

SUBMISSION TO NATIONAL COMMISSION OF AUDIT 2013

VOCATIONAL EDUCATION – REMOVING BARRIERS TO EXCELLENCE

By


Managing Director
Productivity Now Pty Ltd

About this submission

The recent “Refocusing Vocational Training in Victoria” report recommended that TAFEs should operate on a sustainable commercial basis, be more autonomous, and “lead the development of high quality and innovative curriculum, teaching practices and assessment”. Such recommendations could well apply for the entire Australian vocational education system as **in 2011 government training subsidies totalled \$1,400 million yet only 28.4% of enrolments completed their qualifications – a notional waste of \$1,002 million.** The problem is a broken, ineffective system which offers inferior, very expensive training packages which are only saleable due to massive government subsidies. **Our detailed analysis of NCVER industry 10 year data suggests that with system reform or replacement, productivity gains and cost savings of at least 80% or \$1,120 million if the current system is replaced with a quality, market based low cost user pays alternative.**

Submission format

The submission is in two parts in accordance with NCA guidelines.

PART 1: SUBMISSION

This submission is divided into chapters called “Barriers” (Barriers to Vocational Education Excellence) which detail issues and improvement opportunities. Each of barrier has three sections:

About – about the issue, problems, costs and waste.

Improvement strategies – recommendations as to how to overcome issues and reduce waste.

Government benefits and savings – an estimate of productivity gains and cost savings.

As recommendations will usually involve reform or replacement these are shown separately.

REFORM

REPLACEMENT

Savings estimates may be affected by double counting eg. deletion of a qualification may also mean the deletion of component units. Due to this double counting/overlap factor no submission savings total is provided.

PART 2: ATTACHMENTS

These provide supporting data, statistics and comments as required.

Introduction

Vocational Education (VET) System Profile

An effective VET system is vital for Australian productivity and to meet future skill needs.

The current system is huge, cumbersome, complex and very expensive:

- Commonwealth 2012-13 budget for Skills & workforce development \$1,730 million
- Payments to states for allowances and subsidies \$1,400 million (81% of budget)
- Enrolments in AQF qualifications 1.66m. in 61 different categories
- AQF completions 473,100 or 28.4%
- 1,959 different qualifications – average enrolment 847 per qualification
- 17,934 different units of competency – average 11 per qualification

Reform or Replacement?

This submission identifies serious, systemic problems with the current national VET system leaving the government with two options:

1. Reform the existing system

Radical reform is needed so that the national system is functional, efficient and delivers high quality vocational education to meet current and future needs.

This would involve several major structural and operational reforms to improve efficiency, reduce training costs and thus government subsidies

2. Replace the national VET system with a market based alternative

Replace the system with one by which courses and qualifications are developed and administered by individual training organisations which compete on the basis of content, quality, and price. Technology such as the NBN to replace obsolete VET packages.

This could involve replacement of Skills Australia with a new body with different management functions including development of national syllabi, new trainer accreditation standards to be monitored to ensure compliance.

Current national qualifications to be phased out and replaced with new ones developed and issued by accredited training organisations.

Industry Skills Councils to be disbanded or modified to exclude qualification development functions removed. Practical industry input to be gained from other sources.

Accredited training organisations to compete on the price and quality of their products using low cost delivery methods such as NBN.

A user pays system to be used - government subsidies to be phased out except for long term unemployed and the disadvantages although some short term “transition funding” may be needed to help training organisations adjust to the new regime.

This submission covers both options for each topic using labels to identify each. In many cases replacement can be implemented more quickly and will provide better ongoing results.

REFORM

REPLACEMENT

PART 1: SUBMISSION

Barrier 1 Qualification completion rates

About qualification completion rates

As VET qualifications are assessed on a "competency basis" trainees only have to complete the course and be assessed as competent in terms of knowledge and skills. As there is no examination there should be a very high completion/pass rate – say 90% plus! This table compares VET certificates with other Australian qualifications.

COMPARATIVE ENROLMENT COMPLETION RATES

HSC certificate	95% +	
University degree	84%	
VET certificate	28.4%	

If governments are to fund training courses it is reasonable to expect that they have a high success rate but **the abysmal 28.4% qualification completion rate alone is enough to condemn the VET system as a total failure.**

The waste is enormous - in 2012 total government subsidies were \$1,400 million but 71.6% of enrolments or \$1,002 million of VET subsidies were wasted due to non completions.

