

Western Australian Auditor General's Report



Vocational Education and Training for Year 11 and 12 Students in Public Schools



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WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

**Vocational Education and Training for Year 11
and 12 Students in Public Schools**

Report 32
December 2016



**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

**VOCATIONAL EDUCATION AND TRAINING FOR YEAR 11 AND 12 STUDENTS IN
PUBLIC SCHOOLS**

This report has been prepared for submission to Parliament under the provisions of section 25 of the *Auditor General Act 2006*.

Performance audits are an integral part of the overall audit program. They seek to provide Parliament with assessments of the effectiveness and efficiency of public sector programs and activities, and identify opportunities for improved performance.

This audit assessed the efficiency and effectiveness of the school education system in providing quality vocational education and training that meets the needs of senior school students.

I wish to acknowledge the staff at the agencies involved in this audit.

A handwritten signature in black ink, appearing to read 'C. Murphy'.

COLIN MURPHY
AUDITOR GENERAL
22 December 2016

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Auditor General's overview

Vocational education and training (VET) is now the most common education pathway taken by year 11 and 12 public school students. In 2016, just over 70% of these students had enrolled in about 200 certificate qualifications, provided by 150 training organisations.



The importance of VET is the result of a sequence of education reforms over a number of years, though the full impact was not felt until 2015 when formal VET qualifications became a pathway to earning a WA Certificate of Education. This triggered an immediate need for schools to provide VET courses for a much larger number of students.

I am pleased to report that schools, and the agencies involved, have responded well to that initial challenge, though the need for further development is evident, particularly in ensuring education quality.

Experiences in 2015 and 2016 revealed 2 key factors that will shape how VET in schools develop.

First, it is evident that student interest in VET subjects is diverse and this diversity will drive the subjects on offer. For some, VET remains a traditional route to an apprenticeship. For others, it offers a more engaging curriculum and learning approach than an academic pathway. And for many, it provides variety alongside their academic subjects and their pathway to university.

Secondly, it is evident that year 11 and 12 VET students have a clear preference to remain in a school environment rather than undertaking VET subjects outside of school.

Providing breadth of choice while maintaining quality is a challenge that schools cannot meet alone – they rely on external training providers. This in itself is a risk.

To minimise this risk, schools need support and guidance to identify quality providers, to establish and manage commercial arrangements and to ensure quality delivery. As well, they need guidance on the subjects that offer breadth of choice to meet student interests but which also reflect future industry needs and job opportunities.

That support for schools can only come from the responsible agencies working together effectively. I have provided a number of recommendations intended to help that happen, and to help turn a good start into a sustainable future for schools and students.

Executive summary

Introduction

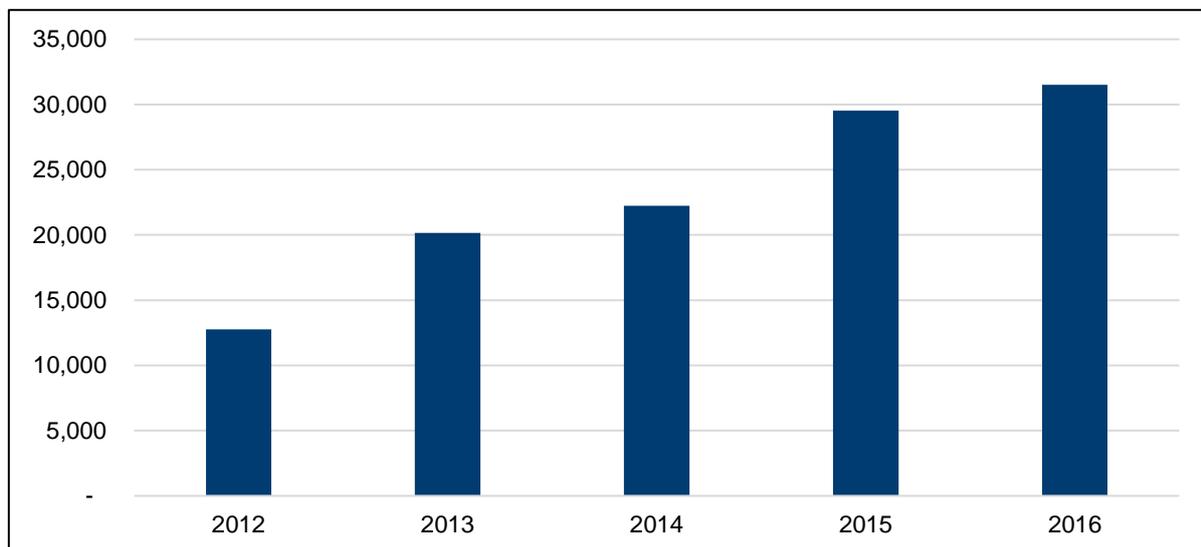
This audit assessed the effectiveness and efficiency of vocational education and training (VET) for year 11 and 12 students in Western Australian (WA) public schools. We focused on how the Department of Education (DoE) and schools had implemented VET for an increasing number of students. We also examined the role of the Department of Training and Workforce Development (DTWD). The audit involved data analysis and a survey of 25 schools and their parents, and site visits to 9 schools.

Background

There has historically been a vocational training component to high school education. Generally, it led to apprenticeships and further training, often at colleges of Technical and Further Education (TAFEs), mainly when students left school after year 10. Formally recognised as contributing to school education in 1997, VET continues to be an educational pathway for students wanting employment or further training, and for those less suited to academic schooling.

Recent changes to the WA education system have increased the focus on VET. Since 2014, the *School Education Act 1999* requires that all children must be in school, doing further education, or employed until the end of the year they turn 17 years and 6 months or until they turn 18, whichever comes first. The aim for students who stay at school is to gain a Western Australian Certificate of Education (WACE). This requires either an Australian Tertiary Admission Rank (ATAR) or a VET certificate II or higher.

Boosted by these changes, the number of year 11 and 12 students doing VET in all WA schools has more than doubled since 2012 to 31,504 in 2016 (Figure 1).



Data: School Curriculum and Standards Authority

Figure 1: Total year 11 and 12 students enrolled in at least 1 VET course

Seventy-three percent of year 11 and 12 students in public schools were enrolled in study for a VET qualification (course) in 2016, compared to 27% enrolled only in 4 or more ATAR subjects. Many students study both VET and ATAR, and a small number study neither. They were enrolled in 199 courses supplied by 148 registered training providers (RTOs). VET was delivered in 138 of the 181 public schools with year 11 and/or 12 students.

At the same time, the school system has changed in other ways. Increased independence for public schools has changed the role of DoE, with greater decision-making responsibilities devolved to schools. Schools are empowered to make local decisions about the use of resources, including funding for VET programs, so that they can meet the needs and aspirations of students in their local context.

Types of VET arrangements

VET is provided to school students in 3 main ways:

DoE funded training

Most school students in VET courses will be trained at school, with school staff and resources delivering a qualification under contract from a RTO. The RTO assures the quality of training and assessment, and awards the qualification. This arrangement is known as 'auspicing'. DoE provides around \$19 million on top of general funding for schools to contract RTOs, train teachers and coordinate activities. This does not include staff costs. About 70% or 25,700 public school VET enrolments were in auspiced courses.

