

Budget 2020 – Vocational Education and Training

Overview

In the current economic circumstances – resulting from the disproportionate impact of COVID-19 job losses on women in hospitality, retail, arts and tourism – the government’s vocational education and training measures fail to respond to the need for VET reforms, including a more targeted approach to funding to increase women’s participation in a greater diversity of vocational fields of study. Women’s concentration in certain industries has made them exceptionally vulnerable to job losses at this time.

The Productivity Commission’s [Interim Report](#) May 2020, reviews the National Agreement for Skills and Workforce Development and indicates a range of problems, describing the VET system as “byzantine” (p. 4), particularly in the area of employer incentives for apprenticeships. Nonetheless the government has chosen to fund two major initiatives which rely heavily on financial incentives for employers: the [Australian Apprenticeships Incentives Program \(AAIP\)](#) with a \$3.159 billion allocation, and the one-off [JobTrainer Fund](#) of \$500 million to be matched by states. The aim of this Fund is to provide an additional 340,700 training places to help school leavers and job seekers.

The Productivity Commission’s Interim Report cites evidence that financial incentives are the least likely government intervention to result in employers taking on an apprentice or trainee (p. 164). NFAW is concerned that these much publicised and promoted initiatives, similarly to the [Skilling Australians Fund](#), are unlikely to meet their targets.

Skills and Workforce Development

The Budget

Program 3.1 Building Skills and Capability

	2019–20 Estimated actual \$'000	2020–21 Budget \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000	2023–24 Forward estimate \$'000
<i>Sub-program 3.1.1: Skills Development</i>					
Annual administered expenses:					
Ordinary annual services (Appropriation Bill No. 1)					
Australian Apprenticeship Support Network	141,471	277,739	232,354	193,896	193,896
Australian Apprenticeships Incentives Program	725,891	3,159,485	1,341,973	520,106	555,073
Industry Specialist Mentoring for Australian Apprentices	(295)	-	-	-	-
Commonwealth Scholarships Program for South Australia	2,059	4,113	100	-	-
Commonwealth Scholarships Program for Young Australians	1,662	3,868	2,648	-	-
Mid-Career Checkpoint	129	22,370	26,250	26,250	-
Skills Checkpoint for Older Workers Program	4,202	3,984	4,020	4,069	4,126
National Rugby League's VET Apprenticeship Awareness Program	350	-	-	-	-
Trades Recognition Australia	20,338	31,344	35,351	35,351	35,351
Special appropriations:					
<i>Trade Support Loans Act 2014</i>					
Trade Support Loans	46,674	42,268	37,785	36,240	57,413
Special account expenses:					
Growth Fund Skills and Training Special Account 2015	1,484	-	-	-	-
Total component 3.1.1 expenses	943,965	3,545,171	1,680,481	815,912	845,859
<i>Sub-program 3.1.2: Access to Training</i>					
Annual administered expenses:					
Ordinary annual services (Appropriation Bill No. 1)					
Adult Migrant English Program (a)	(1,471)	-	-	-	-
Skills for Education and Employment	83,874	116,976	116,628	123,347	125,074
Foundation Skills for Your Future Program	-	14,283	14,283	14,283	7,139
Foundation Skills for Your Future - Remote Community Pilots	-	1,622	3,284	3,323	-
Total component 3.1.2 expenses	82,403	132,881	134,195	140,953	132,213

Program 3.1 Building Skills and Capability (continued)

	2019–20 Estimated actual \$'000	2020–21 Budget \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000	2023–24 Forward estimate \$'000
<i>Sub-program 3.1.3: Support for the National Training System</i>					
Annual administered expenses:					
Ordinary annual services (Appropriation Bill No. 1)					
Australian Industry and Skills Committee	1,513	1,532	1,548	1,566	1,588
Industry Training Hubs	13	15,469	14,722	16,735	-
Industry Workforce Training	28,226	50,532	40,062	48,779	49,462
Integrated Information Service	1,271	1,799	1,818	1,840	1,866
Licensing of International Vocational Education and Training (VET) courses					
My Skills Website	213	1,193	1,193	1,193	1,193
National Career Education Strategy	586	577	584	590	599
National Careers Institute and Ambassador	500	-	-	-	-
National Centre for Vocational Education Research	401	6,312	5,489	5,408	1,019
National Skills Commission	696	706	714	722	732
National Training System COPE	3,718	7,804	5,100	2,365	2,400
Skills Communication Campaign	31,948	38,591	37,611	34,752	34,122
Skills Organisation Pilots	222	6,865	-	-	-
VET Information Strategy	9,875	13,641	26,223	23,480	3,925
Special account expenses:	1,537	1,591	922	832	546
SOETM - National Training System COPE VET employer survey	3	-	-	-	-
Total component 3.1.3 expenses	80,722	146,612	135,986	138,262	97,452
Total program expenses	1,107,090	3,824,664	1,950,662	1,095,127	1,075,524

Source: Portfolio Budget Statements 2020-21, Budget Related Paper No. 1.4, Program 3.1 . [Portfolio Budget Statements 2020–21 Budget Related Paper](#)

Gender implications

- Women earn less than men. The full-time total remuneration gender pay gap based on WGEA data is 20.8%, meaning men working full-time earn nearly \$25,679 a year more than women working full-time.
- Women are over-represented as part-time workers in low paid industries and in insecure work. Diversification of their occupational choices and expansion of opportunities is enabled when they receive adequate and unbiased career advice and the possibilities of tertiary education through TAFE or a VET provider are presented to them at various stages: post-school, during their early employment years and when returning to work after a period of child-raising (see the [Victorian GenVic and WAVE submission](#) to the Productivity Commission’s Inquiry).
- More women than men have lost their jobs during the COVID health crisis. Their re-entry in a changed working environment will depend on their augmenting their skills, improving their qualifications or retraining or training into an emerging occupation.
- The gender or sex-segregated labour market contributes to women’s economic insecurity by perpetuating the gender pay gap (see the [Victorian GenVic and WAVE submission](#) to the Productivity Commission’s Inquiry). The VET system with its extensive course offerings across a range of occupations and accompanied by an appropriate range of training support can facilitate women pursuing work opportunities through apprenticeships and traineeships

provided they are linked to a welcoming employer committed to long term staff retention and upskilling.

