

Motor Trades Association of Australia

Submission

# Inquiry into the Perceptions and Status of Vocational Education and Training

1 March 2023



## ABOUT MTAA

The Motor Trades Association of Australia (MTAA) is Australia's peak national automotive association. MTAA's membership includes the Motor Traders' Association of New South Wales, the Victorian and Tasmanian Automobile Chamber of Commerce, the Motor Trades Association of the ACT, the Motor Trade Association of South Australia and Northern Territory, the Motor Trade Association of Western Australia, and the Motor Trades Association of Queensland.

MTAA represents new and used vehicle dealers (passenger, truck, commercial, motorcycles, recreational and farm machinery), repairers (mechanical, electrical, body and repair specialists, 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), tyre dealers and automotive dismantlers and recyclers.

The automotive industry is a vital contributor to Australia's economy, employing approximately 385,000 people across 13 sectors and 52 trades, and contributing 2.1% of Australia's Gross Domestic Product (GDP). The automotive industry is also one of the largest employers of apprentices and trainees nationally, and the majority of automotive businesses (96%) are small and family-owned enterprises.

As the national-level body, MTAA represents the unified voice of Australia's automotive industry, identifying and monitoring issues affecting the automotive sector, and informing and advising Government on relevant industry impacts, trends, and proactively participating in the development of sound public policy on issues impacting the retail motor trades, small business and consumers.

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## INQUIRY TERMS OF REFERENCE

The House of Representatives Standing Committee on Employment, Education and Training will inquire into and report on the perceptions and status of vocational education and training (VET), and Commonwealth supported information on VET available to students, and how they impact:

- education and training choices of students, particularly those who lack the necessary foundation skills, or experience other disadvantages; and
- employer views and practices in relation to engagement with VET.

The inquiry will focus on the Commonwealth Skills and Training portfolio and include consideration of:

1. information available to students about VET qualifications and related career pathways along a student's journey through secondary schools, vocational education, higher education, and work transitions, with a focus on how this combines with other sources of advice, including informal advice, to influence student choices, and how Commonwealth funded information for students about VET may be improved;
2. perceptions and status of the VET sector and how this may be impacting student enrolment choices, employer engagement, and recruitment and retention of the VET educator workforce, and how perceptions and status of the VET sector can be improved. International best practices in relation to VET perception and qualifications status should be examined;
3. successful partnerships between VET providers and employers that have demonstrably created career pathways and secure employment opportunities for students, considering the best practice elements of these successful partnerships, and how more partnering may be encouraged among VET providers and employers; and
4. Commonwealth programs which could influence the above, and intersections with state and territory, industry, and philanthropic efforts, including any structural barriers to improvement.

**Recommendation 1:**

*That schools need the capacity, human resources and financial scope, to engage individuals from industry to provide dedicated careers advice. This engagement strategy should include leading employer bodies, who often have the expertise and knowledge to properly inform students of the various job roles and career opportunities in an industry.*

**Recommendation 2:**

*That government career advisor funding to schools be expanded and broadened to enable leading industry bodies to develop career resources and information channels to properly engage and inform school students and parents.*

**Recommendation 3:**

*That government should consider effective personal development programs for career advisors. This includes a requirement to collaborate with industry, and a requirement to allow for more flexible structures in the school environment where students can participate in vocational learning.*

**Recommendation 4:**

*Career education in secondary schools should commence in Years 7 and 8, where students can explore their interests, strengths, and aspirations to help foster more detailed career plans over their latter school years.*

**Recommendation 5:**

*That in addition to the use of ATAR, that additional measures of student and school success be implemented by schools, such as the number and proportion of successful trade/ job placements or other suitable metrics, to provide a more holistic reporting measure of school/student outcomes.*

**Recommendation 6:**

*That more federal and state government support be made towards industry-based school pathways and engagement programs, to help facilitate increased awareness and student participation in VET careers.*

**Recommendation 7:**

*That dedicated resources and support be made available to small businesses to assist with their engagement and the fostering of partnerships with VET providers.*

**Recommendation 8:**

*That an increase in funding be made available to industry-based, not-for-profit/ group training organisations that demonstrate meeting high standards for apprentice placement and retention.*

**Recommendation 9:**

*That a long-term commitment to consistent and real VET funding increases be reached across federal, state and territory governments to deliver quality training that is tied to students.*

**Recommendation 10:**

*Consideration of the establishment of an independent assessment authority as the final arbiter of training quality and student sign-off.*

## INTRODUCTION

The Motor Trades Association of Australia (MTAA) is Australia's peak national automotive association. MTAA's membership includes the Motor Traders' Association of New South Wales, the Victorian and Tasmanian Automobile Chamber of Commerce, the Motor Trades Association of the ACT, the Motor Trade Association of South Australia and Northern Territory, the Motor Trade Association of Western Australia, and the Motor Trades Association of Queensland.

