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This is one of a series of briefing papers produced by the Brotherhood of St Laurence Research and Policy Centre to provide an overview of the key aspects of Australia's Vocational Training and Education system, from the 1970s to early 2019.

Others in the series include: *Australia's VET sector since the mid-1970s; Participation and transitions; Funding regimes in Australia's VET sector; Emerging skills and competencies, and VET's response; The Victorian VET context; Apprenticeships and traineeships.*

The papers can be accessed at www.bsl.org.au

3. The architecture of Australia's VET sector

Key points

- **The creation of a new National Skills Commission is imminent** (and may mitigate some of the challenges identified below).
- **Blurred accountability poses a problem:** in the absence of a 'strategic roadmap', and when all levels of government fund, purchase and regulate aspects of VET, it is often unclear who should assume responsibilities in various aspects of the system's operation.
- **Contending priorities complicate matters**, with national or state/territory interests, industries' and/or students' needs all at play.
- **Stability in regulation is undermined by uncertain funding**, particularly under the current Skilling Australia Fund—to be replaced in late 2019—which allocates income derived from a fluctuating source (levies on employers hosting skilled migrants).
- **Dual sector provision (by TAFEs and universities) poses challenges:** while both sectors provide the same qualifications (diplomas and advanced diplomas) they must comply with standards from different regulatory bodies.
- **The status and role of TAFEs is uncertain.**
- **International trends** highlight the delicate balance needed in designing regulatory frameworks, and the risks posed to teaching by ill-suited frameworks.

Australia's VET roles and responsibilities

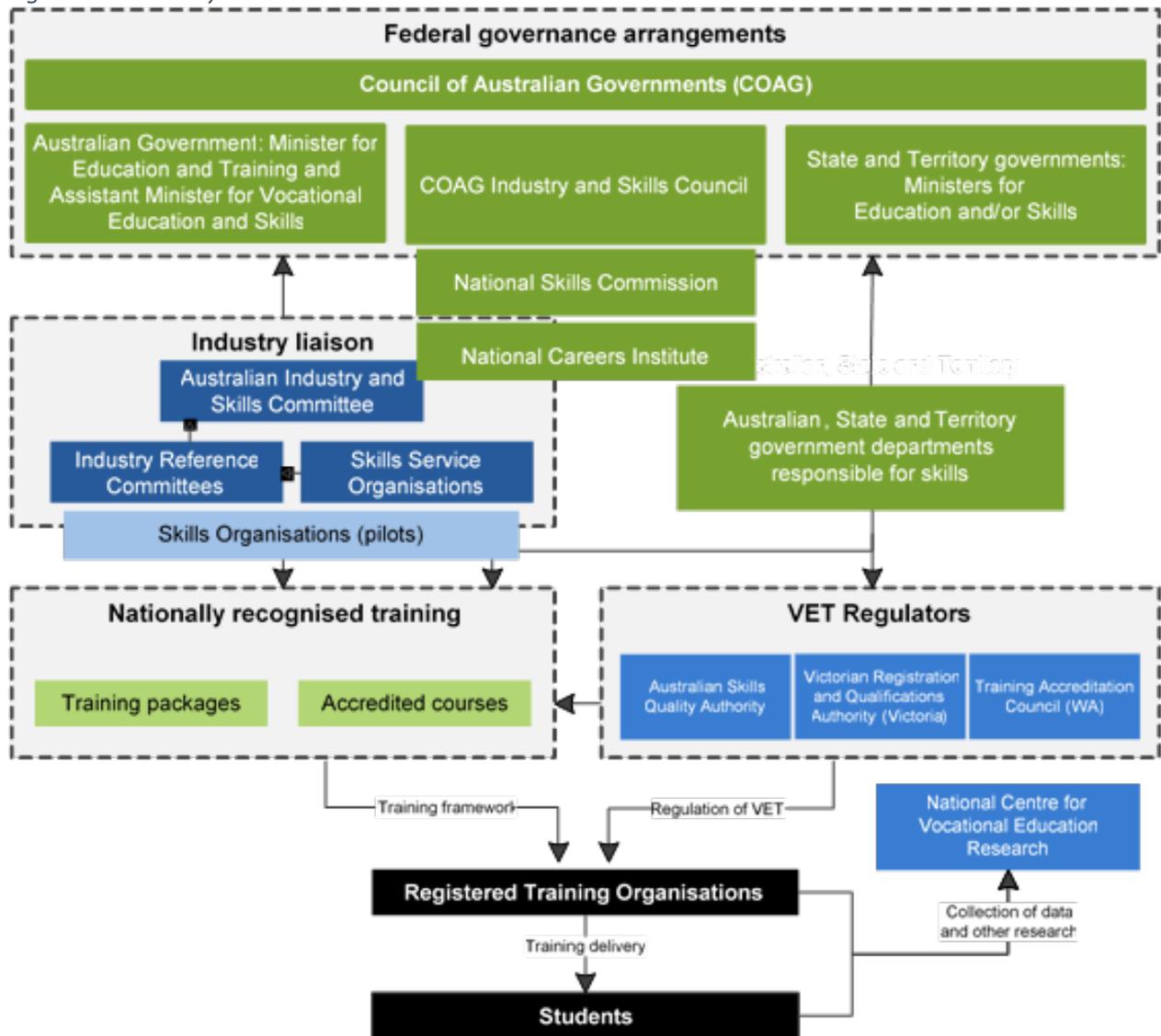
The central body in Australia's VET system is the **COAG Industry and Skills Council**. In relation to regulation, the most important is the **Australian Skills Quality Authority**. ASQA was created in 2009 to regulate national standards for training providers (numbering more than 4000), for courses and for industry-maintained training packages (Victorian and WA governments maintain independent regulators⁴).

