperatives and individuals working in TAFE, university and other educational institutions.

Neighbourhood Houses Victoria (NHVic)

NHVic is the peak body for Neighbourhood Houses in Victoria. There are over 400 Neighbourhood Houses providing a range of community development and educational opportunities for communities throughout Victoria. There are over 200,000 attendances at Victorian Neighbourhood Houses each week.

Approximately 190 Neighbourhood Houses are Learn Local providers, providing pre-accredited adult education and approximately 40 of them are RTOs providing accredited training.

What is ACE?

Adult and community education (ACE) is a discrete fourth sector of education in Australia that is not for profit and community based. ACE organisations include Neighbourhood Houses, Community Learning Centres, Community Resource Centres, Community Colleges, Indigenous Cooperatives and Adult Education Institutions such as the Centre for Adult Education and Workers Education Associations.

ACE programs build community capacity, enhance social cohesion and promote health and wellbeing. They foster skill development and provide vocationally focussed education and training programs and pathways. ACE organisations have a strong presence across Australia, particularly in rural and regional communities, where they offer a broad range of programs and services alone or in partnership with other agencies.

The ACE sector is recognised for its ability to engage jobseekers in foundation and industry skills program as a 'soft point of entry' to vocational education and training (VET), often working with the jobseeker to address a broad range of barriers impacting on employability.

Research shows that ACE providers offer a platform for disengaged and/or disadvantaged adults to:

- transition back into learning

- develop basic skills for work
- improve language, literacy and numeracy (LLN)
- pathway into formal learning programs.

ACE is an important and recognisable sector of education that is not for profit and provides accessible lifelong and lifewide learning opportunities that are responsive to the education needs of adults 15 years and over.

ACE services

ACE organisations offer all or some of the following services:

- personal enrichment learning and pathway programs
- adult basic education in language, literacy, numeracy (LLN) and other foundation skills (both accredited and non-accredited)
- foundation skills in computers and the new technologies
- formal vocational education and training (VET).

ACE has strong expertise in working with second chance learners, disengaged and disadvantaged cohorts and older learners. ACE organisations provide inclusive learning environments to enable people to transition back into learning, develop skills for work and life, improve LLN and offer pathways into formal learning programs.

The ACE sector has a well-documented track record of attracting high rates of high needs and disadvantaged learners. It has achieved this in a highly constrained funding environment where providers' capacity to engage learners through outreach activity is not funded. Investing in the outreach and engagement in the ACE sector is possibly the single most effective strategy that can lead to increased participation by learners with high needs and low LL&N.

