

**Submission  
No 203**

**INQUIRY INTO VOCATIONAL EDUCATION AND  
TRAINING IN NEW SOUTH WALES**

**Organisation:** NSW Public Sector Industry Training Advisory Body (PSITAB)  
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**Legislative Council General Purpose Standing Committee No. 6**

**Inquiry into vocational education and training in New South Wales**

**Submission from the NSW Public Sector Industry Training Advisory Body (ITAB)**



**Contact Name:** Jennifer James  
**Position:** Executive Officer  
**Organisation:** NSW Public Sector ITAB

## 1. Background and Context

### Industry Representation

The NSW Public Sector Industry Training Advisory Body (ITAB) is one of 11 ITABs that provide independent advice to the NSW Government and to the industry sectors they represent on matters related to policy, funding, skills priorities and delivery of vocational education and training in NSW. The NSW Public Sector ITAB has responsibility for advising and reporting on the VET needs of the public sector, local government, public safety, water and correctional services in NSW. It represents an estimated workforce of 235,000 paid staff and 145,000 volunteers.

Government, Water and Community Safety organisations perform an essential role in managing and administering public health and safety, infrastructure and services to our communities. To increase efficiency and productivity, these sectors must continue to invest in skills which the VET system can provide.

Whilst six training packages have been developed for roles specific to the above sectors (Public Sector – PSP12; Local Government – LGA04; Public Safety – PUA12, Defence – DEF12; Water – NWP07; Correctional Services – CSC15), the government, water and community safety workforce utilises training from a large number of training packages because of the diversity of occupations and skills requirements within its sectors.

### Engagement with the VET System

Adoption of vocational education and training by government, water and community safety employers has been generally high, despite tertiary education being a requirement of many job roles. For example:

- Analysis of traineeship and apprenticeship data by the NSW Public Sector ITAB in 2015 shows a very high utilisation of these pathways by NSW local government (86% of all councils) and by some major Commonwealth and State Government agencies such as the Department of Defence, Healthshare NSW, Home Care Service of NSW and Local Area Health Services. The table below shows the number of approved traineeships and apprenticeships by government organisations between 2012 and 2014.

Government Sector	No. of traineeship and apprenticeship quals used 2012-2014	Number of govt enterprises in NSW employing trainees and apprentices	No. apprentices and trainees approved 2012-2014
Commonwealth	45	18	3,257
Business Enterprises	62	37	2,729
State Govt	151	100	5,641
Local Govt	157	130	2,904
<b>TOTAL</b>		<b>285</b>	<b>14,531</b>

Source: NSW Department of Industry, Apprenticeship and Traineeship Approval data

- NSW government agencies operating in critical areas such as Fire and Rescue, Corrective Services, Transport and Emergency Services have aligned their entry-level training programs and others, to VET qualifications and units of competency.

However data and anecdotal evidence points to a decline in the use of VET by the public sector. Whilst 14,531 apprentices and trainees have been employed by government agencies over the last three years, numbers have declined since 2012: 5,939 in 2012, 5,332 2013 and 3,260 in 2014. In very recently conducted research to be published on 24 August 2015 by the NSW ITABs<sup>1</sup>, it is evident that investment in VET (in general) is falling across NSW industries, with decreases more pronounced in public sector agencies. Responses from 71 public sector organisations indicated that in 2014/15, 15.5% of organisations increased their spend on VET compared to 24% who reduced expenditure. Approximately one-half (48%) invested the same in VET as the previous year, with 11% unsure.

Trends for the current financial year (2015/16) appear similarly in decline, with a larger proportion (22.6%) intending to reduce VET expenditure than increase it (16.1%). Half (50%) will spend the same on VET this financial year as the last.

#### **KEY POINT**

The Government, Water and Community Safety sectors are generally engaged with the VET system, however their investment in VET is declining.

## **2. INQUIRY'S TERMS OF REFERENCE**

The remainder of the submission is focussed on addressing issues related to the following points in the Terms of Reference, drawing from the unpublished research undertaken by the NSW ITABs between April – June 2015<sup>2</sup>.

