



10 January 2020

National Agreement for Skills and Workforce Development Review  
Productivity Commission  
GPO Box 1428  
Canberra City, ACT 2601

Dear Commissioners Coppel and Roberts,

The University of Melbourne welcomes the opportunity to participate in the Productivity Commission's Review of the National Agreement for Skills and Workforce Development (NASWD Review).

Following the Joyce Review and the Review of the Australian Qualifications Framework in 2019, the NASWD Review represents a timely opportunity to add to this work, with a view to re-energising Australia's vocational education and training (VET) sector. Given the importance of vocational education and training to Australia's social and economic wellbeing, it is appropriate that the policy and funding settings for the sector are reviewed to ensure they are aligned with the overall objectives of the VET system and to ensure that they promote a more seamless post-secondary education system. The challenges are many, not least of which is the division of funding and policy responsibilities between the Commonwealth and State Governments.

We look forward to engaging further with the Review following the release of the interim report in March. The following comments briefly address the broad aims that ought to underpin sector reform.

The University of Melbourne emphasises the importance of a tertiary education system in which both the higher education and VET sectors are complementary and functioning optimally. VET qualifications should represent a different but equally valuable option to higher education. A range of factors have inhibited the development of the VET sector over the past decade, including the VET FEE-HELP scandal and funding uncertainty. In addition, the introduction of demand-driven funding of bachelor level places created a funding bias towards bachelor level study, skewing enrolments away from VET qualifications.

The University supports funding arrangements that are 'sector neutral' in the broad sense that students' choices are made on the basis of their aptitude and career aspirations rather than on the basis of unequal funding settings. This includes ensuring upfront payments do not represent a barrier to students accessing VET programs. Funding reform should be sensitive to the need for a properly integrated tertiary education system with a well-functioning interface between higher education and VET, enabling students to transition easily between the two sectors. These issues were discussed in the recent AQF Review, which acknowledged the need for recognition of prior learning arrangements to accommodate student pathways between VET and higher education programs. Consideration should also be given to the potential role of micro-credentials in allowing students enrolled in one part of the tertiary education system to acquire more readily and seamlessly skills and knowledge provided in other parts of it.

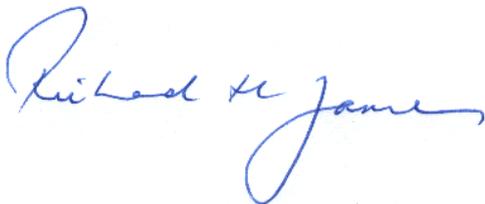
It is also important that attempts to increase participation are accompanied by a robust framework for safeguarding quality and integrity in the VET sector. Appropriate regulatory and oversight measures that support quality and integrity in VET provision are crucial such that enrolment growth delivers the intended learning outcomes and meets workplace demands.

On the question of quality, there are opportunities for greater industry involvement in the development and delivery of VET programs. The partnership recently established between Rio Tinto, South Metropolitan TAFE and the Western Australian Government for the delivery of programs in automation and remote operations exemplify the potential for greater industry collaboration to build skills that are relevant to the present and future needs of the labour market. Consideration should be given to how similar partnerships can be encouraged throughout Australia's VET sector. On this point, there is scope for drawing from international exemplars where the degree of integration between VET providers and industry is more advanced than it is in Australia.

Finally, we note that the University of Melbourne enjoys considerable research expertise in VET reform, through the Melbourne Centre for the Study of Higher Education (MCSHE), the LH Martin Institute, the Melbourne Graduate School of Education (MGSE), and the Melbourne Institute of Applied Economic and Social Research (See the attached capability summary). We would welcome the opportunity to provide further input into the Review.

For further information or to discuss this submission Professor Richard James, Deputy Vice-Chancellor (Academic) can be contacted on (03) 9035 4800 or [r.james@unimelb.edu.au](mailto:r.james@unimelb.edu.au).

Kind regards,

A handwritten signature in blue ink that reads "Richard James". The signature is fluid and cursive, with the first name "Richard" and the last name "James" clearly legible.

Professor Richard James  
Deputy-Vice Chancellor (Academic)