Seventeen public schools including the state's 5 agricultural colleges are RTOs themselves and do not need to auspice to deliver courses and award qualifications. These schools cater for about 13% or 3,600 public school VET enrolments.

DTWD funded training

DTWD funds some training used by public school and private school students from the state training budget. It is mainly delivered by TAFEs away from school though DTWD also funds some training by private RTOs. It comes at no direct cost to parents or schools and is known in the sector as 'profile'. The current estimated budget for this is around \$21.5 million for public schools, including staff costs. About 12% of public school VET enrolments were in profile courses.

Profile training also includes school-based apprenticeships and traineeships. Under this arrangement, a student undertakes formal on the job training as a trainee or apprentice and attends school part-time. About 3% of public school VET students were in this arrangement.

Privately funded training

Students wishing to take courses not available by auspice or profile can also access courses from RTOs, though under this option the cost is passed on to families. Occasionally, the school will subsidise the cost. Fees for this vary widely depending on the course and provider, but can cost many thousands of dollars. Two percent or 450 public school VET students were in privately funded courses, known in the sector as 'fee-for-service'.

Courses can also be provided through a combination of these methods. Combined modes account for about 16% or 6,300 public school VET course enrolments.

The VET regulatory framework

There is a complex regulatory framework around VET. Courses are accredited nationally under the Australian Qualifications Framework. RTOs are accredited to provide particular courses. National providers are regulated by the Australian Skills Quality Authority (ASQA). Those only delivering training in WA are regulated by the WA Training Accreditation Council (TAC). In 2015, 484,500 people were engaged in VET in WA, with 4.5 million enrolled nationally.

To be registered, RTOs must comply with the National Standards for Registered Training Organisations 2015. These cover things like being managed by a 'fit and proper' person, financial viability, having public liability insurance, as well as making sure the training they

deliver meets the national approach for the relevant qualification. They also cover course material, how it is to be delivered, and the competence of trainers. Importantly, these responsibilities extend to RTOs supporting schools under auspice arrangements.

Individual schools manage the VET delivered in their schools to their students. The School Curriculum and Standards Authority (SCSA) is responsible for kindergarten to year 12 curriculum, setting standards for student achievement, assessing and certifying student outcomes and reporting for all WA schools. SCSA establishes and implements the WACE.

DTWD manages the state's training budget and funds TAFEs. In 2016, it funded 34 million hours of training across WA at a cost of \$510 million. Less than 5% of this was for school students. It also develops workforce planning policies, and works with DoE to support provision of VET to school students.

Audit conclusion

The legislative and policy changes that made VET for year 11 and 12 students a central part of the public education system were rolled out reasonably well.

About 70% of public school year 11 and 12 students in 2016 were in certificate II or higher courses. Schools ran a wide range of courses and most students were in their preferred course. DoE has no targets for completion, but performance was reasonable, with 85% of year 12 students completing a qualification in 2015. However, some weakness must be addressed to get the best outcomes for WA's senior public school students.

Most DoE students are in auspiced courses which is an economical and scalable use of school staff and resources. However, TAC found significant quality and compliance issues on both sides of auspice arrangements in 2014 and 2015.

DoE has not set standard arrangements for auspicing with RTOs, such as common contract elements or clear guidelines on choosing suitable courses. While DoE gives some financial assistance to schools, it has limited oversight and no plan for how its teaching workforce will meet the growing need to maintain industry experience and VET delivery qualifications on top of teaching qualifications.

DoE has produced guidelines for use by schools when choosing RTOs and coordinating VET but it has limited staff to support VET. It does not analyse outcomes in detail, and support has not grown to match effort in schools. Getting support for schools right is important, particularly with auspicing as the main delivery mode.

Schools have sound basic governance for VET, and DoE has an improved and transparent funding system in place for schools. However, DoE and DTWD have not worked out the best way to allocate training funded by DTWD.

Key findings

VET is now a key part of the senior school system; its focus is primarily on education, not job readiness

Broad policy change in education is difficult, with no chance to 'stop and reset'. DoE, schools, DTWD, SCSA and RTOs have successfully expanded the uptake of VET so that it is now a key part of the school system. All students must complete a VET certificate II or an ATAR to attain a WACE. DoE and schools see VET as part of a broad education that engages students and develops skills. Work-readiness and settled career pathways is not the major outcome for most students.

Students are enrolled, engaged and completing a wide range of VET courses

Seventy-three percent of government school students in years 11 and 12 were in a VET course in 2016, with practically all the rest studying ATAR subjects. They enrolled in 199 courses, provided by 148 RTOs. In 2015, 85% of Year 12 VET students completed a qualification, making them eligible for the WACE. DoE has no targets for this measure.

Although a wide range of courses is available, just 1 course, sport and recreation accounted for 21% of all enrolments in our 25 selected schools. The concentration in this course reflects, at least in part, schools' emphasis on student engagement and the course's suitability for auspiced delivery. DoE views this as an outcome of independent choices made by schools in the interests of their students.

Most school students taking VET courses will be trained by school teachers at school

In 2015, schools delivered 70% of VET for public students under auspice arrangements, up from around 60% in 2011. This involved 20,000 students and 450 teachers in 135 schools delivering 160 courses. DoE believes auspicing is the only viable mass delivery model, because it leverages school resources and teacher skills at little extra cost. However, relying on those resources and skills raises risks, including the use of unqualified staff, outdated equipment and overly generous assessment. TAC found significant issues in audits of auspiced arrangements in 2014 and 2015.

DoE has limited oversight of school staff qualifications and experience to deliver VET

Maintaining staff qualifications and industry experience is a major challenge for schools. VET trainers need a Certificate IV in Assessment and Training, even if they are qualified teachers. They must also have current industry experience and vocational competency to assess students. DoE has not assessed the workforce implications of maintaining these qualifications and vocational currency over time, for example by working in industry. It provides some financial assistance to schools, but it relies on individual schools to manage this process and the VET regulators to enforce RTOs' responsibility for it.

While all of our selected schools reported all their teachers currently met requirements, they commonly raised it as an ongoing concern, and 6 reported there had been times when the requirements were not met.

DoE has not set a clear process to support schools when choosing higher level courses

It is a challenge to balance giving students opportunities to extend themselves in demanding courses with the risk that such courses could be unsuitable for their age and could not deliver the industry experience expected of graduates. Although schools can access a DTWD register of industry views on course suitability, there is no clear process for schools to follow to ensure these decisions are made in the best interest of students.

A small number of RTOs and schools have allowed some students to choose courses that industry does not think appropriate for school students. These include a Certificate III in Health Administration, a Certificate IV in Work Health Safety and a Certificate IV in Business. Industry concerns include limited opportunities for on the job training, poor employment outcomes and the personal maturity demanded by the course.

DoE has not minimised risk by setting standard contract terms for schools engaging RTOs

DoE does not provide standard contracts for schools to use when engaging with RTOs. DoE also does not specify standard contracting clauses like limits on liability, expiry dates, renewal terms or dispute resolution. Nor does it set minimum requirements for services provided by RTOs, such as site inspections and monitoring delivery by schools. Schools enter into a wide range of contracts whose features vary greatly. The risks of inconsistent contracting needs resolving.