Management

This appalling completion rate raises issues of business structures and management competence:

- The NCVER publishes separate tables of both enrolments and completions which we have combined to calculate completion rates for the year. This can be used as a KPI to set improvement targets but the terrible ongoing results suggest that this has never been done.
- NCVER data shows indicates that this is not a "one off" bad result but has occurred for at least ten years with no evidence of problem identification, management concern or action. Where were the managers?
- The data shows that the poor results were common to all industry groups over the period which indicates endemic failure. What were the Industry Skills Councils (ISCs) who are to represent industry interests doing?
- In 2010 total Australian secondary school enrolments were 1.5m yet total VET enrolments were 1.4m. This very high comparative VET enrolments gives credence to suspicions of Registered Training Organisation (RTO) rorting the system by overstating enrolments.
- Problems are not restricted to TAFEs – in 2012 private RTOs received subsidies of \$625.8m or \$2,150 per enrolment (\$7,752 per completion). There may be a need to review payment approval systems.
- Does the current Job Network system whereby "young people either work or are trained" encourage over training when suitable jobs are just not available? Both JN members and RTOs have a vested interest in providing additional training even if an employment outcome is unlikely.

Improvement strategies

If it is accepted that skill development and improved productivity are worthwhile then the aim should not be to make savings by reducing trainee numbers and services but to ensure that quality training is delivered much more efficiently and at lower cost.

Barrier 1 Qualification completion rates (cont)

Given the many issues involved and the massive potential savings a small Task Force is recommended to advise on:

- Replacement of expensive VET packages with superior low cost user pays online alternatives.
- Audit enrolment numbers to verify accuracy and authenticity.
- Determine reasons for enrolment drop outs
- Better screening of government funded applicants.
- Prioritise qualifications according to industry needs
- Improve course quality, courses and appeal – are courses undertaken because the trainee finds them relevant, interesting and likely to employment chances or because they are necessary for an unemployment benefit?
- Review of the JSA system – are additional qualifications needed if the problem is a shortage of jobs?
- Review the subsidy payment system – do subsidies encourage over-enrolment as RTOs & JSN members (known as “channelling”) have a vested interest in training? Is a “carrot and stick” approach needed for RTOs to encourage completion and penalise non completion?
- Develop a simple, low cost “Ready for Work” qualification new workforce entrants and the unemployed.
- Rationalise the number of qualifications to focus on practical, technical skills.
- Set completion improvement targets - initially to the university rate of 84%.

NON COMPLETION WASTE MUST BE ELIMINATED!

Government benefits and savings

In 2012 the government paid \$1,002m. to subsidise one million trainees who did not complete their qualifications. **If the completion rate could be improved by 10% then there would be a productivity improvement of \$100m.** (This would be a productivity gain rather than a cash saving as more trainees qualify for the same outlay). **If the completion rate could be improved to the 84% university level the productivity gain would be \$556 million!**

Cost savings will be made if expensive subsidised packages are replaced with new low cost online alternatives, preferably on a user pays basis.

REFORM

The aim is to improve productivity by improving the completion rate. Subsidy savings may be made by using lower cost or user pays packages.

REPLACEMENT

If all training subsidies were removed the total cost saving would be about \$1.4 billion p.a. but this will not occur in the first year as:

- There will be a phase out period for current qualifications and RTOs.
- Some subsidies may be retained eg. for long term unemployed & disadvantaged.
- There may be establishment costs and transition payments to training institutions.

Estimated first year productivity gains: \$600 million to \$800 million.

Barrier 2 VET system structures

About vocational education structures

To improve national productivity it is important that training packages are accessible and affordable for all. Any structural or organisation deficiencies will impede this goal.

Vocational education objectives

The VET system objectives are:

1. To provide Australia with a highly skilled, productive and competitive workforce.
2. To equip individuals with the knowledge and skills required to actively participate in work and society.

To achieve the former trainees need to develop relevant practical knowledge and skills. For the latter they need the knowledge and skills to work effectively in a workplace. Whilst both are important, in practice they compete with each other within training packages and in time, often to the detriment of course relevance, practicality and quality.

