

**Training and Skills Commission Submission to
Skills Australia Consultation Paper on
*Creating a future direction for Australian vocational education and training***

Thank you for the opportunity to provide input to the discussion on the future of the vocational education and training (VET) system.

The Training and Skills Commission is the peak advisory body to the South Australian Government on skills and workforce development priorities. In November 2009 the Commission released its first *Five year plan for skills and workforce development*.¹ The plan made recommendations for fundamental changes in the State's post school education and training system, to ensure South Australia has the skills available to support future growth of the economy and sustainable employment opportunities. The plan focuses on strengthening pathways between elements of the education and training system and improving the quality of learning outcomes.

Many of the Commission's recommendations are being incorporated into the South Australian Government's *Skills for All* policy reform agenda. The Government's final policy paper on VET is due for release in early 2011.

To take account of changing economic circumstances, further consultation with industry and other stakeholders, and its ongoing policy work, the Commission released an update of its five-year plan in September 2010.² This submission draws greatly on both five-year plans.

As requested by Skills Australia, this submission has been structured around the three topics from the round table discussion held in Adelaide in November 2010:

1. Improving the VET experience
2. Lifting performance
3. Establishing strong foundations for growth

1. Improving the VET experience

Workforce development – a new mandate for the sector

The Commission believes that the effective use of skills in the workplace is as important as the acquisition of those skills. In both the 2009 and 2010 plans it has been reiterated that the education and training system needs to be responsive to the needs of industry and that workforce development strategies are developed to attract, retain and fully utilise workers' skills to boost productivity.

¹ Training and Skills Commission 2009 [Skills for Jobs: Priorities for developing South Australia's workforce](#)

² Training and Skills Commission 2010 [Skills for Jobs. The Training and Skills Commission's five year plan for skills and workforce development](#)

The Commission believes that an increased focus on learning in the workplace should result in a closer link between the development of skills and how those skills are used. The South Australian Government has set a target of workplace delivery to be 25% of total training effort by 2012.³ To achieve this employers will need to work more closely with providers. The use of industry facilities and ways to engage employers to provide training opportunities at the worksite are some of the issues that need to be dealt with.

The discussion paper asks how training providers can be encouraged to take on this workforce development role, how this can be funded and how this investment be measured.

In the 2009 plan the Commission made several recommendations and further suggestions for government and industry to work together, in particular in building the capacity of employers, providers and intermediaries to link skills planning more closely with business planning. Some of them could be achieved by building on and expanding current initiatives, for example:

- The free or subsidised provision of tools, resources and workshops to assist employers, Registered Training Organisations (RTO) and intermediaries such as industry skills advisory bodies to build their workforce development capacity
- Continued strengthening of the capability of RTOs through professional development support
- Developing mechanisms to collect information directly from employers and individuals about how skills are developed and used (e.g. incorporating some key questions in tender proposals for publicly funded programs)
- Strengthening the role of Industry Skills Boards (ISBs) in providing advice on skills and workforce development priorities
- Strengthening guidelines for publicly funded workforce development programs aimed at up-skilling the existing workforce, including managers and leaders.

The Commission believes there is significant scope for more effective government intervention to improve skills utilisation by expanding the role of education and training providers and through improving the skills of the VET workforce. RTOs should be encouraged to develop partnerships with industry and individual firms to foster the take up of new approaches to workplace practices and to ensure flexible client-focused delivery. This will require them to be 'empowered' to work in this way and to have the necessary skills and industry knowledge. The Commission supports leveraging of Commonwealth initiatives such as Enterprise Connect.

The South Australian Government's *Skills for All* reform agenda proposes a more targeted strategic use of business advisory services, with funding for agreed workforce development strategies and services, supported by a skills and workforce development brokerage service. This enterprise-focused approach could be complemented by a number of joint industry/government skills utilisation projects to build on the actions identified in recent Industry Workforce Action Plans prepared in conjunction with the State's ISBs.⁴

³ Government of South Australia 2008, *A skills strategy for South Australia's future*

⁴ For a list of completed plans see: <http://www.workforceinfoservice.sa.gov.au/industryplanning>

This approach is consistent with Skills Australia's suggestion of an 'enterprise responsive' training stream to complement an entitlement model, and the fostering of cluster-based initiatives.

