

Australian Training System has never been in a more parlous state

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We have never seen the Australian training system in such a parlous state. Solving this hasn't been helped by the fact that we have had at last count eight training Ministers in the past four years over two parliaments.

Despite the centrality of skills to our economic growth and competitiveness, our training system, previously internationally admired, now finds itself in the midst of controversy. It is bedevilled by inconsistency in both its multiple funding regimes and varying qualification arrangements. It is mired in the VET FEE-HELP debacle and reeling from the consequential reputational damage.

Large tranches of money courtesy of VET FEE Help have delivered alarmingly low completion rates and have seriously eroded public confidence in the training system. State-based contestable funding mechanisms have also been applied differently across each jurisdiction with varying degrees of success. These approaches to funding have enabled much of the system to be captured by for-profit providers. The industry leadership has been eroded and the pivotal alignment of public expenditure to economic imperative and productivity improvements has been severely diluted.

The current state of apprenticeship and traineeships in Australia is a graphic illustration. We find ourselves dealing with 308,800 apprentices and trainees in training in mid-2015 compared with 387,100 a decade ago and a high of 446,000 in 2012. This alarming 30% drop in volume can be directly linked to a series of policy adjustments including the removal or reduction of many employer incentives. Apprenticeship systems, where they work well around the world, enjoy strong support from governments, employers and employees. This support acknowledges that the core principle of an apprenticeship is the employment relationship between the employer and the apprentice. Policy reforms of the apprenticeship system have let decision-making and funding drift progressively away from the workplace.

The system is in nothing short of a crisis but there is a way out.

For us to return our apprenticeship system to being the most effective trade skill development pathway undertaken while in employment we would need to restore employer incentives; ensure national consistency of product; and build high quality and flexible training that is responsive to industry needs. This would include fully embracing competency based progression and completion – instead of the largely outdated time-served model - as well as implementing high-quality, industry endorsed work-based delivery models and strengthened assessment arrangements.

We are unlikely to achieve the necessary radical change in our apprenticeship system without a significantly improved approach. This approach must be national. There is no place for jurisdictional difference in national apprenticeship arrangements. Consideration should be given to re-directing funding from unsuccessful initiatives towards the establishment of a fresh approach to apprenticeship arrangements. This could also include key reforms, including higher level apprenticeships and a more central role for industry.

Focusing on the apprenticeship system is only part of the issue. The training system as a whole needs urgent and serious attention. Confidence in the system by both students and employers has been seriously eroded by a steady flow of stories of poor performance, rorts and injudicious spending. Poor quality careers advice continues to exacerbate the individual's ability to make informed decisions in an entitlement based funding system. The problems - exacerbated by over reliance on market-based approaches to training - occur at all levels of the training system and across all jurisdictions. While the problems are more notable in some policy or geographical areas than others, it needs to be recognised that the reputational damage is broad.

It is timely to consider some bolder and more decisive reforms to genuinely lift the quality and confidence of the training system whilst simultaneously achieving a more efficient and effective spend of available public funding. A step change is required. This will involve strengthening industry leadership at the most senior levels of the training system. Industry has not had any determinative decision-making capacity in the system, including at the governance level, for the past decade.

Ai Group and our members across the economy believe that direct and formal engagement of the key industry and government stakeholders in the system will enable the right level of 'buy in' to drive improved outcomes. A significant consideration is to address the excessively complex and duplicative Commonwealth and State/Territory roles and responsibilities in the training system. Clarity in this respect would be a major step forward and a genuinely national training system may finally be possible. The best chance to achieve this is through the forthcoming negotiations for the 2017 Commonwealth & State Partnership Agreements ahead of the March COAG.

Industry must be at this most senior and determinative table. It is an economic imperative.

And achieving this should be a prime objective to the Vocational Education and Skills Minister — Scott Ryan - who was appointed in the weekend reshuffle at the end of the long line of Ministers leading this critical economic portfolio.