In addition to skill development, training packages are also used to help the unemployed or disadvantaged gain employment so that previous government policy was for young people to be “working or training to improve their skills”. After 2011 Certificate III was considered to be the minimum qualification.

Employability skills

“Employability skills” (ES) describe eight workplace skills which in addition to health and safety and security are essential for any organisation:

- | | |
|-----------------------------|---------------------------|
| 1 Communicating effectively | 5 Planning and organising |
| 2 Working in a team | 6 Self management |
| 3 Problem solving | 7 Learning new skills |
| 4 Initiative & enterprise | 8 Using technology |

Although these are primarily for “Ready for Work” or entry level courses, in the VET system they are **embedded into courses at all levels often resulting in needless overlap, repetition and duplication**. These also skew course content away from practical technical skills eg. in Retail Certificates ES units account for 50% of all core units.

The Business Industry Group alone has 34 different units on Occupational Health & Safety.

The situation is compounded as instead of adopting a uniform “best practice” approach to cover ES, each of the 11 ISCs has developed its own suite of ES units – **massive waste due to needless duplication and ongoing course maintenance costs**.

Improvement strategies

Abolish the practice of embedding Employability Skills (ES) units in courses at all levels and replace with an “Employment and Customer Service” qualification (Certificate III level equivalent). The deletion of these units would significantly improve the quality of training packages as there would be greater emphasis on the development of practical technical knowledge and skills.

This would mean significant savings in Industry Skills Council costs.

Qualification structures

VET ENROLMENTS BY QUALIFICATION LEVEL

Qualification	2011		2012		=/%
	Number	%	Number	%	
1. Graduate Diploma	66	0.0	74	0.0	12.1
2. Graduate Certificate	662	0.0	1,080	0.1	63.1
3. Advanced Diploma	28,546	2.0	31,140	1.8	9.1
4. Diploma	196,824	14.1	229,483	13.1	16.6
5. Certificate IV	285,084	20.4	364,598	20.9	27.9
6. Certificate III	584,051	41.7	735,914	42.1	26.0
7. Certificate II	264,524	18.9	330,588	18.9	25.0
8. Certificate I	40,041	2.9	53,610	3.1	33.9
Total	1,399,798	100.0	1,746,487	100.0	24.8

This eight level hierarchy raises the issue of over-servicing (the university structure has five levels). Certificate I is being phased out but enrolments for #1 and #2 are so low that they may not be economically viable (these figures are for enrolments, not graduations). **Is there a genuine need for such qualifications or is it a case of self-indulgence or university envy?**

As VET qualifications, are structured according to the three tier “do”, “supervise” and “manage” principle this inevitably means much duplication, repetition and training for its own sake. **All of these serve to make courses boring, less relevant, extend training times and increase costs.**

These actual enrolment figures suggest that qualifications #1 to #3 and #8 should be deleted.

Improvement strategies

In vocational education the aim is to train people to industry standards so that they can professionally and reliably perform the tasks necessary in their trade eg. Master plumber for this a modified apprenticeship method is appropriate such as:

Employment & Customer Service Certificate

Any new trainee or apprentice would do this to learn essential business practices including workplace safety and the importance of customer service.

Plumbing & Gas Fitting Certificate

This would cover all essential knowledge and skills to be assessed as a fully qualified plumber.

Once fully qualified, the plumber has an obligation to be update skills according to customer need, industry changes and technology but, if the initial course has integrity a higher level course may not be needed. Skill improvement opportunities are likely to be from studies in related specialist areas such as:

Specialist – Rural Irrigation

Specialist – Liquid Waste Disposal

These are likely to be shorter courses. Such additional skills may extend the plumber’s range of activities, enhance professional reputation and provide a competitive advantage over others in the area.

This approach can be more flexible and extend to other occupations. Susie starts as a waitress at Town Talk Coffee Shop. She begins with:

Employment & Customer Service Certificate

Instead of doing higher retail certificates she may do shorter specialist courses in Food safety or Beverages to become a barista.

Industry Skills Councils (ISCs)

Skills Australia coordinates the national VET system within this, ISCs are to provide industry input and develop and manage AQF training packages.

Each ISC operates as a separate entity with its own management, premises, website and industry functions.