DoE does not have a clear view of how training hours funded by DTWD should be used

DTWD provides about 1.2 million profile hours for public school students (3.5% of all training) at a cost to the state estimated at about \$21.5 million annually. However, neither DoE nor schools control their allocation. DTWD distributes the hours between the state's TAFEs according to size, history and location, rather than any request from DoE, or any analysis of specific student or school need.

DTWD plans to stop funding courses in sport and recreation, business, visual arts and information digital media and technology from 2017, and to limit access to profile courses for individuals and RTO schools. Based on its analysis, DTWD believes these moves will provide access to profile courses for 19% more students. DoE has not fully assessed the implications of these changes.

VET activity in schools is supported by a more equitable and transparent funding system

Public schools are funded individually through a VET loading on student centred funding. In 2016, DoE allocated \$19.3 million in total, ranging from \$358 to \$374,327 per school. The funding model factors in regionality, socio-economic status and NAPLAN results, and per-head funding decreases as student population increases. This is transparent and more equitable than the previous approach, which relied on individual schools seeking out funding from a variety of different sources.

Schools assess student needs and interests and deliver programs accordingly

Schools make concerted efforts to ensure VET courses engage their students. They promote courses to students after asking them about their interests, considering their aptitude and previous school performance to assess likely success and working with parents. Eighty-two percent of parents we surveyed reported their students were doing their preferred courses.

Governance of VET provision at schools is broadly sound

Sound governance at schools is vital to successfully expanding the role of VET. Although 2 of the 25 schools we surveyed were worried about their ability to manage their contracts with RTOs, all had adequate organisational and staff structures in place. Each had someone responsible for coordinating VET courses and student enrolment, timetabling, liaising with RTOs and monitoring student outcomes.

Analysis of impacts and outcomes has been limited

A key part of making major policy changes is reviewing progress. We expected that DoE and DTWD would have a coordinated and comprehensive plan for analysing the impacts and outcomes of the program. While a great deal of data is collected, it has gaps and conflicts. There is no plan for improving the data and carrying out the kind of analysis that DoE needs to plan effectively, like which schools struggle to find RTOs, which RTOs perform best, or which schools could pool efforts to arrange courses.

Recommendations

DoE should:

As soon as practical

1. finalise its response to the commissioned review of VET in schools and set timelines for implementing changes
2. work with SCSA to finalise guidelines for selecting higher level courses.

By June 2017:

3. review the level of VET-specific support provided in head and regional offices
4. establish a plan to regularly review school performance, experience, student outcomes and RTO performance
5. work with DTWD, SCSA and TAC to:
 - a. establish criteria for a 'school-ready' RTO accreditation including options for allowing TAC to audit activities in public schools
 - b. develop a set of pre-approved courses, especially for auspicings
6. develop a clear policy on the scope and intent of DTWD-funded student contact hours across the public school system
7. together with DTWD, set guidelines for public school access to profile hours. These should include:
 - a. a method for calculating the number of student contact hours available for schools based on need
 - b. guidance for the TAFE sector on allocating profile hours to schools
 - c. guidance on which courses at which level should be offered for profile places
8. increase guidance and oversight for schools, including standard contract models for auspiced delivery. This could include standardising responsibilities of RTOs.

Agency responses

Response from the Department of Education

The Department of Education (DoE) emphasises that vocational education and training (VET) delivery in schools has been very successful. This is demonstrated by:

- the doubling in student numbers participating in VET between 2012 and 2016
- more students completing VET qualifications that lead to further education, employment and training pathways
- more students completing higher level qualifications while at school
- students using VET to contribute to Western Australian Certificate of Education achievement.

DoE accepts recommendations 1, 2, 3 and 4, noting that:

- the response referred to in recommendation 1 was delayed in order to incorporate the findings of this audit to provide a consistent and cohesive direction
- work related to recommendation 2 has already commenced
- the review indicated in recommendation 3 will be undertaken during 2017 for future implementation
- the Training Accreditation Council (TAC) and the Australian Skills Quality Authority (ASQA) are the regulatory bodies for Registered Training Organisations (RTOs). DoE can only act to review the areas related to school practices in recommendation 4.

DoE recognises that support for schools could be strengthened in the areas of contracting and procurement of RTO services, whilst ensuring schools retain the capacity to respond to local needs, as referred to in recommendation 5 and 8, noting that:

- recommendation 5 requires improved clarity to ensure all parties have a common understanding of the intent and processes to be undertaken, and it must reflect the roles and responsibilities of each of the organisations to ensure their involvement is appropriate
- for recommendation 8, the *Standards for RTOs 2015* outlines the responsibilities of RTOs and compliance with these standards is overseen by ASQA and TAC. The legislative requirements of RTOs will need to be considered in the development of any contract models.

DoE has good relationships and regular interactions with the School Curriculum and Standards Authority, Department of Training and Workforce Development (DTWD) and TAC. The ability of DoE to influence their policies, the allocation of their resources and their operations is, however, limited. This impacts on the feasibility of DoE being able to implement recommendations 6 and 7, given these areas are under the direct control of DTWD.

Response from the Department of Training and Workforce Development

The Department of Training and Workforce Development notes the findings and recommendations of the Office of the Auditor General report 'Vocational Education and Training for Year 11 and 12 students'.

DTWD has worked closely with the Department of Education to implement the changes to the Western Australian Certificate of Education (WACE) in respect of vocational education and training for year 11 and 12 students.

DTWD has already made significant policy changes to improve the effectiveness of VET in schools through the development of an industry endorsed qualifications register that provides guidance to schools about appropriate VET pathways and best practice guides to assist schools in the quality provision of VET to school students.

DTWD has also provided greater clarity to TAFE colleges on school access to TAFE profile funding in 2017, including increasing the availability of job focused qualifications to a wider range of students. DTWD will continue to work with the Department of Education to support the most effective allocation of TAFE profile places to schools.

Audit focus and scope

This audit assessed the efficiency and effectiveness of the government school system in providing quality vocational education and training (VET) that meets the needs of senior school students. We followed 3 lines of inquiry:

1. Are VET programs available to all school students who want them?
2. Is VET for school students well managed?
3. Are school students receiving quality training?

We restricted our inquiry to public secondary schools and colleges and year 11 and 12 students.

We audited the departments of Education (DoE) and Training and Workforce Development (DTWD). We also obtained information from the School Curriculum and Standards Authority (SCSA), the Training Accreditation Council (TAC), and met with the Construction Training Fund, South Metropolitan TAFE and the State School Teachers' Union of Western Australia.

We assessed data on all WA schools and students provided by DoE and SCSA. We focused on a selection of 25 public schools, metropolitan and regional, to gain understanding (Appendix 1). These schools took an online questionnaire about their experience. We visited 9 of these schools to follow up survey questions and ensure we understood VET at the local level. We also surveyed parents and guardians at the 25 schools, getting 403 responses.

This was a broad scope performance audit, conducted under section 18 of the *Auditor General Act 2006* and in accordance with Australian Auditing and Assurance Standards. Performance audits primarily focus on the effective management and operation of agency programs and activities. The approximate cost of tabling this report was \$363,500.

Audit findings

VET has become a key part of the senior school system

Making broad policy changes in education is difficult. There is no chance to ‘stop and reset’ because there are always students in or entering the process. Following a series of policy changes since 2000, the number of VET students in WA schools has substantially increased. This meant that DoE and schools had to increase VET for students entering year 11 in 2015 while managing other practices for those in year 12. DoE, schools, DTWD, SCSA and RTOs together ensured the new focus on VET was effectively rolled out across the system.

