



MOTOR TRADERS'
ASSOCIATION OF NSW

NSW VET Review

Submission

NSW Department of Education – Discussion Paper.





Dr Michele Bruniges AM
Chair
NSW VET Review
Department of Education

By Email: NSWVETReview@det.nsw.edu.au

Dear Chair

The Motor Traders' Association of New South Wales (MTA NSW) would like to thank the NSW Department of Education for the opportunity to provide a submission to the NSW VET Review.

MTA NSW welcomes this comprehensive review of the VET sector in NSW. A full and robust examination of the VET sector is always welcome as any review should bring to the fold deficiencies and remedies. However, for this review to be effective it needs to have measurable and achievable outcomes, and this will require a concerted effort from government and industry.

We note that this review comes only two years after David Gonski AC and Peter Shergold AC completed their review of the VET and higher education sector. The findings in their review reflect on many of the questions that this current review is asking.

We also note that the discussion paper lacks real scope on the retention of students within the system. Retention rates for students in VET are a major concern. While commencements due to government intervention are positive, retaining students beyond their first and/or second year is crucial if the VET system is to succeed.

The VET sector is under pressure to bring more workers into a very tight labour market where certain skilled sectors are experiencing shortages, while at the same time competing with the higher education sector to attract students.

Misaligned perceptions of VET also add to the pressure on the VET sector. Resolving these issues is paramount to any reform agenda.

The quality of training is also not noted within this review in any depth.

As the association for the automotive industry, MTA NSW sees the quality of training provided to students as one of the key issues in our sector. For students, employers, and industry, the quality of training provided in NSW must be of the highest standard to inspire confidence in the VET sector.

MTA NSW advocates for a VET system that is:

- Aligned with industry expectations
- Flexible and agile



- Fit for purpose
- Innovative
- Provides confidence for students, industry, and employers

This review looks at how to place TAFE at the heart of the system.

TAFE has, and will continue to be, the centre of the VET system in NSW. However, for TAFE the structural architecture of the institution requires its own comprehensive overhaul. This will require significant funding from both the state and federal governments as well as a forensic examination of the capacity of TAFE to handle increasing areas of skills focus while at the same time continuing to manage TAFE's existing curriculum.

Any examination of TAFE should not divert focus, attention, or funding from the new ecosystem in the VET sector.

This review needs to acknowledge the new diverse structure of VET in NSW and provide for recommendations that represent the sector, not just TAFE as a singularity.

Should you require any further information on our submission, please contact Collin Jennings – Head of Government Relations and Advocacy on 0477 717 562 or at collin.jennings@mtansw.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Stavros Yallouridis', written over a light grey rectangular background.

Stavros Yallouridis
Chief Executive Officer

Who we are.

Founded in 1910, the Motor Traders' Association of New South Wales (MTA NSW) is the largest motor industry association in the state dedicated to representing businesses – large and small, metropolitan and regional across NSW. We achieve this by assisting members in the daily running of their businesses as well as working to ensure the public's confidence in dealing with MTA NSW members through our Code of Ethics, a landmark statement that sets out the standard behaviour MTA NSW members must follow in their dealings with the public.

MTA NSW represents the Australian lifecycle of the automotive industry through our 28 divisions, some of which include:

- Automotive Dealers
- Automotive Electricians
- Heavy Vehicle Repairers
- Body Repairers
- Vehicle inspection and assessment
- Parts and accessories
- Service stations
- Motorcycles
- Tow truck operators
- Dismantlers
- Tractor and Agricultural equipment

For over sixty years, MTA NSW has been a stalwart provider of specialised training to the automotive industry. In 1996, the organisation took a significant step by formalising its training program, establishing itself as a Registered Training Organisation (RTO).

Today, MTA NSW's RTO stands as the second-largest automotive training provider in New South Wales, following TAFE, and holds the distinction of being the largest independent provider of automotive training across Australia. With a dedicated team of 65 professionals, including 50 qualified trainers, MTA NSW's RTO serves over 2500 students throughout the state.

The organisation's strength lies in its flexible training model, specialising in workplace delivery. This approach aims not only to facilitate the achievement of nationally recognised qualifications, but also to meet the licensing requirements in NSW under the Motor Dealers and Repairers Act.

