

Vocational Education and Training SWOT analysis 2017



To coincide with the meeting of Council of Australian Governments (COAG) Industry and Skills Council on 24 November 2017, the Australian Chamber of Commerce and Industry released its assessment of the Vocational Education and Training system using one of the most recognised business tools for strategic review – SWOT – Strengths, Weaknesses, Opportunities and Threats.

STRENGTHS

- VET develops the skills the economy needs – not only in the well-known trade areas such as electrical, building, plumbing, mechanics and chefs, but also enrolled nurses, child and aged care workers, business administrators, retail and hospitality workers to name but a few.
- VET transforms lives. It provides an ideal pathway from school to work and it can reskill people to a new and more satisfying career.
- For many VET graduates, long term career and salary outcomes match or exceed those being achieved by graduates from higher education.
- Apprentices and trainees apply their learning on the job which provides a stronger ROI on government investment in education by a more immediate productive contribution to the economy.
- Delivery of training is based on competency standards that are developed by industry and are identified as the skills needed for a modern workforce.
- A strong marketplace of training providers, where private and public sector compete to deliver quality training to students and employers.

STUDENT SATISFACTION

VET enrolls 4 million students/year

Over 770,000 nationally recognised qualifications completed in 2016

87% VET students satisfied with training quality

78% VET graduates employed after training

83% undertaking apprenticeships/traineeships employed after completion

EMPLOYER SATISFACTION

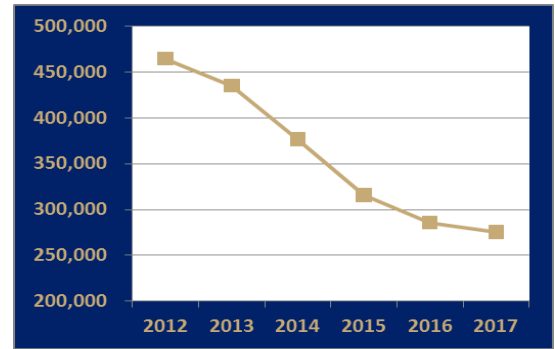
Over half of employers access VET

76% employers satisfied with VET graduates

82% apprentice employers satisfied with VET

84% employers delivering in-house programs satisfied with VET

- There has been a dramatic decline in the number of apprenticeships: 275,200 apprentices and trainees in-training as at 31 March 2017, a decrease of 3.7% from the previous year and over 40% decline from 465,000 five years ago. Most of that decline has been in traineeships, but there has been a 20% fall in older trade apprentices over 25 years old. Apprenticeship commencements have **halved** over the last five years.



- Over the last decade, the number of students enrolled in publicly funded VET has fallen and funding has declined. Excluding the loans taken out by students but inclusive of employer apprenticeship incentives, the Federal Government contribution to VET in 2015 was about 25% less than five years ago, with the states around 17% less.
- VET is caught in federation quicksand. Two years ago a small window of optimism was opened by at least some of the Premiers who had acknowledged that VET required reform to address inefficiencies and duplication. It was slammed shut when State Skills Ministers and their departments decided to protect their patch and Premiers delivered this message at the February 2016 COAG. Now the States and Territories seek Federal Government money with as few strings attached as possible, and the Federal Government wants to fund only on the basis of specific outcomes. This “stalemate” of funding objectives does nothing to enable a national approach to sensible reform in apprenticeships specifically, and VET generally.
- Lack of cohesion between the States on VET funding amounts, licensing and registration particularly impact the trades and put standards at risk.
- There has been a lack of consistency in national policy leadership, with nine federal skills Ministers in less than five years – four from the ALP and five since the Coalition came to office.
- With higher education funding uncapped and demand driven, more school leavers are going to university and more training providers are gravitating to the higher education system which has greater funding certainty. VET has become the poor cousin to higher education and the perception of its value is lower than the reality. Both education systems are equally valuable.
- After the debacle of VET FEE HELP and the likelihood of a continued hit on the federal budget of student loan debt right-off, there is a lack of confidence in funding of VET. The replacement program, VET Student Loans, is so restrictive that the number of higher level qualifications delivered is sure to fall dramatically.
- The system is being questioned by non-industry stakeholders who want to change from one where competency standards prepare students for jobs to a more generalist approach, even though the evidence from both VET and higher education suggests this would deliver poorer employment outcomes.

Actions to take in the short term

- At the Minister’s meeting in November and beyond, acknowledge the underfunding of vocational training and agree to set goals that achieve real growth in VET funding in all jurisdictions.
- Finalise the agreements between the Commonwealth and the State/Territory governments as soon as possible for the Skilling Australians Fund, and set up a national apprenticeship industry advisory body to ensure the projects delivered are meeting industry needs.
- All governments and stakeholders get behind the message announced by the Federal Minister in November, *Real Skills for Real Careers*, to improve the status of VET.
- Federal Government should fund a national campaign to promote the value of apprenticeships to employers and job seekers/students and fund the establishment of reform processes that achieve real change including the approach to pre-apprenticeships and VET delivered in Schools.
- Continue to strongly support the raising of global awareness of the strengths of Australian VET and look for opportunities to improve international skills recognition.



Actions to take in the medium to long term

- Set a renewed vision for vocational education and training
- Implement a more holistic approach to tertiary education funding with a clearer line of responsibility of funding and policy responsibility between the federal government and states/territories.
- Commit to a system where occupational skill standards developed by industry and which focus on jobs existing in the economy continue to be the basis for VET.

- Australian economy struggles due to skill shortages in key occupations and industries.
- Due to better funding models, providers continue to gravitate to deliver at the diploma and advanced diploma level in the higher education system rather than VET.
- The Skilling Australians Fund does not achieve its target of 300,000 apprentices as the money is spent on a system that has not changed.
- A continued devaluation of the importance of competency standards that prepare people for jobs needed in the economy.
- With the excuse of the action of a small minority of unethical training providers, that the push for funding to only, or primarily, go to TAFE continues to gather pace, with a potential that quality, flexibility and responsiveness could be reduced through a lack of training options.
- De-regulation of trade registration and licensing to promote uptake as a result of skills shortages in key trades and industries putting public safety at risk.



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About the Australian Chamber

The Australian Chamber of Commerce and Industry speaks on behalf of Australian Businesses at home and abroad.

We represent more than 300,000 businesses of all sizes, across all industries and all parts of the country, making us Australia's most representative business organisation.

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