



# Perception and Status of VET

Australian Council of Trade Unions submission to the House Standing Committee on Employment, Education and Training commenced an inquiry into the perceptions and status of vocational education and training.

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## Introduction

Since its formation in 1927, the ACTU has been the peak trade union body in Australia. There is no other national confederation representing unions. The ACTU consists of affiliated unions and State and regional trades and labour councils who have nearly 1.8 million members who are engaged across a broad spectrum of industries and occupations in the public and private sector. As workers are both the recipients and providers of VET education, the Australian union movement has a keen interest in the status and perception of the VET system.

This inquiry is a timely one, not only because the new Government's commitment to VET represents an opportunity to undo some of the damage done to the sector over the last decade, but because of the critical role that VET will have in preparing Australian workers for the jobs of the future. Despite this, the perception of VET has been steadily falling among the general public for at least a decade. As this submission will explore, this has been occurring for a range of reasons, including:

- The systematic under-funding of VET compared to other education sectors.
- The neglected state of TAFE in many areas
- The replacement of TAFE with for-profit RTOs as many people's touchstone with the sector.
- A broken quality assurance framework
- Poor student experience
- A lack of support for the dissemination of best practice.
- A shortage of trainers and misbalance of TAFE training skills
- The treatment of VET in schools

In our view the only method to effectively address this issue is to act immediately to rebuild TAFE – both physically and financially. Ensuring that TAFE can once again represent the VET sector to the general public as a centre of excellence and expertise should be a critical priority for government going forward.

## The Decline in the Status and perception of VET

Over the last decade, and longer, VET has been in the process of declining in the estimation of the public. Where it was once considered a feather in Australia's cap, our VET system is now considered as a 'second best' option to university and has become synonymous in the minds of the public with broken-down facilities and low-quality and unscrupulous for-profit providers. The factors driving this change are many and complex, but can be traced back to three fundamental shifts in VET which this section will explore – Funding for VET, The Neglect of TAFE and the Rise of the for-profit RTO.

### VET Funding

The TAFE and vocational education and training sector is the worst funded of all education sectors, lagging behind schools and universities. The National Centre for Vocational Education Research's Financial Information confirms that vocational education remained underfunded right up to the end of the previous government. Commonwealth financing of the VET sector fell 4.5% to \$2.6 billion in 2019 while the number of students enrolled in VET increased by 3.2% to 4.2 million. Overall commonwealth government funding for the sector has plunged from over \$3 billion in 2017 to \$2.6 billion in 2019 – a 15% reduction. While some increases were delivered in post-covid budgets, they did little to reverse a decade of cumulative cuts.

In 2021, government funding provided through VET appropriations and VET intergovernmental funding arrangements totalled \$10.5 billion, an increase in nominal terms of \$2.8 billion (37.0%) from 2020. the Australian Government provided \$6.3 billion, an increase of \$2.5 billion (64.3%) state and territory governments provided \$4.2 billion, an increase of \$379.9 million (9.9%). In addition, the Australian Government provided:

- \$257.4 million for VET Student Loans, a decrease of \$15.5 million (5.7%)
- \$199.7 million for Trade Support Loans, an increase of \$0.4 million (0.2%).

VET has not only dealt with regular and dramatic funding cuts, it has also typically been funded as if it were a second-class system. Compared to the \$10.5 billion in VET funding, universities are funded about \$30 billion per year. This is despite VET servicing 4.3 million students ([NCVER](#)) in 2021 compared to 1.5 million in universities in 2022. University students certainly study more hours per student – but this doesn't justify a three-fold funding disparity. This isn't to say universities are funded too much, in fact universities remain underfunded, but it highlights how dire the funding crisis for VET has become. How can we ask the public to take VET seriously as a true alternative to university education when the funding disparity between the sectors has, for decades, shown that governments do not consider it as one?

## The Neglect of TAFE

TAFE was once the jewel in the crown of VET – modern and well-resourced TAFE campuses produced skilled workers ready to fill the jobs the economy needed. But decades of funding cuts and deregulation has left TAFEs behind. What was once the most visible element of the VET sector in most communities has become a victim of government neglect.

