



A RESPONSE BY THE
NATIONAL TERTIARY EDUCATION UNION – VICTORIAN DIVISION
TO THE
VICTORIAN GOVERNMENT’S DISCUSSION PAPER ON SKILLS
REFORM:
“SECURING OUR FUTURE ECONOMIC PROSPERITY”

Authorised by: Matthew McGowan
Division Secretary
NTEU Victorian Division
1st Floor
120 Clarendon Street
SOUTH MELBOURNE 3205

Submitted by: Robyn May
Division Industrial Organiser
NTEU Victorian Division
1st Floor
120 Clarendon Street
SOUTH MELBOURNE 3205

The NTEU notes with interest the *Securing our future economic prosperity* Discussion Paper, released by the Victorian Government on 30 April 2008, and welcomes the important recognition of the need for increased funding in the VET sector on a number of levels. The paper however makes a number of assumptions that are not elaborated upon, which raise a range of concerns for the NTEU, and for the sector more widely. Specifically these are the proposals to introduce contestability for VET funding, and to introduce an income contingent loan scheme, with the inherent assumption that student fees will rise.

SUMMARY AND KEY CONCERNS

Whilst NTEU supports the objectives outlined in page 12 of the Victorian Government's *Securing our future economic prosperity* discussion paper, we are opposed to the direction, thinking and proposals embodied in the paper, in particular we oppose the proposal for complete contestability of funding in VET. We do not believe contestability will be the solution to the shortfall in numbers of qualified individuals forecast to emerge over the coming decade. We certainly do not understand how increasing fees will encourage more students. We believe the more likely result of increased fees would be decreased participation. Further we argue a 'demand driven system' would make it very difficult for the publicly funded TAFE sector, in particular, to compete, to plan and to provide and maintain the kind of infrastructure necessary for a modern VET system.

The shortfall forecast for the number of qualified individuals that Victorian industry will need, as detailed in the Monash report (Shah & Burke, 2006) reflects a commensurate shortfall in Government action, particularly at the federal level, over the last decade from this crucial area of public policy, both in terms of funding and policy initiative. The fact that across Australia 27,000 students missed out on VET places in 2007 is evidence of a shortfall in funding, not a misplaced focus on the part of training providers. It is clear that participation in both VET and higher education is not increasing in Australia, despite our claims of becoming a 'knowledge economy'.

What is needed for the future is more government involvement, both in terms of funding and policy initiative, not less. Governments at the federal and state level have a critical role in the provision of publicly funded VET, a role that cannot and should not be divested to 'the market'.

NTEU questions the potential increase in funding predicated on contestability and changed eligibility criteria, and requests that more detailed modelling be done in order to establish the net effect of proposals, in particular considering;

- **Any reduction in 'churn' will reduce net funding. By limiting the learning entitlement students will be required to pay full fees if they wish to complete subsequent training programs. Given there is no current limitation on access to VET this will result in a reduction of student contact hours delivered across the system.**
- **The public sector currently receives significant funding from fee for service arrangements with the private sector. Contestability will encourage the private sector to capture the government funding for themselves, by delivering training**

in-house. This will reduce the capacity for public TAFE's to earn income through fee for service provision.

- **The learning entitlement will encourage large employers to direct all their training through internal mechanisms to capture the government funding. In this way they will seek to generate a profit from an area of their activity that is currently considered a business expense. This will reduce the enrolments under the entitlement scheme in public sector VET providers.**

The Adult Community and Further Education sector, in particular, is currently woefully underfunded. We therefore welcome the commitment to increasing funding to this sector. However we believe the proposals for contestability in the longer term will subject the sector to competition that will make it vulnerable to being devoured by larger competitors. The ACFE sector has a critical role to play within the wider VET sector and this must be funded and supported appropriately.