As part of the Commonwealth Government's Developing Skills for Today and Tomorrow reform package (DESSFB 2019), a **National Skills Commission (NSC)** will be created to oversee the sector's funding. The NSC, which will sit under the COAG Industry Skills Council and ASQA, will oversee data collection and skills demand forecasting and develop system-wide performance indicators. It will also oversee another new creation, the **National Careers Institute (NCI)**, which takes the lead in promoting all aspects of careers development for learners. Industry views are conveyed through the **Australian Industry and Skills Committee**, itself working closely with **Industry Reference Committees**, and **Skills Services Organisations** (the IRCs and SSOs develop and maintain training packages, which form the curriculum for specific sectors). The **National Centre for Vocation Education Research** is the main repository of data on VET, obtained via

⁴ Victoria retained its powers in the Victorian Registrations and Qualifications Authority out of concern that the national standards did not provide enough to promote students' interests. WA shared these concerns and opted to retain powers in its Training Accreditation Council so it could tailor its system to the state's needs (DPM&C 2014).

the AVETMISS⁵ system and the Universal Student Identifier. Figure 2—adapted from the Productivity Commission (2018)— shows the main bodies that constitute the Australian VET system.

Figure 1 The VET system



Note: Two Skills Organisations are being piloted in 2019
 Source: Adapted from Productivity Commission (2018)

The ambiguous roles of Commonwealth and state/territory governments

In effect, Australia has eight systems involved in VET policy formulation, funding, delivery and regulation. Responsibilities are sometimes unclear. A perennial challenge is to balance ‘national interests’ with those of the states and territories. Table 1—created for an Australian Government White Paper (DPM&C 2014)— shows the relative involvement in different spheres of system activity.

⁵ Australian Vocational Education and Training Management Information Statistical Standard.