As the national-level body, MTAA represents the unified voice of Australia's automotive industry, identifying and monitoring issues affecting the automotive sector, and informing and advising Government on relevant industry impacts, trends, and proactively participating in the development of sound public policy on issues impacting the retail motor trades, small business and consumers.

MTAA and its members engage strongly with Australia's vocational education and training system (VET) and have provided advice to federal and state/territory governments on VET arrangements and issues over many decades.

MTAA welcomes the opportunity to respond to the inquiry by the House of Representatives Standing Committee on Employment, Education and Training into the perceptions and status of vocational education and training (VET).

## TERMS OF REFERENCE ITEMS

1. Information available to students about VET qualifications and related career pathways along a student's journey through secondary schools, vocational education, higher education, and work transitions, with a focus on how this combines with other sources of advice, including informal advice, to influence student choices, and how commonwealth funded information for students about VET may be improved.

MTAA contends that while there is information available to students about potential VET qualifications, it is disparate and piecemeal, and varies widely between states/territories and there is the additional layer of commonwealth information also. Overall, there needs to be a consistent and co-ordinated information strategy led by the federal government, with a focus on enhancing the perception and status of VET as an attractive career option for students.

Whilst at a federal level the National Careers Institute (NCI) provides access to career information, resources, and support for those interested in a VET qualification, it is often difficult to find this resource on the internet. Furthermore, the information on the NCI website is not always up to date. The reputation of the NCI could be enhanced through an awareness campaign, while the website requires a visual makeover and better nationwide information about courses available.

During secondary school, school careers advisors, parents and peers are key influencers in students career choices, however inaccurate careers advice is a contributing factor in the misalignment of young school leavers into job roles. Trade roles are still viewed by many teachers and parents, as a dumping ground for students who have a poor 'fit' into more academic career roles and professions. A consequence of this is poor advice about trade careers and is the creation of a demeaning mantra that "a job in a trade is better than no job at all". Inaccurate advice can be highly damaging to employers and students, setting them both up for failure.

MTAA acknowledges that the role of the school careers advisor is very difficult. With the multitude of careers and job roles available in the employment market and the rapid emergence of new job roles, it would seem an impossible task for a career's advisor to be reasonably informed on the design, content and requirements of the different roles available to school leavers. In the automotive industry alone, there are at least fifty distinct job roles, some of which are interconnected and others that are stand-alone. While, in some schools concerted efforts are made to engage industry and other professionals to help inform students on different industry career paths, in other schools this is poorly achieved.

At the very least, a deep and dedicated understanding of industry should be afforded to school students seeking to understand the myriad of career and training possibilities that are available to them. Anything less than this is potentially misleading, and in many cases, unhelpful.

In most cases the energy and capability around industry engagement, and the coordination of subject experts to discuss specific industry careers with students, comes down to an individual in a school who is highly motivated and dedicated to the career aspirations of students. In addition, where the individual is capable, the school environment needs to be flexible and supportive of vocational career pathways, including the engagement of industry to deliver work experience and practical placements.

Where resources are limited, either human resources or financial, a default position is often taken that leads to a narrowing of careers advice and coordination. It is easy to understand this default position, given the breadth of the career's advisors role, however, the outcome for students is limiting and wholly reliant on the specific careers and occupations the careers advisors "choose", as a narrowed target source for the school. Schools that promote successful university acceptance often fail to tailor options for students that may be suited to alternative career options and pathways.