### **(c) factors affecting the cost of delivery of affordable and accessible vocational education and training, including the influence of the co-contribution funding model on student behaviour and completion.**

The issue of funding for employers and RTOs, and the cost of training to employers emerged in the NSW ITABs research as the greatest barrier to participation in VET by employers. The cost of delivery of affordable and accessible VET is impacted by:

- Any funding allocated by governments to subsidise the cost of delivery
- The mandatory pricing or co-contribution set by the government for courses that attract subsidies
- Competitor pricing
- Delivery mode of courses
- On-costs for the RTO (capital expenses, trainer fees and resources, administrative costs etc).

With the introduction of Smart and Skilled in 2015, there have been many reports of significant course cost increases attributed to all of the above points, but particularly the mandatory course cost (co-contribution). In the NSW ITABs survey of 800 employers, there were calls for:

- a reduction in the mandatory employee contribution under Smart and Skilled
- the return of 2014 prices

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<sup>1</sup> NSW ITABs (2015), VET in 2015: Views and responses of NSW employers and Registered Training Organisations, Sydney, August.

<sup>2</sup> NSW ITABs (2015) *ibid*

- reducing fees to rates that are commensurate with industry income/wages

*“Make accredited training more affordable, especially qualifications. The price of qualifications has dramatically increased this year with all RTOs.”*

*“The fee contribution is not possible for us”*

*“The massive upfront fees of the Smart and Skilled program is deterring the signing up of trainees. The government incentive payments do not cover this cost”*

Impacting on course cost is the allocation of funding to qualifications and RTOs that are determined by the NSW Government. The need to increase or adjust the allocation of funding was raised by over one-quarter of employers in the NSW ITABs’ research. They offered a range of views on how that funding could be better allocated:

- More funding for RTOs – some wanted to see TAFE better supported, whilst others felt that the current system was unfairly weighted towards TAFE and discriminated against private and enterprise RTOs.
- Funding for employers – to incentivise them to use VET and to reward those who provide a significant amount of training on-the-job but are not compensated by the RTO who receives all the funding
- More funding for existing workers to encourage skills development
- Better financial support for apprentices to attract them to apprenticeships in the first instance, and then to retain them

RTOs held similar concerns about the impact of course costs on consumer behaviour. Suggestions included:

- Lowering the administration fees for students under Smart and Skilled
- Introduce a lower fixed enrolment fee for courses which would be simpler to administer and market
- Maintain the IPART pricing for qualifications but allow RTOs to regulate their own student contribution
- Increase the availability of VET Fee Help to Certificate IV (and some suggested Certificate III level) qualifications
- Provide funding for more qualifications
- Reintroduce existing worker traineeship funding
- Reintroduce Tools for the Trade for apprentices
- Provide funding for skill sets

It is recommended that:

The issues of funding and cost be addressed as a matter of priority, with consideration given to: allowing funded RTOs to set their own administration fees as a means of increasing price flexibility; provide additional funding incentives for employers to recruit new and existing worker trainees; and provide funding for flexible, responsive skill sets drawn from any qualification, according to employer or student need.

**(e) the level of industry participation in the vocational education and training sector, including the provision of sustainable employment opportunities for graduates, including Competency Based Training and the application of training packages to workforce requirements**

The level of industry (public sector) participation in the VET system was discussed in Section 1 of this submission. In respect to the application of training packages to workforce requirements, the ITAB has the following comments:

- Training packages do have application to workforce requirements but the way in which they are used is changing. Research from the NSW ITABs report, along with anecdotal reports from employers and RTOs, indicate that employers are using full qualifications for entry level training requirements but are increasingly preferring skill sets to address skill gaps of existing workers (rather than full qualifications).
- The government sectors have some training packages (e.g. Local Government and Public Sector) that are not well utilised by the market. This is partly supply driven, as there is a smaller number of RTOs with these qualifications on scope. However further efforts should be made to rationalise the number of training packages (particularly qualifications) with consideration given to developing “broad banded” entry level and higher level supervisory/management qualifications to support areas where skills and knowledge requirements are generally less industry-specific. The intent of broad banded qualifications would be to provide the foundation skills appropriate for roles found in a range of workplaces and give maximum portability to qualifications across industries.
- One of the reasons training packages can be criticised for their lack of relevance to workforce requirements is because of poor training and assessment, rather than inadequate training package content. Where content is delivered by trainers without recent industry knowledge and experience or by those who do not contextualise the learning to an organisation’s needs (e.g. by referencing the current policies, following enterprise procedures etc), the relevance and value of vocational education and training can be lost. Addressing quality of training and assessment is an important step towards improving the perceptions of the VET system.
- Organisations responsible for developing training packages in the future need to consult broadly to ensure they are capturing the needs and views of potential users across all relevant industries. Consultation under the current system has sometimes been narrow and limited to the core or easily accessible industry representatives. However the ITAB also acknowledges that industry is time-poor and can be reluctant to contribute to training package development, despite good intentions.