Table 1 Roles of states/territories and Commonwealth in VET

Area	State and Territory role	Commonwealth role	Shared roles
Policy	<i>Shared</i>	<i>Shared</i>	<i>High</i>
	Shared responsibility for national policy Responsible for jurisdiction-based policy, including apprenticeships	Shared responsibility for national policy, taking a national leadership role	Both levels of government collaborate in developing national policy
Funding	<i>Lead</i>	<i>Secondary</i>	<i>High</i>
	Majority funder of public TAFE institutes Responsible for allocation of public funds within jurisdiction for main subsidies for VET Fund apprenticeships training in RTOs	Secondary funder of students, including apprentices, through income support, income contingent loans and targeted training programmes Secondary funder of training through national agreements and employers	Both levels of government fund and support training
Delivery	<i>Lead</i>	<i>Secondary</i>	<i>Low</i>
	Responsible for the delivery of policies and programmes associated with VET within their jurisdictions, including contracting (delivery of training is through third parties, i.e. RTOs) Responsible for administration of TAFE institutes	Secondary role in delivery of services for apprentices and in managing delivery of training to certain groups (e.g. new migrants, literacy and numeracy training) (delivery of training is through third parties, i.e. RTOs)	Some areas of overlap in delivery of support services for apprentices and in management of training to certain groups
Regulation	<i>Secondary</i>	<i>Lead</i>	<i>Medium</i>
	Shared responsibility for national standards Victoria and Western Australia are responsible for registration, accreditation of courses and regulation of the domestic sector in their jurisdiction	Shared responsibility for national standards Responsible for registration, accreditation of courses and for regulation of sector (with exception of Victoria and Western Australia) Responsible for oversight of international students	Commonwealth and States and Territories share responsibility for national standards and cooperate in regulation



Source: DP&MC 2014, p. 28

Trends in regulation reform

New standards for VET providers were introduced in 2015, with the emphasis shifting to student outcomes and standards. Main outcomes categories include training and assessment, obligations to learners and clients, and RTO governance and administration. Also ushered in were more consumer protections (e.g. against aggressive and unscrupulous marketing) and more information for students (Bowman & McKenzie 2016). Three major reviews, summarised below, show the emerging trends in reforms to the national VET regulatory regime.

The 2015 ACIL Allen Consulting review of the National Partnership Agreement on Skills Reform (2012–17)

A review of the NPASR—which was succeeded by the current Skilling Australia Fund⁶—made recommendations for future national agreements. Excerpts are reproduced here:

- Reform ...should be guided by the **development of a strategic roadmap** that provides a clear articulation of the role and purpose of VET within the broader education and workforce development system and [that] defines goals for achieving the transition.
- **The architecture of the national training system should be defined and agreed**, determining the elements where consistency across jurisdictions is critical to the achievement of training outcomes, and those where local flexibility is necessary for the achievement of these outcomes.
- **Investment should be made in the development and measurement of performance indicators** that reflect the specific desired outcomes of the VET sector, with careful consideration of the motivations of the student and of the funder, and building on the current data collections and infrastructure established or progressed through the National Partnership Agreement on Skills Reform.
- Any future **reforms should have a greater focus of the skill needs of priority industries**, building on the current increased choice and contestability of training options which, while increasing accessibility, in many instances remain supply driven. This should include more information for students.
- Future reforms should **prioritise clear specification of regulatory and contractual arrangements** to ensure improvements in choice and access are matched by improvements in quality.
- The role and expected activities of the public provider ... should be clearly and transparently articulated, costed and funded accordingly (ACIL Allen Consulting 2015).

The 2017 review of the Australian Skills Quality Authority (ASQA)

An evaluation of ASQA was undertaken to assess whether its functions were consistent with best regulatory practice, and whether the system is able to meet industry and student needs (DESSFB 2018). Some of the Australian Government's commitments for change appear below (excerpted from its response (2018) to the review):

Enhancing engagement between regulator and sector

- enhance ASQA's capabilities/opportunities to engage in regulatory conversations with students, teachers, RTOs, industry and other stakeholders. (Rec. 1)
- clearly articulate to the regulatory community [national and state-based agencies] the principles applied to the interpretation of legislation (2)
- strengthen the regulatory framework by expanding the circle of dialogue around improving the quality of the student journey ...

