



**Australian Education Union  
Submission**

**to the**

**National Youth Commission Inquiry into Youth  
Employment and Transitions**

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## **Overview**

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The Australian Education Union (AEU) represents more than 189,000 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 is proud to advocate for a quality public education which is accessible to all Australians. This submission draws on the views of our membership, AEU policy and is also informed by our partnerships with leading academics.

The submission expands on the two meetings between the Commission's Co-Executive Officers and the AEU.

The AEU appreciates the proactive approach to engagement taken by the Commission in recognition of our position as the organised voice of the Vocational Education Sector and a social partner. We hope this inquiry will be a catalyst for much needed improvement in this sector.

# **Australian Education Union**

## **Submission**

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# **National Youth Commission Inquiry into Youth Employment and Transitions**

## **Introduction**

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Australia is in the midst of a critical skills shortage with 140,000 fewer young apprentices learning their trades today than back in 2013 when the Government first came to power. Yet we also have a youth unemployment rate that continues to hover around 12.5 %, more than twice the national unemployment rate.

Job Opportunities are available, but the Government's policy on vocational education is failing young people. While ministers pledge to create 'jobs and growth' there is still no over-arching national vision for vocational education. Instead, the commonwealth has rushed through a series of piecemeal reviews, including the first national review of the vocational education sector in forty years which was completed in just four months in 2018.

The 'Jobs Outlook' data<sup>1</sup> forecasts that there will be 866,000 jobs to fill by 2023 and the top sectors for growth will be in health care and social assistance, construction, education and science/technical. It predicts two out of every three jobs will come from these four sectors in the future - all sectors where Australia's-world-leading TAFE institutions were funded to provide effective vocational education to support young people into employment, before Government cuts left it perilously close to collapse.

Looking further forward, Australia's transition into the fourth industrial revolution is disrupting a growing number of traditional industries and leaving young people to face an increasingly uncertain labour market with contradictory reports about the potential scale and effect of automation and artificial intelligence. Our rapidly changing twenty first century is reconfiguring our patterns of production of trade, knowledge transfer and cultural development, which makes vocational education more important to our national development and the employment prospect of young Australians than ever before.<sup>2</sup>

This submission therefore argues that a revitalised TAFE sector is the single greatest policy reform that will help young people transition into employment and boost economic productivity.

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<sup>1</sup> Australian Government Job Outlook <https://joboutlook.gov.au/future-outlook.aspx>

<sup>2</sup> Parry, J. (2019), *Rebalancing Australia's Education System*, The Australian TAFE Teacher Spring 2019

This reform must be coupled with support during school to ensure that all appropriate pathways remain open to young people. At present, the current inequity in government funding of the school system means that many young people are losing out on smaller class sizes, more one-on-one support, additional teachers and support staff, and more support for children with disability or behavioural needs. Fairly funding public schools would have a significant impact on meeting individual student needs and improving their employability and employment prospects.

This AEU submission will respond broadly to all points of the Inquiry's terms of reference. In short, we make the following points:

- TAFE needs to be re-established as the strong public provider of vocational education, in recognition of its importance in transitioning young people successfully into future employment.
- Need-based funding must be restored to public schools so that all young people have the opportunity to reach their full potential.

### **Re-vitalising TAFE as the Anchor in the Vocational Education System**

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Australia's TAFE system has provided millions of Australians with the skills they needed to thrive and is a lifeline for those who seek a second chance at education. 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:

*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 likelihood that public confidence in the entire system of vocational qualifications will be fatally eroded."*<sup>3</sup>

Despite the clear and undisputed societal and economic benefits there has been a concerted drive from successive federal governments over the last decade to marketise the vocational education sector and defund TAFE, viewing it as a cost to be reduced rather than an investment in the

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<sup>3</sup> Yu, S. & Oliver, D, *Op. cit.*, p.42

individual<sup>4</sup>. Vocational education 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>5</sup> This was swiftly followed by another cut of \$177 million in the 2017 federal budget and a further cut of \$325 million in funding from TAFE budgets in 2018<sup>6</sup>.