Recognising MTA NSW's expertise, the organisation has been appointed to the recently formed Jobs and Skills Council's SWAP Committee. This committee plays a crucial role in shaping national qualifications for electric vehicles within the automotive industry. The significance of this work cannot be overstated, as it ensures that automotive professionals possess the most up-to-date qualifications, aligning with industry needs and benefiting the public.



Our subsidiary, Motor Trades Care (MTC), specialises in delivering a comprehensive work and safety service tailored specifically for the automotive industry. MTC offers expert guidance on creating safe workplaces, enhancing employee safety, and conducting thorough safety audits for automotive workplaces.

The distinctive services provided by MTC have earned recognition from the NSW government, notably through ICARE. As the sole industry-leading provider of safety audits for the state insurance company, MTC's unique offerings have prompted ICARE to extend the contract, emphasizing MTC's pivotal role in ensuring safety across the entire automotive industry.

Beyond safety audits, MTC plays a crucial role in supporting injured workers in their swift return to work. This not only saves time and money for both workers and businesses but also strikes a balance between the needs of injured workers and the overall productivity of businesses.



Introduction

Automotive trade training is founded on the system of apprenticeship induction and on-the-job training, which remains the preferred model of skills formation and development within the industry.

Automotive training is conducted over two nationally accredited Training Packages – Automotive Retail, Service and Repair (AUR) and the Automotive Manufacturing (AUM) Training Package. The AUR Training Package accounts for the bulk of automotive student enrolments.

In NSW, successful completion of an apprenticeship also leads to the acquisition of a Motor Vehicle Tradesperson Certificate (MVTC) – which is the equivalent to a license to work on vehicles in NSW under the NSW Motor Vehicle Dealers and Repairers Act.

Automotive apprentices who complete their training are amongst the most successful and sought after graduates within the VET system.

However, the automotive industry in NSW faces several challenges which puts pressure on apprenticeships and training.

- **Long term skills shortages** – Motor mechanics, vehicle painters and auto electricians (to name a few) continue to languish on the skills shortages list. As the NSW Productivity Commissioner noted “Labour market research reinforces that the VET system is underperforming.”¹ The automotive industry needs a VET system that performs well, is flexible and adaptable to curtail these shortages and improve the productivity of the economy.
- **Fleet transition through new technologies** – Government commitments to reduce carbon emissions to meet international and national obligations has led to goals to transform the NSW state vehicle fleet to zero and low emissions technologies. This transition requires new skill sets which the sector needs to implement if the transition to a cleaner fleet is to be achieved.
- **Commencement rates** – Commencement rates in the motoring industry have remained stagnant for many years. While there are small increases in the number of apprentices starting, the number is not significant enough to fill the demand from industry.

The motoring industry is critical to the NSW economy. Goods, resources and the movement of people rely on the automotive sector. To maintain a strong pipeline of well-

¹ https://www.productivity.nsw.gov.au/sites/default/files/2020-08/Productivity_Commission_Green%20Paper_FINAL.pdf



trained technicians who service, maintain and repair the state's fleet requires a VET system that functions, is adaptable, flexible and fit for purpose for the needs of students and industry.

Providing quality VET education is the key to ensuring that the VET sector is recognised as a quality alternative. Too many providers of VET training are not meeting the expectations of industry in delivery or time invested into students and their outcomes.

Employers need to see consistency in VET training, which is not always the case.

In the automotive industry, as noted above, apprenticeships are the mainstay of training. An apprenticeship provides, over three years, on-the-job and theoretical provisions to ensure that the student is industry ready. This is an industry standard that is provided by TAFE and MTA NSW – as the industry not-for-profit provider, however the increasing numbers of technicians entering the workforce with sub-par skills knowledge after completing a VET course raises concerns in the industry on the quality of training provided.

Attracting students to a VET qualification continues to be the major issue of concern. The over reliance on ATAR as a measure of success and entry into higher education erodes the confidence in VET as an alternative learning pathway.

