



Australian Government

Department of Education, Employment and Workplace Relations



FEEDBACK REPORT ON  
DISCUSSION PAPER  
2008



# Skilling Australia for the Future

## WHAT STAKEHOLDERS SAY

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# Discussion Paper Feedback Report

## 1. Introduction

The Australian Government's commitment to increasing the investment in training targeted at addressing skills shortages across the Australian economy was announced as a 2007 election commitment: *Skilling Australia for the Future – policy document*.<sup>1</sup>

Central to the Australian Government's desire to lift both workforce participation and productivity in Australia are the 630,000 additional training places to be delivered as the **Productivity Places Program** (the program<sup>2</sup>). Information about the program is contained in the *Skilling Australia for the Future – Discussion Paper 2008*.<sup>3</sup>

The Australian Government is aware that the limited supply of skilled labour represents a major constraint on the capacity of industry to keep pace with increasing demand and intensifying international competition. It also recognises the importance of nationally endorsed training in assisting job seekers to acquire skills and gain lasting employment and assisting existing workers to update or upgrade their skills.

As such, *Skilling Australia for the Future* adopts a demand driven approach to training delivery. Areas of skills needs will be identified through consultation with industry, and then addressed through prioritising nationally endorsed training in those areas.

The Discussion Paper posed a number of questions about the implementation of the program. The following were key issues for consideration by stakeholders:

- How should Skills Australia interact with industry groups to ensure that it has access to the most appropriate and up to date data?
- What sources of data on skills shortages should Skills Australia access?
- How will ISCs ensure that their environmental scans take full account of workforce issues in their areas of industry coverage?
- What is the best way to ensure that state-based industry advisory bodies are engaged in the model without duplication of roles?
- How can ISCs encourage and highlight responsive Registered Training Organisations delivering high quality training for their industry?
- What can be done to ensure that the training outcomes for individuals and enterprises translate into appropriate employment outcomes?
- How can the program be managed to best meet the needs of employers?

The consultation was undertaken so the views of key stakeholders could directly contribute to decisions concerning:

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<sup>1</sup> This document is available at [http://www.alp.org.au/download/now/campaign\\_launch\\_skills\\_policy.pdf](http://www.alp.org.au/download/now/campaign_launch_skills_policy.pdf)

<sup>2</sup> 2008 Budget Statement committed to 630,000 training places <http://www.budget.gov.au/>

<sup>3</sup> This document is available at [http://www.productivityplaces.deewr.gov.au/NR/rdonlyres/1FB46BC3-1F99-4053-BDBF-363DC5450067/20903/SAFF\\_discussion\\_paper\\_020408.pdf](http://www.productivityplaces.deewr.gov.au/NR/rdonlyres/1FB46BC3-1F99-4053-BDBF-363DC5450067/20903/SAFF_discussion_paper_020408.pdf)

- methodology for on-going communication between Skills Australia, Industry Skills Councils (ISCs) and the Australian Government with key stakeholders;
- sources of data that will be used to determine the allocation of targeted training places across industries and States and Territories experiencing skills shortages;
- development of the framework for industry involvement, including ISCs, in the long-term roll out of training places until 2012; and
- evaluation of training delivery and outcomes.

The Department of Education, Employment and Workplace Relations (the department) managed the consultation, including analysing the feedback received.

This report provides a synthesis of all the feedback received. The report is available on the Productivity Places Program website at:

[http://www.productivityplaces.deewr.gov.au/Discussion\\_Paper\\_Responses.htm](http://www.productivityplaces.deewr.gov.au/Discussion_Paper_Responses.htm).

The consultation produced a rich source of information, with the varied opinions and views presented. The department makes no attempt to represent the views expressed in this report as a national consensus. However, it was possible to identify the strength of popular opinion on particular issues and get a sense of some key messages and priorities for action that stakeholders want for this program.

These views are captured in the report, with the key messages raised highlighted in boxes under relevant question headings. Following these key messages, the feedback is described in more detail, including any specific concerns, and is collated in themes. Suggested priorities for action appear at the end of each section.