**(f) the Smart and Skilled reforms, including:**

**(i) alternatives to the Smart and Skilled contestable training market and other funding policies**

In addition to the issues of funding and cost that were previously addressed in this submission, one of the criticisms of the Smart and Skilled reform is that it is not a contestable training market because prices are fixed and consumers have been given less choice over funded training providers. In the NSW ITABs' research this year, it was reported that under Smart and Skilled, long-standing partnerships between employers and RTOs had been damaged because employer-preferred RTOs had not been awarded funding and that in some cases, contracts had been given to RTOs who did not have the capability to deliver some qualifications.

Many RTOs have called for *"an even playing field"* or a *"fair and transparent process"* after commenting on the number of training places allocated to TAFE NSW under Smart and Skilled. The issues generating greatest criticism were:

- the rigidity around the allocation of funded places in a restricted number of regions, particularly if the RTO had strong industry relationships in other regions where they were not approved to deliver funded training
- limitations of the financial caps which were often not financially feasible to work with
- the methodology used by State Training Services to allocate places to RTOs when in some reported cases, these RTOs did not have the capability to deliver the training.

In the ITABs' consultations, RTOs called for a review of the way in which funding is allocated to RTOs, with a priority to:

- make the training market truly contestable, particularly as it is the role of ASQA to approve quality providers
- remove geographic barriers to the delivery of funded training
- facilitate, not limit, user choice by allowing consumers to select from a large pool of quality RTOs

It is recommended that the NSW Government:

**Provides greater user choice of funded RTOs but opening up the market to all quality RTOs without restrictions on geographical boundaries for delivery.**

**Uses rigorous and transparent assessment processes when selecting and monitoring RTOs; incorporate the receipt of feedback from clients and students; and involve an assessment panel made up of industry and departmental representatives.**

### **Future Consultation and Communication**

Given many of the implementation challenges faced by the government, RTOs and students in the first months of Smart and Skilled and the perceived limited information available to stakeholders about the new reforms, it is important that any future policy changes to Smart and Skilled (or alternative programs) are discussed with key stakeholder representatives in the development phase to ameliorate any issues before policies are implemented.

It is also clear from ITAB consultations that more transparent processes and better communication with employers, RTOs and other stakeholders may have mitigated some of the problems experienced in the first 6 months of Smart and Skilled.

It is recommended that the NSW Government:

**Place the consumer (employers and students) at the centre of the VET system by developing and marketing a system that is well communicated and simple to understand by consumers.**

**Test proposed policy changes with VET advisory representatives prior to implementation**

### **(g) any other related matter**

#### **Assessment**

It is widely acknowledged that the process of assessment is not done well by some RTOs. There are many anecdotal reports of assessments lacking rigour and inconsistency or assessments that rely on third-party reports that have been signed off by people who don't have an understanding of what they are reporting on.

Quality assessments can be achieved through

- More prescriptive assessment guidelines in training packages (without making the assessments so rigid they are unachievable or too costly to undertake)
- Funding provided for the development of publicly available assessment resources to support training packages. Access to high quality assessment tools that are endorsed by industry and customised by the RTO generates greater consistency, reduces development costs for RTOs and potentially opens the market to more providers.
- Funding provided to facilitate Independent Validation of Assessment (IVoA) by industry bodies. A recently completed project by the NSW Public Sector ITAB revealed that IVoA is rarely undertaken by RTOs in the water industry. Funding for industry bodies to assist this process by bringing together employers and RTOs would generate benefits for all stakeholders concerned.

A further weakness in the VET system is the quality of many trainers and assessors. The qualification Certificate IV Training and Assessment is insufficient on its own to produce a high quality trainer/assessor. Newly qualified trainers require mentoring and support to strengthen their skills and this does not occur in a systematic way within many RTOs. Consideration could be given to establishing a certification arrangement for trainers/assessors to professionalise this role and improve the quality of training.