The NSW Productivity Commission in its Green Paper *“Continuing the productivity conversation”* cited research by the Grattan Institute that showed that *“...prior to 2012, less than 20 per cent of students with Australian Tertiary Admissions Ranks (ATARs) below 50, received university offers. In 2018, this figure increased to more than 50 per cent.”*²

The demand side drive of higher education and uncapping of university places along with misaligned careers advice is bringing students who would be better served with a VET qualification into the university system. The result of this is that there is a high dropout rate at universities as students are not equipped to undertake higher education study.

Coupled with this is that university funding is measured on the number of commencements and not the number of completions – meaning universities are receiving funding based on entry and not completion, an inverse to VET funding.

The real challenges for VET can be measured in four parts:

- **Attraction** – Governments, industry, employers, teachers and influencers must work towards providing students with the correct information and insight into VET and its benefits as both a further education pathway and a pathway to

² https://www.productivity.nsw.gov.au/sites/default/files/2020-08/Productivity_Commission_Green%20Paper_FINAL.pdf



employment. The now entrenched paradigms of higher education need to shift to a broader offering that includes VET.

- **Application** – In a tight labour market, employers need flexibility as to when they can bring apprentices into workshops. Old systems of block enrolments hamper the employer's ability to bring students into employment.
- **Retention** – Much more focus needs to be applied to retaining students in the VET system, especially during their first and second year. The highest risk of drop out in VET is in year one and year two. This is especially true in apprenticeships. Reinstating state funded mentors will help to alleviate this issue along with better focus and funding for pastoral care for apprentices. Government support for better retention services within the not-for-profit sector will also assist in retaining students.
- **Completion** – Completion rates must increase if industry is to have confidence in VET. Completion rates in trade related industries have dipped in the last twelve-months but this dip cannot turn into a slide. Emphasis on ensuring the transition from student to graduate must be a focus and working with industry to ensure that the skills being taught are meeting expectations will aid in increasing completions.



Submission

How can VET students be better supported to ensure they gain suitable and rewarding employment?

The reinstatement of government funded mentors would have a meaningful impact in supporting VET students through their journey. Reinstating this funding for industry associations would allow students to have access to support services and information during their studies or apprenticeships which would allow them to make informed decisions on their future directions and employment options.

Mentors can play a crucial role in apprenticeships by providing guidance to the apprentices, especially during years one and two, which are the pressure points where apprentices statistically drop out of study. Ensuring the apprentice has a variety of options for guidance assists in retaining the apprentice over the long term.

Additionally, a more fluid VET experience to allow a learner to change direction in their studies without penalty or disadvantage would be advantageous.

For many students, the initial uptake of study may not match their expectations, yet a change in direction to another study stream may have some of the same base study modules. Unfortunately, the current system does not allow students to transfer their previous knowledge to their new course. Amending this would assist in the retention of students.

Providing a better pastoral care experience for VET students will go a long way to help both the student and employers find the correct job for the VET student.

Employer and industry input is also crucial to the student's learning experience. Employer confidence in the course outcomes will assist employers in providing the necessary on-the-job training for the student.

What barriers exist in the secondary school system which may inhibit the growth of participation in VETSS? What solutions are there to these barriers?

What innovations in delivery modes, course offerings and student support services could drive improved participation rates and outcomes in VETSS?

What innovations in delivery modes, course design and student support models could drive improved completion and participation rates in A&Ts?

How can governments, industry and employers support student success in A&Ts?

Industry sees the above questions as an amalgam of the underlying issue in the participation rates in VET. The root cause of low uptakes in VET courses is the perception of VET as a 'poor cousin' to higher education.

This misperception commences, for many, in high school where the emphasis for success has moved from employability to a focus on higher education and an emphasis on ATAR scores.



The one-eyed focus of high schools in ATAR reporting and success means that high school learners and their influencers (teachers, parents, careers advisors) have the impression that obtaining a VET qualification is a lesser achievement than attending university.

As David Gonski AC and Peter Shergold AC noted in their report *In the same sentence – Brining higher education and vocational education together (2021)* “...the fundamental problem remains. Australia has, over the last generation, created ‘two’ tier tertiary sectors that continue to be separated by policy and tradition.”³

The Government of South Australia’s Department of Education - Skills SA report *National Vocational Education and Training Completions (2023)* noted that “...parents and peers are often those from whom young people, in particular, seek advice on important issues such as study choices.”⁴ If those perceptions are focused only on university attendance, then the student will be influenced by that perception.