In light of these issues, MTAA there recommends the following:

**Recommendation 1:**

*That schools need the capacity, human resources and financial scope, to engage individuals from industry to provide dedicated careers advice. This engagement strategy should include leading employer bodies, who often have the expertise and knowledge to properly inform students of the various job roles and career opportunities in an industry.*

**Recommendation 2:**

*That government career advisor funding to schools be expanded and broadened to enable leading industry bodies to develop career resources and information channels to properly engage and inform school students and parents.*

**Recommendation 3:**

*That government should consider effective personal development programs for career advisors. This includes a requirement to collaborate with industry, and a requirement to allow for more flexible structures in the school environment where students can participate in vocational learning.*

**Recommendation 3:**

*That more students should have the capacity to access VET-trade programs in consultation with industry and its relevant peak bodies.*

A further problem is that careers education in most schools begins rather late, from Years 10 to 12. Many students, even by Year 12, are unsure about their career choices. Career education must begin earlier than Years 10 to 12, and it must reflect the fact that students' needs evolve as school progresses. Years 7 and 8 are a key time for students to learn about themselves, and Year 9 is a critical time for career planning and decision-making. We need to build the self-awareness and decision-making skills of students in Years 7 to 9, so that they can make informed, confident course and career choices in Years 10 to 12 and beyond.

MTAA therefore recommends that:

**Recommendation 4:**

*Career education in secondary schools should commence in Years 7 and 8, where students can explore their interests, strengths, and aspirations to help foster more detailed career plans over their latter school years.*

MTAA also argues the pathways between VET and universities need to be strengthened. Having appropriate course articulation between registered training providers (RTOs) and universities is necessary in helping raise educational aspirations and to provide improved skill outcomes and career opportunities for students. In practice, however, existing articulation arrangements between the VET and higher education sectors are weak. There is little in the form of unified pathways and evidence of such applications remains inconsistent. Furthermore, there is a lack of information and transparency surrounding these matters and this limits student transitions between VET and university. These issues are even observed within 'dual sector' institutes. A key problem in this regard is the separate funding and regulatory arrangements that exist between the VET sector and higher education. These separate arrangements can act as a barrier to improved course articulation between VET and university and represent another key area for reform.

2. Perceptions and status of the vet sector and how this may be impacting student enrolment choices, employer engagement, and recruitment and retention of the vet educator workforce, and how perceptions and status of the vet sector can be improved. International best practices in relation to vet perception and qualifications status should be examined.

It is an unfortunate reality that the perceptions and status of the VET sector remain low across many businesses and the broader community. There persists, in the Australian psyche, an entrenched view that TAFE is 'poor cousin' to university, and that students should first strive for an academic career and only fall back on a trade career as a last resort. These perceptions remain entrenched amongst parents, teachers and school career advisors, who are key influencers in student's enrolment and career choices, and often perceive trade roles with a demeaning mantra that they should only be for students who have a poor 'fit' into more academic career roles and professions.

These negative perceptions are reinforced through the fact that most Australian secondary schools have an academic bias as their primary focus, and institutionally they are structured to channel students towards university options, with trade careers viewed as a secondary or last option. This bias towards university pathways is actively promoted through the use of ATAR scores for student placement, and the fact that ATAR scores are often marketed by schools as a selling point to attract parents and new students.

Consequently, the accommodation of VET programs within secondary schools nationally remains inconsistent, with some schools offering a broad suite of VET programs for students, whilst other schools offer few if any VET programs, which directly impacts students' choices on whether they take up a VET pathway. In this respect, MTAA advocates that reforms aimed at improving the flexibility of schools to accommodate VET programs, either through addressing resource constraints or other means should be considered.

MTAA also believes that it would be beneficial if broader measures of student and school success were implemented beyond a sole reliance on ATAR. This could include measures such as the number and proportion of successful trade/ job placements as well as other metrics which in addition to the use ATAR, can provide a more holistic reporting measure for schools, which could possibly influence parental decision making and facilitate a greater enrolment of students towards VET pathways.

**Recommendation 5:**

*That in addition to the use of ATAR, that additional measures of student and school success be implemented by schools, such as the number and proportion of successful trade/ job placements or other suitable metrics, to provide a more holistic reporting measure of school/student outcomes.*

As outlined earlier in this submission, it is MTAA's experience that poor or inaccurate careers advice is a major contributing factor in the misalignment of the expectations of young school leavers and their suitability towards certain job roles. Career advisors are often time poor, lack adequate resources and can be confused by the diverse expectations from various industries.

