



# Electrical Trades Union of Australia

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## SUBMISSION

Australian Senate  
Education and Employment Committees

Inquiry into the operation, regulation and funding of  
private vocational education and training (VET)  
providers in Australia



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## 1. Executive Summary

The Electrical Trades Union (ETU) is the Electrical, Energy and Services Division of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU). The ETU represents approximately 65,000 workers electrical and electronics workers around the country and the CEPU as a whole represents approximately 100,000 workers nationally, making us one of the largest trade unions in Australia.

The ETU welcomes the opportunity to submit to the Committee on the operation, regulation and funding of vocational education and training (VET) providers in Australia. The issues that are identified in the terms of reference<sup>1</sup> for this inquiry directly impact our members and the industries they work in. A strong, sustainable, high calibre VET system that provides practical quality training is of critical importance to individuals, employers and employee organisations.

This inquiry is particularly timely given unemployment (youth unemployment in particular) is at historical high levels, federal funding cuts have savaged the sector with further cuts looming, and there have been a series of major job losses across the country.

TAFE in particular is an adaptive and innovative education sector. It has shown immense resilience during periods of economic downturn, structural adjustment in industries and period of economic boom. TAFE offers qualifications and courses in most industry areas of economy. It works closely with industries assisting them to adapt to changes in technology and the environment. TAFE is central to Australia's economic prosperity, and it underpins the growth and development of an educated, adaptive and engaged and sustainable workforce.

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<sup>1</sup> Refer Appendix 1 – Terms of Reference.



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*“TAFE changes lives. It is the backbone of trades training in this country. It enables adults to change careers. It caters for students who prefer an adult learning environment rather than school. It has a truly national footprint and plays a vital role in regional Australia. It does so much to build a love of learning and to boost national productivity” - Julia Gillard MP<sup>2</sup>*

While workforce skills and capabilities are recognised as central to Australia’s future economic prosperity and to individuals’ life chances and well-being, the VET sector- which arguably is of greatest relevance to most Australians and to most Australian employers- is facing a diminishing future.

Unfortunately it would seem that recent state-based VET sector reforms have had a detrimental effect. Events of the last few years, such as the sector “reform” in Victoria, New South Wales and Queensland are threatening not only the viability, but the very existence, of public vocational education provision through the TAFE system.

As many as three out of four providers of vocational and education training providers have given students across constructions and other sectors substandard training and/or inadequate assessments, according to the national regulator for vocational education across the country.<sup>3</sup>

It is important that any moves to change funding arrangements, increase private VET providers or open up the sector to contestability do not dilute the quality VET graduates that Australia produces.

To help ensure this, we make the following recommendations:

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<sup>2</sup> Gillard MP, Hon Julia, 11 Nov 2009, Speech Transcript, National TAFE Day, Parliament House Canberra.

<sup>3</sup> <http://www.theaustralian.com.au/higher-education/most-vocational-colleges-are-failing-quality-standards/story-e6frgcjx-1227115247704>



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## **Recommendation 1**

State governments must restore funding to TAFE to ensure we maintain a strong public vocational education system which remains accessible to all Australians. The VET sector should not be left entirely to market forces.

## **Recommendation 2**

To protect and enhance the reputation of the VET sector and ensure training funds are invested where skills need are greatest, states and territories agree on common and robust quality criteria which determine private VET providers' eligibility to access government funding.

## **Recommendation 3**

That the Commonwealth, States and Territories recognise the important role of TAFE providers in the wider tertiary sector with associated funding arrangement.

## **Recommendation 4**

Ensure teaching staff in private VET providers are well resourced and equipped to enhance quality learning.

## **Recommendation 5**

Ensure that private VET providers hold responsibility to ensure there is consistency when assessing students against industry standards.

## **Recommendation 7**

To ensure ongoing compliance of both public and private Vet providers by exercising routinely audits.



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## **Recommendation 8**

Increase collaborative engagement between private VET providers, employers and industry groups of the electrical sector to ensure electrical apprentices are trained appropriately.

## **Recommendation 9**

Private providers to ensure funding is provided to facilitate additional educational services to assist students who require further support literacy and numeracy deficiencies.

## **Recommendation 10**

Capstone testing/assessments has proven to be a successful way to maintain quality electrical graduates across the board. ETU encourages other sectors to consider a capstone test model.

## **Recommendation 11**

Acknowledge the essential role that tri-partite bodies such as Industry Skills Councils play in ensuring quality of VET sector training.

## **Recommendation 12**

Reject opening up Industry Skills Councils to contestability.



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## 2. The Electrical Industry

The VET system aims to deliver a productive and highly skilled workforce. It enables all working age Australians to develop the skills and qualifications needed to participate effectively in the labour market and contribute to Australia's economic future and supports the achievement of increased rates of workforce participation.

It is well accepted that Australia has a critical gap of certain skilled workers.

Shortages of Electrical linesworkers and air-conditioning and refrigeration mechanics have been recorded almost continuously over the last nine years.<sup>4</sup> While conditions in this labour market were relatively stable in 2012 and 2013, the availability of Electricians (General), Lift Mechanics and Electronic Equipment and Instrument Trades Workers eased significantly compared with 2011 and earlier. Electricians experienced an above average employment growth of 8.2 per cent.<sup>5</sup> However, on the other hand, employment of electrical distribution trades workers and electronics trades workers fell by 25.7 per cent and 11.4 per cent, respectively.<sup>6</sup> A common reason for this was that the employer considered that the applicants did not hold appropriate licences, tickets or qualifications in their jurisdiction.