Despite the VET FEE-HELP scandal, for-profit providers are attracting an increasing share of the current total value of loans issued to students under the current VET Student Help scheme. In 2017 private and for-profit providers accounted for \$325.5 million of student loans (57.1% of the total) compared to the public allocation of \$244.3 million (42.9% of the total).

TAFEs have also lost thousands of teaching jobs nationally over the last 10 years. In her 2020 report *An Investment in Productivity and Inclusion: The Economic and Social Benefits of the TAFE System*, Pennington calculated that almost 10,000 full time TAFE teaching positions were lost across six states and territories, including almost 9,000 in New South Wales and Victoria alone, between 2012 and 2019.<sup>1</sup> Funding cuts have also left those still working in the system under increased pressure, as AEU surveys have consistently shown. A 2020 AEU survey found that:

- More than two-thirds of respondents (68%) were aware that their institution had stopped providing particular courses in the last three years, with a lack of funding cited as the most common reason for course closure.
- Improved IT equipment (54%) and materials needed to deliver training (50%) were most frequently cited as requiring significant additional investment to bring up to standard.
- 81% of respondents said that the budget in their department had decreased in the last three years, while nearly half (49%) of those in teaching roles said class sizes had increased.
- Current levels of TAFE capital works and equipment investment were considered inadequate and requiring of some or significant investment by the vast majority of respondents, across the survey categories of IT equipment (88%), material support for workplace delivery (to deliver training) (89%), technical and administration equipment (90%), classrooms (81%), trade equipment (91%), studio equipment (75%) and library/learning centre (61%).

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<sup>1</sup> [https://futurework.org.au/wp-content/uploads/sites/2/2022/11/An\\_Investment\\_in\\_Productivity\\_and\\_Inclusion.pdf](https://futurework.org.au/wp-content/uploads/sites/2/2022/11/An_Investment_in_Productivity_and_Inclusion.pdf)

- More than three-quarters (76%) of respondents said that they had considered leaving the sector in the last three years. 94% of those were currently working in the job that they had considered leaving.
- Less than a third of respondents expected to spend their entire career working in TAFE.

Lack of funding has also resulted in many TAFEs being forced to close or significantly downsize campuses over the last decade. While national data is difficult to obtain, and the fact that many TAFEs have chosen to significantly downsize campuses rather than close them completely hides the extent of the problem, the data that is available is deeply concerning. In NSW for example, 12 TAFE campus properties have been 'divested' (sold) since 2012 – making a total of 33 sold since 1995. Considering that this data does not include campuses which have been partially sold (downsized) or are being left dormant, it represents a shocking loss of amenity for the system. Even more concerning is that, compared to some other states, TAFE NSW has fared comparatively well in this area.

These conditions have left TAFE campuses without adequate resources and staff to deliver modern, high-quality training. It has also hamstrung their ability to compete with for-profit RTOs in the marketplace as TAFEs are regularly struggling to resource existing students – making attracting new students in the VET marketplace harder. Watching TAFE fall to neglect has directly caused many in the community to believe that because it has been neglected, it can't be very important or valuable.

### **Replacement of TAFE with for-profit RTOs**

As outlined above, TAFE no longer represents the majority provider of VET in Australia. Deregulation of the VET market and the government loans program, under various names, has seen for-profit and private RTOs steadily overtake TAFE as the largest recipients of government funding in the sector. This, combined with the declining status of TAFE in many communities, has seen for-profit RTOs become the default image of VET provision in the minds of many Australians.

These providers have consistently shown that their main priority is the extraction of profit from the VET system and not the delivery of high quality training. The actions of many for-profit providers have therefore served to undermine the status of VET nationally. Decades of scandals such as the oversubscription of VET-FEE HELP and the iPads for enrolments debacle, provider collapses and stories of students not receiving quality training have, instead of simply reflecting on those providers, become reflective of VET as a whole in the public imagination. When many people think of VET, they think of dodgy courses in personal training that never lead to a job, or students rushing to find a new provider when theirs declares bankruptcy. While many of the older generation look back with pride at their time at the local TAFE, there are few young people with such positive stories of their time at a for-profit RTO.

