

30 November 2023

Dr Michele Bruniges AM
Chair
NSW Vocational Education and Training Review

Re: NSW Vocational Education and Training (VET) Review

Dear Dr Michele Bruniges AM,

Thank you for opportunity to make a submission to the *NSW VET Review*. I am writing to provide a submission (Attachment A) on behalf of the NSW Productivity Commission ('the Commission').

The Commission's submission to the VET Review highlights insights from the Skills chapter of the *White Paper* and other related work, such as *Adaptive NSW*, in response to the Review's Terms of Reference. The Commission's 2021 White Paper, *Rebooting the economy*, outlined a new productivity reform agenda for the State, aimed at rebooting NSW's productivity growth. *Adaptive NSW* provides a framework of guiding principles for policymakers thinking about emerging technology and the future of skills and work in New South Wales.

Beyond the work published in our *White Paper* and *Adaptive NSW*, the Commission has also made recommendations in this Submission in relation to boosting the supply of TAFE teachers, clarifying TAFE NSW's objectives and strengthening its performance reporting, as well as exploring the potential for self-accreditation.

To better understand the research behind the NSW Productivity Commission's recommendations, the *White Paper* and *Adaptive NSW* can be downloaded from: www.productivity.nsw.gov.au

The NSW Productivity Commission's purpose is to provide evidence on opportunities to improve productivity in New South Wales. I note that neither the Commission's publications nor my submission represent NSW Government policy.

Sincerely,



Peter Achterstraat AM
NSW Productivity Commissioner

NSW Productivity Commission

Submission:

NSW vocational education and training (VET) Review

November 2023

Acknowledgement of Country

We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas, and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Artwork:

Regeneration by Josie Rose



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Glossary and abbreviations

Term	Definition
NCVER	National Centre for Vocational Education Research
RTO	Registered Training Organisation
TAE	Certificate IV in Training and Assessment
VET	Vocational Education and Training
JSA	Jobs and Skills Australia

Overview

The NSW Productivity Commission (the Commission) welcomes the review into the current state of the NSW VET system and of its role in the tertiary education system.

The Commission's submission highlights relevant insights and principles from the Commission's 2021 *White Paper, Rebooting the economy (White Paper)*, published on 31 May 2021. We also reference the Commission's other related work, including its report *Adaptive NSW: how embracing tech could recharge our prosperity* (Adaptive NSW), which explores technology, automation and the future of work in NSW. Our submission addresses the Commission's relevant work in response to the following Area of Focus of the VET review. In the submission, we will be responding to the Terms of Reference (TOR) relevant to the Commission's views, within each Area of Focus.

The Commission's submission relates to the following broad areas of focus:

1. Strengthen the VET system in terms of health, performance, geography, development opportunities and position within the broader tertiary education system, including options to (B.1).
2. Meet the expectations of delivery from the perspectives of government, industry, the public and students, and the roles of TAFE and other providers by (B.2).
3. Meet the needs of a changing landscape of jobs, skills need, education, intersections and different models of delivery to (B.3).

Broadly, the topics of the Commission's recommendations relate to:

- better meeting VET and TAFE workforce needs;
- improving completion rates for learners;
- examining and recommending adjustments to pricing models;
- exploring opportunities for course design and delivery;
- improving trade pathways; and
- lifelong learning.

In addition to the recommendations made in our published reports, the additional recommendations include to:

- Explore avenues to boost the supply of TAFE teachers, including ensuring their time is used most effectively; ensuring VET teacher training is fit-for-purpose; and trialling approaches to broaden the pool of VET teachers, while maintaining quality.
- Examine potential impacts of COVID Fee Free Training on completion rates.
- Strengthen TAFE NSW's performance reporting systems and clarify its public objectives.
- Explore the potential for self-accreditation to enable agile training delivery for trusted providers like TAFE NSW.
- Explore options to modernise traditional apprenticeships (accelerating them while maintaining training quality).

B1: Strengthen the VET system in terms of health, performance, geography, development opportunities and position within the broader tertiary education system.

Better meet VET and TAFE workforce needs – including addressing teachers shortages, teacher qualifications and teacher career progression (B.1.1).

The supply of NSW VET and TAFE teachers is influenced by many factors, including:

- general labour market conditions
- the number of VET / TAFE teacher positions available
- the alternative labour market options available to potential VET teachers
- the wages and conditions offered to VET teachers
- effective utilisation of the existing workforce
- regulatory barriers or qualifications requirements to become / remain a VET teacher
- the pool of skilled and experienced people eligible to become VET teachers

While all these factors merit examination, the Commission’s submission focuses on the last three.

Ensure the time of the TAFE NSW teaching workforce is used most effectively

One way to improve the supply of VET teachers is to ensure existing workforce is being used effectively. TAFE teachers time is split between direct teaching activities, including face-to-face teaching in any environment or setting, distance teaching online, and workplace training and assessment. When teachers are not engaged in direct teaching, their time is spent on other duties related to teaching, professional development, and coordination duties. TAFE NSW Teachers conditions of employment include four weeks of annual leave, seven weeks of ‘non-attendance’, and five weeks of ‘non-teaching duties’ in which they are required to work 175 hours.

The *TAFE Commission of NSW Teachers and Related Employees Enterprise Agreement 2023* specifies TAFE NSW teachers total yearly working hours, and limits the number that can be spent on direct teaching. There is significant variation in the total working hours, and direct teaching hours of TAFE teachers across Australia. For example, the table below compares the requirements for total and direct teaching hours for TAFE NSW, with those of TAFE Victoria:

	NSW	VIC ¹
Total hours p.a.	1,435	1,748
Direct teaching hours p.a.	720	800 (maximum)

In the context of bargaining, consideration should be given as to whether existing conditions are fit-for-purpose, and whether a different mix could enable TAFE teachers to use their time in a way that delivers the greatest benefit to VET students.

Another avenue for using the existing workforce more effectively is to evaluate the administrative and regulatory burdens faced by TAFE teachers, ensuring they are streamlined and fit-for-purpose.

Ensure VET teacher training is fit-for-purpose and focused on core content

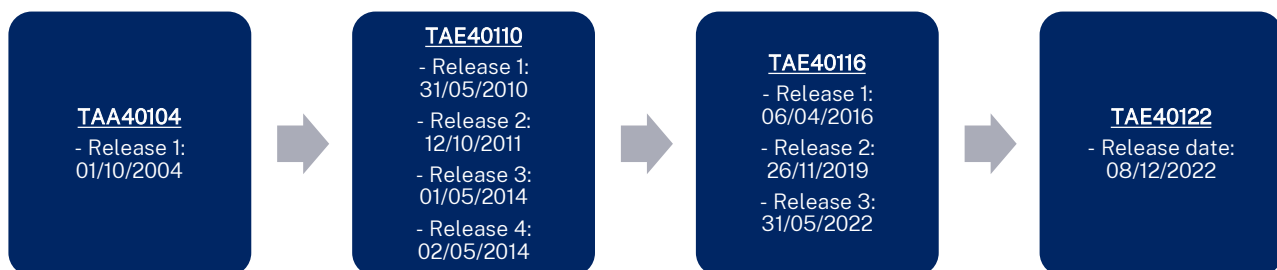
A key barrier to becoming a VET teacher in NSW is completing a Certificate IV in Training and Assessment (TAE). The TAE exists to ensure eligible skilled VET practitioners are equipped with the right skills to teach others.

The TAE generally takes six-months to complete full-time, or 12 months to complete part-time. Completion rates of the TAE have historically been higher when compared to other Certificate IV qualifications. According to TAFE NSW, the TAE had a completion rate over 70 per cent between 2014 and 2018. This has remained stable following the introduction of new requirements in 2018. In comparison, NCVET data indicate the overall projected completion rate of all Certificate IV qualifications in 2019 was 55 per cent. While the TAE's completion rates have been relatively strong, enrolment numbers decreased by 55 per cent from 2015 to 2018.

In the context of recent skills shortages, qualified vocational practitioners eligible to become VET teachers, especially those from construction trades, are in high-demand across the economy. They can expect good remuneration for their trades services, and this means the opportunity cost of spending time and money to train as a VET teacher is higher than it would otherwise be. In this context, and that of falling enrollments, it is important to ensure the VET teacher training pathway is fit-for-purpose and not unnecessarily burdensome.

Through variations in the training package, the TAE qualification's content has changed over time (see **Figure 1**). The change from the 2016 to 2022 (latest) version of the TAE has been substantial. The course has increased from 10 units (9 core units and 1 elective) to 12 units (6 core and 6 elective), providing more flexibility but also increasing the overall student load within the same timeframe.

Figure 1: Releases of the Certificate IV in Training and Assessment over time²



Consideration could be given to reducing the TAE core content to the minimum required for competent teaching and allowing additional units to be done either while working, or as a separate qualification. TAFE Directors Australia (TDA) argue, for example, that some new core courses in

¹ <https://vta.vic.edu.au/wp-content/uploads/2021/11/Victorian%20TAFE%20Teaching%20Staff%20Agreement%202018.pdf>.