National Centre for Vocational Education Research (NCVER) data<sup>7</sup> show that around 14,200 students commenced an apprenticeship or traineeship in the broad field of electrotechnology and telecommunications in 2012-13, a 14 per cent increase since 2007-08. The number of students completing an apprenticeship or traineeship in the same field rose strongly (up by 33.8 per cent) between 2007-08 to 2012-13. That said, there was a large fall in completion numbers between 2012-13 and 2011-12 (down by 11.6 per cent).

<sup>4</sup> <http://docs.employment.gov.au/system/files/doc/other/electrotechnologytelcomstradesaustralia.pdf>

<sup>5</sup> ABS, *Labour Force Survey*, November 2013, Department of Employment trend

<sup>6</sup> Ibid.

<sup>7</sup> NCVER, *Apprentices and Trainees*, June quarter 2013, Certificate III level or higher VET qualification, estimates



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However, these figures provided does not measure the quality of the qualifications. Even though overall the Electrotechnology sector have strong employment outcomes for VET graduates because of a well regulated skill sector; there are private VET providers found to be non-compliant in the realms of assessment practices, operation systems and job training.

The Australian Council for Private Education and Training recently reported that it issued up to 100 “show cause” notices to its members since 2012 because of major concerns about quality and compliance with regulations.<sup>8</sup>

For example, in Western Australia over 70 per cent of VET providers (teaching Electrotechnology based courses) were non-compliant<sup>9</sup> and a majority of the providers audited were private providers that contributed significantly to high non-compliance in relation to assessment procedures and poor interaction with the employers and Industry.

An investment in the Industry’s future was made with the advent and implementation of Training Packages.<sup>10</sup> However, government incentives and industry endorsement have only partially addressed critical issues related to the effective delivery of training programs, especially in the traditional trade area of Electrotechnology.

In the Electrotechnology industry, the demand for licensed Electricians is expected to remain high, well into the future. However, a significant number of apprentices fail the license assessment at their first attempt. This raises serious concerns from both employers and training providers.

<sup>8</sup> <http://www.abc.net.au/news/2015-01-27/evocca-training-college-myskills-figures/6047264>

<sup>9</sup> <<http://www.tac.wa.gov.au/SiteCollectionDocuments/Strategic%20Industry%20Audit%20%20qualifications%20which%20lead%20to%20an%20Electrician's%20licence%20in%20Western%20Australia.PDF>>.

<sup>10</sup> E.g. UEE07 Electrotechnology - UEE30807 Certificate III in Electrotechnology Electrician / UEE30811 Certificate III in Electrotechnology Electrician available on the national register, [www.training.gov.au](http://www.training.gov.au)



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In 2001, a national body, the Electrical Regulatory Authorities Council (ERAC) established a national electrical licensing policy. In summary the specified requirements of a licenced electrical tradesman are:

- Achievement of specified Essential Performance Capabilities- registered training organisation must deliver the necessary training and assessment services and the apprentice must achieve the 66 specified Essential Performance Capabilities as listed on the Electrician Capability Requirements.
- Application of “Capstone Assessment” to each apprentice where registered training organisation apply a quality assurance “Capstone Assessment” that tests the apprentice toward the end of training to confirm that he/she has attained the most critical of the “List of Essential Performance Capabilities Requirements for Licensed Electricians”.<sup>11</sup>

The format of the capstone assessment is a combination of written and practical assessment covering 32 of the 66 specified Essential Performance Capabilities where those 32 items assessed are nominated as critical items.

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<sup>11</sup> [http://www.erac.gov.au/images/downloads/nuelac\\_elecregperf.pdf](http://www.erac.gov.au/images/downloads/nuelac_elecregperf.pdf)





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Overall, electrical training and licensing in Australia is generally well regulated. However, each jurisdiction have their own electrical regulation and electrical safety matters which are regulated separately. We will use Victoria as an example model of

### **Example Model – Becoming a Licenced Electrician in Victoria**

To gain an Electrician’s Licence in Victoria, Energy Safe Victoria (ESV) the regulator, emphasises that:

1. An apprentice electrician must complete a four year contract of training as an apprentice electrician
2. The training must include at least 12 months experience in carrying out electrical installation work
3. An apprentice electrician must hold a Certificate III in Electrotechnology ‘Systems Electrician’.
4. A final assessment (the capstone assessment) must be conducted within this qualification under the auspices of ESV.

If the registered training organisation awarding the qualification has not conducted final assessments under the auspices of ESV then apprentices will need to successfully complete the assessment in accordance with the *Electricity Safety Act and Electricity Safety (Installations) Regulations 1999*.

Currently, to meet the requirements of ESV and the Electrotechnology Training package, all registered VET providers have made arrangements with ESV for their apprentices to undertake the Licenced Electricians Assessment in the final year of their apprenticeship as part of the process and requirements of gaining the qualification. The apprentice must pass all components of the assessment within three years of their first sitting of the Safe Working Practice. Apprentices who successfully complete the assessment become eligible to apply for an electrical licence.

how an electrical apprentice becomes a fully licenced Electrician.

Reflecting upon the extensive process to become a licenced electrician in Victoria, it is evident that the field of electrotechnology is well regulated and is highly dependent on a consistent judgement when assessing students. VET providers contribute significantly to the training process by being responsible for the assessment of the qualification, the non-workplace training and the development of a training plan.

Unfortunately, some private VET providers who run electrotechnology courses do not comply with legislation requirements, issuing of qualifications and maintaining consistent judgements when assessing individuals.