Many of these colleges also rely on casualised workers and often do not provide sufficient hours for lesson planning or marking. This lack of commitment to their staff leads to high turnover, further worsening the quality of the training educators are able to provide.

In addition, many for-profit providers have developed their business model around proprietary training models, whereby they receive public funding for training, but the training offering is not actually available to the public. Often the provider seeks to deliver the training in a bespoke fashion to an individual large employer under a model which largely sees the for-profit RTO acting as a conduit to securing public funding to already profitable companies rather than as a provider of publicly accessible training products. Members of the public are excluded from accessing these training programs, as are the workers of other small businesses whose staff would equally benefit from upskilling opportunities.

How can we be surprised that the esteem of VET has fallen in the community when the symbol for the sector has become inaccessible training products and the fly-by-night profiteer, clearly in it only to make a buck?

### **A broken quality assurance framework**

The missing part of the skills and training puzzle has been effective regulation. The recent move to encourage RTOs to adopt self-assurance models, which makes regulation by AQSA less “prescriptive”, has made it easier for bad actors to get away with bad behaviour. Although AQSA reports low rates of non-compliance, audits are increasingly rare, making it difficult to have faith in the regulator’s performance. These lax settings make it easy to provide certificates that leave trainees ill-prepared for industry work, and placements that do not provide trainees with a productive learning experience.

When employers hire VET graduates and see the name of the Certificate they are completing or have completed, they expect their new employees to be qualified in that area. But little is being done to ensure that certificates match industry experience or that assessment requirements (which RTOs draft themselves) correspond to clear industry pathways and career development. In this context, it is easy for dodgy for-profit RTOs to offer certificates packed with units that falsely signal the experience of graduates. By taking a liberal approach to quality assurance, it is difficult to expect prospective students and the public to have faith in the vocational qualifications system. A hands-off approach to ensuring quality certificates is hardly consistent with a public perception of a world-class TAFE system.

### **Other factors**

In addition to the above, we believe a number of other factors are also contributing to the poor perception of VET in the community which need to be addressed.

## Poor student experience

Many students who undertake VET courses, including many apprentices and trainees, have a poor experience in the VET system. While this is of course driven by many of the factors outlined above – exposure to poorly resourced facilities or the vicissitudes of the for-profit market – there are other significant drivers. As outlined in our submission to the Departmental review of Apprenticeship Services and Supports<sup>2</sup>, it is our view that the provision of inadequate support to students once they are undertaking a VET qualification, particularly for trainees and apprentices through the Australian Apprentice Support Networks (AASNs), leads to low completion rates among those qualifications. This represents both a significant economic loss to the country, but also drives poor perceptions of the VET sector as students (and people in general) are more likely to share negative experiences than they are positive.

For students completing some certificates with an essential practical component, such as in aged care and disability, the experience they have during a work placement can determine their willingness to complete the qualification or continue to work in the sector. With current workforce shortages driving unprecedented staff stress and turnover in these sectors, students and prospective employees are having a poor experience during placement. This is due to a lack of experienced workers available to carry out supervision, increasingly complex and arduous physical and emotional care environments, and unsafe workplaces due to inadequate staffing and supervision. Considering these factors in conjunction with poor quality and not-fit-for purpose training and an absence of well-designed and regulated employer/training provider partnerships, it is no wonder that qualification completion rates, job readiness and workforce retention are low.

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<sup>2</sup> Our submission can be found in full at <https://www.actu.org.au/media/1450234/d51-actu-submission-australian-apprenticeship-services-and-supports-discussion-paper.pdf>



### Case Study - Where good practice is driving completions and improving perceptions of VET

In 2022, Electro Group Training (EGT) in Queensland established Australia's first and only Energy Renewable Training Centre. Development of this centre was supported by the Queensland Government as part of the Unite and Recover for Queensland Jobs Plan to lead and future-proof the State.

