

# SKILLS FOR JOBS

The Training and Skills Commission  
Five-Year Workforce Development Plan

November 2013 // Volume 1



# Foreward

## Introduction from the Chair



For the past five years the Training and Skills Commission has provided independent advice to the Minister for Employment, Higher Education and Skills on the skill and workforce development needs of industry and the efficiency of the training system in South Australia. Our formal advice is provided annually through our *Skills for Jobs* plan.

This iteration of *Skills for Jobs* – South Australia's plan for workforce development and skills, comes after *Skills for All* has been in operation a full year, arguably the most significant redesign of the publicly funded training system in South Australia. It is clear from the evidence available that *Skills for All* is on track to deliver many of its promises. However, there are opportunities for ongoing improvement to the training system, particularly around how the system is managed under budgetary constraints.

The Commission formally referred its powers for the regulation of training providers to the Commonwealth last year and has continued to focus on the existing regulatory functions for apprentices and trainees.

In addition, the Commission has been expanding its stakeholder relationships through direct consultations and has included contributions from third parties in creating the 2013 Plan. The Commission remains ever vigilant, now more than ever, on the need for industry input into State Government decisions on the Vocational Education and Training system and the Higher Education system.

This plan and its recommendations have been arrived at through extensive discussions with industry, community and academic leaders.

*Skills for All* has seen a significant increase in training effort in the State, however, there is a need to ensure that training is efficient, outcome driven and of high quality returning real increases in the capacity and capability of our workforce and meeting the ever changing needs of industry.

To ensure this new system is truly responsive the Commission believes that a transparent formal consultation process needs to be established for stakeholders, including industry, to submit ongoing feedback to the Department of Further Education, Employment, Science and Technology (DFEEST) about qualifications, demand and consideration of market and provider management.

The Commission's policy critiques and recommendations in this years plan reflect an awareness of the range of possible future economic scenarios for the State and the need to ensure the best utilisation of the limited availability of public funds.

The recommendations and policy discussion within this document represent the Commission's forward agenda and the basis for extensive stakeholder consultation in 2014. The Commission intends to foster greater debate on the policy discussions presented and further refine these concepts in the Commission's Five-Year Workforce Development Plan *Skills for Jobs* 2014.

A handwritten signature in black ink, appearing to read 'A. Smith', with a long horizontal line extending to the right.

**Mr Adrian Smith**  
**CHAIR**

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## Our Members



**Adrian Smith (Chair)**  
Managing Director,  
Simulation and Training Australia,  
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**Professor John Buchanan,**  
Director of the Workplace  
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**Kylie Heneker,**  
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**Dr Michael Keating AC**  
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Economic Development Board.



**Stephen Myatt,**  
Director of the Australian Industry  
Group South Australian Branch.



**Adrienne Nieuwenhuis**  
(Deputy Chair),  
Director of Policy and Strategy  
University of South Australia.



**Lindsay Palmer JP**  
former Member of Parliament  
and teacher, industry consultant and  
CEO of the Autism Association of SA.



**Janet Giles**  
(resigned September 2013)

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# Executive Summary

The South Australian economy is projected to grow steadily, despite the deterioration in global and local economic conditions since 2008. Ongoing volatility in the global economy combined with structural change domestically, has highlighted the importance of creating a diverse and resilient economy. While there has been a tendency to focus on high growth sectors of the economy in the past, this year the Commission has focused on scenario-based interconnectivity between industry sectors.

The sustainability and drivers of growth are arguably as important as growth itself. This, along with the uncertainty around projecting areas of growth, is why the Commission has adopted the recent scenario modelling approach used by the Australian Workforce Productivity Agency (AWPA) and more recently used by the Premier in the Government of South Australia's Economic Statement.

The Commission's modelling takes into account factors unique to South Australia and has been tested with industry to ensure that the effects of sentiment, policy settings and foreseeable events are considered. Throughout this document, estimates are focused on the Smart Recovery scenario.

Ultimately, the Commission anticipates economic and employment growth will continue in South Australia, supported by major projects and continued steady growth in a number of sectors.

When considering participation it is a known fact that South Australia has an ageing workforce and arguably one of the most challenging demographic profiles in Australia. As older workers retire they will need to be replaced. In addition, overall workforce participation will need to increase significantly to avoid shortages in future decades. It is how the State Government address this issue that concerns the Commission.

Increased skills and labour mobility will be demanded by the economy of tomorrow. As the economy transitions to a more high-value-add economy, workers will need higher level skills to enter the labour market. Workers will also need to up-skill and re-skill throughout their working life.

The culture of lifelong-learning needs development in our state and the closing of the gap between the development of skills and their deployment in the workplace is central to productivity growth.

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**In 2009 we recommended fundamental changes to South Australia's Vocational Education and Training (VET) system. The State Government's *Skills for All* reforms introduced in July 2012 largely responded to our earlier recommendations for policy reforms.**  
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The VET system's principle aims are to supply the economy with the skilled workers it needs and to ensure that everyone is able to participate to the best of their ability in our economy. This means that the outcomes of VET must be consistent with the needs of industry.

In this plan the Commission provides a critical commentary on *Skills for All* against the original reform agenda endorsed by the State Government in 2010. Generally the success of *Skills for All* is commendable. However, there are areas of concern discussed in this plan that must be addressed.

An employer demand driven system benefits from the motivation of a student but without an appropriate suite of checks and balances runs the risk of training students for jobs that won't exist, or for which they are personally ill-suited.





The Commission looks to address a number of issues through its recommendations including:

**Informed client choice:** The provision of sound market information for participants (particularly potential participants) to assist informed decision making is critical. This includes quality career information and a training system that is easy to navigate to ensure that student demand is closely aligned to industry needs.

**Confidence:** The State Government needs to maintain a quality assurance framework that ensures graduates of the system have the competencies needed in employment. Industry and other stakeholders must have confidence in the framework, and be involved in its design modification and implementation.

**Skills for Jobs:** Students must complete their training with the knowledge there is a high probability they will get a job. Training providers must ensure that training plans for individuals are carefully developed in conjunction with students and, where relevant, employers must reflect a realistic understanding that training will lead to an employment pathway.

**Industry led demand:** It is important that industry demand inform the training system. Training providers, both private and public, do not necessarily have the same goals as students and industry, and therefore capacity management, incentives and access to relevant and accurate information is critical.

**Sustainable Registered Training Organisations:** The *Skills for All* funding model must ensure that high quality training organisations have a viable business model.

## Executive Summary (cont.)

In a time of constrained budgets, the Commission is mindful that the funding for *Skills for All* is public money that must be spent wisely. Further, it must be recognised that sometimes training and skills development activity should not be publicly funded.

The Commission's modelling of industry demand, combined with local intelligence from industry skills advisory bodies, peak bodies and regional networks, must be considered alongside each other. This way we can advise on where the public dollar can be most appropriately applied in order to direct activity in a strategic way.

While *Skills for All* has reshaped South Australia's VET system, the Commission's planning must go beyond this to ensure the system remains relevant to our changing economy and society. To achieve and maintain higher levels of participation, we must build the Adaptive Capacity of our workforce so that individuals are equipped for ongoing social, economic, cultural and technological change.

The Commission continues to work on the Council of Australian Government's (COAG) national harmonisation agenda of the apprenticeship and traineeship system so that it can meet Australia's skills needs into the future, and boost commencements and completions in occupations of economic priority while supporting transitions across jurisdictions.

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**The quality of training remains a priority focus and while we no longer regulate training providers the Commission has an integral role in monitoring the quality of the State's training system, including *Skills for All*.**

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The Commission, together with its industry partners, will work closely with the national regulator and the South Australian Training Advocate to identify and address quality issues under the new regulatory and policy environment.

The Commission is becoming more concerned at the growth and breadth of Training Packages, the number of qualifications and the specificity of those qualifications and believes the system is becoming overly complicated, unnecessarily difficult to navigate and too easy for new and perhaps unnecessary Training Packages and qualifications to be created.

In 2014 the Commission will be investigating how better connections can be achieved between post-school education and the labour market. Special attention will be devoted to identifying how Training Packages can work that are consistent with the priorities outlined in this report concerning increasing workforce participation and building Adaptive Capacity in South Australia's workforce and workplaces.

## Recommendations to the Minister

### Recommendation 1:

A comprehensive analysis of potential market failures (regional and remote areas, thin markets, specialist courses) and the demands on the VET sector in these markets is undertaken to support the better understanding of the role of the public provider.

### Recommendation 2:

The State Government urgently examine funding to TAFE SA with a view to providing more transparent support through the transition period to a fully contestable VET environment. The review should identify and allocate an appropriate level of funding to the unique nature of the public provider whilst not protecting the entire breadth of service delivery where there is sufficient private market activity to promote innovation and efficiency.

### Recommendation 3:

Careers Services be expanded to provide tailored, South Australian specific employment information before individuals undertake publicly funded training to ensure students are matched with appropriate employment or pathway focused training.

### Recommendation 4:

More timely and comprehensive data be collated to better ascertain the quality outcomes of *Skills for All*, including completions and destination information that can be subjected to thorough analysis.

### Recommendation 5:

A network of workforce planning practitioners who can provide advice focusing on training and other responses (such as attraction, retention and job re-design) should form a critical part of *Skills for All*.

### Recommendation 6:

The immersion of industry into the process of redesigning the approach to changing the Funded Training List and the approach be guided on the principles of productivity and labour force participation.

### Recommendation 7:

The framework for reviewing courses on the Funded Training List consider: the needs of the South Australian and local economies, whether publicly funded training is the appropriate mechanism to address the need, market failures and that qualifications support an individual's access to further education and training or employment.

### Recommendation 8:

The building of a capacity management system that allows an allocation of funded training positions to high quality providers based on an open and transparent set of criteria that has the flexibility to ensure innovation in delivery methods, business certainty for providers, capacity throughout the year and the transferability of preferred provider status based on measurable outcomes.

### Recommendation 9:

Stopping the universality of the Funded Training List so that regional localities, contracts of training, Group Training Organisations, and school based programs will be treated differently.

### Recommendation 10:

A banded funding model reflective of the relative benefit to the South Australian economy, individuals and enterprise be implemented.

### Recommendation 11:

The State Government take a leadership role in the support and development of a more coherent structure of qualifications that supports changing labour market demands.

### Recommendation 12:

The embedding of Learner Support Services in the training system, with support for students with complex needs becoming a fundamental part of ensuring the demand driven VET training system meets the needs of disadvantaged learners.

### Recommendation 13:

Long-term, cross-departmental funding is supported to continue the Building Family Opportunities program throughout South Australia.





# Economic Outlook and Industry Demand for Qualifications

South Australia's economy, consistent with national trends, is currently experiencing relatively subdued economic conditions. Over the year to June 2013 state final demand in South Australia has fallen by 1.4%, while nationally domestic final demand rose only marginally by 0.6%. Despite historically low interest rates, labour market conditions have softened and business and consumer sentiment is less optimistic than it has been in the past.

Increasing cost pressures on businesses has resulted in the closure of several operations across a number of sectors; in particular, in manufacturing, and many other sectors have been focusing on efficiency gains and cost reduction strategies to ensure their businesses continue to operate. This trend has supported a rise in the number of unemployed persons in South Australia of around 3,000 (an increase of 6.2%) over the past year.<sup>1</sup>

Despite the more subdued recent economic conditions, total employment has grown by 1.2% (or 10,100) over the year to June 2013 and the Commission remains confident there are opportunities for further growth in the future. The recent falls and the expected continued downward trend in the exchange rate should support growth and structural adjustment in those sectors that have experienced challenging business conditions over the past few years (including manufacturing, international education, agriculture and tourism). In addition, while the intensive investment cycle in mining appears to have ended, with investment returning to historical and more sustainable levels, South Australia still has over 20 operational major mines. These mines will continue to inject significant wealth into the state economy flowing from continued albeit moderated demand from China and India.

<sup>1</sup> Australian Bureau of Statistics (ABS), Labour Force Survey Cat No. 6202.0, Trend figures, June 2013

## Economic Scenarios

Projecting the economic outlook for South Australia against this backdrop and the ambiguity of future trends involves a significant degree of uncertainty, particularly over the longer term. To better understand the impact of this uncertainty on the demand for skills, the Commission has adopted a scenario-based approach to its modelling for this iteration of *Skills for Jobs*.

To ensure consistency in skills planning and other State Government activities, the Commission has adopted the four economic scenarios released by the Government of South Australia as part of the 2013 *Economic Statement*. These scenarios were based on scenarios originally developed for Australia by the Australian Workforce and Productivity Agency (AWPA).

In developing these four scenarios AWPA considered the possible future directions and evolution of the following key drivers and their interactions:

- Social, demographic and cultural trends.
- Economic and financial trends and globalisation.
- Labour force, industrial and workplace trends.
- Science, technology and innovation.
- Governance and public policy capability.
- Sustainability (focus on water, energy, population).

In adapting these scenarios to reflect South Australian trends and conditions, the AWPA scenarios have been adjusted to take account of differences in South Australia's industry and population structures, and our changing relationship with the national economy. These two differences represent the principal reasons why South Australia's experience might differ from the Australian average, with other possible factors such as the rate of adoption of new technology, likely to be relatively uniform for any industry regardless of its location in Australia.

So while it is acknowledged that other possible scenarios could be created specifically for South Australia, it is the Commission's view that this additional complexity would add little. Indeed, it could distract from our purpose for undertaking scenario modelling, which is to explore the possible range of future demand for qualifications and to identify the common themes across the projected level of demand. It is our view that the four scenarios presented broadly cover the range of possible futures in South Australia.



It should also be noted that the AWPA scenarios were developed based on information at a particular point in time. As a result, recent and future government policy settings are not necessarily reflected in the scenarios; for example, the introduction of the National Disability Insurance Scheme and the proposed removal of the carbon and mining taxes.

The four AWPA scenarios are known as the Long Boom, Smart Recovery, Terms of Trade Shock, and Ring of Fire.





## Long Boom

The domestic economy prospers through strong demand for mineral and energy resources, agricultural products and services to the growing economies in Asia, particularly China and India. The terms of trade decline moderately over time but remain above levels recorded in the past. Subdued economic conditions in Europe and elsewhere do not have a major effect on growth domestically. Those industries challenged by the high terms of trade and cost of production restructure. Positive economic conditions lead to strong employment growth, resulting in a significant lift in labour force participation and high sustained levels of net overseas migration.

### Key assumptions:

Advanced economies reduce public and private debt.

Realignment of exchange rates, although the Australian dollar remains high by historical standards.

Continued strong demand for mineral resources from China and India leading to increased investment in exploration and Research and Development.

Increased taxation revenue and near full employment enables increased government spending on infrastructure, services and welfare.

Skill shortages lead to wage increases and increased dependency on skilled migration.

High Australian dollar reduces the international competitiveness of some traditional export oriented sectors (Manufacturing, Tourism and Education), leading to economic restructuring.

## Smart Recovery

Economic growth continues at a slower pace as a result of ongoing instability in global financial markets and the refocusing of the Chinese economy to rely less on investment and more on consumption. During this period, government and industry invest in skills, the take-up of technology, and improvements in productivity. Effective utilisation of technology enables Australia to move back towards its potential growth path. Highly skilled work, requiring increased investment in education and training, is recognised as the most significant contributor to productivity gains and new job creation.

### Key assumptions:

Australia avoids a recession after the global financial crisis, but protracted downturn in Europe and instability in financial markets leads to risk averse lenders and cautious investors.

Australian dollar adjusts in line with historical levels.

Slowing economic conditions in China and India results in lower demand for Australia's mineral resources.

During the downturn in Australia, governments and industry leaders focus on achieving productivity gains.

Governments in the US and Europe constrain debt to more levels and global growth resumes around 2015. Australia's economy recovers during the same period, led by increased demand for resources and services from China and India.

Australian businesses successfully execute strategies to achieve international competitiveness, looking beyond cost cutting to investment in skills, innovation and technology.





### Terms of Trade Shock

The global economy continues to grow at a healthy rate over time. However, resource prices fall mainly due to increased supply from other competing countries. While continued growth in China and India and long-term contracts largely protect export volumes, the fall in prices leads to a larger decline in Australia's terms of trade, returning it to historical levels and the dollar loses value. With the fall in the Australian dollar the domestic economy moves back to a broader based economy, with less structural change.

### Ring of Fire

Multiple economic, political and environmental shocks lead to uncertainty and volatility in the global economy restricting growth. Low business and consumer confidence and increased protectionism reduces international trade and stunts productivity growth.

#### Key assumptions:

Continued high demand for resources from China and India; however, increased global supply leads to lower resource prices.

Australia's terms of trade drops rapidly below historical levels, stabilising in about 2018. The Australian dollar follows suit.

Financial markets stabilise and the global economy starts to grow.

India transforms its economy and replaces China as the fastest growing economy before 2020.

A low exchange rate makes Australian agriculture and food processing activities/products more competitive, leading to increased demand.

The Australian economy rebalances to offer opportunities in more sectors and locations.

#### Key assumptions:

Continued structural problems in the global financial system leads to more common and widespread boom and bust cycles, which delays economic recovery.

Ratio of public and private debt to Gross Domestic Product (GDP) and realignment of exchange rates occurs slowly.

Public budgets are weakened by government bailouts of key financial institutions resulting in social anger.

Australians lose confidence in governments to plan and make decisions, resulting in short-term and reactive policy decisions.

Countries around the world protect their industries and jobs by implementing protectionist policies.

Low Australian dollar benefits trade exposed industry sectors.



### Economic Scenario (cont.)

In interpreting the results of the scenarios for the development of future skills policy, it is important to consider which drivers have the most disparate (or conversely the most similar) impact across the scenarios. The drivers that accounted for the largest difference between the four scenarios were the economic and financial trends and globalisation. In contrast, the remaining drivers had more in common in terms of their impact and varied less from one scenario to another. For example, the demographic ageing of the population impacts in much the same way in all the scenarios, although the impact is greatest for the scenarios with the lowest rate of population growth. Even technological change, while a key determinant of our futures, differs less between scenarios, although again the rate of take-up of new technology does vary according to the nature of the scenario.

AWPA has advised, and the Commission agrees, that the Ring of Fire scenario reflects a failure of governance both internationally and domestically and as such should not be used as a basis for future planning. Accordingly, the following analysis focuses on the remaining three scenarios. Particular attention is given to the Smart Recovery scenario, which has been adjusted to incorporate State Treasury projections<sup>2</sup> of Gross State Product (GSP) and employment growth.

<sup>2</sup> South Australian 2013-14 Budget Statement, Budget Paper 3, June 2013

## Preferred Scenario

Given recent trends in key economic indicators and alignment with State Treasury projections, the Commission believes that the Smart Recovery scenario represents our best single estimate of the future increase in job openings and demand for qualifications. The Commission recommends that this projection be used as a basis for future skills planning, but with the understanding that, given the other scenarios, it is likely that actual demand may be higher than this projection. Consequently, throughout this document, estimates are provided based upon this scenario. Failure to meet the projected levels of demand indicated by the Smart Recovery scenario would place South Australia's future growth potential at risk.

## Results of the Modelling

The Commission's key objective for modelling the future demand for qualifications is to identify where there may be a need for further policy action.

**We are not attempting to estimate the exact size of either demand or supply at any particular point in time.**

The scenario modelling undertaken for the *Economic Statement 2013* took a long-term perspective out to 2024-25. While we have projected forward our modelling for this time period, the focus below is primarily on the five-year period 2011-12 to 2016-17. Reference is made to the longer term period where notable trends are evident.

Table 1 provides the broad macroeconomic assumptions for each scenario over the period 2011-12 to 2016-17.