Due to the challenges faced by career advisors, students are often not equipped with detailed advice on industry expectations, including advice on skills and attributes required for the learning and

development phases on an apprenticeship. Poorly conceived careers advice based on a scant understanding of an industry is misleading and has the potential to see students bounced around the employment market, with some school leavers losing their footing very early in their career journey, and consequently many employers becoming disengaged with VET as a result.

Many employers also find the VET system difficult to navigate and being overburdened by bureaucracy. TAFE institutes are generally inflexible in the design of their training courses and unit selection and are unable to offer training that is more individually tailored towards employer needs. This is a further source of employer frustration and disengagement from VET. In this respect, group training organisations and private RTOs offer more agile, and industry focussed training that is increasingly preferred by employers.

### **Improving the status of VET**

In terms of improving perceptions and status of the VET sector, an integral part of the work that is undertaken by MTAA members involves working within the secondary school system to engage with young people who are considering their career options, as well as developing school pathway programs that promote automotive trades to school students. These programs have proved to be very successful in promoting and helping more student to access a career pathway in VET. These programs are illustrated in the following case studies below.

#### **Case study 1: The Motor Trades Association of Queensland**

In 2022 the MTA Institute (MTA Queensland's training arm) launched **Auto Ready**, a five-day, accredited, immersive training program that was rolled out to high-school students in Years 11 and 12 across the state. Delivering an introduction to the many career opportunities available in the automotive trade, both current and emerging, the short course exposes students to light vehicle mechanical inspection and maintenance, paint and panel repairs, auto electrics, and electric and hybrid vehicle maintenance concepts. Successful completion of the course also includes 3 units of competency that can be used towards a school-based apprenticeship.

A key aspect of this course, in addition to the real-world training environments students participate in, is the connections to industry available through MTA Queensland's network of member businesses. MTA Queensland strongly promote networking events to allow open dialogue between participants and local employers and encourage work placement opportunities.

While challenges regarding the perception of automotive Vocational Education and Training in schools remain persistent, the MTA Institute have endeavoured to work with career guidance and VET officers in schools to promote the course, as well as promote the many exciting emerging career opportunities fast becoming available. They also take the time to discuss the intricacies and benefits of a school-based apprenticeship. This has resulted in an engagement with 9 Queensland schools so to date deliver the course.

Multiple students have progressed on to school-based apprenticeships, while many more are now completing the AUR20720 – Certificate II in Automotive Vocational Preparation course. Importantly, the MTA Institute have also partnered with two schools to deliver their Certificate II program into the school, further strengthening the automotive pathway to students both in metropolitan and regional areas.



## Case study 2: Motor Trades Association of South Australian and Northern Territory

**MTA SA/NT's School Pathways program** offers immersion activities and experiences (classroom and industry based), work experience opportunities and career education, with the aim of helping students access a career pathway in VET such as a Certificate II or school-based apprenticeship (SBAT).

Key learnings along the way are that schools need to prove these immersion activities and experiences before students can access VET.

In terms of supporting schools and students:

- Consultation is undertaken with schools, RTOs, students and their families about the South Australian Certificate of Education (SACE) and how it can be achieved using a Certificate II or SBAT.
- Assisting schools by advising on how to complete administrative forms and in the sign up of apprentices. This support goes beyond sign-up through to VET referral, training plan and call up notice
- Providing career education to schools to illustrate the wide diversity of career opportunities available within the automotive industry. This includes:
  - engaging one on one with teachers, VET coordinators, career guidance counsellors and even school principals
  - inviting school teachers and staff to their training and employment centre to show them first-hand what it's all about and let them 'have a go'.
  - Almost all are won over.

MTA SA/NT work closely with industry and members by;

- Breaking myths about SBATs and work experience.
- Helping with sign up process.
- Providing links to students who may go on in a SBAT or full apprenticeship
- Providing awareness of eligible State and Federal funding streams

In terms of results:

- The program was successful in recruiting 159 apprentices since April 2022, 43 of which were school based
- 15 school-based apprentices were also recruited to industry direct (from work experience)

### Case study 3: Victorian Automotive Chamber of Commerce (VACC)

**The VACC School based engagement program** has developed into a pathway support system that attracts school students to the trade, provides teachers with training and assessment resources, ensures the school workshops have up-to-date equipment and vehicles, provides industry work placement, and finds students an apprenticeship, either through the VACC Group Training Organisation or by helping them to be directly employed.