² Australian Government Department of Employment, Skills, Small and Family Business - Training.Gov.Au

online learning should be left as electives ([TDA, 2022](#)). Some also argue that the TAE has too strong an emphasis on processes and procedures, and would benefit from a greater focus on the theory and practice of teaching ([NCVER, 2021](#)).

Trial approaches to broaden the pool of VET teachers while maintaining quality

There may be scope to trial approaches that reduce the barrier that the TAE poses to participation in VET delivery, by relaxing the requirement in certain contexts while managing any risks to quality.

For example, people who primarily work as specialists in their industry could be employed on an adjunct basis to impart specialist skills, without a TAE. The apprenticeship system already assumes that experienced and qualified tradespeople can successfully impart skills and knowledge to apprentices without a TAE. In some VET and TAFE contexts, the lack of a teaching qualification could be outweighed by the benefits of access to specialist industry skills. The risks of trialling this approach could be further managed, for example, by having adjunct trainers operate under the supervision of a TAE-qualified teacher.

Another approach that could be trialled is allowing aspiring VET teachers to commence teaching before they have fully completed a TAE. In Denmark, people with ‘relevant professional experience’ but no initial teaching qualification can begin teaching immediately, as long as they begin a one-year diploma in VET within a year of being hired and complete it within six years ([OECD, 2021](#)).

There could also be scope to reduce the entry barriers for undertaking a TAE. Registered Training Organisations (RTOs) must comply with the *Standards for Registered Training Organisations (RTOs)* set by the Australian Skills Quality Authority (ASQA) – the national regulator for Australia’s vocational education and training (VET) sector. According to these Standards, teachers must have:

- **Vocational competencies** to the level being delivered and assessed. This consists of industry knowledge and experience, usually combined with a relevant qualification.
- Current **industry skills**, being the knowledge, skills and experience required by the VET trainer and assessor relevant to the industry today. How often trainers and assessors need to update their skillset varies based on the industry – for example, changes in technology or the development of new products may mean teachers need to learn new skills.
- Current **knowledge and skills in vocational training and learning** that informs their training. Prospective teachers must hold one of the following credentials: TAE40116 Certificate IV in Training and Assessment or its successor, TAE40110 Certificate IV in Training and Assessment (and one of the following units: Address adult language, literacy and numeracy skills or Design and develop assessment tools) or a diploma or higher-level qualification in adult education.

The Standards require industry currency but do not specify the years of experience required to attain currency. TAFE NSW generally considers three years the minimum expectation for the depth of industry experience required.

To the extent there is flexibility in how the national standards are applied in NSW, trials could test how this flexibility could be exercised to maximise the potential supply of VET teachers while managing any risks to teaching quality.

Explore ways to get more people through the training pathway

Some experienced professionals, especially those from trades backgrounds, are deterred from becoming vocational trainers by the time and money required to complete the TAE and the complexity of the course. As a way of addressing this, TAFE NSW has offered the ‘Teacher Scholarship Program’ to prospective teachers since 2020. Successful candidates receive a full scholarship to study the TAE and gain access to a dedicated mentor. The Commission understands that as at Feb 2022, 200 scholarships were available.

³ See Clause 1.13 <https://www.legislation.gov.au/Details/F2019C00503>.

⁴ See <https://www.asqa.gov.au/rto/focus-compliance/series-1-trainers-and-assessors/chapter-2>.

TAFE NSW is also currently piloting a ‘Pay to Learn’ Program to help meet increasing demand for TAFE teachers in the construction and energy industries (see **Box 1**).

Box 1: TAFE NSW ‘Pay to Learn’ Program⁵

TAFE NSW is piloting the ‘Pay to Learn’ Program to help meet increasing demand for TAFE teachers in the construction and energy industries.

This Program involves industry professionals completing their Cert IV TAE on an accelerated basis. The Program also gives teachers-in-training access to mentors to make their transition into teaching smooth and rewarding.

The Program involves face-to-face TAE course delivery; classroom experience; and additional training in teacher essentials, technology, and administrative duties.

In late 2022, a successful pilot involving 15 construction industry professionals commenced, with all candidates obtaining the TAE. Following this, TAFE NSW decided to scale the Program and, in late February 2023, welcomed a new cohort of 50 people in the construction and energy areas.

Source: TAFE NSW. 2022. “Pay to Learn TAE Information Sheet.”; TAFE NSW.

TAFE Queensland has also been considering how to increase completion by particular cohorts, including Aboriginal and Torres Strait Islander people (see **Box 2**).

Box 2: TAFE Queensland ‘Remote Area Teacher Education Program’⁶

TAFE Queensland offers the Remote Area Teacher Education Program (RATEP) which is a joint initiative between TAFE Queensland, James Cook University, and the Queensland Department of Education, in liaison with Aboriginal and Torres Strait Islander communities.

RATEP is a community-based primary education and early childhood education program that provides a direct pathway for Aboriginal and Torres Strait Islander people to become registered teachers, qualified teacher aides or early childhood educators.

RATEP courses include the Certificate III in Aboriginal and Torres Strait Islander Education, Certificate III in Early Childhood Education and Care, Diploma of Aboriginal and Torres Strait Island Education and the Diploma of Early Childhood Education and Care. RATEP is an initiative which respects the culture and knowledge of Aboriginal and Torres Strait Islander people, values the contribution they can make to the education of all young Australians and delivers from a range of regional and remote locations across the state.

Source: TAFE Directors Australia. 2023. “Future Delivery of Foundational Skills Training in Remote Australia.”

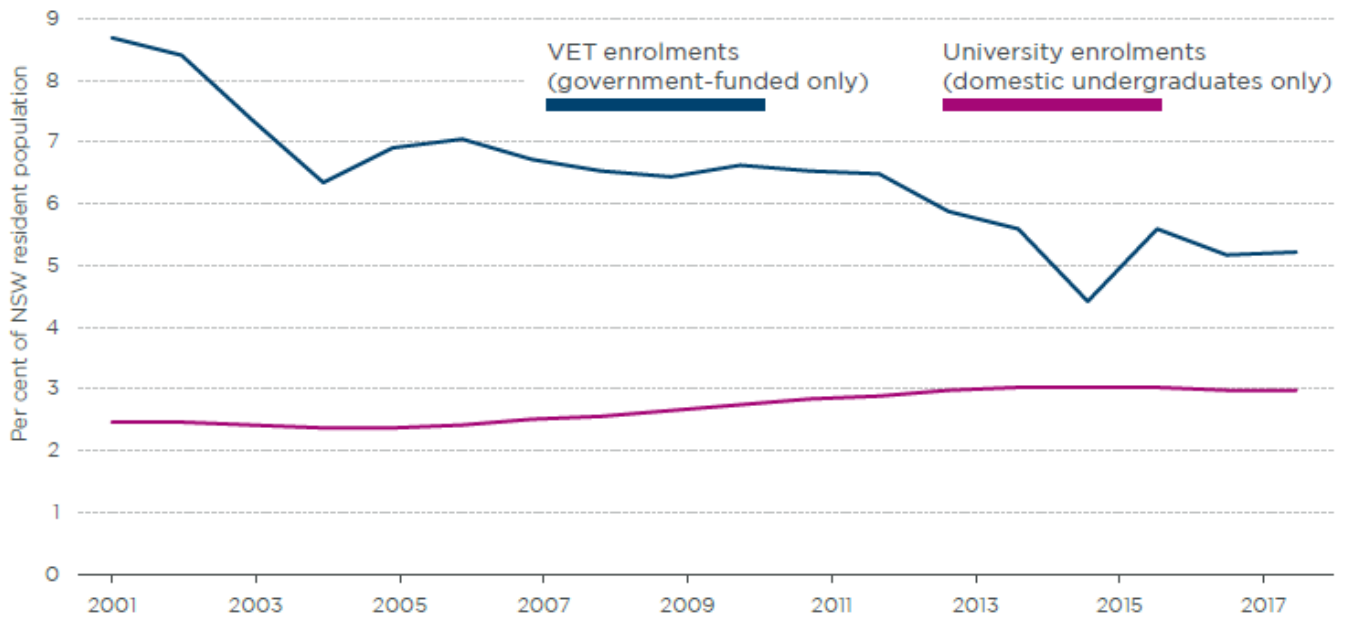
Improve completion rates or other successful outcomes for learners (B.1.4)

VET enrolments have declined even as the VET dominated industries, such as construction, health, and aged care, have grown (Figure 22).

⁵ See TAFE NSW ‘Pay to Learn’ Program fact sheet.

⁶ See TAFE Directors Australia, TDA Submission, February 2023.

Figure 2: VET is losing ground to universities



Source: National Centre for Vocational Education Research, Department of Education, Skills and Employment (Higher Education Statistics).