The department will provide this report to the three Ministers with primary interest in this initiative, the Hon Julia Gillard MP, the Hon Wayne Swan MP and the Hon Brendan O'Connor MP. Some of these views will directly feed into the development of program policy and possibly the conditions surrounding funding for the vocational education and training system more generally.

Stakeholders recognised the critical contribution of additional training places to the Australian economy and the potential to improve productivity and workforce participation. However, it was argued by some that the training must be targeted towards skills that are in the greatest need now and into the future. It was emphasised that the Productivity Places Program not become a substitution of training effort that was already planned to occur at the state and territory level.

Stakeholders expressed a strong interest in ensuring that training provided under the program is linked to employment outcomes. The emphasis was on both ensuring job seekers are able to find employment and on supporting the existing workers in fulfilling their potential by upskilling and re-skilling.

Broader consultations occurred through many industry and training newsletters and websites encouraging stakeholders to have their say.

## **Stakeholders' views on the consultation and program**

"Thank you for the opportunity to provide input to the Skills paper so easily".

"The Australian Government's consultation on Productivity Places Program represents an opportunity to examine ways in which targeted training can more effectively address Australia's skills shortages, contribute to national growth and complement existing workforce skilling and employment programs".

".....the commitment to an additional 450,000 training places over the coming four years across both 'job seeker' training and existing worker training, in traditional apprenticeships and non-trade apprenticeship areas, and its emphasis on higher level skills is to be applauded".

"The additional 450,000 training places are a welcome response to these concerns but the skills shortages will not be resolved by simply providing more funding for training".

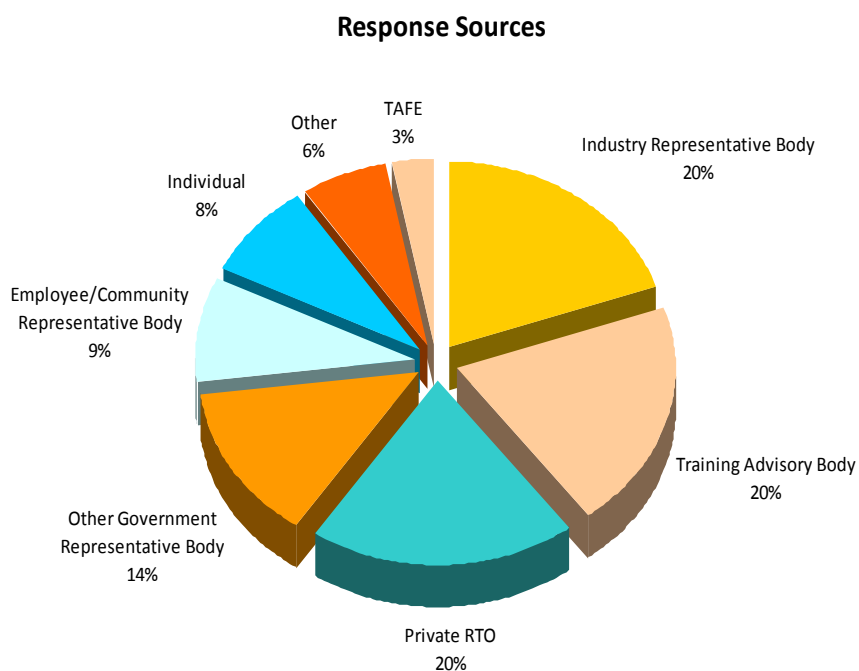
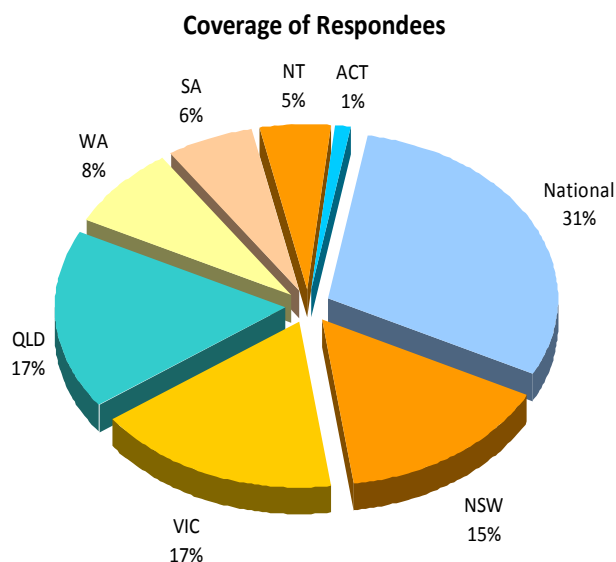
"We appreciate the developmental approach and phases to implement this model and are confident that we can provide the intelligence of our industry to address current and emerging skill development needs".