The program:

- Has a direct relationship with over 290 schools (most of whom do not deliver automotive) providing career guidance information and support to teachers and career guidance councillors
- Directly supports the 65 schools delivering automotive VETiS with equipment, tooling, learning and assessment resources
- Provides PD to the automotive VETiS teacher network through forums and training
- Promotes and facilitates employment outcomes by connecting local businesses with their local school(s)
- Promotes automotive career pathways to the public through the attendance by VACC Field Managers and industry representatives at more than 90 career and school expo events annually.

This program has substantially grown over the last decade resulting in measurable outcomes:

- An annual increase in the numbers of students undertaking automotive VETiS pathways
- An increase in the employability skills of students participating in the automotive VETiS programs
- An increase in the number of school students transitioning to employment in an automotive apprenticeship
- A marked increase in the retention rate of these students in their apprenticeship.
- Better industry understanding of Vocational education

The success of these automotive school-based pathways and engagement programs, across multiple jurisdictions, demonstrates that trade-based career advice in schools should be undertaken by personnel who have a deep understanding of the industry, its structure and the many career options that may be available to school students and school leavers. Importantly, students need to understand the expectations of industry, as individuals need to be matched with the relevant sector in the industry and with the most appropriate employer.

This deep and dedicated understanding of the industry is the very least that can be afforded to school students seeking to understand the myriad of career and training possibilities that are available to them. Anything less than this is potentially misleading, and in many cases, unhelpful.

MTAA therefore strongly encourages governments both federal and state, to provide more support for industry school-based programs which have proven to be enormously successful in raising the profile, awareness and participation of students in VET careers.

#### **Recommendation 6:**

*That more federal and state government support be made towards industry-based school pathways and engagement programs, to help facilitate increased awareness and student participation in VET careers.*

### 3. Successful partnerships between vet providers and employers that have demonstrably created career pathways and secure employment opportunities for students, considering the best practice elements of these successful partnerships, and how more partnering may be encouraged among vet providers and employers;

The case studies presented above illustrate the fact that there is evidence of successful partnerships and best practice occurring between vet providers and employers, that have created career pathways and secured employment opportunities for many students across different jurisdictions.

Whilst this success is encouraging, it is MTAA's observation that such interaction is predominantly undertaken by large businesses, which have the resources to implement such programs. Large businesses possess HR departments that are able to facilitate dedicated partnerships and engagement with VET providers, whereas small employers often lack these resources and capability. A clear example of this relates to Victoria, where many Victorian VET providers have key client programs with large employers who employ approximately 20 per cent of their students yet have nothing in place for small employers who represent around 80 per cent of their student numbers. The lack of HR departments and other resources and expertise within small businesses acts as a major barrier in this respect. This two-tier system can create an imbalance in the quality focus of VET providers, where small employers are often considered as 'second class'.

In this respect MTAA argues that more support should be made available to small employers who lack the resources and expertise to engage and develop partnerships with VET providers, that would be of mutual benefit for each party.

#### **Recommendation 7:**

*That dedicated resources and support be made available to small businesses to assist with their engagement and the fostering of partnerships with VET providers.*

#### **The role of industry RTOs and Group Training Organisations**

Industry not-for-profit RTOs and group training organisations (GTOs) are a vital component of Australia's VET system and have been instrumental in helping secure employment opportunities and career pathways for students, as well as helping establish a critical skilled labour pool for employers.

Industry RTO/GTOs improve both the quality and range of training available to apprentices and trainees by offering more flexible and tailored training programs, that are increasingly preferred by many small and medium businesses. Whilst government TAFE providers typically experience a student attrition rate of around 50 per cent, industry VET providers generally experience much higher student retention rates for apprentices and trainees, with some GTOs averaging over 90 per cent apprentice retention. This has resulted in more favourable labour market outcomes for apprentices and employers.

MTAA believes that the efforts of high-performing industry RTOs/GTOs in developing successful partnerships, employment and skills outcomes for students and employers needs to be better recognised and supported by government. MTAA argues that an increase in funding should be made available to high performing industry-based VET providers that are able to demonstrate meeting specific targets for apprentice and trainee placement and retention. This policy will help encourage and reward best practice in training and skills delivery.