⁶ The SAF (2017–2022) entails the distribution of \$1.5 billion (levied from employers sponsoring skilled migrant employees) and targets occupations and industries in demand, trade apprenticeships, rural and regional communities, and groups such as those adjusting to structural change. At time of writing, neither Victoria nor Queensland was a signatory to the SAF agreement, though the Commonwealth distributes funds regardless.

Strengthening registration requirements of RTOs

- ensure that entrants to the ... training market be required to demonstrate educational commitment and knowledge of how to provide best practice support to students (4)
- ensure greater scrutiny of new providers (6)
- provide that where an RTO without reasonable justification does not commence providing training within 12 months of being registered, or during its registration ceases to provide training for 12-months, its registration automatically lapses
- prevent RTOs changing the scope of the courses they deliver where they have been operating for less than 12 months
- amend the legislative framework to explicitly address student safety and wellbeing in alignment with the Higher Education Standards Framework (21)

Teaching excellence

- require an RTO to assess the quality of its teaching workforce and develop teacher quality improvement actions (7)
- review the Training and Education Training Package with the purpose of creating a career path for teaching excellence in [VET] (8)
- raise the standards of teaching and training excellence and professionalism ... through creation of the role of Master Assessor (9)

Improving the collection and sharing of data

- prioritise ... policies and systems that allow transfer of real-time data for timely use by other agencies with regulatory responsibilities for identifying and responding to emerging sectoral and provider-based issues (11/12)
- explore ways to increase student response rates to the Student Outcomes Survey
- identify a module of questions that directly address the quality of the student journey in the Student Outcomes Survey

Protecting and informing students

- require RTOs to publish nationally consistent consumer information that is accessible and meaningful to students and meets the basic needs for decision-making (16)
- strengthen ASQA's ability to take action ... against misleading or deceptive conduct, reflecting Australian Consumer Law requirements (17)
- require RTOs to strengthen consumer protection in student enrolment agreements through the use of contracts that avoid unfair terms as defined in Australian Consumer Law (18)
- establish a national Tertiary Sector Ombudsman (23)

The 2019 Expert Review of Australia's Vocational Education and Training System (Joyce review) and the Commonwealth Government's response

At the time of writing, significant reforms were mooted in the wake of the Joyce review (DPM&C 2019). The Commonwealth Government's response, **Delivering Skills for Today and Tomorrow** (DESSFB 2019), accepted many recommendations pertaining to the regulatory and funding architecture of the national system.

The existing ASQA is to be better resourced and made more transparent. It is to assume broader responsibilities and become the single national regulator (subject to agreement with the Victorian and Western Australian governments). It will be resourced to provide better support to training organisations, contribute more to workforce development, maintain a ranking scheme for training organisations and explore the potential for independent assessment of student progress.

A **National Skills Commission (NSC)** will be created to oversee the sector's funding arrangements, and to bring student funding, subsidy levels and funding for VETiS into better alignment. Through the NSC, VETiS

will also be oriented more closely to the interests of industry and emerging vocations. The new NSC will oversee data collection and skills demand forecasting and develop system-wide performance indicators. The NSC will sit under the COAG Industry Skills Council and ASQA.

The NSC will also oversee another new body: the **National Careers Institute (NCI)**. The NCI (and its 'Careers Ambassador') will be charged with the responsibility to publish information on careers pathways and skills demand. It is to oversee a single website (and app) to assist in career development. The NCI is intended also to lead a public marketing campaign to improve the reputation of the VET sector, and help embed vocational pathways into an earlier stage of the secondary school curriculum. It will manage a grants program open to schools, employers and training organisations for 'employer-aligned' projects.