**Table 1: Macroeconomic assumptions by scenario, 2011-12 to 2016-17**

Variable	History	Long Boom	Smart Recovery	Terms of Trade Shock	Ring of Fire
Terms of Trade <sup>1</sup>	123.9	104.0	77.0	71.0	73.2
Australian Dollar/US <sup>1</sup>	\$1.02	\$0.80	\$0.78	\$0.60	\$0.72
Adult Population Growth <sup>2</sup>	1.00%	1.25%	1.00%	1.00%	0.75%
Labour Force Participation Rate <sup>2</sup>	62.5%	66.5%	63.7%	66.0%	63.4%
Unemployment Rate <sup>2</sup>	5.5%	5.3%	5.6%	5.3%	7.1%
Employment Growth <sup>2</sup>	1.50%	1.75%	0.75%	1.25%	0.25%
Labour Productivity Growth <sup>2</sup>	1.25%	1.50%	1.75%	1.25%	0.50%
Output (GSP) Growth <sup>2</sup>	2.75%	3.25%	2.25%	2.75%	0.75%

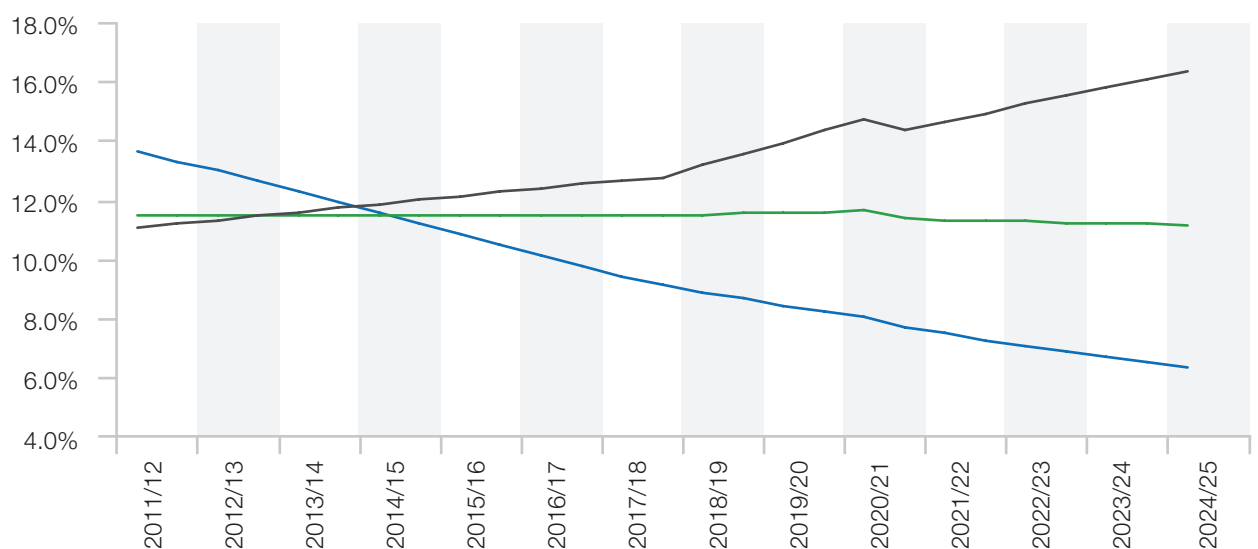
<sup>1</sup> Historical value as at 2011-12, Scenario value as at 2016-17

<sup>2</sup> Historical value average for period 2002-12, Scenario value average for period 2011-12 to 2016-17

Between 2011-12<sup>3</sup> and 2016-17, it is estimated that GSP in South Australia will grow by at least 2.25% per annum, but with the potential to grow by as much as 3.25% per annum if the Australian and world economies recover strongly. This 2.25% projected average growth rate compares with the projection of 3.00% presented in our 2012 Plan and historical growth of 2.75% per annum. This downward revision in the Commission's outlook for economic growth is consistent with revisions made globally and nationally which acknowledge the recent changes in the economic environment.

Under the Smart Recovery scenario jobs growth over the next five years is expected to occur across the majority of industry sectors although for some sectors this growth will not be large. Over the longer term (2011-12 to 2024-25) it is projected that employment in South Australia will become less reliant on agriculture and manufacturing sectors and more reliant on professional, health and education services sectors as illustrated in Figure 1. These services sectors are projected to increase their share of employment from just over a quarter to more than a third of total jobs.

**Figure 1: Share of Employment for Selected Industries, 1998-99 to 2024-25**



Source: Australian Bureau of Statistics, Labour Force Survey Cat. No. 6291.0.55.003 (Averaged by the Training and Skills Commission)  
South Australian Government, Economic Statement 2013 (Smart Recovery Scenario)

- Manufacturing
- Retail Trade
- Health Care and Social Assistance

<sup>3</sup> The base year is 2011-12 – the most recent full year for which there is published reliable data to use as the basis for estimating future demand.



Given the projected rate of economic growth and assumed levels of labour productivity, it is estimated that average employment growth in South Australia will be at least 0.75% per annum, but could be as much as 1.75% per annum over the five-year period. This compares to the projection of 1.50% presented in our 2012 Plan.

**As a result, we estimate that at least 30,000 new jobs will be created in South Australia between 2011-12 and 2016-17, although given the other scenarios it is likely that more rather than fewer jobs will be created.**

In addition to employment growth, the number of net job openings resulting from replacement demand over the period 2011-12 to 2016-17 is estimated to be around 86,000, but under the other scenarios could be as low as 81,000. Many of these openings are expected to be filled by existing workers, creating openings for jobs requiring lower skill levels. This gives employers the opportunity to create pathways for those who have previously been excluded from the labour market and those entering the labour market for the first time. It also provides opportunities to redesign jobs and organise work in different ways to make better use of the existing skills of workers, including those displaced as a result of ongoing structural adjustment.

The combined impact of employment growth, plus the need to replace workers who will be leaving the workforce or changing occupations, results in estimated job openings over the five-year period of 116,000, but with the possibility of up to 154,000. This compares with 139,000 job openings projected in our 2012 Plan.

Over the longer term to 2024-25, the rate of employment growth is expected to increase under each scenario, resulting in job openings over the period of at least 364,000, but up to as many as 468,000.

Consistent with the approach taken by the Commission in 2012 and in response to the introduction of a demand driven VET system in South Australia, our analysis focuses primarily on the demand for qualifications, specifically industry demand for qualifications.



The Commission believes that when undertaking workforce planning at the economy wide level, industry demand rather than student demand is of primary importance. The role of the State Government is to guide student demand to areas where there is likely to be insufficient supply of skilled workers which cannot be met through the general flexibility in the labour market. Under *Skills for All*, the main mechanisms for guiding student demand are the provision of labour market information and the application of caps and incentives (as an example fee-free courses and subsidy levels).

The Commission's modelling of the demand for qualifications comprises the following components:

- Demand from new entrants (to fill job openings resulting from employment growth and replacement demand).
- Existing workers up-skilling (completing a qualification above their highest level of qualification).
- Existing workers gaining a qualification at an equivalent or lower level (referred to as 'skills broadening').
- Demand by people needing to undertake lower level qualifications before they can attain the higher level qualifications needed by industry ('pathways' demand).
- Demand by people who are not employed and who represent a necessary reserve capacity (referred to as 'reserve labour force').

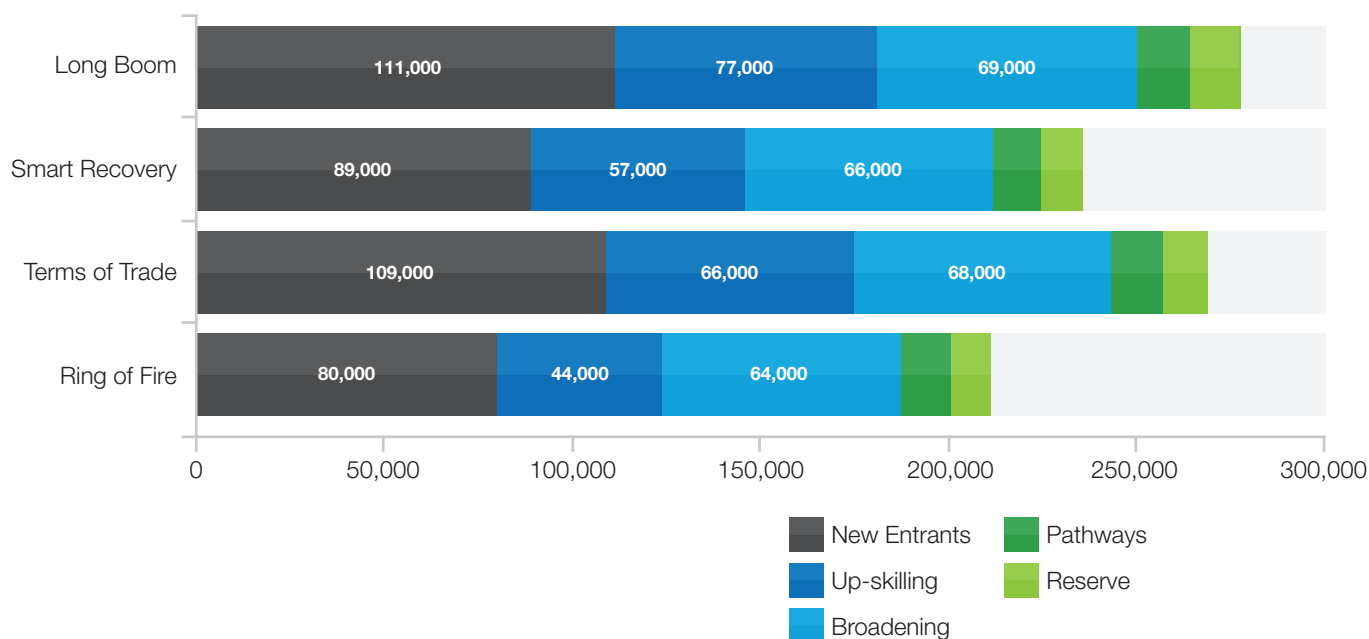
The Commission estimates that industry demand for entry level skilled workers, combined with the need to up-skill and re-skill existing workers for job openings that will arise and to assist workers in existing and evolving roles will result in demand for 212,000 qualifications under the Smart Recovery scenario between 2011-12 and 2016-17. However, this requirement could be as high as 250,000 qualifications.

Under the Smart Recovery scenario, less than half of this demand (89,000 or 42%) relates to new entrant demand. The majority of demand relates to the up-skilling and re-skilling challenge. This comprises 57,000 existing workers who are up-skilling (completing a qualification at a higher level than their current highest qualification) and 66,000 who are broadening their skills (gaining a qualification at an equivalent or lower level).

The Commission acknowledges that its methodology for capturing 'industry demand' results in low estimates of demand for Certificate I and II level qualifications. Nonetheless, while industry demand for these qualifications is low, they provide pre-employment skills and also an entry point for many individuals, as well as a stepping stone to higher level qualifications. The Commission believes that this 'pathways demand' is important as many individuals first need to gain these lower level qualifications before they can attain the higher level qualifications needed by industry. Pathways demand for Certificate I and II level qualifications is estimated to be 13,000, but could be as high as 14,000 over the five-year period.

The Commission also recognises that there is a need to consider demand for qualifications that is not strictly industry demand, but which incorporates demand from those who are currently unemployed or who are on the margins of the labour force. This recognises that the economy always requires more skilled labour than is actually employed at any point in time. In effect, just as the capital stock cannot be fully mobilised all the time, and allowances must be made for some down-time, the same is true for the labour force where there is always some level of turnover or periods of transition. A proportion of workers are always moving for various reasons, but employers need them to retain their skills so they can be readily re-employed to replace others who leave for similar reasons. In addition, realisation of the growth prospects for the South Australian economy will most readily be achieved by some up-skilling or re-skilling of those people on the margin of the labour force. Demand from this source is estimated at 11,000, but could be as high as 13,000 over the period 2011-12 to 2016-17.

**Figure 2: Total Demand for Qualifications, 2011-12 to 2016-17**



The Commission believes that addressing all these elements of industry demand will result in demand for tertiary qualifications of 236,000, but possibly as many as 277,000 over the period 2011-12 to 2016-17. Under the Smart Recovery scenario, we expect that a third (77,000) of this demand will be for higher education qualifications with the remaining two-thirds (159,000) being for VET level qualifications. Demand for VET qualifications will be driven by the need for higher level qualifications (Certificate III and above). Unless these demands for qualifications are broadly satisfied, Industry's demand for productivity growth is unlikely to be achieved.

**Table 2: Total Demand for Qualifications by level, 2011-12 to 2016-17**

Qualification Level	Number
Post Graduate	23,000
Bachelor degree	54,000
Advanced Diploma/Diploma	34,000
Certificate IV	29,000
Certificate III	63,000
Certificate II	29,000
Certificate I	4,000
<b>Total</b>	<b>236,000</b>

This trend towards higher level qualifications is consistent across all scenarios and continues over the longer term to 2024-25.

As stated in our 2012 Plan, given the move to a demand driven VET system under the *Skills for All* reforms we are much less certain about how the supply of VET skills will respond to demand in the future. This is further exacerbated by current government budget conditions which may see revisions to public investment in training over the coming years. A critical feature of *Skills for All* is that supply responds quickly to industry demand for skills and qualifications. That means that industry demand should be the driver of the system, and the main focus of workforce planning, with the supply and funding then adjusted to meet that demand.



However, using our previous method of projecting supply (an extrapolation of recent trends, taking account of known policy changes) we believe that growth in the supply of qualifications will be broadly sufficient to meet the level of demand projected under the Smart Recovery scenario.

**If demand exceeds this level, and on reflection it may well do so, then the supply of skills will potentially fall short of demand.**

This suggests that there may be the need for additional policy action over the medium to long-term to ensure there is sufficient supply. Policy considerations could include: adjusting total funding, increasing incentives and/or improving the cost efficiencies of delivery.

The *Detailed Modelling and Methodology* section in Volume 2 of our Plan provides further details of our modelling approach and results.

## Specialist Occupations

For the majority of occupations, there is no direct relationship between the specific qualifications studied and the jobs graduates end up in. For these occupations, the labour market is generally effective in responding to changing skill needs and economic fluctuations. However, for some occupations, where there is a much closer relationship between the job and a specific qualification, and where the training duration is typically long and relatively expensive, there is potential for market failure because the labour market is less able to adjust quickly. Furthermore, because the skills for these *specialist occupations* are highly specific, the qualifications are not readily transferable from elsewhere.

The Commission has adopted the following criteria for defining *specialist occupations* in the South Australian labour market.

### Criterion 1

The skills are highly specialised and require extended learning and preparation over several years.

### Criterion 2

The skills are deployed for the uses intended (close occupational fit).

### Criterion 3

The opportunity cost of the skills being in short supply is high (causing either bottlenecks in the supply chain or imposing significant costs by their absence) and/or the skills are required to implement the government's economic development priorities.

### Criterion 4

There is robust intelligence from industry regarding the demand, supply and use of these skills and there is adequate data available to assess the first three criteria.

These criteria align closely with those used by AWPAs to identify *specialised occupations* at the national level.

The purpose of identifying these occupations is to highlight where detailed workforce planning may be useful, and where government intervention in skills planning is expected to add value. A range of data and information sources have been used to assess occupations against the four criteria. The methodology used to identify specialist occupations is provided in the *Detailed Modelling and Methodology* section of Volume 2.

The Commission has identified 87 ANZSCO<sup>4</sup> occupations at the unit group level<sup>5</sup> in South Australia which meet its criteria, representing just under one quarter of all occupations defined by the Australian Bureau of Statistics (ABS). Together, these 87 specialist occupations account for around 22% of total employment in South Australia. The majority of occupations on the list are professionals (52), followed by technicians and trade workers (29), community and personal service workers (4) and managers (2).

It is important to state that inclusion of an occupation on the list does not attach a relative degree of importance to that job – many 'important' or 'highly valued/rewarded' jobs do not require specific qualifications. Indeed, this is one of the reasons for choosing the term 'specialist' – rather than 'critical' or 'priority' occupations.

It is also important to clarify that the criteria used to define a specialist occupation do not, of themselves, indicate whether an occupation is currently facing a prospective excess or shortage of skills (the criteria do not include any indicators of current/future demand or supply).

<sup>4</sup> Australian Bureau of Statistics (ABS), Australian and New Zealand Standard Classification of Occupations (ANZSCO)

<sup>5</sup> The ANZSCO classification groups occupations into the following hierarchy: Major Group, Sub-Major Group, Minor Group, Unit Group and occupations. The Commission's analysis of specialist occupations is focussed at the unit group level as this is the lowest level for which data is readily available.



Further, while the occupations are presented as a list, these occupations should not be thought of as operating in isolation. While each meet the Commission's criteria for specialist occupations, occupations change all the time, including as a result of the introduction of new technology. This is particularly the case in areas undergoing significant reform, such as health, where the boundaries between occupations are continually blurring. Indeed, job redesign can be an effective response to bottlenecks in many of these occupations. These changes are not necessarily captured in the top-down model or in the occupational classifications used by the ABS, and the Commission relies on industry intelligence to monitor these trends.

Undertaking an analysis of the future demand for qualifications for specialist occupations is the starting point for determining where government intervention in skills planning may need to occur. It also helps identify where other (non-training) workforce development responses may be required.

Table 3 provides our assessment for the 87 specialist occupations based on the Smart Recovery scenario. The key focus of the table is the risk assessment rating for each occupation. The risk assessment rating is a composite rating based on current labour market conditions (has the Department of Education, Employment and Workplace Relations (DEEWR) assessed the occupation as in shortage or experiencing recruitment difficulties), the projected level of industry demand for qualifications over the five-year period to 2016-17, and an assessment of the ability of the training system to supply sufficient skills (based on the Commission's modelling).

In developing the risk assessment rating, higher weighting has been given to industry demand for qualifications and current labour market conditions. Lower weighting has been given to the supply assessment given we are much less certain of the future supply of qualifications.

The Commission contends that those occupations with a risk assessment rating of *Above Average* are the ones that should be closely monitored to ensure there are sufficient skills and workforce development strategies in place to meet industry demand. In contrast, those occupations with a risk assessment rating of *Below Average* are the ones where there is a lower risk that the training system will be unable to respond to demand.

Table 3 also provides some key indicators (historical jobs growth, median age of workers and if the occupation has been identified at the national level as being appropriate for targeting for migration purposes as there is potential that there will be insufficient skills domestically) which can be considered in conjunction with the risk assessment to guide decision making on the areas in most need of workforce planning.