#### **Recommendation 8:**

*That an increase in funding be made available to industry-based, not-for-profit/ group training organisations that demonstrate meeting high standards for apprentice placement and retention.*

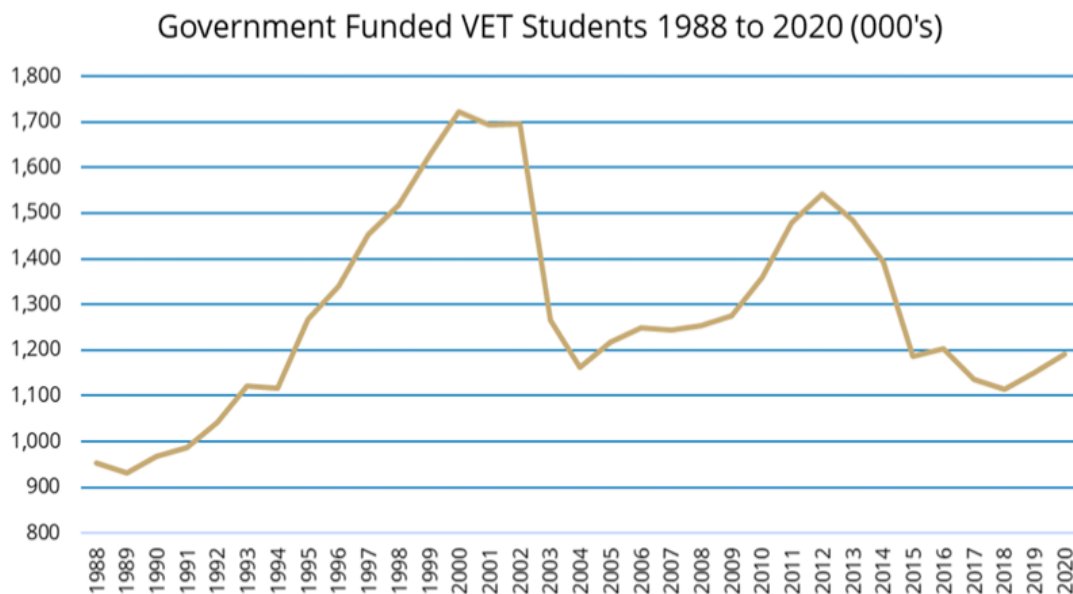
4. Commonwealth programs which could influence the above, and intersections with state and territory, industry, and philanthropic efforts, including any structural barriers to improvement.

There are many structural barriers within the VET system that limit its capacity to apply best practice solutions to improve the quality of training delivered to students. These barriers have been the subject of many reviews and inquiries into the VET system in recent years, and whose findings and recommendations should not be ignored. Some of these key structural issues are presented below.

**VET funding**

Industry-led apprenticeship training continues to remain the main source of skilled labour for automotive and many other industries. Despite this industry need, the proportion of funding across all levels of government towards vocational education and training as seen through the funding of TAFEs, has been declining annually since 2012/13 (Chart 1). By contrast, government expenditure in primary, secondary and tertiary education has been rising.

**Chart 1: Government Funded VET Students, Australia 1988-2020**



Source: NCVET, Government-funded VET students and courses 2018 - Historical time series of government-funded vocational education and training in Australia, from 1981 to 2020, 2021.

The VET system currently suffers from significant funding differences between states for the same qualification, unacceptable changes in total funding, and cost shifting between the commonwealth and state and territory governments. Also, a lack of cohesion between states and the federal government on VET funding objectives has hindered reform in apprenticeships and the VET system more broadly.

With higher education uncapped and demand driven, more school leavers are opting for university and more training providers are gravitating to the higher education system as it has greater funding certainty and higher per-student funding. The VET system has therefore effectively become the poor cousin to higher education and the perception of its value is much lower than the reality. Both education systems, however, should be recognised and promoted as being equally valuable.

**Recommendation 9:**

*That a long-term commitment to consistent and real VET funding increases be reached across federal, state and territory governments to deliver quality training that is tied to students.*

**Closer industry engagement**

There is a perception within industry that the quality and type of training delivered by many RTOs is

not representative of industry needs. There is considerable evidence that current programs of industry engagement by training providers are very limited and contain little in the way of grass roots industry consultation. There is also a perceived lack of transparency in decision making, particularly relating to the design and skills content of training packages and qualifications, as well as the implementation of revisions to training packages which can be incredibly slow amongst RTOs. Ultimately, this can result in qualification design and skill selections that are unrepresentative of the broader needs industry, thus depriving students of the real skills needs that are required in the workplace.