In 2011 the government paid \$127.3m to maintain ISCs. There is enormous duplication and waste as each ISC has its own suite of training packages even in common areas such as employability skills & OH&S.

As the top six ISCs account for 86% of all

ISC ENROLMENTS 2011	000s	%
Innovation & Business	386.3	27.6
Service Skills	273.6	19.5
Community & Health	230.0	16.4
Construction & Property	128.6	9.2
Manufacturing	96.7	6.9
Agri-Food	91.6	6.5
Electrocomms & Energy	54.7	3.9
Transport & Logistics	53.6	3.8
Auto Skills Australia *	40.8	2.9
Skills DMC	26.4	1.9
Government	12.6	0.9
ForestWorks	4.9	0.4
Total	1 399.8	100.0
* Not an ISC		

There is evidence that many VET certificate courses have been developed by staff with limited technical experience and that industry advisory panels consist of bureaucrats or people with limited practical hands on experience.

VET SYSTEM STRUCTURES TO BE REVIEWED FOR GREATER EFFICIENCY & EFFECTIVENESS

Improvement strategies

Review ISC functions to including the development and maintenance of VET training packages role to determine whether this can be undertaken by individual training institutes or other industry bodies. If possible these functions to be carried out by others and very expensive ISCs activities scaled back or ISCs abolished..

Government benefits and savings

These restructuring recommendations involve rationalisation of qualifications and units. Benefits for governments and users are:

- Superior quality training as packages not padded with surplus ES units with greater emphasis on relevant, practical technical content.
- As ES units are grouped in one common "Employability & Customer Service" pack this can be used as a core unit for all courses and as a special "Ready for Work" package for long term unemployed and disadvantaged – this could be used in a workshop format.
- Significant government and trainer cost savings – deletion of 30% of units (5,380) at a notional cost of \$78,000 would save \$421 million.

REFORM

These reforms would save \$421 million

REPLACEMENT

Under the replacement option, further savings of \$80 million to \$100 million are possible with replacement/reform of Industry Skills Councils.

Barrier 3 Reducing VET costs

About reducing vocational education costs

If the VET system is to be sustainable and effective it is essential to reduce training costs so that vocational education is affordable for all and subsidies are no longer required. Overservicing is a major contributor to high education costs.

Over-servicing - Qualifications

This table shows an analysis by quartile of national enrolments for VET Certificate and higher courses for 2012.

AQF ENROLMENTS 2012					
Quartile Analysis					
Quartile	AQFs	Prog.	Enrolments	%	% Prog
1	490	490	1,624,764	93.0	93.0
2	490	980	98,034	5.6	98.6
3	490	1470	20,779	1.2	99.8
4	490	1960	2,910	0.2	100.0
Total	1960		1,746,487	100.0	100.0

This is a classic example of the Pareto Principle (or 80/20 rule) which is that relatively few measures or activities account for most of the results. These figures show that:

- **The most popular 490 Quartile 1 qualifications accounted for 93% of all enrolments**
- **The remaining 1470 qualifications accounted for only 7% of all enrolments**
- **The 490 Quartile 4 qualifications had only 2,910 enrolments nationally – an average of 6 per qualification. 228 qualifications had fewer than 5 enrolments.**

As 50% of all qualifications service only 7% of all enrolments this is a massive misuse of resources. The appalling completion rate of only 28.4% greatly compounds the situation. This is a scandalous waste as scarce taxpayer funds are allocated to providing training in courses for which there is very little demand.

A further problem is qualification proliferation which often means **significant content/unit duplication or overlap** such as:

Certificate IV in Local Government

Certificate IV in Local Government - Administration

Certificate IV in Local Government - Health and Environment

Certificate IV in Local Government - Operational Works

Certificate IV in Local Government - Regulatory Services

Certificate IV in Local Government - Land Management

Certificate IV in Local Government - Planning

This means that there are significant costs in maintaining each qualification.

The university model is preferable eg the degree is Bachelor of Science which consists of core subjects and students select “major subjects” such as Mathematics, Computing, Physics, Chemistry, Botany, Zoology etc..

In this case a better structure would be:

Diploma in Local Government which would cover the core subjects – the others would be electives or smaller supplementary specialist qualifications. Some may be combined.

