

# VACC Submission to the VET Funding Review

7 August 2015



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## Introduction

The Victorian Automobile Chamber of Commerce (VACC) is the peak body for the repair, service and retail sector of the automotive industry in Victoria (and Tasmania). VACC represents over 5,000 members, primarily small businesses, which employ over 50,000 people and have an annual turnover of around \$50 billion.

VACC members range from new and used vehicle dealers (passenger, truck, commercial, motorcycles, recreational and farm machinery), repairers (mechanical, electrical, body and repair specialist, i.e. radiators and engines), vehicle servicing (service stations, vehicle washing, rental, windscreens), parts and component wholesale/retail and distribution and aftermarket manufacture (i.e. specialist vehicle, parts or component modification and/or manufacture), and recycling. In addition to VACC, our sister organisations – the Motor Trade Associations, also represent the automotive industry for their respective state.

The automotive industry relies heavily on effective trade training through Certificate III apprenticeship qualifications, Certificate II traineeship qualifications, pre-apprenticeships, and school-based training programs. Auto Skills Australia (ASA) is the body responsible for the development and maintenance of two training packages for the automotive industry: Automotive Manufacturing (AUM) and Automotive Retail, Service and Repair (AUR). There are 64 qualifications embedded within the latest versions of these packages and there are 234 registered training organisations (RTOs) delivering automotive qualifications.

Total employment in the automotive industry as of June 2014 was recorded at 383,806 persons, with 64,772 businesses as of June 2013 (2015 ASA Environmental Scan). With the departure of the three passenger vehicle manufacturers, there will be further structural change in the industry, as importation of vehicles will be 100%, rather than the current level of importation at 80%. The departure of these manufacturers is estimated to affect more than 45,000 automotive jobs in the industry.

In this submission, VACC has provided its views on the future direction of the Victorian VET sector in accordance to the consultation questions provided by the VET Funding Review Issues Paper.

## Better targeting funding

- **Would a classification system help lift the quality of training? What measures provide an effective measure of provider capability?**
- **Can the number of providers be limited in some areas of training? How can this be done while preserving the benefits of contestability?**
- **What factors should be considered in targeting funding to courses?**
- **Should labour market priorities be the primary basis for the level of government investment in training?**
- **What should the student or employer contribution be to training?**

Whilst we see benefit in the use of a classification system, the development of such a system requires a great deal of thought. Current “rate my training” style systems do not in any way equate to a true reflection of quality training. An effective system should include Industry ratings that are based on Industry/RTO partnerships and ultimately on employability outcomes.

Rather than focusing on the number of providers, quality and appropriateness should be the key considerations. Alarm bells ring when a RTO that solely delivers Hairdressing applies to add Automotive to its scope. As such, there is a role for industry in assessing an RTO’s capability and suitability to deliver training to its sector.

VACC supports a more targeted approach to funding and believes market priorities be given special consideration but cautions the government to not use this as the sole indicator.

Other key factors that the Government should take into account are:

- Niche markets
- Training package requirements around assessment that might require specialised resources
- New and emerging technologies

VACC supports an employer and/or student contribution in training but would like to remind the Government that any further rise in apprentice training costs and fees will have devastating effects on our industry.

VACC would strongly recommend that consideration be given to funding models that take into account the type of delivery and assessment being provided. In our opinion, a fully online or on the job delivery model should not be funded the same way as an intensive face to face model where the RTO has invested heavily in teaching and assessment resources, including facilities, teacher skill and training venue.

## Supporting and protecting students

- **Would a minimum student fee lead to students giving greater consideration to their training choices? At what level should such a fee be set?**
- **What support could be given to students making training decisions?**
- **Under what circumstances should sub-contracting be allowed?**
- **What should protocols for online learning include?**
- **What should protocols for work-based training include?**
- **What are the merits of a separate regulatory regime for private RTOs?**

A minimum fee should be set but with consideration given to apprentices and skills shortage areas with real job outcomes.

VACC strongly urges the Government to implement a true industry led career advice program that would ensure that students make a realistic and informed decision about career choice. The current practice at secondary schools does not serve the best interests of the student, industry and the economy. Students are influenced by what schools have on offer in the VET space and not what they have genuine aptitude and passion for. This comes at great cost to the economy and is of little assistance to industries that have real jobs with career paths on offer. In our view, career guidance through RTO's has produced a training-led outcome rather than an industry-led demand for training

VACC supports sub-contracting and auspicing where it is a genuine partnership between an RTO and industry that delivers outcomes for both the student and the industry sector. We do not support sub-contracting between a funded and non-funded RTO when the relationship is set up purely as a way of manoeuvring around a funding system.

On-line and work based learning must meet an "industry validity" style of testing. Once again, this comes back to industry and RTO partnerships that involve real consultation around training and assessment. If the consultation results in approval for this type of training and assessment then that is the validation for the training method. Industry consultation does not mean the approval of one employer; it must be a whole of industry approach.

VACC does not see the need for a separate regulatory regime for private RTO's and believes a risk based approach would be more appropriate.

## Sustainable and supported TAFEs

- **How can the role of TAFE be articulated? Does it vary between TAFEs or other public providers such as ACFE?**
- **What should be expected of TAFEs that isn't expected of other providers?**

VACC and its members support the role of TAFEs and believes that they do have a broader role to play in communities. TAFEs are expected to provide a learning community that delivers extra services and resources to students. Under more recent funding agreements, we understand that this has been more difficult for TAFEs and in order to continue to provide these services there has been a need for the training dollar allocation to be spread further. This has seen a reduction in delivery to apprentices and VACC would like to see funding separated for training delivery and training related delivery, from funding provided for support services.

## Supporting jobs and industries

- **What are the most effective ways to obtain industry information?**
- **How could a workforce training innovation fund be designed in a way that ensures all parties contribute, and get value from it?**
- **How valuable are smaller, industry specialist providers?**

VACC supports the return of State funding for Industry Training Boards. Since their demise, the link between the State Government and Industry has been severely fractured. It is of critical importance that this dialogue is re-opened immediately, particularly given the Federal governments new structure for Industry Skills Councils.

VACC is not sure what a “Workforce Training Innovation Fund” would deliver that the Federal Governments “Industry Skills Fund” cannot. We would ask the State not to duplicate programs but rather to look for genuine gaps in the market, such as Careers Advice and Industry Specific Mentoring programs that greatly increase the uptake and completion of training, particularly traineeships and apprenticeships.

Niche providers can be very valuable and should be assessed in the same way through an RTO/industry consultation process. Often a provider that specialises in a sector will bring a much deeper skill base to its delivery and have strong industry backing.

## Supporting training for vulnerable, disadvantaged and high needs groups

- **What would be the core characteristics of a VET preparatory year, and what sort of training providers might be best placed to deliver it?**
- **What services could be included in a CSO scheme?**

VACC supports the delivery of preparatory courses that will genuinely address the issues of numeracy and literacy. There is no doubt that the increasing low standard of numeracy and literacy is greatly affecting the level of course completions. As such, only approved providers that can demonstrate their expertise in teaching numeracy and literacy materials should be allowed to deliver these courses.

Community Service Obligations should be transparent and funded separately, as stated above, so that funding allocated for training delivery is not expended on these Obligations.