

IHEA submission positively reflected in Productivity Commission Report on the National Agreement for Skills and Workforce Development Review

The Productivity Commission has released its [Final Report on the Review into the National Agreement for Skills and Workforce Development](#), requested by Government to evaluate the agreement's success at meeting targets and find ways to increase the efficiency and effectiveness of the VET system. The Commission's findings and recommendations will guide VET policy moving forward.

Key findings for the sector include recognising the need for the expansion of the courses eligible for VSL, loan caps should better reflect course costs, governments need to work towards a more competitive and efficient VET market and contestability and transparency of public funding should be increased. The report also finds that student satisfaction and labour force outcomes are similar across providers types and so training at a TAFE does not necessarily produce better outcomes for students.

IHEA provided a submission to the review and the Commission's Interim Report on behalf of IHEA Members and made several key recommendations to improve the VET sector policy that would assist our Dual-Sector Members. The Productivity Commission's findings and recommendations positively to the feedback that IHEA provided, as outlined in the following comparison table.

IHEA's Recommendations to the Productivity Commission's Report on the National Agreement for Skills and Workforce Development Review

IHEA's Recommendations	Productivity Commission's Findings and Recommendations
<p>1. IHEA recommends that reforms that increase competition in the sector are accompanied by means to distribute useful information that allow potential students to evaluate RTO and course quality.</p>	<p>FINDING 2.2 — FREE TAFE AND MARKET DISTORTIONS</p> <p>Some State governments have introduced policies to increase VET enrolments by offering more places in free or low-cost courses at public RTOs. While these policies increase training at public RTOs, some of this growth may simply reflect a switch from private RTOs, crowding these providers out of some markets and ultimately reducing contestability and student choice.</p> <hr/> <p>FINDING 2.3 — STUDENT OUTCOMES BY PROVIDER TYPE</p> <p>There is no evidence that public RTOs deliver consistently better student outcomes than private RTOs, or vice versa. Employer satisfaction is higher with private RTOs than public RTOs but students experiencing disadvantage report higher satisfaction at public RTOs.</p>
<p>2. IHEA recommends that the principles outlined in interim recommendation 2.2 of the Productivity Commission's interim report be the basis of a new intergovernmental agreement.</p>	<p>RECOMMENDATION 5.1 — ESTABLISHING A NEW PRINCIPLES-BASED INTERGOVERNMENTAL AGREEMENT</p> <p>The Australian, State and Territory governments should negotiate a new, principles-based intergovernmental agreement. To retain flexibility and currency, this agreement should be modular (using schedules) and reviewed every five years. It should include:</p> <ul style="list-style-type: none"> • an updated objective that recognises VET as a major, but not the only, avenue for skills and workforce development • principles to guide a renewed national VET reform agenda centred on meeting the needs of students and employers • a revised performance reporting framework, with a broader set of performance indicators that better capture the contribution of government activity in the VET system to skills and workforce development • governance arrangements to improve data sharing and collection, such as an intergovernmental data working group and a revised national VET data strategy • regular public reporting by all governments and monitoring by an independent body to improve accountability for outcomes • fundamental roles and responsibilities of governments in the VET system, with existing roles reaffirmed. Governments should clarify roles in areas of shared responsibility and include the roles of recently created bodies (the National Skills Commission, the National Careers Institute, and the Skills National Cabinet Reform Committee).

<p>3. IHEA recommends that course subsidies be made more nationally consistent to avoid complexities and confusion caused by different states having different subsidy rates and methodologies for calculating them.</p>	<p>RECOMMENDATION 9.1 — ESTABLISHING A COMMON METHOD FOR COSTING COURSES</p> <p>State and Territory governments should adopt the efficient costs and loadings currently being estimated by the National Skills Commission for setting their subsidies.</p> <p>RECOMMENDATION 9.2 — STREAMLINING SUBSIDIES</p> <p>The National Skills Commission should work with the Australian, State and Territory governments to produce a method for simplifying the large number of course subsidies.</p>
<p>4. IHEA recommends that to ensure compliance with competitive neutrality principles, if a voucher system for funding is adopted, that they be able to be used to enrol at an independent RTO not only a publicly funded institution and that an expiration date be applied to the vouchers.</p>	<p>RECOMMENDATION 9.5 — IMPROVING INVESTMENT IN PUBLIC PROVISION</p> <p>In making payments to publicly-owned VET providers, State and Territory governments should:</p> <ul style="list-style-type: none"> • improve reporting on how funding is spent (as per recommendation 5.3) • ensure compliance with competitive neutrality principles • undertake market testing to increase the contestability of existing community service obligations. <p>These changes should include transition arrangements to support market stability.</p>
<p>5. IHEA recommends that the VET Student Loan Fee be abolished.</p>	<p>RECOMMENDATION 10.4 — REFORMING LOAN FEES FOR VET STUDENT LOANS</p> <p>The Australian Government should reform the loan fees charged for VET Student Loans. Loan fees set as a proportion of the loan value should apply to all loans, not just loans issued to fee-for-service students.</p> <p>A small upfront loan charge should also apply to all loans (with exemptions for disadvantaged students), with its value aligned with the Commission’s recommended minimum student fee for subsidised students (recommendation 9.3).</p>
<p>6. IHEA recommends that the application process and other administrative processes of the VSL scheme be streamlined to reduce the burden on providers that offer the loans to students.</p>	<p>FINDING 10.1 — VET STUDENT LOANS’ REGULATORY FRAMEWORK</p> <p>Poor program design, implementation and regulatory oversight allowed the rorting of VET FEE-HELP. The strict eligibility requirements for VET Student Loans and an improved regulatory framework have addressed the many deficiencies of VET FEE-HELP.</p>