Many experts believe this shift has stemmed from a cultural bias against VET, particularly among secondary school leavers. In 2019, around 48 per cent of NSW students who left school in 2018 went on to university, while only 17 per cent chose to pursue VET (Centre for Education Statistics and Evaluation, 2019). Joyce states that ‘vocational education has been steadily losing the battle for hearts and minds with the university sector’ (Joyce, 2019, p. 27). In their review of the NSW VET system, Gonski and Shergold similarly remarked that ‘many students are led to believe VET is not accorded equal status [with universities] and should only be considered by those with lower academic ability’ (Gonski & Shergold, 2021, p. 6). The recent NSW Curriculum Review echoes these findings (Masters, 2020).

Two factors are often cited as creating this bias:

- **The NSW school system focuses too much on university entrance.** The NSW Curriculum Review notes that the Australian Tertiary Admission Rank (ATAR) has come to be the dominant measure of school achievement (NSW Education Standards Authority, 2020). Shergold and colleagues note that ‘undue focus on the ATAR has a distortionary impact on educational expectations, in which preference for VET is perceived as “second class”’ (Shergold et al., 2020). Rules for applying the Higher School Certificate (HSC) to calculate an ATAR also favour academic subjects, while only partially recognising VET subjects.
- **Students and job seekers lack access to adequate high-quality information on VET pathways.** Students do not see VET as a viable alternative to university. Business NSW surveys indicate that few high school students are aware of the occupations in shortage. Joyce notes that students and employers struggle to understand VET, because information is fragmented across websites and is difficult to navigate (Joyce, 2019, p. 84). While these two factors are relevant, the VET system’s loss of ground to universities also reflects economic incentives. A major issue (discussed in the sections below) is that key VET programs such as apprenticeships have not adapted to the needs of the modern workforce. By contrast, most universities have developed flexible modes of course delivery, and programs leading directly to employment.

The demand-driven university model has also recruited many students who might have been better suited to VET. The results have been poorer employment outcomes for those individuals and chronic skills shortages in VET related industries that hinder economic growth.

Box 1: Some university students would do better in VET

The economy's best-paid workers still tend to be university graduates. Not everyone, however, is better off going to university. Data shows that upon leaving school, some students who are encouraged to go to university would do better to pursue a career through VET (Norton, 2019). Gonski and Shergold found that schools have failed to convince thousands of students of the value and interest in VET (Gonski & Shergold, 2021).

The Grattan Institute found that prior to 2012, less than 20 per cent of students with ATARs below 50 received university offers (Norton, 2019). In 2018, this figure had increased to more than 50 per cent.

The Commonwealth Productivity Commission has found that the student cohort who entered university because of the demand-driven system generally had lower academic ability. They also had poorer outcomes, with a dropout rate of 22 per cent, compared with 12 per cent for students who would have gone to university in any case (Commonwealth Productivity Commission, 2019).

Many low-ATAR students, particularly males, have the potential to earn higher lifetime incomes by pursuing a VET qualification instead of university. University enrolment data shows that humanities degrees are the second most popular choice for low-ATAR males. Yet these men can expect lifetime earnings of just over \$2 million if they complete an engineering VET qualification, compared with \$1.8 million if they pursue university degrees in humanities (Norton et al., 2019).

Source: Productivity Commission White Paper, pg. 89.

Some recent initiatives have attempted to improve awareness of VET pathways. In October 2022, NSW introduced Careers NSW in response to the Gonski-Shergold Review, to improve information on VET courses and careers pathways to prospective students, therefore providing an avenue of information for students to use in deciding whether to pursue a career in trades. In July 2023, The National Careers Institute's My Skills website has added new features through 'Your Career' website. Your Career offers vocational education, training and career information, where students can search and compare vocational education courses and training providers. It will likely take time to see the effect of these initiatives. An evaluation of the effectiveness of these initiatives are yet to be undertaken, but going forward they should be assessed on whether they have improved awareness of the VET pathways.

Ongoing work will be needed to address the structural bias against VET in the tertiary education system. Below we discuss several proposals the Commission has made to make VET training more attractive and fit-for-purpose.

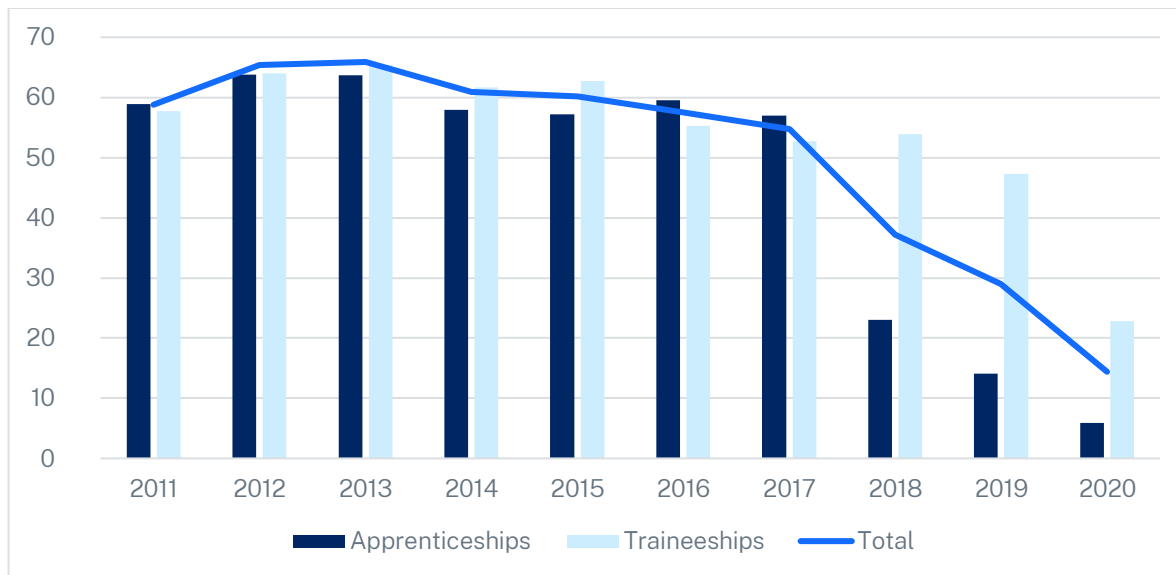
In the Commission's *White Paper*, a key VET outcome highlighted was completion rates of apprentices, and in particular those in the trades. Despite attractive wages, shortages in many trades' areas have persisted for decades. This is, in part, due to structural barriers in the VET system preventing wider uptake of these professions – namely, the need to modernise the apprenticeship model. The *Apprenticeship and Traineeship Act 2001* (NSW) also prevents the employment of anyone below 21 years of age in trades – unless they are an apprentice – even under the supervision of a fully qualified tradesperson. This creates limitations for employers regarding the type of labour they can access. It requires, on the one hand that employers enter into an agreement with an apprentice, to train and employ them while they develop their skills. On the other hand, it creates a barrier to entry for young people – who are willing, and able to work – but have not yet come to an agreement with an employer to be an apprentice.

Completion rates for apprenticeships and traineeships in NSW

Completion rates for apprenticeships are increasingly on the decline (Figure 3). Data collected in 2021 by the National Centre for Vocational Education Research (NCVER) suggests that in 2018, only around 37% of apprentices and trainees that enrolled to study, (trade and non-trade occupations) have completed their training, as of 2021 in NSW.

Figure 3: Completion Rates for Apprentices and Trainees in NSW have been declining

Percentage of apprenticeship and traineeship completions from those enrolled, in NSW, from 2011 to 2020



Source: NCVET Completion and attrition rates for apprentices and trainees 2015 – 2021.

Caution is needed when interpreting Figure 3. The apparent steep decline in completions from 2018 to 2020 mostly reflects students who had commenced training but not yet **had time** to complete their multi-year course of study when the data were collected. Traineeships typically last 1-2 years⁷, and an apprenticeship normally takes three to four years.

That said, the overall trend from 2012 seems to be downward. Despite an increase in enrolments in recent years, completion rates have not improved to the extent needed to meet workforce needs in relevant occupations.