- Women, through a range of organisations and involvement in many pilot programs targeted at encouraging women into male dominated occupations, have lobbied over many years for funding initiatives to support female students wishing to enter male dominated trades and other occupations, where wages and conditions are better, job security is assured and there are opportunities for establishing small businesses.
- The VET sector, through the public TAFE system, had a reputation for providing affordable and targeted programs for women. These need to be re-established.
- Women are not a homogenous group and the VET sector must recognise that Indigenous women, CALD women and women with a disability face particular challenges in training environments shared with their male counterparts. These women require specialized support which is culturally sensitive and responsive to their needs and priorities. In a properly resourced VET learning context such support is negotiated with the student and customised to address their learning requirements.

What are the 2020 Budget impacts on women?

While the government continues its policy and funding commitment to an industry-led VET system in a contestable training market with private providers competing with each other and TAFE to supply training products and services, as set out in the [Heads of Agreement for Skills Reform](#), the system dysfunctionality complained of by industry and governments will continue.

This Budget could have been used as an opportunity to re-set policies which have led to market failures and extensive robbing of government funds. The industry-led system is criticised by those who are leading it. The role of the public provider – TAFE – is critical to the economic and social well-being of the Australian community at this time of economic recession. The new program [Revitalising TAFE Campuses Across Australia Initiative](#), which has been introduced under payments for specific purposes, should be significantly expanded. The current allocation is derisory.

The public TAFE system should be re-funded as essential social infrastructure for recovery. It is a national asset with a wide geographical distribution. It needs to serve all in the community, particularly those hardest hit by job losses and business shut-downs. The return on this investment needs to be measured over time in enhanced community prosperity and industry innovation and growth. According to the Centre for Future Work report [An Investment in Productivity and Inclusion](#), the TAFE system supports \$92.5 billion in annual economic benefits through the direct operation of TAFE institutes, higher incomes and productivity generated by the TAFE-credentialed workforce, and reduced social benefits costs.

Apart from the two main program initiatives, there is little change in the overall allocations when compared to 2019/2020. There is a modest increase in the [Commonwealth Scholarships Program for Young Australians](#). To be eligible, you must live in one of ten nominated regions. There are no figures on the number of recipients let alone a gender breakdown.

[Trade Support Loans](#) were underspent casting doubt on the confidence and hype surrounding the two large programs. The data on these loans is not gender disaggregated. For the [reporting period 2017-2018](#), there were 51,920 apprentices in receipt of payments. The Compulsory Repayment Threshold are earnings of \$46,620.

The allocation for [VET Student Loans](#) is \$171,193 million. The new rules governing these loans have reduced the number of eligible providers and courses. There is no gender disaggregated data in the [Annual Statistical Report for 2019](#) (p. 7). VSL-assisted students were charged a total of \$296,687,590 in course tuition fees. They paid \$20,611,812 of their tuition fees upfront in addition to the amounts paid in VET Student Loans.

Although the [AAIP](#) overspent its 2019/2020 allocation, it is now the flagship program for increasing apprenticeships and saving those on the unemployment queues. Of major concern to women with respect to this program, is the failure to include them in the Equity Groups meriting special assistance in the [Australian Apprenticeships Incentives Program Guidelines](#) (p. 8).

The newly established [National Skills Commission](#) under-spent its allocation, but has received an increase for 20/21 tapering off in the forward years. This Commission could be harnessed to bring more cohesion and leadership to the sector. It has the responsibility *to identify current and emerging skill needs and developing “nowcasting” (?) capability to understand the state of the labour market in almost real-time*. It has no particular brief to look at gender segregation. Indeed, its brief cements the [government’s commitment to the failed VET market](#).

Two further programs to receive funding include: the [Skills for Education and Employment program](#), with \$49.5 million over two years for up to an additional 14,485 places. This will give new job seekers access to foundation level language, literacy and numeracy skills training; and \$29.6 million for the ongoing work of the [National Careers Institute](#) (NCI). The NCI will promote partnerships between industry and education and training providers through activities such as its Partnerships Grant Program. Both of these programs have potential to provide support for women and girls.

Recommendations

1. The brief of the National Skills Commission should be expanded to include the identification of occupational areas into which women may be attracted to diversify their occupational choices aiming for more economic security and closing the gender pay gap.
2. Women should be added to the list of Equity Groups in the **AAIP Guidelines**.
3. The National Skill Needs List and the Occupational Skill Shortage Information should be kept under constant review and the responsibility for the compilation of these two lists brought under one jurisdiction. There should be data accompanying the lists showing numbers of males and females employed in the occupations as a guide to employers and potential trainees and apprentices as well as VET providers planning courses provision and establishing priorities.
4. **Revitalising TAFE campuses across Australia** program should be adequately funded so that the public VET provider can fulfil its community service obligations and provide the targeted programs for women of diverse backgrounds with appropriate specialist student support.
5. Women and girls needs should be explicit in all VET funding policy, with all VET-related legislation and programs being accompanied by a requirement for women’s impact statement to ensure that programs are equitable and inclusive. The data should be annually published in the **Women’s Economic Security Statement**.
6. VET Student Loans Statistical report should include gender disaggregated data.