## 2. Executive Summary

The *Skilling Australia for the Future* Discussion Paper has elicited significant interest with 104 responses from a diverse group of stakeholders. This summary provides a brief insight into some of the key issues raised consistently by stakeholders.

Submissions were received from stakeholders in all states and territories except Tasmania. A broad range of industry, vocational education and government stakeholders responded.

The sources of responses are summarised in the charts below:



The responses reflect the diverse perspectives and experiences of the stakeholders in the national training system. Organisations that provided permission for their submission to be made public are available on the Productivity Places Program website<sup>4</sup>.

In general, stakeholders indicated considerable support for the program as outlined in the Discussion Paper. The three phase approach to implementation was identified as allowing lessons to be learnt and processes adjusted to ensure the program's long term success.

Phase 1 was identified as the trial of the program. However, it was noted that industry could have played a bigger role in terms of oversight and input into the content and delivery of the training. Concern was expressed that the program would be a continuation of a supply-driven approach to training.

Many responses underlined a strong commitment to a high quality public training system. Others emphasised the contribution of the private education and training sector to the flexibility and diversity of the national system. All stakeholders shared an interest in finding the best ways to improve what they generally acknowledged as a high performing training system that is effective in providing the services required.

Most submissions acknowledged the challenges and complexities of the program and realised that there are no straightforward solutions. Complexities include predicting future demand for labour and supporting the transition of the unemployed into full participation in the workforce.

An overwhelming majority of the total submissions emphasised the importance of linking training to employment outcomes. It was suggested employment should drive training and training should lead towards employment and that the program should be driven by this objective.

Stakeholders argued strongly that these employment outcomes depend on successful employer engagement. They emphasised that unless employers are engaged with the program individuals will lack the support they require to benefit from the Productivity Places Program training. Stakeholders suggested promoting the program to employers and providing advice will support the engagement of industry and employers.

The following pages provide an introduction to some specific issues respondents raised.

### **Skills Australia**

Respondents expressed strong support for the establishment of Skills Australia. They emphasised the importance of targeted and efficient mechanisms for identifying workforce skills development needs. Extensive and inclusive consultations were suggested as a mechanism for maximising support for Skills Australia and to ensure that the information received is relevant to the needs of industry. The respondents emphasised that support for Skills Australia would be undermined if Skills Australia is perceived to be:

- a duplication of existing mechanisms for identifying skills needs;
- an additional bureaucracy that places demands on industry to provide information;
- focused only on national level data and lacking in the capacity to differentiate between the different requirements of regions across Australia; or
- overly reliant on statistical data to determine skill shortage areas, at the expense of well grounded qualitative data.

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<sup>4</sup> Public submissions are available at [http://www.productivityplaces.deewr.gov.au/Discussion\\_Paper\\_Responses.htm](http://www.productivityplaces.deewr.gov.au/Discussion_Paper_Responses.htm)

Gaps in the provision and coverage of data were a major concern for stakeholders. Respondents emphasised the importance of identifying and communicating an appropriate and inclusive methodology for assessing skills shortages.

The overwhelming majority of stakeholders drew attention to the importance of using diverse data sources in addition to labour market survey and government statistics to identify occupations in skills shortage. The submissions emphasised the importance of identifying emerging trends in the labour market and current data were criticised as “too high level” and lacking the ability to predict evolving skills needs.