In 2013, the Premier and the Minister for Education announced changes to the Western Australian Certificate of Education (WACE). All students enrolling in year 11 from 2015 must now complete either a VET certificate II qualification or higher, or an ATAR to attain a WACE.

Legislative changes have raised the WA school leaving age 3 times since 2005 when students could leave at the end of the year they turned 15 years. The most recent change in 2014 raised it to the end of the year they reach 17 years and 6 months. Under this system, students can stay at school, enrol in institutional or on-the-job vocational training outside school, or take a job. One outcome of these changes is that 80% of students carried on to year 12 in 2015, up from 63% in 2005.

‘We have been gradually expanding our VET offerings over a long period in line with student interest, local industry and staff capacity. In the last 3 years we have increased from 4 to 7 school-delivered certificate courses.’

– A regional school response to our survey of 25 schools

There was a clear policy framework and guidance to support the new link between VET and the WACE. A policy announcement in 2013 was followed by a joint statement from the Minister for Education and the Minister for Training and Workforce Development, the national framework document *Preparing Secondary Students for Work*, a revised WACE handbook, VET in Schools Guidelines and a suite of documents, such as checklists to help schools implement the changes.

SCSA set certificate II as the base for the WACE because it met the Australian Core Skills Framework for literacy and numeracy. While certificate II is the minimum, the stated policy of DoE and SCSA is for students to study certificate II or higher courses. Any VET qualification can be listed on a student’s WACE, including partial completion of higher qualifications. SCSA told us that many other jurisdictions encourage a certificate III. Regardless of whether a student attains a WACE, they will receive a WA Statement of Student Achievement recording all their activity.

The revised WACE structure requires students not studying for an ATAR to complete VET study as well as subjects, including English, at a general, non-ATAR level. This means that students cannot game the system to avoid general studies by only studying VET courses.

VET for school students addresses many needs, but focuses mainly on education, not job readiness

Like the entire education system, VET has various purposes and outcomes. The *Vocational Education and Training in Schools Guidelines* issued by DoE and DTWD in 2014 reflect this. It states that VET should:

- offer a range of pathways to meet the diverse needs and aspirations of all young Australians
- assist young people successfully transition from school to further education, training and/or employment
- be aligned to meet local employment and further education and training opportunities
- not lead to duplicated publicly funded training facilities and infrastructure.

Stakeholders also expect different things of VET. DoE focuses on VET as part of a broad general education, and believes students should be encouraged to reach their potential. Schools see VET more as a way to improve engagement, particularly when traditional education has not been successful, than primarily about industry training. Parents and guardians are likely to want their children doing what interests them particularly if it helps them find work or further training.

In contrast, DTWD's main objective is prioritising industry needs and developing a workforce plan. Funding training in TAFEs and other RTOs is a key part of this role, and in 2016, it funded 34 million hours of training at a cost of \$510 million. (DTWD funds 'hours' rather than places because of the extreme variability between courses.) Of these, public schools received 1.2 million hours, or 3.5% of the total. TAFE colleges have a capped number of hours set aside for VET for schools, and are service providers to individual schools.

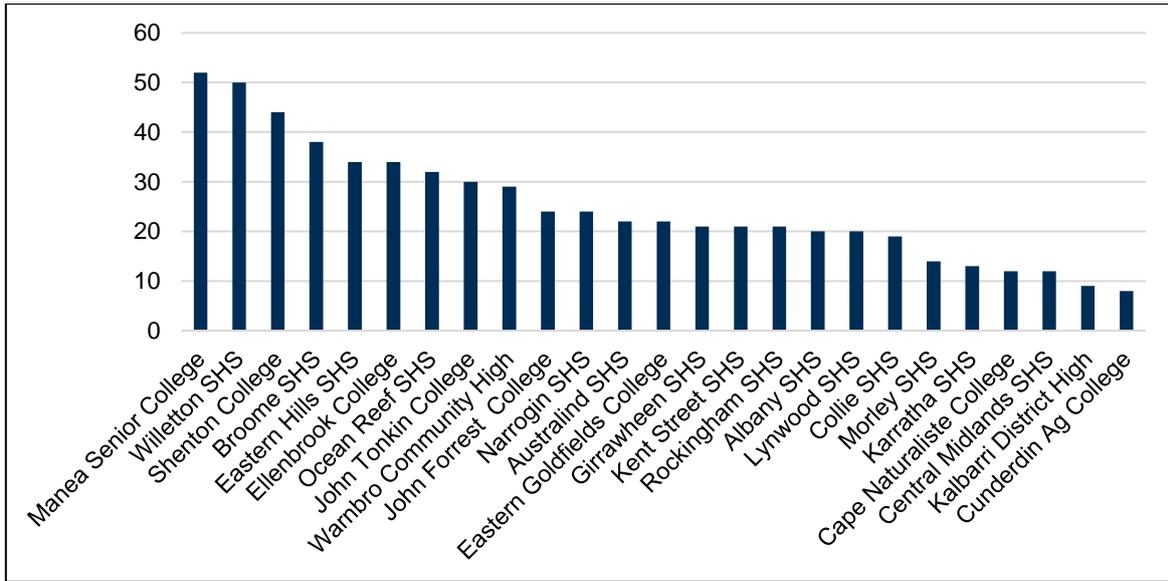
There is no one 'industry' view about VET in schools, though it might broadly be described as wanting more young people ready to move into employment and advanced training. RTOs want to supply training to schools and students effectively and, often, profitably.

Finally, schools have to meet the needs and wants of their students within their own capabilities. This means sourcing a mix of courses that meet ever-changing student interests but do not exceed budget constraints. It also requires matching delivery with staff capabilities. All of this is affected by location and staff mobility.

Students are enrolled, engaged and completing a wide range of VET courses

To succeed, VET in schools must engage students. One sign of this is the number of students enrolled and the range of courses schools assist them to take. The evidence shows that schools have done this well. Fifty-nine percent of all WA year 11 and 12 students in 2016, or 31,504 students, had enrolled in at least 1 VET course. In public schools, the figure was 73%. These public students had enrolled in 199 courses, provided by 148 RTOs. Our 25 sample schools had students in 133 courses.

All schools offered options for their students, and many schools offer numerous options (Figure 2). Manea Senior College, Willetton Senior High School (SHS) and Shenton College which are among the largest of our sample schools, had students enrolled in 51, 48 and 44 courses respectively. Even Kalbarri District High School, with only 15 senior students, provided access to 8 courses.