The following legend explains the ratings used in Table 3:

<b>Historical Jobs Growth</b>		↓
↓	≤ -1.0%pa	
●	-1.0 to 1.0%pa	
●●	1.0 to 2.5%pa	
●●●	2.5 to 5.0%pa	
●●●●	>5.0%pa	
<b>DEEWR Skills Shortage Assessment (* = National)</b>		↓
S	Shortage	
R	Regional Shortage	
D	Recruitment Difficulty	
<b>Job Openings</b>		↓
★	<100	
★★	101 - 299	
★★★	300 - 799	
★★★★	>800	
<b>Demand for Qualifications</b>		↓
□	<150	
□□	151 - 299	
□□□	300 - 599	
□□□□	>600	

**Table 3: Specialist Occupational Assessment, Five Years to 2016-17**

Specialist Occupation	Current Employment	Historical Jobs Growth	Median Age	DEEWR Skills Shortage List	National Skilled Occupation List	Job Openings	Demand for Qualifications	Risk Assessment
<b>Managers</b>								
Construction Managers	3,000	↓	45	D*	✓	★★	□□□	Average
Engineering Managers	1,770	●●●●	45	S*	✓	★★★★	□□□	Above Avg
<b>Professionals</b>								
Accountants	11,040	●●	39		✓	★	□□□□	Average
Agricultural and Forestry Scientists	990	●●	41		✓	★	□□	Below Avg
Air Transport Professionals	800	●●●●	39			★	□□	Below Avg
Anaesthetists	340	↓	44		✓	★	□	Below Avg
Architects and Landscape Architects	1,200	●●	39		✓	★	□□	Below Avg
Auditors, Company Secretaries & Corporate Treasurers	1,230	●●●●	41		✓	★	□□□	Average
Cartographers and Surveyors	990	●●●●	40		✓	★	□□	Average
Chemical and Materials Engineers	650	●●●●	36	D*	✓	★	□□	Average
Chemists, and Food and Wine Scientists	1,120	●●	40			★	□□	Below Avg
Chiropractors and Osteopaths	320	●●●	39		✓	★	□	Below Avg
Civil Engineering Professionals	2,440	↓	36	S	✓	★	□□□	Above Avg
Complementary Health Therapists	350	●●●●	48			★★	□□□	Average
Dental Practitioners	900	↓	44		✓	★★	□□□	Average
Dietitians	270	●●●●	33			★	□	Below Avg
Early Childhood (Pre-primary School) Teachers	1,440	●	47		✓	★★★★	□□□□	Above Avg
Electrical Engineers	2,080	●●●●	38	S	✓	★	□□	Average
Electronics Engineers	550	↓	42		✓	★	□	Below Avg
Environmental Scientists	1,790	●●●●	38			★★★★	□□□□	Average

**Table 3: Specialist Occupational Assessment, Five Years to 2016-17**

Specialist Occupation	Current Employment	Historical Jobs Growth	Median Age	DEEWR Skills Shortage List	National Skilled Occupation List	Job Openings	Demand for Qualifications	Risk Assessment
Generalist Medical Practitioners	3,660	↓	42		✓	★ ★ ★	□ □ □ □	Average
Geologists and Geophysicists	1,020	● ● ● ●	39	S*		★ ★	□ □ □	Above Avg
Industrial, Mechanical and Production Engineers	2,260	● ● ● ●	39		✓	★	□ □	Below Avg
Internal Medicine Specialists	490	● ● ● ●	44		✓	★ ★	□ □	Average
Life Scientists	650	● ● ● ●	40			★	□	Below Avg
Marine Transport Professionals	610	●	47		✓	★	□ □	Below Avg
Medical Imaging Professionals	1,090	● ●	37	S	✓	★ ★ ★	□ □ □	Above Avg
Medical Laboratory Scientists	1,560	● ●	39		✓	★ ★	□ □ □	Average
Middle School Teachers	450	● ● ● ●	36			★ ★	□ □	Below Avg
Midwives	1,400	↓	47	R	✓	★ ★ ★	□ □ □	Average
Mining Engineers	1,070	● ● ● ●	37	S*	✓	★ ★ ★	□ □ □	Above Avg
Nurse Educators and Researchers	370	↓	47			★ ★	□ □	Average
Nurse Managers	930	●	49			★ ★	□ □ □	Average
Occupational & Environmental Health Professionals	1,610	● ● ●	46		✓	★ ★	□ □ □	Average
Occupational Therapists	770	●	32		✓	★ ★	□ □	Below Avg
Optometrists and Orthoptists	210	↓	44	S*	✓	★	□	Average
Other Engineering Professionals	940	●	39		✓	★	□ □	Below Avg
Other Medical Practitioners	730	● ● ●	45		✓	★ ★	□ □ □	Average
Other Natural and Physical Science Professionals	810	● ●	41		✓	★ ★	□ □	Below Avg
Pharmacists	860	↓	32			★	□ □	Below Avg
Physiotherapists	1,500	●	36		✓	★ ★ ★	□ □ □ □	Average
Podiatrists	290	● ●	38		✓	★	□	Below Avg
Primary School Teachers	11,980	●	44			★ ★ ★ ★	□ □ □ □	Average

**Table 3: Specialist Occupational Assessment, Five Years to 2016-17**

Specialist Occupation	Current Employment	Historical Jobs Growth	Median Age	DEEWR Skills Shortage List	National Skilled Occupation List	Job Openings	Demand for Qualifications	Risk Assessment
Psychiatrists	240	↓	49		✓	★	□	Below Avg
Psychologists	1,020	↓	43		✓	★★	□□□	Average
Registered Nurses	18,020	●●●	45		✓	★★★★	□□□□	Average
Secondary School Teachers	9,160	●	46		✓	★★★★	□□□□	Average
Solicitors	3,410	●●●	39		✓	★	□□□	Average
Special Education Teachers	1,100	●●●●	49		✓	★★★	□□□	Average
Speech Professionals and Audiologists	530	●●●	36		✓	★★	□□	Average
Surgeons	450	●●	45		✓	★★	□□	Average
University Lecturers and Tutors	3,580	●●●●	47			★★★★	□□□□	Average
Urban and Regional Planners	690	●●●●	39		✓	★	□	Below Avg
Veterinarians	690	●●●●	39		✓	★	□	Below Avg
<b>Technicians and Trade Workers</b>								
Agricultural Technicians	270	●●	41			★	□	Below Avg
Airconditioning and Refrigeration Mechanics	1,450	↓	34		✓	★★★	□□□	Average
Aircraft Maintenance Engineers	1,210	●●●●	35			★	□□	Below Avg
Architectural, Building and Surveying Technicians	3,460	●●	43	D*		★	□□□	Average
Automotive Electricians	630	●●●●	37	S	✓	★	□	Average
Bricklayers and Stonemasons	780	↓	38		✓	★	□□□	Average
Carpenters and Joiners	2,590	↓	32		✓	★	□□□□	Average
Civil Engineering Draftspersons and Technicians	1,070	●●●	39		✓	★★	□□	Below Avg
Electrical Distribution Trades Workers	4,070	●●●●	43		✓	★★★	□□□□	Above Avg
Electricians	8,600	↓	35		✓	★★★	□□□□	Average



**Table 3: Specialist Occupational Assessment, Five Years to 2016-17**

Specialist Occupation	Current Employment	Historical Jobs Growth	Median Age	DEEWR Skills Shortage List	National Skilled Occupation List	Job Openings	Demand for Qualifications	Risk Assessment
Electronics Trades Workers	2,480	↓	40	S*	✓	★ ★ ★	□ □ □ □	Above Avg
Floor Finishers	270	↓	38			★	□ □ □	Average
Glaziers	320	↓	37	R*	✓	★	□ □	Average
Medical Technicians	2,170	● ●	41			★ ★ ★	□ □ □ □	Average
Metal Casting, Forging & Finishing Trades Workers	280	↓	45			★	□	Below Avg
Metal Fitters and Machinists	9,870	● ● ●	41	S	✓	★ ★ ★	□ □ □ □	Above Avg
Motor Mechanics	8,760	● ● ● ●	38	S	✓	★ ★ ★ ★	□ □ □ □	Above Avg
Painting Trades Workers	1,000	↓	43		✓	★	□ □ □ □	Average
Panelbeaters	1,360	● ●	39	S		★ ★	□ □	Average
Plasterers	620	↓	35		✓	★	□ □	Below Avg
Plumbers	2,470	↓	34		✓	★	□ □ □ □	Average
Roof Tilers	140	↓	37	S*		★	□	Average
Sheetmetal Trades Workers	610	↓	38		✓	★	□	Below Avg
Structural Steel and Welding Trades Workers	6,420	● ● ●	38		✓	★	□ □ □ □	Average
Telecommunications Technical Specialists	530	● ● ● ●	44		✓	★	□	Below Avg
Telecommunications Trades Workers	1,680	● ● ●	43			★	□ □ □	Average
Vehicle Body Builders and Trimmers	420	↓	44			★	□	Below Avg
Vehicle Painters	1,180	● ● ● ●	35			★ ★	□ □	Below Avg
Wall and Floor Tilers	400	↓	36			★	□	Below Avg

#### Community and Personal Services Workers

Ambulance Officers and Paramedics	900	●	39			★ ★ ★	□ □ □ □	Average
Dental Hygienists, Technicians and Therapists	620	● ● ● ●	42		✓	★ ★	□ □ □	Average
Enrolled and Mothercraft Nurses	3,130	↓	47			★ ★ ★ ★	□ □ □ □	Average
Police	3,900	● ● ●	40			★ ★	□ □ □ □	Average



### Specialist Occupations (cont.)

For planning purposes (from an individual perspective as well as sector and economy wide) it is important to consider how many job openings are likely to arise during the planning period. Job openings take into account new jobs from growth in the economy, plus openings resulting from job turnover (workers leaving their occupation group for other employment or leaving the workforce altogether). Based on the Commission's modelling, around a quarter of specialist occupations (22 from the total of 87) are expected to have large or very large job openings (identified by ★★★ or ★★★★★ stars) over the five-year planning period.

For many of the occupations with large to very large job openings, the demand for qualifications can also be strong. However, some occupations can have a small number of job openings but large demand for qualifications as a result of existing workers up-skilling or broadening. Our modelling of the demand for qualifications suggests that occupations with the largest demand (for entry level qualifications plus up-skilling and re-skilling) over the five-year planning period will include:

- accountants
- early childhood (pre-primary school) teachers
- electricians
- electronic trades workers
- enrolled and mothercraft nurses
- metal fitters and machinists
- motor mechanics
- registered nurses
- secondary school teachers
- structural steel and welding trades workers

As stated previously, the Commission believes that those occupations with a risk assessment rating of *Above Average* are the ones that should be closely monitored. Our modelling suggests that there are 10 specialist occupations with an *Above Average* risk assessment, these include:

- civil engineering professionals
- early childhood (pre-primary school) teachers
- electrical distribution trades workers
- electronic trades workers
- engineering managers
- geologists and geophysicists
- medical imaging professionals
- metal fitters & machinists
- mining engineers
- motor mechanics



These occupations are either currently experiencing tight or difficult labour market conditions and are expected to have high levels of demand for qualifications over the planning period, or have high levels of industry demand for qualifications and potentially insufficient supply of skills.

While these occupations have been assessed individually as having an *Above Average* risk, there are potentially other specialist occupations that may have a degree of overlap in terms of their skilling needs and experience that could support demand (for example, there are a number of engineering based occupations that with some additional skill set training could support demand for civil engineering professionals or engineering managers). The transferability of skills across occupations should be considered when determining the most appropriate response to the projected need.

While the remaining 77 specialist occupations with a risk assessment rating of *Average* or *Below Average* are considered to be lower risk, those occupations with high levels of demand for qualifications should also be monitored to ensure the training system is sufficiently flexible and resourced to meet this need.



# South Australia's Tertiary Education Sector Overview

Creating a highly skilled workforce in South Australia is fundamental to the development of a globally competitive economy and a socially inclusive community.

Central to maintaining and improving our skill levels is a flexible and responsive education and training system that supports and drives industry transformation and new economic directions for the State.



## Higher Education

The higher education landscape continues to focus on an expansion agenda. This has been supported by the introduction of three key policies: the introduction of demand driven funding for students in public universities; the target of 40% of 25 to 34-year olds attaining a bachelor degree or above by 2025; and the target of 20% of undergraduate enrolments to be from low socioeconomic backgrounds by 2020.

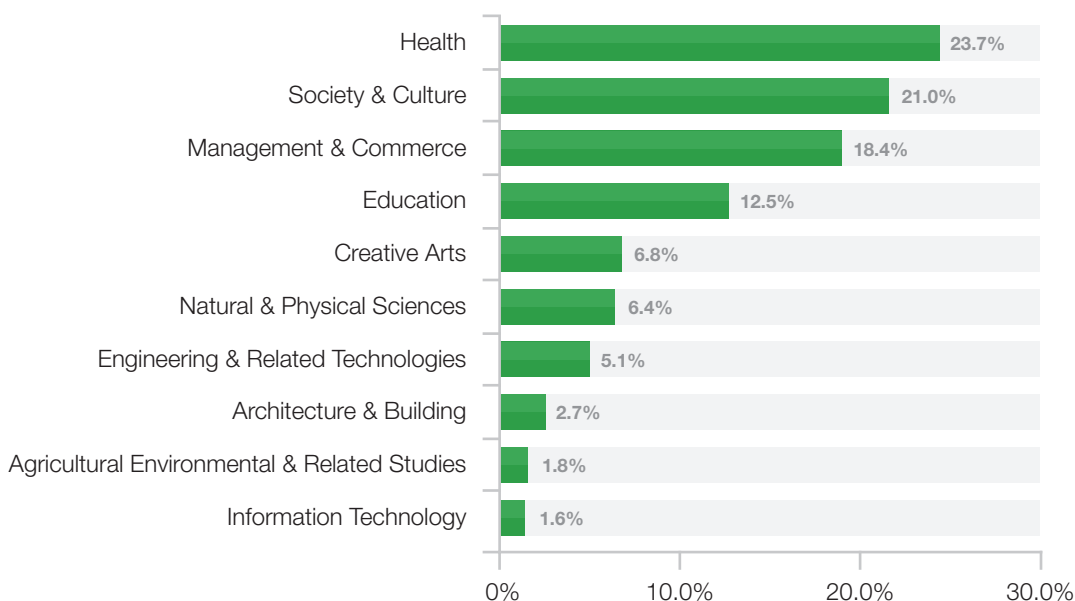
These policy settings have supported a general increase in higher education enrolments nationally. In South Australia, higher education enrolments by domestic students increased by 2,370 to 24,500 (or 10.2%) over the year to 2012. This was stronger than the average rate of growth recorded across the nation of 7.4% and above the average growth rate experienced over the past five years of 5.5%.

Over the same period, completion of higher education qualifications in South Australia increased marginally by 1.0% to 13,810. At this stage, it is too early to see any direct impact from the policy shifts on completions. Between 2011 and 2012, the profile of completions remained fairly stable, with health, society and culture and management and commerce-related qualifications accounting for almost two thirds of all completions.



The policy settings of the higher education sector are primarily the responsibility of the Commonwealth Government. What we do know is the Abbott Commonwealth Government has committed to reviewing the demand driven approach for university funding and the effectiveness of the associated participation targets.

**Figure 3: Profile of Higher Education Completions by Field of Study, 2012**



Source: Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE) Higher Education Statistics Data, 2012



## Vocational Education and Training

Nationally, the Vocational Education and Training (VET) sector continues to undergo significant reform. Over the past year there has been a continued focus on implementing a system that supports innovation in the workplace, is demand driven, and is better regulated.

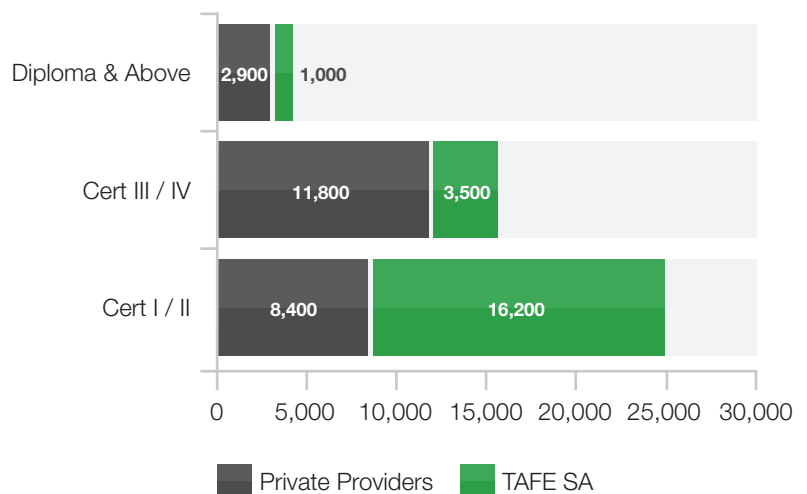
During 2013, State and Territory Governments in conjunction with the Commonwealth Government continued to implement the principles of national harmonisation of the apprenticeship and traineeship system. Harmonisation aims to ensure a seamless apprenticeship and traineeship system across jurisdictions.

In South Australia, the State Government has continued to implement the *Skills for All* reforms. Over the past 12 months this has seen policy shifts on: eligible courses and individuals, course subsidy levels and qualification caps.

There are more than 200 *Skills for All* Training Providers registered and approved to deliver *Skills for All* training in South Australia. Of these, 80 are from interstate.

Since the introduction of *Skills for All*, enrolments have increased significantly. Between 2011-12 and 2012-13 enrolments increased by 44,200 to 147,100 (an increase of 43%). The majority (24,600 or 55.7%) of this increase was at the Certificate I and II level.

**Figure 4: Increase in Enrolments under Skills for All, 2011-12 to 2012-13**



Source: Department of Further Education, Employment, Science and Technology (DFEEST), *Skills for All*, 2012-13

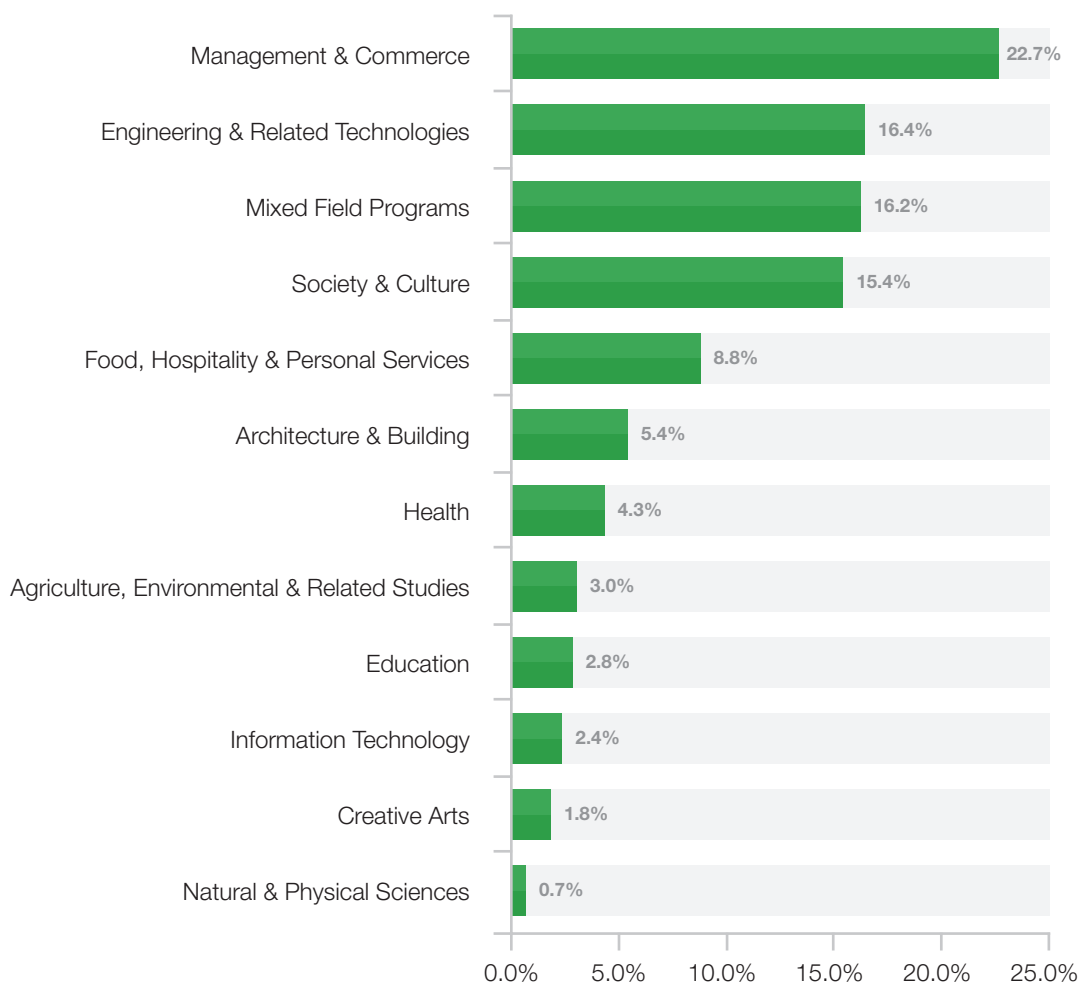
Private provider activity accounts for the majority of growth in enrolments, representing 23,100 or 52.3% of the increase.