With skewed perceptions in high schools to university at the expense of VET, high school students are steered away from viable choices.

The heavy reliance of reporting ATAR as the only measure of student success, especially in the private school sector, adds pressure on families and students to study in areas where the student may not have the best outcome.

The current guidelines issued by NEAS for stage 5 and stage 6 learners to undertake VET are out of date and require reform.

The current NEAS guidelines for allowing students to undertake VET in schools was last updated in 2011. Given the current employment market and persistent skills gap this requires a rethink of the current NEAS guidelines. This will require greater input from industry and a far more engaged participation from the government to ensure that the ability for students to access VET as a learning tool is fit for purpose in a changing workplace and economic environment.

At a grass roots level government and industry need to work together to promote vocational education as an equal post high school learning option.

A consistent approach to VET programs in schools needs to be established so that a broader range of offerings is available. Additionally, reforms aimed at improving schools to accommodate VET programs, either through addressing resource constraints or other means needs to be considered.

Delivery of VET courses needs examination to ensure that the models are fit for purpose. Too often delivery modes are established without consultation with students and industry.

³ https://education.nsw.gov.au/content/dam/main-education/about-us/strategies-and-reports/Final_VET_Sector_Report.pdf

⁴ <https://skills.sa.gov.au/national-vet-completions>



While TAFE can offer campus delivery and online tools for some subjects, not all modes of learning are suitable for on-campus block sessions or online due to the nature of the work involved.

Industry not-for-profit RTOS provide more flexible and tailored training programs that are increasingly preferred by industry, students and employers, especially small businesses, and regional small businesses. Retention and completion rates in industry RTOs are higher than those of TAFE in automotive due to the flexibility that is provided.

Providing students and other influencers with accurate and up to date information on the role of VET is critical for students to have a thorough understanding of all options. In this regard careers advisors play a critical role in the decision-making process, however due to the challenges faced by career advisors, students are often not equipped with detailed advice on industry expectations, including advice on skill and attributes required for learning and development. Poorly conceived careers advice based on a scant understanding of an industry is misleading and has the potential to see students fail to make the correct decision in their learning journey.

As Gonski and Shergold noted “...*teachers tend to advise students on what they themselves know best from their own experience, namely higher education. Their first-hand knowledge of apprenticeships, traineeships, vocational training, and industry training is often limited.*”⁵

Improving the knowledge of teachers and careers advisors on the multi-faceted nature of vocational training will go a long way to improve outcomes.

What do you see as the optimal balance between TAFE NSW and for non TAFE VET providers in meeting the skills needs of NSW?

This is a binary question that assumes that there is a quantitative percentage that will alleviate issues in the VET sector. Additionally, the question poses a binary scenario of TAFE plus others. The reality of VET now is that there are multiple players conducting variations of vocational training – TAFE, industry not-for-profit, in-house business training, and for-profit providers. Attempting to put a definitive percentage figure into this matrix MTA NSW contends is not a viable solution, rather the emphasis should be on what is the ambition of the learner, the needs of industry and the quality of training that will deliver the outcomes that are required.

Meeting the skills needs of NSW requires far more nuance and stronger consultation with industry to determine which is the best training solution for industry and by extension for learners.

Industry and learners will determine the correct mix of TAFE and non-TAFE providers through completions, flexibility of delivery and cost effectiveness. Binding the VET sector into a concrete percentage mix will only constrain the sector from developing and innovating.

⁵ https://education.nsw.gov.au/content/dam/main-education/about-us/strategies-and-reports/Final_VET_Sector_Report.pdf



How can we ensure that the correct mix of providers is in place to maximise access for all learners and deliver the right skills and qualifications required to drive the NSW economy?

The mix of providers outside of TAFE can only be determined by the needs and wants of learners, employers, and industry.

Providers who can demonstrate quality of training, high completion rates, strong pastoral and mentorships, and high completion to employment rates will provide a workforce with the correct skills and qualifications to shorten the skills gap and increase workforce participation rates which have a direct benefit to the NSW economy.

Greater flexibility in training delivery and training providers (such as industry not-for-profit RTOs) can overcome some of these barriers and entice better outcomes for communities and the businesses that provide services to those communities.