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It must be emphasised that a clear and coherent assessment system is required to ensure the industry remains confident that quality arrangements are maintained in the training processes.

### **3. The Private VET Sector**

Vocational education and training is crucial to developing the skills of the workforce, but the quality of training and development is under question and it is a problem- a major problem. Public TAFE colleges Australia-wide have continued to experience funding cuts and private VET providers are poised to get a boost in funding to train Australia's workforce.

The reforms in 2012, by the federal and state governments, encouraging a market driven funding model only promoted private VET providers to compete with TAFE. These reforms have only lead to a sharp reduction in government spending per hour of VET delivery and the taxpayers' dollar fall into the hands of the private VET providers (See Fig 1).<sup>12</sup> Furthermore, private VET providers have sustained profit margins of around 30 per cent. In Victoria, private VET providers generated \$230 million in profit in 2013.<sup>13</sup>

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<sup>12</sup> Productivity Commission (2013) Report on Government Services 2013. Australian Government, Canberra

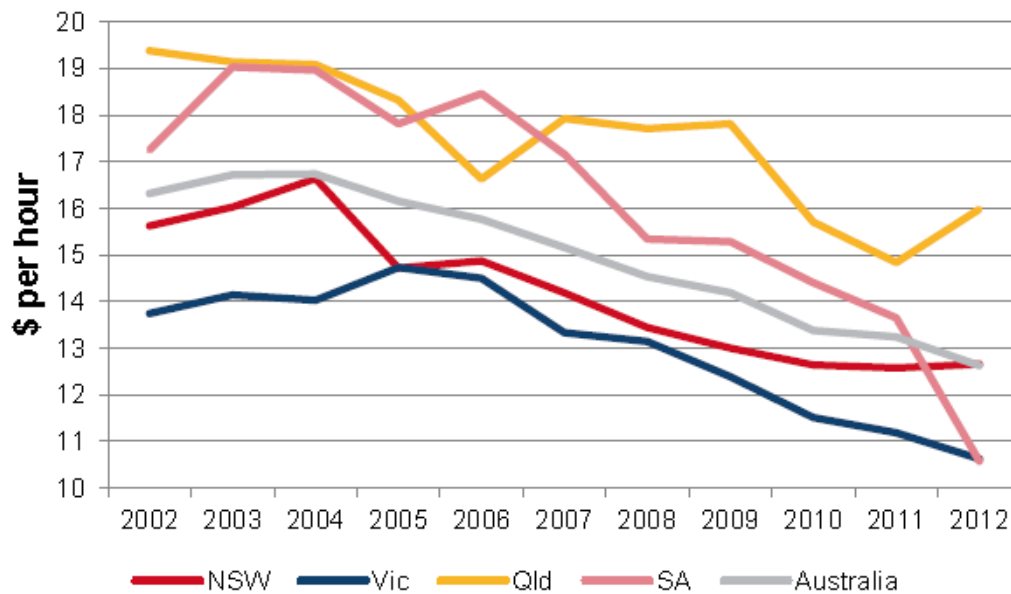
<sup>13</sup> Australia Careers Network. (2014) Prospectus, 20 October 2014.



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Figure. 1. Government spending per hour VET delivery



Source: Productivity Commission (2013)

The growth of the private VET sector globally has been rapid. Two-thirds of Brazil’s tertiary VET institutes are private. In Chile, the military dictatorship privatised all of VET in the 1980s. Across the Middle East and Africa, there has been a dramatic proliferation of offshore private training centres and programs. In the Philippines, 50 per cent of all VET students are enrolled in private VET institutions.

This rapid growth of private VET providers is of significant concern to us.

The growth of the private VET sector has had a serious impact on the quality and execution of VET courses. Quality is often compromised as there are pressures to narrow the curriculum and to shift resources away from the classroom into marketing and student recruitment.



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In 2010, a US Congressional investigation<sup>14</sup> into the sector found that just one-third of graduates of private colleges were able to repay their student loans, well below those graduating from public colleges and institutes. The majority of students graduating from private VET programs simply do not have the skills needed to find meaningful employment.

In addition, there have been renewed concerns about questionable recruitment practices of private VET institutions, practices that often cross the line into outright fraud. The US investigation into the sector found many instances of recruitment agents lying to potential students about the nature of programs on offer and likely employment prospects.

While the ETU acknowledges the presence quality private VET providers in the sector, there has been a worrying increase in below par, 'dodgy' providers absorbing government training money and student fees while short-changing on training outcomes.

Private VET providers have no obligation under the quality structure to deliver many of the support mechanisms compared to TAFE and lined to this is that administration costs and additional overheads of private providers are much less than those in TAFE.

The concept of market contestability in VET is fundamentally flawed.

VET sector staffing is highly casualised.<sup>15</sup> In the United States, nearly 75% of tertiary teachers are now employed on fixed term or casual contracts.<sup>16</sup> This is nearly three times more compared to a generation ago. One key factor behind this has been the

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<sup>14</sup> *United States Government Accountability Office, "For-Profit Colleges: Undercover testing finds colleges encouraged fraud and engaged in deceptive and questionable marketing practices," (Washington, August, 2010).*

<sup>15</sup> Guthrie, Hugh (ed) (2010) Vocational education and training workforce data 2008: a compendium Adelaide NCVER p40.

<sup>16</sup> AEU, 2012, Marketisation and Privatisation of VET has failed available at <<http://www.aeufederal.org.au/Publications/TATT/Atmn12p10-11.pdf>>.