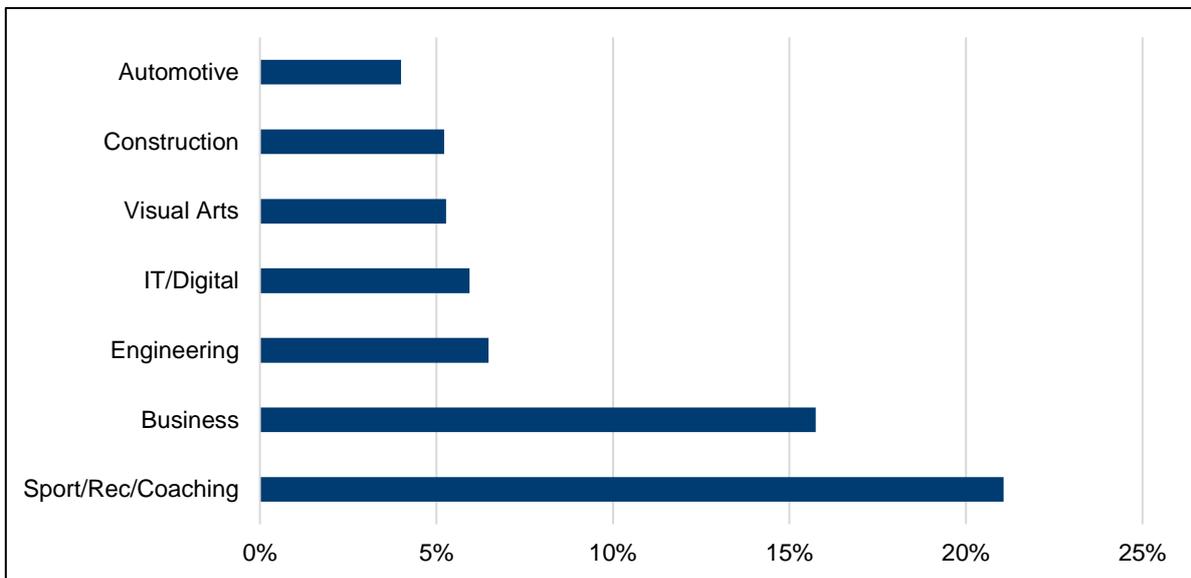


Data: SCSA

Figure 2: Number of courses provided in our sample schools

Another sign of accessibility is the number of courses with very few enrolments. In 2016 in our sample schools, there were 20 courses with only 1 student enrolled from any particular school.

Although there were many individual courses, 7 course areas dominated enrolments in our sample school group, with 3 areas covering more than a half (Figure 3).



Data: SCSA

Figure 3: Most popular VET areas in sample schools

In 2016, 21% of the 8,795 year 11 and 12 enrolments in our 25 schools were in certificate II sport and recreation, sport coaching or outdoor recreation courses. Sixteen percent were in various business courses. These courses were offered by 23 and 22 of the schools respectively. This reflects the popularity of sport, the generalist nature of business courses, that both are suitable for auspicing, and that vocational currency in these areas is relatively easy to maintain. Staff at schools we visited stressed the value of these courses in developing widely applicable skills. DoE views this as an outcome of independent choices made by schools in the interests of their students.

Trade-based courses in engineering, construction and automotive attracted about 15% of enrolments in our 25 schools, suggesting strong industry connection. The Cunderdin Agricultural College, with obvious industry connections, accounted for one-fifth of these.

While the majority of students were enrolled in certificate II courses, many schools were reluctant to limit their students' aspirations. In our sample of 25 schools, 16 schools offered at least 1 course at certificate III or higher and 8% of enrolments were in a certificate III course or higher. Across the state, 15% or 4,848 enrolments were in certificate III courses or higher:

- 4,427 in certificate III courses
- 397 in certificate IV courses
- 24 in diploma courses.

Enrolment numbers alone do not show success, and personal experience also matters. Sixty-five percent of parents who took our survey said that their children were engaged and motivated by their VET experience, while 11% said they were not. Seventy-three percent said that their school was managing their children's VET experience well while only 9% disagreed.

Despite the breadth of courses available, there are limits on what schools offer. For example, 30% of parents surveyed told us their children were not offered enough choices that interested them. Some parents and some regional schools also told us that a lack of training providers in their area limited choices. Nonetheless, 23 of our schools told us that most or all of their students were in their preferred courses.

Completing qualifications is important to the success of VET. Broadly, students were doing well in this area. In 2015, 85% of year 12 public school VET students completed certificate II or higher courses. This made them eligible to receive a WACE.

Students also completed about 90% of units of competency, the building blocks of VET qualifications. For students enrolled in a certificate III or higher, these can count towards the WACE even if the qualification is not completed.

Most students taking VET courses will be trained by school teachers at school

Auspicing, where students take VET courses in schools using school facilities and teachers, is the main mode of delivery for VET in schools. In 2015, 70% of VET for public students was delivered by schools under auspice arrangements. This rate had increased from 60% in 2011. However, auspicing has been found by TAC to have quality assurance risks and higher levels of non-compliance than other modes of delivery.

Each mode of delivery has differing cost and supply factors. Auspicing lets schools use existing resources and control timetables and the learning environment. It reduces logistical and duty of care challenges of training students off site, and builds on existing relationships with students. It is also economical. Most courses cost schools no more than a few hundred dollars per student. For these reasons, DoE believes that auspicing is an appropriate, and the only viable, model of for the delivery of many courses.

Morley Senior High School

A metropolitan RTO school with 300 VET students, Morley SHS offers qualifications in creative industries, media, business and automotive. It also auspices with other RTOs to offer sport and recreation, engineering, visual arts and construction. It has a full-time VET coordinator with administrative support. The school uses a database of 600 businesses and engages with associations like Rotary to maintain contact with industry and find students work placements. The school has had to cut courses because of increasing compliance costs, despite having staff capable of delivering them. It is 1 of 26 WA public schools open to international students. Culturally diverse, it has sister schools in Italy, China, Japan and Cambodia. The school shares facilities as part of a group of 5 north metropolitan schools.