What kind of partnerships between different VET providers are needed to meet student, community and industry needs? Are there any existing successful partnerships, and what can we learn from their success?

There are many opportunities for TAFE and industry not-for-profit RTOs to partner to meet the needs of industry, students and communities.

The establishment of industry specific centres of excellence is an example of where a partnership between TAFE and industry could operate and produce better participation rates, completion rates.

Where industry makes investment in infrastructure TAFE could utilise these facilities for students, saving TAFE infrastructure budgets.

Partnered centres of excellence in areas such as automotive would allow for more innovation, leading to far better outcomes with more direct input from industry into course design, course delivery and completion to employment outcomes.

Further, partnerships with TAFE and industry RTOs can assist in delivering courses and apprenticeships in areas where TAFE cannot deliver due to lack of infrastructure.

For example, TAFE currently only provides apprenticeships in automotive body repair in nine locations in NSW. MTA NSW provides onsite training across the state and can arrest this deficiency.

This type of active partnership with MTA NSW could not only arrest deficiencies in regional parts of the state but would also mean that TAFE would not be required to invest in new infrastructure or facilities easing the burden on TAFE's resources.



How can funding arrangements best meet the NSW VET system's goals around skills and equity?

How should funding be deployed to support an optimal mix of providers and recognize the different costs of course delivery and student support needs across providers?

The issue of funding for VET in NSW is a fundamental issue in any attempt to restructure the sector.

VET funding has been, at best, piecemeal and inconsistent and at worst retracted and redirected into the wrong areas.

TAFE funding has been inconsistent, leading to a decline in TAFE's ability to effectively deliver the multitude of courses it delivers. Compounding this are the decisions by governments to focus TAFE as the primary provider of new courses while at the same time having to deliver its existing curriculum with decreasing or stagnant resources and infrastructure.

For non-TAFE providers, especially industry not-for-profit providers, inconsistent funding mechanisms hamper the delivery of courses, apprenticeships, and traineeships.

Industry led apprenticeship training continues to remain the main source of skilled labour for the automotive industry. Despite this industry need, the proportion of funding towards vocational training continues to decline. Inconsistency in funding mechanisms between state and federal governments has created a lack of cohesion on VET funding objectives and hinders any meaningful reform in apprenticeship and the VET system more broadly.

While the introduction of the Smart and Skilled program has helped to stabilize some of the funding for apprenticeships in NSW, more needs to be done to ensure this type of demand side funding.

As Gonski and Shergold note: "...the introduction of the Smart and Skilled program in 2015 has provided a much-needed overhaul of the NSW VET system through its provision of targeted government-subsidized training entitlements. It is a demand-driven and contestable funding model. It has increased industry-focused training participation, particularly for disadvantaged students, and is creating a competitive market."⁶

Ensuring that this type of funding model continues guarantees that VET becomes a viable and sustainable sector.

The inquiry notes the challenge of adequate funding for regional, rural, and remote communities. A more targeted direction of funding, like Smart and Skilled, in these communities would aid in the uptake of student numbers.

Providing consistency in funding is crucial for the VET sector to reach the goals of completion and employability. However, the current funding models in NSW only recognize

⁶ https://education.nsw.gov.au/content/dam/main-education/about-us/strategies-and-reports/Final_VET_Sector_Report.pdf



the existing binary of TAFE and others. As noted previously, VET is now a far more nuanced ecosystem of providers including industry not-for-profit.

The rise of industry not-for-profit RTOs is a response to industry needs for quality training that is more reflective of industry inputs.

Industry RTOs are a vital component of the VET system and have become instrumental in helping secure employment opportunities and career pathways for students as well as helping establish skilled labour pools for employers.

This is notable in NSW where the percentage of commencements in automotive apprenticeships consistently measures at approximately 30 per cent for industry RTOs, higher than for any other cohort.

Industry RTOs improve both the quality and range of training available to apprentices by offering more flexible programs that are increasingly preferred by small and medium businesses. Industry providers experience higher retention rates, and this can be seen in completion rates in NSW.

Breaking the nexus of the binary funding system in NSW will go a long way to increase retention and completion rates.

The South Australian Labor government recognized that the binary funding of TAFE and others would not deliver the best outcomes for industry.