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rise in the private sector as many career colleges and institutions have no full-time or continuing staff. Teaching conditions are vastly different between private VET providers and TAFE.

If VET is to be successful, we need to put teaching staff and resources at the forefront. VET staff are key to ensuring we have high quality and relevant systems that meet the needs of students and society at large.

For students, the impact of privatisation shows up not just in reduced quality, but also higher costs.

Private VET institutions often charge extremely high tuition fees, often subsidised by public funding and bursaries. However, even public institutions have privatised financing in recent years, raising costs for students and their families that threaten to impair access.

A private and market-based VET system is simply unsustainable. It is evident that marketisation and privatisation of the VET sector has failed. Markets are not the best way to produce and deliver education in an efficient, fair or equitable way. Clearly, the Australian Government needs to invest in VET and to recognise that public VET providers play a vital role in delivering high quality programs that promote social and economic development. Governments should have learned the lesson of the crisis about the importance investment in public vocational institution for the future of the economy and society.

#### **4. The Trade Support Loan Initiative**

In 2014 the Federal Government announced a new VET sector initiative aimed at apprentices call the Trade Support Loans Scheme<sup>17</sup>.

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<sup>17</sup> <http://www.australianapprenticeships.gov.au/trade-support-loans>



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Following the abolition of the Australian Apprenticeships Incentives Program – Tools for Your Trade program, which incorporated an \$8000 grant to purchase the tools essential to work, apprentices under the Trade Support Loans Program qualifying apprentices will be required to pay off a \$20,000 HECS styles loan once they have completed their training.

The ETU is opposed to the replacement of a grant with a loan.

We believe it to be fundamentally unfair and inequitable policy to place a significant \$20,000 government debt burden on apprentices whose pay is well below the minimum wage. It is unreasonable to expect that struggling apprentices can pay a \$20,000 loan and still meet living expenses.

Cutting the \$1 billion Tools for Your Trade grant, and replacing it with the \$439 million Trade Support Loans, immediately reduces available funding by \$561 million for trades workers across some of the most crucial sectors of the labour market. The impacts of this on labour and skills supply will be devastating and we do not support it.

We believe that vocational and apprentice employment, training and support programs needs to be a top tier government priority to ensure appropriate levels of domestically trained and skilled trades people are available to meet current and future labour market demand across key industries such as energy, construction and resources.

Under the scheme Australian apprentices will have access to loans up to \$20,000 over four years. These loans will be paid monthly, with most of the money available in the early years of an apprenticeship on a declining scale of \$8000 in year 1, \$6000 in year 2, \$4000 in year 3 and \$2000 in year 4. The loans will be available to apprentices undertaking a certificate III or IV qualification leading to a number of trade occupations on the Priority Occupations List and apprentices who successfully complete their apprenticeship will have the amount borrowed reduced by 20 per cent. Loans will be



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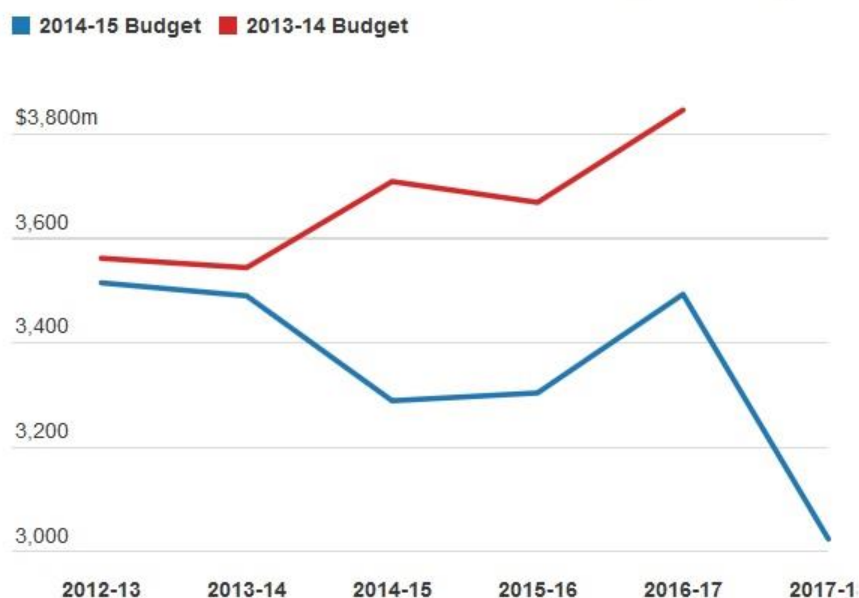
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repayable after completion of the apprenticeship, once individuals are earning a ‘sustainable income’ as defined by the Government through legislation.

The Tools for Your Trade initiative will cease from 1 July 2014 and with the delivery of the 2014-15 Federal Budget it became clear that more than 10 Skills Training and Apprenticeship programs were to be abolished, including the Accelerated Australian Apprenticeships Programme, National Workforce Development Fund, Australian Apprenticeship Access Programme and the Step into Skills Programme. The impact of this has meant that Vocational education expenditure falls not only compared to what was previously budgeted for, but also in actual dollar terms (See Fig 2).

Figure 2 – Budget impacts of national VET Sector Funding 2012 – 2017

## Total vocational education & industry training



Source: 2014-15 Budget Papers



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Such a drastic reducing in funding, of which the Trade Support Loans program is a major factor, will have a large negative impact.