The piloting of **Skills Organisations (SO)** is the second significant change to the architecture of the national VET system. The first of these industry-owned organisations – designed to introduce more industry experience to the process of developing qualifications – will be in the growth areas of human services and digital technologies. If the Joyce review recommendations are fully embraced, the SOs will play an active role in supporting apprentices, marketing, ranking training organisations, benchmarking work placement contact hours, designing 'skill sets' or 'micro-credentials', and building links between VETiS and business.⁷

The Delivering Skills for Today and Tomorrow package included a number of reforms that do not require new bodies. We note these briefly:

- the Additional Identified Skills Shortage Payment to employers and apprentices for up to 80,000 new apprenticeships in occupations experiencing national skill shortages; and revised arrangements for the Australian Apprenticeship Incentives Program
- the Jobs and Education Data Infrastructure Project: 'develop a new tool to ... identify skill mismatches, and tailor course offerings to meet demand'
- the Energising Tasmania package (\$17 million).

Selected Joyce review recommendations that remain under consideration.

In addition to the abovementioned recommendations already adopted in the Delivering Skills for Today and Tomorrow package, other recommendations under consideration may impact on disadvantaged learners:

- exploration of funding models for wrap-around supports for disadvantaged communities (Rec. 8.7)
- the promotion of work-based learning (2.5)
- rebranding the entire system as 'skills education' (2.6)
- Commonwealth and states to explore fee-free foundation level education for language, literacy, numeracy and digital (LLN/D) skills up to Australian Core Skills Framework (ACSF) level 2(8.1); and make consistent access to foundation level education (8.2)
- delivery modes of LLN/D that involve RTOs, intensive short courses (e.g. AMEP), and workplace-based (e.g. WEP) (8.3).

Shortcomings of the Joyce review (and of the government's response)

- By 'putting industry at the forefront', employers' interests are privileged. Indeed, employers are enlisted to manage the system.
- There is no equity and access framework per se: instead, disadvantage is addressed through the prism of 'high disadvantaged regional and remote', as well as LLN/D skills.
- TAFES barely rate a mention (Rec. 5.7).
- Reform to the VET Student Loan Scheme is not mentioned.

⁷ The Delivering Skills for Today and Tomorrow package also provides for ten Industry Training Hubs to support school-based VET in rural and remote regions with high youth unemployment, as well as a scholarships program for young Australians. The package also focuses on foundation skills, through a Foundation Skills for Your Future program to assist those who are unemployed or seeking new employment to address literacy, numeracy and digital literacy needs. The program is to have a strong emphasis on Indigenous and remote communities.

- There is little of substance on workforce development.
- There is little mention of Adult Community Education and non-accredited learning.

Largely based on the Joyce review, the replacement for the current national agreement on VET (the Skilling Australia Fund) is scheduled to be announced in late 2019.

Regulatory trends noted in comparable countries

Lessons from reviews of regulation and quality assurance systems beyond Australia are contained in a recent NCVET report (Misko 2015). Themes include the nature and suitability of quality frameworks, standards and indicators; effective regulation; enabling a voice for industry; improvements to teaching and assessment; and accountability and transparency. We note only a few of the most important lessons drawn from international comparisons:

- Streamlining regulation of high-level standards is a worthy process, but risks the creation of additional layers of complex low to mid-level guidelines for practitioners and provider managers.
- Regulation can impact on the quality of teaching. Overly prescriptive compliance requirements and standards can be counterproductive, stifling innovation and undermining the efforts of teachers to engage creatively with learners.
- Outcomes-based measures are important, but their usefulness diminishes if they are not valued by practitioners, learners and other stakeholders.
- ‘Self-assessment/reviewing’ in the process of applying for training provider status has great merit, but entails significant commitment of resources by the prospective provider. This risks undermining the quality of current provision.
- The ideal of ‘responsive regulation’ relies on access to robust data, and data collection systems.
- External assessments of student attainments—by third parties with occupational knowledge/expertise—can play a valuable part in assuring the integrity of the system.

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