We are very concerned that the proposal for full contestability of funding in VET has not been exposed to public scrutiny and debate. Instead it appears that government is trying to rush these proposals in before full debate and consideration can take place. As a result there are a range of issues absent from the government's agenda which deserve close attention;

- **First there has been no analysis of the impact these proposals will have on regional institutions and on the regions.**
- **Second, the impact of these proposals on access and equity, given the particular mission of VET and the fact that large numbers of concession card holders currently access TAFE and ACFE, has not been properly assessed.**
- **Third, the impact of these proposals on indigenous students, for whom TAFE has a critical role, does not appear to have been considered.**
- **Fourth, we are also very concerned about the impact contestability would have on the wages and working conditions of our members, the lowest paid, in TAFE. The government's discussion paper is silent on any consideration of the working conditions of staff in the sector, whilst the Boston report, which has obviously informed government thinking, highlights the need for, 'agile training providers with flexible workforces and work practises..' (Boston Consulting, 2007:4). This can be read as wages and conditions will be reduced.**
- **Finally we note the recommendations flowing from the 2005/2006 *Inquiry into Vocational Education and Training*, where many of these issues were canvassed and examined, and we question why no action has been taken on the outcomes of that Inquiry.**

Background on NTEU

The National Tertiary Education Union (NTEU) represents approximately 26,000 staff employed in Australia's Tertiary sector. In Victoria the union's membership includes professional, administrative, clerical, computing and technical (PACCT) staff in TAFE, both in the 14 stand-alone TAFEs and the four cross-sectoral Institutions. NTEU membership also includes staff in the Adult and Community Further Education (ACFE) sector, and in Neighbourhood Houses. The proposals and discussion contained within the *Securing our future economic prosperity* Discussion Paper are of relevance and concern to the full range of our membership. Our experience and knowledge of the Tertiary sector means we are well placed to speak on these issues. As such we welcome the opportunity to make a submission on the discussion paper.

Why the NTEU opposes contestability

The clear agenda encompassed within the government's discussion paper is for full contestability of funding in the VET sector, accompanied by a 'learning entitlement', which we see as the same as a voucher system, to facilitate a demand driven system. We believe that an opening up of VET funding to full contestability will simply result in a rush to provide the most profitable and cheap courses, with little regard for quality or qualification level. Private providers focussed on profit are likely to run only the most profitable courses, leaving the public TAFEs, who offer a broad range of courses, with those courses that are more expensive to run, but which are still critical to the skill needs of Australia. If TAFEs are priced out of the more profitable courses by institutions offering only those courses that are cheap to run and which generate a profit, then they are likely to have even less financial capacity than they do currently to run more expensive courses. In addition, the TAFE sector in particular provides a wide range of support services to students, services critical to the learning experience, but services that cost money to provide. As such it will also be very difficult for public TAFEs to compete against private providers who do not offer such services. How this will improve the numbers of students undertaking and completing courses at the Certificate IV level and above is not at all apparent.

Currently Victoria's four cross-sectoral Universities provide 30% of all TAFE courses and provide important pathways for TAFE students into higher education. As a result their cost base is high. To expect these institutions to compete with small operators focusing on cheap to run courses is to cut this critical source of skills training and skills pathway off at the knees.