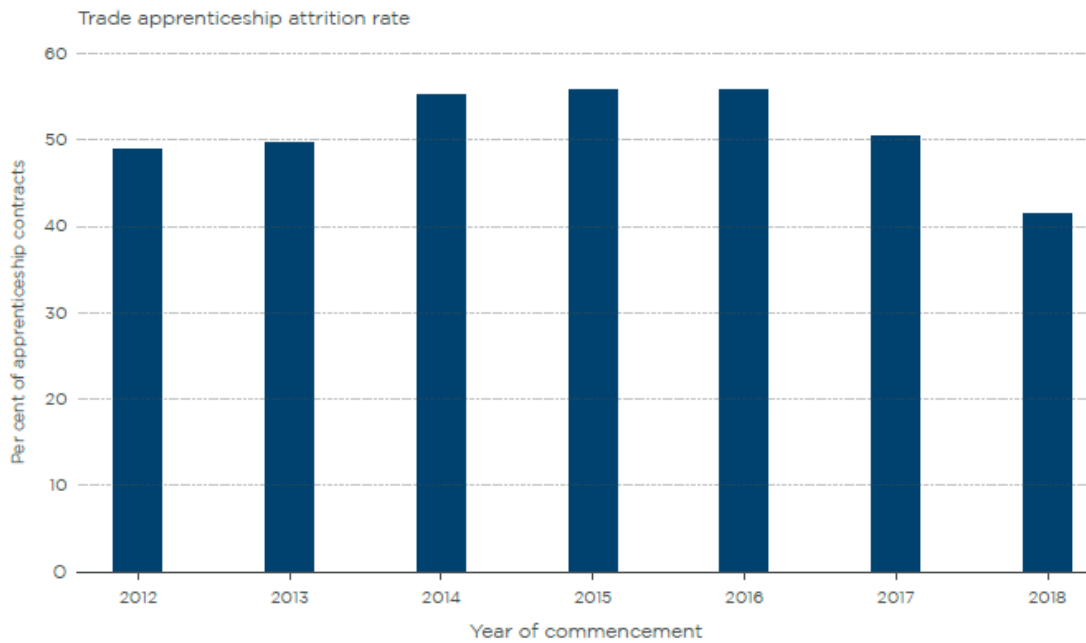
Compounding this, training market saturation due to the recent volume of fee-free training may further impact future completion rates. There is a risk that recent fee-free training in response to COVID-19 has encouraged learners with limited commitment to try training pathways that are, as discussed below, already challenging to complete. Fee-free training may also have reduced the willingness of learners and industry to pay for VET, and/or its perceived value. Future years' data will shed light on what has happened in practice.

⁷ [https://www.tafensw.edu.au/study/types-courses/apprenticeships-traineeships#:~:text=paid%20for%20it.-,How%20long%20does%20it%20take%3F,minimum\)%20a%20Certificate%20II%20qualification](https://www.tafensw.edu.au/study/types-courses/apprenticeships-traineeships#:~:text=paid%20for%20it.-,How%20long%20does%20it%20take%3F,minimum)%20a%20Certificate%20II%20qualification)

Declining completions can in part, be explained by high attrition rates

Attrition rates for apprenticeships have remained very high, at above 40 per cent, for many years (see Figure 4).

Figure 4: Despite a growing need, most apprentices drop out



Source: Productivity Commission White Paper, page 87, National Centre for Vocational Education Research.

As stated in the *White Paper*:

Most apprenticeship dropouts (63 per cent) occur in the first year (see Table 1). The financial cost of apprenticeship non-completion in New South Wales has been estimated at \$348 million (Deloitte Access Economics, 2011). Just 5 per cent of school leavers in 2018 became apprentices the following year (Centre for Education Statistics and Evaluation, 2019) and many of them will drop out.

Table 1: Most attrition happens in the first year

YEAR OF APPRENTICESHIP (2014 COMMENCEMENTS)	1	2	3	4	TOTAL
NUMBER OF CONTRACT ATTRITIONS	17,825	6,868	2,726	682	28,100
SHARE OF ATTRITIONS (PER CENT)	63	24	10	2	100

Table 1: Adapted from the White Paper, source: National Centre for Vocational Education Research (2019b).

These trends, and the persistence of trades skills shortages can be attributed to certain aspects of the apprenticeship model:

- low and uncompetitive pay;
- rigid and long training model;
- the requirement to already be employed in the role before enrolling in training; and
- that recognition of prior learning is underutilised.

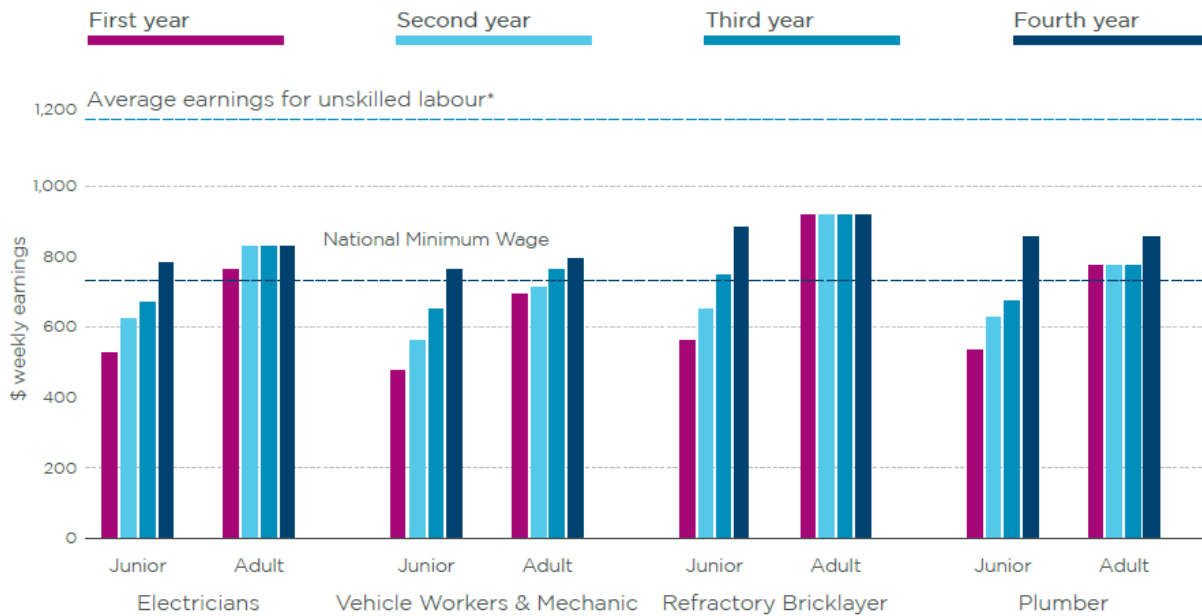
In the next section, we will address each of these aspects in turn.

Uncompetitive pay makes apprenticeships less attractive

Former Commonwealth Productivity Commissioner Peter Harris has noted the link between low apprentice wages and the declining uptake of apprenticeships, calling it a ‘serious structural issue’ (Bagshaw, 2020). As the *White Paper* states:

Though they receive increases as they progress, apprentices generally earn very low wages over their entire apprenticeship (see Figure 5). The figure shows that workers in accommodation and food services earn an average of around \$1,200 per week, more than double many junior apprentice rates. In some cases, apprentice wages may simply be too low to meet living expenses. While reduced wages partially reflect lower productivity and compensate employers for the time and resources allocated to training, they are also a legacy of an era when most apprentices began at 15 or 16 years old.

Figure 5: Apprenticeship wages are low across industries



Note: Average weekly earnings statistics reported by the Australian Bureau of Statistics are average gross pre-tax earnings of employees. Junior is defined as below 21 years of age. Unskilled refers to accommodation and food services. Adapted from the *White Paper*, source: Various Fair Work Commission modern awards; ABS Cat 6302/0 (table 10G).

For mature aged workers, pursuing a trade via an apprenticeship often requires a significant pay cut. Lower wages can be justified, and necessary, to reflect the lower value to an employer for a worker with fewer skills. This, however, can be unfair and unattractive for workers who do have relevant skills, and unrealistic for those supporting dependents or already under other financial obligations. This leads to fewer people enrolling, and more dropping out when they do. The underlying deterrent is the combination of a lower wage and the long duration of apprenticeships – up to four years, with few options for flexible, or accelerated, learning. We address the issue of the length of apprenticeship training below.

Apprenticeships are also long and rigid

The time needed to complete a qualification is a major barrier to the uptake of apprenticeships.

- Most trades qualifications are Level 3 qualifications (Certificate III) and typically take three to four years to complete, reflecting the young age at which apprentices traditionally started.
- In the same amount of time, HSC holders could complete a Bachelor’s or Honours university degree (AQF Level 7 or 8 qualifications).

With a changing workforce, this arrangement has become less fit-for-purpose over time. As stated in the *White Paper*:

... apprenticeships, with their fixed structure, lack the flexibility to meet the diverse needs of prospective students. An apprentice typically spends four days a week training on the job and one day in

formal learning with a training provider. There has been some progress to make apprenticeships more flexible (such as block-release), but uptake has remained low. Opportunities for part-time completion are also limited, since apprenticeships generally require a minimum commitment of three days a week (Training Services NSW, 2012). Apprentices have minimal capacity to work in another occupation and undertake trade training outside regular business hours.

The requirement to already be employed to enrol in training is a barrier

Before training can begin, prospective apprentices must find a suitable employer. The employer enters a training contract with the training provider and the apprentice. As well as providing relevant work experience, the employer has a role in skills development and overseeing progress towards meeting standards required by the qualification.

As stated in the White Paper:

No sector except trades requires entrants to be employed before training can start. In other occupations, entrants enrol in training to signal to employers their commitment and interest, and secure employment based on their up-front effort. This inability for prospective employees to ‘signal’ is likely a key driver of the extraordinarily high attrition rates among apprentices (around 50 per cent), as there is no up-front filter for prospective employees.