EGT and the Queensland Government in collaboration developed this centre to deliver world-class training in electrical, solar and telecommunication skills to support workforce competence in emerging technologies with a particular focus on state-of-the-art renewable training facilities.

The EGT model is a whole-of-industry approach driving innovation and efficiency across the sector and the economy.

The Board is comprised of representatives of the ETU and Master Electricians, recognising our shared interests in quality industry training and apprenticeship outcomes, along with independent experts who bring additional skills to the board.

On average, over 90% of apprentices trained through this facility complete their apprenticeships compared to the national industry average of just under 55%.

### A failure to disseminate best practice.

It is often commented in policy discussions that Australia is 'allergic to scale' in that our governments have always shown willingness to trial new approaches but that even successful trials are rarely rolled out widely. This is no less true in the VET space than in other fields. As the box-out in the previous section showed, there are pockets of best practice in the VET system achieving real educational outcomes for students, but these examples are rarely considered for broader implementation.

While part of this is driven by the funding and infrastructure issues outlined above – a system where everyone is struggling to keep the lights on is not one in which innovation flourishes – this is also driven by a failure of government at all levels to recognise and advocate for best practice in the VET system. At the federal level, this includes a failure by the National Careers Institute (NCI) to act effectively in this role. The NCI, particularly with regards to VET, has had little impact despite what appear to be good intentions.

### **A shortage of trainers and misbalance of TAFE training skills**

TAFE requires a much-needed funding boost, but spending money will not solve the issue on its own. The sector currently faces a shortage of training, and a skills misbalance in the TAFE workforce. An increase in the supply of TAFE teachers and trainers must meet the expected demand for TAFE qualifications under the new Fee Free TAFE initiative. But it is essential that currently employed TAFE trainers have relevant industry knowledge and are supported to keep updated with changes to industry working practice by undertaking refresher training. The roll-out of refresher training for experienced workers will ensure skills acquired at TAFEs match the day-to-day work the certificates lead to. Accompanied by ongoing training pathways for new trainers, this would build human capital and workforce capacity into the TAFE system.

### **Treatment of VET in schools**

Another contributing factor to the feedback loop driving the declining status of VET in Australia is the way that the K-12 schooling system approaches VET study and the career pathways they lead to. Negative public perceptions of VET will never be improved so long as in-school VET pathways continue to be treated as an option only for students lacking the capability to perform academically, or as a means of removing disruptive students from classroom settings. Methods should be investigated for integrating high school curriculums with topics and units that may spark interest in career pathways accessed through VET, such as skilled trades and jobs in the caring and community sectors, and more attention must be given to promoting VET pathways to high school students at careers events and through in-school career advice programs.

### **What can be done?**

It is critical that the response to this issue moves beyond a simple marketing or public relations response designed to paper over the real weaknesses in the VET system which are, in addition to broader cultural issues, driving poor perceptions of VET among the public.

To begin the process of restoring VET in the eyes of the public and ensuring it can deliver the skilled workers we need, a number of steps must be taken to fund the sector adequately and rebuild TAFE. These include:

- **a national inquiry into funding for the TAFE and vocational education and training sector** to establish an adequate funding rate to ensure high quality delivery. Public funding for vocational education and training should be commensurate with funding directed to other sectors of education and be informed by rigorous analysis and forecasting of current and future skill needs and priorities endorsed by industry.

- **guarantee funding and resources to TAFE institutions**, strengthen regulation of for-profit providers, and guarantee a minimum seventy per cent public funding for the TAFE system.
- **Stricter AQSA regulation of RTOs** – including a departure from RTO self-assurance, and moving towards independent assessment of certificates by Jobs and Skills Councils to ensure the contents of certificates match job requirements.
- **A \$3 billion fund, to be allocated over three years, to support capital improvements in the TAFE system**, including updating and modernising existing facilities, and expanding TAFE facilities (with a particular focus in regional areas).
- **A fundamental review of the support provided to apprentices and trainees through the AASNs** – as outlined in our submission to the Departmental review.
- **A commitment from governments at all levels to recognise and spread best practice in VET** – including a strategic review of the NCI at the federal level to ensure it can effectively fulfill its role.

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