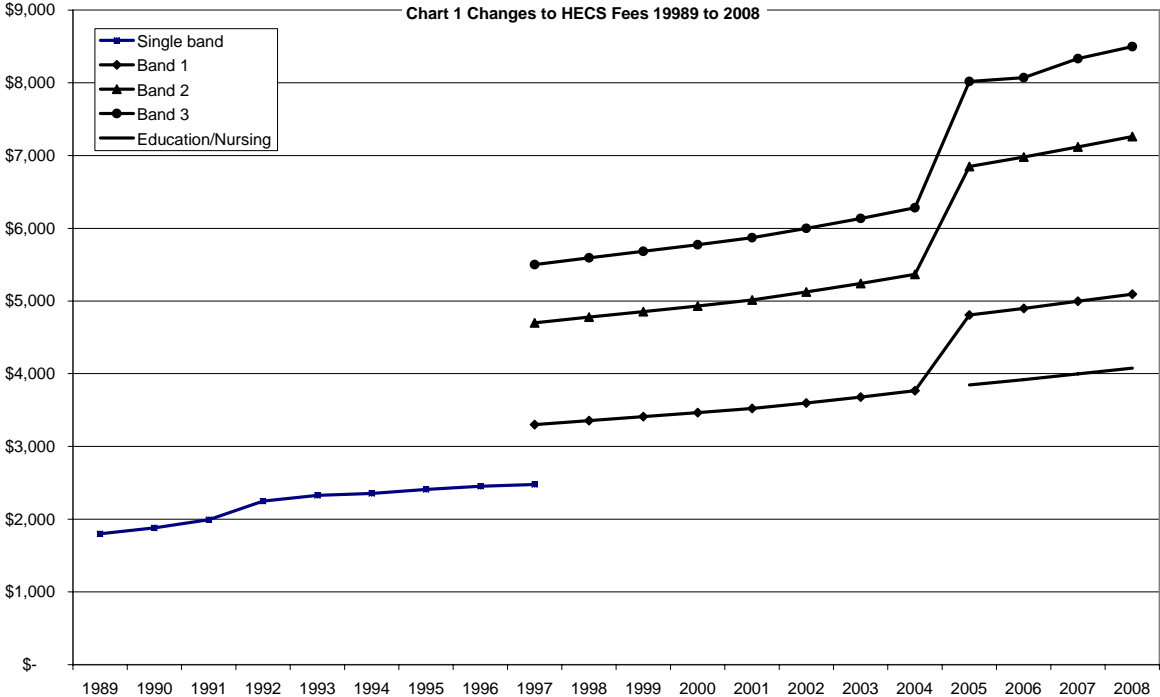
For the ACFE sector we are concerned that the illusion of more funding in the short term, effectively at the expense of the TAFE sector, will not deliver a sustainable outcome in the longer term with ACFE vulnerable to take-over by larger VET providers.

Income contingent Loans: Lessons from the University sector

The motivation for introducing the new funding mechanism for the Victorian VET sector sound similar to those used by the Hawke-Keating Government when the Higher Education Contribution Scheme (HECS) was introduced in the higher education sector in 1989. At the time there was a recognition of a need to rapidly expand the number of participants in higher education and given the constraints on public funding available to achieve the required growth, it was argued that because students gained a private benefit from this education it was

not unreasonable to expect them to make a nominal contribution. To minimise the upfront financial impact on students, the notion of income contingent loans was born.

Under HECS (now called FEE-HELP), students enrolling in a government-supported university place are required to make a contribution toward the cost of their university education. Initially the HECS fee was set at \$1,800 per annum for a full-time student place, regardless of the degree program a student was enrolled in. The initial fee was calculated to be 20% of the average cost of educating a student. Under HECS, students have the option of paying their HECS fees up-front, for which they receive a discount, or taking an income contingent loan and repaying their HECS debt to the Commonwealth via the income tax system. Students are required to commence repaying their HECS debt once their income reaches a pre-determined threshold level. While HECS debts do not attract interest payments, both the value of the outstanding debt and the income threshold levels are adjusted on an annual basis for rate of inflation as measured by the Consumer Price Index (CPI).



As the data in Chart 1 show HECS rates have increased substantially since first introduced in 1989. There were major changes in 1997 and again in 2005. In 1997 the Howard Government introduced a three tier HECS system and the student contributions (HECS fees) increased between 33% and 122% between 1996 and 2007 (See Table 1). The other major change in 2005 allowed universities to increase HECS fees by 25% except for national priority students in education and nursing.