These funding cuts were compounded by shifting costs onto students through federal government financed income contingent loans (VET FEE HELP) which enabled the extremely rapid proliferation of opportunistic training companies profiting from unregulated government subsidies for enrolling students. It created one of the biggest policy scandals in recent government history and blew out from millions of dollars of tax payer money to billions in just three years<sup>7</sup>. It led to many students being deceived by greedy private course providers and being left with large student debts and no qualifications when the providers ceased trading.

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>8</sup>

In recent years, five day diplomas and qualifications delivered in mere hours have become the currency of this debased private vocational education system. At the height of the roting 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 deemed to be doing nothing technically wrong.

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. The proliferation of private providers has made it impossible to guarantee quality at a system level. In 2016 there were over 4,600 active registered training providers, but only 96 of these providers have more than 100 full time students, as a result the courses and qualifications offered to students vary massively.<sup>9</sup>

In addition, 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 are fully funded by public subsidies, such as business studies, media studies, tourism and community services courses, while public TAFE providers continue to dominate in areas of high-cost training and specialised

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<sup>4</sup> Jones, A. (2018) Vocational Education for the 21<sup>st</sup> Century, LH Martin Institute, University of Melbourne

<sup>5</sup> Australian Education Union, (2018), *Stop TAFE Cuts Manifesto*, p1.

<sup>6</sup> <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/government-funding-of-vet-2018>

<sup>7</sup> Parady, J. (2019) *Rebalancing Australia's Education System*, The TAFE Teacher Spring 2019

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

<sup>9</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)

and in-shortage skills.<sup>10</sup> TAFE is left in the impossible situation of trying to compete in the market environment while still providing vital functions including libraries, student support centres, pastoral care and a truly broad range of qualifications taught by industry experts who are skilled educators. Moreover, TAFEs are often located in rural and regional areas where the provision of vocation education can be much more expensive however it is critical for ensuring access and equity to education.

### Restoring confidence

The damage inflicted on the vocational education sector due to government funding cuts across the nation and private provider rorting has affected its reputation and public confidence in the sector is markedly low. This damage is entrenching perceptions amongst students, parents and the wider community about the relative merit of VET focused pathways, which can often be seen as inferior to university by students and their parents. *Strengthening Skills: Expert Review of Australia's Vocational Education and Training System*, chaired by Steven Joyce, found that many of the reviews' participants raised these concerns about the VET sector, many of which directly impact on the way in which the pathway is perceived, on the esteem that VET is held in, and on the ease of access (or lack of it) for secondary students into appropriate VET courses. The issues that contributed to this perception, as raised in the Joyce review include:

- Continuing variations in quality between providers, and concerns about the relationship between the regulator and providers.
- A cumbersome qualifications system.
- A complicated and inconsistent funding system that is hard to understand and navigate, and which is not well matched to skills needs.
- A lack of clear and useful information on vocational careers for prospective new entrants.
- Unclear secondary school pathways into the VET sector and a strong dominance of university pathways.[1]

It is essential that young people from all locations across Australia and from all backgrounds have access to all available post school pathways so that they are able to explore all options and choose the most appropriate one for them, without restriction.

National Youth Commission research reveals that it takes 4.7 years on average for a university graduate to transition to work in their chosen field, while a recent Grattan report reveals that vocational education in construction, engineering or in commerce 'typically leads to higher

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<sup>10</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.

<sup>[1]</sup> [https://www.pmc.gov.au/sites/default/files/publications/strengthening-skills-independent-review-australia-vets\\_1.pdf](https://www.pmc.gov.au/sites/default/files/publications/strengthening-skills-independent-review-australia-vets_1.pdf) p.27

incomes than many low-ATAR university graduates.’<sup>11</sup> There is a clear and urgent need to revitalise TAFE as the strong public provider of vocational education and to rebuild the esteem of students undertaking vocational education. Yet ‘parity of esteem will only come with parity of policy and resourcing’<sup>12</sup>

Unless the TAFE sector gets the support required to run these programs we will not see the educational outcomes of our youth improved nor our communities and industry prosper. When TAFE is diminished so are the opportunities for our young people.

