

Australian Education Union



Submission

Skilling Australia for the Future

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Introduction

The Australian Education Union (AEU) is an industrial and professional organisation representing approximately 170,000 members nationally in public schools, TAFEs and Early Childhood Centres. The AEU welcomes the opportunity to submit views to the Australian Government's Skilling Australia for the Future Discussion Paper, and in doing so, wishes to support the submissions made by the Australian Council of Trade Unions (ACTU) and the Australian Manufacturing Workers' Union (AMWU).

The recently formed National Skills Policy Collaboration, a body comprising the Australia Industry Group, the ACTU, the AEU, Group Training Australia and the Dusseldorp Skills Forum has recently released a report. 'Facing up to Australia's Skills Challenge' has identified at least 6 compelling reasons for government to act to improve the resourcing for the VET sector, and support for the public TAFE system:

First, Australia faces a significant shortfall in the supply of workers with the required vocational qualifications. Currently 87 percent of available jobs require post-school qualifications, but 50 percent of the workforce lacks these qualifications. The best estimate is that if the supply of people with VET qualifications remains at the same level as in 2005, a shortfall of 240,000 can be expected over the ten years to 2016. To meet the shortfall, net completions will need to increase by 1.9 percent per year for the next decade.

Second, Australia faces a significant shortfall in the supply of people with the necessary high-level technical vocational and tertiary qualifications. In recent years, the highest levels of employment growth have occurred in associate professional (e.g. engineering, building, medical, technology) and professional occupations. A serious skills shortage exists in the sciences and mathematics, with an estimated shortfall of 19,000 scientists and engineers by 2012.

Third, Australia is struggling to lift school completion rates. Other OECD countries have managed to progressively improve school completion rates, but these rates have barely shifted in Australia over the past 15 years. A dimension of this is reflected in the fact that among 25-34 year olds, Australia now ranks 20th among the OECD countries in terms of school completion.

Fourth, the ABS recently estimated that 46 percent of adults – or seven million Australians - had poor or very poor skills across one or more of the five skill domains of prose literacy, document literacy, numeracy, problem-solving and health literacy. This means they did not attain the skill levels regarded by most experts as a suitable minimum for coping with the increasing and complex demands of modern life and work. Early school leavers are especially likely to have lower levels of literacy and numeracy.

Fifth, Australia's total public spending on education at 4.8 percent of GDP is below the OECD average (5.4 percent), and well below the Scandinavian countries, France, New Zealand, the UK and the USA.

Sixth, more than a decade of sustained economic growth and prosperity has provided the country with an unprecedented opportunity to seriously tackle educational exclusion and disengagement, and to do so in ways that can deliver greater social equity. It is imperative that all Australians have these opportunities in order to lead productive and fulfilling lives.

In this context, the following issues are critical:

- Levels of public investment in all levels of education and training are well below the leading economies and have been declining at a time when leading economies have dramatically increased their investment. This is particularly true for VET;
- In the years from 1997 to 2005 there has been a very substantial 26% decline in federal funding per VET student.
- The proportion of Australian adults with at least upper secondary education is now below the OECD average;
- A very high proportion of the existing working age population (50.1%) do not have post school qualifications and that proportion is high compared to the most productive economies;
- Australia ranks near the bottom of the OECD in terms of the growth rate of science and engineering graduates;
- Despite the long economic boom workforce participation rates in Australia are low when compared to the most productive economies;
- There are still more than 11% of the workforce who are unemployed or underemployed;
- The proportion of young people not engaged in full time work or full time training has remained static and these (up to half a million) disengaged youth are much more likely to remain unemployed or underemployed and affected by depression, crime, drug abuse, homelessness, poor health and poverty;
- The growth in the proportion of young people successfully completing year 12 or equivalent has stalled during the last decade;
- The number of existing workers completing higher level VET qualifications has declined significantly in the past few years;
- The VET qualification completion rate in the 15-24 cohort is estimated by NCVER to be 23.7%;
- There will be a major shortfall of trained tradespersons in the medium term unless there is a change in policy settings;
- Completion rates for traineeships are very low and the completion rates for apprenticeships in most of the key engineering trades have declined significantly during the current decade;

The policy collaboration has identified 10 key priorities for action that are supported by the Australian Education Union:

1. A focus on improving the quality and increasing the number of Australians with VET qualifications which meet future industry and workforce needs.
2. The centrality of industry.
3. Improved youth engagement and attainment.
4. A crucial role for student support and for intermediaries.
5. National workforce development and existing worker strategies.
6. Genuine competency-based progression & improved apprenticeship completions.
7. A review of traineeships.
8. A public and industry investment strategy for vocational education and training.
9. A clear vision for flexible and responsive vocational education providers, and for the future of TAFE in particular.
10. A focus on the skills needed for a low carbon economy.