It was suggested that Skills Australia will need to commission appropriate research and that the Industry Skills Councils (ISCs) will have a central role in supporting Skills Australia by acting as a conduit for information to Skills Australia. A number of other organisations were identified as having the capacity to provide industry intelligence, including peak industry associations and unions.

### **Industry Skills Councils**

ISCs were identified as pivotal to the success of the program and a number of submissions emphasised the importance of appropriate levels of resources for ISCs to fulfil their strengthened role. Some respondents expressed concern that the additional costs of servicing small and medium sized enterprises and those in regional and remote areas be recognised.

There was significant concern expressed that the program should not contribute to duplication between ISCs and state industry training advisory bodies. Most responses recognised the important role of state industry training advisory bodies, however, there was some disagreement about the precise role they should play.

Many submissions argued that ISCs, in their strengthened role, can work to limit duplication. The recommendations included:

- cross-ISC collaboration to develop consistent principles, guidelines and methodology for research, training needs analysis and the allocation of places; and
- ISCs acting as a conduit for information to Skills Australia. It was suggested that this would ensure Skills Australia receives appropriate information without becoming inundated by submissions from individual organisations.

ISC Environmental Scans were identified by a significant majority of stakeholders as an important mechanism for supporting Skills Australia in the development of an accurate picture of skills shortages. This suggestion was related to the emphasis placed on the importance of a robust methodology for recognising emerging and evolving skills requirements.

Stakeholders also suggested that the capability of the RTOs to deliver quality, flexible and responsive training will be central to the success of the program and to supporting the engagement of employers. ISCs were identified as a mechanism for monitoring RTO capability. Other recommendations for monitoring the quality of training provision included the AQTF 2007 Excellence Criteria and the Institute of Trade Skills Excellence star rating system.

### **Level of Qualifications and Role of Skill Sets**

A number of stakeholders expressed concern over the level of the qualifications on offer in the program. It was suggested that the current profile of qualifications, with its focus on higher level qualifications, does not meet the needs of employers or individuals and could act as a significant impediment to the uptake of training places.

The inclusion of skill sets or grouping of units in the program was identified as essential by industry organisations, ISCs and training providers. Many stakeholders argued that skill sets support outcomes for individuals and employers by recognising that:

- some industries are particularly attracted to skill sets – including resources and infrastructure;
- individuals often benefit from gradual acquisition of skills leading to a qualification; and
- existing workers often do not need full qualifications to make them more productive.

The submissions suggested that an insistence on funding of full qualifications may limit the flexibility and the uptake of the Productivity Places Program training places. In particular it was suggested that uptake by job seekers would be effected because job seekers may not be willing to engage in long term training without the promise of employment. It was suggested that if funding was provided to allow training within skill sets it would allow job seekers to enter the workforce and then gradually build to a full qualification. In contrast, a number of stakeholders emphasised that full qualifications are the most appropriate mechanism to build employee capability and will lead to long term productivity gains by increasing the capacity of an individual to engage in life-long learning and adapt to the changing needs of enterprises.

### **Job Seeker Training**

A number of submissions emphasised that job seekers have different needs from existing workers and face significant barriers to employment. It was suggested that most job seekers require prevocational training and many lack paid workforce experience. In this context, respondents placed significant emphasis on the importance of on-the-job training to support job seekers.

Stakeholders also suggested that additional support for disadvantaged job seekers will be necessary to support the program. Recommendations included:

- pre-vocational and post-placement training strategies;
- literacy, language and numeracy support central to achievement of job outcomes; and
- other appropriate support, including child care, support to purchase clothing and equipment, ‘pastoral care’.

### **Evaluation and Accountability**

The majority of stakeholders emphasised the importance of ensuring appropriate evaluation and accountability strategies are in place for all elements of *Skilling Australia for the Future*, including the role of Skills Australia and ISCs. It was suggested that stakeholder confidence will depend on the ability to demonstrate positive outcomes for individuals and employers.

Skills Australia and ISCs were depicted as having primary responsibility for the monitoring and evaluation of the program. It was suggested that Skills Australia should engage with a broad range of stakeholders, including employers and unions, to evaluate each phase of the program.