An improved program of industry engagement with well-coordinated regulatory oversight, can provide the necessary intelligence and action plans to enable the VET sector to respond to these challenges and opportunities. At the minimum, there should be round table engagement between VET providers and industry, at a level that is proportional to the number of apprentices they train to ensure that guidance and direction towards improvement can be achieved.

### **RTO assessment standards**

Many employers have long bemoaned the fact that RTO assessment procedures and standards for apprentices and trainees are inadequate. RTOs generally assess student's as either 'competent' or 'not competent', but this gives little indication to employers as to the actual level of competence of a student, or their abilities in key areas.

A further complication arises from the fact that funding for RTOs is linked to the sign-off of apprentices. This gives rise to an incentive for RTOs to churn out students as being competent. Many employers have expressed legitimate concerns of RTO pressure to sign-off students to release funding, despite some students not being fully competent.

Furthermore, there exists a large variability in skill delivery for the same qualification amongst different RTOs. There is evidence that teaching standards, resources and assessment are not consistent across RTOs and this lack of consistency often leads to highly variable skills outcomes for students, with less than satisfactory outcomes in terms of job readiness for both apprentices and existing workers seeking to upskill.

Given these barriers, MTAA also contends that industry should have a greater say in the assessment and validation of RTO training, and ideally training outcomes should be validated through an alternative mechanism such as an independent body. The introduction of an independent assessment model to measure student outcomes would require VET providers to lift their standards and improve quality and confidence in the system for employers.

### **Recommendation 10:**

*Consideration of the establishment of an independent assessment authority as the final arbiter of training quality and student sign-off.*

### **Thin training markets**

MTAA observes that there is a diminishing ability of RTOs to service regional areas, as well as thin (low volume) training markets. The provision of training in critical skilled trades such as marine, motorcycle, engine reconditioning and many others, are rapidly disappearing within RTOs due to low student numbers and the costs associated with running such courses.

In many regional areas, an RTO is the only post-school education facility available to the local community, necessitating the provision of a wide range of courses covering the needs of both regional employers and the wider community.

In contestable and demand driven training markets, the current funding mechanisms within VET reward large-scale, low-cost training delivery. For thin markets, these funding mechanisms often do not meet staffing, infrastructure, material and overhead costs, which can result in compromised training solutions or a withdrawal from specific trade training altogether. Key examples of this include the scarcity of motorcycle trade training among RTOs and the merging of automotive engine

reconditioning training with other trades at many institutions. There is a potential risk in thin training markets of both employer and student disengagement from trade training.

Greater flexibility of both training delivery and funding arrangements can overcome many of the barriers associated with servicing thin markets. Whilst the economics associated with thin training markets dictate that most solutions will end up costing more, this needs to be weighed against strong industry expectations and a strong public interest in the provision of skills training.

### **Global trends and career focus for VET**

A key perception and challenge relating the VET system, is that often slow to recognise global trends such as shifts in technology, the environment, geo-political and demographic trends, and how these shape future skills requirements, job roles and VET design.

The automotive industry is a prime example where environmental pressures on governments globally have resulted in a need to reduce carbon emissions, resulting in regulatory action and a shift by vehicle manufacturers towards producing electric and other zero and low-emission vehicle technologies. Consequently, these trends have major impacts on the skills requirements for automotive technicians, where the demand for many traditional mechanical based automotive trades will rapidly decline, and demand for higher order skills involving software and firmware updates, vehicle reprogramming, and other IT, analytical and problem-solving skills will become the mainstay of the future automotive technician.

These trends will have a profound long-term impact on future training qualification design and career pathways, resulting in a need for the VET system to adapt quickly to meet changing industry and society needs. It will also require a change in thinking on the part of VET as to the calibre of students that would be suitable for such higher order learning including the capacity of the VET system to deliver these skills in a timely manner. The evidence to date shows that the VET system along with governments have been very slow to react to such transformative trends, and this also represent a key barrier and area of reform.