Improvement strategies

Determine training objectives and policies – **is the VET system to provide training for all or only for those courses which are financially viable?** A performance benchmark could be set eg. to be included in the VET program the course must have the potential for 500 national enrolments per year. If this criteria was applied in 2012 about 1,500 courses would not be offered. To control total qualification numbers ongoing management would be on a "one in – one out" basis.

Over-servicing - Units of competency

Over-servicing also includes the units of competency which make up the qualifications. The VET system has nearly 18,000 units of competency – an average of 11 per qualification. All of these courses and units have to be maintained – Business certificate course details cover more than 3,000 pages.

Course core and elective structures add to costs by providing more choice than standard qualifications. This is particular the case with general qualifications (65% of all training) compared with more practical, traditional trade qualifications (35%).

There is much duplication and repetition within each qualification and between levels.

These examples of unit over-servicing show very little difference between topics and thus much duplication and repetition so that courses are boring and training and assessment times are increased for little gain. These batches total 22 units – by combination or deletion these could easily be reduced to perhaps 6 to 8 units and quality and effectiveness improved.

- BSBCUS201A Deliver a service to customers
- BSBCUS301A Deliver and monitor a service to customers
- BSBCUS401A Coordinate implementation of customer service strategies
- BSBCUS402A Address customer needs
- BSBCUS403A Implement customer service standards
- BSBCUS501A Manage quality customer service

- SIRXQUA001A Develop innovative ideas at work
- SIRXQUA002A Lead a team to foster innovation
- SIRXQUA003A Create an innovative work environment
- SIRXQUA004A Set up systems that support innovation
- SIRXQUA005A Maintain operational quality and productivity
- SIRXQUA006A Benchmark & continuously improve operational quality
- BSBFLM409B Implement continuous improvement
- BSBFLM509B Facilitate continuous improvement

- BSBINM201A Process and maintain workplace information
- BSBINM202A Handle mail.
- BSBINM301A Organise workplace information
- BSBINM302A Utilise a knowledge management system
- BSBINM303A Handle receipt and despatch of information
- BSBINM401A Implement workplace information system
- BSBINM501A Manage an information or knowledge management system
- BSBINM601A Manage knowledge and information

QUALIFICATIONS AND UNITS OF LITTLE RELEVANCE AND DEMAND SHOULD BE DELETED – ELIMINATE TRAINING FOR ITS OWN SAKE!

Improvement strategies

The vocational education system should provide quality training to meet national employment and skill needs but it is not financially feasible to provide training for all. Low volume specialist courses should be offered by industry or specialist providers.

If fewer qualifications are offered and employability skills reformed then the number of units will automatically be reduced. All qualification and units of competency should be reviewed for need, demand, relevance and economic viability. Surplus qualifications and units should be reviewed and deleted.

Rather than a brutal cull it may be possible to achieve objectives through course restructures, course or unit combinations and use of shorter specialist training alternatives.

Government benefits and savings

The principal benefits for government and users are improvements in training package quality and relevance as unnecessary course repetition and padding is removed. Courses are more practical and user friendly and cheaper.

REFORM

A reduction in qualification numbers from 1959 to 500 at a notional cost of \$715,000 each would be a saving of \$1,043 million.

A reduction in unit of competency numbers by 30% from 17,934 to 12,553 at a notional cost of \$78,000 each would be a saving of \$419.6 million.

These savings are substantial but overstate the savings due to double counting – a figure of \$600m to \$700m. would be a better estimate.

REPLACEMENT

If the system was replaced by one by which packages were developed by training providers there would be a saving of the total subsidy amount of \$1,400 million.

Barrier 4 Vocational education quality

About vocational education quality

To improve national productivity it is essential for industry, employers and staff to recognise the intrinsic value of vocational training courses and appreciate how they can improve knowledge, skills, performance and employment opportunities. Users will expect courses to be relevant, practical, up to date, easy to use and affordable.

Whilst many courses meet these criteria there are too many instances of packages which have insufficient emphasis on development of practical technical knowledge and skills. Such packages often emphasise employability skills at the expense of practical skills and may be ponderous, padded, repetitious and omit essential knowledge. There is evidence that some courses have been developed by people with limited practical knowledge and skills rather than by those with hands on experience.