### **Constructive Debate**

There was significant debate in a number of submissions about whether “contestability and competition” can be taken as ensuring quality in vocational education and training. Other debates raised by stakeholders included:

- The need for additional training places versus the capability of training providers to deliver training places. This was raised in the context of concerns about the shortage of qualified and knowledgeable VET teachers with relevant industry experience, and the ageing VET infrastructure.
- The focus of the program on employer needs or “demand-side” priority training versus the needs of workers and their communities and supply-side constraints.

- Training as a solution for skills shortages versus recognition that, by itself, it is not sufficient, and the need to recognise and address a number of factors that support employment, including attraction and retention issues (e.g. remuneration, image and status).

These debates and the key issues identified in this summary are explored in more detail in the sections of the report that follow.

## What stakeholders say about:

### 3. Skills Australia

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

#### Key messages

- Skills Australia should be properly positioned and supported to bring greater integration into decision-making in relation to skills and workforce development across the country, including regional Australia.
- It is imperative that established networks are fully utilised and that Skills Australia, ISCs, State Training Authorities and Industry Advisory Networks work co-operatively to ensure the best possible training outcomes for industry and reduce unnecessary duplication.
- New relationships need to be built on mutual respect and acknowledgement of commitment to a common goal.
- The relationships and accountability structures which operates between Skills Australia and the ISCs and between ISCs and state industry advisory bodies need to be clear, robust and formalised.
- Enterprise and industry groups should be given a key role in monitoring and validating data and advice provided to Skills Australia to ensure they state and regional contexts.

The establishment of Skills Australia to provide advice to the Australian Government regarding future skill needs was widely supported. However, it was seen as important that it does not become an isolated or marginalised layer of bureaucracy in already complex industry advisory arrangements. The imperative was to ensure Skills Australia is an active partner committed to leading the implementation of collective and responsive solutions to industry skills needs.

Stakeholders promoted a multi-level engagement approach to designing a new national skills advisory system. Stakeholders aspire to a model where Skills Australia and ISCs work in partnership with existing national and state institutions to provide the tailored, responsive inputs required to meet the collective skills needs of Australia and its states and territories. It was suggested that this multi-level engagement does not currently occur.

## confirmation that Skills Australia is the national advisory body on skills needs to the Australian Government

Stakeholders emphasised the importance of clearly defining, articulating and promoting the role and powers of Skills Australia. Stakeholders want to ensure that Skills Australia's advisory function is to the whole of government and not just the Minister responsible for vocational education and training. This will support the confidence in Skills Australia. It will ensure Skills Australia is viewed as widely influential and effective by the myriad of peak bodies, industry associations and other industry representative bodies with an interest in the national training system.

In addition, stakeholders sought clarification of the relationship Skills Australia will have with National Industry Skills Committee (NISC), ISCs and National Quality Council (NQC) with a view to minimising duplication of effort on VET matters.

From an industry perspective, it was also seen as important that the various bodies work together to ensure that multiple people from different bodies are not contacting individual enterprises, thus duplicating their input or confusing them.

## ISCs key conduits for information to Skills Australia

ISCs were identified as being the central point of contact to interact with industry groups. They can support Skills Australia by providing integrated information and dialogue on what is happening across regions and in local communities, as well as within industry sectors. There were varied opinions on the role of state and territory industry training advisory bodies in the advisory structure. Some promoted their role in providing information directly to Skills Australia. Other stakeholders suggested that if ISCs conduct this role they can maximise efficiency and ensure Skills Australia is not overwhelmed with data and research from state-based industry skills advisory bodies and industry associations to have a direct relationship.

A number of stakeholders emphasised the importance of ensuring that ISCs are sufficiently resourced and afforded the appropriate recognition by Skills Australia and the Australian Government to ensure that they can gain authority with industry. Specific governance, contractual and performance standards relating to the responsibilities of ISCs to carry out their role were seen as needing to be established as a priority. It was suggested that these responsibilities should be directly aligned to the outcomes of Skills Australia.