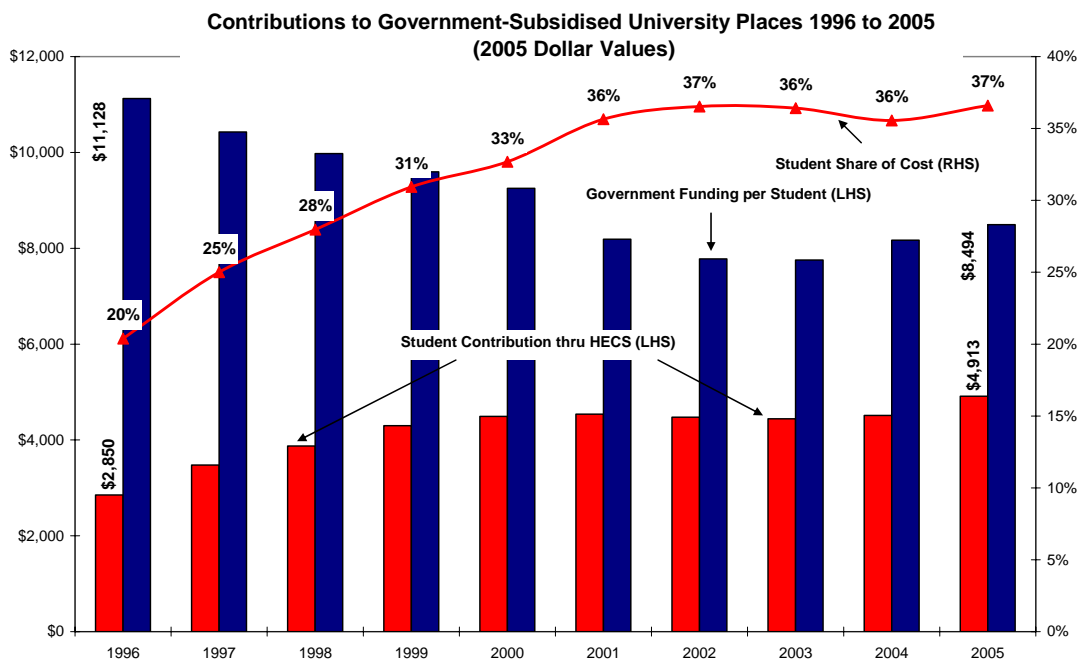
Table 1. 3-Tier HECS System

| | 1996 HECS Fee | 1997 HECS Fee | % Increase |
|---|---------------|---------------|------------|
| Tier 1 Arts, Humanities, Social Studies/Behavioural Science, Education Visual/Performing, Arts, Legal Studies, and Nursing | \$2,478 | \$3,300 | 33.2% |
| Tier 2 Mathematics, Computing, Other Health, Agriculture, Animal Husbandry, Sciences, Built Environment, Admin, Business & Economics, and Engineering | | \$4,700 | 89.7% |
| Tier 3 Law, Medicine, Dentistry, and Veterinary Science | | \$5,500 | 122.0% |

Source: Karmel, T (June 1999) *Financing Higher Education in Australia* DEST Occasional Paper D-99 Table 3 page 14

As the data in Chart 2 below show the contribution government supported students have made to cost of their university education has also increased substantially since the introduction of and changes to HECS. Between 1996 and 2005, student contributions in real (inflation adjusted terms) increased from 20% (the original predetermined contribution) to 37%.

Chart 2



The lesson to be learnt from the introduction of HECS is that governments will always find it easier to increase resources to education by increasing the student contributions rather than government contributions.

Overview of the issues – the skills crisis

The imperatives for change in the VET sector flow from modelling done by Monash University’s Centre for the Economics of Education and Training (Shah & Burke, 2006) who argue that in order to have 71.2% of those in employment in 2016 with appropriate qualifications required by industry, assuming current levels of supply, there will be a shortfall, Australia wide, of 240,000 VET qualified people. In particular the shortfalls are anticipated

in the advanced diploma, diploma and certificate III levels, with surpluses predicted at the certificate I, II and IV levels. Shah and Burke (2006) argue that in order to meet the shortfalls **'both the quantity and distribution of supply of VET qualifications will need to change'** (2006:xiii).

Shah and Burke (2006:47) make a number of important points in the paper that do not appear to have been considered by the government. They note that improving course completion rates could be part of the solution. Little appears to be known about those students who commence VET but do not complete (Callan, 2005). Furthermore the research is unclear as to whether non-completion is indeed problematic (Karmel & Nguyen, 2006), or maybe that the focus should be on module completion rather than qualification (Dumbrell, DeMontfort & Finnegan, 2001). Research has also found that private providers have poorer completion rates than public TAFEs, suggesting that the answer to providing more qualified individuals does not lie with a greater proliferation of private providers.