In 2012-13, enrolments under *Skills for All* were heavily concentrated in management and commerce and engineering and related technologies. Together these areas of study accounted for almost 40% of delivery. A large proportion of enrolments also occurred in the mixed field programs and society and culture fields (representing 31.6% of enrolments).

According to data from the National Centre for Vocational Education Research, the increase in enrolments in South Australia has been the largest in the nation. A key factor contributing to increased enrolments in VET has been the shift to a demand driven system under *Skills for All*.

It is within this changed and continually evolving policy terrain that the Commission has conducted its discussions with industry and formed our recommendations. In Chapter 4 of this plan a critical commentary on *Skills for All* is provided against the original reform agenda endorsed by the State Government in 2010.

**Figure 5: Profile of VET Enrolments by Field of Study, 2012-13**



Source: National Centre of Vocational Education and Research (NCVER), Student Enrolments, 2012-13

# South Australia's Vocational Education & Training System

## **The Commission's system view of the South Australian VET Sector**

Vocational Education and Training is part of the post-compulsory tertiary education sector and provides nationally accredited training designed to equip people with the skills that will enhance their job prospects and assist them in entering or re-entering the workforce. It provides training and qualifications across a large number of occupations and industries which make up the Australian workforce.

The scope of VET is significant, ranging from entry-level qualifications including foundation skills, literacy and numeracy, through to occupational-specific qualifications including trades and employment entry qualifications to higher level,

broader qualifications at Diploma and Advanced Diploma levels. VET is a competency-based system of education and training where competency in a skill or knowledge area determines satisfactory achievement. These competencies have been defined through national Training Packages to ensure that the training delivered and the skills developed will enable an individual to work effectively in a particular industry area.

Although not always the case, the intention is that industry itself leads the creation and maintenance of Training Packages that will best respond to the skill needs of the labour market and enterprises. However, the Commission is concerned at the enormous growth in Training Packages and the large number of Training Packages that are only servicing a handful of students. Confidence in the qualification system is at risk unless this growth is arrested.



## The growing expectations on VET

The VET system both nationally and locally has been the subject of considerable and ongoing reform. These reforms have led to a dramatic increase in community (inclusive of governments, industry, enterprise and individuals) expectations of the role and purpose of the VET system. Whether explicitly or not, VET has now been tasked with protecting major economic development by underpinning the skills base of the labour force, stimulating innovation, enhancing productivity for enterprises and becoming the solution to society's social problems such as, access and participation of disadvantaged groups in the workforce.

Given the ever-changing needs of industry and the exponential growth in reform within the VET sector, the Commission remains alert to the expectations and pressures placed upon a system that was essentially created to produce, valued, competent and immediately employable skilled persons.

The Commission will continue to monitor and evaluate the policy discourse over the next year and is particularly concerned about reform implications on participation, the sustainability of the public provider, the balance of the cost burden of training and of up-skilling between enterprise, government and individuals and impacts on the quality of educational outcomes balanced against the efficiencies of institutionalised training.

## Balancing competing interests

Industry and individuals just like governments are concerned with skills development, skills utilisation and, most significantly, skills shortages. It is however, the approach to addressing these issues where the views of the many stakeholders in VET differ widely. The Commission through its extensive consultations continuously receives feedback on the operation of the system. Whether it be structural problems, policy decisions, strategic direction or the nature and efficacy of the actual training delivered, it is the Commission's view that there is limited evidence of the consistent identification of best practice for the delivery of skilled labour to the labour market. It is in appreciation of this, as well as awareness of a myriad of technical and historical issues with the system that the Commission accepts that the VET system will remain an imperfect system for some time.

The Commission believes that despite the tensions and expectations placed upon it, the Australian VET system remains world class and is generally meeting the needs of individuals, enterprise and government. However, VET will always have the unenviable task of balancing competing interests given the ever changing needs of industry and the inherent inability of any system to keep pace with such continual changes in requirements.

**The social and economic drivers that underpin VET in Australia are constantly changing. Whether it is the needs of industry, the aspirations of individuals, policy objectives of government or shifts in pathways to learning, the VET system is complex, ever evolving and ultimately always playing catch up.**

## Who should pay for training?

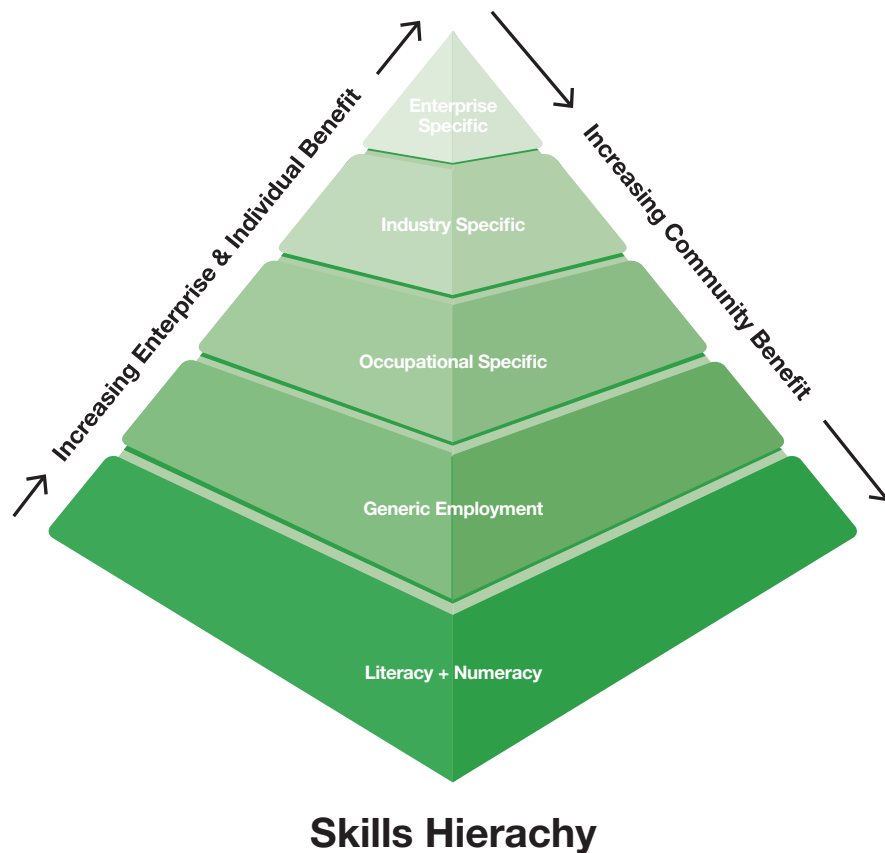
Within the current public funding policy for VET, the Commission considers the understanding by public policy makers of the total cost burden of training to industry to be limited. There is an inordinate amount of resources spent in deliberating on the investment of an enterprise versus the cost to government of subsidised training as though it were following a linear trend where the burden can only be shifted toward one at the expense of the other. The Commission considers this public policy discussion to be insufficient as the true and total cost of training is rarely expressed from an enterprise perspective. The “cost of training” as currently defined in public policy fails to take into account the real price attached

to actual delivery of particular training. The costs associated with the releasing of staff, back filling of hours, and lost productivity during the period of training to the enterprise are never adequately accounted for.

Greater debate is also required around the obligations and role of governments in procuring higher skilled labour for enterprise needs above that of the needs of the community and industry.

The Commission considers Figure 6 depicts the relative benefits received from skills attainment by individuals, industry and the community, which ultimately should reflect the cost responsibility of training.

Figure 6: Responsibility of Training Costs Model





As the benefits of training are shared amongst society, individuals, and industry, it is the view of the Commission that the costs should also be shared. Government funding should be focused on training that has the greatest community benefit and broadest industry application. As training becomes more focused on specific industries, individual enterprise skills or increasingly the private benefit of individuals, employers and those individuals respectively, should increasingly be more responsible for the costs of this training. However, the South Australian economy contains a much larger proportion of small and medium enterprises than other similar sized economies. To expect small business to share a greater responsibility for the training effort is short sighted and unrealistic. Consequently, there is a greater role for government funding in our economy than might be expected in an economy with a greater proportion of large enterprises.

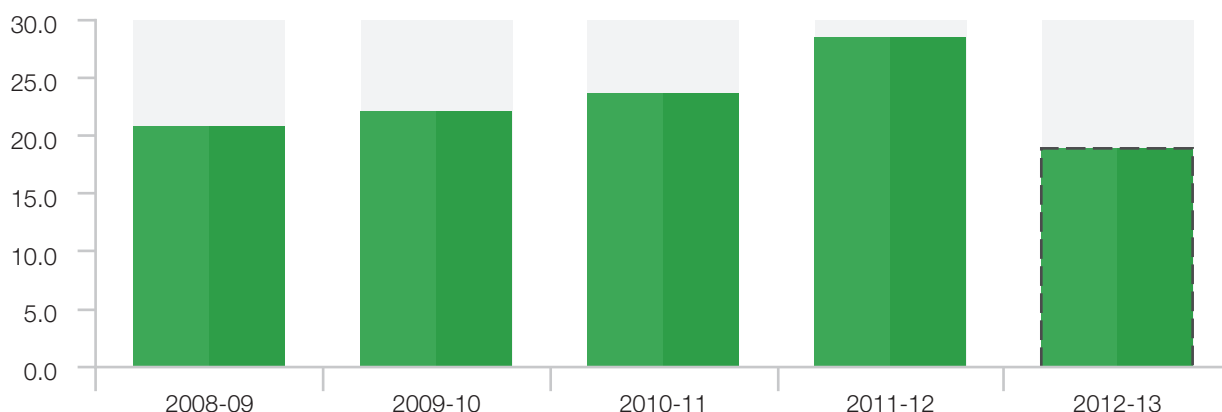
It is the Commission's view that literacy and numeracy as well as generic employment skills training should be fully supported by public investment. Not only is there a social justice imperative to ensure financial considerations are not barriers to those that would undertake such training. It is also a firmly held belief that the economy and community as a whole benefits from an inclusive society where everyone has the skills necessary to engage in the workforce. As discussed in Chapter 4 of this plan, the Commission considers the State Government's access and participation agenda to be critical to mitigating risks to the economy.

Trades and technical training to equip individuals for skilled occupations remains the backbone of our economy. These skills are transportable across industries and enterprises and must be supported by government to ensure an adequate supply of skilled labour to the economy. There will always be competing points of view between government, individuals and enterprise as to how the costs of training should be shared. It is the view of the Commission that where skills have a high degree of applicability across industries and enterprises a greater share of the cost burden should fall on the government. Conversely where skills are more narrowly focused on individual industries and enterprises and the benefits are captured by those industries and enterprises, then their cost responsibility should increase.

Given the significant role trade and technical occupations have in our economy, it will always be incumbent on the government of the day to ensure supply keeps up with the demands of industry.

**The Commission ultimately subscribes to the notion that as an individual increases their skill level beyond occupational specific skills so too does their earning capacity and ability to gain employment. It is in recognising the private benefit to the individual that the Commission believes where skills increase this private benefit, so should the individual's responsibility to contribute to their training cost.**

**Figure 7: Apprenticeship and Traineeship Commencements, Financial Year**



Source: National Centre of Vocational Education and Research (NCVER), Apprenticeship and Trainees Commencements, March 2013  
 Note: The June Quarter 2013 figure has been estimated by taking an average of the June Quarter commencements over the past five years.

Over the year to March 2013, the number of apprentice and trainee commencements fell by 2,800 (or 11.2%) to 22,100. The decline in commencements was particularly evident after June 2012.

The 2012-13 apprentice and trainee commencements number is based on the assumption that the June quarter commencement level will be the average for the June quarter over the past five years. Based on seasonally adjusted commencement data, a fall in the number of annual commencements to 19,000 would be the lowest level in a decade.

The Commission highlights the risks to economic growth in the future if this decline in commencements is not reversed. It is the Commission's view that economic conditions alone may not fully explain the decrease, but believes it is possible that changes in government policies share some of the burden of responsibility.

While the Commission forecasts significant increases in demand for higher level qualifications over the coming years, it is important to strike the balance between the public and private contributions in meeting the training costs to ensure that this demand is met.

**The Commission believes that the State Government's priority should be focused on those areas where a fundamental risk to the economy or critical industries, could occur without adequate skilled labour.**





## VET in Schools

VET in Schools is any recognised VET study that students undertake while they are still enrolled in a secondary school. The State Government, in partnership with the SACE Board of South Australia, promote VET in Schools as an alternative learning option for secondary students. To support VET in Schools as a viable pathway option, the State Government has created a system that allows approved VET studies to be counted towards obtaining both the South Australian Certificate of Education (SACE) and an Australian Tertiary Admission Rank.

Over the past three years South Australia has seen a steady but significant increase in the number of students undertaking VET while at school. It is the Commission's considered view that the current policy settings around VET in Schools are sound and well supported by the schools system and the broader educational system including providers of VET and Universities. The Commission remains committed to working with the SACE Board to manage the system within the current policy setting.

The Commission considers there to be two key strengths to the current policy that should encourage the State Government and community that SACE is highly beneficial. These include:

1. VET in Schools provides additional pathways for students to enter into further training or directly into vocations straight out of school while not limiting their ability to also pursue university studies.
2. VET in Schools provides the opportunity to immerse a greater number of Science, Technology, Engineering and Mathematics (STEM) subjects into the school curriculum available to students while delivering practical and work ready skills.

## Group Training Organisations

It is the Commission's view that one of the greatest avenues for training for both students and industry is training conducted under an employment arrangement involving a contract of training. Apprenticeships and traineeships are critical components of the training system and underpin a successful workforce strategy for the State's economy.

Many employers, particularly smaller employers, simply do not have the time, resources or structure to take on apprentices and trainees. This is where Group Training Organisations (GTOs) continue to play a valuable role within the broader VET sector. GTOs reduce the burden on employers and share the administrative costs of a training contract, sometimes over multiple employers.

Employing approximately 4,000 apprentices and trainees, GTOs held 11.2% of the market share of all apprentices and trainees.

The Commission is supportive of group training arrangements and organisations and encourages the State Government to continue to consider policy implications on group training separately from other industrial and educational policy changes.



## The Role of the Public Provider

The Commission remains committed to contestability in the VET market in South Australia and the notion that the public provider should be supported in the transition into a more contestable market. However, if efficiencies and innovation in the VET system as a whole are to be fully realised then the Public Provider should not be provided with indefinite support to deliver its entire breadth of operations over the long run. The Commission firmly believes that efficient and innovative business models of training delivery ultimately benefit both students and enterprises.

However, for the reasons discussed below, the Commission is also of the view, that given the structure and scope of the VET sector in South Australia, a strong public provider is essential to achieving a stable, reliable and innovative system that can change and adapt to the needs of individuals, enterprise and government policy directives. Given the historical context and the practical realities of TAFE SA's ownership and market dominance, the Commission acknowledges there are significant and unique challenges in appropriately positioning TAFE SA in a contestable market to ensure a strong VET sector in South Australia.

**To ensure the efficient utilisation of public money for education and training, within a contestable VET market, TAFE SA funding arrangements must be transparent, easily understood and consistently applied while being formulated to recognise the unique nature of the public provider and certain legacy issues and obligations that incur cost additional to a private provider.**

While the role and purpose of the public provider in a contestable VET market will remain open to debate, the Commission is primarily concerned that support of the public provider is based on clearly defined and measurable requirements, which may, in some cases eventually become contestable in the longer term. The following discusses the appropriateness or otherwise of the existing reasons for the separate funding arrangements for TAFE SA.

### **Government Policy Delivery**

TAFE SA contributes to the social and economic priorities of government by virtue of being government owned and having structured internal policy levers available by direction of the government. Further, the Commission acknowledges the cultural attributes of the organisation and its workforce naturally lend themselves to a higher level of social inclusion than that which is present in many private training providers. To this end, TAFE SA is currently instrumental in achieving the State Government's policy objectives, particularly access and participation goals. However, the Commission questions whether this is unique to TAFE SA and could also be provided by private providers and whether the additional costs are justified.

The Commission is concerned with the lack of clarity around just what constitutes TAFE SA's role, responsibility and process in delivering on the State Government's stated objectives and suggests this be explored further.

### **Regional and Remote Services**

The Commission considers the role TAFE SA plays in supporting our regions is often integral to the social fabric of our rural communities and the ability of enterprise to source their required skills in rural and remote regions of South Australia.

It has long been the case that beyond delivering education and skills, TAFE SA in the regions provides significant support within local economies through the purchase of goods and services, employment opportunities and in many cases the provision of important community facilities for other groups. But private providers could also play a part in this cohesion. TAFE SA has a strong record of quality delivery for established programs and the provision of broad-based support to disconnected communities and disadvantaged cohorts, particularly in more remote parts of South Australia. Therefore the support provided by TAFE SA to participation and social inclusion objectives of government cannot be underestimated. It is unlikely that the same level of provision could be achieved by the private provider sector in the immediate term.

Further, TAFE SA currently plays an important and leading role in removing challenges to further education, providing pathways for low socioeconomic, indigenous, rural and remote students to go on to further study.

### **Market Failures and Thin Markets**

In recognising the limitations of a fully contestable market, TAFE SA has the potential to respond effectively in providing training for critical needs where the market is unable to respond rapidly. The Commission acknowledges that striking balance between market forces within the VET system and the previous method of allocating training places to providers is a very difficult task.

Without fully considering the unique demands in thin markets, regional and rural areas and fields of significant specialist demand it is difficult to recommend a formal structured process for allocating value to either the current application of TAFE SA's resources to market failures or the potential future intervention. The approach used to position TAFE SA and securely fund the role TAFE SA has in responding to thin markets and market failure will require significant analysis. The Commission suggests this analysis is undertaken immediately and an approach be clearly defined. Further, the Commission suggests that this analysis should not preclude other RTOs from such provision.

### **Quality Assurance and Leadership**

Although the Commission does not see TAFE SA as having an exclusive role in setting the benchmark for quality of the VET sector in South Australia, it does support the notion that without a strong and viable public provider, the Government and the community could have less certainty around the quality of the outcomes of the wider VET sector. The confidence of employers and industry that the VET sector, as a whole, has the breadth to support innovation and the needs of an ever-changing economy is paramount and TAFE SA will continue to play a vital role in this.

The Commission strongly supports the critical leadership role TAFE SA has played and continues to play in the development of the VET sector workforce. TAFE SA's efforts to maintain and develop the capability of its workforce, and in turn the wider VET workforce, is to be commended. It is the Commission's view that Government should continue to support TAFE SA in the ongoing development of the VET workforce.

### **High cost of Technical Training and the Breadth of Program Delivery**

While the Commission does not fully support the concept of “full service delivery”, that being supplying demand across all localities and to all students, it does support the notion that TAFE SA not only represents a cost effective option but also mitigates failure risks in the delivery of very high cost training. TAFE SA ultimately cross-subsidises the significant costs of some programs through its wider suite of programs.

The Commission supports an approach to recognising the additional operating costs of TAFE SA in delivering on the government policy objectives and providing comprehensive service to our regions through the application of a differential price above that paid to private providers. It is, however, a concern to the Commission that this price differential is applied across the spectrum of training activity and the differential funding is not sufficiently transparent.

The Commission questions the need to maintain a differential price for the delivery of training where there is strong capacity in the private provider sector, where training is of a short duration or low cost, or a strong fee-for-service market exists.

The Commission believes a simpler and transparent funding model will lead to greater acceptance and stability of the funding arrangements. The four basic funding elements can be broken down into:

- Base level funding on the unique nature of the public provider.
- Additional funding for the provision of government policy objectives.
- Recognition of activity within thin markets.
- Transitional funding.

The Commission recognises the difficult task ahead for the staff and the Board of TAFE SA and acknowledges their work to date in creating a more efficient public provider in an ever tightening fiscal environment.

### **Recommendation 1:**

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A comprehensive analysis of potential market failures (regional and remote areas, thin markets, specialist courses) and the demands on the VET sector in these markets is undertaken to support the better understanding of the role of the public provider.