Many submissions highlighted the significant challenge of engaging with small-to-medium-sized businesses at the regional and local levels. It was suggested that to ensure that these voices are not lost in the quest for data on skill shortages, it was critical that ISCs use existing state industry skills advisory bodies' networks, or their equivalent, and other formal and informal industry stakeholders' networks. This was seen also as essential to reducing the burden on employers and industry by being asked for data and information that they have already provided to other bodies.

## open and collaborative partnerships with peak associations to drive real skills outcomes

It was suggested that Skills Australia and ISCs utilise existing arrangements for communication with industry groups and build on these arrangements to allow the opportunity for local industry groups to provide input into the Skills Australia agenda.

Over-reliance on statistical data at the expense of qualitative data will not provide a full picture of skills needs. In this context, the information provided by ISCs will be invaluable. The majority of stakeholders also saw the need to establish a consultation round with peak industry bodies, including employer and union associations, as a mechanism to gain a broader perspective on the identified areas of need.

This consultation was seen as essential to ensure Skills Australia becomes engaged with the drivers of Australia's skills needs and help its members gain a clear understanding of the complex skills information currently generated. It was suggested that this initial research would enable Skills Australia to identify and communicate its requirements to industry and ensure they are not inundated by information from a broad range of stakeholders.

Good consultation, communication and working relationships with industry networks were also seen as necessary to ensure Skills Australia remains open to ideas and new information and be receptive and responsive to criticism.

## validation role for industry for relevance, currency and accuracy

Many submissions proposed that industry, including employer and trade unions associations validate the data and assumptions in research work. This will ensure that the information Skills Australia receives from ISCs is comprehensive and reflective of the needs of small to medium enterprises across the breadth of an industry.

It was further proposed that a forum of representatives from all industry groups could be brought together to validate the overall plan proposed by Skills Australia for industry training. Such an investment is likely to provide greater acceptance of the plan by industry at all levels, including local employers.

To facilitate this latter role, Skills Australia would need to establish a framework for standardising the data and feedback required, so that validation could occur across industries but be flexible enough to cater for particular industry nuances. Such a structure, it was argued, should be workshopped and developed with ISC engagement. Skills Australia commissioned research could also be validated by the appropriate industry advisory group or groups, as required.

It was suggested that if advice from ISCs is consistently found lacking in quality, that open and transparent processes must exist to redress the problem.

## financial assistance to ensure adequate data collected

A number of submissions highlighted that collecting appropriate, real-time data for industry groups is a costly exercise, and that appropriate financial compensation should be considered. Such funding will enable organisations to expand intelligence gathering, particularly for those groups which currently operate without government financial assistance. It would also provide the opportunity to improve data collection.

### **Suggested priorities for action**

- The roles of NISC, NQC, ISCs and Skills Australia be clearly defined and promoted.
- Skills Australia should specify performance standards relating to the responsibilities of ISCs that create connected and integrated national and state advisory arrangements and reduce duplication.
- Skills Australia should develop guidance material on information and briefing requirements to prevent it from being swamped with information.
- Skills Australia should develop a communication strategy.

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

### **Key messages**

- **Industry intelligence should proactively address current, emerging and future skills needs.**
- **National industry data do not necessarily reflect the trends and needs of regions.**
- **No single indicator of skills shortages exists, so anecdotal and qualitative data are essential to validate industry statistical quantitative data and trends.**
- **Gaps in the provision and validity of skills and labour shortages data, such as private training provision, should be identified and efforts made to improve access to this information.**
- **Strategies that strengthen skills data analysis activities across industry sectors should be developed.**

For Skills Australia to deliver on the goal of addressing skills shortages in Australia now and into the future, its members will need to source valid, comprehensive and timely data.

It is clear from the submissions that there is no single indicator of skills shortages. There are a number of recognised sources of data, activity and research currently available covering a wide range of measurements which are likely to provide useful insights into labour and skills shortages, both current and projected. This information could be fed into the Environmental Scans to be produced by the ISCs.