As the discussion paper raises, actions to realise such workforce development strategies go beyond educator providers alone and involve concerted approaches with other agencies and employers. Achieving these joined-up approaches will be a significant challenge for stakeholders.

Re-engineering apprenticeships

A major issue that was raised in consultations between the Commission and stakeholders during 2010 was whether the current apprenticeship model has the capacity to deliver the trade skills required for the future. The Commission is pleased that Skills Australia has similar concerns and that the Commonwealth Government has a number of groups looking into ways of strengthening the apprenticeship system.

The Commission believes it is an opportune time to explore the strategic targeting of incentives in the apprenticeship and traineeship system. A regime that is more commensurate with the cost of training would contribute to the increased uptake by employers of apprentices, and perhaps greater uptake of training in priority skill areas. A more targeted approach might involve reducing the number and/or value of existing worker traineeship incentives, and recognising that some high level skills take longer to develop and that employer incentives should therefore be proportionate to the length and cost of training.

The Commission has proposed in its 2010 plan that incentives should be used to assist individuals who face barriers to access traineeships. This is reinforced by one of the reforms proposed by Skills Australia, notably to focus on more intensive support and direct mentoring of individual apprentices and trainees.

The Commission agrees that the complexity of the apprenticeship and traineeship system, as Skills Australia suggests, is partly a consequence of the intersection of state and territory government regulation with the fee for service nature of the Commonwealth's Australian Apprenticeships Centres.

The Commission supports in principle a 'learner-centred culture' to increase retention and completion rates but at the same time is committed to regulation to ensure quality outcomes. The Commission understands that some group training companies and Australian Apprenticeship Centres are having success with support, mentoring, retention and completion rates of apprenticeships and traineeships. The Commission supports dedicated funding for the provision of these services but would welcome a review of the best way of delivering these services.

Completion rates for trainees and apprentices, although higher in comparison to overall VET completions, have been an ongoing concern nationally and in South Australia. The Commission has noted in its 2010 plan that states and territories with higher completion rates than South Australia have a different approach to competency-based completion processes. This has been incorporated into the current review of the Guidelines for RTOs in South Australia and the Commission will be developing a policy in 2011 that mirrors states such as Tasmania,

Queensland and Western Australia whereby the employer must be involved in the assessment of competencies during the traineeship/apprenticeship.

South Australia's current competency-based traineeship and apprenticeship system enables training contracts to be accelerated and fast-tracked to early completion through recognition of prior learning, current skills and relevant experience, and the delivery of intensive training early in the training contract term. Employers can negotiate their training requirements with RTOs. Despite this, South Australia has a low level of early sign-offs. To identify the actual time required to achieve competency in each trade, the Commission will lead a consultation in 2011 with industry. This may result in the reduction in terms, and make apprenticeships more attractive to young people and older workers seeing to re-skill.

The Commission supports the inclusion of an indicator of 'student intent' in the AVETMISS data collection as per the current NCVER review.

2. Lifting performance

Shifting the quality focus

There are more than 300 registered providers in South Australia, delivering VET and higher education and the environment in which RTOs operate continues to change, evidenced by ongoing changes to Training Packages, the introduction of the revised Australian Quality Training Framework, the significant share of overseas students, the expansion of VET in schools, and the transition to national regulation.

The Commission wishes to see a substantial improvement in the current system of regulation and therefore supports the move to national regulation.

In May 2010, the South Australian Minister for Employment, Training and Further Education commissioned an independent examination of the regulatory system governing the provision of VET services to overseas students studying in South Australia.⁵ While the focus of the report is on overseas students, the proposed changes will have an impact on the overall training market in South Australia.

The resultant McCann report recommends a shift in emphasis to a much stronger compliance-based model of regulation as opposed to a process which encourages continuous improvements. It recommends new powers for the Commission, new criminal and civil offences and the acquisition of new skills for auditors to support compliance-based regulation. Changes to the South Australian legislation will enable the system to detect poor performers, apply sanctions quicker and supply easily understood information to the public.