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The Commission believes long-term historical policy settings of current and previous governments have created specific inefficiencies in TAFE SA. These inefficiencies will undoubtedly need to be addressed to ensure TAFE SA's longer term viability and an effective return on public expenditure.

A generous Industrial Agreement causes funds to be channelled away from maximising training.

**The Commission acknowledges there is a unique role for TAFE SA in the South Australian VET market but raises concern the lack of clarity around the definition of this role and believes it is much broader than that currently presented in public discourse around Community Service Obligations (CSOs), target cohorts, delivering government policy priorities, and delivering in regional and remote areas.**

The success of TAFE SA in an increasingly competitive VET market will be driven by innovation, flexibility and connection with industry and student needs rather than any intrinsic responsibility of government to support it by virtue of its ownership status. TAFE SA has a unique opportunity to build on its record of innovation and partnership with industry and be immune to short-term policy reactions to demand fluctuations and ultimately provide strong stability to the wider market and needs of the State.

Ultimately the Commission does not support defining the unique role around the concepts of market intervention, preferred provider status, or as the exclusive provider of CSOs. This would be counter to the objectives of high quality and innovative training, competition policy and the best utilisation of public funds. Further, the Commission acknowledges that CSOs are not the exclusive domain of government entities and are commonly contestable in advanced markets.

TAFE SA's transition in this new market must be supported, but protecting the inefficient structures and operations of the public provider will not allow for TAFE SA to emerge as a large, efficient and quality provider delivering the essential skills and training requirements for the State.

The Commission believes that the State Government must remain committed to this goal.

### Recommendation 2:

The State Government urgently examine funding to TAFE SA with a view to providing more transparent support through the transition period to a fully contestable VET environment. The review should identify and allocate an appropriate level of funding to the unique nature of the public provider whilst not protecting the entire breadth of service delivery where there is sufficient private market activity to promote innovation and efficiency.



Owing to TAFE SA's reduced share of the training activity, South Australia has seen a dramatic decrease in the unit cost of training. Latest data suggest more than a 25% decrease in the cost of training per hour since 2008.

Should the State Government wish to meet the identified training demand in a more cost effective way, there are only three options:

1. Continue to move a greater share of the training activity to private providers.
2. Address the cost structures of TAFE SA - including what many would consider generous or inflexible Award conditions.
3. Increase the effectiveness of training by increasing completion rates.

## Trade Training and the role of the Institutional Trades Training pathways

The Commission is always keen to ensure that the apprenticeship model has the capacity to address current skill shortages and to deliver the trade skills required for the future. It is through our stakeholder consultations that we have heard views about the appropriateness, or otherwise, of full institutional training arrangements for trade vocations as an alternative pathway for developing skilled tradespeople.

The Commission has regularly identified areas where it believes policy reform is needed within the apprenticeship and traineeship system in South Australia. One of the biggest issues outside of industrial arrangements in the apprentice and traineeship system is industry confidence in the competency of graduates undertaking study for a trade in an institutional environment.

The principle objective of the VET sector is the provision of nationally recognised training and assessment that leads to qualifications (or statements of attainment) based on the Australian Qualifications Framework (AQF) that ensures graduates are competent to a standard specified by industry.

The Commission believes apprenticeships that integrate training with employment under a contract of training remain an essential and effective part of a modern training system that underpins the strength of the South Australian economy. However, the Commission acknowledges there are widely different views in the sector about alternative forms of trade training including institutional delivery models with no employment arrangements.



The Commission supports the exploration of flexible approaches to trade training which respond to the needs of an evolving labour market.

The Commission acknowledges there are some trades where the relevant industrial parties support institutional pathways as a complementary pathway to trade skills. There are other trade vocations where this is not the case. The Commission believes where there is industry support (through the relevant industrial parties) for institutional trade training it should be supported by government policy and in turn public funding of these arrangements.

The Commission believes the training environment in which qualifications are delivered as well as the expectations on the type of work related to a particular trade should be considered as a basis for determining the appropriateness for industry to inform a decision on institutionalised trades training.

It is the Commission's view that industry should clearly identify the trades considered appropriate for institutional delivery in the relevant Training Package and industrial awards.

Further, the Commission supports the Minister for Employment, Higher Education and Skills having the authority to restrict institutional trade training arrangements where industry support is not evident.



# The Commission's Policy Agenda

## ***Skills for All***

The Commission recognises that *Skills for All* is the most significant reform to the South Australian Vocational Education and Training (VET) sector and has seen South Australia top the nation in VET activity growth.

This growth in activity has been a positive response to the major policy shift underpinning *Skills for All*. However, the policy delivery must be examined in the context of changing objectives, industry demand and quality outcomes.

*Skills for All* is built on a series of VET system reforms aimed at addressing South Australia's productivity and participation rates through significant additional investment in improving the qualification profile of the population. The *Skills for All* reforms closely align with the Commission's 2009 recommendations to implement a system that meets the skills needs of industry while providing students with the ability to choose a training provider.

The key features of *Skills for All* include the establishment of partnerships between government, training providers, industry and individuals with the aim to engage more people in training; increase the number of South

Australians with post-school qualifications, and raise the level of those qualifications; increase the number of people in employment; and strengthen partnerships with industry.

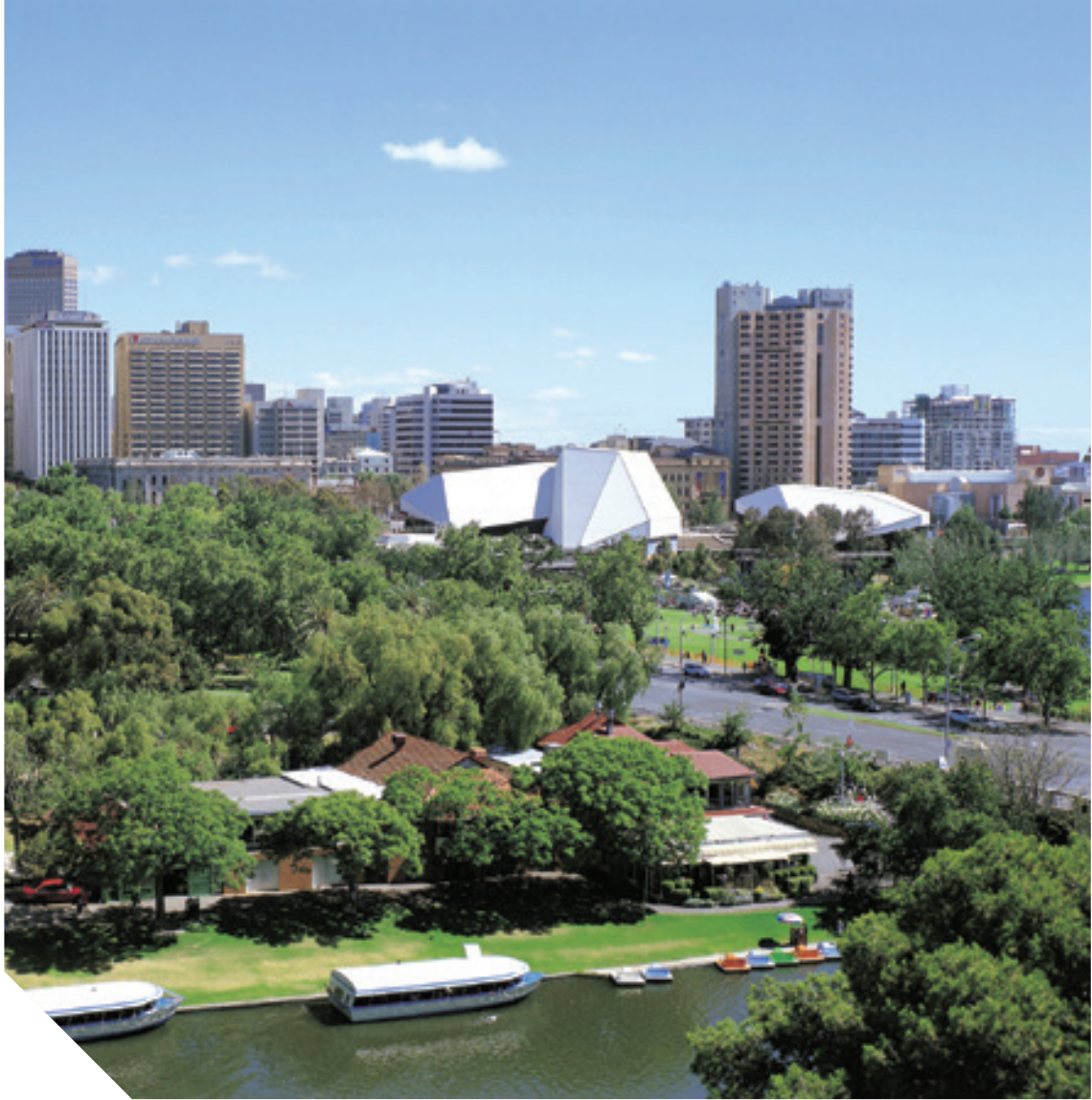
In the first full year of *Skills for All*, a 43% increase in enrolments has been observed representing an additional 44,200 publicly funded qualification course enrolments.

This significant growth raises a series of questions for the Commission:

- Has the government subsidy targeted the right people?
- Has it increased the level of skill attainment of the State?
- Does this growth represent net growth or has there been substitution of the privately funded training market?
- Have the qualifications undertaken matched with industry demand and the needs of the State?
- The number of qualifications been inflated by multiple course enrolments by students?
- Will there be increased employment outcomes?

Based on growth alone it is clear that *Skills for All* has been a success in increasing the engagement of South Australians with the VET sector.





**Table 4: Qualification Enrolments by Level of Education and Provider Type,  
Financial year 2011-2012 (1 July 2011 to 30 June 2012) and  
Financial year 2012-2013 (1 July 2012 to 30 June 2013 – as at 15 August 2013)**



Level of Education	Provider Type	2011-2012	2012-2013	Change (no)	Change (%)
Certificates I and II	Private Provider	6,600	15,000	8,400	128%
	TAFE SA	21,200	37,400	16,200	77%
	Sub-Total	27,700	52,400	24,600	89%
Certificates III and IV	Private Provider	24,600	36,400	11,800	48%
	TAFE SA	35,700	39,200	3,500	10%
	Sub-Total	60,300	75,600	15,300	25%
Diploma and Above	Private Provider	3,800	6,600	2,900	77%
	TAFE SA	10,500	11,500	1,000	9%
	Sub-Total	14,300	18,100	3,800	27%
Non-Award	Sub-Total	600	1,000	400	68%
<b>Total</b>		<b>102,900</b>	<b>147,100</b>	<b>44,200</b>	<b>43%</b>

Source: Department of Further Education, Employment, Science and Technology (DFEEST), *Skills for All*, 2012-13

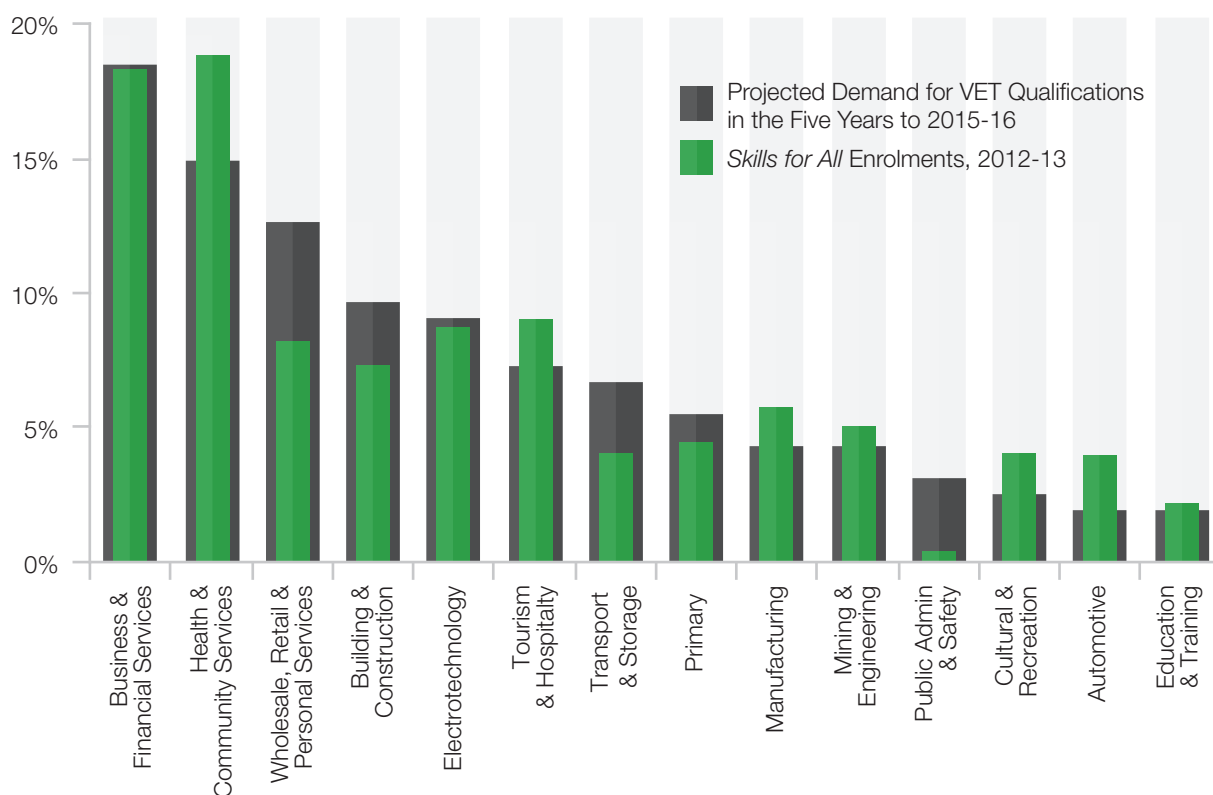
*Skills for All* data for the 2012-2013 financial year indicates there has been an increase in higher level course enrolments of 19,100 or 26% over the previous 12 months. This takes the total number of higher level (Certificate III and above) course enrolments in the 2012-13 financial year to 93,700, making up nearly 65% of all *Skills for All* qualifications.

It is evident that the system is delivering an increase in people studying, as well as an increase in the level of qualifications studied by South Australians.

**The Commission accepts *Skills for All* is still in its infancy and measuring employment outcomes after just one year would be problematic at best. However, it is worthwhile exploring the growth in qualifications undertaken against the demand outlook for qualifications by sector from the Commission's Five-Year Workforce Development Plan *Skills for Jobs 2012*.**

Figure 8 is indicative of the alignment between government investment and industry demand for publicly funded qualifications as projected by the Commission's 2012 Plan. However, the Commission believes more needs to be done to ensure greater partnership with industry in guiding student choice towards industry demand.

**Figure 8: Distribution of Projected Demand and *Skills for All* Enrolments across Occupation Groups**



Source: Training and Skills Commission Five-Year Plan 2012, *Skills for All* Enrolments, Department of Further Education, Employment, Science and Technology (DFEEST)  
 Note: Some enrolments could not be allocated to a particular Occupation Group.  
 Enrolments for Semester 1, 2013 have been used as indicative of 2012-13 enrolments

The Commission has always maintained that training, particularly at the higher level, should lead to greater employment participation or increased productivity. To this end, the Commission questions the scope of qualifications on the Funded Training List (FTL) and considers that it would have been preferable to initially include a limited number of qualifications based on previous publicly funded courses on the original FTL.

In reviewing the first year of *Skills for All* the Commission has chosen to examine a number of key policy objectives against the original elements of reform, a number of which the Commission believes warrant improvement, including:

- Well informed clients into learning.
- Improved pathways to work.
- A shared investment in skills.
- A renewed partnership with industry.
- Revising the Funded Training List.

#### **Well informed clients**

There is growing recognition that career development skills can help individuals meet the constantly changing needs of the labour market and maintain their employability so they can achieve their aspirations and participate in the community.

One of the original *Skills for All* reform elements pledged improvements to the provision of career advice, career information and consumer information, resources and services to support students make informed choice. The Commission believes this policy objective is a vital component to the success of *Skills for All* in ensuring students are well informed to choose the right career, choose the right course and choose the right trainer. Student choice without adequate information and guidance on the appropriateness of a qualification that is linked to a career will reduce the efficiency of the VET system to train people for the labour market.

The Commission is concerned that career advice and information is not occurring in a systematic fashion. A recurring theme throughout our industry consultation process was reference to the lack of quality 'one-on-one' career advice to students to enable them to make informed decisions around training. This lack of student understanding of education and employment pathways is leading to inappropriate commencements in training courses.

Through the Commission's consultations, industry provided a number of examples which highlighted a high volume of inappropriate commencements. Most importantly, industry considers that this could have been avoided had specific career advice been readily available to students about the sector and a person's suitability to work within the industry.

The importance of career advice and career information is a significant area of national reform through *The National Career Development Strategy*<sup>6</sup>. The strategy recognises that the global economy requires a labour force that is agile and highly flexible with the skills to respond to and take advantage of opportunities that arise. The national response is premised on assumptions that:

- Better decisions by individuals means less wasted investment in unused skills and less 'churn' through education and employment pathways.
- Some people, such as those experiencing disadvantage or facing retrenchment, need and benefit from more targeted career services.

The *Skills for All* program currently provides a statewide network of career services that allows eligible individuals to discuss their career pathway in person with a qualified career practitioner. This service commenced late February 2012, and has assisted approximately 1,000 clients. The Commission raises concern at the underutilisation of this service and believes that it should be expanded and promoted to those undertaking or considering undertaking publicly funded training.

While *Skills for All* training providers are contractually required to provide students with career education and employment pathways under their scope of contract they are not bound to provide 'career development practices' that would see a greater level of informed clients.

The Commission will closely follow *Skills for All* as it continues to build consumer information. The Commission also notes that promotional labour market information provided through the Department of Further Education, Employment, Science and Technology (DFEEST) is based on national data which does not account for detailed analysis of local employment conditions and opportunities. Local, industry specific knowledge and broader statewide expertise are both requirements for provision of effective career advice and support.

<sup>6</sup> The National Career Development Strategy was developed under the National Partnership on Youth Attainment and Transitions: <http://deewr.gov.au/career-development>.

### Recommendation 3:

Careers Services be expanded to provide tailored, South Australian specific employment information before individuals undertake publicly funded training to ensure students are matched with appropriate employment or pathway focused training.

#### Improved Pathways into Learning and Work

The focus within *Skills for All* on establishing multiple learning pathways is strongly endorsed by the Commission. In particular, the strengthening of the Adult Community Education (ACE) sector and the significant effort to map learning in this sector to substantive VET pathways through the Australian Qualifications Framework (AQF) is considered vitally important.

Building links for learners facing challenges in training and employment is a crucial facet of increasing employment participation and supporting learning at the individual level. The Commission strongly supports the recent *Skills for Jobs in the Regions* strategic reforms aimed at assisting people facing challenges through integrated service delivery with a focus on a labour market outcome. There is further potential for these pathways to incorporate the needs of employers and regional industries through the linking of supply to identified demand. The Commission's stakeholder consultations have highlighted the importance of involving local employers in the design and delivery of such programs.

**The Commission sees great opportunity in linking regional networks as an industry advisory framework to gather industry intelligence around the vocational education sector, skills and workforce development. This advice will augment the regular input from bi-partite industry bodies, including those continuing Industry Skills Boards (ISBs), national Industry Skills Councils, Regional Development Australia networks, Business Groups, Unions and other industry and peak associations.**

The shift towards higher level skills, combined with a higher completion rate and the need to invest in learner support systems, means that the State Government's investment in skills reform must continue. Programs that support individuals to participate and achieve outcomes are strongly supported by the Commission. However, development of support measures for learners requires the collection of guiding data not only on employment outcomes but also completions.





#### Recommendation 4:

More timely and comprehensive data be collated to better ascertain the quality outcomes of *Skills for All*, including completions and destination information that can be subjected to thorough analysis.