Reforming the VET sector without considering other external factors that may impact on the supply of skilled workers is short sighted. We believe there are a number of important factors, not covered by the discussion paper that are worthy of consideration when examining the issue of the supply of skilled workers.

First is the labour force participation rate of women in Australia. At 69.3% in 2005 (a rise of 2.5% from 2001) Australia's female participation rate is not high by international standards. A 2004 OECD study examining participation rates of women aged 25-54 found that Australia ranked 19 out of the 30 member nations (OECD 2004). With the rises in women's participation rates in Australia, has been a rise in the number of women with qualifications, such that the proportion of women with qualifications is only slightly lower than that of men, and a higher proportion of women have higher qualifications (Shah and Burke, 2006:7). Thus the capacity of women to combine work and family adequately becomes a salient issue for examination when looking at the overall question of skills deficits, as we know that participation rates fall sharply when babies arrive. The public policy around paid parental leave, subsidised child care, flexible return to work provisions and flexible family friendly work arrangements are critical factors in ensuring an adequate supply of skilled workers. High levels of part time and casual work amongst women, as they endeavour to balance work and family in the best ways available, also impact on skill utilisation and are a function of the inflexible nature of work

A second critical factor that is absent from the government's discussion paper is a recognition of the changed structure of our modern labour market and the impact this has on the capacity of government and the VET sector to deliver skills and training. Australia has high levels of casual work, particularly among women and high levels of casual employment compared with other industrialised nations. Currently a little over a quarter of the workforce is employed on a casual basis (ABS 2008). Whilst many argue that this represents a level of flexibility for both worker and employer, the reality is that casual employees miss out on many of the benefits afforded to their more permanently employed colleagues, in particular they are much less likely to receive training. Half of all casuals employed, compared with 30% of those permanently employed, received no training, not even induction (Buchanan, 2004:22). The nexus between low levels of training and casual employment have been well documented in a number of Australian studies on skill formation (Buchanan, 2004:24).

These are simply two factors that have not been canvassed at all in the discussion paper on skills reform. We argue that these issues deserve close attention before any major change is undertaken in VET. Failure to do so may mean that any changes could be misdirected and will not have the required outcomes.

International evidence – the story from the UK

Any analysis of what has occurred in other countries in relation to VET also seems lacking from the discussion paper and the discussion on skills reform more broadly. The UK provides an interesting case to examine. In recognition of problematic retention rates at school and low skill levels particularly at the lower end of the skills distribution and amongst younger workers, a series of reforms have been introduced over the last 20 years, and have been subject to rigorous academic scrutiny. A study by the Centre for the Economics of Education at the London School of Economics (Machin & Vignoles, 2006) notes that full time participation in vocational education amongst 16 & 17 year olds has risen from 15% in the mid 1980s to 25% in 2005 (p10). They examine the two major policy measures used to raise participation in vocational education. The first is what they label qualification reform, that is, (policies) ‘designed to enhance the attractiveness and labour market value of vocational qualifications’ (p10). The second major reform was the payment of an education maintenance allowance (EMA), in 2004, to individuals from disadvantaged backgrounds to encourage them to stay in education beyond age 16. Machin and Vignoles conclude that reforming the system has had little impact because often employers don’t value or simply don’t understand the qualifications, thus leading them to have little economic value to the individuals who undertake them. They conclude ‘continuing to develop new vocational qualifications in the fruitless struggle for parity with academic qualifications may actually exacerbate the problem’ (p13). In contrast the authors find that the EMA has had a significant impact on the participation rates of the target groups, and has also enhanced retention in full time education in subsequent years (2006:14).