The Government has supported the recommendations in the report and amendments to the *Training and Skills Development Act (2008)* have been made. The Commission is pleased that many of the aspects of the McCann report have been picked up in the Commonwealth's national vet regulator bill.

⁵ McCann, Warren 2010, [Regulation of VET services for overseas students in South Australia, Final Report](#). August

The Commission supports the McCann recommendation of the regulator having the ability to make public statements about non-compliant RTOs, but in addition believes information about all VET providers' performance should be made public. This could include releasing key performance indicators on:

- competency completions (instead of enrolments or annual student contact hours delivered)
- employment outcomes or progression into a higher-level course
- the satisfaction of students with their education experience
- improvements in levels of literacy and numeracy
- identification of pathways available to students
- access to information about all charges, conditions, refunds and tuition assurance arrangements.

The provision of this information could be achieved in a number of ways, including by making it available on the *MySkill* website and published by NCVER and/or the national regulator.

Also, the Commission believes that AQTF excellence criteria should be compulsory, not voluntary, and that the information on the three quality indicators should be made publicly available.

The Commission is currently strengthening its Guidelines for RTOs to include a requirement that each RTO develop and publish a Code of Practice that is to be made available to each client prior to enrolment. It will include details on how consumer rights are protected, how the RTO adheres to principles of access and equity and how the RTO engages with industry.

The Commission also supports further exploration of a national model of external moderation involving industry. From 2011, RTOs operating in South Australia will be required to conduct, at least annually, assessment moderation and validation activities with suitable industry personnel external to the RTO for each qualification delivered.

A further mechanism regarding raising the quality and increasing community satisfaction within the VET system is to emulate the role of the Training Advocate in South Australia. This position was established in 2003 to provide an independent public contact point to assist people navigate the VET system, respond to queries or complaints, and make recommendations for system reform. In 2005 the role was expanded to incorporate services for international students across all education and training sectors. This concept is unique in Australia and should provide further protection for clients of the system.⁶

Professional practice in VET teachers and trainers

In the 2009 plan, the commission suggested that inadequate attention has been paid to the professional development of the VET workforce. This is also a concern nationally.

⁶ <http://www.trainingadvocate.sa.gov.au/>

The Commission has made an extensive submission to the Productivity Commission in its study on VET workforce issues.⁷ In it we note that the boundaries between VET, Adult Community Education (ACE), higher education and schools are becoming increasingly blurred but that it is generally agreed that the VET workforce is operating in the most complex and dynamic environment.

VET teachers, trainers and assessors work across a range of settings and their role is changing. They are called on to develop relationships and work with a range of specialist service providers, to develop skills in career advice and work placement, to take greater responsibility for administrative functions, to act as consultants within individual enterprises. Moreover, VET learners are increasingly from diverse backgrounds.

The move to a demand-driven model for the VET sector, with increased competition and choice, will reinforce the critical importance of industry currency among the VET workforce. Industry currency is crucial for both learners and enterprises in having confidence of the VET system.

As mentioned above, increasingly VET practitioners need to act as workforce development intermediaries, working with firms to understand their skilling requirements in a broader business context, and developing partnerships with industry and individual firms to foster the take-up of new approaches to workplace practices.

Student-centred approaches will be also be increasingly important, as more clients are likely to need support to assist them in achieving their learning goals.

The balance between pedagogic skills and workplace knowledge and experience remains a critical issue for the VET workforce. A significant professional development issue that emerges is getting the balance right between maintaining vocational currency and fostering skills to improve teaching, learning and assessment practices. The optimum balance may require having a spectrum of skills, with some staff whose skills are weighted in favour of very high industry currency balanced by other staff whose skills are weighted in favour of their pedagogic knowledge and experience.

