Increasing Australia’s Productivity through Vocational Education and Training

Education for work is vital to Australia’s productivity agenda. The performance of Australia’s Vocational Education and Training (VET) system is critical to advancing the productivity of the workforce and securing Australia’s prosperity.

Australia’s VET system must continue evolving in order to keep pace with the needs of changing Australian industry to ensure Australia’s system remains responsive, effective and efficient in its delivery of education and training.

ACPET calls on Government to:

1. Ensure the Small Business Minister is consulted for all VET policy changes
2. Fund professional development for teachers, trainers and assessors
3. Remove unnecessary and burdensome regulation
4. Support student choice
5. Implement appropriate infrastructure ownership and governance arrangements
6. Provide tax relief to businesses that invest in training

Ensure the Small Business Minister is consulted for all VET policy changes

Paradoxically, at the same time that government is increasing its reliance on private providers to deliver VET, its handling of market reforms and changes to other funding/program arrangements, show that government is increasingly walking away from these small businesses, with little or no warning of policy changes.

ACPET advocates that governments should consider more carefully how policy changes affect training providers.

The business models of private VET providers are put under considerable pressure by successive or rapid changes to Government policy. Many providers are downsizing their business and some face closure as an outcome of changes to policies around which businesses were structured. In the short term this is resulting in job losses. Over the medium to long term it may result in the deterioration of the skills and experience base of the sector and affect the long term ability of the private sector to deliver government policy in an effective and efficient manner.

ACPET advocates that governments should more closely assess and monitor how changes to VET policy will affect small business training providers and look to introduce new policies in a transitional way that provides business with the opportunity to adjust their business models.

For example, ACPET advocates that the Australian Government must review its recent cuts to the financial support it offers to employers of trainees and apprentices. Recent cuts have negatively impacted on women undertaking training, as well as the level of training undertaken by regional employers and SMEs. The cuts to the Commonwealth’s previous level of support for apprentices and trainees have not just reduced the level of training being undertaken; they have in turn had a substantial impact on the business viability of providers who train trainees and apprentices.

ACPET supports the efficient use of public funding to support training delivery, it also advocates for genuine consultation to inform policy development and more appropriate transition arrangements when new policies are introduced, will ensure that any future changes do not have such negative and sudden impacts on the VET sector and private providers.

Fund professional development for teachers, trainers and assessors

Raising the performance of all teaching and related staff in the VET sector is vital to develop industry capacity and lift productivity. Professionalism of staff also underpins greater quality and accountability of VET service provision to students and employers.

The role of the VET sector is expanding, taking on new roles including supporting workforce development, improving use of skills at work, developing workplace training plans and supporting students to gain foundation skills for work and further study. Ongoing investment is required to improve the skills and capacity of the VET workforce to effectively take on these new roles.

ACPET calls for targeted and sustained funding programs to build the skills and capacity of VET teachers, trainers and assessors. Such support should be extended across all types of providers: public, private, and community.

Remove unnecessary and burdensome regulation

Regulatory arrangements directly affect innovation and productivity within the VET sector. Cumulative costs of regulatory systems should be weighed against potential benefits to students and the broader community. Whether vocational training is provided by a public or private provider, regulatory costs will ultimately be borne by taxpayers and individuals. If these costs are too high, services will be lost to consumers.

ACPET advocates that the Commonwealth must continue to pursue progressive regulatory reforms. This includes directing the Australian Skills Quality Authority (ASQA) and the National Skills Standards Council (NSSC) to implement a regulatory program that reduces red tape and unnecessary regulation and that ongoing regulatory and reporting requirements be proportional to the risk posed in terms of the quality of learning outcomes.
ACPET Policy Statement on Vocational Education and Training

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ACPET urges the government to commit to ensuring that the detailed work needed to take the NSSC’s broad policy framework for VET regulation into a new set of standards, is done in a transparent manner. ACPET is concerned that the NSSC has yet to develop a full communications plan to ensure the sector is fully engaged in the remaining work. ACPET accepts that there is an established process for the development of a ‘COAG Decision Regulatory Impact Statement’ but we remain deeply concerned that adherence to process alone will not ensure that the sector is provided with an improved set of regulatory arrangements which support high quality providers and allow for stronger regulatory actions to be taken against non-performing providers.

The government must also recognise that VET providers deliver public benefits to the community, employers and learners. The government therefore has an obligation to ensure that it continues to provide ASQA with ongoing funding, instead of expecting ASQA to operate on a full cost recovery basis. Other Commonwealth government regulators of business, eg ASIC, and of education providers, eg TEQSA, are not expected to operate on a full cost recovery basis. The lack of ongoing funding support for ASQA from the government is discriminatory and marginalises VET providers. It will also undermine ASQA’s ability to undertake high cost, but crucially important regulatory investigations.

Support student choice

The principle of student choice must continue to be applied in order to encourage individuals to participate in VET and encourage providers to design and deliver more responsive, relevant, courses. Passing purchasing power to clients (individuals and enterprises) by allowing public funding support to be used for their choice of training and provider is fundamental to a modern and responsive VET system. A student-centred learning entitlement and choice of provider has also been shown to increase equity participation and the development of higher level skills in diverse learners.

The COAG 2012 National Agreement on Skills Reform supports Australian businesses and drives improvements in productivity by growing the pool of skilled workers, encouraging existing workers to up skill and supporting higher levels of workforce participation. Whilst the agreement has been signed by all jurisdictions – the Commonwealth is yet to sign off on the ‘implementation plans’ from Australia’s two largest States. This effectively deprives learners in these States of additional government funding to support their skill needs.

In addition, once all implementation plans are signed, there is an ongoing need for oversight from the Commonwealth on how the agreement is being implemented at State level. ACPET believes that there needs to be strong leadership from the Commonwealth to ensure that training dollars are truly contestable and avoid a situation where a significant portion of designated funds are moved out of the contestable environment. The Commonwealth also has a responsibility to explain the purpose of the reforms and their benefits.

Implement appropriate infrastructure ownership and governance arrangements

Vocational education and training is traditionally seen as tied to public providers.

ACPET believes that there is an opportunity for the government to encourage more States to follow the lead of Queensland, by introducing measures to improve the use of training infrastructure and in doing so free up valuable funds for direct investment in training.

To provide the basis for genuinely competitive purchasing arrangements, States and Territories should separate the roles of public VET providers and the ownership of public VET infrastructure. In an open market, competition between providers, both private and public, should include the shared use of training infrastructure. COAG reforms have thus far focused on the contestability of funding for training delivery, but not on training infrastructure. Including shared infrastructure in a contestable market will intensify competition and drive efficiency.

ACPET advocates that open competition will promote the efficient use of public funds through greater transparency and clearer incentives.

Provide tax relief to businesses that invest in training

Employers that invest in training to boost enterprise productivity should receive similar tax incentives to those that invest in infrastructure for the same outcome. If the costs associated with employee training, including face-to-face training requiring shift replacement, in-house training coordination or off-site meetings, were depreciable then employers would be more likely to invest in training. The introduction of the Unique Student Identifier could support this measure by enabling cross referencing between training that is declared and training that took place.

Depreciating investments in training would encourage an ongoing commitment to accredited VET because employers could invest in training their employees with the confidence that they will not be taking on undue financial risk.