Under the program, apprentices will be limited to a lifetime limit of \$20,000. We put forward that this should be amended to be a limit of \$20,000 per apprenticeship. In the energy industry, as well as other sectors, many workers are 'dual trade' and hold more than one fully qualified trade simultaneously. For example, it is not uncommon in the power supply industry (poles and wires) for workers to be both a qualified electrician and a line worker. Crucially, skills from both trades are used routinely in the performance of work duties. By placing a lifetime fiscal limit on a person rather than the trade, the program as it currently stands will disadvantage those workers, and their employers, who have a legitimate productivity interest in a worker holding more than one trade.

## **5. The TAFE System and Contestability**

TAFE has an important public role to uphold. This includes maintaining a diverse range of courses even when there is low demand, maintaining campuses across the board and opening new campuses in areas of high population growth, enrolling students from diverse education and socio-economic backgrounds, providing specialist training in niche industry areas, providing counselling and library services, student facilities and meeting specific policy objectives of government, for example retraining workers in manufacturing industries.

While other providers can provide some or many of these roles they can opt in or out of them as they see fit. Most private VET providers also operate a very low cost delivery model with far less infrastructure and fewer services than TAFE.

However, there was strong view from economic agencies that there should be a level playing field in the VET market, and TAFE should just be seen as any other provider





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to be funded the same as other registered training organisations regardless of its obligations as a public provider.

TAFE budgets cuts have already harmed students' chances by causing increased class sizes, fees and charges, reduced class hours, lower teacher qualifications and discontinued specialist support for disabled, multicultural, Aboriginal and disadvantage students.

Dr Phillip Toner, from the University of Sydney in a recent paper<sup>18</sup> questions the underpinning rationale behind the application of market design, and the contracting out of vocational education through the mechanism of a competitive training market. He commences his critique by making the point that the overwhelming weight of public evidence demonstrates that the risk of poor quality delivery and corruption resides with private, for-profit RTOs. The public evidence includes:

- 3 NSW Independent Commission against Corruption inquiries into private RTOs over the past 10 years;
- The hundreds of suspensions and cancellations of private VET providers by state regulatory authorities and the Australian Skills Quality Authority;
- The foreign student debacle, as detailed by the review<sup>19</sup> by former MP Bruce Baird, including the necessary payment of refunds to overseas students and associated costs to compensate for provider failure and to protect the reputation of Australia as a reliable provider of quality education and training services;
- Publicly expressed concerns by major employer groups such as AIG and ACCI about declining quality, the integrity of qualifications being issued, and reputational damage to the system; and

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<sup>18</sup> Toner, P "Contracting out publicly funded vocational education- a transaction cost critique" unpublished paper delivered to a Political Economy Department Seminar. 25th March 2013 p.

<sup>19</sup> <https://www.aei.gov.au/regulatory-information/education-services-for-overseas-students-esos-legislative-framework/esos-act/pages/default.aspx>



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- Regular exposes by the media of poor quality provision and of roting of the public purse.

Dr Toner traces the history of contracting out of vocational education from the 1990 Deveson Report, and the subsequent introduction of User Choice and public subsidies for traineeships which commenced in the late 1990s. Toner makes the point that none of the reports advocating a competitive training market in vocational education ever justified their case with specific examples or rigorous evaluations showing poor provision by public providers or, conversely, excellence in private provision. Dr Toner says that the proponents of increased competition argue from a simple economic assumption, asserting, but never providing evidence that it will achieve flexibility, responsive and efficiency in vocational education provision.

There are a range of general and specific aspects of vocational education that make it unsuited to contracting out through competitive tendering models. These include:

- The importance of service being contracted out i.e. publicly funded vocational education and training;
- The economic and social cost of delivery failure on individuals, society and the economy;
- The potential for low quality providers to undercut high quality providers as they are not incurring the expense of delivering a quality service – under these conditions, competition is not a guarantee of either effective pricing or quality;
- The imposition of a contingent liability for Government to make provision for the financial failure of VET providers if training is not delivered;
- 'Important and infrequent transactions' i.e. the onus is on individuals who bear the risk of their choice of training provider, and the investment that goes with it, for what is often a once in a lifetime decision. Individuals therefore have little opportunity to learn from their direct experience and improve their outcome from such transactions as occurs when market exchanges are frequent;



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- The low barriers to entry and exist for training providers in many VET courses eg: low mandated formal entry qualifications for teachers and minimal amount of physical infrastructure and assets required to teach, reduces the fear or cost of adverse action by regulators and shortens their investment horizon; and
- The considerable latitude available to training providers in terms of training delivery and actual training hours that allows providers, if choosing to act in bad faith and exploit short-term economic gains, to supply a low quality service.

Toner makes the point that by their very nature, private for-profit providers are motivated to improve the financial performance of the firm by increasing revenue and minimising costs. These goals may not always be compatible with the provision of quality VET. By contrast, TAFE was established to overcome market failure and promote social equity, subject to externally imposed budget constraints.

Toner also identifies the risks and costs arising from contracting out that negate and exceed any anticipated benefits from outsourcing, including:

- Costs of specifying and defining the performance indicators for VET provision;
- Cost of Government having to intervene in the case of provider failure, in the form of refunds for student and other associated costs; and
  - The increasing requirement for both public and private VET providers to use taxpayers' dollars to fund an increase in their advertising and marketing budgets and the proportion of non-teaching staff, in order to attract students.

The impact of competition and market reform on the TAFE system has been well documented.



