

## Productivity Commission's Interim Report on the National Agreement for Skills and Workforce Development Review

### Navitas response: July 2020

Navitas welcomes the opportunity to respond to the Productivity Commission's interim report on the National Agreement for Skills and Workforce Development Review.

In submitting to this response, Navitas requests that the Review take into consideration our previous relevant submissions including:

- [Review of the Australian Qualifications Framework](#) – April 2019
- [Review into Australian Vocational Education and Training \(VET\)](#) – January 2019
- [ANAO Audit on the Design and Implementation of the VET Student Loans program](#) – May 2018
- [Training Product Reform](#) – March 2018
- [VET Student Loans Course List and Loan Caps Methodology](#) – May 2017

Navitas has a long-held belief that an integrated tertiary education sector model – that equally values the roles of vocational education and training (VET) and higher education (HE) – would best meet the education, skills and workforce needs of the future in Australia. This model would provide a framework for lifelong learning – one that encourages individuals to move seamlessly between education and training providers in a unified sector in response to changing individual and workforce needs.

#### Current barriers to VET effectiveness and accessibility

Navitas acknowledges the vital role of Vocational Education and Training (VET) in skilling Australians for current and future needs. However, as recognised in the Productivity Commission's interim report, the current VET system is hamstrung by a number of factors limiting its efficiency, effectiveness and accessibility. From our perspective, these include:

- A disconnect between Federal and State/Territory Government regulation, policy and funding models, resulting in limited student / employer choice and a lack of contestability that stifles innovation and agility in the sector
- Funding tiers in the Commonwealth student loan scheme that do not reflect the true cost of course delivery or serve to meet critical skills shortages
- An overly complicated and bureaucratic system for dual sector providers navigating both higher education and VET regulatory environments and market conditions
- A regulatory framework that does not differentiate across the 4,200 Registered Training Organisations (RTOs), irrespective of their capacity, capability and track record
- A rigid learning and teaching framework, including Training Packages, that limits innovation and the ability of providers to respond to skills shortages and industry needs in a timely and responsive way.

Finally, Navitas remains concerned that VET is not governed, funded or regulated in a way that provides a future-focused framework for learners to acquire the skills sought by industry. Navitas believes this interim report – alongside the reviews of VET, Higher Education Provider Categories and the Australian Qualifications Framework undertaken by the Australian Government – provide a unique opportunity to consider international best practice and create a seamlessly integrated tertiary system.

## Shorter form credentials and new delivery models

Navitas supports the interim report's notion that new agendas and frameworks and associated VET policies will be needed to support new national delivery models. We agree that: "The disruption of COVID19 has thrown into sharper relief the potential for new platforms for learning, including the possibility for entirely online acquisition of some skills".

To that end, we recognise the increasing role that shorter form credentials (including micro-credentials, short courses, Work Integrated Learning and MOOCs) are playing in supporting employees to develop new capabilities and transferable skills that will enhance their sustained employability.

These courses often provide students with a cost-effective, flexible way to engage or re-engage in study and respond to a specific workforce need. Allowing learners to gain formal recognition for these types of courses allows them to augment existing qualifications within the AQF framework and helps to meet critical skills gaps. In accepting all of the recommendations of the 2019 AQF Review headed by Professor Peter Noonan, the Australian Government endorsed the establishment of guidelines to recognise these credentials for credit into AQF qualifications. The Australian Government's establishment and funding for the Higher Education Certificate earlier this year is an example of innovation in this space.

Given the set of frameworks and recommendations from the AQF Review are now in place, it is essential that any reforms to the current VET and higher education funding models consider how subsidies would apply to these types of courses in a fair and equitable way, without distorting student choice or provider access to funding. That is to say, there should be a nationally consistent approach to subsidising shorter form credentials that does not disadvantage any student based on their choice of program type, delivery method or provider.

## Recommendations

To ensure the VET system is best placed to ensure millions of Australians have the skills they need to succeed in a changing labour market, Navitas renews its call for an integrated tertiary sector that:

1. Equally values the role of vocational education and training (VET) and higher education (HE) in meeting the education, skills and workforce needs of the future.
2. Incorporates an effective and consistent national regulatory, policy and funding model
  - Navitas supports the Australian Government's move to implement a standardised and performance-based funding system (analogous to the hospital funding agreements in health) in collaboration with the states and territories as part of the Government's JobTrainer package.
  - Navitas advocates for a unified tertiary regulator that oversees both VET and higher education and takes a national, proportionate, risk-based approach to quality assurance and recognises effective governance and management as a key indicator of provider quality.
    - In the interim period prior to the establishment of a single tertiary regulator, we call for mandated protocols that ensure regulators across higher education and VET liaise effectively to avoid duplication and administrative burden on dual sector providers.
3. Incorporates a unified tertiary education loan scheme that allows all students to access a single income contingent loan irrespective of their level of study or choice of registered provider

- In terms of the options presented in the interim report, we endorse, in principle, a nationally consistent approach to subsidies (Option 3), with governments using common methodologies and addressing pricing distortions.
- We also call on the Australian Government to remove the loan tax on FEE-HELP loans in both VET and higher education.
- 4. Removes barriers to innovation and student choice and addresses huge inequities caused by issues of competitive neutrality for independent providers – which adversely impact on students that choose independent providers.
  - We strongly recommend that Commonwealth funding agreements for VET programs include rigorous testing of competitive neutrality between public and independent providers and that all funding be contestable.
- 5. Has loan caps set at an appropriate and realistic level that reflect the true cost of delivery.
- 6. Extends loans to students studying lower level qualifications, particularly Certificates III and IV.
  - We support the assertion that many students studying these qualifications face fees of thousands of dollars without recourse to a loan — an obstacle to training for some, and out of alignment with the loans available in the higher education sector.
- 7. Encourages and empowers student choice through provision of up-to-date, accurate data.

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