The South Australian government acknowledged that VET delivery has evolved into a three-tier system of TAFE, industry not-for-profit and for-profit providers. By recognizing this, the government reorganized their funding model by increasing funding for industry not-for-profit RTOs and reducing the red-tape requirements for this sector of VET.

The outcome of this change in funding has seen an increase in placements, increases in retention and an increase in completions.

Providing long-term funding models for industry not-for-profit providers such as TAFE will provide the sector with security and allow providers the opportunity to allocate their own funding into improving delivery and improving outcomes which directly benefit the industry.

What are the key challenges and opportunities in allocating capital investment to ensure that facilities, including physical and digital infrastructure are fit for purpose?

For not-for-profit providers, the largest challenge for capital investment for infrastructure is related to funding.

As a not-for-profit industry association, the allocation of capital is directly tied to the other services that the association provides to members and to the industry. Without long-term government funding, allocating capital to purchase, repair or improve equipment, facilities and infrastructure becomes difficult. Not-for-profit organisations, such as MTA NSW, must consistently balance the needs of services for the industry with the need to provide training.



A long-term single touch approach to funding would help alleviate this issue.

Are there opportunities for industry partnerships in improving access to facilities across the sector?

Partnership between not-for-profit industry RTOs and TAFE could provide opportunities to improve facilities and equipment services.

TAFE, as a state-owned enterprise, has the vast resources of government supply and procurement, especially for equipment. A situation where not-for-profit RTOs could access the procurement systems and discounts provided for TAFE to assist in reducing capital costs would assist this part of the VET sector deliver courses and apprenticeships while at the same time helping to relieve the physical pressure on TAFE.

How can the NSW VET system adapt to meet current and future skills needs in NSW, to address structural and cyclical shortages, and needs for essential occupations?

As the 2023 Jobs and Skills Report states: *“To meet the current skills challenge and the skills needs of the future, Australia will need a systematic approach to building foundation skills for all those entering the workforce, through to the extensive knowledge and workforce skills that are required at the highest level. This will require our education, training...systems to effectively complement each other and flexible respond to skills and workforce needs.”*⁷

This stated interplay and flexibility in the VET sector needs the engagement of industry to identify the skills gaps that currently exist in the workforce, such as automotive, as well as future gaps in the same industry. For example, the automotive workforce in NSW continues to suffer from a shortage of auto electricians, vehicle painters and motor mechanics. These three mainstays of the industry have been on the skills shortage list for over three decades. There is an urgent need to address these generational shortages in automotive through a constructive interaction between industry and government funded training.

Additionally, with changing technologies in automotive there is an urgent need to train the sector in electric vehicle technology, as well as hydrogen technology— skills which are not fully available in NSW at this point.

Industry has consistently stated that greater engagement is required to provide advice on current and future skills needs.

While there are mechanisms for engagement including the NSW Skills Board and Industry Training Advisory Boards these bodies are not operating in the way in which industry would like.

⁷ <https://www.jobsandskills.gov.au/publications/towards-national-jobs-and-skills-roadmap>



As Gonski and Shergold note: “...current mechanisms do not appear to be working effectively. Existing bureaucratic arrangements honour the intent but not the substance of collaboration.”⁸

MTA NSW agrees with the view of Gonski and Shergold that there is a lack of adequate consultation and engagement with industry to establish meaningful planning and design of training packages and VET course design.

Further, MTA NSW agrees with Gonski and Shergold that a review of the role of the NSW Skills Board is required so that industry can have greater input on skills development.

A revitalized and reformed board - with broader representation from industry - would be in a better position to provide the government and the department with up-to-date information on skills deficiencies and future gaps in the workforce.

While there are cyclical challenges in the workforce the underlying issue that needs to be addressed is how to tackle long-term skills shortages.

Many of the industries suffering from long-term skills shortages are industries that the state requires to function effectively. Dealing with these underlying issues will make room for the VET sector to look at future skills gaps and address those sooner rather than later.

To adapt the VET sector must have the ability to be flexible to industry needs and this can only be done with greater input and intelligence from industry.

How can NSW VET adapt to meet skills needs in regional, rural and remote areas?