Figure 1: Equity groups % of program enrolments by provider 2018

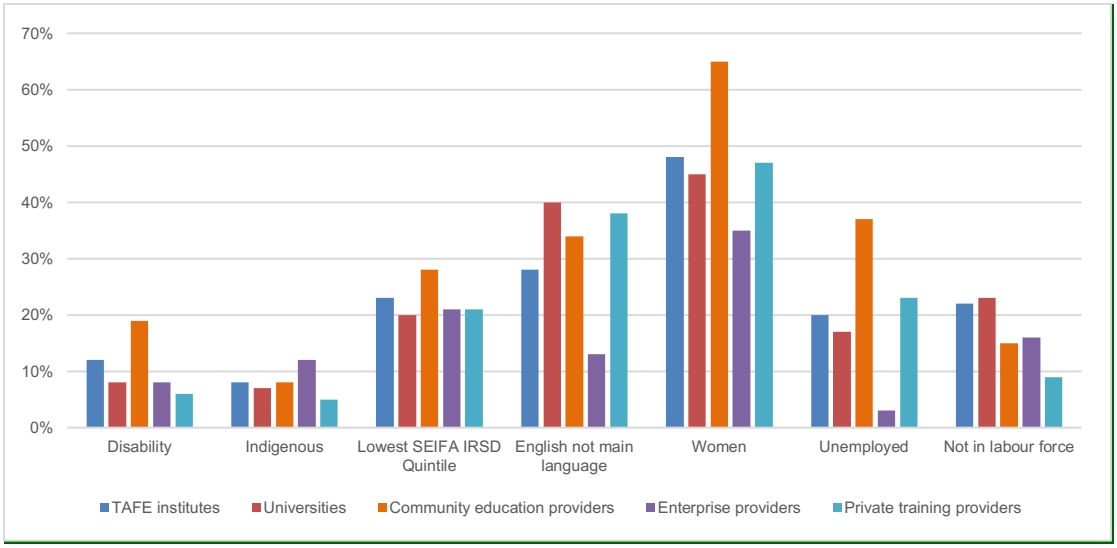
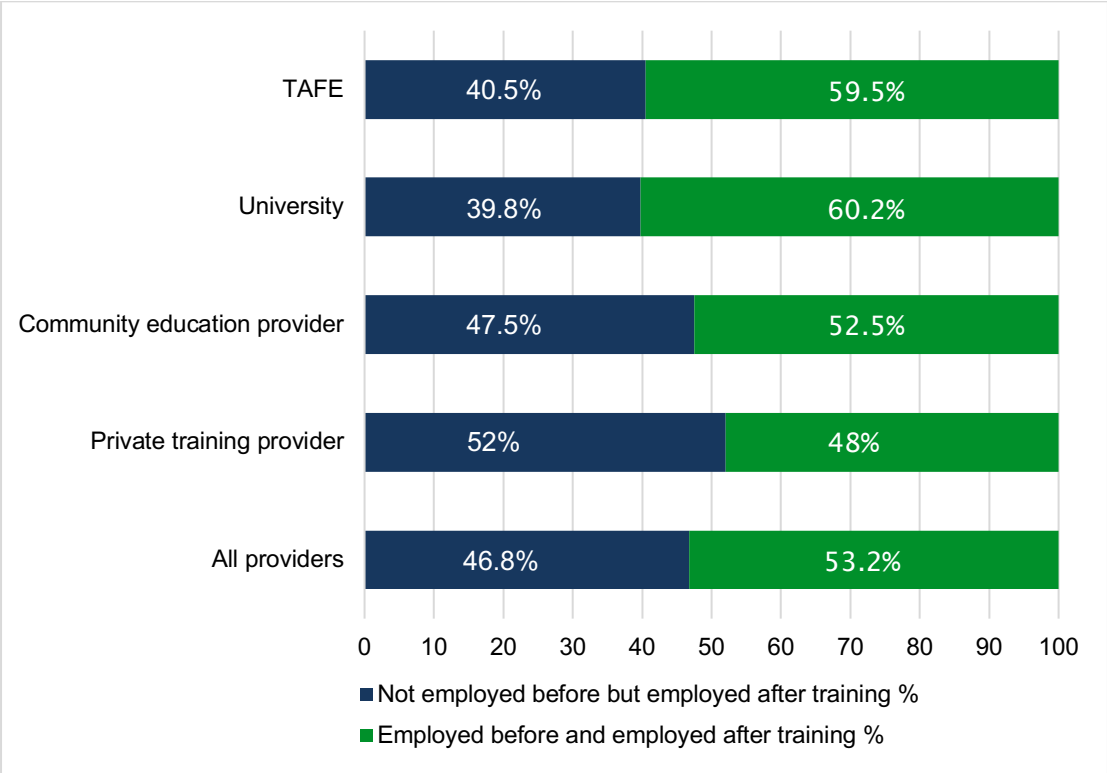


Figure 2: % of VET graduates unemployed/employed before training and employed after training by provider 2019



Recommendations

The National Agreement for Skills and Workforce Development (NASWD) should:

1. Be re-orientated towards the concept of lifelong learning, social inclusion, and participation by disadvantaged cohorts in the VET system
2. Consider the impact of technology on the workplace and the importance of building key competencies in areas such as critical thinking, adaptability, collaboration, resilience and problem solving
3. Emphasise demand side measures to improve the connections between training and employment, thereby improving the efficiency of the VET system
4. Strengthen industry involvement in the training, skills matching and economic development effort at a regional level
5. Establish local coordinators capable of brokering training relationships with employers and across all local education and training provider types to improve efficiency
6. Recognise the contribution of, and sufficiently resource, non-accredited pathway and bridging programs such as ACE adult basic education programs, language, literacy and numeracy (LLN) programs and digital literacy programs
7. Emphasise a systematic approach to partnerships between ACE and TAFE in order to reduce barriers to education and training, and promote a culture of lifelong learning
8. Link upskilling or learning through non-formal education programs, such as those offered through the ACE sector, to VET recognition processes to support stronger pathways to qualifications and also facilitate pathways for disadvantaged cohorts
9. Facilitate an approach for the inclusion of stackable skillsets that are standalone or that could be aggregated to achieve an award over time to pathway learners from pre-accredited/non-accredited into accredited learning programs or build their skills for the workplace
10. Include a regional planning approach consistent with improving participation and success in VET for disadvantaged learners to enable greater coordination and collaboration between the TAFE and ACE sectors and industry
11. Include annual measures relating to levels of education and training system integration across all tiers, equity group targets, business contribution/participation and commitment to training, under and over-qualification and utilisation.