The requirement to be employed may lock many well-suited candidates out of apprenticeships and the trades. Young people in regional New South Wales, face higher levels of unemployment compared to Sydney, and have greater difficulty finding employment as apprentices. Since regional New South Wales also tends to have worse skills shortages (NSW Legislative Assembly Committee on Economic Development, 2014), the employment requirement to enter the industry means that shortages become self-reinforcing.

Recognition of prior learning is underutilised

Similarly, apprentices in New South Wales are supposed to have access to recognition of prior learning (RPL). As stated in the White Paper:

RPL allows prospective apprentices with prior experience to demonstrate relevant skills already gained through work or study, reducing the time required to complete their qualification. In practice, however, RPL appears to be onerous and underutilised. To achieve RPL, an apprentice must apply to a training provider for a skills assessment. If the apprentice is assessed as satisfactory, both the apprentice and training provider must apply in writing to Training Services NSW to amend the training contract to shorten training period (NSW Department of Industry, 2015). Stakeholders also often reported that RPL is infrequently granted because many RTOs lack the capability to properly conduct RPL assessments. All requests for RPL must be personally authorised by the NSW Commissioner for Vocational Education

The NSW Government’s Trade Pathways Program (TPP) is trialling a new pathway specifically targeted at workers who already have relevant experience, using RPL to get them trade qualified. This is an important initiative, and its lessons could be used to improve the use of RPL across the VET system. The Trade Pathways Program is discussed further below.

Examine and recommend adjustments to TAFE recurrent funding and community obligation funding, including other funding sources, pricing, and student loans models to ensure different learners and locations are best supported (B.1.5).

The White Paper did not comment about funding models broadly. The Commission’s White Paper focussed on pricing to incentivise enrolment, through the lens of subsidies. Specifically, the Commission recommended that VET subsidies be more effectively targeted by using labour market

data, and Jobs and Skills Australia's⁸ (JSA) expertise to identify the skills needed by the economy. The Commission also argued for the importance of using data from student feedback, to inform the targeting of subsidies, as well as the design and delivery of courses. Subsidies should give students the incentive to enrol in courses that improve their employment prospects, meeting the genuine skills needs in the economy. The provision of subsidies should, therefore, be targeted and informed, by up-to-date industry data that reflects timely labour demand.

Many popular courses attract high enrolment volumes because government regulations require them as a precondition for employment, or because they support high-growth sectors. Other popular courses, however, have little demonstrable value to industry, despite their high enrolment volumes. Below are the key recommendations regarding VET subsidies that we made in the White Paper:

RECOMMENDATION 3.3 FROM THE WHITE PAPER: TARGET VET SUBSIDIES BETTER, AND ENCOURAGE HIGHER QUALITY

Target VET subsidies more effectively by using labour market data and National Skills Commission [now known as JSA] expertise to identify skills the economy will need.

Capture and publish data from Smart and Skilled student feedback on training provider quality, employment outcomes and overall student experience.

Redirect funding to courses with demonstrated value to industry, in skills shortage areas.

NSW Skills List

Smart and Skilled is the NSW Government's flagship VET policy which launched in 2015. Under Smart and Skilled, eligible students are entitled to:

- government-subsidised training up to and including Certificate III.
- government funding for higher-level courses (Certificate IV and above) in targeted priority courses on the NSW Skills List.

Through these subsidies, the Government influences student choices by providing subsidies, which in effect, make certain courses cheaper to do.

The NSW Skills List outlines the qualifications eligible for subsidy under Smart and Skilled. According to the NSW Department of Education, the Skills List is '*developed through extensive industry and community consultation and labour market research*'. At the time of writing, the list is reviewed annually to ensure it meets the changing skill needs of industry. It is also "updated regularly during the year to reflect changes to qualifications and vocational training orders for apprenticeships and traineeships".

According to the NSW Department of Education 'NSW Skills List Management Policy', "*from 2023, the Department is progressively introducing a data-driven process for reviewing the Skills List*". The Centre for Education Statistics and Evaluation (CESE) has developed an internal data model to provide the Department with an overview of all training package qualification, where the criteria is based 40% on industry demand, 40% on student outcomes and 20% in considering disadvantaged student participation.

As we stated in the *White Paper*:

As a general principle, qualifications should not be subsidised by the taxpayer if they cannot be shown to significantly improve learners' employment prospects. It is concerning that many such courses, including those outlined in Box 1, are on the NSW Skills List and are so highly enrolled. That sends students misleading signals that they are in high demand by industry, while allowing them to be unnecessarily subsidised by the NSW Government under Smart and Skilled.

⁸ Then known as the National Skills Commission.

Box 1: Some popular qualifications teach skills you can pick up on the job

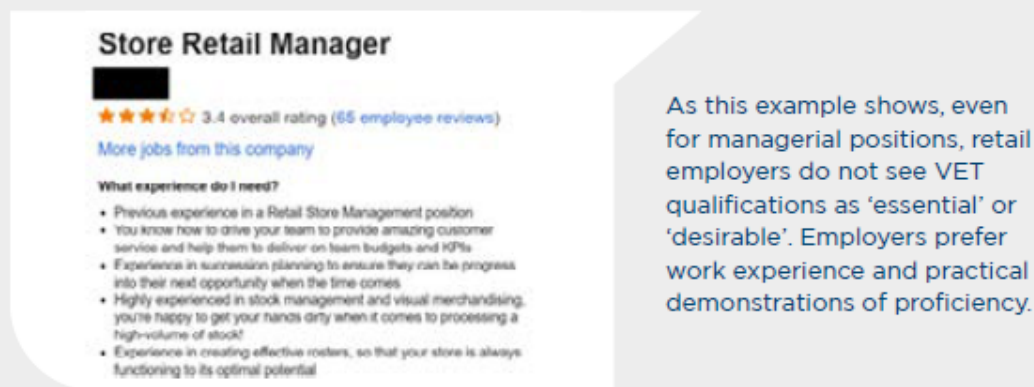
Some popular VET courses appear of little or no value to employers, including Certificate II in Hospitality and Certificate III in Retail, the fifth and eighth most popular courses in 2018, respectively. Most enrolments in these courses receive government funding—76 per cent and 89 per cent, respectively (National Centre for Vocational Education Research, 2020a). Most are completed as traineeships and provide for a discounted wage to the employee. Many students pay no fees under the NSW Government's Fee-Free Traineeship Initiative.

These courses teach basic skills that most people can acquire through experience on the job, without formal instruction or expert assessment. Take the core competencies of the Certificate II in Hospitality:

- work effectively with others
- source and use information on the hospitality industry
- use hospitality skills effectively

It is difficult to find any evidence that business value this qualification. A broad review of job advertisements found few businesses saying it was required or desirable for jobs in the industry. Only 50.4 per cent of students across Australia reported the qualification improved their employability (Commonwealth Government, 2020a).

This is similarly the case for qualifications in retail. The following is a typical advertisement for a high-level position in the retail industry:



Store Retail Manager

★★★★☆ 3.4 overall rating (65 employee reviews)

More jobs from this company

What experience do I need?

- Previous experience in a Retail Store Management position
- You know how to drive your team to provide amazing customer service and help them to deliver on team budgets and KPIs
- Experience in succession planning to ensure they can be progress into their next opportunity when the time comes
- Highly experienced in stock management and visual merchandising, you're happy to get your hands dirty when it comes to processing a high-volume of stock!
- Experience in creating effective rosters, so that your store is always functioning to its optimal potential

As this example shows, even for managerial positions, retail employers do not see VET qualifications as 'essential' or 'desirable'. Employers prefer work experience and practical demonstrations of proficiency.

Source: From the Commission's White Paper, pg. 93.

As the outcomes of VET Review are to guide the development of the 2024 NSW Skills Plan⁹, the Commission supports continued movement towards a data driven and evidence based approach to determining the NSW Skills List, in collaboration with JSA.

Learn all we can from the COVID-19 experience

COVID-19 provides many useful lessons for pursuing reforms in the VET system. It demonstrated how the government can use the VET system to:

- quickly respond to economic circumstances,
- deploy resources to priority areas, and
- promote labour market flexibility.

Industry engagement and a data emphasis were crucial to a measured and targeted response. As stated in the White Paper, to identify the right VET programs for NSW JobTrainer, the National

⁹ <https://education.nsw.gov.au/news/latest-news/vet-review-to-restore-tafe-to-the-heart-of-skills-training>.

Skills Commission (NSC) identified the most resilient occupations in the pandemic, and the future needs of the economy:

- The NSC combined pre-COVID employment growth projections with the employment experience of occupations as COVID-19 worsened, and as the economy started to recover. This brought to light the occupations that showed the most promising employment prospects during recovery.
- The NSC drew on ABS Labour Force Survey and developed an Internet Vacancy index to gauge recruitment activity.