There is a diminishing ability for RTOs to service regional areas, as well as thin raining markets. The provision of training in critical skilled trades such as light vehicles, motorcycle, engine reconditioning, body repair and others are rapidly disappearing within the VET system due to low student numbers and the costs associated with running such courses.

For many regional areas, a VET qualification is the only post high school education mechanism available to the community. Within these areas insufficient funding and infrastructure to deliver courses leads to underperformance and compromised outcomes.

Greater flexibility in training delivery and training providers (such as industry not-for-profit RTOs) can overcome some of these barriers and entice better outcomes for communities and the businesses that provide services to those communities.

Rationalisation of TAFE campuses in regional NSW has added pressure on the VET sector to provide training and apprenticeships in regional NSW.

The application of technology, especially during and after the pandemic (Teams, virtual classrooms) has made some impression on the delivery of courses, however this technology

⁸ https://education.nsw.gov.au/content/dam/main-education/about-us/strategies-and-reports/Final_VET_Sector_Report.pdf



is not always viable for all. Apprenticeships require an elevated level of face-to-face interaction in real life settings for the learner, which is difficult in a virtual format.

MTA NSW's training structure focuses heavily on providing apprenticeship training for regional and rural apprentices. One on one on-site training means that apprentices are not required to travel outside of their towns, or communities to undertake block period training.

Travel for apprentices or trainees in regional areas is one of the largest barriers for students, not only the cost but also the time and distance of travel.

Increasing funding for regional, rural, and remote VET training needs to be a focus for the VET sector, including upgrading funding for trainers to commute to sites to work with students.

How might the NSW VET system best ensure that employers are satisfied with VET?

Numerous reports and reviews note that employer satisfaction with VET holistically is high but that those satisfaction ratings are falling.

As Gonski and Shergold note: *“Satisfaction among employers in NSW who use vocational qualifications as a job requirement has fallen from 85.9 per cent in 2011 to 74.5 per cent in 2019: satisfaction among employers with apprentices has declined from 84.4 per cent to 78.6 per cent...”*⁹

Gonski and Shergold also note that the *“...most common reasons for employer dissatisfaction are the perceived poor quality of training, the outdatedness of skills taught, and VET’s inadequate focus on practical workplace skills.”*¹⁰

This view reflects the statement in the Jobs and Skills Report, 2023 that Australia will need an approach to build foundation skills for all those entering the workforce.

Employer dissatisfaction with VET course delivery and design leads to low retention rates in VET as the skills being taught and the skills required are misaligned.

Anecdotally, employers’ dissatisfaction with VET is that the gaps in training are in those foundation skills that the 2023 Jobs and Skills Reports notes.

For automotive apprenticeships, some modules of the skill sets have not yet been updated, meaning the apprentice is required to complete skill sets that are outdated and not fit for purpose. This means that the employer is teaching current techniques and skills to apprentices that are not within the current scope.

Additionally basic school subjects such as mathematics, grammar and basic science are lacking in many courses, leaving employers to fill these gaps themselves.

⁹ https://education.nsw.gov.au/content/dam/main-education/about-us/strategies-and-reports/Final_VET_Sector_Report.pdf

¹⁰ https://education.nsw.gov.au/content/dam/main-education/about-us/strategies-and-reports/Final_VET_Sector_Report.pdf



As Skills SA notes in its completions review: *“Improvement to course design, including being responsive to industry need, would have a two-fold benefit in supporting students into relevant courses and increasing collaboration with industry and employers.”*¹¹

It is understood that the primary purpose of undertaking training, whether this be through traineeships, courses or apprenticeships, is to gain or improve employability, ensuring that employers and industry have greater input into course design will enhance the ability of the learner to achieve their goal.

How can the NSW government improve confidence in VET among students, industry and the community as a whole?

How can students be encouraged to consider VET pathways in their planning? What is the role of parents and carers, teachers, careers advisers, industry and governments?

MTA NSW sees these questions as a whole rather than a series of individual questions because at the heart of these questions is one underlying question, how to increase participation in VET?

As has been noted in this submission as well as this review’s previous questions there is a fundamental and structural deficit in VET in NSW that needs a reset.

As noted earlier in this submission, the relevance of VET as a post school pathway has, over many years, been eroded by a shift to higher education.