7. IHEA recommends that the VSL caps for course costs be removed and the range of courses students can study and be eligible for VSL be extended.

RECOMMENDATION 10.1 — REVISING VET STUDENT LOANS' ELIGIBILITY RESTRICTIONS

The Australian Government, in consultation with State and Territory governments, should replace the existing VET Student Loans course eligibility criteria with a 'blacklist' of ineligible Diploma and above courses. The blacklist should comprise only courses demonstrated, with evidence, to be leisure-related courses or courses with poor employment outcomes.

Providers should be able to apply for an exemption to allow their students access to VET Student Loans for a blacklisted course where it can be demonstrated that the course leads to employment outcomes at least similar to most non-blacklisted courses.

RECOMMENDATION 10.2 — EXTENDING VET STUDENT LOANS TO CERTIFICATE IV COURSES

The Australian Government, in consultation with State and Territory governments, should extend the VET Student Loans program to all Certificate IV courses, excepting those courses meeting the 'blacklist' criteria as recommended for Diploma and above courses (recommendation 10.1). Students eligible for the Trade Support Loans program should not be eligible for the expanded VET Student Loans program.

Certificate IV students should be issued VET Student Loans with the same repayment terms as those issued to students undertaking Diploma and above courses.

RECOMMENDATION 10.3 — REFINING LOAN CAPS FOR VET STUDENT LOANS

The Australian Government should increase the number of caps applicable to VET Student Loans and refine its methodology for allocating courses to loan caps by drawing on the National Skills Commission's estimates of efficient course costs.

8. IHEA recommends greater flexibility be provided in the delivery of Training Packages to ensure the best-practice pedagogy and innovation is not stifled by current restrictions on making changes to them.

RECOMMENDATION 7.4 — SHORTENING TRAINING PACKAGE DEVELOPMENT TIMEFRAMES

The Skills National Cabinet Reform Committee should delegate to Industry Reference Committees the power to:

- commission updates to training packages
- approve non-controversial and minor changes to training packages.

9. IHEA recommends that clearer RPL and credit transfer arrangements be provided to students to ensure more effective use of these options.

RECOMMENDATION 6.1 — ADDRESSING INFORMATION GAPS

The National Careers Institute (NCI) should extend its work on information provision to fill significant information gaps in My Skills for each RTO, including by publishing information about:

- student fees — commencing with the average fee paid by subsidised and non-subsidised students in the past year
- the quality of the RTO — including indicators of learning and teaching quality, and student and employer satisfaction
- the expected graduate employment outcomes from course completion
- credit pathways.

The NCI should also test that information is salient, trusted and easily understood.

The Australian, State and Territory governments should:

- continue to work together to establish the NCI as a central information hub
- require all RTOs to provide up-to-date student fee information to enable publication on My Skills
- task the National Centre for Vocational Education Research to develop a set of summary indicators on RTO quality and expected student outcomes, with the NCI publishing those indicators (subject to statistical validity) for each RTO on My Skills.

10. IHEA recommends that the investment in public provision of VET be made compliant with competitive neutrality principles through contestable and transparent Community Service Obligation funding agreements.

RECOMMENDATION 9.5 — IMPROVING INVESTMENT IN PUBLIC PROVISION

In making payments to publicly-owned VET providers, State and Territory governments should:

- improve reporting on how funding is spent (as per recommendation 5.3)
- ensure compliance with competitive neutrality principles
- undertake market testing to increase the contestability of existing community service obligations.

These changes should include transition arrangements to support market stability.