The decision to support which VET programs, in response to the COVID-19 pandemic, was informed by robust NSC analysis and NSW Government commissioned research. The lessons we can draw from the disruptive experience of COVID are that:

- Governments achieve the best return on VET expenditure when informed by the needs of the labour market.
- All VET policy decisions should be informed by robust analysis of skills needs, as well as broader micro and macroeconomic indicators. A strong evidence-base can pinpoint areas the VET system should focus on.
- Post-training and employment outcomes should be determinants shaping government incentives in the VET system. Price signals and subsidies should encourage students to pursue training that is consistent with the State's economic interest.

These lessons can also inform the future of the NSW Skills Board, NSW Skills Plan, and New South Wales' use of JSA's outputs.

Whilst subsidies should advance the State's economic interests and identified demand for skills, disadvantaged cohorts should also be supported. In some cases these goals are complementary. In other cases, activities that support disadvantaged students may not meet immediate industry skills demands, but can still support longer-term labour market outcomes, like participation. Efforts to support disadvantaged groups should be evidence-based and evaluated against clearly defined outcomes, to ensure they are as effective as possible.

Subsidies may also be targeted to support regional skills needs. Skills needs in particular regions may not align with the State overall, but still be important for regional economies.

From January 2023, the Australian Government partnered with state and territory governments to establish a \$319 million 12 month 'Skills Agreement', to deliver 120,000 Fee-Free TAFE and vocational educational places in New South Wales¹⁰. The outcomes and lessons from Fee-Free TAFE and NSW Job Trainer should be examined, and applied in the future.

National Skills Priority List

JSA reviews skills needs across Australia and publishes a Skills Priority List, which outlines the current labour market and future demand ratings for almost 800 occupations (National Skills Commission 2021b).

The NSW Government can continue to leverage this data to align the NSW Skills List more closely to labour market needs. The National Skills Priority List could be used to inform the NSW Skills Plan. NSW skills data, managed by the NSW Department of Education (DoE) could be used and further developed as the central source of skills demand data for NSW Government, aligned to national JSA data.

Ways to improve subsidy distribution

In the *White Paper*, we argued for several techniques which could help the NSW Skills List to more rigorously identify skills needs and thus improve the targeting of VET subsidies, including:

¹⁰ NSW Fee Free Initiative (<https://education.nsw.gov.au/skills-nsw/skills-news/nsw-fee-free-initiative>).

- **Incorporating broad data-inputs and stakeholder nomination:** identifying current and emerging skills needs will rely on a wide variety of data sources.
- **Regional skill needs:** thin populations mean that skills shortages have historically been broader in regional New South Wales.
- **Adequate frequency:** updating the Skills List should involve a robust process to remove skills that are no longer in shortage.
- **Quantification:** severity of a skills shortage should inform the size and scale of Government's interventions aimed at addressing them.

Transparent student data is a key lever to drive quality and inform student choice

As the *White Paper* states:

The issue of unscrupulous behaviour came to prominence in the early 2010s, when a small number of providers fraudulently exploited the Commonwealth VET FEE-HELP scheme, leading to its termination in 2017. This prompted immediate reforms to improve market oversight, quality assurance, and curb rent-seeking behaviour. To date, however, reforms have not leveraged the most effective resource to drive training quality: students. Students have a unique perspective on the VET system and can offer valuable insights on the overall quality of a training provider and the courses delivered. Moreover, these insights are unlikely to be captured by current administrative approaches to quality assurance, such as compliance audits and reporting requirements (Australian Skills Quality Authority, 2021). Improving the visibility of this information would give providers more incentive to maintain a high-quality training and student experience.

Some student satisfaction data is collected and reported on by NCVET.¹¹ This provides general feedback about satisfaction with VET training and why some students may have dropped out. However, this data does not pertain to specific courses and feedback about the institutions providing them. Granular data could better inform student choice, and students well informed about the courses they undertake are more likely to complete them.

¹¹ <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/vet-student-outcomes-2022>.

B 2: Meet the expectations of delivery from the perspectives of government, industry, the public and students, and the roles of TAFE and other providers by:

Exploring opportunities for course design, delivery, and assessment development to meet learner, community and industry needs (B.2.2)

Expand flexible learning and training delivery

The trades remain one of the few areas of tertiary education where there has been limited progress towards flexible and modern training delivery. Other tertiary education pathways have adapted, and today, most offer online learning, after-hours learning, and block release with its short and intensive periods of full-time study, as well as vendor delivery, when suitable.

The prolific uptake of flexible learning models in other tertiary education pathways demonstrates that flexible options can be offered, even in highly technical fields, without reducing course content or lowering training standards. They offer the potential to better deliver training by building it around the needs of the student and encouraging participation from a more diverse range of backgrounds.

While there is ample scope to expand the flexibility of VET in the trades, it is important to note:

- Some aspects of vocational training require physical or tactile experience and practice to gain proficiency. Students can watch a video about how to strip a diesel engine, but becoming proficient in such a task requires a physical experience.
- VET and TAFE have a strong role serving disadvantaged cohorts. In some contexts, these groups can require significant in-person support. Literature suggests online mentoring most positively effects the most able students, whilst those who are less able, do not benefit as strongly from online mentoring (Rogers et al., 2022).
- The rigidity of training packages from the VET system can be a barrier to flexible delivery, which may need to be addressed as a preliminary step.

Ensure mandatory training requirements are fit-for-purpose

Much of the training the NSW VET system delivers is mandated by state and national occupational licensing, professional standards, and other training-related regulations. A major determinant of the effectiveness of the NSW VET system is thus ensuring that training related regulations and requirements are fit-for-purpose.

When working well together with the VET system, occupational regulations and professional standards ensure that work is performed safely and competently, protecting and benefiting workers, consumers, and the public.

However, as discussed in *Adaptive NSW: how embracing tech could recharge our prosperity*, training and qualification requirements can also become unnecessarily onerous, expensive, and/or lengthy. Excessive training requirements can deter capable people from entering occupations that they are well suited for and prevent people from performing tasks they can do safely and competently. This generates artificial skills shortages and drives up business costs, consumer prices, and the cost of delivering government services and infrastructure.

In *Adaptive NSW*, we discussed the need to constantly review training requirements and course content to ensure that both VET and higher education qualifications are fit-for-purpose:

The length and content of training can be reduced where the benefits of doing so outweigh the costs. We may also be able to achieve a better balance between initial and continuing education.

Roles can also be broken down and restructured, with simpler or safer tasks performed by workers who are less credentialled or qualified. The training system can acknowledge competency and recognise prior learning; it can offer more flexible pathways, and more flexible, shorter, and on-the-job forms of professional development and skills attainment.

In *Adaptive NSW* we called for constant review of occupational qualification and licencing requirements, and an investigation into whether they produce benefits that justify their costs. We further suggest that:

Regulatory experiments and pilot programs may assist in this process. Conversely, proposals for new or longer training requirements should also be piloted and evaluated before embedding them in formal standards. In many cases the NSW Government will need to work with state, territory, and Commonwealth regulators, accreditation bodies, and aligned industry associations to redefine and redesign roles.

Micro-credentials can help deliver lifelong learning

As one of a suite of avenues to address rigidity in course design and delivery, we have suggested leveraging micro-credentials in our *White Paper*. The term ‘micro-credentials’ generally refers to certifications of assessed learning that are additional, alternative or complementary to, or a component part of, a formal qualification. Micro-credentials are a new opportunity to rethink and be more innovative with course design. Expanding the ability to “stack”¹² micro-credentials offers a way to achieve more flexible, fit-for-purpose qualifications and diversify skillsets throughout a worker’s career.

In the *White Paper*, we argued that:

Businesses, students, and governments are showing a growing interest in micro-credentials. They may become prominent in training and employment markets as a preferred method of delivering, assessing, and certifying skills and training.

Among their benefits are the following:

- They can provide more efficient and targeted delivery of skills (Tehan, 2020).
- They often provide skills that traditional VET qualification pathways do not.

As we stated in the *White Paper*:

Micro-credentials are well-suited to lifelong learning. Workers seeking skills education in New South Wales increasingly already have baseline qualifications. As mid-life career changes and market disruption caused by new technology become more common, workers are increasingly seeking to supplement established skills and qualifications. Traditional offerings require learners to undertake a full qualification or are designed primarily for learners at the beginning of their working lives. They do not always serve mid-life learners well. Given the strengths of micro-credentials, the Commission believes the NSW Government should systematically extend Smart and Skilled funding to micro-credentials, where economic and industry data indicate they will effectively fill skills need.

In the *White Paper*, we emphasised the potential for micro-credentials as an ideal step towards better integration of VET, higher education, and workplace learning. In December 2022, MicroCredential Seeker was released for learners to find micro credentials across Australia. TAFE NSW currently offers micro-credentials to certify industry-specific skills that meet workplace and career progression needs.

¹² https://www.education.gov.au/system/files/documents/submission-file/2023-04/AUA_tranche4_FutureLearn%20Australia%20%26amp%3B%20GUS%20Education%20Australia.pdf

The NSW Government is also trialling the potential of microcredentials through new Institutes of Applied Technology. The Institute of Applied Technology– Digital (IAT-D) at TAFE NSW Meadowbank welcomed its first cohort of students in February 2023, delivering skills in high demand areas including cybercrime and artificial intelligence. The Institute is a partnership between TAFE NSW, Microsoft, the University of Technology Sydney and Macquarie University.