Other issues:

Industrial Relations implications for workers in the VET sector

We are very concerned that any introduction of a competitive model into the VET sector does not take place at the expense of the wages and conditions of our members, in particular those in the stand alone TAFEs and in the ACFE sector. Already these groups of staff are considerably disadvantaged by the funding constraints of the state government. By way of comparison a TAFE general staff employee at University of Ballarat, performing the same tasks as a general staff employee at Box Hill TAFE has their future pay rises determined in a very different way. Future pay rises for the University of Ballarat TAFE general staff employee are not subject to the Victorian government’s public sector pay limits and as a result the pay gap between the TAFE employee at a cross sectoral institute and the TAFE employee at a stand alone institute is likely to expand considerably into the future.

The level of funding in ACFE, as illustrated by the Student Contact Hour rate, is half of what it is in the TAFE sector and as a direct result, the rates of pay and conditions of employment in ACFE are considerably lower, yet there is an expectation that similar programs of comparable quality be delivered. The reality is that the sector has difficulty in attracting and retaining the professional trainers, staff and teachers that it needs. We would encourage the government to ensure that student contact hours in ACFE are funded the same as in TAFE.

The TAFE sector is already characterised by very high levels of insecure employment, with a majority of teaching staff employed either on a casual or contract basis. Insecure employment has implications for service delivery and quality and is a function of inadequate funding by government. The sector does not need even more insecure employment, yet the very clear agenda promulgated by the *Boston report* and replicated in the *Discussion paper* is that this somehow will deliver a more flexible VET system. The provision of more VET places will simply fail if the sector does not have enough qualified staff to deliver that training. In addition the TAFE workforce is an ageing one. The average age of PACCT staff is 44, and 70% of the PACCT workforce is female.

Consideration for regional TAFEs and other VET providers, and provision for regional students

We are very concerned that the Discussion Paper makes no mention of regional VET providers, in particular regional TAFEs and any impact that these proposals might have on these institutions. Providers of VET in the regional areas of Victoria play an important role in those communities. They have a higher cost structure as a consequence. Regional students and communities rely on identified infrastructure for the provision of training and education. The economies of scale that exist in most regional centres and areas mitigate against commercial competition and contestability of funding. There is already a low and disparate wage base in regional Victoria, this proposal would most likely drive it lower.

Victoria already faces a significant challenge in relation to the massive flow of 18 to 25 year olds from regional Victoria, to the cities, and the impact this is having upon the viability of those regional communities. In supporting these communities to encourage their young people to stay on, gain skills locally and keep them in the community, regional VET providers in particular the TAFEs need a substantial increase in their funding.

Access and equity issues including access for Indigenous students

Contestability of VET funding would potentially undermine the Yalca Policy and Wurreker Strategy framework that underpins Indigenous education policy in Victoria. This framework has been entered into by the state government with Victoria's Indigenous communities and VAEAI. At a time when access to and participation in education has been identified as a key element of reconciliation and remedying current community problems this proposal could not be more detrimental.

Just when Indigenous student numbers have increased in Victoria's VET sector, but still with precariously low Indigenous staff numbers contestability of funding threatens to destroy this key relationship that is critical to successful outcomes.

“The number of Indigenous TAFE students increased by 15% from 3000 in 2005 to 3500 in 2006, which is equivalent to almost 1% of the total TAFE student population in 2006. The density of student enrolments is significantly higher in regional institutes than in metropolitan institutes and ranges from 4.3% for Sunraysia and 3.1% for East Gippsland to 0.4% for VU and 0.1% for Holmesglen” (TAFE Selected Measures 2007, OTTE). In comparison,” the number of Indigenous teaching and other professional staff dropped from 48 in 2005 to 43 in 2006. The FTE of teaching and other professional staff dropped from 27.7(2005) to 22(2006) and the non-Indigenous FTE increased from 5,559 to 6,525” (DEST, 2006).