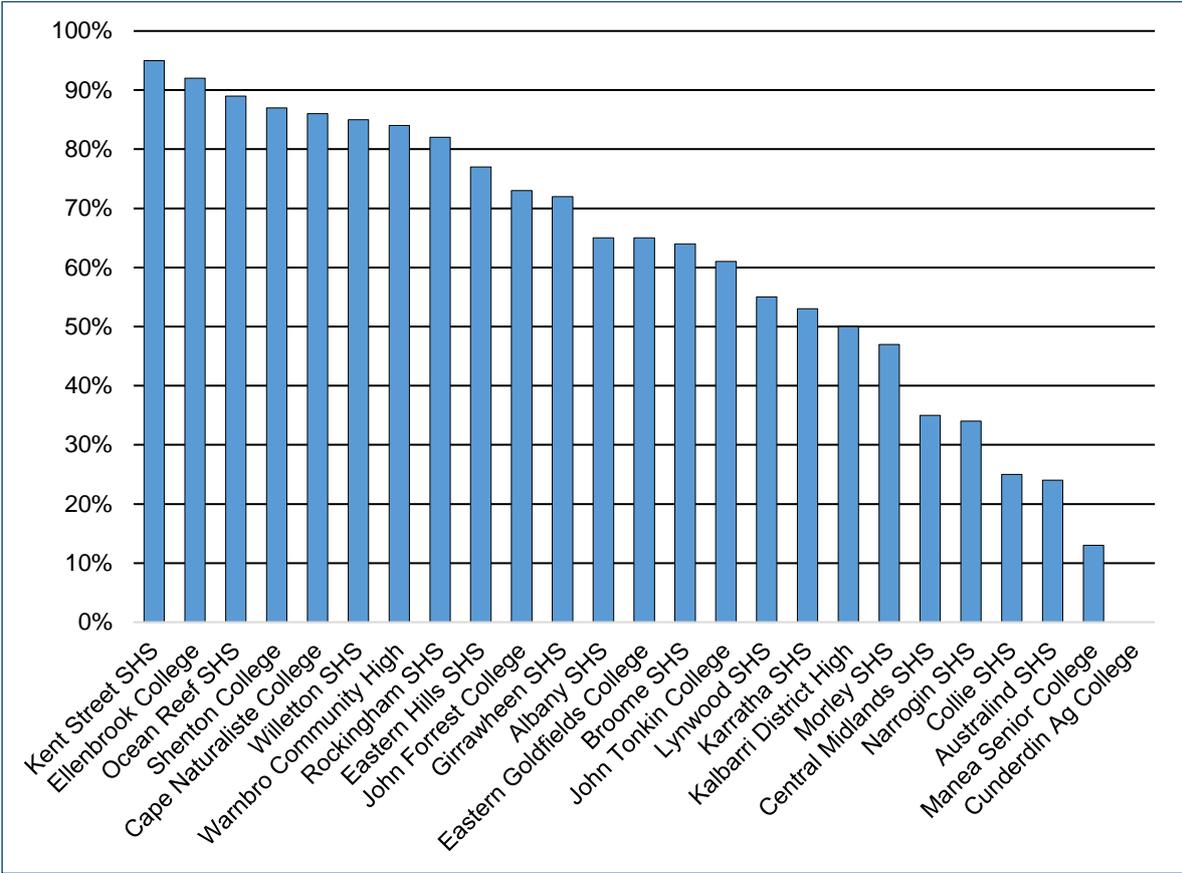
However, auspicing has risks. An audit of school VET by TAC in 2014 found the highest level of non-compliance in auspiced courses. The key concerns were that training and assessments had been changed without agreement from the RTO, that quality assurance by RTOs was inadequate, and that teachers had difficulty maintaining vocational currency. The audit recommended that TAC should consider developing a strategy to monitor the risks associated with school VET. A follow-up in 2015 found not much had changed. We note that 96 RTOs providing training to 58% of WA public VET students are regulated by ASQA, and that TAC therefore cannot assess their activity.

A recent issue illustrates 1 kind of risk. In August 2016, ASQA announced that it had decided to cancel the registration of an RTO because it was offering training that it was not registered to deliver. As a result, DoE and 28 schools had to quickly make alternative arrangements for the RTO's 1,400 students to ensure their WACE was not interrupted. This involved numerous other RTOs and the TAFE sector. We note that the RTO has appealed the decision.

Anecdotal evidence illustrates concerns about RTO processes. In 1 case, we were told that an RTO conducted moderation of assessment results for an auspiced course by phone without direct contact with student work.

Metropolitan schools generally auspice more than regional schools, but there are exceptions. Regional schools we spoke to told us that auspicings decisions were constrained by several factors. These included low student numbers that could affect the viability of running a course, lack of qualified staff able to deliver training, and difficulty finding RTOs willing to support particular courses. Despite this, half of VET in remote and very remote schools was auspicied in 2015.

These patterns were broadly reflected in our sample schools (Figure 4). Schools registered as a training provider (RTO schools) and delivering courses and award qualifications were generally low users of auspicings. There are 17 public RTO schools in WA, including 3 of our sample schools, catering for about 13% of public school VET students. Cunderdin Agricultural College auspicied no courses while Morley SHS and Australind SHS had less than 50% of enrolments under auspicie.



Data: DoE, SCSA

Figure 5: Proportion of VET enrolments auspicied by schools

However, some non-RTO schools also had low rates. Only 13% of enrolments at Manea Senior College and 26% at Collie SHS were auspicied. At the high end, more than 90% of enrolments were auspicied at Ellenbrook Senior College and Kent Street SHS.

DoE has limited oversight of school staff qualifications and experience to deliver VET

Maintaining staff qualifications and industry experience is a major challenge for schools. VET trainers need a Certificate IV in Assessment and Training, even if they are qualified teachers. They must also have current industry experience to assess students. RTOs determine how trainers maintain vocational currency, and this can include working each year in the relevant industry.

DoE provides some financial assistance to schools to enable teachers to maintain experience such as by providing time off in lieu of them working in industry during schools holidays. However, DoE relies on individual schools to manage this process, and does not monitor it. Nor has it assessed the workforce implications of maintaining these over time.

Meeting these requirements across the school system places substantial logistical and financial demands on schools. It is particularly important when auspiced delivery involves around 450 teachers in 135 schools delivering 160 courses to 20,000 students. This was the most cited risk to sustaining VET delivery by our 25 schools.

In 2015, schools reported total teacher VET training cost to be \$3.6 million. Schools had to meet this cost through the VET loading. They must also manage work schedules for teachers doing training and maintaining vocational currency, backfilling teaching loads and the cost of time off in lieu. Finding RTOs to train teachers at times that match school needs can also be a problem.

Twenty-three of the 25 schools said all their teachers were currently qualified to deliver auspiced courses. One said that it had teachers delivering courses who were in the process of gaining qualification, while another said that the RTO had 'deemed (a teacher) to be competent.'

Six schools had unqualified teachers delivering training sometime in the past, for example when unqualified relief teachers had to stand in for regular teachers on leave. Schools arrange for unqualified teachers to be supervised by qualified teachers from time to time. This is acceptable for short periods but not as a normal practice.

DoE has not set clear guidelines for choosing higher level courses

Higher level VET represent just 14% of total VET enrolments by school students but there are no clear guidelines for schools to ensure they are suitable for their students. Workload, necessary industry experience, licensing and maturity issues may make a course unsuitable for a particular student. As mentioned earlier, in 2016, there were 4,427 enrolments in certificate III courses and 397 in certificate IV courses. Twenty-four students were enrolled in diplomas.

There is a challenge in balancing opportunities for students to extend themselves against the risk that more demanding VET courses will exceed their current capability. Diplomas and certificate III and IV courses with practical elements are generally very difficult to complete when done in conjunction with other compulsory schoolwork.

DTWD keeps a traffic light register of industry advice on the suitability of VET courses for school students. With a handful of exceptions, it recommends against certificate IV courses and some certificate III courses. Reasons include:

- the substantial industry experience that generally cannot be achieved by school students
- that courses are unsuitable in their nature or involve an unsuitable environment. For instance, several mental and other health care certificates are deemed problematic
- regulatory or licensing restrictions such as the need to provide insurance and the need to be over 18 years of age.

Currently, DoE recommends that schools should research the register but gives no guidance on what then to do. SCSA told us that it will review its arrangements to determine how best to assist TAC and ASQA in undertaking their regulatory functions.

Thirteen courses delivered to students in our 25 sample schools were deemed by industry to be inappropriate for school students. They included a Certificate III in Health Administration, which had 18 students, a Certificate IV in Work Health Safety with 17 students, a Certificate IV in Business and a Diploma of Nursing, both of which had only 1 enrollee. We were informed in the last 2 cases that the individuals involved were exceptional cases.

DoE has not minimised risk by setting standard contract terms for schools that engage RTOs

Although the procurement of training from RTOs is now a core part of school business, DoE does not provide template contracts or specify minimum contract requirements. Rather, schools use contracts produced by RTOs. As a result, schools have entered into a wide range of contracts whose features vary greatly. Individual schools engage in contracts without oversight or coordination by DoE. While most contracts for a single auspiced course are less than \$3,000, the risks of inconsistent contracting that come with this approach need addressing.

We identified concerns with the contracts and in the confidence some schools had in managing them. We reviewed over 60 contracts and found many lacked common features such as limits on liability, expiry dates, renewal terms or dispute clauses. Three of the 25 schools were not confident that the person managing the contracts had the necessary skills and experience. Without sound contracts and adequate contract management, schools are exposed to risks such as RTOs not completely fulfilling the terms of the contract.

'Some providers are very good, others you don't hear from until a problem arises. It would be great if all external providers carried through on reporting and monitoring requirements within the time period specified. It has improved but more work is needed.'

- *A response to our school survey*

Schools were not always aware that they were in binding commercial arrangements with RTOs, in part because the contracts styles varied considerably. Some were in the form of memoranda, purchase orders and letters of offer. We also saw contracts with 3 RTOs that explicitly stated that they were non-binding.

We also identified other issues with contracting:

- 2 of the 25 sampled schools did not confirm that the power to sign contracts and approve payments was formally delegated in their school. This should be the case in all schools as it is essential for effective oversight and accountability. We saw 1 contract signed by a VET coordinator without formal delegation
- around half of the schools we surveyed did not formally check potential conflicts of interest when procuring services from RTOs.

We have recommended that DoE address the risk of schools signing inadequate contracts with RTOs by designing and issuing a set of template contracts from which schools can select the contract that best suits their specific circumstances. DoE has indicated its support for this recommendation.

DoE has provided some guidance and support but needs to do more

As part of the planning for increasing VET for schools, DoE developed extensive guidance materials including a guide for the implementation of VET in schools, a checklist for VET coordinators and a research tool for schools to use when engaging RTOs. While these assisted schools to enrol more students in VET, there are gaps in the guidance that need addressing to help ensure the system's effectiveness.

Resourcing in DoE to assist schools has not increased with the rise in VET enrolments and course availability. DoE provides regional VET coordinators and consultants to advise schools. However, schools advised us they had difficulties in obtaining this advice or clarification. The static resourcing has also meant that there has been little or no deep analysis of data collected by schools and reported to SCSA. For example, there has been no analysis of enrolment trends as they impact teacher workforce planning. DoE advised that it has developed tools to collate and analyse information at departmental and school levels.

Periodic meetings between a school and its RTO to discuss contract requirements and outcomes should be an activity encouraged by DoE. Five of our 25 sampled schools said that they did not meet regularly with providers, relying on ad hoc meetings and email. Only 5 schools said they received enough feedback from their training providers, while 2 said they received little or no feedback. The remainder had mixed views about the quality of information received from their RTOs.

DoE does not have a clear view of how training hours funded by DTWD should be used in the school system

In 2016, DTWD funding of TAFEs and private providers enabled them to offer 7,411 enrolments across all schools in profile places, apprenticeships and traineeships. The funding allocation was based on historical decisions and now there is no clear connection between the number of profile hours, the state's workforce development needs, or student or school needs.

Although profile hours (also known as student contact hours) are for school students, neither DoE nor schools control their allocation. They are distributed by DTWD between TAFE colleges according to size, history and location. Regional TAFEs get a larger share in the expectation that private RTOs will be less likely to operate outside of Perth.

Places at TAFE are competitive and based on applications from students. Schools coordinate the applications and recommend the students they think are capable of meeting the requirements, but it is up to TAFEs to accept or reject enrolments. Students who miss a place must choose another course.

The 7,411 school student enrolments funded by DTWD reflects government funding for approximately 1.6 million profile hours. In public schools, 5,688 enrolments received 1.2 million hours. This number of hours has not changed significantly since before the Department of Education and Training was split into DoE and DTWD in 2008. Eight years on, the basis for these hours is unclear.

DTWD advised that the cost of the 1.6 million hours allocated to all schools, public and private, was around \$29 million in 2016. Based on the proportion of enrolments, this suggests that about \$21.5 million goes to public schools at an average cost to the state for each school enrolment of about \$3,800.

This is significantly more than the cost per enrolment of the DoE VET loading (about \$785). However, the DoE VET loading does not include salaries or other existing school overheads.

When these are included, there is almost no difference between the 2 systems. A 2015 DoE estimate of total cost to deliver VET was around \$89 million, which gives an average cost per student of around \$3,500. We note that these figures must be used with caution. They are agency estimates and determining accurate costings was outside the scope of this audit.

We also note that DTWD has announced that from 2017 it will not fund places for metropolitan students in business, sports and recreation, design and visual arts, or digital media and technology courses. In 2016, this would have impacted 15 students across our 25 schools, or 0.25% of students. It also plans to restrict access to 1 profile course per student, and to phase out access to profile for students in metropolitan RTO schools.

The intent of the changes is to distribute profile hours more widely, giving more students the chance of gaining a WACE through VET. Based on its analysis, DTWD believes this will provide access to an additional 1,400 profile places. This would mean 19% more students get access to a profile place. DoE has not assessed the full implications of these policies.

VET activity in schools is supported by a more equitable and transparent funding system

To make state funding of VET for schools more equitable and transparent, DoE introduced a loading on general student centred funding in 2014. In 2016, \$19.3 million was allocated, with amounts ranging from \$358 to \$374,327 per school. The loading factors include regionality, socio-economic status and previous student NAPLAN performance. The per-head basis of funding assumes economies of scale with decreases occurring as student population increases.

The VET loading replaced a more haphazard approach based on schools' ability to access disparate funding pools and allocations rather than on need. It has been phased in over 3 years with 2017 being the first year that the loading is the only source of VET-specific funding. For 73 schools, this will mean reduced funding from the old system, in 12 cases by at least 20%. However, 61 schools will get at least 20% more in 2017.

The loading does not cover the full cost to schools of delivering VET. Many schools also charge fees ranging from nominal amounts up to a few hundred dollars, similar to fees charged for general and ATAR study.

About 3% of enrolments were funded by parents under fee-for-service arrangements with RTOs. For some courses, the cost to students can be several thousand dollars. Fee-for-service courses are delivered by RTOs off-site, and the contract is often between the student's family and the RTO. Schools have a role in facilitating these, and in managing information and results. In our 25 sample schools, fee-for-service ranged from almost none at a number of schools to 71% at Manea Senior College in Bunbury.

While individuals and their families choose to enrol in these courses, fee variations can lead to perceptions of inequity, as the example of a Certificate II in Plumbing at 3 schools in the south of the state shows. The course was accessed through profile hours at 2 schools, with no student fee at 1, and a \$320 fee at the other. At the third school, the course was fee-for-service, and cost \$3,320.

Some schools subsidise students taking fee-for-service courses. In particular, Manea Senior College pays up to \$1,000 per fee-for-service course for its students. Manea is an unusual case. It has no feeder schools, so enrolment is always optional, and was established as a specialist VET college. It auspices very few courses.

Governance of VET provision at schools is broadly sound

Sound governance at the school level was always important to successfully expanding the role of VET. With some exceptions in the area of contract management, the schools we selected had adequate organisational and staff structures in place. All had someone responsible for coordinating VET courses and student enrolment, timetabling, liaising with RTOs and monitoring student outcomes.

In 2015, DoE reported that 105 senior schools had budgeted for VET coordinators at a cost of \$8.1 million in salaries and on-costs. Forty of these were full time, costing \$4.4 million. Each of our 25 schools had staff responsible for VET coordination. This met the practice recommended by DoE's guidelines and other policy.

Experience is important in this area, and two-thirds of staff in these positions at our selected schools had been in the role for more than 3 years. The staff we met were aware of their responsibilities and appeared committed to their role and improving outcomes for their students. However, in many schools, especially smaller schools, staff had to mix teaching and training with coordinating.

'Constant change requires us to consistently modify programs, adjust delivery methods, monitor changes in compliance and policies, manage transient staff.'

- *A response to our school survey*

Schools assess student needs and interests, and deliver programs accordingly

To make VET meaningful, schools must ensure that their courses engage and interest students as much as possible. We found that schools made concerted efforts in this area.

Student interest was rated as the most important criterion for offering a course by our 25 surveyed schools with half rating it as the top criterion and all ranking it at least 5th out of 9 criteria. School capacity to deliver was the next most important, followed by employment opportunities for graduates, student capability, provider availability and workforce priorities. Cost had the overall lowest ranking and was placed last by 6 schools.

Fifteen of our schools reported assessing student interest by interviews or counselling students or parents. Schools also assessed previous study to help gauge appropriateness and chances of success. Other methods included surveys or historical enrolment data.

Only 11 of the 25 surveyed schools cited industry needs and trends as a factor in how they assessed student need. This is consistent with other evidence that schools do not see industry training as their primary purpose in providing VET courses but are more concerned with student engagement.

Central Midlands Senior High School

The experience of Central Midlands SHS highlights an important difference between metropolitan schools with large diverse populations and regional schools in smaller communities. Located in Moora, 172 km north of Perth, the school has 54 students in years 11 and 12 enrolled in construction, automotive, business, kitchen operations, early childhood education and sport and recreation courses. The school has strong local business partnerships and a \$3.5 million Trade Training Centre caters for hospitality and automotive VET courses. Lack of qualified staff means it only uses the Trade Training Centre 1 day a week. The school would like to run courses in rural operations and information, digital media and technology but student interest is insufficient, even though local businesses need these skills.



Eighty-two percent of parents we surveyed reported that students were doing their preferred courses while 18% said they were not. Parents also had mixed experiences with how schools shared information. Sixty-nine percent agreed that their school provided useful support, advice and guidance about VET courses while 13% disagreed. Around half reported that schools provided effective guidance on the cost and availability of courses, number of places, selection processes and work placements.

Analysis of impacts and outcomes has been limited

A key part of making major policy changes is reviewing progress. We expected that the agencies would have a coordinated and comprehensive plan for analysing data. We also expected they would assess the impacts and outcomes of the program to ensure the system's sustainable evolution. While a great deal of data has been collected, it has gaps and has not yet produced deep analysis of the kind DoE needs to plan effectively. For example, it has not yet applied the data to workforce planning.

Though it is early days, DoE has collected some useful data. It surveyed all schools in 2015 about enrolments, staffing, fees and costs of VET, in part to validate the new funding model.

This produced a snapshot that is not easily repeatable because it was very labour intensive for schools. DoE believes it was a valuable exercise, but there were issues with data quality.

In April 2016, DoE also commissioned a review of progress, which made recommendations in 6 areas. By October 2016, it had drafted a set of actions and was considering how and when to implement them. The range of actions are not specific, and lack a timeline for completion.

Appendix 1: Selected schools

School	Location	Senior students	% senior students in VET	Auspice % of VET
Albany SHS	Great Southern	342	67%	65%
Australind SHS	South West	372	61%	24%
Broome SHS	Kimberley	240	84%	64%
Cape Naturaliste College	South West	192	69%	86%
Central Midlands SHS	Wheatbelt	63	100%	35%
Collie SHS	South West	186	64%	25%
Cunderdin Ag College	Wheatbelt	130	100%	0%
Eastern Goldfields College	Goldfields	510	72%	65%
Eastern Hills SHS	Perth	278	92%	77%
Ellenbrook College	Perth	452	85%	92%
Girrawheen SHS	Perth	171	88%	72%
John Forrest College	Perth	331	96%	73%
John Tonkin College	Peel	306	93%	61%
Kalbarri District High	Mid-West	21	71%	50%
Karratha SHS	Pilbara	291	85%	53%
Kent Street SHS	Perth	331	94%	95%
Lynwood SHS	Perth	704	68%	55%
Manea Senior College	South West	499	63%	13%
Morley SHS	Perth	376	80%	47%
Narrogin SHS	Wheatbelt	285	62%	34%
Ocean Reef SHS	Perth	405	84%	89%
Rockingham SHS	Perth	242	99%	82%
Shenton College	Perth	621	62%	87%
Warnbro Community High	Perth	353	93%	84%
Willetton SHS	Perth	830	57%	85%

Source: Schools Online, DoE, SCSA

Auditor General's Reports

Report number	Reports	Date tabled
31	Assessment of Progress to Improve Payment Security for Government Construction Subcontractors	22 December 2016
30	Measuring Tax Collection Performance	22 December 2016
29	Improving Immunisation Rates of Children in WA	21 December 2016
28	Malware in the WA State Government	7 December 2016
27	Opinions on Ministerial Notifications	7 December 2016
26	Opinion on Ministerial Notification	23 November 2016
25	Opinion on Ministerial Notification	9 November 2016
24	Audit Results Report – Annual 2015-16 Financial Audits	9 November 2016
23	Western Australian Waste Strategy: Rethinking Waste	19 October 2016
22	Opinion on Ministerial Notification	13 October 2016
21	Opinion on Ministerial Notification	6 October 2016
20	Ord-East Kimberley Development	7 September 2016
19	Information and Communication Technology (ICT) in Education	17 August 2016
18	Opinions on Ministerial Notifications	11 August 2016
17	Financial and Performance Information in Annual Reports	21 July 2016
16	Grant Administration	7 July 2016
15	Management of Feedback from Public Trustee Represented Persons	30 June 2016
14	Management of Marine Parks and Reserves	30 June 2016
13	Maintaining the State Road Network – Follow-on Audit	29 June 2016
12	Regulation of Builders and Building Surveyors	22 June 2016
11	Information Systems Audit Report	22 June 2016
10	Opinions on Ministerial Notification	8 June 2016
9	Payment of Construction Subcontractors – Perth Children's Hospital	8 June 2016
8	Delivering Services Online	25 May 2016
7	Fitting and Maintaining Safety Devices in Public Housing – Follow-up	11 May 2016
6	Audit of Payroll and other Expenditure using Data Analytic Procedures	10 May 2016
5	Audit Results Report – Annual 2015 Financial Audits – Universities and state training providers – Other audits completed since 1 November 2015; and Opinion on Ministerial Notification	10 May 2016
4	Land Asset Sales Program	6 April 2016
3	Management of Government Concessions	16 March 2016
2	Consumable Stock Management in Hospitals	24 February 2016
1	Supplementary report Health Department's Procurement and Management of its Centralised Computing Services Contract	8 June 2016 17 February 2016

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