In a Submission by the IAT-D Foundation Partners, UTS, Macquarie University, Microsoft and TAFE NSW,¹³ the most recent data, at the time of writing, shows that over 28,000 enrolments in the 5 microskills offered by the IAT-D. Further, the IAT-D Foundation Partner submission notes:

“55% of students have enrolled to upskill and 24% have enrolled to reskill demonstrating the power of this model to impact positive workforce outcomes, particularly as pertains to digital transformation and productivity upon which our economy is highly dependent.”

This suggests many taking up micro-skills are already in their careers and seeking to update their skills, are either making a career change, or are seeking to diversify their skills. These are encouraging initial results, and longer-term data from IAT-D may provide further insights into student outcomes.

The White Paper included the following recommendations on microcredentials.

RECOMMENDATION 3.4 FROM THE WHITE PAPER: ENCOURAGE MICRO-CREDENTIALS

Extend Smart and Skilled program subsidies to targeted short courses and micro-credentials that provide discrete skills which employers recognise and value.

Use economic and industry data to identify high value micro-credentials to fund.

Prioritise courses that have better evidence of employer trust and recognition, high-quality assessment, and alignment with the Australian Qualifications Framework (AQF).

Use a risk-management approach to funding, with the capacity to quickly freeze or withdraw funding if problems are identified.

Support the development of voluntary systems of trust and recognition for micro-credentials with, for example, alignment to AQF levels or the adoption of ‘credit points’ standards.

Self-accreditation could provide agility for trusted VET providers

A self-accrediting authority is a tertiary education provider that is permitted to accredit some, or all, of its courses of study (Tertiary Education Quality and Standards Agency, 2022)¹⁴. Tertiary education providers can themselves apply for authority to self-accredit one or more courses of study.

Universities, for example, are tertiary education providers authorised by Tertiary Education Quality and Standards Agency (TEQSA) to accredit their own AFT qualifications.

In the context of NSW, an example of a self-accrediting authority, is the College of Law (the College), which is an arm of the NSW Law Society. From its origins in 1974, the College has since seen over 60,000 graduates complete its Practical Legal Training (PLT) Course and postgraduate programs¹⁵. In 2016, the College was made a Self-Accrediting Authority (SAA) by the Commonwealth higher education regulator, TEQSA. This award reflects an achievement of academic standards, governance and quality similar to that expected of a university.

In Australia, there are three bodies authorised to accredit qualifications:

- **The Australian Skills Quality Authority (ASQA)** accredits qualifications and registers national providers and/or providers for international students.

¹³ <https://www.uts.edu.au/sites/default/files/2023-09/IAT-D-submission-AUA-Interim-Report-1September2023.pdf>.

¹⁴ <https://www.teqsa.gov.au/sites/default/files/saa-application-guide-2022-v0-6.pdf>.

¹⁵ [The College Awarded Self Accrediting Authority by TEQSA \(collaw.edu.au\)](https://www.collaw.edu.au).

- **The Victorian Registration and Qualifications Authority (VRQA)** accredits qualifications and registers providers operating solely in Victoria issuing qualifications only to Australian students.
- **The Western Australian Training Accreditation Council** accredits qualifications and registers Western Australian providers operating solely in Western Australia issuing qualifications only to Australian students.

At the time of writing, TAFE NSW, nor other VET providers, are self-accrediting.

Self-accreditation by TAFE NSW or other trusted VET providers could help enable more innovative and agile curriculum development and provide the agility to better meet the evolving skills needs of industry. This is particularly so in areas where technological change is rapid. As the largest provider and a public provider, TAFE NSW is well-placed to pursue self-accreditation.

Strengthen TAFE NSW's performance reporting systems and clarify its public objectives

Over the last decade, the VET market has become more contestable. Private providers have entered the market, competing directly with TAFE NSW in some areas, focusing on delivering VET that is commercially profitable. As a direct result, TAFE NSW, as a public provider has increasingly operated as a 'provider of last resort'.¹⁶ Over time, TAFE has devoted a greater proportion of its resources to offering courses considered socially or economically valuable, but not profitable enough for private providers to deliver. In some cases, these courses are unprofitable because their capital costs are too high. In others, they are offered in subjects, to student groups, and/or in locations, considered important but where student volumes are too low to recover costs.

TAFE NSW's primarily public function is evident in its revenues. For the year ending 30 June 2022, TAFE's total revenues were around \$1.9 billion, with around \$255 million coming from customers, and around \$1.6 billion from grants and other contributions.¹⁷ TAFE NSW's current Strategic Plan for 2022-25, likewise emphasises its public and social role:

'As the state's public vocational education and training provider, TAFE NSW plays a critical role in strengthening the skills base of the NSW economy and alleviating social inequality.'

As TAFE NSW is increasingly delivering broader social objectives and outcomes, it becomes increasingly important that:

- TAFE's public objectives are clearly defined and evidence-based
- TAFE's activities are discretely reported and linked to these objectives
- social and economic outcomes are captured and reported on effectively

Clear objectives and effective reporting can help ensure that TAFE NSW's activities are prioritised, designed and delivered in a way that provides the greatest social benefit. It also helps ensure that TAFE NSW's operations are as efficient as possible in contexts where it is operating in thin markets, with little competition, or as the 'provider of last resort'.

In a 2020 review of TAFE NSW's modernisation program the NSW Auditor General (2020) observed:

'limited reporting on spending and performance of non-commercial activities. TAFE NSW regularly reported on the estimated costs of support services for disadvantaged students. However, this is not reported publicly and it does not keep track of the costs of delivering uneconomic courses or in uneconomic locations. There is no regular reporting on the outcomes achieved by these activities.'

The audit further noted TAFE NSW provided limited information on how funding is used to support those facing disadvantage, providing the number of course enrolments from students in common categories of disadvantage and the types of support given, but without separating the costs of activities and the outcomes they achieved.

¹⁶ <https://www.acoss.org.au/wp-content/uploads/2018/09/ACOSS-Choice-Final-Report.pdf>

¹⁷ <https://www.tafensw.edu.au/documents/60140/283797/TAFE-NSW-Annual-Report-2021-22.pdf>

In the context of TAFE NSW's non-commercial objectives, the Auditor General highlighted the importance of identifying benefits and setting baselines for benefits realisation:

'Benefits realisation management is the process of organising and managing a project or program so that potential benefits are achieved. Under the NSW Government Benefits Realisation Framework, it is good practice to identify benefits at the early stages of project planning and business case preparation. If benefits are not identified at the outset, there is insufficient evidence to justify the investment in the initiative. Further, agencies should collect baseline data because without enough data it can be difficult to plan, monitor and evaluate future performance.'

TAFE NSW has been progressively developing its performance reporting capabilities, and clarity around its public objectives. It commissioned a review of the cost and use of community service obligation funding in 2018 and has advised it is doing further work to better understand its costs. The 2020 Auditor General's report noted TAFE NSW's progress in tracking and reporting on benefits realisation:

TAFE NSW has since introduced new controls to track savings and determine whether program benefits have been achieved. It has developed a new register to inform senior management on how financial benefits are tracking within the Modernisation Portfolio and beyond. Executives, who own the cost centres, are supported by Finance Business Partners to ensure that savings are correctly reflected in the financial results. Potential benefits are also independently assessed by the Business Improvement Unit and only count as realised once they hit a certain trigger. In addition, savings targets are built into individual budgets. TAFE NSW expects these measures to improve the quality of data about benefits realisation across the organisation.

There is scope to improve the clarity of TAFE NSW's public objectives and priorities, so that its activities can be better aligned to and measured against these. Both TAFE's objectives and the activities it undertakes should be evidence-based. A mature system of performance reporting can support this effort, as well as TAFE's transparency, efficiency and effectiveness.

B3: Meet the needs of a changing landscape of jobs, skills needs, education, intersections and different models of delivery to:

Meet the apprenticeship and trainee needs of NSW and explore options for innovation with specific reference to teaching and learning strategies beyond the traditional focus on simple wage subsidy provision (B.3.2).

New pathways into trades

Past attempts to address the chronic shortage of tradespeople have focused on bolstering the apprenticeship pathway (such as generous training subsidies and employer incentives). But for reasons outlined above, these efforts have not addressed skills shortages in the economy or increased diversity in the trades. The need to innovate and develop new or reformed training models is clear.

To address skills shortages and make the trades more accessible to a broader range of entrants, the *White Paper* argued that the NSW Government should enable two new and more flexible pathways into trades alongside the apprenticeship model. Specifically, that:

- HSC holders should be able to complete a Certificate III in a trade within two years, making it competitive with alternative post-secondary school pathways.
- Mature-aged workers should be able to complete a Certificate III in a trade within 18 months, through formal recognition of their relevant skills and previous experience.