The Indigenous Staff/Student relationship is central to the success of student retention and module completion rates. In 2006, NCVET produced a comprehensive report authored by Stephen Kemmis et al. Among its key findings were:

The qualified success story of increasing Indigenous student participation in VET needs to be supported by equivalent numbers of Indigenous staff who are able to meet the cultural and educational needs of these students. (2006:8)

The report also found that;

Many Indigenous-controlled VET providers, particularly those in rural and remote areas, have created pathways within their organisations to encourage the employment of more qualified Indigenous VET staff. The potential success of these pathways is often compromised by unstable and short-term funding that militates against long-term and systematic planning. Improved monitoring is needed to achieve more strategically justified, systematic and culturally sensitive employment for Indigenous people in VET...Indigenous staff report that their employment conditions have a positive impact on the provision of VET, especially in relation to Indigenous people and communities, but concerns about employment, especially job security, reduce morale and commitment. (2006:9)

Questions posed by the Discussion Paper

The paper poses a series of questions and we tackle each question below.

1. If Government supported training for all eligible Victorians were introduced, what should the eligibility criteria look like?

We believe that the government should target its scarce funds to the allocation of places, in fields where the greatest skills needs exist, and to the individuals with the greatest need for support. The 2006 *Inquiry into Vocational Education and Training* has already examined this question in depth and in its recommendations, at Recommendation 2, noted three categories of individuals upon whom the VET system should focus, early school leavers, unemployed and underemployed and existing workers with low level qualification and/or at risk of unemployment (2006:7). Furthermore the then Victorian Learning and Employment Skills Commission (now Victorian Skills Commission) established a set of industry area priorities. We support these priorities.

2. How could this proposal be marketed to encourage higher take up, particularly among Victorians who have never considered VET studies?

The idea that individual TAFEs be required to take on significant marketing expenses by way of advertising themselves in the market place would be an extremely inefficient use of scarce TAFE funds, diverting funds from TAFEs primary purpose. Government has a crucial role here as a 'one stop shop' provider of information to potential VET students, and it is government that is best placed to advise where courses are offered, what places are subsidised, and to provide this information to both employers and potential students.

3. What proportion of costs do you think is reasonable for an individual or business to contribute?

We absolutely reject the notion that by making VET more expensive that more students will be encouraged to undertake VET qualifications.

Furthermore we believe the Education Maintenance Allowance (EMA) introduced by the British government in 2004, by way of income support and incentive to students from low income backgrounds to stay in education beyond age 16, is an idea that deserves examination. Such a scheme could be piloted on a small scale to assess likely success.

4. Is it reasonable to introduce higher fees for students for training courses that deliver higher individual benefits with improved employment opportunities?

There is no clear evidence that participation in VET delivers a return to the individual by way of higher income. Karmel & Nyugen (2006:9) find, 'there is no universal benefit from completing a VET qualification in terms of returns in the form of higher wages; some groups benefit but not all do', whilst Chapman (2008) argues that there are returns in the order of 7-10% for undertaking VET. We believe it would be unfair and inequitable to introduce higher fees in VET and would also be self defeating as it is likely to deter people from undertaking VET. VET is the area of education more commonly accessed by those from lower income backgrounds – indeed, at a number of public TAFEs concession card holders are the majority of the student population.

Further, an examination of the effect of HECS on student demand noted that mature-age students were more adversely affected than school leavers (see Chapman 2008:6). Given that it is clear that the mature-age, already working group is one which will need to be targeted in order to increase participation in VET, further research needs to be undertaken in order to understand this issue properly.

5. Should the government consider an income contingent loan scheme as currently applies to University education?

NTEU believes that an income contingent loan scheme is likely to deter students rather than attract them, particularly as TAFE and ACFE have a broader social policy mission to serve students from low income backgrounds and low income communities. The impact of raising fees and expecting students to take on debt in order to study is much harsher for those from low income backgrounds who are typically more risk averse when it comes to taking on debt.

The NTEU believes that the implementation of such a scheme would cost far more than it could ever deliver in potential benefits. Furthermore such a scheme raises all kinds of jurisdictional issues about how such a loan would be repaid. HECS works through the Federal taxation system, whilst VET is within the State jurisdiction. The costs associated with setting up and implementing such a scheme would be enormous and we would argue prohibitive.

