



Brotherhood
of St Laurence

Working for an Australia free of poverty

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*; *The architecture of Australia's VET sector*; *Funding regimes in Australia's VET sector*; *Emerging skills and competencies*, and *VET's response*; *Apprenticeships and traineeships*.

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

6. VET in Victoria

Key points

- Victoria's VET sector is in 'repair mode' in response to the overzealous embrace (2009-15) of demand led model, marketization and hence reliance on private, for-profit, training providers.
- TAFEs are the focal point of recent governments' recovery efforts, and their market share of training has increased accordingly.
- An extensive range of fee-free courses, delivered by TAFEs, feature in the suite of initiatives aimed at increasing the VET sector's prominence and status.
- In common with other state and territories, Victoria struggles to improve overall participation and completion rates, particularly for those undertaking apprenticeships and traineeships.

Background: Victoria's VET system and marketisation

Full-scale marketisation between 2009 and 2015 proved disastrous for Victoria's VET sector. The demand-led system saw the proliferation of profit-seeking training organisations. Many 'gamed' the system by enticing vulnerable learners to take up subsidised courses they had little chance of completing and then claiming the government subsidies. Some of these learners were targeted with inducements such as free iPads, and enrolled in diploma courses covered under the VET-FEE-Help scheme, or lower qualifications on the state list of subsidised courses.

In this period, TAFEs were funded on the same basis as other training organisations, and lost their fixed Community Service Obligation funding. Competition between TAFEs and other training organisations led to cuts in support and courses, and closures of some TAFEs.

The subsequent unsustainable level of government expenditure was addressed firstly by Liberal and then by Labor state governments. The former made drastic cuts to subsidy levels. This impacted on all providers, with many high-quality training providers forced to cut learner supports, and to compromise on overall quality of training. Subsequent Labor state governments undertook significant re-investment focusing on bolstering TAFE institutions. A series of reviews chronicle this period and the responses to date by government (below). See the reference list below for more (DET 2015a, 2015b, 2016; Victorian Government 2015; Deloitte Touche Tohmatsu 2015).

Victoria's VET system is in recovery mode

Major reviews led to the Skills First package of reforms (DET 2015a, 2015b, 2016). These include:

- the \$320 million TAFE Rescue Fund, including reopening some TAFEs
- the TAFE Back to Work Fund for tailored projects
- a higher bar for providers to attract public funding (which has resulted in fewer providers)
- rationalisation of courses attracting subsidies
- fee-free access to 40 priority TAFE courses and 18 pre-apprenticeship courses
- higher subsidies

- stronger, quality oversight, including the appointment of a Victorian Skills Commissioner
- the creation of Skills and Jobs Centres
- disadvantage-related initiatives such as Reconnect
- investment in support for apprentices and trainees via the Head Start Apprenticeships and Traineeships program
- a \$50 million TAFE Community Service Fund
- extension of subsidies to asylum seekers.

Trends

Student numbers/location (Source: Victorian Training Market Reports 2017, 2018)

- Between January and June 2017, 230,500 Victorians were undertaking government-funded VET.
- Market share of TAFEs increased from 35% in 2015 to 43.6% in 2016 (above the national average).
- Over one in five (21.7%) Victorian residents aged 15 to 64 participated in VET training in 2016.
- Victoria had the second highest participation rates in government-subsidised AQF training in 2016.
- Training participation by students living in Metropolitan Melbourne declined by 14.9% between 2016 compared to 2015, while in regional Victoria student numbers declined by 10.5%.

TAFE enrolments of vulnerable cohorts showed:

- a 13.5% increase in the number of enrolments by Indigenous students between 2015 and 2016 (an increase in TAFE enrolments for that cohort of 53.9%)
- a 7.0% increase in enrolments of students who are neither in education, employment or training (NEET) (36.1% increase in TAFEs)
- a slight decline in enrolments among students with a disability

Traineeships continue to decline, while apprenticeships are static

- Overall apprenticeship and traineeship enrolments declined by 6.2% from 2015 to 2016.
- Most of the decline in Victoria came from traineeship enrolments, which declined by 12.7% between 2015 and 2016. In contrast, apprenticeship enrolments declined by only 2.4% over the same period.
- Apprenticeships in construction trades increased by 3.2% from 2015 to 2016.

Continuing challenges

Labour market and learner disconnect

Victoria's VET system is a major provider of training and skills, but is not serving disadvantaged learners well. There is a mismatch between opportunities in the labour market and what the VET system is providing disadvantaged learners. For example:

- 70% of the new jobs created require at least a Certificate III qualification, with more than half requiring a diploma qualification or higher. Many disadvantaged cohorts lack the requisite foundation skills to attain these qualifications.
- 60% of young people do not go to university, but also fare poorly in a VET system fundamentally oriented towards adult learners.

In addition, social investment is driving demand in the personal care workforce (aged and disability) and social services workforce (family violence), with major current and projected shortfalls. This is particularly evident in all sectors affected by the National Disability Insurance Scheme.

Poor completion rates – particularly for young people and lower level certificates

High dropout rates are in part a reflection of poor course choice, and this is directly affected by the uneven quality of information and advice available for students. Too often support services and government agencies direct young people towards training providers and courses that do not suit their needs. Learning

and wellbeing supports are also of uneven quality and this impacts on engagement, particularly for early school leavers and disadvantaged learner groups.

Disappointing apprenticeship completion rates

National figures show apprenticeships commencement rates at their lowest since 1998 and completion rates at their lowest since 2004. The Andrews government has expanded opportunities for apprentices through its Major Projects Guarantee (10% of the workforces on state-funded infrastructure projects over \$20 million are now required to be apprentices/trainees/cadets). In addition there has been increased funding for group training organisations. The Commonwealth Government's Skills for Today and Tomorrow (DESSFB 2019) package of reforms will likely improve matters, with an 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.

Considerable out-of-pocket costs

In spite of (limited) subsidies and concessions, out-of-pocket course fees range from a few hundred to thousands of dollars. Related costs including tools/equipment, clothing and transport can be prohibitive.

Reforms previously sought by the Brotherhood of St Laurence

- Strengthened collaboration between community and TAFE providers to support high-needs students to transition into public education (e.g. Foyer, TAFE Back to Work)
- More cohort-specific responses (e.g. Reconnect or purpose-built programs to help unemployed people develop the skills to meet local industry needs) together with targeted funding for high needs students
- Fostering regional design of training responses that connect employers, service agencies and education/training providers
- Independent vocational guidance (e.g. Vocational Hubs that equip people to make decisions about vocational pathways and include connections with employers and local service supports). These may take the form of enhanced Skills and Jobs Centres based at TAFEs established by the Andrews government
- Embedding minimum workplace learning requirements in all courses at Cert III level and above
- A stronger voice for disadvantaged learners in the training system, utilising the office of the Victorian Skills Commissioner.

References

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