In the 2010 plan the Commission suggests that a comprehensive workforce development strategy for the VET (and broader tertiary) education sector be developed for South Australia and that the strategy takes account of the work currently undertaken by the Productivity Commission. The Commission believes such a strategy should comprise the following elements:

- Programs and initiatives to transition people who want to move into training roles from other roles in industry
- Regular (perhaps mandated) work placements for practitioners, and strong links with industry to ensure relevance
- Consideration of the development needs of auditors and technical experts

⁷ Training and Skills Commission 2010, [*Submission to Productivity Commission Issue Paper Vocational Education and Training Workforce*](#)

- Working with professional associations and unions to raise the status of vocational teaching and assessment, to develop professional standards and to advocate for the greater use of industrial awards to embed professional development requirements and associated rewards
- Incentives for practitioners to work more closely with industry and raising industry awareness of the services on offer from the VET sector, and what to expect from a quality provider
- Access by practitioners to appropriate equipment and teaching resources.
- A mix of institutional and workplace learning delivery models
- Developing and maintaining a network of practitioners across the sector, as well as coaches and mentors.

The Commission supports the inclusion of a new section on staff data in the AVETMISS data collection, as per the current NCVET review.

Better connections across sectors

South Australia has in place a number of collaborative arrangements between TAFE SA and the State's three public universities, which are articulated in Memoranda of Understanding (MOU). These MOUs identify opportunities for cooperation and mutual assistance, and the Commission has urged the Government to increase efforts to strengthen and deepen this cooperative activity.

The Commission's 2009 plan included several recommendations designed to foster a more responsive tertiary education system, with greater collaboration between TAFE SA and the three public universities. While the difficulties and expense in offering a wide range of higher education qualifications in regional Australia are acknowledged, the Commission would like to see more vibrant partnerships to achieve better regional participation between regional VET campuses and the state's universities.

The Commission supports the discussion paper's suggestion that various models of collaboration can co-exist.

The establishment of the Sustainable Industries Education Centre on the former Mitsubishi Motors site at Tonsley Park will be a collaboration between TAFE SA, the universities and industry. The co-location of VET and higher education with the industry sector will not only give industry ready access to training facilities and sustainable building techniques, but should give students the opportunity to learn in close proximity to industry as they progress from basic skills training through to higher education. The Commission supports this development and hopes that industry and provider will work together to ensure quality training outcomes.

Joint Commonwealth and State funding has led to the recent upgrade of the Whyalla TAFE SA campus. Improvements to the electrical, metal fabrication, instrumentation, fitting and machining workshops will help meet the training needs of the primary and secondary industries servicing the increasing number of mining developments in the north and north-west regions of the State.

Opportunities exist for building better, seamless pathways between school, VET and higher education through conversion and bridging courses, targeted scholarships,

internships and cadetships. The Commission is working with the South Australian Certificate of Education (SACE) Board of South Australia on the new recognition arrangements for VET in SACE to ensure that school VET studies are recognised formally and that young people have optimum pathways between school and further study and work. The Commission is currently strengthening the regulatory arrangements for RTOs delivering to school students in South Australia and agrees with the discussion paper's observation that regulatory frameworks for VET in schools differ across jurisdictions. This will be a significant issue for the national regulator.

In the 2009 plan the Commission noted that the role of ACE in assisting disadvantaged people to make successful transitions from welfare to work needed to be better acknowledged. A review of the South Australian ACE program was undertaken by the Government in 2010 which found that it was successfully targeting mature aged people but not necessarily those who are unemployed or seeking a return to work. Opportunities exist for this sector to provide both literacy and numeracy programs and to incorporate vocational training at Certificate 1 and II levels. It has been agreed that in future it will focus more strongly on supporting workforce participation, and generic skills development at foundation levels to boost employment participation for those not engaged in the labour force.

Improved partnerships between VET and ACE, in particular in the provision of accredited training in a community setting, will increase the chances of success for individuals to engage successfully with vocational pathways and to become work ready. The stronger focus on literacy and numeracy carries implications for the sector – the professional development for trainers, the courses that are offered, and links to other programs in TAFE/VET.

The South Australian government's support of ACE as a fourth arm of the education and training sector will complement and support better connections with schools, universities and particularly VET. The central objective of the new ACE will be to increase the levels of literacy dramatically and link these skills with further education, training and employment. This new direction will be built on the strong volunteer base in the sector and necessitates involvement of local government. In future it should also provide an entry point for many early school leavers.

