

Invest in providers to deliver more training

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In the face of choppy economic conditions, Scott Morrison, premiers and chief ministers last Friday committed to a new vision for vocational education and training in Australia.

At the meeting in Cairns of the Council of Australian Governments, a new council of skills ministers was commissioned to flesh out the vision and bring it back to COAG early next year.

The question now is: What will be required to restore VET as an instrument for economic growth, stability and a passage to opportunity for a large cohort of working Australians?

What will put it on an equal footing with universities?

Also on Friday, Reserve Bank governor Philip Lowe again implored the government to work towards moderate wage growth to lift consumer spending and boost economic activity.

The Reserve Bank's analysis last year pointed to innovation and productivity increases being largely confined to large and multinational businesses.

For many smaller and medium-sized enterprises, productivity has stalled.

Treasury's own analysis seems to confirm this, showing that firm productivity has not improved during the past two decades.

It's only migration and population growth that have kept us going.

We've also seen big business call for a strengthening of enterprise bargaining to allow new work structures and practices to drive business efficiency.

Where does this intersect with the vision for VET?

More than 30 per cent of the workforce is trained in the VET sector, and according to the government's own employment forecasts about 70 per cent of job growth during the next five years will be in occupations where VET is the traditional pathway.

VET can play a huge role in lifting the economy out of its malaise. However, there is a record proportion of school-leavers choosing university entrance or passage straight into a job rather than VET.

Despite government branding efforts and online tools to stimulate the take-up of training, participation in VET is plummeting.

Industry is right to lament the decline in VET participation. But industry wants to remain in charge of the sector, as was made clear in submissions ahead of COAG.

Industry points to the decline in apprenticeships.

But it's industry — employers — who engage apprentices, not training providers.

In a climate of record employment growth, apprenticeship numbers have plateaued.

It seems employers can't find the right person or are choosing other strategies to solve their staffing issues.

Either way, VET seems to have lost its shine for employers and prospective students.

It makes sense for our politicians to say VET trains people for a job, but if there are poor conditions and wages at the end of the training, it's little wonder people choose something else.

It seems logical to place industry in charge of the VET sector, however, its motivation, no matter how much it's dressed up, is to minimise the cost of inputs and that includes the cost and time to acquire skilled labour.

In a market economy, that's precisely what we expect.

Our leaders want VET to deliver skills for the enterprise and the jobs of tomorrow. But it is disingenuous if current qualifications, founded on workplace tasks (competencies) for today's

jobs, are the only options on offer to students.

It sounds high and mighty for the sector to celebrate the job outcomes from training, but it falls short of any public-interest test if an employer can reshape the business, making job-specific skills redundant, despite the effort a student may have taken to acquire them.

It's all too easy for industry players to hold to the theory that qualifications contain only job - requirements, at the expense of basic skills in literacy and numeracy, effectively marooning at-risk jobseekers in low-wage, low-security jobs.

Centrally established and controlled qualifications, as they are in the VET sector, appear rational except when it comes to industry wanting workforce flexibility.

If there is genuine industry-wide demand for skills, isn't it more feasible that training providers, attuned to industry demand, would develop and deliver these courses far earlier than the three or four years in the current approach?

If the aspirations of our political leaders are to be met for the non-university class, the training product needs a major overhaul to be anywhere near what universities have on offer.

New learning and new skills that students can take to industry to help enterprises evolve would make VET an attractive proposition to employers and prospective students, and would justify wages growth.

Clearly, nuance is required. A VET system without industry is nonsense, just as a VET sector solely in the hands of industry doesn't make sense.

If the sector is to rebuild there needs to be serious investment in providers to develop and deliver training. The public interest and the future of non-university citizens point to this being done through trusted public providers in which governments can invest to offer deep, quality vocational education.

The public provider is a safe pair of hands for new areas and approaches to training for the community and the enterprises they serve, with governments confident its investment will not be lost to some exotic investment scheme hatched in the Seychelles.

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