Research has established that increasing investment in education and training and lifting the qualifications level of the workforce is by far the single most effective lever available to improve participation and productivity.

The AEU shares the concerns expressed in the submissions of both the ACTU and the AMWU around the claim in the Discussion Paper that:

Introducing greater competition to the training system, including contestability for government funding, and providing public institutions with greater flexibility to compete, will ensure that training providers are better able to respond to industry and employers needs.

In particular, the AEU endorses the AMWU view that:

the competition introduced into the training 'market' in the last decade is more likely the source of the problem rather than the solution.

Competition and contestability are key areas of market failure and there is ample evidence of rorting and other bad behaviours that have constrained our ability to deliver skilled people capable of meeting the challenges that our economy currently confronts.

and:

Competition with private providers will instead encourage the wrong sort of behaviours. The experience of the last 10 years shows that it will encourage training of those who are easiest and quickest to train, training times which magically meet the level of subsidies provided, lower level training which meets short term needs of providers and individual employers, training in those industries where the smallest capital input is required (e.g. service sector rather than manufacturing) and it will also encourage churning.

It will put in the hands of the employer (for those already in the workforce) and the intermediaries (in the case of individuals outside the workforce) the choice of provider. The marketing pitch of providers and intermediaries is hardly a good basis for individuals to make a choice of training products.

Choosing training when by definition you don't know much about what it is you don't already know is even more daunting for most people than choosing a mobile phone plan.

The short term interests of individual employers often don't match the longer term interests of employees, the industry or indeed the community. The current skills shortages are the best illustration of this.

Market forces haven't worked adequately to persuade employers to adequately plan and invest in the training of the workforce. Why exacerbate this problem by allowing their short term imperatives to distort the public provision of training funds?

The AEU also particularly supports the following comments from the ACTU submission:

The ACTU notes with concern the indication in the discussion paper of the introduction of competition and increased contestable funding into the training system. The discussion paper suggests that this will "ensure that training providers are better able to respond to industry and employer needs." The ACTU questions the underlying assumption that competition and contestability of funding will deliver the stated flexibilities. Issues associated with investment in the TAFE sector in infrastructure and in the workforce are necessary to achieve the flexibilities and responsiveness required.

The ACTU is concerned that increased competition and contestability of funds is given scant regard in the discussion paper as if it is an accepted wisdom as providing improved training outcomes. This is an issue of greater importance than credited in the paper and it should not be assumed that there is agreement around the underlying assumptions.

The AEU would also like to make the following specific comments in response to other issues raised in the discussion paper:

1. The newly established Skills Australia, which has a brief to undertake significant work on behalf of the Australian Government in relation to vocational education and training needs to increase its scope and establish relationships with a broader range of stakeholders and interest groups in the sector. In particular, Skills Australia needs to seek advice from teachers and educationalists working within vocational education and training, and to consult with the students in the sector about future policy directions.
2. The AEU supports increased support for Industry Skills Councils, but also believes that ISCs need to increase their representation to include teachers working within VET to ensure a broad and comprehensive approach to vocational education across all industries, and to allow for sophisticated longer term planning around the needs of individuals, industry and the community.
3. The AEU argues that training outcomes for individuals are much more likely to translate into both employment outcomes, and successful engagement in lifelong learning if teachers and students participate in decision making at all levels.
4. Coherent links and connections need to be established between the Productivity Places Program, and existing and future arrangements for funding and resourcing the vocational education and training sector, and in particular the next Commonwealth/State VET funding agreement. It is crucial that the program is integrated into and supports the development of a collaborative Commonwealth/State approach to the funding and resourcing of the sector. In particular, the Australian Government needs to address the market failure which has resulted in widespread skills shortages across the economy by ensuring that its funding plays a role in the development of coherent longer term strategies in the VET system which take account of the needs of the economy and the community. This can only be achieved if the allocation of the combined resources of Commonwealth and State and territory governments is managed in an integrated and coherent way.
5. The AEU strongly rejects the efficacy of using Commonwealth funds to leverage contentious policy outcomes from the states, particularly around competition and contestability. The Productivity Places Program, which requires the states to fund 40% of the existing worker places, and all of which must be contestable, could be seen as an attempt by the Commonwealth to leverage policy changes in the states and territories.