3. Establishing strong foundations for growth

Funding sources for growth

In its 2009 plan the Commission recommended to the state government a student entitlement model that enables all South Australian to gain a qualification to Certificate III level, fully supported by public funding. For qualifications at Certificate IV and above the Commission proposed that the cost of the initial qualification be shared between individuals and government and that income contingent loans be made available to support this. The proposed system will make the supply of training demand driven – giving purchasing power to individual students and employers – with the training subsidy becoming fully contestable in time.

The Commission stipulated that the funding model should encompass the following elements:

- a. For qualifications at Certificate IV and above, a combination of incentives and limits on enrolment by individuals will be used for specialist occupations. This is to ensure that provision is in line with demand from industry and to ensure imbalances (over and under supply) of skills are avoided.
- b. The level of Government subsidy for higher level qualifications should decline (using a proportionate sliding scale) as the level of qualification rises.
- c. Caps on enrolment numbers may apply at any qualification level, to ensure provision is in line with industry demand.
- d. A strong emphasis on generic transferable skills, particularly within foundation level courses.
- e. Individual entitlement to a subsidy at any qualification level can only be exercised once. Exemptions may apply in special circumstances, such as retrenchments or industry decline.
- f. Students and employers are free to select their preferred registered training provider.
- g. Provision of high quality independent information and career advisory services.
- h. A governance structure for the public providers of VET that allows greater autonomy and flexibility to respond to student and employer demand in innovative ways.

The commitment of the state government in the 2010-11 Budget to contribute an extra \$194 million over the next six years for an additional 100,000 training places underpins these reforms contained in the Government's *Skills for All* reforms. The details of the entitlement are still under consideration but the new policy should assist in achieving sustained rates of growth and realise significant economic and social benefits.

The Commission believes that the provision of quality career development advice and labour market information to clients is a critical element for the success of the model, driven by informed demand.

Governance for the future

More enrolments in VET (for both job seekers and existing workers) are occurring partly due to the availability of substantial funding under the Productivity Places Program. One issue that concerns the Commission is the level of Commonwealth government funding available once the National Partnership Agreement on the Productivity Places Program ends.

The discussion paper points out that additional (Commonwealth) government funding is constrained and that it might be necessary for states to increase tuition fees, fund more training from fee-for-service contract training activities or introduce industry or employer financing arrangements, such as training levies on industry.

Under the *Skills for All* reforms (currently being finalised), training subsidy and fee arrangements in South Australia will be reformed and it is highly likely that the

costs of training will be shared between government, individuals and employers in accordance with who benefits.⁸

The 2008 *Skills Strategy* noted the importance of TAFE SA's engagement with private sector enterprises. A subsequent review of the system suggested that a 'retention of external funding derived from the private sector will also be an important incentive for TAFE SA to adapt its culture' and recommended that DFEEST establish a target for generating revenue from the private sector.⁹

To meet the projected industry demand for skilling requirements, the Commission supports flexibility to acquire skill sets, as well as full qualifications, through public funding where appropriate. In its 2009 plan it recommended that anyone with an existing Certificate III or above should be able to undertake skill sets at a higher level, and be eligible to receive a subsidy, without necessarily needing to complete full qualifications.

With regard to the introduction of industry or employer financing arrangements, the Commission has not got an agreed view but it is something that is likely to be considered at future meetings.

At this stage, given the demand-driven system proposed in *Skills for All*, the Commission believes it is more important than ever for government to consider setting performance targets and paying bonuses to drive completions of VET qualifications at all levels.

The Commission is strongly in support of Skills Australia's view that linking funding to completions, strengthening quality assurance and assessment measures will help to drive quality reforms in VET. Shifting the focus away from input measures to output measures, such as improvements in literacy and numeracy performance, may also assist policy makers to make more informed decisions about funding allocations. The Commission believes that the imminent *Skills for All* reforms will adopt this approach.

Adrian Smith
CHAIR

December 2010

Copy: Raymond Garrand, Chief Executive DFEEST

⁸ For further information see the submission to Skills Australia by the Department for Further Education, Employment, Science and Technology.

⁹ Economic Development Board 2008, [Review of skills and workforce development in South Australia](#)