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A 2005 study<sup>20</sup> showed the impact of training market reform via competition and user choice did not produce efficiency, a decline in training delivery costs, resulted in high transaction costs, greater complexity and uncertainty in quasi-markets which cancelled out any savings in streamlining internal administrative and planning systems; and increased the reliance of a large proportion of private providers on government funding which resulted in unnecessary duplication between private and public, and between public providers.

Another study<sup>21</sup> highlighted that the policies and approaches which ensured during the Kennett years which resulted in increased levels of casual employment, inadequate workforce planning strategies, and minimal investment in professional development.

## **6. Assessment**

The integrity of Australia's system of nationally recognised vocational education and training is dependent not only the quality of teaching and learning provision but also on the quality of assessment. Quality competency-based assessments require the collection of sufficient relevant evidence of demonstrated performance and/or experience and accurate and consistent judgements of competence.

Consistency of assessment remains a concern for both industry and employers. The foremost risk is that qualifications may be awarded to learners who do not strictly meet all the required competency standards. While it is important that VET qualifications meet the needs of users, particularly employers and learners, it is equally important that the standards specified in national training packages are satisfied.

There is an assumption that assessment procedures will be reviewed to ensure that the assessments themselves and the judgement of competence are of high standard.

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<sup>20</sup> Anderson, D, Trading Places: The impact and outcomes of market reform in vocational education and training, NCVER, Adelaide, 2005

<sup>21</sup> Schofield, K, New balance: investing in public infrastructure to sustain Victoria's training and skills development system, OTTE review 2002.



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However, it is widely accepted that there is little consistency in the assessment of units of competency between the individual trainers and assessors. In addition, there seem to be no real guidelines for ensuring consistency of quality outcomes. 'Quality assurance focuses on whether the proper procedures are in place for an expected outcome whereas quality control focuses on whether the outcomes themselves are satisfactory'.<sup>22</sup>

Certainly, industry does seem to have concerns about the consistency of assessment practices, while trainers claim that the quality of the training 'is constantly manipulated by the fickle market'. Employers want trained worker quickly but then complain that the newly trained employees are not of a skill level they expect. One of the preferred models proposed by peak bodies is to make trainers and assessors to have a minimum of a diploma-level qualification. This would ensure that the assessors had a more detailed understanding of the process of assessment, which would improve their understanding of the importance of consistency.

Where there are gaps in the knowledge, skills or work performance evidence is identified, the private VET providers must have strategies in place to allow for the implementation of support strategies e.g. Literacy and numeracy, further training, the gathering of further or supplementary evidence, the re-assessment of evidence or appropriate combinations of these to ensure that sufficient evidence is available to support a judgement of competence.

The majority of the training process is conducted at the workplace with each workplace being a different training environment. Each workplace is difficult for a training organisation to access and to attempt to create change to the apprentices training experiences. The action to be taken will be to establish a holistic assessment

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<sup>22</sup> Graham Maxwell, Moderation of Assessments in Vocational Education and Training, University of Queensland, 2001, p 3

<http://vital.new.voced.edu.au/vital/access/services/Download/ngv:15700/SOURCE2>>



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approach. These assessments should include the application of industry standards, test equipment, practical activities with apprentices required to respond both verbally and written. There should be a constant program performance review throughout the apprenticeship so that when the apprentice is presented with ones qualifications', it will match what the industry expects.

Figures contained in the latest annual report<sup>23</sup> of the Australian Skills Quality Authority (ASQA) show that in 2013/14, 75 per cent of training providers which were audited were unable to demonstrate compliance with the core standard for quality training and assessment provided.

Furthermore, more than one in five providers (21%) were unable to demonstrate compliance even after being given twenty working days to demonstrate that action has been taken to rectify problem areas. ASQA noted the worrying trend, "The high level of non-compliance with Standard 15 is a concern for ASQA, as Standard 15 governs training and assessment – the core business of a registered training organisation, and the most critical Standard for ensuring the delivery of quality outcomes," the agency said in the report.<sup>24</sup>

"Of most concern is the almost 70 per cent of providers are unable to demonstrate compliance with Standard 15.5, which deals with assessment, and 21 per cent of providers remain unable to demonstrate compliance even after the submission of rectification evidence."<sup>25</sup>

The latest report comes amid increasing levels of unease within the construction sector in Australia surrounding the nation's ability to ensure building managers and tradespeople receive adequate levels of training in light of a proliferation of private

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<sup>23</sup> Australian Skills Quality Authority Annual Report 2013-14 available at [http://www.asqa.gov.au/verve/\\_resources/ASQA\\_Annual\\_Report\\_2013-14.pdf](http://www.asqa.gov.au/verve/_resources/ASQA_Annual_Report_2013-14.pdf).

<sup>24</sup> Ibid p26.

<sup>25</sup> Ibid p27.



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colleges and private registered training organisations offering electrical, building and trades courses.

## 7. Language and Literacy

Comprehensive numeracy and literacy skills are also important in skilling the workforce across all industries. Unfortunately, it still seems to be a major concern for electrical apprentices. In 2013, nearly half of the electrical apprentices tested had failed internal literacy and numeracy exams.<sup>26</sup>

Lower literacy skills are strongly correlated with factors such as fewer years of education, unemployment, low socio-economic status, indigenous status and rural/remoteness.<sup>27</sup> A key problem to be confronted is tackling educational exclusion and disengagement to deliver more socially equitable outcomes. Public VET providers have played the key role in addressing these issues and is much better able than private VET providers to address the issues of equity and access. Public VET institutes are far more likely than private VET providers to provide, the support and resource services (such as counselling and library services) that are necessary for vulnerable and at risk students.