As per the *White Paper*:

These new pathways would remove the requirement to be employed in the industry prior to enrolment in training. They would continue to require the same competency standards, gained through experience. But these requirements would not necessarily call for an apprenticeship arrangement.

Practical experience and competency can be achieved in a variety of ways. These include a mix of prior experience, unpaid work, simulated work, and paid employment outside an apprenticeship contract – for instance, employment as an unskilled worker.

Allowing younger aspiring tradespeople to gain more on-the-job experience would require regulatory changes to the *Apprenticeship and Traineeship Act 2001* (NSW). The NSW Government would need to remove the restriction that currently prevents workers below 21 years of age from being employed in trades unless they are an apprentice or already qualified.

As we argued in the *White Paper*, qualifications should depend on competency, not time served. A learner with relevant industry experience should be able to have their existing competencies recognised. That will enable them to qualify for a trade much faster. HSC holders are considerably more mature and educated than year 10 school leavers, especially if they have already completed a school-based VET qualification. Similarly, a mature and experienced worker is likely to demonstrate competency in less time than a teenager.

To succeed, this model will require new and more flexible modes of course delivery, such as block courses, evening classes, and online learning. These will help more learners complete their qualifications in a pattern that suits their personal circumstances. Governments should support training providers to develop these new delivery modes and provide incentives. And it should tailor these new modes to support greater entry by non-traditional groups.

Below are the key recommendations regarding trade pathways we made in the *White Paper*:

RECOMMENDATION 3.2: BUILD MORE PATHWAYS TO THE TRADES

- Introduce at least two new and more flexible pathways to trades qualifications: one for HSC holders (two years or less), and one for mature-aged workers and women (18 months or less).
- Give registered training organisations incentives to develop more flexible modes of course delivery, including after-hours learning and short intensive periods of full-time study.
- Continue rolling out the Trades Skills Pathways Centre to develop and implement new training pathways, starting in the construction sector.
- Regulate to allow employment of unqualified juniors (those below 21 years of age) in a recognised trade vocation outside an apprenticeship model.
- Endorse a marketing campaign to raise the profile and awareness of new trades pathways.
- Extend government incentives and support to achieve neutrality between apprenticeship and non-apprenticeship pathways.

The Trades Pathways for Experienced Workers program is an encouraging first step

In response to the White Paper, the NSW Government announced, on November 2020, the State's first trade recognition and pathways initiative, the Trade Skills Pathway Centre – now known as the Trade Pathways for Experienced Workers (TPEW).

This program is focussed on initiatives to support a robust trade workforce, and sustainable skills development to meet job demand, and drive economic prosperity. A key component of the strategy, at the time the Trade Pathways Program (TPP) was established, was to design training pathways to attract 'non-traditional' cohorts to the trades, specifically, mature aged and women. Another target group involves existing construction workers who are highly experienced but remain formally unqualified.

As of 27 October 2023, 348 experienced workers have completed a Certificate III trade qualification via the Trade Pathways for Experienced Workers (TPEW) RPL and gap training initiative, where an additional 648 experienced workers have commenced their training and assessment. Those experienced workers who completed RPL and gap training via TPEW, 78 per cent have attained a trade qualification, suggesting encouraging results. Of this TPEW cohort, 8 per cent of participants are women. In addition:

- The Trade Skills Recognition service (pathway for trades workers to attain a Certificate of Proficiency outside of an apprenticeship) is undergoing a redesign to address increased demand, increase qualification outcomes, and improve customer service delivery.
- The Apprenticeship and Traineeship Roadmap 2023-2026 has been developed to provide strategic direction over the next four years and beyond. The Roadmap will strengthen the flexibility of the A&T model to address current and emerging skills needs and enhance learner pathways.

The TPP is demonstrating encouraging steps towards much-needed reform of trades training. Since initially focussing on the construction industry, alternative training pathways have been expanded to include other industries, for instance, automotive industries.

As two Trade Pathways interim evaluation reports have been prepared and the third interim report is due in November 2023, it will be important to examine how these programs have contributed to the overall objectives, especially before it is scaled to other industries.

- 39 grants have been awarded and will implement the desired outcomes of the Women in Trade Strategy 2021-2024, including the introduction of new pathways that increase participation and vocational outcomes.
- 179 participants have completed trade training as part of the first grant round of Connecting Women to Trades.
- 2,328 participants have commenced trade training or other trade-related activities across 26 Connecting Women to Trades grant round two projects.

- The Behavioural Insights Research Project (in partnership with the Department of Customer Service) has released the Women in Trades Promising Practice Review and is finalising an Employer Best Practice Guide.

A case study of a learner who progressed through the TPEW stream is discussed at Box 3.

Box 3: Trade Pathways Program – from kitchen worker to sous chef

Trae Kennedy, 28, from Newcastle, started as a kitchen worker at 16 years old. He was offered an apprenticeship, but after changing employers, never had a chance to go back and study. Mr Kennedy, in 2023, had been working for 12 years, and despite his extensive hands-on experience, felt that he was missing “that piece of paper” (Newcastle Herald, 2023).¹⁸

Mr Kennedy was given the opportunity to get his qualifications through a fast-tracked Trade Pathways Program for Existing Workers, which he completed in April 2023. With a qualification, he progressed to working with the title of sous chef. He reported this gave him a feeling of self-confidence, and allowed him to take his cooking to the next level (Newcastle Herald, 2023).

The Trade Pathways Innovation Fund

The Trade Pathways Innovation Fund (TPIF) is a NSW Government program aimed at enabling industry-led approaches to improve pathways to trade qualifications, increase worker capability and build industry-specific digital infrastructure. The TPIF is expected to enable approximately 500 participants to attain trade qualifications across 12 projects.

The TPIF also supports industry-led projects that trial innovative approaches to obtaining trade qualifications. The TPIF engaged 11 organisations, including GTO’s, local governments, trade unions, ITABs & industry representatives. Projects are delivered over a 12-month period to June 2024, with approximately 500 students to attain Certificate III qualifications. These are industry led projects that enhance pathways outside of an apprenticeship or traineeship and enable participants to attain trade qualifications. Examples include:

- Dairy NSW, Dairy Australia and Tocal Agricultural College are partnering to create a new pathway to Certificate III in Dairy Production and Certificate III in Agriculture for workers in dairy farm businesses. Participants will build technical skills in animal welfare, feed base and farm business management. Other project partners include the NSW Department of Primary Industries and Agriculture, Food and Animal Management Industry Training Advisory Body.
- The Australian Hairdressing Council and TAFE NSW are partnering to establish a new pathway to Certificate III Barbering for qualified hairdressers. The pathway will give hairdressers the skills required to excel as barbers. It will also reduce skills shortages in the industry by helping experienced hairdressers to return to commercial salons.
- The Baking Association of Australia and TAFE NSW are partnering to recognise skilled but not yet qualified workers in the baking industry. Industry experts will assess the skills of these workers, enabling them to attain Certificate III in Bread Baking or Certificate III in Cake and Pastry.

Explore avenues to accelerate and modernise apprenticeships

There is also significant room for reforming the traditional apprenticeship to make it more fit-for-purpose. One such concept is the accelerated apprenticeship. Callahan (2008) has sketched some features that could accelerate the traditional apprenticeship model, including: *innovative up-front training; intensive pre-apprenticeship training; the full application of recognition of prior learning; intensive forms of off-the-job-delivery; and industry investment in workplace mentors.*

¹⁸ From cook to sous-chef: Trade Pathways Program giving existing workers ticket of confidence | Newcastle Herald | Newcastle, NSW.

The Australian Government has encouraged efforts in this direction with its Accelerated Australian Apprenticeships program. The Accelerated Australian Apprenticeships initiative supports industry led projects that accelerate the delivery of competency-based vocational education and training. Funding is also available to enterprises or employers to support a response to emerging skills needs, particularly where an employer is taking on a large number of workers displaced by structural adjustment. The aim of the initiative is to support a systemic shift to competency-based progression and completion in vocational education and training. This is intended to make apprenticeships more attractive and to expedite the supply of skilled workers demanded by employers and industry, while maintaining training quality.

Some examples of recipients include:

- **Australian Industry Group** – A national industry led partnership to develop, promote and implement competency-based progression and completion in the engineering trades.
- **ElectroComms and Energy Utilities Industry Skills Council** – A national industry led partnership for a consistent national assessment standard to further competency-based progression in electrotechnology apprenticeships.
- **Printing Industries Australia** – A project with around 240 apprentices nationally in four Certificate III printing qualifications.
- **Restaurant & Catering Industry Association of Australia** – A project training model that will be implemented in five states involving around 500 apprentices.
- **Woolworths Limited** – A project that aims to improve completion and retention rates in Woolworth's trainee and apprenticeship programs.

Any proposed changes to the apprenticeship model, including parallel pathways into trades, should involve extensive consultation with industry (including individual employers from businesses of all sizes) to consider matters of outcomes, scope, design and implementation. As a significant public provider, TAFE NSW should be involved in such consultations.

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