While the youth unemployment rate is twice that of the national average (12%) and Australia is suffering a crisis in apprentice numbers with 140,000 current vacancies to be filled, it beggars belief that Governments are cutting funding to pathway programs.

Encouraging people into vocational education should be a policy priority and a strong TAFE, as a permanently funded public institution should be the natural anchor for developing and sustaining vocational education innovation in Australia. It needs to be cherished as an enduring public provider and source of excellence, not set adrift.<sup>13</sup>

### Case Study: Germany

The AEU draws the commission’s attention to Germany as an illustration of a strong public vocational education system that is delivering one of the lowest youth unemployment rates in the European Union.

Germany has a vocational educational dual system that is federally funded and well respected by the community. It offers qualifications across a broad range of professions and flexibly adapts to the changing needs of the labour market. It is possible to move through the trade stream and arrive at PhD level which has created a reputation for developing ‘master tradespeople’.

More than one-third of all pupils graduating from secondary school in Germany enter a vocational training program which is strongly supported by industry, to the extent that around 68 percent of the graduates enter the workforce in the company where they were trained immediately after training. Germany’s vocational schools partner with around 430,000 companies, and more than 80 percent of large companies hire apprentices.<sup>14</sup>

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<sup>11</sup> Norton, A and Cherastidham I , *Risks and rewards: when is vocational education a good alternative to higher education?*, The Grattan Institute

<sup>12</sup> Jones, A (2018) Vocational Education for the 21<sup>st</sup> Century, LH Martin Institute, University of Melbourne

<sup>13</sup> Buchanan, J, in TAFE as an anchor for social and economic renewal, The TAFE Teacher, Autumn 2019

<sup>14</sup> <https://www.cleanenergywire.org/factsheets/how-germanys-vocational-education-and-training-system-works>

## Reinvest in the TAFE Teaching Workforce

In NSW, Victoria, Queensland and South Australia in particular, chronic underfunding has led to job losses which have gutted the TAFE sector. The AEU has ascertained that in Victoria, there was a reduction of 44% of the TAFE workforce in recent years, in NSW it stands at 35% and in Queensland, 25%. 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 2017, the Victorian branch of the AEU 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 results include<sup>15</sup>:

- working on average 6.8 hours of unpaid overtime per week, the equivalent of working almost an entire extra day a week for free. More than half of TAFE teachers reported their teaching workload had increased over the last 12 months
- significant concern about high teaching workloads and excessive administrative duties.
- 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

Victoria has recently reached a new enterprise agreement for TAFE teachers, with improved wages and conditions as part of its investment of an additional \$644 million in last year's state budget to strengthen TAFE, and to ensure all Victorians can access the training they need to get a good job. However, nationally there needs to be a comprehensive rethink of the way that TAFE 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. This can only be done by providing decently paid secure jobs that protect and respect teachers' pedagogical expertise and professional autonomy.

Reduced investment in TAFE has meant less investment in teaching practice and research, greatly affecting the capacity of the sector to maintain its knowledge, renew its practices and agilely adapt to the changing needs of industry and society. Without investment, Australia's vocational educational sector will be condemned to remain in the past, painstakingly preparing people to perform known, narrowly defined tasks for yesterday's industries.<sup>16</sup>

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<sup>15</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>

<sup>16</sup> Jones, A (2018) Vocational Education for the 21<sup>st</sup> Century, LH Martin Institute, University of Melbourne



## **The march towards micro credentials and low quality VET**

The Skills Council, established in August 2019 by COAG, met in November 2019 to identify priority areas of reform. The first identified area is “*on the use of micro-credentials in the national VET system to better respond to student and job-need while preserving the importance of nationally-recognised full qualifications*”, followed by “*streamlining training packages to deliver more relevant skills for industry and individuals through immediate actions to make the current system faster, simpler and better. This will include immediate action to identify and remove all outdated and unused qualifications to improve the relevance and accessibility of the training system.*” which would seem to be entirely at odds with the Council’s supposed aim of “preserving the importance of nationally-recognised full qualifications”.