Private VET providers, teaching electrotechnology courses, seem to lack funding for educational support services including libraries/resource centres, student counselling, literacy and numeracy support most likely because of the lower-cost delivery model. Some of these private VET providers will need to ensure they offer supplementary courses to bring apprentices up to the required standards. Some teaching staff find electrical apprentices are surprised by the amount of theory is involved. More details about the training should be given in advance about the course, so that they

<sup>26</sup> <http://www.abc.net.au/news/2013-11-01/apprentices-failing-basic-numeracy-and-literacy-tests/5064902>

<sup>27</sup> Sian Halliday- Wynes and Josie Misko, Assessment Issuers in VET: Minimising the level of risk, National Centre for Vocational Education Reserac, 2013 available at <<http://www.ncver.edu.au/wps/wcm/connect/310cbf48-36de-4936-9022-ead11ffc5c03/Assessment-issues-in-VET-2620.pdf?MOD=AJPERES&CACHEID=310cbf48-36de-4936-9022-ead11ffc5c03>>.



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understand the large volume of theory required and the need for literacy and numeracy. Additionally, findings suggest that spending more time assessing whether an individual is suited for the course.<sup>28</sup>

Instances of the introduction of competition between public and private providers were intended to improve client satisfaction while improving training efficiencies. For the provision of literacy and numeracy services suggests competition in the private training market will reduce private providers' ability to address equity issues. It has been suggested that the move towards outcomes-based funding may make literacy and numeracy students less attractive to private providers. However, no hard evidence exists to support this. There has been very limited research in the area of user choice and its impact on literacy and numeracy. New apprenticeships and user choice are perceived as placing 'even greater dependence upon the operative's literacy/numeracy skills'.

## **8. Delayed identification**

Without the use of literacy placement or selection instruments, trainers at the commencement of a unit do not know the literacy and numeracy levels of students. There is a time lapse between course commencement and identification of literacy and numeracy problems if, in fact, problems are ever accurately identified. There is a need for placement assessment, of some type, to be used. By the time problems have been identified, it is often too late to put in place effective strategies or obtain positive outcomes for the electrical apprentice.

As electrical apprentices tend to be young male individuals, they tend to be reluctant to accept support is needed and often do not seek it. It seems that it is culturally inappropriate to reveal a lack of understanding. So it is important that the VET

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<sup>28</sup> Alice Bednarz, Understanding the non-completion of apprentices, National Centre for Vocational Education Research, Occasional Paper 2014 available at <<http://cica.org.au/wp-content/uploads/Understanding-non-completion-2706.pdf>>.





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trainers/teachers have sufficient knowledge of literacy and numeracy difficulties in order to identify them. Awareness sessions for on the job trainers and employers is also vital.

## **9. Capstone Testing**

The prior or current practical workplace experience and knowledge of trainers and assessors who have worked in the industry, as well as students who are existing workers, help trainers and assessors in business courses to develop assessments that are customised to current industry practice.

This is essential.

The Capstone Test model provides an external validation of skills acquisition in electrical apprenticeships because it is set by an independent body. Some trainers hold the view that its integrity can be compromised if the test is conducted by the registered training organisation itself. In Victoria the external assessment for A-grade licensing is conducted by an external agency such as EPIC Industry Training Board, acting under the auspices of the regulatory authority that issues A-grade licences for electricians (Energy Safe Victoria). This external approach standardises the assessment of skills to ensure the comparability and consistency of performance to industry standards.

## **10. On the Job Assessment**

How easy is it to involve employers in the validation of assessments?--> it is clearly quite straightforward for some courses and difficult for others. The mandatory use of practical work placements in some courses requires registered training organisations to develop strong relationships with employers to ensure access to workplaces for placements for their students. For these courses, some providers report that they have no issues in involving employers in assessment validation practices (if it does not mean intensive involvement). For electrical services programs, where students are in



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the workplace with workplace supervisors, it appears to be more difficult. In these instances providers generally believe that employers prefer to leave the process of assessment to the experts, claiming they do not have the time to spend on training documentation or validation. However, the need for employers to provide evidence of apprentice performance in e-profiles or hardcopy logbooks offers them an opportunity to be involved in the validation of on-the-job assessments. Time constraints and inadequate experience or lack of expertise in specific units also work against the increased involvement of employers in assessments validation or external assessments. There have been situations where there were no verifications of the validity of employer's sign off.<sup>29</sup>

## 11. Recording of Assessments

There have been instances where records have indicated students as being competent however the evidence was not available in the students' files. Additionally, the assessment instruments had not been filled in, completed or signed off by the assessor.<sup>30</sup>

## 12. Assessments Tools

To ensure that trainers and assessors make an informed judgement of competence and/or identifies any gaps in the available evidence, RTOs/VET providers should have and be able to effectively use tools to map all evidence requirements. A major statement E-Oz highlighted, in a recent report released this month, commenting that trainers and assessors "rely on the evidence gathering instruments to assess/report competence rather than mapping and holistically evaluating all available the evidence

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<sup>29</sup> P 18 < <http://www.tac.wa.gov.au/SiteCollectionDocuments/Strategic%20Industry%20Audit%20-%20qualifications%20which%20lead%20to%20an%20Electrician's%20licence%20in%20Western%20Australia.PDF>>.

<sup>30</sup> Ibid



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against the specification of the unit.”<sup>31</sup> This was reflecting in a Western Australian audit report on private RTOs who did not take into account the full scope of the requirements of the units of competency. In some other cases, assessment instruments for old or superseded units of competency were used.