Once introduced an income contingent loan scheme becomes too easy for government to manipulate and shift the burden of funding education away from the public sector and onto students. The experience in the higher education sector is that students are being asked to pay

more, while at the same time universities are receiving less from government, a scenario we would not want repeated in VET.

We note Recommendation 62 of the *Inquiry into Vocational Education and Training* which says that the government should ‘investigate, in consultation with key stakeholders, the likely impact of and potential to extend student access to FEE HELP to full fee paying VET students’. We would suggest that until a thorough investigation has taken place no move should be made on this issue.

6. How can the system be structured to produce a better match between the future needs of the Victorian economy and the training choices made by individuals and businesses?

This question was tackled by the *Inquiry into Vocational Education and Training* which recommended that the ‘Victorian government investigate models that other jurisdictions have successfully used to increase industry and individual investment in VET’.

7. How can Government best support TAFE and ACFE providers to thrive in a more competitive environment?

First we do not believe that the case has been made as to why TAFE and ACFE should be required to be subject to a ‘more competitive environment’. We do not believe that there is sufficient evidence to suggest that moving to a ‘demand driven model, following individual and business needs’ would deliver the kinds of outcomes that the Monash University study suggest are necessary in order to avoid skill shortfalls in 2016. Specifically the Monash report says that ‘future policy needs to address the dual problem of increasing the overall *level* of supply and its *distribution* towards higher qualification levels’ (Shah & Burke, 2006:47). Without specific intervention by Government to signal to individuals the specific qualifications needed into the future, there is no guarantee that relying on individual demand will deliver the necessary outcomes. Indeed a ‘demand driven’ system is far more likely to deliver over-supply in the cheap to provide lower certificate level courses at the expense of more expensive to deliver higher end, diploma courses.

By introducing a more competitive environment ACFE will not thrive, both this notion and the mantra of flexibility in product supply are delusional misnomers which are counterproductive to the broad and diverse targeted delivery strategy that is required to achieve productive tangible outcomes. ACFE is already a low-cost high-return service provider that needs more secure sustainable funding, rather than being forced into chasing increasingly precarious and more contestable funding against a growing number of nominally “not-for-profit” organisations.

The TAFE institutes, and in particular the cross sectoral TAFEs have a much higher cost base than private providers and RTOs as they provide a range of services such as library, IT facilities, counselling, student support, and career support that enhance the student experience and outcome, and cost money to provide. How this cost differential would be recognised in a fully competitive funding model is not clear. Furthermore private providers and RTOs are not subject to the same level of scrutiny and accountability as public TAFEs such that competition would not be taking place on a ‘level playing field’.

8. How can Government make its support for students undertaking training available in a way that encourages training providers to be more innovative, flexible and responsive to the needs of individuals and business?

In particular the *Inquiry* examined the importance of the recognition of prior learning (RPL) for mature-age students and made a number of recommendations regarding improvements that need to be made in this area.

Targeted social justice programs and improved inclusion of marginalised target groups is not sustainable through this model. All the evidence suggests that potential students from these target groups (supposedly key considerations in the government's social justice strategies) will not shop around with their learning vouchers, choosing the most flexible provider. Such students generally require intensive support, they are only placed into pre-existing programs with significant effort and resources and similar effort is needed to retain the often marginalised and disadvantaged individuals in programs. An examination of module completion rates by targeted student groups will underscore this. Quite plainly, contestability is the wrong medicine for the problem.

9. In what ways can Government help individuals and businesses better understand and access the benefits of vocational education and training?

There is a role for government in the centralised provision of information about course content and availability to potential students and employers, and career advice to potential students. This would be far more efficient than repeating this effort at each of the VET providers.

The provision of increased and more secure funding, not contestability for the ACFE sector would allow the community based organisations to better integrate with the needs of their respective communities (which include individuals and businesses). Many ACFE providers have strong links with and a deep understanding of their local communities and a more secure funding base would allow for this existing relationship to develop and be responsive to changing needs.

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