The AEU has significant concerns about the increased drive towards the use of micro - credentials, and in particular, we are concerned about their use as the foundation from which senior secondary students’ future pathways into employment are determined.

Micro credentials gathered from a series of short competency based training activities are not equivalent in depth of learning to an accredited qualification. A rounded full qualification is the best way to pursue a vocational pathway, and this is best provided by properly funded and resourced public TAFE institutes.

The AEU does not support the increased use of micro credentials as the focus of VET delivery in schools. The AEU believes that vocational education should be delivered with the aim of providing those undertaking it with a significant and broad skills base to work in their chosen profession, not to provide students with a set of narrow skills or competencies to fulfil a specific employer need at a particular time. We are also opposed to the idea that a substantive qualification, whether a higher level certificate, a diploma or a degree can be cobbled together in any effective way from the completion of a series of disjointed micro credentials completed by assessing individual competencies in an ad hoc way.

Further the AEU is particularly concerned about the Commonwealth government’s response to the Joyce review and its recommendations to provide “*modern and flexible alternative to classroom based learning*” and to “*enhance the role of industry in designing training courses by establishing a national skills commission*”. This sole prioritisation of immediate industry needs over those of students and the community is overwhelmingly short sighted, and will only result in young people having to start numerous pathways, before retraining to meet the short term needs of employers. Such an approach does not allow for the development of a sustainable long term career or for the development of real qualifications leading to long term secure employment.

## **Moving from Competency Based Training to Building Capabilities**

To maintain that vocational education should be built on units of competency that have been derived from current jobs, while we know that 50% of young people today will be doing jobs in

the future that haven't been created yet is illogical<sup>17</sup> There is an urgent need to build the capabilities of the person so that young people can adapt to changing circumstances and easily transfer their skills.<sup>18</sup>

Our narrow behaviourist qualifications need to be broadened for twenty-first century capabilities including critical thinking, creativity, adaptability and entrepreneurship. If we want young people to tackle the big issues facing our globalised community and come up with solutions these skills will be vital. Such a change would mean an end to the ownership of industry over national qualifications and a return to teachers having greater input into the curriculum and applying workplace situated pedagogies which would allow for a much more agile response to local needs, rather than the 'just in time courses' that are being driven by industry today.<sup>19</sup>

There must also be a properly resourced commitment to ensuring that all young people have strong core literacy, numeracy and digital skills as a basis for ongoing participation in work and community. This commitment must acknowledge the specialised needs of significant groups such as early school leavers, Aboriginal and Torres Strait Islanders and recently arrived migrants.<sup>20</sup>

Apprenticeships need to be expanded to cover a much larger range of industries recognising the value of situating education in real work places. Incentives may need to be considered to encourage employers to host on the job learning. Above all vocational education must meet the needs of young people wishing to skill throughout their working lives and respond to the digital disruption of the future.<sup>21</sup>

## **Needs based School Funding**

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The inequity of funding in Australia's school system has a direct impact on the teaching and learning opportunities for young people in public schools. With one in four young Australians not completing their Year 12 certificate, serious questions must be asked of government policy settings where school funding is concerned.

The original Gonski report was commissioned to examine evidence and make recommendations on how school funding should be used to improve school performance outcomes. Its fundamental recommendation was for state and federal governments to work together to coordinate resources more effectively to achieve a level of fair funding – the Schooling Resourcing Standard (SRS) – an estimate of public funding that a school needs to meet the needs of its students. The SRS is made up of a base amount of funding for each student plus additional loadings to help schools whose students have higher needs.

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<sup>17</sup> National Youth Commission, Facts on Issues <https://nycinquiry.org.au/>

<sup>18</sup> Buchanan, J, in TAFE as an anchor for social and economic renewal, The TAFE Teacher, Autumn 2019

<sup>19</sup> Jones, A (2018) Vocational Education for the 21<sup>st</sup> Century, LH Martin Institute, University of Melbourne

<sup>20</sup> *ibid*

<sup>21</sup> *ibid*

However, over the last six years the Commonwealth Government has abandoned this needs based funding model by making a series of cuts to public school funding and legislating an arbitrary 20% cap on the Commonwealth's share of the SRS through the *Australian Education Amendment Act, 2017* which leaves states and territory governments having to make up the shortfall, ignoring the differences in their revenue raising ability. Most states are a long way from the remaining 80 % needed. A revised target of 75% was agreed by COAG recently but timelines for delivery have stretched out to 2029 – and beyond for Queensland. This has led to systemic underfunding and entrenched inequality between school sectors, further compounded by a \$4.6 billion increase in funding to private schools announced by the Morrison Government in September 2018.

### Total Commonwealth & State/Territory (SRS %)

|     | 2019  | 2020  | 2021  | 2022  | 2023  |
|-----|-------|-------|-------|-------|-------|
| ACT | 107.5 | 106.1 | 104.8 | 103.3 | 100.0 |
| NSW | 89.1  | 88.8  | 90.6  | 91.4  | 92.2  |
| NT  | 79.1  | 79.7  | 80.3  | 80.4  | 79.0  |
| SA  | 92.3  | 93.0  | 93.7  | 94.3  | 95.0  |
| TAS | 92.6  | 93.0  | 93.3  | 93.8  | 94.1  |
| WA  | 96.8  | 94.7  | 93.6  | 94.0  | 95.0  |
| QLD | 87.8  | 88.2  | 88.5  | 88.9  | 89.3  |
| VIC | 85.8  | 86.7  | 87.9  | 89.1  | 90.4  |

Public schools are missing out on billions that should have been delivered in 2018 and 2019. It means that by 2023, 99 per cent of public schools will be operating below the schooling resourcing standard and 99 per cent of private schools at the standard or even above it.

It is critical that we distribute educational funding fairly so *all* students can reach their full potential and be supported to become a confident, creative participant in society. To achieve this, every school must be funded to at least 100% of the SRS.

In an effort to measure some of the direct costs resulting from poorer educational outcomes and demonstrate the point more generally, Rorris conservatively<sup>22</sup> calculated the following fiscal outcomes in relation to increased unemployment and reduced tax revenues:

- The failure of the Australian government to retain all students to the end of year 12 schooling will generate direct financial costs in excess of \$72 billion (2016 constant prices) by 2070. Specifically, the cost simulations show that by simply failing to keep students active and learning within the education system until year 12, the country will pay an additional aggregated amount of \$60 billion in unemployment benefits by 2070 (2016 constant prices).<sup>23</sup>

<sup>22</sup> Rorris 2016, p.34 notes the conservative nature of these estimates in the case of two fiscal outcomes resulting from lower education learning outcomes. The estimates do not provide any multiplier calculations of lost revenues from income and other tax revenues generated by having additional numbers of employed people.

<sup>23</sup> Rorris 2016, p.34–37

- Lost aggregated income tax revenues in excess of \$12.2 billion by 2070 as a result of a greater number of people not being employed and therefore not paying income tax.

## **Conclusion**

Unless governments address the crisis in the TAFE and vocational education sector as a matter of urgency, the consequences for young people – and the society and economy – will be dire.

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.

Tackling school funding must also be a crucial part of any youth employment reform agenda. All students deserve the same opportunities to access a quality education, to reach their full potential and transition smoothly into their chosen employment pathway.

The AEU looks forward to the findings of the Commission in the hope it will be able to push the policy agenda forward and prevent the repetition of the numerous policy mistakes made in this sector in the past.