While this shift was in many ways necessary for Australia to shift its economic focus to a service economy to take advantages of a rapidly changing global economy, the shift has come at a cost to the VET sector.

As Gonski and Shergold noted the shift of focus away from VET to a singular focus on higher education has now become ingrained. Governments, parents, teachers, careers advisors and even industry steer high school students towards higher education over VET relegating VET into a poor cousin position.

To arrest the erosion of VET several measures should be implemented to provide confidence in the sector, including:

- **Elevating employability** – VET qualifications have a strong link to employability. This is especially true in trades such as automotive. According to the National Centre for Vocational Education Research (NCVER) in 2019 approx. 93 per cent of all apprentices were employed at the end of their study.
- **Developing more streamlined industry consultation** – Industry consultation into the design and structure of VET training is critical in gaining support from employers. The current structures for industry consultation are outdated and require a reset.

¹¹ <https://skills.sa.gov.au/national-vet-completions>



- **Closer focus on foundation skills** – As the 2023 Jobs and Skills Report noted, VET needs to refocus on foundation skills to ensure that the future workforce can adapt to a new economy.

For students to engage in vocational education, parents, teachers, schools, industry and communities need to shift their focus solely from higher education and provide students with up to date and viable options.

Such measures will require a major re-thinking of current structures, however, if VET is to be restored then this re-thinking needs to occur, including:

- **ATAR shifting** – ATAR scoring is important for students who are looking for higher education, however, the sole reliance on ATAR scores as a measure of success needs to change. Schools should have ATAR scores only as part of the measures of success of a school across the spectrum of high schools (public and private) Other measures of success should include employability and percentages in vocational education.
- **Funded training for careers advisors** – Careers advisors are a pivotal part of a students decision-making process for post high school study. As Gonski and Shergold noted, careers advisors will provide advice from their own experiences and if those experiences do not include up to date information and knowledge of VET then the student is not being provided with all options. Providing funded training for careers advisors on VET programs, trade skills and apprenticeships will help to resolve this issue.
- **Developing stronger work experience programs** – Students access to work experience programs in VET related industries will assist students in understanding the expectations of industry and the benefits of VET in gaining employment.
- **Developed pathways for transition from VET to higher education** – A complete examination of pathways from VET to tertiary qualifications should take place, including a re-examination of recognised prior learning structures.
- **Programs to assist parents** – Before careers advisors, parents are the greatest influencers in a student's decision-making process. Providing parents with intricate information on VET early in a student's education journey will help parents in their knowledge of vocational education.

Conclusion.

There can be no doubt that vocational education is critical if the NSW economy is to sustain long-term productivity and long-term economic growth.

Ensuring that the VET sector in NSW operates correctly means creating a sector that is dynamic, flexible, adaptable and expansive.

Students need to have all the tools and information to make informed decisions about their study options, have flexibility to adjust their decisions to suit their ambitions and have a greater level of confidence in the opportunities for employment, as well as opportunities for lifelong learning.



Employers need to see a sector that is adaptable to their needs and expectations, that the skills being taught in the VET sector are the skills that they need and that the sector is producing a long pipeline of graduates who are both knowledgeable and innovative. Industry needs to know that it is being heard and is a proactive and productive partner in developing skills and providing insights into future skills needs.

Government needs to become a proactive and adaptable partner, taking advice from students, industry and employers to develop and design a VET sector that is fit for purpose now and into the future.

Government must also acknowledge that the VET sector has now evolved into an ecosystem that is multifaceted and nuanced.

Government must look at how it best funds this new system that is equitable to ensure that all actors can achieve the best outcomes for the state and the economy. Falling into old paradigms will no longer suffice and will not generate the outputs for industry and learners that is needed.

Changing perceptions of VET is critical in this thinking. The laser focus on higher education as the only level of success for high school students needs to end – across all of the high school system – so that students have the opportunity to develop skills and learnings that best suit them.

These changes will not be easy; however, they are necessary if all the components are to work together.

Critically for the Department, this review needs to reflect the views of the entire VET sector, set down recommendations that serve the entirety of the sector and set deadlines that can be implemented quickly. The risk of delay will not serve the purpose of the review which is to reform the sector for the better.