## CASE STUDY: WESTERN AUSTRALIA RTOs NON-COMPLIANCE

The Training Accreditation Council, the body responsible for the registration of training organisations delivering only in Western Australia, endorsed a Strategic Industry Audit of qualifications which lead to an electrician’s licence in WA. This audit was initiated in response to concerns by industry about the quality of the nationally recognised training being delivered by RTOs in WA. The audit highlighted variable levels of compliance with the *AQFT Essential Conditions and Standards for Continuing Registration*.

64% of the RTOs audited were found to be non-compliant in relation to assessment practices. One RTO was found to be critically non-compliant against these the Standards and five RTOs were significantly non-compliant. Five of these seven RTOs were also non-compliant against Standard 1.5c, with one RTO being critically non-compliant and three were found to be significantly non-compliant.

There was a high level of compliance with the AQFT Conditions of Registration audited. There was also a high level of compliance against the AQFT Standards relating to trainers and assessors (Standard 1.4) and client services (Standard 2, excluding Standard 2.4).

The key issues identified during the audit process were:

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<sup>31</sup>E-Oz Energy Skills Australia, A system of Assessment Endorsed units in the E-Oz Suite of Training Packages, 2014, p 6 available at <[http://www.e-oz.com.au/images/Reports/Assessing\\_Compotence/A\\_System\\_of\\_Assessment\\_v5.pdf](http://www.e-oz.com.au/images/Reports/Assessing_Compotence/A_System_of_Assessment_v5.pdf)>.



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- Assessments not meeting training package requirements and lack of evidence that instruments and tools used gathered appropriate and sufficient evidence to assess competency
- The lack of systematic strategies to provide for the integration of institution based and on the job training
- Confusion about the integration of the Capstone Assessment for licencing purposes with the training package qualification.

## **13. Funding**

Achieving the COAG target to halve the proportion of the population without a Certificate 3 or higher qualification and the target of doubling the annual number of Diploma completions by 2020 will require an increase in government recurrent funding of \$2.2 billion- average increase in public expenditure on VET of an additional \$200 million each year between 2009 and 2020.

Achieving the COAG goals will therefore be challenging. It firstly requires a reversal of recent trends to reduce government funding per hour for VET and secondly it requires overcoming the fiscal constraints faced by state and territory governments. The Australian Government will need to take a leading role in providing the resources required by the VET sector if its educational targets for improving the skills of the Australian workforce are to be met.

A major challenge with the current funding arrangements is that VET funding is a shared responsibility between the Commonwealth and state governments. The Commonwealth contributes to VET provider funding through agreements with each state and territory. These agreements were designed to provide a sustainable base for VET funding and VET enrolments but which have now broken down. Most states do not have the capacity or will to make VET funding priority. VET fees are increasing but most VET students cannot access income contingent loans. They also generally have less capacity to pay than higher education students given a large



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proportion of

VET students are from low socio-economic backgrounds. As a consequence public investment in VET has plateaued since 2011.

## **14. Appearance as a Witness**

The ETU is willing and available to appear as a witness and would welcome an invitation to appear before the Committee if and when it conducts public hearings.

## **15. Conclusion**

Qualifications are not distinguished between providers; therefore, it is particularly critical that standards are applied consistently nationwide. If private VET providers starts to cut corners, it will undermine public confidence in our industry qualifications amongst all stakeholders much more broadly.

To ensure Australia's VET system works, employers, regulators and the community at large need to be assured that when workers come to them with qualifications, they are competent, having skills, knowledge and work experience to perform safely and productively in the workplace.

The key to maintaining public confidence in our industry qualifications lies in ensuring that the rigor of evidence of competence and assessment is consistent between training providers and student have successfully obtained the required skills.

Unless governments address the significant underfunding of TAFE, the sector will struggle to play the significant role it must play into the future for Australian society. It must be emphasised because it is crucial to any coherent workforce development strategy for the sector.



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Australia faces a future with a population of retirees who outnumber workers. In 2010 each Australian aged 65 or older was supported by five people of working age. By 2050 this ration is forecast to decline to a mere 2.7 workers participating in the labour market to each retired worker.

The vocational training sector, including TAFE, needs to be boosted and highly regulated to ensure quality training so the workforce is well trained and active. However, we are faced with short sighted government funding cuts and poor training, which industry is rightly questioning.



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## **Appendix 1 - Terms of Reference**

(a) the following matter be referred to the Education and Employment References Committee for inquiry and report by 10 August 2015:

The operation, regulation and funding of private vocational education and training (VET) providers in Australia, including:

- (i) the access private VET providers have to Commonwealth and state public funding,
- (ii) the cost of education at private VET providers,
- (iii) the regulatory regime private VET providers operate within,
- (iv) the operation of VET-FEE-HELP,
- (v) the quality of education provided by private VET providers, volume of learning requirements and graduate outcomes,
- (vi) marketing and promotional techniques employed by private VET providers and education brokers both domestic and international,
- (vii) any incidents or allegations of non-compliance with regulation and funding arrangements at private VET providers,
- (viii) political donations made by private VET providers,
- (ix) international comparisons to the Australian funding and regulatory regime,
- (x) the operation, regulation and funding of private VET providers specifically offering courses in aged care and early childhood education and their labour market outcomes, and
- (xi) any related matters; and

(b) the committee will table interim reports to the Senate on 2 March 2015 and 15 June 2015.