Scope

NASWD's objectives

The main and subsidiary objectives of National Agreement for Skills and Workforce Development (NASWD) are generally still applicable. However, the NASWD would benefit from a re-orientation towards the concept lifelong learning, with a much stronger emphasis on the role of VET in social inclusion, and in reducing the barriers to successful participation in the system by disadvantaged cohorts.

> 'Much current analysis of the nation's VET sector focuses on economic and education industry issues and does not consider that the sector is part of a sprawling but not always well aligned set of community institutions. These include schools, local government and community-based support agencies, adult education providers, vocational and welfare guidance staff, Centrelink and local employers (Myconos, Dommers & Clarke, 2018).'

According to UNESCO, an authentic approach to lifelong learning requires:

> [A] paradigm shift away from the ideas of teaching and training towards those of learning, from knowledge-conveying instruction to learning for personal development and from the acquisition of special skills to broader discovery and the releasing and harnessing of creative potential. This shift is needed at all levels of education and types of provision, whether formal, non-formal or informal.
>
> (UNESCO Education Strategy 2014–2021)

In many countries across the globe, lifelong learning is a policy priority for education and training because of its importance to national economic growth and human and social development (UNESCO 2014). Research consistently shows that citizens who regularly acquire new knowledge, skills and attitudes in a wide range of contexts throughout their lives are better equipped to adapt to changes in their environment.

NASWD objectives must also consider the impact of technology on the workplace and the importance of building 21st century skills.

Structural changes in the 'global economy have resulted in a growing demand for a highly skilled and adaptable workforce'. New technologies are 'emerging at such a rate that it has become impossible to predict what the roles, skills and jobs of the tomorrow will look like' (ALA, 2018, p. 5).

Businesses, individuals and society must be prepared to 'take advantage of the opportunities that will arise in this complex and competitive environment' while taking steps to ensure that people are appropriately skilled, or reskilled and redeployed. 'This means embracing technology's potential to make our workplaces more productive, while taking steps to prevent Australia's most vulnerable workers from sliding into unemployment' (AlphaBeta, 2015, p. 6).

Business is increasingly concerned about the risks associated with digital disruption. There have been many reports related to this; for example, the GE 2016 Global Innovation Barometer, which found that 89% of Australian business leaders feared that their business would become obsolete as a result of digital disruption (GE Report, 2016).

In terms of the workforce, the Committee for the Economic Development of Australia (CEDA) has reported that 40% of current jobs have a high probability of being replaced by automation in 10 to 15 years (CEDA, 2015). Similarly, PwC calculated that 5.1 million jobs, or 44%, were at risk of digital disruption and that the pace of technological change is a concern for growth according to Australian CEOs (PwC, 2015).

While some occupations may cease to exist – another impact of technology on the workplace relates to the reshaping of tasks and activities that people perform within their roles (BCA, 2017; AlphaBeta 2015; OECD, 2016; FYA, 2017). As technology displaces some traditional job skills, new work demands emerge (Dundon & Howcroft 2018). And there has been extensive growth in the proportion of jobs requiring digital literacy skills. Ai Group (2018) reports that 'increasing use of digital technologies at work is raising the demand for new skills'.

Educating to extend shelf-life

WEF (2016) has identified that 'across nearly all industries, the impact of technological and other changes is shortening the shelf-life of employees' existing skill sets' (WEF, 2016, p. 3).

Given that the landscape of work in the future is largely unknown and with new media, science and technology moving rapidly, a broader more holistic approach to building occupational skills is required that caters for the needs of the workplace while supporting low skilled and entry-level staff to enter or remain in the workforce.

Self-directed and self-determined learning are key principles that can support workers to thrive in a web-enabled world. Technological change is swift and there is an expectation that people will quickly master the necessary skills and competencies. However, they must also have the ability to transfer what they know to different contexts. Being able to take charge of your own learning in an autonomous way is an important skill to develop and a key component of lifelong learning.

According to PwC (2017), prioritised employability/enterprise/21st skills in modern workplaces relate to adaptability, innovation, design, problem solving, critical analysis, empathy and creativity. With rapid and ongoing technological changes in the workplace, workers need competencies that will allow them to adapt and transfer knowledge to new contexts, while continuously developing new skills and knowledge throughout their working lives.

The Business Council of Australia (2017) identified several key competencies for employees as automation and technology increase in the workplace. '[A] qualification based on technical skills and knowledge is unlikely to be enough. Employers will be looking for a mixture of values such as accountability, honesty and a work ethic, behaviours such as adaptability, collaboration and resilience, and skills such as business literacy, critical analysis and problem-solving (BCA, 2017, p.7).

Australia needs a flexible vocational education system that can ensure there are sufficiently skilled workers to meet the needs of the workforce.

Lifelong learning is about recognising that learning occurs continuously throughout life. It helps people deal with new challenges and respond to ever-changing cultural, social and economic circumstances by developing their skills, knowledge and the capacity to think critically. It is not limited to formal education and training but occurs in a range of contexts and settings (formal, non-formal and informal).

Government funded non-accredited education programs, such as those offered through the Adult Community Education (ACE) sector in Victoria, NSW and South Australia, offer viable pathways to further education and training within their own quality framework. These programs target disadvantaged adult learners and identified priority cohorts, and research in Victoria shows that pathways from pre-accredited to industry level vocational training and jobs are actually stronger than from Certificate I and IIs (ALA, 2019).

Target, outcomes and performance

How well VET is valued will largely be determined by the quality of the service provision and how fit for purpose VET graduates are. And while it's true that choice and diversity are important markers of a high-quality VET system, these same characteristics have, in the past, facilitated fraud, profiteering and extremely poor outcomes for both the students and the workplace. This is corroborated by low employer satisfaction rates with VET graduates and declining employment rates. Furthermore, VET students from disadvantaged backgrounds are stuck in lower level qualifications, which achieve 'the least economic benefit' (Beddie & Curtin, 2010).

The national skills standards and national framework for awarding qualifications have been identified as useful but issues have been identified with funding arrangements and student entitlements across state jurisdictions. The national standards need to ensure that consistent outcomes, particularly in terms of quality, are achieved.

> 'Success is evident where students are commencing and completing training with high-quality providers, … hence achieving greater value for its public subsidy. On the flipside, the failures have exposed weaknesses in, for example, design 'overreach', whereby training is not achieving the desired goals as a result of not adequately understanding the needs of the market, or the existing private fee-for-service market, nor effectively managing the consequences of change.'
>
> 'Greater national coherence can be achieved in student entitlements if nationally consistent principles are developed for determining eligibility for subsidies and loans, and to aid market design and the provision of consumer information.'
>
> 'The differing models applied in the implementation of the student training entitlement reform have each coincided with reforms that have required public providers to operate in an environment of greater competition, and it is this that has been the trigger for much of the resulting disruption.'
>
> (Bowman & McKenna, 2016).

In terms of curriculum models, training packages do not support high quality outcomes because they provide a limited, fragmented and disaggregated framework that is often out of sync with what's actually required in modern workplaces.

Training packages, with their emphasis on technical skill development in specific contexts rather than core transferrable skills, are not adequately meeting the challenges of our changing world.

According to the Productivity Commission:

> '[T]raining packages are too specific to current job requirements. They need to be broadened to ensure they also equip people with sufficient skills to adapt to changes in the workplace. Being 'work-ready' does not need to be job-specific (Moodie 2015). Instead, training packages could focus on core skills that are needed in most workplaces (literacy, numeracy, digital and communication skills)

> with the addition of technical skills for the sector, as well as for a particular job (Beddie, Hargreaves & Atkinson 2017).'
>
> (Productivity Commission, 2018)

Reductive training packages should be replaced by vocational or occupational streams that promote career progression.

An international framework

In Germany's vocational system, curriculum development is left to jurisdictions, but there is a common or national assessment process. General and basic specialist knowledge are accessed through the vocational education provider, and work tasks and activities are learnt 'on-the-job' through authentic workplace operational processes.

The German vocational education system is 'anchored within a holistic system of education, and thus an essential element of lifelong learning'. It promotes personal development and social skills as well as the economic benefits of vocational education and training (FMECD, 2012). The system fosters human development and supports people to shape their lives beyond the workplace (FMECD, 2012).

In Germany model:

- the VET system is more oriented towards demand rather than supply
- around 500,000 private companies train over 1.6 million apprentices
- approximately 50-60% of school leavers are trained in 330–350 occupations in cooperation with industry
- skilled crafts and chambers of commerce and industry are required by law to coordinate the private companies providing training and to cooperate closely with the responsible state agencies to assure high quality training outcomes (FMECD, 2012).

Non-formal education

In order to improve outcomes in Australia's VET system, upskilling or learning through non-formal education programs, such as those offered through the ACE sector, should be effectively linked to VET recognition processes. This would support stronger pathways to qualifications and also facilitate pathways for disadvantaged cohorts.

The VET system must recognise the contribution of non-accredited pathways and bridging programs such as ACE foundation programs, adult basic education and adult language, literacy, numeracy and digital programs.

The needs of disadvantaged cohorts, including those with low formal education attainment, older learners, learners with disabilities, Indigenous Australians and those from other cultural backgrounds could be better supported through the VET system by investigating specific and complementary roles for ACE providers, the public TAFE system and for-profit providers.

ACE providers can deliver intensive adult education programs that better meet the needs of the workforce and the competing demands of people's lifestyles. Systematic

approaches and partnerships between ACE and TAFE would reduce barriers to education and training and promote a culture of lifelong learning.

There needs to be a more sophisticated understanding of the complex interactions between all post-secondary education contexts and environments rather than viewing learning as a simple linear process from school to TAFE or university then work. Learning, more broadly, is not a linear process. We are naturally orientated towards non-linear learning through experience, making connections and through a process of discovery. Learners' vision of their potential often changes as a result of their learning. This is in part reflected in the significant number of VET completers not working in the chosen area of learning where changed interest accounts for 22.9% of workers in this cohort (O'Dwyer & White, 2019).

Research shows that '[l]earners from disadvantaged backgrounds who enrol in VET are less likely to complete by comparison with their non-disadvantaged peers' (McVicar & Tabasso, 2016). However, despite the obvious success of its pathway and vocational programs for disadvantaged cohorts, ACE continues to be marginalised in terms of policy and resources.

Victorian research conducted by Deloitte Access Economics (2017) shows participation in pre-accredited (non-formal) learning ACE significantly increases completion rates for those transitioning to accredited training where 64% directly attain a qualification with a further 14% indirectly attaining a qualification. This compares to the average Victorian VET completion rate of 47.3%. Given that 90% of pre-accredited learners in Victoria experience multiple instances of disadvantage, the result is all the more significant.

In 2005, there were '770 community-based, not-for-profit RTOs across Australia delivering entry-level VET and language and literacy programs'. This equated to around 15% of Australia's VET students (ALA, 2015). The number of ACE RTOs delivering government-funded training dropped again by around 8% between 2016 and 2017 – from 381 to 353 respectively (NCVER, 2017), which means they have more than halved since 2005.

It is a significant policy failure to allow the successful ACE model to diminish in this way rather than capitalising on their acknowledged expertise to close completions gaps for disadvantaged cohorts.

Another impact of decreasing ACE RTOs is that some rural communities will have lost their only provider of pre-accredited pathway training and/or entry-level VET.

We know from consultation with our 1100 members across Australia and from our close contact with state ACE peaks, including Neighbourhood Houses Victoria (who represent half of Victoria's ACE RTOs) and Community Colleges Australia in NSW, that decreasing government subsidies for training and increasing costs are making it difficult for ACE RTOs to offer courses that target disadvantaged cohorts.

Compliance costs for ACE RTOs place an increasing burden on not-for-profit community organisations that are already bearing much of the load in terms of assisting socially and economically marginalised people to pathway into VET.

Other costs for ACE RTOs include the costs associated with offering a broad range of qualifications on scope in order to respond effectively to local community and business needs; particularly in rural and regional areas where class sizes may be small.

ACE's efficient operating model and commitment to affordable education, makes it extremely difficult to recoup the costs associated with providing high quality, individualised and well-supported pathway and VET learning experiences.

High needs learners

> An awareness of the diverse needs of the VET student body, to say nothing of groups currently with low participation, should be the foundation of debate about issues such as competence and training packages, funding models and governance (Beddie & Curtin, 2010).

Outcomes for high needs learners are often undermined by the inflexibility of the VET system. 'Some may struggle with consistent attendance given their life circumstances; for example, they may be dealing with the impacts of insecure housing, mental health, cultural and family obligations, etc. Providers are sometimes forced to withdraw high needs learners due to the funding constraints rather than suspending and allowing them to resume their training when circumstances are more favourable' (NHVic & ALA, 2018).

Improving the literacy and numeracy skills of around half the adult population is another complex, long-term challenge that requires significant investment.

The Program for the International Assessment of Adult Competencies (PIAAC) survey, while showing some positive results for Australia, also found that around 1 in 7 Australians (14%) have very poor literacy skills, and 1 in 3 (30%) Australians have literacy skills, which are at a level that makes them vulnerable to unemployment and social exclusion in a modern knowledge-based economy (ABS, 2012).

Many adults with low level language, literacy and numeracy are attracted to ACE and its supportive model, but some have been issued with unsuitable high-level qualifications from unscrupulous RTOs, and this has impacted their access to government-funded qualifications. High needs learners need a VET system that is flexible, learner centred and can respond to their individual needs.

Literacy is developed through social participation and low levels of literacy are often intergenerational and linked with entrenched disadvantage.

'Adults with low literacy are often the products of poor formal schooling, poverty, family dysfunction and a myriad of other issues that can impede their ability to learn. A better approach for adults with very low literacy is purposeful, locally determined, non-formal adult literacy programs that address the issue from a holistically perspective and embrace an intergenerational approach if required.'

(NHVic & ALA, 2018)

While embedding literacy in vocational programs is recognised as having pedagogical value, LLN experts also recognise that learners with very low-level skills benefit from stand-alone, face-to-face delivery methods, without any vocational contextualisation. However, policy support for this and funding for non-accredited, non-vocationally orientated LLN programs is very patchy across Australia.

When measuring learner progress, it's important to strike a balance between the learners' needs and the needs of other stakeholders, such as the workplace or government agencies. Narrowly defining literacy as a particular set of skills or

cognitive attributes will not give adults the skills and knowledge they need to respond to our changing workplace and society.

Furthermore, Australians increasingly require the ability to manage more of their own health and financial wellbeing including through the use of digital media. Issues arise when narrow expectations of what counts as successful literacy are deployed as ‘an instrument of workplace reform’ (Mayer, 2016). And inevitably it’s the learners who ‘are deemed to have failed’ in some way should these narrow expectations not be met (Waterhouse & Virgona, 2005).

Important features of assessments to determine learner progress should include ‘changes in self-esteem, critical thinking skills, confidence, social skills, self-identity and self-determination as well as increases in reading, writing and numeracy skills. Learners must develop skills that enable them to learn how to learn.

The key feature of high-quality vocational education and training, particularly for disadvantaged and disengaged cohorts, is sufficiently qualified, autonomous adult educators.

The VET workforce is ageing and the existing stock of teachers with higher-level qualifications (than the Certificate IV) is declining as people move into retirement. Teacher and trainer competence and efficacy are a key part of the success of VET, therefore a greater depth of knowledge through professional development in andragogic practice in a teaching discipline is required.

Workplace literacy

The closure of the Workplace English Language and Literacy (WELL) program in 2014 created a vacuum for working Australians who do not have the LLN skills to function competently in their workplace roles.

The WELL program integrated LLN training with vocational training delivered in the workplace. ‘Its primary aim was to provide workers with the LLN skills they needed to meet their current and ongoing employment and training needs.’ It also ‘funded the development of strategically aligned LLN resources and projects, including training and assessment materials and professional development resources’ (ALA, 2018).

‘Through the WELL program, the Commonwealth Government acknowledged the significant link between strong LLN skills and workplace productivity’ (ALA, 2018). The program equipped ‘participants with vocational and LLN skills, increase their employability prospects and improve social and personal skills. It was consistently evaluated as making a positive contribution to the workplace, especially in challenging and changing economic times’ (ALA, 2018).

Recognising the adult community education (ACE) sector

Adult and community education is defined differently across Australia. In some states, it refers to a sector of not-for-profit, locally focussed providers who deliver non-formal learning programs alongside accredited VET programs. In other states, it refers to non-formal programs

The 2008 Ministerial Declaration on ACE acknowledged this broad definition of ACE. It also emphasised the success of the not-for-profit ACE sector in engaging people who are ‘... poor, have disabilities, have low levels of literacy and numeracy, are from non-English speaking backgrounds, are geographically and socially isolated, and

Indigenous Australians, especially for people from socially excluded or educationally disadvantaged backgrounds' (MCEETYA, 2008, p. 7)

All Australian governments are signatories to the 2008 Ministerial Declaration on ACE, however, the commitment of each to an ACE sector or to ACE delivery varies significantly. It has now been over ten years since the last Ministerial Declaration on ACE and this commitment needs to be renewed as a matter of urgency.

Our sector wants a more straightforward and consistent compliance regime with strong monitoring and quality indicators which actually gets to the heart of what is provided, rather than superficial measures of inputs and ratios.

The future

Current NASWD objectives lack sufficient emphasis on demand side measures to improve the connections between training and employment, thereby improving the efficiency of the VET system. Strengthening industry involvement and better coordination of the training, skills matching and economic development effort at a regional level have been identified as an opportunity to improve the current training system (Lamb, Maire et al ,2018; Wheelahan, Buchanan & Yu 2015).

While skills shortages and needs can be measured and planned for nationally, employment and training opportunities are experienced locally. Establishing local coordinators capable of brokering training relationships with employers and across all local education and training provider types could improve efficiency by creating a more direct relationship between employment opportunities and training.