FOR CREDIBILITY, TRAINING PACKAGES MUST BE RECOGNISED FOR THEIR QUALITY!

Improvement strategies

If current nationally recognised qualifications are replaced with institute equivalents it is important that quality is maintained or improved using an alternative to ISCs. For core qualifications a central office would set a syllabus and ensure that training institutes are adequately staffed, qualified and equipped to deliver quality training. The institutes would assess trainees and award qualifications which would be nationally recognised. The institutes would compete on the quality of their training packages - some may enhance their reputation by specialising in certain fields. eg “New College is the place for Automotive!”

Government benefits and savings

There is no measurable government benefit but there will be savings due to more efficient training such as reduced training times. The Australian economy, businesses and staff will all benefit from significant productivity improvements and lower costs will encourage much greater participation.

Barrier 5 Vocational education participation

About vocational education participation

A well trained work force is essential for better Australian productivity but a major barrier to vocational education participation is that training packages are unaffordable for small businesses and students. The central problem is that the packages are far too expensive and many are only affordable because of huge government subsidies for example:

One RTO offers Aged Care Certificate III at full fee for \$4,192, Funded at \$755 and Concession \$628 – at the lowest price a massive government subsidy of \$3,564.

Current online training examples are:

Certificate II in Business	\$1,720
Certificate III in Business	\$2,230
Certificate IV Frontline Management	\$2,770
Diploma of Business	\$4,500

It is very disappointing that these are sold at comparable prices to traditional courses and that technologically based cost savings have not been passed on to users..

An issue is the provider costing. The cost per unit is:

Certificate II in Business	\$143
Certificate III in Business	\$186
Certificate IV Frontline Management	\$277
Diploma of Business	\$450

If activity based costing is used then costs per unit are similar irrespective of level unless there are special reasons. This provider however sets prices according to level which significantly increases the final user price – how can a Diploma price 3 times greater than the Certificate II price be justified? (The prices already seem extraordinarily high - our Productivity Now model has unit costs of \$10 to \$12 per unit).

If however we accept the Certificate II cost \$143 as a base and add 15% to cover further costs for higher levels (to \$164) then the effect would be:

	WAS	NEW	SAVING
Certificate II in Business	\$1,720	\$1,720	
Certificate III in Business	\$2,230	\$1,968	\$ 262
Certificate IV Frontline Management	\$2,770	\$1,640	\$1,170
Diploma of Business	\$4,500	\$1,640	\$2,860

If the Productivity Now (PN) model is used then the comparison for each course would be:

	WAS	NEW	PN
Certificate II in Business	\$1,720	\$1,720	\$144
Certificate III in Business	\$2,230	\$1,968	\$144
Certificate IV Frontline Management	\$2,770	\$1,640	\$120
Diploma of Business	\$4,500	\$1,640	\$120

In this case the Productivity Now price for the entire qualification is less than that for a single unit in the provider courses. The price is so low that no subsidies are needed as the courses can be sold on a user pays basis. The Productivity Now prices are between 2.6% and 8.5% of the provider prices.

Participation will greatly increase as the courses at all levels will be affordable for all. A competitive market should force training prices down. If government subsidies are removed inefficient providers will leave the industry.

PRACTICAL QUALITY VOCATIONAL EDUCATION FOR ALL!

Improvement strategies

Replace obsolete course formats and training practices with new ones which are suitable for online delivery and are NBN ready. The objectives should be to:

- Establish a competitive market as individual training institutes to develop their own packages.
- Encourage training organisation competition to drive down prices.
- Remove government subsidies and feather bedding to improve industry sustainability and efficiency.

Government benefits and savings

REFORM

There are qualitative benefits as the new packages are superior to the earlier versions and more user friendly.

Lower product prices will mean that subsidies can be reduced in line with lower costs. A plan is needed to phase out subsidies to minimise industry disruption. New subsidy guidelines are required such as:

- All ongoing subsidies to cease except in specific areas of serious skill shortages and unmet industry demand.
- Approved courses for the long term unemployed or disadvantaged.
- Limited business transition funding if approved.

REPLACEMENT

Potential to save entire subsidy payments of \$1,400 million but as there is a transition period and the above exceptions a more realistic estimate is \$1,120 million.

