



**Australian Education Union**

**Submission to the**

**Department of the Prime Minister and Cabinet**

**Expert Review of Australia's**

**Vocational Education and Training System**

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# 1 Introduction

The Australian Education Union (AEU) represents more than 187,000 members employed in public primary, secondary and special schools and the early childhood, TAFE and adult education sectors as teachers, educational leaders, education assistants or support staff across Australia.

The AEU welcomes all opportunities to advocate for the vocational education sector and this submission follows a number of previous AEU submissions made to various Federal Government inquiries in recent years including the 2013 House of Representatives Standing Committee on Education and Employment Inquiry into the role of the TAFE system and its operation; the 2014 submission to the Senate Committee on Education and Employment Inquiry into Technical and Further Education (TAFE) in Australia; the 2015 submission to the Senate Committee on Education and Employment Inquiry into the operation, regulation and funding of private vocational education and training (VET) providers in Australia; the 2015 submission to the Senate Committee on Education and Employment Inquiry into the Higher Education Support Amendment (VET FEE-HELP Reform) Bill 2015; the 2016 submission of feedback to the Department of Education and Training's Quality of assessment in vocational education and training discussion paper; the 2016 response to the Department of Education and Training's Redesigning VET FEE-HELP discussion paper; the 2016 submission to the Senate Committee on Education and Employment Inquiry into the VET Student Loans package, and the 2017 submission to the Department of Education and Training's Review of the National Vocational Education and Training Regulator Act 2011.

All the submissions listed above are relevant to the current inquiry because they provide evidence of the damaging effects of poorly conceived government policy regarding vocational education in Australia, and demonstrate the failure of policies pre-occupied with increasing marketisation and competition in the sector. Continued attempts at piecemeal tinkering with vocational education have occurred at the expense of a properly funded, planned and executed vocational education system that provides high quality qualifications for those that undertake it, and provides Australia with long lasting societal and significant economic benefits. Each of the above inquiries concerned a portion of the vocational education system in Australia, but none addressed or even attempted to address the problems endemic to the system as a whole. As Wheelahan (2016) points out "Australia has fragmented qualifications in a fragmented system and fragmented processes of reform. Carving up bits through separate reviews means that the whole is never questioned and therefore the framework and conceptual basis of the system is not challenged. A review is needed of the VET system rather than separate components of it."<sup>1</sup>

As the trade union for TAFE and vocational education teachers, the AEU has for many years consistently called for a comprehensive and thorough review into the all aspects of vocational education in Australia, with a focus on the parlous state of funding and regulation. Unfortunately, for the reasons detailed below, it is impossible for this present inquiry to fulfil that important and necessary function.

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<sup>1</sup> Wheelahan, L. (2016). *Patching bits won't fix vocational education in Australia - a new model is needed*, International Journal of Training Research, p.2.

## 2 Concerns about the credibility of this inquiry

The AEU endorses the submission made to this review by the Australian Council of Trade Unions (ACTU), and shares the ACTU's substantial concerns regarding the very short timeframe available for consultation and consideration of submissions. The first review of vocational education to take place in over forty years should be carefully considered and thorough, in order that it can propose a coherent future direction for the sector. It should most definitely not be rushed through on a politically expedient timetable, after years of inaction, that allows for little deep analysis of the issues facing the sector and that severely limits the opportunity for those most engaged in the sector, the people who study and work in it, to contribute.

We also share the ACTU's strong concerns about the choice of chair for this review, Steven Joyce, under whose tenure as New Zealand's Minister for Tertiary Education, Skills and Employment funding for vocational education was reduced by \$3 billion nationally, regional polytechnics suffered cuts of more than 20% over four years and some individual institutions had their funding more than halved. At the same as public regional polytechnics were gutted by Mr Joyce's "reforms", privately owned training centres saw their funding increased by tens of millions of dollars.<sup>2</sup> As the proliferation of private for private and rent-seeking Registered Training Organisations (RTOs) are at the root of many of the Australian sector's current woes, we cannot see how an inquiry chair with such a track record of showing favour to private providers while destroying investment in public provision can make a truly impartial assessment of the evidence to determine how to best support the vocational education sector.

## 3 The current state of the vocational education sector

In 2017, an estimated 4.2 million students were enrolled in vocational education in Australia, almost a quarter of the Australian population aged 15–64 years. Two thirds of these students undertook courses at certificate 1-4 level, 15.0% at diploma level or above and 18.5% undertook "other recognised and non-award courses".<sup>3</sup> The transformative benefits of properly funded and comprehensively delivered TAFE and vocational education are widely acknowledged, and vocational education is universally recognised as a driver of increased societal and economic participation, particularly for people who have been previously marginalised in the labour market. The TAFE and vocational education sector is the bedrock of Australia's vocational education sector and TAFE institutions have a history of providing high quality technical, further and general education at a level of quality and consistency that the relatively recently conceived private vocational education sector has been unable to match. TAFE institutions have always been sites of innovation and aspiration – both for students and for teachers within the institutions. From their origins as working men's colleges, they have implicitly aspired to become the best and most democratic sites of learning for the broader community, and for some of the least advantaged and most marginalised in society.

Despite the clear and undisputed societal and economic benefits that a robustly funded and administered TAFE and vocational education sector provides, there has been a concerted and

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<sup>2</sup> *Regional and Urban Funding of Polytechnics in New Zealand 2010-2014*, retrieved from [https://docs.google.com/spreadsheets/d/1ngvw5zAQcc2qXpdrL1tl0DKPliOZmn\\_ikUnLwzFomlA/edit#gid=122%209320524](https://docs.google.com/spreadsheets/d/1ngvw5zAQcc2qXpdrL1tl0DKPliOZmn_ikUnLwzFomlA/edit#gid=122%209320524)

<sup>3</sup> Ey, C. (2018), *The vocational education and training sector: a quick guide*, Social Policy Section, Parliamentary Library, Canberra, p1.

continual drive from successive federal governments over the last decade to marketise vocational education and deprioritise TAFE, which has resulted in a collapse of publicly funded TAFE, the shift of public money to for-profit private providers, and disinvestment by governments in vocational education.<sup>4</sup> This deliberate recalibration has resulted in the extremely rapid proliferation of opportunistic private training providers and the unrestrained growth in the for profit sector, primarily at the expense of Australia's previously world leading publicly funded and delivered TAFE and vocational education system.

Wheelahlan (2016) outlines the seismic changes that have occurred in the way that vocational education is resourced and delivered in Australia since 2009. There are now over 4,600 active registered training providers, but only 96 of these providers have more than 100 full time students. It is plainly evident that quality cannot possibly be maintained at a system level when that system is populated by thousands of tiny individual private providers, some of whom have participated in recruitment and enrolment practices that can best be described as skirting the edge of legality.<sup>5</sup>

This almost complete surrender of the provision of vocational education to the market has resulted in a massive decline of TAFE as the pre-eminent provider of vocational education in Australia. In 2009, TAFE institutions taught 81% of all publicly funded full time equivalent students in Australia. Five years later, in 2014, this figure had reduced to 56%. Over the same five year period private, for-profit providers increased their share of publicly funded full time equivalent students from just under 15% to 40%, and increased their total student numbers by almost 286%.<sup>6</sup> Similarly, the most recent National Centre for Vocational Education Research (NCVER) shows that private providers continue to dominate - of the total 3.8 million students included in the NCVER's 2017 dataset, over 2.5 million (66.6%) were enrolled with private providers. By contrast, students enrolled at TAFE accounted for only 17.8% of all vocational education students in Australia.<sup>7</sup>

#### **4 The shift of public funding to the private sector**

In 2017, states, territories and the Commonwealth spent a combined total of \$6.1 billion on vocational education, but an ever decreasing portion of this spending is being made in the public system and TAFE has borne the brunt of the decline in public spending.<sup>8</sup> In addition to the wholesale shift of public funds from the TAFE sector to the many and small private for profit providers described in the previous section, the established TAFE and vocational education sector bears the burden of being the lowest funded of all the education sectors in Australia. Funding was cut by more than 15% in the decade from 2007 to 2016 and government expenditure declined by 31.5% over that time.<sup>9</sup> This was swiftly followed by another cut of \$177 million in the 2017 federal budget. The damage inflicted on the sector, particularly as a result of chronic underfunding and attempts at privatisation have eroded the

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<sup>4</sup> Wheelahan, L., (2018) *New figures quantify the extent of the TAFE disaster*, retrieved from [http://stoptafecuts.com.au/blog/new-figures-quantify-extent-tafe-disaster?ccm\\_paging\\_p=3](http://stoptafecuts.com.au/blog/new-figures-quantify-extent-tafe-disaster?ccm_paging_p=3)

<sup>5</sup> Bachelard, M., Cook, H., & Knott, M., (2015) *Vocational Education, the biggest get-rich quick scheme in Australia*, *Sydney Morning Herald* retrieved from <https://www.smh.com.au/national/vocational-education-the-biggest-getrich-quick-scheme-in-australia-20150916-gjqnqwe.html>

<sup>6</sup> Wheelahan, L., (2016), *Op. cit.*, p.10.

<sup>7</sup> National Centre for Vocational Education Research (2018), *Total VET Students and Courses 2017: data slicer*, retrieved from <https://www.ncver.edu.au/research-and-statistics/data/all-data/total-vet-students-and-courses-2017-data-slicer>

<sup>8</sup> National Centre for Vocational Education Research, *Ibid.*

<sup>9</sup> Australian Education Union, (2018), *Stop TAFE Cuts Manifesto*, p1.

viability of colleges and undermined confidence in the system. As a result of this continual assault, TAFE enrolments have declined steadily in recent years, from nearly 800,000 in 2015 to 680,000 in 2017.<sup>10</sup>

This shift has seen private RTOs attain an increasing share of public funding, despite the potential curb of the fallout from the VET FEE-HELP scandal. In 2017 more than a third of the hours of training delivered by private providers were funded from public sources (34.5%) and more than a third of all state and commonwealth publicly funded hours (34.3%) were also handed to private providers.<sup>11</sup>

Additionally, and of significant concern given the damage done by VET FEE-HELP, private providers are attracting a rapidly increasing share of the current total value of loans issued to students under the current VET Student Help regime. In 2017 private, for-profit, providers, were massively overrepresented in total loan allocations, accounting for \$325.5 million of student loans (57.1% of the total) compared to the public allocation of \$244.3 million (42.9% of the total).<sup>12</sup>

The newly released report by the National Centre for Vocational Education Research (NCVER) on government funding shows that in 2017, following the VET FEE-HELP scandal, nearly \$1.2 billion of public money flowed directly to private providers. Table 1 and Figure 1, below, show the amount of state and commonwealth funding to each type of provider in monetary and percentage terms. Victoria, which from 2009 onwards “implemented scorched earth marketisation policies more aggressively than any other state”<sup>13</sup> handed private providers \$321.6 million in 2017, Queensland gave private providers \$286.1 million and New South Wales spent \$263.9 million with private providers. In percentage terms, Queensland spent 39.0% of all its vocational education funding with private providers, the Commonwealth government spent 34.9% of its funding with private providers and Victoria spent 24.9% on private, for-profit, provision.

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<sup>10</sup>National Centre for Vocational Education Research (2018), *Government Funding of VET 2017: data tables*, retrieved from <https://www.ncver.edu.au/research-and-statistics/data/all-data/government-funding-of-vet-2017-data-tables>

<sup>11</sup> National Centre for Vocational Education Research, *Ibid.*

<sup>12</sup> National Centre for Vocational Education Research, *Ibid.*

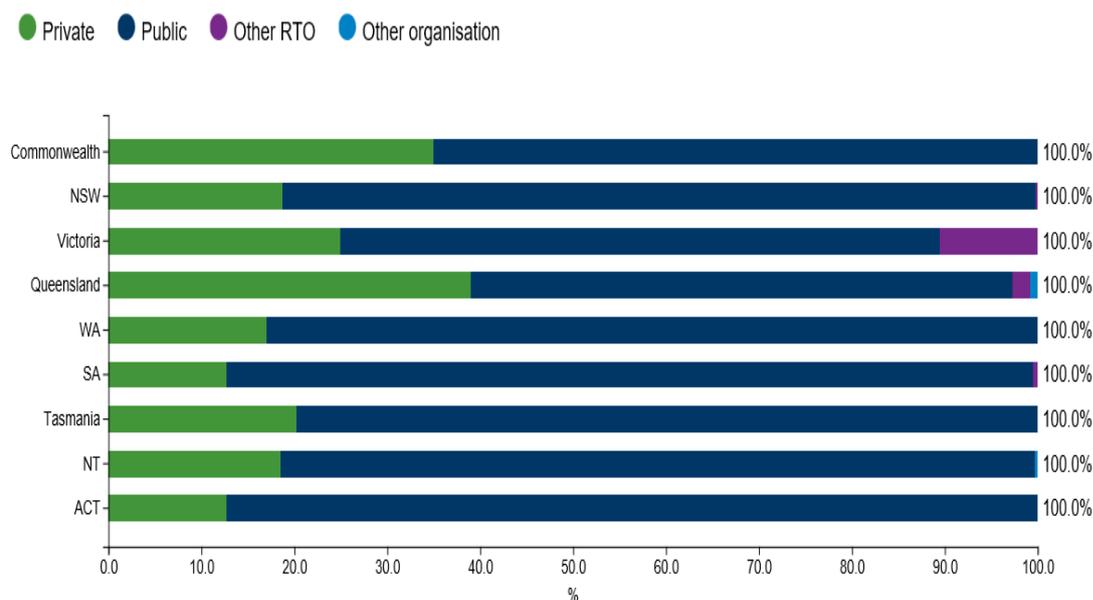
<sup>13</sup> Wheelahan, L., (2018), *Op. cit.*

**Table 1: VET funding in 2017 by RTO type and State/Territory (\$ million)<sup>14</sup>**

| RTO TYPE           | CMTH         | NSW           | VIC           | QLD          | WA           | SA           | TAS         | NT          | ACT         | TOTAL         |
|--------------------|--------------|---------------|---------------|--------------|--------------|--------------|-------------|-------------|-------------|---------------|
| Private            | 134.2        | 263.9         | 321.6         | 286.1        | 74.9         | 30.6         | 18.7        | 13.6        | 11.8        | 1155.3        |
| Public             | 249.8        | 1144.1        | 831.5         | 428.5        | 365.8        | 209.4        | 73.8        | 59.6        | 80.9        | 3443.4        |
| Other RTO          | 0.0          | 2.7           | 136.0         | 13.2         | 0.2          | 1.1          | -           | -           | -           | 153.2         |
| Other organisation | -            | -             | -             | 6.1          | -            | -            | -           | 0.2         | -           | 6.2           |
| <b>TOTAL</b>       | <b>384.1</b> | <b>1410.6</b> | <b>1289.1</b> | <b>733.9</b> | <b>440.9</b> | <b>241.1</b> | <b>92.6</b> | <b>73.3</b> | <b>92.7</b> | <b>4758.2</b> |

Numbers have been rounded to the nearest hundred thousand. Refer to the downloadable data tables for more precision. Rounding can lead to situations where the numbers in the body of a given table may not add to the rounded totals. A dash represents true zero. Amounts include direct subsidies for VET, supplementary provider funding and capital funding.

**Figure 1: VET funding in 2017 by RTO type and State/Territory (%)<sup>15</sup>**



The funding available to providers is not put to equivalent use in the public and private sectors. Private providers focus on courses that are relatively cheap to run but fully funded by public subsidies such as business studies, media studies, tourism and community services courses and neglect to provide higher cost trade and qualification based courses, while public TAFE providers continue to dominate training provision to disadvantaged learners, as well as in areas of high-cost training, and specialised and in-shortage skills.<sup>16</sup>

<sup>14</sup> National Centre for Vocational Education Research, *Op. cit.*

<sup>15</sup> National Centre for Vocational Education Research, *Ibid.*

<sup>16</sup> Hamdhan, A., (2013) *Contestable funding in the VET sector: implications on the role of public TAFEs – a cause for concern*, cited in Australian Education Union (2015) *Submission to the Inquiry into the operations, regulation and funding of private vocational education and training (VET) providers in Australia*, p.10.

Table 2, below, starkly shows how, from 2009 to 2016, a huge proportion of the total publicly funded hours of vocational education delivery have shifted from TAFE to private providers. Nationally, the share of hours of delivery allocated to private providers almost tripled (194.3% growth) over the seven year period, and in Victoria and Queensland it more than tripled. Over the same period, TAFE's share of publicly funded hours declined from 81.3% in 2009 to 54.1% in 2016, a collapse of 30.0% nationally. At the state and territory level, only the Northern Territory saw any increase in TAFE's share of hours in that time, and the largest states posted the biggest shifts – in Queensland TAFE share of total hours collapsed by 50.1%, from a 77.0% share to a 29.8% share between 2009 and 2016, in South Australia TAFE lost 29.5% of its share of hours and Victoria and New South Wales TAFEs lost 28.8% and 28.7% of their 2009 shares respectively.

**Table 2: Share of vocational education delivery hours by provider type (2009 & 2016)<sup>17</sup>**

|           |       | Share of hours |         | % change in no. of hours | % change in \$ per hour |
|-----------|-------|----------------|---------|--------------------------|-------------------------|
|           |       | 2009(c)        | 2016(c) | 2009 – 2016 (d)          | 2009 – 2016 (e)         |
| NSW       | TAFE  | 88.5           | 76.5    | -28.7                    |                         |
|           | PPs   | 8.1            | 20.8    | 111.0                    |                         |
|           | Total |                |         | -17.4                    | 18.6                    |
| Victoria  | TAFE  | 77.6           | 42.0    | -28.8                    |                         |
|           | PPs   | 15.1           | 49.6    | 332.9                    |                         |
|           | Total |                |         | 31.4                     | -24.5                   |
| QLD       | TAFE  | 77.0           | 29.8    | -50.1                    |                         |
|           | PPs   | 20.8           | 68.2    | 322.2                    |                         |
|           | Total |                |         | 28.9                     | -27.0                   |
| SA        | TAFE  | 71.4           | 62.6    | -29.5                    |                         |
|           | PPs   | 26.8           | 36.2    | 8.7                      |                         |
|           | Total |                |         | -19.6                    | -9.6                    |
| WA        | TAFE  | 83.7           | 70.1    | -19.4                    |                         |
|           | PPs   | 15.1           | 28.0    | 78.1                     |                         |
|           | Total |                |         | -3.8                     | 0.7                     |
| Tas       | TAFE  | 75.6           | 67.1    | -15.4                    |                         |
|           | PPs   | 24.4           | 32.9    | 28.5                     |                         |
|           | Total |                |         | -4.6                     | 1.7                     |
| NT        | TAFE  | 66.0           | 60.8    | 13.7                     |                         |
|           | PPs   | 34.0           | 39.2    | 42.2                     |                         |
|           | Total |                |         | 23.4                     | -23.9                   |
| ACT       | TAFE  | 75.5           | 68.9    | -22.7                    |                         |
|           | PPs   | 24.5           | 31.1    | 7.5                      |                         |
|           | Total |                |         | -15.3                    | -3.9                    |
| Australia | TAFE  | 81.3           | 54.1    | -30.0                    |                         |
|           | PPs   | 14.9           | 41.7    | 194.3                    |                         |
|           | Total |                |         | 5.2                      | -9.7                    |

Despite these massive decreases in the total number of hours of delivery available to public TAFE provision, the fact that TAFE enrolments have reduced at a lower rate than funding has, means that each current TAFE student is being taught with significantly less resource than they were a decade ago. At the same time the majority of TAFE provision is concentrating on more costly and resource intensive courses in the skilled trades and on providing students with greater levels of support.

<sup>17</sup> Wheelahan, L., (2018), *Op. cit.*

Over the last decade, we have seen access to government funding restricted through so-called entitlements or vouchers, the opening of all government vocational education to the private for-profit sector and removal of funding for high level vocational qualifications through a student loan scheme. These key manifestations of market influence are fundamentally flawed and do not constitute an efficient and effective way for governments to administer such an essential public good as vocational education. They also cannot deliver value for money in the long term and do not represent a prudent, efficient and sensible way to invest in vocational education.<sup>18</sup>

Rather than the current hastily convened review, it is critically important that the vocational education sector receives the benefit of a comprehensive review that ensures that public funds for vocational education are restored to adequate levels and then put to the best use possible – for the restoration of high quality qualification based TAFE provision, rather than being skimmed off as profit by private providers offering quick, often low quality courses in already oversubscribed areas of study. As a priority, a serious attempt to repair the damage done to the vocational education sector must assess what all key social partners acknowledge to be the deplorably low rates of investment and funding in the sector, both in comparison with other education sectors, and in relation to the real costs of providing high quality, and dynamic vocational education.<sup>19</sup>

The damage inflicted on the sector over the last decade as a result of the chronic underfunding of publicly delivered TAFE and vocational education, and continued attempts to shift the sector irretrievably towards privatisation have severely eroded the viability of many public TAFE institutions and undermined public confidence in the system. The AEU's long held position is that no public funding should be directed towards private, for-profit providers of vocational education. The public funding of TAFE must be urgently restored. As a first step towards the rebuilding the TAFE system, the AEU is pursuing a guarantee from government that 70% of all government spending on vocational education will be delivered directly to TAFEs.

***Recommendation 1: That, as a first step towards rebuilding the TAFE system a guarantee of a minimum of 70% of all government vocational education funding goes to TAFE.***

## **5 The failed student loans experiment must be abandoned**

The AEU is adamantly opposed to the use of income contingent student loans in vocational education and the VET FEE-HELP scandal of recent years stands as a powerful reminder of why the sector should not be funded from student loans. Over its short life, VET FEE-HELP did unprecedented damage to Australia's vocational education system, as successive governments allowed the crisis to escalate to the point where experts estimate more than \$7 billion in total was expended on the scheme, a significant proportion of which will never be recovered.<sup>20</sup> This wasted amount is more than was spent on the entire public funding of the vocational education sector in Australia in 2017.

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<sup>18</sup> Australian Education Union (2018), *Submission to the Terms of Reference for the ALP Commission of Inquiry into post-secondary education*, p.9.

<sup>19</sup> Australian Education Union. *Ibid.* p.10.

<sup>20</sup> Australian Education Union, (2018), *Stop TAFE Cuts Manifesto*, p1.

The continued fallout from the scandal has caused catastrophic reputational damage to the entire vocational education sector, and many qualifications have been (possibly irredeemably) devalued. Students have been ripped off and cheated by unscrupulous for-profit providers, and significant numbers of qualifications which were previously government funded have been shifted to a government loan system where students will eventually have to pay the full cost of their education. Too many students within the vocational education system do not complete their course, brokers and other agents have operated as key players selling useless qualifications to an unsuspecting public and unregistered providers delivered qualifications for which they received public funding. At the height of the VET FEE-HELP scandal, the regulator did not know how many students were receiving training which evaded even the relatively low standards which currently exist. The burgeoning private for-profit sector in vocational education made enormous profit wasting scarce government funding, and trashing the reputation of an already damaged education sector.<sup>21</sup>

However, this crisis did not emerge out of the blue, but was precipitated by a deliberate, calculated and forceful move to the market and a symptom of the deliberate and large scale movement of public funds away from TAFE and public provision over many years by both Labor and Coalition federal and state governments. The systemic impact of VET FEE-HELP was, and still is, insidious, and its successor, the Vet Student Loans system, is little better. VET FEE-HELP orchestrated a significant change in the architecture of the sector. Large sections of the Australian vocational education system are now designated as “User Pays”, with restricted access to government subsidised places, increased fees and charges as a direct result of the exploitation of the system by private for-profit providers. As a result a generation of young people are not able to access vocational education because of costs from the TAFE system.<sup>22</sup>

***Recommendation 2: That income contingent loans, currently badged as VET Student Loans, are discontinued.***

***Recommendation 3: That the debts of all students caught up in the VET- FEE-HELP scandal and related private for-profit provider scams are cancelled.***

## **6 The need to urgently re-invest to rebuild and strengthen the vocational education workforce**

The vocational education workforce, and in particular the TAFE teaching workforce, has been under attack for at least two decades. Teaching preparation and skills have been devalued with the continued and narrow focus on Competency Based Training (CBT), and the high level qualifications previously required to teach TAFE have been relaxed and in some cases almost abandoned entirely. Teachers’ workloads have increased to unsustainable levels as public employers in the sector have sought to make ends meet in the wake of depleted funding and resourcing by shaving hours of instruction, and by work intensification as private providers relentlessly pursue higher profits. Rampant casualisation has resulted in a highly mobile workforce that not only lacks security, but is rarely offered the opportunities for professional development and advancement that secure employment provides.

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<sup>21</sup> Australian Education Union (2018), *Submission to the Terms of Reference for the ALP Commission of Inquiry into post-secondary education*, p.8.

<sup>22</sup> Australian Education Union, *Ibid.* p.8.

A major reason that the parlous state of employment in the sector has advanced so far is that it is very difficult to get a handle on the total number, demographics, experience and qualification level of the workforce. There has been no thorough analysis of the size and characteristics of Australia's vocational education workforce since the Productivity Commission's report of 2011. At that time, it was estimated that there were approximately 73,000 TAFE employees' and 150,000 people working for other vocational education providers.<sup>23</sup> Consistent national data about the size and characteristics of the vocational education workforce is almost non-existent, and in particular there is very little known about the size of character of the private sector workforce. While there are administrative data collections of the TAFE workforce at both the provider and state level, they are incomplete (with key information either inconsistent or missing entirely) disparate and, according to the productivity commission, not widely used or disseminated<sup>24</sup> and the lack of quality workforce data significantly hinders efforts to improve the capacity and capability of the workforce, and to plan for future development.

Despite that lack of quality data on the shape and size of the vocational education workforce in Australia, it is uniformly recognised that the damage being done to the sector as underfunding continues to wreak havoc must be stemmed urgently. In NSW, Victoria, Queensland and South Australia, job losses have gutted the TAFE sector. The AEU has ascertained that in Victoria, 44% of the TAFE workforce has been sacked in recent years. In NSW, it is 35% and in Queensland, 25% have lost their jobs. This has undoubtedly impacted not only students, but the remaining staff and teachers. It represents an irreplaceable loss of knowledge and expertise to the system, and further demonstrates the crisis in the sector.

In addition to these huge numbers of staff leaving the sector and the substantial loss of talent and experience that entails, the sector has long had a substantial problem with casualisation, which further compounds the problem. In 2011, the Productivity Commission stated:

*Relative to other education workforces, on a headcount basis, there is a relatively high prevalence of non-permanent employment in the VET sector. Estimates suggest that up to one-third of trainers and assessors in the non-TAFE sector are engaged as casuals or fixed-term employees. This proportion is even higher in the TAFE sector, where about 60 per cent of trainers and assessors were employed on a non-permanent basis in 2008, with a particularly high use of casuals in the roles of trainers and assessors (and with significant variation across jurisdictions)..... casual employment might, at times, reduce the quality of the teaching or learning experience in VET, and restrict opportunities to develop teaching and assessment ability.<sup>25</sup>*

There is a lack of clarity sector wide about the minimum standards of competence required to teach, and some teachers and trainers in the non-TAFE sector appear to not have any qualifications at all. The Productivity Commission found that while most trainers and assessors have some vocational qualifications, it is very likely that at least 40% of those in non-TAFE providers do not possess any formal pedagogic qualifications at all.<sup>26</sup> The lack of concern from regulators, governments and sector employers for the maintenance of high

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<sup>23</sup> Productivity Commission (2011), *Vocational Education and Training Workforce: Productivity Commission and Research Report*, Canberra, p.31.

<sup>24</sup> Productivity Commission, *Ibid.* p. XLVII.

<sup>25</sup> Productivity Commission, *Ibid.* p. XXXV.

<sup>26</sup> Yu, S & Oliver, D., (2015) *The capture of public sector wealth by the for-profit VET sector: a report prepared for the Australian Education Union*, Sydney, pp.17-18.

standards of entry to the profession once again demonstrates how, along with the sector itself, vocational teaching has become professionally devalued.

The failure to maintain standards has a huge impact on the existing workforce and discourages others from entering it. The current prevalence of low morale, stress and workload burden among TAFE teachers is entirely unsustainable. The Victorian branch of the AEU has recently conducted a survey of nearly 500 TAFE teachers. The survey found that by and large TAFE teachers were overworked, stressed, lacking in job security and unsure about continuing in their profession. The shocking results include the following<sup>27</sup>:

- TAFE teachers reported working on average 6.8 hours of unpaid overtime per week, the equivalent of working almost an entire extra day a week for free.
- Teachers reported significant concern about high teaching workloads and excessive administrative duties. Other key concerns included lack of job security and low levels of pay.
- More than half of TAFE teachers reported their teaching workload had increased over the last 12 months
- Over 90% of TAFE teachers reported their administrative workload had increased over the last 12 months, with 60% saying this workload has increased significantly
- Over 85% of teachers believed the quality of education delivered at their TAFE was being affected by lack of funding
- Over 75% of TAFE teachers said they had considered leaving their job in the last 12 months

The marketisation of the majority of the vocational education sector and the increasing reliance on borrowing and external investment of what remains public is the root cause of the immense pressure that teachers are currently under, and drives the huge levels of casualisation and uncertainty that now accompany a career in vocational education. There needs to be a complete rethink of the way that TAFE and vocational education teachers are trained, their career path and progression and their remuneration. We need to not only increase the number of teachers, but stem the tide of those leaving the sector in despair. This can only be done by providing decently paid secure jobs that protect and respect teachers' pedagogical expertise and professional autonomy.

***Recommendation 4: That a comprehensive data collection exercise of the vocational education workforce, including pay, terms and mode of employment, qualifications and all other relevant measures necessary to properly assess the state of the workforce is undertaken annually.***

***Recommendation 5: That a teaching workforce renewal strategy is devised to determine how the low morale, huge workload and increased administrative burden experienced by the vocational education workforce can be addressed. This strategy must engage in a collaborative manner with the profession to rebuild the teaching workforce, and recognise the key role that it plays in the sector.***

***Recommendation 6: That ring-fenced investment is made available to implement that strategy, with a focus on addressing high levels of precarious and casual employment, the neglect of professional development and support and workload intensification.***

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<sup>27</sup> Australian Education Union Victorian Branch (2017), *State of Our TAFEs*, retrieved from : <https://www.aeuvic.asn.au/sites/default/files/State%20of%20Our%20TAFES%202017.pdf>

***Recommendation 7: That both federal and state governments re-invest in the TAFE teaching workforce and develop a future-focused TAFE workforce development strategy in collaboration with the profession and the AEU, based on degree-level teaching qualifications to augment the industry qualifications required to prepare people for work and for participation in society.***

## **7 The need for a comprehensive and independent inquiry in TAFE**

We have detailed our serious concerns about the terms of reference, timing and chair of this current enquiry elsewhere in this submission. The TAFE and vocational education sector deserves a thorough and comprehensive enquiry, one which encourages significant input from educators and students, and one that takes full public funding of TAFE and vocational education as an achievable aim and gives serious consideration to what is required for its attainment. Such an inquiry would potentially be the last opportunity to articulate a positive role for public TAFE institutions into the future.

It is critical that an inquiry capture the complexity of what occurs in TAFE institutions by moving beyond the current obsession with market design and competition. It is only by starting from a newly conceived vision, built on best TAFE practice that there can be a proper debate between social partners, and the democratic development of new policy. The key areas for the comprehensive inquiry in TAFE, as discussed at length earlier in this submission, should include:

- a) the impact of the collapse of public funding and the wholesale marketisation of the sector over the last two decades, and
- b) how to repair the severe reputational damage caused by the proliferation of scam private providers and their access to income contingent student loan programs

In addition, the inquiry should give proper consideration to the current regulatory framework and the way in which quality is assessed in the sector, and to issues of pedagogy and curriculum with particular emphasis on the continued use of Competency Based Training (CBT) in vocational education.

The arguments outlining why these factors warrant significant investigation are outlined below.

### *7.1 Quality, regulation and the devaluation of qualifications*

The AEU strives for a high quality and accountable public TAFE and vocational education system with clear and consistent checks and balances. Regulation only becomes necessary to attempt to constrain the profit seeking activities of providers in a market. As the AEU's stated strong preference is for the elimination of the private, for-profit providers from TAFE and vocational education and the removal of the market from the sector, ideally a high level of regulation should not be necessary. Nevertheless, as the market persists, and the current regulatory regime has been almost entirely ineffective in preventing private providers continued exploitation of gaps in existing regulations and funding rules for their own benefit and to the detriment of students, it is necessary to significantly strength regulations.

When the societal value, and consequent productive economic value of vocational education is not prioritised, and is replaced with the drive towards profit, the inevitable outcome is a

decline in standards. In recent years, five day diplomas and qualifications delivered in mere hours have become the currency of a debased vocational education system. At the height of the rotting of the system, the regulator seemed powerless to stop for-profit private providers from offering qualifications at exorbitant prices in a fraction of the time it should take, because at the time, in the vocational education market, they were doing nothing technically wrong.

It should stand to reason that once governments allow private, for profit entities to become the primary providers in the sector, more regulation, not less, is required. Increased regulation, stricter and more enforceable standards, and a well-resourced monitoring and enforcement of the standards, are the bare minimum required to protect vulnerable students from exploitation and rotting, and to ensure consistency in the quality of delivery across the sector – and none of these things currently exist in Australia’s vocational education sector.<sup>28</sup>

The explosion of private vocational education providers and associated parasitic third party brokers and agents (who add no value to the sector whatsoever) in the last decade has created an environment where the principles of profit maximisation and the absolute primacy of the interests of shareholders incentivise providers to offer whatever training attracts the most profitable subsidy to cost ratio, with little to no concern for the quality of the being offered.<sup>29</sup> Sector wide practices that prevent students getting what they signed up for include the euphemistically named but incredibly prevalent auspicing (subcontracting training from registered to lower cost non-registered providers) and channelling (enrolling students into courses other than what they originally intended, to attract higher subsidies) which have been rife in the sector for many years, and have largely gone unchallenged by the Australian Skills Quality Authority (ASQA).<sup>30</sup>

The AEU remains very concerned about the current VET Quality Framework and the 2015 Standards for RTOs which we believe are wholly inadequate to ensure a quality vocational education sector. Standards play a key regulatory and public policy function in ensuring the quality and governance of vocational education. When developed in a comprehensive form, they offer a means of ridding the sector of low quality providers that both threaten the reputation of the high quality provision available and undermine the learning of students who in good faith believe they are enrolling in a decent and accredited program of study.

The current standards, from 2015, need to be urgently reviewed and tightened to ensure they provide a far more discriminating framework than the current minimalist model. A review of standards must also attempt to develop a more sophisticated perspective on the prospective support and assistance offered to students by providers, rather than the current crude and demonstrably ineffectual focus on capability based output qualifications. For instance, TAFE institutions offer extensive student infrastructure support including libraries, learning centres, student support services and a broad range of qualifications. Teachers in TAFE are selected as industry experts and are skilled as educators, offering students a comprehensive learning experience. It is therefore unreasonable to lump TAFEs in an outcome model that merely assesses minimalist RTO capability and quality via qualification completion as this clearly disadvantages the more extensive investment in quality in the TAFE system. The current standards must be expanded to recognise the importance of the quality of teaching, the level

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<sup>28</sup> Australian Education Union (2015) *Submission to the Inquiry into the operations, regulation and funding of private vocational education and training (VET) providers in Australia*, p.10.

<sup>29</sup> Yu, S. & Oliver, D, *Op. cit.*, p.25.

<sup>30</sup> Yu, S. & Oliver, D, *Op. cit.*, p.18.

of student support available and the quality of resources and infrastructure provided by all RTOs.

Moreover, significant regulatory reform is needed to re-establish trust in vocational education, and in order to repair the damage already done by low quality, high-risk, private RTOs and their rent seeking exploitation of the VET FEE-HELP system and public subsidies more generally. It is important, however, for the future of TAFE and the vocational education sector that any consideration of regulatory reform be expansive in its consideration and consider the sector in its entirety. The AEU believes that for trust to be re-established government needs to engage all social partners in discussions around the purpose and future of the vocational education sector, including the standards against which regulation of the sector needs to be conducted, and the level of public resourcing required to guarantee a robust and high quality sector into the future.

## 6.2 *The effect of Capability Based Training (CBT) on quality*

*CBT is a fragmented, atomistic model of curriculum based on behaviourist notions of knowledge and skill, embedded in a fragmented model of qualifications and a fragmented VET system, all designed to serve a fragmented market based on exchanges between putatively ontologically distinct rational self-maximising individuals.<sup>31</sup>*

Quality should centre on a thorough, rounded and holistic learning process, where qualifications are attained through the demonstration of a deep understanding of the subject area including both the practical application of learning and a demonstrated understanding of the theory underpinning it. In Australia's current vocational education sector, the narrow focus on Competency Based Training (CBT) trivialises vocational education and creates a disjointed and fragmented learning model which estranges learner, teacher and institution from each other and forfeits opportunities for the discovery and extension of knowledge. According to the CBT model, learning can take place anywhere, at any time and is usually assessed against a narrow range of defined tasks, the completion of which requires no genuine understanding.

The CBT curriculum model has no requirement for structured teaching or a dedicated learning environment, and is indifferent to the quality of teachers and educational institutions.<sup>32</sup> The separation of education, training and assessment under the CBT model is designed to remove the human complexities from vocational education, and to reshape these interactions into separate and distinct activities, a process that lends each individual part of the CBT model and the entire process itself more easily to being carved up for greater profitability in fully marketised training sector. In a quality educational environment, education, training and assessment cannot be separated as all three components are present at in all activities.<sup>33</sup> CBT based training packages have dominated what is now the vocational education market in Australia. According to Wheelahan (2016), the market in CBT based training packages was originally meant to ensure national consistency and quality but has instead resulted in:

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<sup>31</sup> Wheelahan, L. (2016). *Patching bits won't fix vocational education in Australia - a new model is needed*, International Journal of Training Research, p.3.

<sup>32</sup> Australian Education Union (2018), *Submission to the Terms of Reference for the ALP Commission of Inquiry into post-secondary education*, p.8.

<sup>33</sup> Australian Education Union, (2016), *AEU feedback to the Department of Education and Training's Quality of assessment in vocational education and training discussion paper*, p.3.

*[L]ow-quality qualifications in a market where arguably it is too easy for providers to gain accreditation. The question that policy asked was ‘how can we create a market’, and not ‘how can we create a system of high-quality, trusted qualifications’. It was assumed that training packages would provide the consistency needed to ensure quality, however, training packages have facilitated the crisis of quality because they are arguably low quality to start with, and because providers take the training package off the shelf to deliver it. There is no requirement that they invest in developing their own qualifications or curriculum and subject that to external scrutiny through processes of accreditation.*<sup>34</sup>

Over time the administration and oversight of this market of CBT based training packages has become an industry in itself, with vast amounts of public funding expended to maintain a network of “advisory” and other bodies, to oversee a growing number of qualifications which are often of questionable quality at best, and usually of very limited use to either individuals or employers.

The rise of CBT as the preferred mode of delivery is but one component in a series of severe reputational injuries inflicted on Australia’s vocational education sector. Funding cuts, the wholesale transfer of public money to private providers, the VET FEE-HELP loans scandal, a lack of effective regulation and a decline in the quality of education and qualifications have all brought the sector to the brink. TAFE was originally envisioned in the 1974 Kangan report as providing “equity of access within a broad framework of social concern as the guiding principle”,<sup>35</sup> a long way from where the sector currently finds itself, as described by Anne Jones, Emeritus Professor at Victoria University:

*“Today, after forty years of training reform, policymakers, industry stakeholders and even many educators regard vocational education primarily as a means of producing manpower as cheaply as possible. Successive state/territory and federal governments have managed vocational education as a cost to be reduced rather than as an investment in the individual or in social good.”*<sup>36</sup>

It is clear that significant and lasting damage has been done to the reputation and public standing of the sector, and that the narrow focus on CBT as the primary delivery mode of vocational education has exacerbated this damage.<sup>37</sup>

***Recommendation 8: That a comprehensive and independent inquiry into TAFE is launched to consider a broad range of issues, with particular consideration to the following:***

***a) That while the private vocational education market persists, the VET Quality Framework should include the following requirements:***

***i. that vocational education RTOs have as a primary or significant purpose the provision of vocational education;***

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<sup>34</sup> Wheelahan, L. *Op. cit.*, p.10.

<sup>35</sup> Powles, M., & Anderson, D. (1996) p. 98, cited in McMillan, G. (2007) *30 Years on from Kangan: An Analysis of the Current Policy Position of TAFE Queensland*, Doctoral dissertation, Queensland University of Technology, p.2.

<sup>36</sup> Jones, A. (2018) *Vocational education for the twenty-first century*, University of Melbourne, p.2.

<sup>37</sup> Saccaro, F. & Wright, R. (2018) *VET FEE-HELP: What went wrong?*, University of Melbourne, p.4.

- ii. *that vocational education RTOs are required to demonstrate that they operate in the interests of students and be required to provide ancillary support services for students;*
- iii. *that every vocational education RTO demonstrate appropriate quality standards for teaching and learning.*

*b) That the 2015 Standards for RTOs are revised to include a requirements that all private providers in receipt of publicly funded subsidies must meet strict quality requirements, with strict financial penalties if not met and maintained.*

*c) That the focus for learning outcomes in the vocational education system are shifted from disjointed CBT based training and towards sustainable knowledge and practise based qualifications as historically provided by TAFE.*

## 8 Conclusion

Australia needs a high quality, well-resourced and trusted TAFE sector. Public vocational education is every person's right, and TAFE holds a particularly important role in the lives of people throughout their working lives. Successive cuts, underfunding and the student loans debacle have damaged the sector, undermined the teaching workforce, and slashed funding and support where it is needed most.<sup>38</sup> TAFE has always been highly regarded and has supported individuals, communities and employers for decades. It has developed partnerships with employers and communities to provide pathways for students to employment, further education and university. It provides support for those seeking employment for the first time, those who missed opportunities at school, and those who seek retraining and further education throughout their lives.<sup>39</sup> Nevertheless, under current conditions it finds itself at a distinct disadvantage to private, for-profit, providers who provide none of the usefulness to society that TAFE does. The fundamental importance of TAFE, its current problem in the unfettered market and the potentially disastrous outcome if the issue is not urgently addressed is succinctly described in a report from the University of Sydney Business School, here:

*The role of TAFEs remains paramount in the delivery of training in areas of skills shortages and to student equity groups, but also as the custodian of quality vocational education. In meeting these and other obligations (including delivery in thin markets, delivery of student services, meeting public sector reporting requirements, and asset maintenance), it is important to recognise this competitive disadvantage. As the cornerstone vocational educational provider, TAFE has an obligation to serve all fields of education, all student backgrounds and all areas of Australia. TAFE does not have the option of targeting only profitable areas of delivery or profitable student types. Funding for TAFE has been substantially reduced despite their obligation to contribute to these social and economic objectives, while also acting as custodians for the provision of quality vocational education. If higher levels of funding and a more sustainable funding model for TAFE is not found, then there is a very high*

<sup>38</sup> Australian Education Union, (2018), *Stop TAFE Cuts Manifesto*, p1.

<sup>39</sup> Australian Education Union, *Ibid.* p.1.

*likelihood that public confidence in the entire system of vocational qualifications will be fatally eroded.”<sup>40</sup>*

This current crisis of vocational education in Australia is a direct result of the deliberate push over many years towards the complete marketisation of the sector. As the AEU has pointed out previously, it is no surprise that the sacrifice of quality for profit is the result of unfettered privatisation of the sector - “we are not dealing with market failure in vocational education. The market is doing exactly what it was designed to do – deliver profits to private providers who work within the parameters set for them.”<sup>41</sup> The introduction of income contingent loan based funding in vocational education has caused huge reputational damage to the sector and has undermined the confidence of students and their parents in all types of vocational education providers. The rampant rent-seeking behaviour of private RTOs, allowed by the inability of regulators to stay abreast of private providers’ complex arrangements designed to extract maximum public subsidy for minimum output, has meant that the vocational education sector now needs a complete structural overhaul. Tinkering at the edges of the current market based system, where the profit available in the gap between the VET loan cap and the cost of delivery is the only system driver, will inevitably result in the further devaluation of vocational education in Australia, and the failure to equip graduates with the skills and qualifications needed to productively contribute to Australia’s economy and society.

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<sup>40</sup> Yu, S. & Oliver, D, *Op. cit.*, p.42

<sup>41</sup> Australian Education Union (2018), *Submission to the Terms of Reference for the ALP Commission of Inquiry into post-secondary education*, p.8.