Outcomes, performance indicators and targets

A number of the current targets are not fit for purpose in that they are unrelated to or fail to demonstrate achievement of policy objectives. In some cases, they can contradict other objectives. Generally, this is because they focus on a supply side approach to VET. For example, within the narrow policy context of training solely for employment outcomes within the same discipline, increasing the number of people with Certificate III or higher qualifications is only efficient if there is high utilisation.

While utilisation is not routinely measured, successive research reports have highlighted substantial inefficiencies in this measure, which have persisted despite substantial change in VET in the the last decade (O'Dwyer & White, 2019, Karmel, 2015, Wheelahan, Buchanan & Yu 2015; Karmel, Mlotkowski, & Awodeyi, 2008). Overqualification is a further outcome of this target (O'Dwyer & White, 2019; Karmel, 2015).

In effect the targets are somewhat arbitrary, and evidence suggests the labour market is not (yet) demanding the level of qualifications being promoted and achieved (O'Dwyer & White, 2019; Karmel, 2015). Analysis of labour market projections[1] shows that for the 5 years projected to 2024 employment growth, jobs requiring diplomas and advanced diplomas account for only 11%, whereas those requiring Certificate IV or less account for 44%. While jobs requiring higher education qualifications account for 45% of projected growth, Certificate IV and III (with at least

[1] Analysis of data from the Department of Employment, Skills, Small and Family Business, 2019 Employment Projections – for the five years to May 2024, http://lmip.gov.au/default.aspx?LMIP/GainInsights/EmploymentProjections

two years on-the-job training) account for 26% of projected growth. Targeting diplomas and advanced diplomas appears misplaced in these circumstances.

Furthermore, employment projections support a lifelong learning approach to VET. The highest projected rate of churn, i.e. job losses and job growth, is in the Certificate III and IV (with at least 2 years on-the-job training) qualification levels. In the next 5 years, for every 5 jobs added 1 will be lost at these levels. At lower qualification levels, 7% of job growth will be matched with job losses. Together qualifications below Diploma level account for 44% of projected job growth and 88% of job losses. Current entitlement policies prioritise upskilling, however, these labour market projections suggest a more open approach would be preferable, removing barriers to retraining at equivalent or lower qualification levels in VET.

The Report on Government Services reveals a difference between trends over time for students' achievement of reason for training, which has increased slightly over time, compared to employer satisfaction with the VET system, which has declined over time. This highlights a potential disconnect between student and employer needs. Some students may preference low cost, and rapid completion over quality (Boston Consulting Group, 2015). While substantial effort has led to a reduction in poor quality 'tick and flick' provision, there remains a perverse incentive to provide this low-quality training as it meets students' need for a speedy route to qualification, while providing greater profit margins for providers.

While student achievement of their goals in undertaking training is important, in the broader context of an efficient training system meeting the demands of the labour market – the measure has limited value where students' reasons for training are not understood.

Some students may be ill equipped to objectively measure the quality of training. Without experience or objective measures of the differences between training providers and industry expectations and standards, the measure is unreliable beyond its function as a simplistic measure of student satisfaction unrelated to the broader training system objectives.

The system would benefit from annual measures relating to:

- levels of education and training system integration across all tiers
- equity group targets
- business contribution/participation and commitment to training
- under and overqualification
- utilisation.

How well is the system working?

The marketisation of VET has created significant adverse outcomes for students, providers and employers. Regulatory failures leading to vulnerable learner exploitation and poor-quality provision, undermining faith in the value of qualifications have dogged the system. It is marked by inefficiency, in part due to the competitive market structure that undermines collaboration between providers and sectors, which needs to be considered among other positive outcomes achieved through VET rather than a narrow employment outcome focus.

It could be argued that the training system works well for those learners who have a clear sense of their end goal, who study at a quality provider able to meet their needs, including external needs that affect their likelihood of success, and where the end goal can be met in the labour market or training system where appropriate. It is unsurprising then that technical and trades workers with VET certificates were the occupational group most likely to be working in the same field of study as their highest qualification level (O'Dwyer & White, 2019).

This is the situation for a minority of VET learners, and this is in part attributable to the market-based approach to VET and the use of supply side interventions as the main form of intervention. There are inherent contradictions between the interests of system actors that make a market-based approach pre-disposed to inefficiency and suboptimal outcomes in the broad policy context.