Barrier 6 Management and culture

About management and culture

The above Barriers raise serious issues of management, competence and culture. Such as:

- Why is the completion rate so appalling?
- Why does the completion rate not appear to have been monitored?
- Why has the abysmal completion rate existed for at least 10 years with no apparent action?
- Why is there no apparent concern of the waste of taxpayer funds on an ineffective system?
- Who decided that the Innovation & Business ISC should have 34 different OH&S units?
- Between 2011 & 2012 the total number of qualifications increased from 1,621 to 1,960 or 21% - who authorised this?
- Who decided that with only 4,900 national enrolments Forestworks should be an ISC?

These indicate an ineffective structure, poorly defined accountabilities, complacency and unprofessional management. These issues must be addressed if the VET system is to operate effectively and efficiently to provide quality vocational education.

PROFESSIONAL MANAGEMENT FOR SUPERIOR RESULTS!

Reform or Replacement?

About Reform or Replacement?

"Innovation is the key to making Australia more productive and competitive!"

ABS Small Business Report 2011

The above Barriers indicate that the current VET system is extravagant, wasteful, ineffective and does not provide the quality vocational education necessary to improve Australian innovation and productivity.

For government the choice is:

REFORM

Patch up the current VET system.

OR

REPLACEMENT

Replace the system with a new and better one.

This submission suggests that as differences in savings are minimal, replacement is the preferred option as it puts the industry on a sustainable footing and is a clean break from the old. A team decision is necessary to ensure widespread input and that best practice and up to date technology are applied.

PART 2: ATTACHMENTS

Introduction

Sources of data

I have extensive experience in senior roles in management, education and consulting in major companies in Australia and internationally and have written training packages for universities and major corporations. More recently I have written and developed packages for use within the Skills Australia system but have been frequently disappointed by the quality of courses offered. Earlier this year I established Productivity Now Pty. Ltd. to develop and market online low cost NBN ready productivity improvement and training packages.

This submission is based on detailed analysis of VET courses using National Council of Vocational Education Research (NCVER) data covering the past 10 years, ABS statistics and reports on small business, Commonwealth government budgets and the “Refocusing Vocational Training in Victoria” report. Statistics used are for years 2010, 2011 and 2012 depending upon sources and availability.

Professor Brian Caldwell, former Dean of Education at Melbourne University has described my earlier paper on vocational education as:

“One of the most powerful evidence-based documents I have seen. We've got a real problem on our hands if changes are not made along the lines you propose.”

Notional costs

Notional costs may be used to provide indicative comparative costs for each training component eg. divide the total subsidy cost (\$1,400m) by the number of qualifications (1,959) to calculate the notional cost of each qualification (\$715,000). Notional costs are not actual costs as they involve double or multiple counting eg a change in the number of qualifications will also affect the numbers of competency units. Notional costs can however be used as tools by providing indicative or comparative cost estimates for each component to encourage greater management discipline and ensure that all training is cost effective. eg. “each qualification costs us \$715,000 – do we really need another?”

NOTIONAL COSTS – USING SUBSIDY COST (\$1,400m) AS BASE		
Component	Units	Notional Cost
Industry Skills Councils	11	\$127,272,000
Training categories	61	\$23,000,000
Student enrolments	1,663,000	\$841,000
Completed qualifications	473,000	\$2,960
Number of qualifications	1,959	\$715,000
Number of units of competency	17,934	\$78,000

Estimated cost savings and productivity gains

In this submission each Barrier includes an estimated cost savings and/or productivity gains. A cost saving is shown where there is an estimated saving in cash outlays. eg. reducing this subsidy payment will save \$.....

A productivity gain will be shown where there is a likely efficiency dividend. eg. the government already spends \$..... on training subsidies – if the completion rate improves at least it will be well spent and not wasted.

Barrier 4 Vocational education quality

Following our concerns that Retail Certificate courses lacked much essential material we listed 100 common retail terms and word searched all SIR07 Service Skills courses covering Retail & Community to see if included in the courses. We found that of the 100 terms:

78 had no entries

22 had a total of 101 entries

ES topics had a total of 235 entries

This indicates that the courses do not reflect business practices and needs.

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Contact details


Managing Director
Productivity Now Pty. Ltd..
14 Wandin Court,
Barwon Heads 3227

Email:
Tel/Fax:
Mobile:

