

# **Joint Industry Skills Council Response to the Skilling Australia for the Future Discussion Paper**



April 2008

This paper provides a collective response from the 11 Industry Skills Councils (ISCs) to the *Skilling Australia for the Future Discussion Paper* released on 1 April 2008.

In considering this advice, it should be acknowledged that a number of ISCs have submitted individual responses which provide further advice around the issues and industry's specific requirements and expectations of *Skilling Australia for the Future*.

The paper provides advice on fundamental issues over and above the questions posed in the discussion paper. It also sets out a series of key strategies to underpin progressive implementation of policy.

## KEY MESSAGE

*Skilling Australia for the Future* represents a watershed in Australia's vocational education and training history. It recognises that long overdue reform is needed to the way in which we access and deliver skills to industry, the workforce, and those wishing to gain employment. It challenges many strongly held beliefs and traditional approaches that dominate the current VET landscape, and which are now increasingly at odds with the dynamic work environment faced by Australian industry and its workforce.

In simple terms, the policy echoes industry's long held position that a demand driven VET system is the only way in which Australia will:

- Raise industry and individual investment in skills and workforce development so as to maximise Australia's latent human capital
- Ensure real outcomes that raise productivity and participation to levels capable of sustaining a strong economy

*Skilling Australia for the Future*, its aspirations and approach, is strongly supported by the 11 Industry Skills Councils (ISCs). The additional 450,000 training places will inject much needed skills and labour into the economy - but the program promises to deliver considerably more than additional training places. Its legacy will be a system that intuitively understands and has the capability to respond to industry demand, a system that no longer highlights pockets of excellence as demonstration of its abilities, but which can look across the system and with confidence point to all training providers as organisations invaluable to Australia's future economic growth.

ISCs are purposely positioned as a key tenet of the policy. As independent bodies, they will play a key role in building industry's confidence in the ability of the VET system to deliver real outcomes, and raising individual enterprise's commitment and ongoing investment to the skilling of its workforce. Collectively and individually ISCs are committed to building their capacity and the systems needed to undertake the role, and considerable work is already underway. But there is still much to do by the system as a whole, and greater clarity is needed as a matter of urgency around operational policy. The ISCs look forward to working with Skills Australia, the Department, States and Territories and Registered Training Organisations over the coming months to drive the change needed to deliver on the Government's vision.

*'... the biggest mistake we can make is to see this Federal Government initiative as purely 450,000 training places and/ or another good idea to resolve skill and labour shortages - this is about changing the very culture of the VET system. More of the same is simply not an option for an industry led system.'*

John Smith  
Chief Executive Officer  
BHP Billiton Mitsubishi Alliance (BMA)

## MAKING IT HAPPEN

### Establishing demand

Past experience would suggest that simply offering training places is no guarantee of actual uptake by those at which they are aimed. While the nature of the policy's two target groups is highly appropriate, attracting both existing workers and those that sit outside of the workforce into formal training (and at a high qualification level) is notoriously difficult, even in small pilot projects or localised initiatives.

A national, cross jurisdictional policy of this magnitude will need to win 'the hearts and minds' of these groups first, and through a targeted, national communication strategy. This is not about the promotion of hotlines or websites on how to enrol. Rather, it is about developing an agreed set of value propositions and consistent key messages appealing to the ideals and business needs of enterprises and the workforce. The initiative would be most appropriately driven by Skills Australia in collaboration with ISCs and managed by the Department. Importantly, and mindful of sensitivities around promotion of government initiatives, its messages need to be rolled out by the full breadth of stakeholders responsible for ensuring the policy's success:

- Industry Skills Councils
- Enterprises
- Employer representative bodies
- Employee representative bodies
- State and territory governments
- Registered Training Organisations
- DEEWR
- Commonwealth government departments
- Group Training Companies
- Employment Service Providers
- Apprenticeship Centres/ Skills and Training Information Centres

### Funding of training places

Clearly there are complexities around the funding of existing worker training places given the policy's requirement for States and Territories to contribute 40 percent of the cost, and that any commitment to do so sits outside of the current bilateral funding agreements. It is understood that this situation will impact on the proposed funding model for existing worker places up until 1 January 2009, at which point new agreements with each of the jurisdictions will come into play. With much work underway across the ISCs and commitments already flowing from companies keen to engage in the new arrangements, ISCs strongly urge the Australian Government to consider an alternative funding model for existing worker places until such time as States and Territories come onboard, and to prevent a loss of industry momentum and support for the policy. This could involve:

- Focusing on any jurisdiction willing to contribute 40 percent funding at this point in time
- Proposing an amended funding ratio which lessens commitment required from the jurisdictions for the remaining eight months of 2008
- Fully funding existing worker places through the Commonwealth until 31 December 2008 or such time as commitment from States and Territories is secured (whichever comes sooner), with a reconciliation of the funding ratio thereafter to reflect the early drawdown of program funds.

## Targeting the right occupations

Pivotal to boosting participation and productivity levels through the program is ensuring the training places target those occupations most in need of higher skills and labour. The current process for identifying the ‘priority occupations list’ draws on the National Skills Need List, derived from a survey of employers that have recently advertised vacancies, and one-off surveys at the regional and/ or industry level to identify occupations employers find most hard to fill.

While this *may* be a gauge for where to direct job seeker training, its an irrelevant indicator of the needs of those already in the workforce and whose needs typically require upgrading, broadening or re-skilling. Its also a poor indicator of new and emerging job roles which may not register as large numbers but are nonetheless critical to a burgeoning industry sector.

ISCs strongly recommend that as a matter of urgency, the methodology for identifying ‘priority occupations’ is reconceived in collaboration with ISCs and State Training Authorities.

*“Industry knows where it’s heading and the skills it needs to get there. We spent many years working with what the training system was willing to offer and it just didn’t work.*

*Done right, this policy has the potential to tackle the skills problem head on”.*

Brian Roach  
Training Manager  
ActewAGL

## Delivering real outcomes to organisations, the workforce and individuals

There is strong agreement that nationally endorsed qualifications, and specifically those at a high level, are the fundamental building blocks in the development of Australia’s human capital and continued economic growth - their acquisition by new and existing workers being a primary goal of the policy.

Such a bold intent does however, run the risk of being overshadowed by the solution given the size of the task ahead. The allocation of training places therefore needs careful monitoring, analysis and evaluation to ensure the purpose of the policy is realised and continues to deliver real outcomes to both those marginally attached to the workforce and existing workers. Confidence in the quality of delivery and assessment – regardless of training pathway – is absolutely paramount if we are to raise employers’ investment in skills development and build confidence in the VET system more broadly. ISCs believe that they need to be involved in the monitoring and evaluating of the program’s training places, an activity which would include consideration of both the appropriateness of individual allocations, and the quality of outcome.

For many occupations a full qualification is the recognised and desired target, most especially where licensing and regulation underpins the job role. However, this is not the case for all industry sectors or indeed, all learners. It necessitates a degree of flexibility and discretion be applied by ISCs when allocating training places if, as the policy states, the initiative is to be truly *‘flexible and responsive to the needs of industry and individuals’*, for example:

- Once an *entry level qualification is obtained*, up-skilling or re-skilling of existing workers may not require a further full qualification, rather the acquisition of various units of competency that grouped together reflect an evolved job role
- In certain industries, many of which are located in rural and regional Australia or relatively new to the concept of recognised training, incremental skills development through individual units of

competency or small groups is the preferred pathway, a full qualification being a longer term target achieved through recognition of skills acquired over time

- Where people are outside or marginally attached to the workforce and do not have a formal qualification, they may require additional support prior to enrolment in the identified training program such as language, literacy and numeracy.

### **Working with the States and Territories**

In fulfilling their roles, ISCs will consolidate and build upon existing relationships with State and Territory Training Authorities (STAs). They will seek a collaborative approach to identifying and addressing the skill needs of Australia's current and future workforce through regular informed dialogue and identification of shared priorities.

ISCs have sought to establish a set of key principles as a first step in each ISC's conversation with the relevant jurisdiction on how they will undertake their roles and engagement activities, particularly in the area of workforce development and identification of training needs. Specifically, each ISC will:

- work with STAs to reduce duplication at a product, promotion and service level to ensure a seamless, coherent and targeted service is provided to employers;
- establish a business model that addresses the needs of all jurisdictions and best delivers the quality and independence of service being sought by their respective industries within the resources available;
- determine the appropriateness of engaging one or more organisations or bodies in support of its role to achieve greater efficiencies and outcome<sup>1</sup>;
- adopt an agreed set of client service standards and principles, noting that any organisation or body working in support of the ISC's role must adhere to the same standards;
- identify enterprise skill needs, recommend training solutions and Registered Training Organisations using consistent, highly efficient and effective processes, noting that any organisation or body working in support of the ISC's role must utilise the same processes;
- establish cooperative relationships with, and be assisted in its work by, Skills and Training Information Centres, Australian Apprenticeship Centres and Employment Service Providers;
- monitor and evaluate the outcomes of allocated training places on a sample basis to determine their qualitative impact within the enterprise and effectiveness of the process;
- work with STAs during development of Environmental Scans to consider jurisdictional and localised skill and labour imperatives.

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<sup>1</sup> *Such organisations would be appointed on the basis of their proven business capabilities, professional standing, networks, experience and commitment to work within and promote the National Training Framework. They will have a fully functioning business with appropriate infrastructure and resourcing, and be required to operate in accordance with agreed performance measures articulated through a formal agreement.*

## GOALS AND KEY STRATEGIES

Emanating from the *Skilling Australia for the Future* policy, the following key strategies affirm the basis for delivering a sustainable, world class vocational education and training system.

### Raising industry and individual investment in skills and workforce development

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- **Ensure a demand driven system** focussed on meeting the identified skill needs of industry, its workforce and the individual
- **Strengthen the national system** to ensure portability of nationally recognised skills, and reinforce commitment to nationally endorsed Training Package qualifications
- **Ensure formal recognition of an individual's existing skills**, regardless of how they have been acquired, to maximise Australia's human capital
- **Build enterprise and industry commitment to up-skilling** the existing workforce
- **Build capability and sustainable practice within enterprises and industry** to determine their own skill needs and access high quality training providers on an on-going basis
- **Improve completion rates** through the adoption of flexible approaches to incremental skills development once an individual has completed entry level training
- **Provide a seamless, coherent and targeted service** for VET clients based on collaborative relationships between training providers, Australian Apprenticeship Centres, Employment Service Providers and Skills and Training Information Centres
- **Establish a targeted and coordinated national communication strategy** to generate demand for skills and promote the value of nationally endorsed qualifications among individuals, employers, schools and parents.

### Ensuring real outcomes that raise productivity and participation

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- **Ensure that nominated 'priority occupations' include emerging and evolving job roles**, those where existing employees are needing to upgrade, broaden or re-skill, and in areas experiencing labour shortage
- **Target those organisations and enterprises committed to building and investing in workforce skills** regardless of their size or structure
- **Remove barriers to formal skills acquisition** through provision of foundation skills, and language and literacy
- **Work collaboratively with jurisdictions to maximise resources**, eliminate duplication and ensure existing profile delivery is retained for 'priority occupations'
- **Monitor and evaluate the outcomes of allocated training places** to analyse their qualitative impact
- **Ensure policy and planning of the VET system is based on contemporary industry intelligence** drawn from targeted research of workforce development trends and on-going use of Environmental Scans
- **Provide skill solutions that raise the capability levels of small and micro businesses** which account for 95% of Australian business and employ 3.6 million people
- **Establish a contemporary and enduring funding model** to accommodate the diversity of learning styles and technologies, geographical isolation, thin markets, and enable high quality recognition and assessment.

## DISCUSSION PAPER QUESTIONS & RESPONSES

How should Skills Australia **interact** with industry groups to ensure that it has access to the most appropriate and up to date data?

What **sources of data** on skills shortages should Skills Australia access?

Clearly, there is no shortage of data or for that matter views on the topic of skills and labour shortages. For Skills Australia to connect to the issues of the day, and provide sound advice to government, the more appropriate question is how it identifies data sources which are both **independent** and **current**. Numerous organisations can lay claim to independence or alternatively, currency of advice, but there are few that can legitimately lay claim to both. ISCs' unique singular role of creating a world class workforce puts them firmly in this space and should ensure their position as a central source of intelligence for Skills Australia.

In support of the ISCs' annual Environmental Scan, and in recognition of how quickly the skill needs of industry are evolving, it is critical that an ongoing, collaborative relationship with ISCs be established from early on in Skills Australia's deliberations. This will alert Skills Australia to shifting priorities and emerging skill needs as they occur, and far in advance of such changes being reported through statistics and economic analysis. It will enable ISCs and Skills Australia to have deeper, more candid dialogue, explore the findings of targeted research and the on-going refinement of training place targets in response to industry needs.

How will ISCs ensure that their **Environmental Scans take full account of workforce issues** in their areas of industry coverage?

Leading OECD nations are progressively moving away from using historical data and past trends to predict future skill needs due to the frequent and decisive changes being experienced by industry, and which are frequently attributable to factors never before experienced. Instead they look towards 'early warning systems' which detect the onset of trends and build the capacity of their respective VET systems to respond with speedy, practical solutions once these issues are identified.

Environmental Scans have been conceived on this basis. They are unique within the VET system by virtue of their immediacy of intelligence and ability to provide a coherent picture of skill needs across 85 percent of job roles in the economy. They harness the very best of contemporary industry intelligence from around the country; based on ISCs' conversations with people doing the jobs, employing the workforce and those at the leading edge of their field, often with their own capital invested, they ensure the real issues around skilling are articulated and often before trends are documented elsewhere.

Over the next three years, ISCs will be resourced by the Commonwealth to work with enterprises to identify their skill needs and appropriate training solutions. Information gathered through this role will see the Environmental Scans become increasingly rich with 'real' data to gauge the magnitude of issues, and in doing so, become *the* most valuable direction setting document available to the system.

## What is the best way to ensure that state based industry advisory bodies are engaged in the model without duplication of roles?

In fulfilling their roles, ISCs will consolidate and build upon existing relationships with State and Territory Training Authorities. They will seek a collaborative approach to identifying and addressing the skill needs of Australia's current and future workforce through regular informed dialogue and identification of shared priorities.

At an operational level, each ISC will put in place a business model which best delivers on its role and the expectations of industry. ISCs have sought to establish a set of key principles as a first step in each ISC's conversation with the relevant jurisdiction on how they will undertake their roles and engagement activities, particularly in the area of workforce development and engagement of training places.

State based industry advisory bodies exist across the jurisdictions to varying degrees. Financial commitment of State and Territory governments to these arrangements differs markedly between and even within jurisdictions and is reflected in the capacity of the organisations.

Individual ISCs will determine the appropriateness of engaging one or more organisations or bodies in support of its role to achieve greater efficiencies and outcome. Such organisations will be engaged on the basis of their proven business capabilities, professional standing, networks, experience and commitment to work within and promote the National Training Framework. They will have a fully functioning business with appropriate infrastructure and resourcing, and be required to operate in accordance with agreed performance measures articulated through a formal agreement. ISCs will also establish cooperative relationships with, and be assisted in their work by, Skills and Training Information Centres, Australian Apprenticeship Centres and Employment Service Providers.

*“As one involved in representing a sector that is facing a severe skills shortage in the face of growing and changing demand for disability services, I strongly welcome the Australian Government’s investment in skills development and I look forward to working with Skills Australia and the Industry Skills Council to ensure that this investment achieves optimal benefits.”*

Ken Baker  
Chief Executive  
National Disability Services

## How can ISCs encourage and highlight responsive Registered Training Organisations delivering high quality training for their industry?

ISCs will continue their work with Registered Training Organisations to build capability required for high quality delivery and assessment. Approaches differ across ISCs according to the nature and scale of training providers servicing the industry and the availability of resources.

An agreed set of common principles for identifying suitable Registered Training Organisations will be openly promoted by ISCs. Such principles will be applied according to the relevant industry's context.

### What can be done to ensure that the training outcomes for individuals and enterprises translate into appropriate employment outcomes?

In the first instance, the 450,000 training places available through *Skilling Australia for the Future* must lead to a nationally endorsed Training Package qualification.

Of equal importance is that the learning pathway chosen is appropriate for the qualification. For example, in providing quality training to job seekers and to maximise their potential employment outcomes, they will require a degree of learning and assessment to take place in a work environment so as to demonstrate competency. This will require innovative approaches from Registered Training Organisations and careful selection of training providers by referring Skills and Training Information Centres.

### How can the program be managed to best meet the needs of employers?

*Skilling Australia for the Future* states that 'Australia's training system needs to undergo a fundamental shift from a system driven by the needs of providers and agencies seeking funding and subsidies, towards a system that responds to the needs of industry and the economy'.

Many aspects of the current system need to change for this to occur. Existing worker places will be premised on the findings of training needs analyses and this is strongly supported as a systematic and thorough means of identifying the skill needs of the enterprise and the workforce. Similarly, follow up with the enterprise to ensure the training outcomes have met expectations of the employer and the workforce is a fundamental requirement if there is to be ongoing confidence and investment in the VET system by industry and the individual alike.

ISCs will play the key role in both aspects for the duration of the program. In line with ISCs' position that this approach is the cornerstone of any demand driven system, and must endure long past the lifetime of the program, it is recommended that individual training providers start embedding the practices and necessary skills within their own practitioners as a matter of priority.