Among the actors, confounding issues include:

Learners

- Want to work in occupations in which they have an interest or that may deliver incomes at a level to meet their needs rather than to fill labour shortages
- Changes to their training or employment goals during and as a result of the training process render the initial study partially or wholly irrelevant from an industry perspective – but may be pivotal in optimising learner potential
- Are variably committed to quality. However, price and convenience, in course duration and location, are significant considerations, creating a market for low quality training (Boston Consulting Group, 2015)
- Obtain information from self-interested parties such as job network providers, VET providers and government advertising
- Are influenced by incentives (government and provider) that may not match their needs or goals resulting in under-utilisation and importantly for the learner, the burning of training entitlements

RTOs

- Private for profit providers seek to maximise profit, which is most readily achieved by offering courses with low delivery costs, higher subsidy rates and reduced quality
- Are effectively incentivised to prioritise compliance to meet increasingly stringent regulatory requirements necessitated by the open VET market, which diverts resources away from training
- Require stable policy and price settings in a volatile training and labour market, where government intervention to achieve changing policy objectives is frequent

Industry

- Want quality training delivered to ensure workers have the capability for their work
- Need to balance cost of training with profit considerations so unlikely to invest in skill development not considered directly relevant to particular roles
- Highest growth is in low paid jobs that are less attractive to potential workers e.g. personal and aged care, childcare

Government

- Needs high quality training that meets broad industry rather than enterprise needs, given workforce volatility
- Intervenes in the market to influence the match between labour market supply and demand
- Needs to invest heavily in regulation to address the volume of providers, provision and the diversity of training on offer

The lack of alignment between the needs of the stakeholders is problematic.

Between 2018–19, ASQA cancelled the registration of a total of approximately 10% of all providers in regulatory decisions and almost 10% had a sanction of one kind or another imposed in 2019 alone[2].

Undoubtably the presence of perverse incentives and demand for low quality education in the market-based VET system encourages poor practice requiring constant regulatory oversight resulting in cancellations.

Furthermore, market principles such as economies of scale are problematic. While smaller providers may have access to fewer resources, they are often better placed to meet the needs of particular cohorts, locations or skills. Vulnerable learners such as those that dominate ACE learner cohorts often experience larger institutions as a barrier. Rural ACE providers are unable to achieve large scale but are adept at responding to local needs and conditions. The loss of rural RTOs leaving thin markets un-serviced is a failure of the market and regulation. Capital investment is infrastructure and increased subsidies to support service provision in rural and regional areas are necessary.

Of particular concern is the role of foundations skills. While these are defined differently across jurisdictions, they are non-vocational in nature. However, because they are funded through the VET system, they are subject to the same regulatory environment. This is often unsuited to foundations skills.

VET must deliver economic, social and individual benefits if we want a fair and equitable society. However, certificates I and II, which are designed to improve basic skills for the most vulnerable in our society, have very low completion rates. Many issues in people's lives impact on their ability to sustain learning in a consistent way; such as impacts of family violence, cultural obligations, insecure housing, health etc. There must be more flexibility in the system to accommodate their needs. The success of ACE providers in working with vulnerable learners is largely due to the sector recognising that they need to focus on a person's full range of needs to maximise their chances of success.

Who determines VET offerings?

Evidence suggests that VET offerings are largely determined by providers and governments. Changes in enrolment patterns are observable with government incentives and disincentives, e.g. subsidy cuts leading to reduction in provision or initiatives like Free TAFE in Victoria.

[2] See https://www.asqa.gov.au/about/decisions/decisions-table

As noted above, for profit private providers have a profit imperative encouraging delivery in courses with low overheads and higher subsidies.

TAFE and ACE respond to unmet needs such as thin markets and unprofitable training types. ACE responds in particular to higher needs learners such as those requiring foundation skills training which is resource intensive, i.e. requiring high levels of teacher contact and additional supports.

Public–private benefit analysis should not be used in determining subsidies. It fails to recognise gender imbalance and does not account for other forms of discrimination in the labour market such as aged discrimination and disability and race-based discrimination.

Subsidies directed at high value learning such as that provided to those at risk of prolonged unemployment, underemployment and requiring welfare support should be a priority. Variable and often inadequate subsidy rates across Australia for foundation skills courses undermine training efforts.

The Joyce recommendations to support foundation skills are supported, however, basic employment, enterprise and learning skills, other than language, literacy, numeracy and digital literacy, for some cohorts are also fundamental to their chances of employment or further training. These should also be prioritised and included in the foundation skills definition.

The provision of wraparound supports for many of these vulnerable cohorts is essential to success and funding models.

The challenges of access to and quality of VET related data remains a problem. For independent analysts and peak bodies, the lack of timely and consistent data impairs their capacity to provide timely and informed policy advice.

Inconsistencies in sector definitions across jurisdictions make data comparisons difficult. Some ACE providers identify and are reported as private providers in Victoria and a significant number of private providers operate on a not for profit basis but are indistinguishable in the data.

Delivery of state-based qualifications is a further example where detailed data is unavailable.

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