#### A Shared Investment in Skills

The *Skills for All* training subsidies and VET fee arrangements are premised on the basis of shared costs between government, employers and individuals and supported through the availability of HECS-style income contingent loans.

The subsidy framework and associated policy provides a mechanism for adjusting government subsidies payable to training providers, allowing *Skills for All* to respond to demand and supply considerations. With the exception of training in Certificate I and II and priority courses, the *Skills for All* subsidy is specifically intended to be augmented by student fees paid by an individual, their employer or combination of both.

VET FEE-HELP is available to students for courses at approved providers at the level of:

- Diploma
- Advanced Diploma
- Graduate Certificate
- Graduate Diploma

The Commission is supportive of this initiative as it provides a mechanism for students to defer the cost of their training and ensure that fees are not a prohibitive factor in students transitioning to higher level qualifications. This is particularly an advantage for students from low socioeconomic backgrounds.

**The Commission is concerned that *Skills for All* is subsidising what was previously fee for service activity undertaken by enterprises prior to *Skills for All*.**

Ultimately it is the eligibility of individuals that will need to be addressed to ensure training is linked to long-term employment outcomes, pathways and productivity.

Since the implementation of *Skills for All*, an increasing number of public provider students are registering for VET FEE-HELP:

- 2012, Semester 2 over 400 students
- 2013, Semester 1 over 1,100 students
- 2013, Semester 2 over 1,700 students

## A Renewed Partnership with Industry

*Skills for All* was originally predicated on providing more opportunity and greater support to enterprises to promote a culture of training within their organisation and to develop their workforce. This included ensuring that the FTL is aligned to industry demand and making subsidised training more responsive to the needs of enterprises so that individuals completing their training are more likely to be work ready.

Effective skills analysis and workforce development capabilities are a necessary precursor to driving improvements in workforce participation and maximising workforce productivity. This is particularly important given the additional skills related capacity constraints that are emerging from strong growth in certain sectors of the economy. Matching the supply of vocational skills to the identified demand for vocational skills is a key challenge for South Australia.

It is critically important that companies are able to analyse, accurately identify, and articulate their vocational skills and workforce development needs if they are to create the high performance workplaces of the future. It is also important that enterprises are capable of integrating skills and workforce development initiatives into their business planning cycles as a matter of course.

The Commission has given its support through successive *Skills for Jobs* Plans for the commitment under *Skills for All* to establish a network of endorsed workforce development advisors whose role was to work with enterprises, collectives of employers and clusters to identify skill needs, promote workforce development strategies and raise awareness of available training options and potential funding sources.

Previously the Commission has highlighted the potential for funding levers, such as the *Skills in the Workplace* (SiW) initiative, and the *State Workforce Development Fund* (WDF) to be used to encourage and support firms and industry sectors to build capability across their workforce.

**The Commission remains committed to promoting the benefits of training and workforce development, particularly those that increase productivity, support the improvement of a training culture, and promotes the uptake of training among existing workforces.**

The Commission stands by its 2011 recommendation and encourages the State Government to honour its commitment to engage a network of endorsed and appropriately skilled workforce development advisors.

### Recommendation 5:

A network of workforce planning practitioners who can provide advice focusing on training and other responses (such as attraction, retention and job re-design) should form a critical part of *Skills for All*.

Our 2013 consultations with industry stakeholders revealed that there remains a high level of support for the SiW and WDF initiatives; however, a number of industry representations to the Commission stated that the programs are too bureaucratic and focused towards large enterprises. The SiW program was initially promoted as a critical component of *Skills for All* however, several sectors have questioned its relevance in the face of successive rules and guideline changes.

The Commission confirms its commitment that employers play a major role in assisting individuals to up-skill and should be supported by government to build capability across their workforce. Ultimately, employer attitudes to training, its costs and quality, shape the level of industry commitment to skilling the South Australian workforce.

## The Funded Training List and Managing Capacity

Since the commencement of *Skills for All*, the Funded Training List (FTL) has been reviewed frequently to include new and replacement courses and to remove courses from the list. As at September 2013 the FTL has been revised seven times. This is of major concern to the Commission.

The Commission is aware that each revision has involved various levels of stakeholder consultation to gather industry input. However, training providers and industry have voiced serious concerns about ongoing revisions to the FTL including a lack of time to adequately respond and the application of capping to training courses where there has been significant growth.

During our consultations, the Commission received constant feedback expressing concern about the transparency of the process and claims it was not reflecting industry demand and advice. Concern was particularly concentrated on the identification of qualifications for the FTL and the application of caps against employment focused qualifications.

Feedback indicates that Industry does not fully understand the process for courses to be added to and deleted from the FTL. There is a view that the Department of Further Education, Employment, Science and Technology (DFEEST) has not adequately articulated the criteria used to determine which courses are listed on the FTL. The Commission questions how the training industry, and other industries more broadly, can have confidence in this process when it has not been clearly explained or understood.

The Commission concedes that *Skills for All* is in its infancy and many of its systems and processes will be refined over time. However, the Commission's considered view is that a competitive market of viable and sustainable registered training organisations is essential to the long-term efficacy of the system. Fostering ongoing goodwill with the training industry and generating confidence in the ability of the system to support a viable business model is essential to give training providers the confidence to plan, structure and investment in FTL courses.



## Recommendation 6:

The immersion of industry into the process of redesigning the approach to changing the Funded Training List and the approach be guided on the principles of productivity and labour force participation.

While the Commission notes that many in industry believe the system should be guided entirely by industry provided advice, the Commission is of the view that this advice must be tempered by the strategic needs of the State. A transparent and accountable framework to collect and consider the views of industry is necessary to ensure that the right training is available as well as appropriately augmenting an informed consumer demand led model. It is our position, that high quality industry advice is a critical element of the training system.

The Commission is also of the view that formal consultation with industry must be underpinned by industry advice predicated on a clear evidence base and a representative broad based consultation with industry sectors.

Ultimately, the Commission believes the FTL should reflect the training needs of the South Australian economy and as such should only change to meet the changing needs of the economy. Measures to manage the budget constraints should focus on capacity management rather than constant changes to the FTL.

The Commission believes that in developing the policy criteria for the Funded Training List, the State Government should consider the following:

### **If the qualification delivers the skills needed in the economy**

The qualifications listed on the Funded Training List should be informed by the Training and Skills Commission's assessment of industry need. Consideration should especially be given to the Commission's risk assessment rating for specialist occupations as these are occupations that have a tighter relationship between the job and the qualification and could also cause bottlenecks in the labour market if insufficiently supplied.

### **If training is the most appropriate mechanism for responding to the identified need**

Training is not always the most appropriate response. Given the current availability of public resources, it would be prudent to assess if training is the appropriate response before investing public resources. Alternatives could include: workforce development (retention and skills utilisation strategies) and business transformation strategies.

### **If the capacity of the private training market is not sufficient/thin markets exist, so public investment is required to support the identified need**

Government should only intervene where the capacity of the private training market to respond is insufficient to meet the identified need. Intervention in an otherwise healthy private market may distort market mechanisms and lead to perverse outcomes or inefficient allocation of resources.

### **If the qualification supports an individual's access to further education and training.**

Qualifications assist individuals to participate in further training including foundation and language and literacy courses.

The alignment of courses on the *Skills for All* Funded Training List to areas of strategic industry need is an important component of fostering the relationship between courses and employment. As the system matures, industry engagement mechanisms supporting *Skills for All* will need to become more sophisticated to ensure alignment evolves further.



#### Recommendation 7:

The framework for reviewing courses on the Funded Training List consider: the needs of the South Australian and local economies, whether publicly funded training is the appropriate mechanism to address the need, market failures and that qualifications support an individual's access to further education and training or employment.

#### Managing the system in a constrained budget environment

The Commission recognises the State Government has budget constraints and there is not unlimited funding to support training. We understand that the *Skills for All* initiative has created more demand for training than there are available funds and consequently, training funds must be rationed.

**The Commission believes that government has a responsibility to utilise public funds wisely by acting within its budget constraints to avoid oversupply and substitution. However, it is the Commission's view that entering into contracts with *Skills for All* RTOs to provide a capacity that cannot be funded, then rationing funded training places to meet budget needs through the application of temporary caps to the FTL is not conducive to a viable and a sustainable training system.**

It is the view of the Commission that rather than contracting for unlimited delivery capacity and meeting budget constraints through the temporary suspension of funding for individual qualifications on the FTL it would be preferable to manage the capacity of the training market with a select number of high quality providers each operating with an agreed capacity.

While the Commission believes the current *Skills for All* provider criteria should continue to be used to select high quality providers, the thresholds against which individual providers are assessed should be raised so that only the highest quality providers, consistent with identified capacity, receive government funding.

We also recognise that the design of such a capacity management system is complex and requires careful consideration, including the following:

- Where possible, the number of RTOs in markets should be sufficient to promote competition.
- The time required for tools and processes needed by DFEEST to be created.
- The changes needed to the *Skills for All* provider contracts.
- Contracts with providers must be sufficient in length to balance business certainty against the need for a dynamic and competitive market.
- Support for innovation must be maintained by ensuring new entrants and new delivery models are balanced against the concept of a proven track record.
- Training capability must be managed to be available all year round to ensure students get the training they need when they want it.
- Capacity should be transferred away from providers that fail to utilise their contracted places in a given period towards providers that demonstrate increased student demand.

Whilst it could be argued that managing the capacity of market supply, is not in the spirit of a demand driven system, the Commission recognises the need for budget management by the State Government and believes that the application of caps is a far inferior policy response. Capping denies access to training opportunities for periods and produces an unstable training market which ultimately will lead to RTOs exiting the market with an accompanying decrease in capacity and competition. The additional benefit of managed capacity is that only the best training providers will be funded, resulting in better return on investment of public money.



#### Recommendation 8:

The building of a capacity management system that allows an allocation of funded training positions to high quality providers based on an open and transparent set of criteria that has the flexibility to ensure innovation in delivery methods, business certainty for providers, capacity throughout the year and the transferability of preferred provider status based on measurable outcomes.

The Commission also questions the application of the FTL universally throughout the South Australian publicly funded VET sector. It is our view that rather than managing capacity as a whole, allocations should be applied on qualifications to cater for the different cohorts of students, including those under contracts of training, in school based programs, living in the regions, in group training schemes and in or out of employment.

#### Recommendation 9:

Stopping the universality of the Funded Training List so that regional localities, contracts of training, Group Training Organisations, and school based programs will be treated differently.

Similarly, the Commission believes that a single subsidy based on qualification level is inappropriate.

It is the Commission's belief that the government subsidy applied to any specific qualification should be reflective of the relative benefits to the South Australian economy, individuals and enterprises. Therefore adopting a graduated subsidy system similar in application to the system used to provide government subsidies in Higher Education has merit.

#### Recommendation 10:

A banded funding model reflective of the relative benefit to the South Australian economy, individuals and enterprise be implemented.



## Building Adaptive Capacity

The Commission has been considering the policy principles of Adaptive Capacity as a means of finding new ways to continue evolving the VET system to better meet the productivity needs of the economy and industry.

The Australian Workforce and Productivity Agency (AWPA) describes 'Adaptive Capacity' as 'preparing people and workplaces to respond flexibly and creatively to changing circumstances'.

Adaptive Capacity has also been described as maximising adaptability and the ability to navigate successfully through complex, unpredictable environments. For an individual, it means the capacity and skills to adapt to different circumstances and workplaces in a seamless manner.

The Commission supports the VET system moving towards educational outcomes that see graduates not only with specific skills for a particular job but also the ability to further develop skills and increase employability across occupations. The VET system was developed specifically to teach the competencies of a narrow occupational outcome and yet statistically we see across a growing field of qualifications that many graduates are not employed in the occupation they studied for.

The impact of a changing economy, particularly important for South Australia, means that industries and their workforce must be flexible and adaptable to new practices, new markets and new industries. As technologies continue to advance we need to not only adjust to change, but be innovative and lead change to be successful in a global society. To be successful, the workplace needs to have an understanding of and be alert to opportunities, and be able to respond quickly.

An Australian Industry Group report on high performance organisations notes that employees must be able to work with new technologies and systems in an environment which is constantly changing. By improving their skills and knowledge, workers are able to produce high quality goods and services, contribute to organisational success and transfer their skills into a variety of jobs.<sup>7</sup>

Adaptive Capacity also links with a skill capability framework<sup>8</sup> and skill utilisation, because the skills in the workplace are more likely to be used productively by the employer.

Improving the flexibility of individual workers is one aspect of this. The other aspect is the way in which labour and skill shortages can be managed across regions and industries to support individual enterprises and regional economies. The Narrabri Initiative<sup>9</sup> provides some insight into the development of a cross industry regional skills development model to attract, train and retain workers in the region, and to improve the mobility of workers across enterprises.

Responding to the skill needs of an unpredictable future raises a number of implications for policy makers, for government, industry and the vocational and tertiary education systems. In particular the tertiary system will need to be more flexible to cope with a constantly changing environment. For example, Wheelahan and Moodie<sup>10</sup> argue "that VET must prepare students for a broad occupation within loosely defined vocational streams ... so that educational and occupational progression is linked". The capability framework they espouse is based on the skills to exercise complex judgements at work now and in the future using theoretical knowledge.

The Commission is conscious of the potential implications on the VET system if it were to move away from such a narrow 'job defined' training focus. In particular the Commission considers the following issues to be crucial, needing a nationally consistent understanding.

- How to balance the need for a skilled workforce within broader occupation groups.
- How to provide the skills and knowledge to support innovation, without restricting a person's ability to be job ready.
- The current Training Package framework needs to be further developed to support an Adaptive Capacity approach to skills development so that it does not necessarily inhibit the application of new components within Training Packages designed around management, innovation and leadership.
- The role of skill ecosystems.

<sup>7</sup> Australian Industry Group, *High Performance Organisations: Maximising workforce potential*, 2012.

<sup>8</sup> L. Wheelahan and G. Moodie, *Rethinking Skills in Vocational Education and Training: From Competencies to Capabilities*, 2011.

<sup>9</sup> ACIL Tasman, *Developing the Narrabri Workforce*, 2010.

<sup>10</sup> L. Wheelahan and G. Moodie, *Rethinking Skills in Vocational Education and Training: From Competencies to Capabilities*, 2011.



In recognising that national Training Packages are based on developing the skills for a particular occupation the Commission believes further work, as recommended by AWPB, to identify how Training Packages can most effectively build individuals' Adaptive Capacity for the changing context and nature of work would be a valuable exercise.<sup>11</sup>

- The Adaptive Capacity of the individual (deepening human capability to handle rapidly changing circumstances).
- The Adaptive Capacity of regions – ie nurturing social coalitions at local level to embrace new opportunities and not just adjust to decline.
- The Adaptive Capacity of Industry – ie supporting employers' role in workforce development for inevitable change.

Adaptive Capacity of an individual looks to the abilities of one to be productive and employable not simply for their current employment but for multiple future possible deployments. To be able to adapt to unforeseen workforce participation circumstances it is critical for an individual to widen their skills through skills broadening, skills deepening and capacity building. As highlighted by AWPB, over half of Australians remain in their jobs for less than five years. So it is essential for individuals to make the best out of future possibilities and opportunities by preparing oneself to be able to respond flexibly to change.

The Adaptive Capacity of regions amounts to building communities of trust and as much about social capital as it is education. These are sometimes described as geographic skill ecosystems: defined as clusters of higher, intermediate and low-level competencies in a particular region or industry, shaped by interlocking networks of enterprises, markets and institutions. These clusters of skills are better coordinated in developing and deploying labour.<sup>12</sup> The Narrabri Initiative provides an example of how it can be done effectively to benefit regional economies. A key feature is the way in which regional employers and community leaders are prepared to work together to address skill and labour needs of the region. Evaluation of the program found other success factors including:

- A clear understanding of the labour constraints (e.g. seasonal labour demand, a common set of required skills lacking in the regional workforce).
- A skilled coordinator with experience in labour market programs.
- A regional body able to act as a forum.
- The establishment of a regional advisory committee made up of local business owners and managers.
- A Local Government willing to complement collective activities of local businesses.

Adaptive Capacity of industry essentially comes down to an industry taking a leadership role in implementing proactive policies to ensure its workforce not only has the skills needed for the current application of occupations but also of the future requirements of the industry (the capacity to adapt to changing circumstances). The almost inevitable universality of structural change makes the adaptation of workforces a requirement for future economic success.

It is simply not good enough for industries and governments to wait for the imminent collapse of major employment groups based on foreseeable structural changes within the economy and not implement proactive, industry specific policies to adapt the capacity of the workforce.

<sup>11</sup> Australian Workplace and Productivity Agency (AWPA), *Future Focus 2013 National Workforce Development Strategy*, Recommendation 5.4, 2013

<sup>12</sup> NSW Board of Vocational Education and Training (BVET), *From 'skill shortages' to decent work*, 2006



#### Recommendation 11:

The State Government take a leadership role in the support and development of a more coherent structure of qualifications that supports changing labour market demands.

#### **Future Proofing Our Regional Communities through an Adaptive Workforce**

Currently, the Commission is following two regional pilot projects in the Eyre Peninsula region that have the potential to be implemented across the State.

The projects explore opportunity to share workforces across sectors to ensure they have access to adequately skilled people when and where they need them especially when seasonal demand dictates. A demonstration project is currently underway aimed at broadening community capability in the Eyre Peninsula region utilising seasonal workers in the tuna industry to assist with the 2013-14 grain harvest.

### **Adaptive Capacity Example 1**

The *Cross-Industry Skilling* project is a practical transition between workers seasonally employed in the tuna harvest (May to September) to be available for work in the grain harvest (October to January). The project will identify a group of workers currently employed in the tuna industry and equip them with skills that will make them employable and valued by the grain handling industry.

The project will involve assessing the current skills levels of tuna industry workers and providing them with industry specific and transferable training to up-skill and prepare the group for employment with Viterra (a major grain storage and handling company) during the 2013-14 grain harvest. The project will consider the training processes and standards that Viterra currently has for its workforce recruitment/development requirements and incorporate these standards in the development of a Training Package.

The demonstration project will involve a small number of people initially to assess the practicality of the process and whether the project meets the needs of the employers and employees alike. Importantly the project has a direct training to employment outcome and will broker relationships with Viterra, the tuna industry, local job service providers and training providers.

The *Cross-Industry Skilling* project will have a twofold benefit in assisting in profiling a larger AgriFood Initiative in the Eyre region and the delivery of direct training to jobs outcomes involving two high profile employers in the region.

The project is being sponsored by Agrifood Skills Australia, Primary Industries and Regions SA and the Department of Further Education Science and Technology.

### Adaptive Capacity Example 2

The Minnipa Agricultural Centre, previously known as the Minnipa Research Centre (MRC) has the potential to expand its up-skilling role for farmers in the Eyre region to include management development training to the broader business community on the Eyre Peninsula.

The MRC has traditionally provided a strong community focus for farmers and the business community on the Eyre Peninsula. The centre is exploring the idea of setting up a regional adaptive learning hub for labour and training in the region.

It is envisaged that the MRC would adopt a lead role in providing the necessary infrastructure and support to coordinate activities including:

1. Matching of labour across the region (drivers, farm hands etc).
2. Identification and response to local training needs (combination of skills sets).

The Eyre Peninsula Agricultural Research Foundation, an independent advisory group providing strategic support and planning for the MRC, is well suited to play a major role in promoting and developing the model across the region.





## A State of Learning

South Australia over the last decade has seen targeted State Government policy to address participation, school retention, an increase in the number of universities and the number of international students. These policies have been successful in increasing the retention of school students from 66.7% to 88.8% and the proportion of the population aged 15-64 enrolled in study from 18.4% to 19.1%, bringing South Australia above the national average. South Australia has also seen the proportion of people with non-school qualifications increase from 45.6% to 54.4% over the same period. It is on the back of this success that the Commission looks to the next stage of learning policy for South Australia.

The Commission sees an opportunity to further develop the concept of Adelaide being a *Learning City* creating a state-wide emphasis on life-long learning underpinned by pathways between education sectors created through partnerships.

A State of Learning Strategy looks to exploit the comparative advantage South Australia has in being a middle-sized city while still having a critical mass population of 1,278,000 as well as a centrality of educational resources and the status of Australia's most liveable city. All of these factors provide a unique opportunity for South Australia's educational sectors.

Regional centres could further benefit by focusing an understanding of the appropriate resources available or lack thereof between city and regional areas.

The Commission is keen to provide leadership in developing a strategy and setting the policy direction to further the benefits to all South Australians of the maturing markets of VET and the highly regarded, well established higher education sector within the State.

Adelaide is uniquely based to grow its stake of international students and increase participation in education and training by the whole community.



It is the Commission's view that a strategy to promote these advantages, underpinned by strengthened policy settings on pathways and participation, could see Adelaide develop with a cohesive community settlement on participation in life-long learning. This would ultimately see greater social cohesion, regeneration and economic development.

A more skilled and adaptive workforce, greater economic benefits from our world-class education sectors and greater collective interaction with applied learning and educational attainment would all be assisted by such a strategy.

The State of Learning Strategy would require commitment from all educational sectors and the State Government to champion the notion of life-long learning coupled with policies that would encourage greater participation in formal training and education by a greater proportion of the population.

# The Participation Challenge and the Commission's Response

In 2009 the Commission set a target for labour force participation of 69%. This target was based on national projections and was an ambitious goal for South Australia to continue to work to close the participation gap between the State's rate and the national average (historically South Australia has lagged the national average by between two and three percentage points).

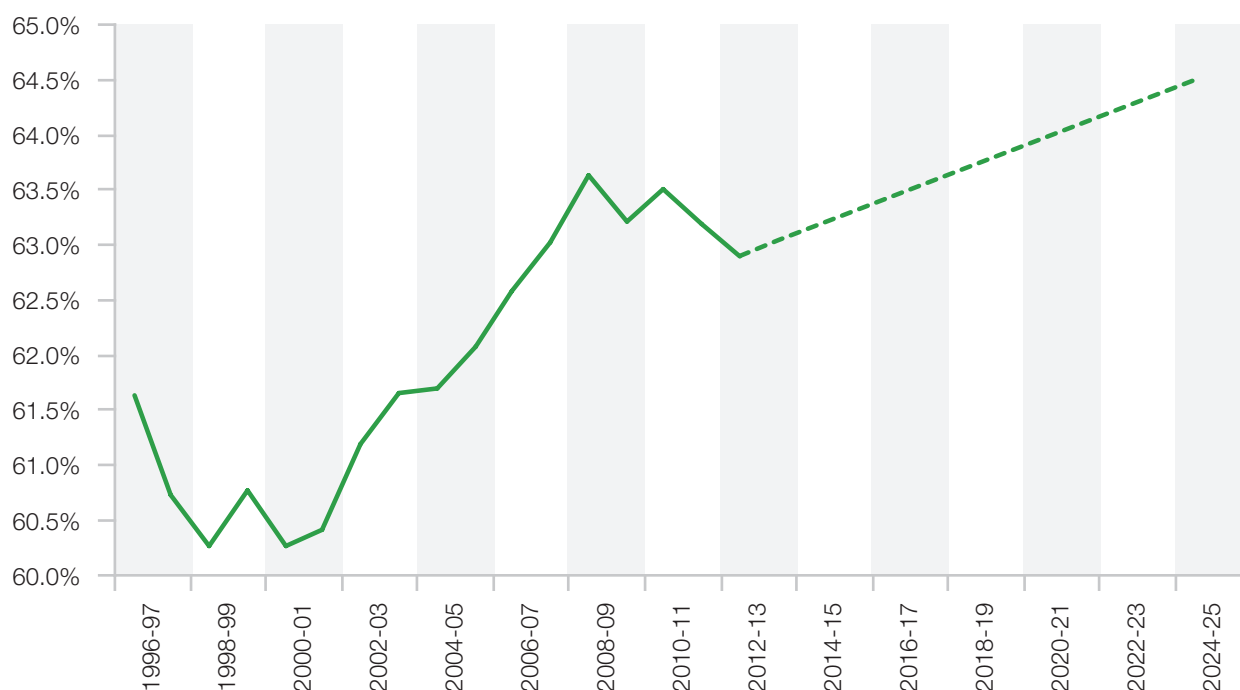
The Commission still believes that South Australia needs to continue to reduce this gap, and strive toward maximising participation in line with this aspirational target. However, it is necessary to frame South Australia's participation challenge within the current economic environment and the range of scenarios developed by the Commission.

As stated in Chapter 1, it is the Commission's view that the Smart Recovery scenario is our best single estimate of the economic and employment outlook for South Australia and that this projection should be used for planning purposes across the policy terrain given priority by the Commission. The Smart Recovery scenario suggests a slower rate of economic growth than that projected in our 2012 Plan. This downward revision in the Commission's outlook for economic growth is consistent with revisions made globally and nationally which reflect the recent changes to the economic environment and outlook.

The Commission considers that a labour force participation rate of 64.5% in 2024-25 would be consistent with projections of economic growth and employment under the Smart Recovery scenario.

A lower rate of labour force participation could jeopardise achievement of those projected outcomes for the economy and employment. This projected participation rate represents an increase of 1.4 percentage points over 13 years, which is broadly consistent with the increase experienced over the past 15 years of 1.5 percentage points. It also compares with the national participation rate of 66.9% in 2024-25 as projected by the Australian Workforce and Productivity Agency (AWPA) in its comparable Smart Recovery scenario. While the South Australian participation rate is projected to remain two and three percentage points lower than the Australian rate, this is not necessarily the case for individual age groups, as the South Australian average participation rate is affected by South Australia's older demographic profile.

**Figure 9: Labour force participation rate, South Australia, 1996-97 to 2024-25**



Source: Australian Bureau of Statistics, Labour Force Survey Cat. No. 6202.0  
Government of South Australia, Economic Statement 2013 (Smart Recovery Scenario)

## Realising the Potential

Unlocking the potential of all South Australians, in particular those who are disconnected from training and work but who want to work, is the key to achieving the participation rate needed for South Australia to ensure that economic growth is not constrained by a lack of skilled workers.

Table 5 shows South Australia's participation rates by age and gender. These rates represent our starting point from which we now need to improve.



**Table 5: Participation rates for the year to June 2012, by age and gender**

	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70+
Male	52.6%	83.6%	90.8%	91.3%	89.8%	90.3%	87.3%	84.8%	79.3%	61.4%	33.7%	7.9%
Female	55.3%	77.4%	74.0%	73.1%	74.4%	80.0%	81.6%	75.7%	68.9%	41.2%	16.7%	2.5%
Persons	53.9%	80.6%	82.6%	82.3%	82.1%	85.2%	84.5%	80.2%	74.0%	51.1%	25.0%	4.8%
<b>Total 63.1%</b>												

Source: Australian Bureau of Statistics, Labour Force Survey Cat. No. 6202.0



To close the gap between these current levels of participation and the minimum rate required within the Smart Recovery scenario, we will need to focus in particular on unlocking the potential of South Australians who are at the margins. This is the largest pool of untapped potential in the State's labour force. To illustrate, in 2012, there were approximately:

- 100,000 people not in the labour force who wanted to work.
- Just under 50,000 people who were unemployed and looking for work.
- 75,000 people who were working and wanted to work more hours.

These figures suggest that approximately 15% of the working age population in SA is potentially underutilised.



### Education and Training is the Key to Higher Participation

The Commission notes the strong correlation between the level of educational attainment and workforce participation. For example, Australian data show that the participation rate for persons aged 15-64 years with a post-school qualification in 2012 was 86.5%; in contrast, those without a post-school qualification had a participation rate of 68.9%. The difference was even more marked for those persons with no post-school qualifications who left school early. For example those who left school in year 10 had a participation rate of 61.6%, those who finished in year 9 had a rate of 51.0%, and those who finished in year 8 had a rate of 41.0%<sup>13</sup>.

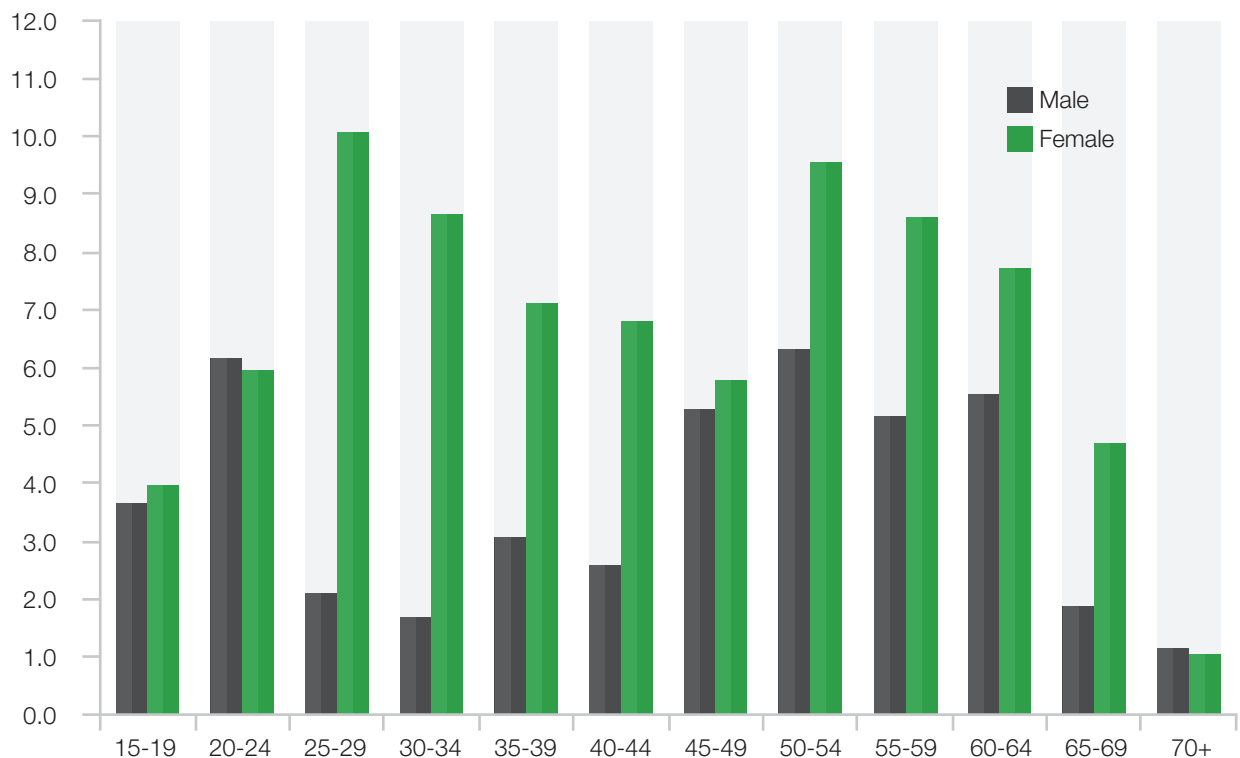
The history of structural adjustment provides further evidence reinforcing this strong link between qualifications and labour force participation. Between 1966 and 2003 the decline in blue collar jobs led to a fall of 9 percentage points in the participation rate of men aged 35-54. This was a huge loss of labour and had severe social effects, but what is most interesting

in the present context is that it was almost entirely accounted for by the fall in participation by those who left school early and had no further qualifications<sup>14</sup>.

The Commission is therefore strongly of the view that ongoing structural adjustment in the economy will require a sustained investment in skills, together with targeted strategies to assist individuals to acquire the skills they need to actively participate in the workforce.

In assessing how best to achieve the 64.5% participation rate, the Commission has focused on the increases in participation that are likely to result if the projected demand by industry for qualifications is met. The projected increases in participation shown below are consistent with the increase in the number of South Australians with post-school qualifications at Certificate III level and above over the period 2011-12 to 2024-25. The following figures illustrate the increase in South Australia's labour force participation rates by age and gender that could be expected to flow from realisation of the projected level of qualifications.

**Figure 10: Percentage Point increase required in Labour Force Participation Rates by Age Group** ↓



<sup>13</sup> Source: Australian Bureau of Statistics (ABS), Survey of Education and Work, Cat No. 6227.0, unpublished data, 2012, as published in Australian Workforce and Productivity Agency, Future Focus 2013 National Workforce Development Strategy, 2013.

<sup>14</sup> Kennedy, Steven and Hedley, David, Educational Attainment and labour force participation in Australia, Treasury Economic Roundup, Winter, 2003.

As can be seen from the above figures, it is the Commission's view that the increases required will need to be primarily across individuals of core working age, in particular males aged 40 to 64 years and females aged 25 to 39 years and 50 to 64 years. It should also be noted that the increase in qualifications is not necessarily confined to those people presently on the margins of the labour force. Many of the skills demanded will be obtained by people who are up-skilling, but as these people move up the skills ladder this will open job opportunities for people who are not presently actively engaged in employment.

A major role for government is to assist people, especially in the priority age cohorts identified, to achieve the necessary up-skilling. This is the best way to ensure that every South Australian who is willing to work has access to opportunities to do so and is adequately skilled so that they can do their job to the best of their ability.

The Commission considers that to achieve the increased levels of skills and qualifications required to meet the 64.5% benchmark labour force participation rate, the following approaches will make the largest contribution:

- Focusing effort on skilling and re-skilling older workers and up-skilling them on the job.
- Promoting awareness through all areas of government policy and programming that participation is a key driver of economic growth and prosperity for individuals and the State.
- Increasing the focus on engaging people who are not in the labour force but who may want to work by providing tailored, comprehensive support.
- Continuing to build specific programs that assist the disadvantage link into services across government agencies, industry, employers and communities.
- Expanding career counselling services to all disadvantaged cohorts to access one-on-one career pathway planning with a qualified career practitioner.
- *Skills for All* providers must play an active role with government in contributing to the participation challenge through the promotion and delivery of training focused on a career pathway.

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**Individuals not currently engaged in the workforce need to be provided with targeted, tailored support programs to ensure their success. The Commission not only supports the various programs currently provided by the State Government, aimed at assisting people facing multiple challenges to training and employment, but strongly recommends that funding priority be given to programs that provide a full range of coordinated support services.**  
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The Commission is of the view that early intervention programs that assist mature aged people, people with disability, Aboriginal people, and those facing challenges to participation (health, physical or intellectual disability) in learning and work, including early school leavers, are all an essential component in increasing the State's participation rate. Engaging these groups is also vital for continued economic growth and prosperity.

### Better Representation of Disadvantaged Learners

The anticipated increase in numbers of students with complex support needs as a result of the introduction of *Skills for All* appears to be bearing out. The data for the first 12 months of *Skills for All* detailed in the chart below represents a 40% increase in students with disability, a 28% increase in Indigenous enrolments and a 65% increase in students with low socioeconomic status. This is in the context of an overall 43% increase in the total number of students undertaking accredited, publicly funded VET since *Skills for All* commenced.

**Figure 11: Skills for All, Course Enrolments, Semester 2 2011 & 2012, Selected Groups, All Providers**



The Commission is of the view that more must be done to increase the successful participation of people experiencing disadvantage within the VET system, to ensure students with complex support needs stay in training, complete a qualification and move on to further study or employment. In this context the Commission raises concerns that more must be done to ensure growth in Indigenous student numbers keeps pace with overall student growth.

To ensure a higher participation rate the Commission particularly supports the application of tailored programs based on a case management approach such as Learner Support Services and Building Family Opportunities (BFO).

**In many instances the costs associated with additional support services to those students in need is far less than the costs attributable to lost training effort characterised by high drop-out rates, re-starts and incomplete certificates.**

The Commission is aware that programs of this nature, while being good social policy, can in fact be more expensive in the first instance and place additional administrative and specialist care and delivery requirements on RTOs. However, based on the considerable internal and external evaluation of Building Family Opportunities and Learner Support Services, the Commission is convinced that programs based on an integrated holistic approach are an essential component in increasing our participation targets and ultimately represent good value for money of the public investment into VET training.

## Mature Age Job Seekers

**‘There has been a decline in male workforce participation over the past 40 years with less than three quarters of men aged 15 and over participating in the labour force (71%). The fall in male participation has been particularly severe for mature aged men’.<sup>15</sup>**

The participation of males aged 40 to 64 years and females aged 50 to 64 years in the workforce will be critical in meeting South Australia’s future workforce demand. Programs that support mature aged workers are therefore critical to achieving a rate of participation that does not impede economic growth.

While some progress has been made through changes to the Disability Support Pension and the Age Pension Support bonus, greater flexibility in working hours is necessary to engage mature aged workers and better manage their health or responsibilities outside of the workforce. Other measures needed to remove some of the challenges include greater emphasis on retention, removal of the age limit on the Pension Work Bonus Scheme and greater consideration of part-time paid work by employers.

In June this year the Commission undertook a visit to the Limestone Coast as part of our regional consultation process for the update of the Commission’s Plan. The Commission acknowledges that many in the region have a genuine fear of the future, following major structural adjustment around key local industries including forestry. In particular, retrenchments in the region have had a major impact on mature aged males who in the most part lack current accredited qualifications.



The Limestone Coast *Skills for All* in the Regions Career Development Centre is currently providing a range of services to mature aged people seeking assistance to enter/re-enter the workforce. We were advised that over 40% of participants seeking help are over 40 years old and often require more than one service to re-engage in training and employment. Many in this cohort share common attributes:

- They have vast experience but may lack the current accredited qualifications of younger competitors in the employment market.
- They have a narrow understanding of the labour market, where the jobs are and the changing world of work.
- They have few of the job-search tools they need, including an understanding of online applications, contemporary resumes, interview processes, psychological profiling, recruitment companies and cold calling.

The Commission acknowledges the vital role that Career Development Centres plays in providing the multi-dimensional support measures needed by mature aged job seekers to re-engage in training and work. As reflected in the Commission’s recommendation regarding career services (see Recommendation 3, Policy Agenda *Skills for All*), we also recognises that these services while successful in some regions could be strengthened in other areas through a focus on high level qualifications and broadening of the knowledge and expertise of service providers.

<sup>15</sup> Australian Workforce and Productivity Agency (AWPA), *Future Focus 2013 National Workforce Development Strategy*, 2013



### People with Disability

The Commission also believes particular focus must be given to engaging people with disabilities who tend to have considerably lower workforce participation rates, higher unemployment rates and lower levels of educational attainment than people without disability. People with disability face additional challenges in completion of courses and therefore non-school qualifications tend to be completed at a lower level.

The Commission notes in Figure 11 that course enrolments for people with a disability have increased by 40% from 3,500 in Semester 2, 2011 to 4,900 in Semester 2, 2012. It is further noted that more than 480 people with a disability participated in participation and equity programs, resulting in over 200 employment outcomes in 2012-13.

Support programs for people with disability are guided across jurisdictions by COAG's National Disability Strategy, with the responsibility for providing disability employment services lying with the Commonwealth Government. The implementation of the National Disability Insurance Scheme (NDIS) from July 2013 represents a significant policy initiative that will shape future support measures for people with a disability. The NDIS will enable a range of individual-controlled supports to be introduced, including those that enable greater capacity for people with disability to participate in training and work.

The Commission will follow the implementation of the NDIS with great interest to ensure people with a disability in South Australia gain access to employment and training opportunities. In addition, over the next 12 months we will monitor the workforce needs of the sector to identify possible issues with the adequate supply of qualifications for the workforce expansion.



## Aboriginal South Australians

Aboriginal South Australians have traditionally experienced greater disadvantage than non-Aboriginals. This is generally attributed to relatively lower levels of education attainment, poor health and higher incidence of disability, cultural awareness issues and the lack of job opportunities for many Aboriginal people living in remote communities. It is also important to note that there are variances in the type and severity of issues affecting Aboriginal people in urban areas and those in rural remote settings.

Both Commonwealth and State Governments are committed to tackling these challenges through policy agendas such as the South Australian Strategic Plan (Target 51 to halve the gap between Aboriginal and non-Aboriginal unemployment rates by 2018) and COAG's National Indigenous Reform Agreement (NIRA) which has set yearly Aboriginal employment targets for South Australia between 2008 and 2018.

General Aboriginal population demographic and employment statistics indicate:

- The Aboriginal population of South Australia is 29,870 (1.9% of total population).
- Unemployment is reported as 18% in the Aboriginal labour force compared with only 5.7% in the non-Aboriginal labour force.
- There are reportedly 9,125 Aboriginal people in the labour force (15-64 yo) in SA, with 8,586 not in the labour force, and 1,581 are unemployed and are looking for work.
- Of those Aboriginal people not in the labour force, 3,202 are between the age of 15 and 24.
- Of those unemployed, 322 (20% of those seeking work) have completed year 12 school qualifications.

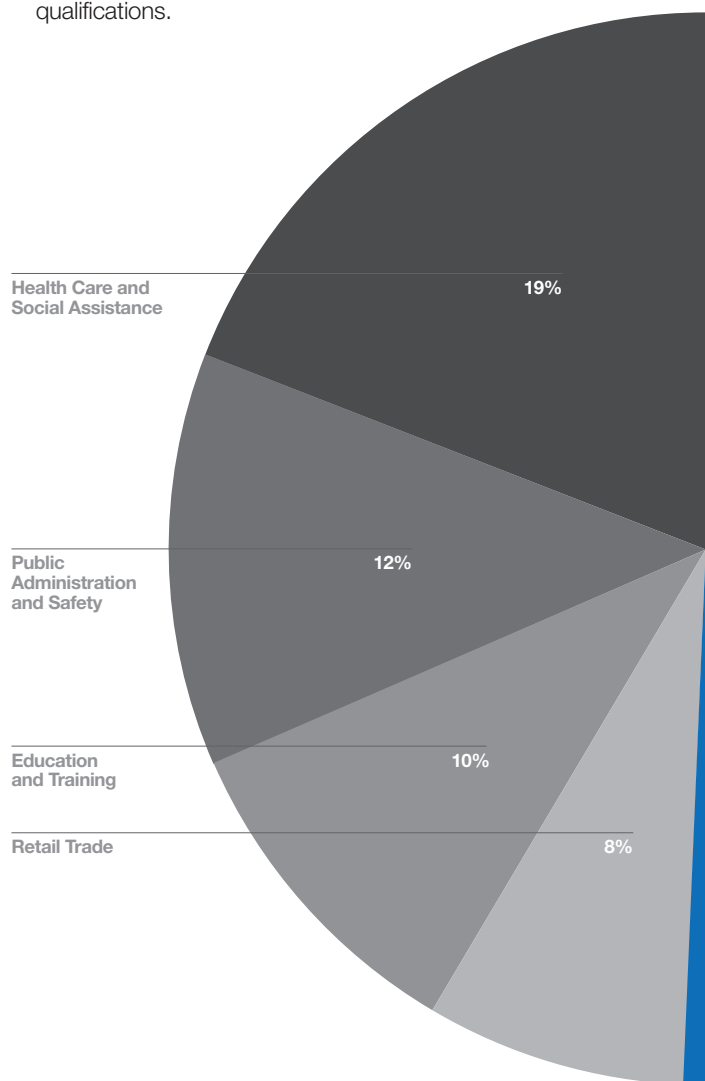
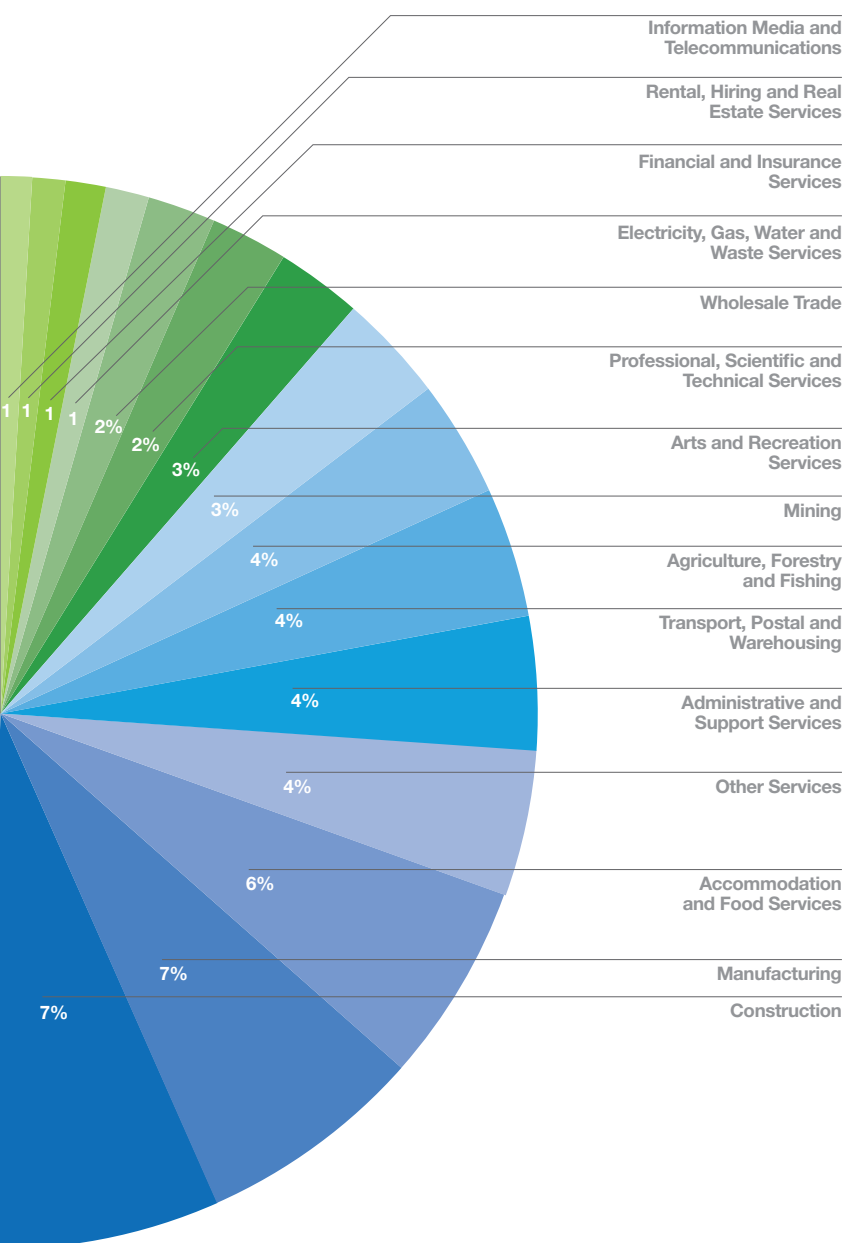


Figure 12 depicts the percentage of the total South Australian Aboriginal Workforce by Industry.

**Figure 12: Aboriginal Workforce by Industry, 2011**

Source: Australian Bureau of Statistics, Census of Population and Housing, 2011



The Commission acknowledges the importance of involving government, employers, community groups and training organisations in achieving training and employment participation goals for Aboriginal people. The Aboriginal Employment Industry Cluster initiative deserves particular note as a partnership between industry, Aboriginal people and government, which is contributing to the National Indigenous Reform Agreement's target to halve the gap in employment outcomes between Indigenous and non-Indigenous people by 2018. Since the start of this initiative in 2010, seven Industry Clusters have been established and have achieved significant outcomes including:

- Professional Services - 56 participants engaged with 35 gaining employment.
- Energy and Water - 148 Aboriginal people into training with 101 Aboriginal people into employment including apprenticeships, traineeships, cadetships, and general employment.
- Advanced Manufacturing - 46 Aboriginal people into training with 10 Aboriginal people gaining employment.
- Hospitality - 106 Aboriginal people into training with 34 gaining employment.
- Community Services - 31 Aboriginal people into training with 20 Aboriginal people gaining employment.
- Retail - 248 Aboriginal people into training with 108 Aboriginal people gaining employment.
- South Australian Public Sector – this cluster will use the existing target that each agency has to achieve their 2% target.

The Commission believes programs that work directly with industry to leverage workforce participation opportunities have shown great success and good returns on investments for government.



### **Adult Community Education (ACE)**

Strategies for developing Adult Community Education and other forms of adult learning in the State, including local, national and international best practice in increasing access and participation rates, have been of longstanding interest to the Commission.

The ACE sector has proven to be highly effective in re-engaging low-skilled people in learning, with pathways to further education, training, volunteering and employment. This can be attributed to the strong community connections that not-for-profit providers and community-based organisations have developed. By providing first-step entry into informal and accessible learning environments, these organisations give participants exposure to valuable life skills including problem solving, group work, time management and enhancing personal presentation: all vital for broader engagement with society, community, training and work.

The Commission was a sponsor of the 2013 Adult Learners' Week Awards, which recognised outstanding achievement in ACE. This year's ACE Adult Learner of the Year winner Ms Naomi Stanbury exemplifies the adage "It's never too late to take up training and learn new skills". A case study on the challenges Naomi faced to achieve her training goals at the end of this section (Case Study 1).

In addition, the Commission considers the ACE sector as a community learning gateway for people wanting to improve their language, numeracy and digital literacy skills, all of which are vital foundational skills for further training and successful engagement in the workforce. The Commission particularly acknowledges the pivotal role that community centres play in helping disadvantaged people navigate through education pathways into training, volunteering and employment. The range of foundational skills offered also extend to informal learning through problem solving, group work, time management and creating presentations - all necessary pre-employment qualities.

The Commission commends the extensive professional development activity that has occurred across the State to build the capacity of ACE providers to deliver quality courses and to assist new organisations to deliver the ACE programs. In particular, the Commission notes the role Community Centres SA is undertaking to increase the ongoing professionalism and capacity of the sector to deliver quality ACE programs to South Australians.

However, the Commission does note with concern the recent change to State Government policy on adults accessing SACE within the South Australian schooling system. The cessation of this program has direct impacts on the same adult-aged cohort served through the ACE sector. Concerns have been expressed to the Commission that removal of this opportunity for people aged 21 years and over to undertake or complete their SACE, has led to a limiting of potential learning pathways. Over the next 12 months, the Commission will monitor the impact of this policy within the wider VET system and aim to assess whether this group is being adequately served through alternative training provision.



### Better Funding for the ACE Sector

The Commission has long advocated for an appropriate and sustained level of resources to enable the ACE sector to meet unmet demand and realise the sector's increasingly important role in raising the workforce participation of marginalised members of the community. This includes the need for predictability of funding and new approaches to minimise application frequency and complexity.

In December 2011, the Commission provided a submission to the South Australian House of Assembly Economic and Finance Committee Inquiry into Workforce and Education Participation arguing, among other things, that for the ACE sector to become a true fourth sector of education, and learning, government expenditure needs to be increased with possibly a new three year funding model being developed in order for the sector to have continuity.

The Commission's position, reinforced in our 2012 Plan, highlighted the importance of supporting the sector through the granting of a proportion of available ACE funding to longer three year contracts.

From 2014, DFEEST will offer a number of proven low-risk applicants with multi-year funding contracts. This is in addition to the annual funding rounds for which smaller organisations can still apply. The Commission is highly supportive of this progress, which will provide the ACE sector with greater stability enabling long-term planning, security of tenure and improve service delivery to the community.

#### South Australian House of Assembly Economic and Finance Committee Inquiry into Workforce and Education Participation

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The Commission was pleased to note that the Economics and Finance Committee Final Report<sup>16</sup> released in June 2013, recommendation was made to strengthen support to the ACE sector:

'The Committee recommends to the Minister for Employment, Higher Education and Skills to strengthen and stabilise the Adult and Community Education Sector by replacing existing short-term service contracts with contestable three-year funding contracts.'

<sup>16</sup>Economic and Finance Committee, *Workforce and Education Participation* Final Report, tabled in the House of Assembly 18, June 2013



### Learner Support Services (LSS)

It is the Commission's view that the provision of Learner Support Services (LSS) is fundamental to increasing the successful participation in training of people who have experienced multiple disadvantage. The core tenets are:

- Unlimited, fee free access to foundation skills training.
- Access to undertake training at any level for people who are unemployed regardless of their previous qualification level.
- Assist students with complex support needs to stay in training, complete a qualification and move onto further study or employment.

While there is an expectation that RTOs will provide a base level of student support, the provision of LSS acknowledges that providers, in most instances, could not be expected to provide intensive, case management type support to students without some additional funding.

The Commission keenly supported the 2012 pilot of LSS, which has now undergone extensive trial and evaluation resulting in outstanding outcomes.

The Commission reported the outcomes of the first phase of the 12 month LSS trial in the 2012 Plan. The program has now undergone the second phase of trial, which has expanded to include six private providers, as well as TAFE SA, delivering support to close to 1,000 students.

LSS is aimed at assisting students to complete a full qualification and move on to employment or further study at higher AQF levels, which SA's increasingly high-skills based economy demands for sustainable employment. Providing an opportunity for RTOs to offer learner case management through LSS ensures students who face complex and multi-faceted challenges are supported to maintain their study and complete their qualification.

The effectiveness of the initial program has been validated in the evaluation report that recorded a 44% completion rate for students, which compares favourably with SA's average VET completion rate of 37.5%. The Commission considers this to be a positive outcome particularly as the completion rates from the first cohort continued to rise to 51% as of January 2013. This increase is striking given that the completion rate for many of the target groups has been modelled as generally less than half of the VET average.

LSS provides a key policy lever for increasing completions from groups who typically are the least likely to complete a qualification or to progress to higher AQF levels and subsequently can have significant benefits for overall participation levels.

## Recommendation 12:

The embedding of Learner Support Services in the training system, with support for students with complex needs becoming a fundamental part of ensuring the demand driven VET training system meets the needs of disadvantaged learners.

### **Building Family Opportunities (BFO) (Family Centred Case Management)**

The Commission has been a strong supporter of the four year demonstration program, BFO. The program is focused on breaking the cycle of long-term family joblessness through early intervention measures to break the cycle of intergenerational disadvantage and unemployment. The BFO model is a multi-agency approach that has received significant evaluation, both in terms of methodology and outcomes, and has been analysed independently to determine the level of cost benefit.

The Commission has received ample evidence including first-hand accounts of the success of the BFO program that has directly impacted on the lives of over 600 families.

The impacts of the BFO have been substantially evaluated with a three-stage quantitative and qualitative evaluation across all sites by the National Institute of Labour Studies (NILS) and a cost benefit analysis by Deloitte Access Economics.

NILS concluded that overall client outcomes were extremely positive with targets exceeding expectation. Furthermore, the Commission notes that the program has built a culture of non-dependence and is creating change, where other agency models have been unsuccessful.

Based on Deloitte's analysis of the BFO program outcomes, "If all 140 employment outcomes that were achieved at the time of Deloitte's analysis were attributable to BFO, the net present value (economic benefit) of this employment being maintained for three, five and 10 years is estimated to be \$19.2 million, \$26.5 million or \$43.1 million respectively". The value of the cost of BFO over the same period was \$6.8 million.

The success of this model, which works across multiple agencies within government to ensure services are coordinated, ensuring a comprehensive and tailored approach, is exactly the type of program the Commission sees as essential to support a higher participation attainment for the State.

The State Government has recently extended support to the BFO program for its continuance in the Northern part of the State for a further three years. The Commission supports this extension, noting that it is estimated that up to 180 jobless individuals and their families will be assisted through a targeted focus in the Playford area.

### Recommendation 13:

Long-term, cross-departmental funding is supported to continue the Building Family Opportunities program throughout South Australia.

#### Case Study 1

#### ACE Adult Learner of the Year

##### Naomi's story

South Australia's 2013 Adult Learner of the Year, Naomi, a mother of four children, says her life has been transformed by further training and now she wants to inspire parents to not settle for second best but to take up training and plan for a brighter future.

After completing the Adult and Community Education (ACE) course 'Preparation for Work' at the Pooraka Farm Community Centre, Naomi is now pursuing a career teaching and mentoring adults.

"Before attending classes I thought this was all my life was meant to be, just a mum. I gave up on my career, I gave up on finding a job and I didn't see the point of studying," Naomi said.

"Worst of all I gave up on myself. I didn't think that I was worth anything. I thought that all I was, was a mother, and most of the time I didn't feel that I was a very good one.

"I started the ACE course just to get out of the house. But before I knew it my confidence grew and I started feeling good about myself."

Since then, Naomi has completed a Foundation Skills program and is currently studying a Diploma of Community Services, whilst working on a casual basis at the local community centre mentoring students.

"My experience shows change is possible. I now stand tall and proud. I am happy, confident and I know I am capable and worthy of anything I put my mind to," Naomi said.

"I want to encourage other parents to take up training and learning. These Foundation Skills programs are a great way for anyone to try something new, get out and meet people and get the confidence and skills they need to move on to bigger and better things."



## Case Study 2 Learner Support Services

### Christopher's story

Christopher, a 22 year old student, enrolled to study a Certificate III in Media.

Christopher suffers from depression and anxiety, which impacted on his ability to regularly attend courses and to complete tasks by due dates. Christopher often felt stressed about falling behind which lead to increased anxiety, feelings of inadequacy and an inability to cope.

Christopher's lecturer identified these issues and, following agreement with Christopher, arranged for him to be referred the LSS program. A case manager was assigned to help Christopher with support strategies to manage his depression and anxiety while studying. Support measures included: regular weekly catch up meetings on campus; SMS messages and emails, provision of a Peer Tutor to assist Christopher on a weekly basis; creation of an Access Plan that recognised and supported his difficulties with absenteeism and a fluctuating medical condition through interventions such as extension of time for assignments and provision of additional time for reading and writing. Christopher also received hours of direct support from his LSS Case Manager.

The LSS Case Manager also identified that Christopher had a Disability Employment Australia Case Manager and was able to link all Christopher's assistance measures to form a multi-lateral agency approach to the delivery of support.

Despite Christopher's personal difficulties, he was able to complete the course and obtained employment in an allied field.

Christopher stated "If it wasn't for the LSS staff and the support of my Peer Tutor I would have probably dropped out of training and definitely wouldn't have won a job!"

## Case Study 3 Building Family Opportunities

### Jennifer's story

Jennifer had always been a stay-at-home mum who aspired to re-enter the workforce after her children had left home.

Jennifer was referred to the BFO program and was assigned a Case Manager who devised tailored strategies to assist her to overcome multiple issues.

Jennifer commented "My Case Manager introduced me to a WorkSkill program; I did the course and really enjoyed it and went to do other courses. BFO pushed me to do things, got my confidence up to do things with other people too. It was the best thing I ever did. I wouldn't have done anything on my own, but having been shown things, I went out and did it. My case manager helped me with finding work, getting the right clothes, encouraged and motivated me and built up my confidence. I have now been working for seven months and I am loving it!"

"Before I had a BFO case manager, I went to Centrelink to find work but there was no way I could get work, because I thought I was too old and I also had panic attacks being around other people. My BFO case manager supported me and helped me gain the confidence to get a job".

Jennifer completed a Barista course and a Certificate II in Hospitality and has been working for seven months. She enjoys the independence that comes with earning her own pay. Jennifer's goals for the future include getting her driver's licence, buying a car and finding work in food preparation.

*Jennifer was one of the three South Australians who featured in the Skills for All media campaign.*

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**Government of South Australia**  
Training and Skills Commission

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The information contained in the plan is provided in good faith and all reasonable care has been taken in its preparation. The Training and Skills Commission recommends that users exercise care in interpreting this plan and carefully evaluate the relevance of the material for their purposes and where necessary obtain appropriate advice specific to their particular circumstances.

The plan can be accessed electronically at [www.tasc.sa.gov.au](http://www.tasc.sa.gov.au)

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