### **valid, reliable and comprehensive data and information from State and regional levels**

Collectively, stakeholders suggested the following sources of data for Skills Australia to access to inform policy and program choice for current demands of labour and skills shortages training:

- Australian Bureau of Statistics (ABS) on demographics, employment, unemployment, underemployment, labour force participation, and education and work;
- Australian Government departments, including Treasury and Department of Education, Employment and Workplace Relations, on the economy, skills in demand, employment services provision, immigration and trade;
- industry studies prepared by the Productivity Commission, as well as data on time taken to fill vacancies and changes in wages;
- research reports, statistics and surveys prepared by independent bodies such as the National Centre for Vocational Education Research (NCVER), including Employer View Surveys; Monash University's Centre for the Economics of Education and Training (CEET); National Institute of Labour Studies; as well as universities and banks;

- industry and sub-sectoral data and projections prepared by state and territory jurisdictions, including State Training Plans identifying skills shortages and priorities for each industry;
- industry and sub sectoral data and commissioned research held by national and state and territory-based peak employer and worker associations and industry training advisory bodies, where they exist;
- quantitative and qualitative data on industry demand, as well as participant characteristics, trends and gaps in current labour supply from state and territory-based industry workforce development and skilling bodies; and
- local industry and employer networks, including Group Training networks, Education and Training Advisers, Regional Industry Career Advisers and the National Industry Career Specialists.

In commenting on sources of data available, a number of submissions voiced concern about the skills shortages data which are derived from the advertised vacancies in media outlets and employment agencies, including Surveys of Employers who have Recently Advertised (SERA). Such collections were seen as imperfect measurement tools, especially for the primary sector which does not typically use job ads involving metropolitan papers or internet sites favoured by such surveys. In addition the Australian Industry Group argued that in the current tight labour market conditions, metropolitan companies have also stopped advertising because poor response rates mean they are now relying on word-of-mouth and establishing direct relationships with local schools to attract young people they can train and promote internally.

It was suggested that Skills Australia utilise a range of regional data and peak industry bodies. The examples in the box below demonstrate the variety of data available from industry. Some stakeholders warned dependence on such third party data because unlike government data, peak body and other private research do not share common statistical frameworks and methodologies in developing such forecasts. The data samples can also be skewed by sample sizes limited to membership which can represent large employer and/or metropolitan cohorts only.

**A number of submissions drew Skills Australia’s attention to state or regional initiatives designed to inform skills needs:**

*Manufacturing Skills Queensland* develops six monthly Industry Skills Reports which identify the major change drivers impacting on industry skills demand, and any immediate and potential skill demand areas for the industry and the necessary actions required - including the level of industry contributions to training. It also recently completed a three year industry skills plan.

*Construction Skills Queensland* has developed through its own internal research program the SkillsScope™ initiative, which aims to identify future skills shortages across 43 different occupational groups within its industry. It utilises a range of statistical sources and industry forecasts that will provide the industry with an indicative overview of where the critical skills shortages are likely to be over the next six years.

*Restaurant & Catering Australia* in association with the *Australian Hotels Association*, is developing a Regional Labour Market model. This model combines the labour market data from DEEWR and other sources with tourism forecasts at a regional level. It is anticipated that this resource will facilitate planning of labour requirements whilst developing regional tourism development plans.

Skills Australia should have access to:

- OECD data and reports on education and skills formation in industry sectors relevant to the Australian economy;
- NCVER's Vocational Education and Training Research Database (VOCED), which has VET research findings for Australian and international sources.
- focus group and interview data with key stakeholders at industry, enterprise and participant levels, across the national training system;
- economic modelling of the Australian economy commissioned by the Productivity Commission and/or private economic forecasting consultancy firms; and
- targeted scanning of media and industry publications as well as academic studies of labour market trends, including international trends.

The difficult and imprecise nature of skills forecasting was emphasised. The National Centre for Vocational Education Research (NCVER) notes that it is extremely difficult to forecast how the demand for labour is going to evolve. At best the data will only provide useful insights to clarify policy challenges ahead, even though the forecasts of skills needs are likely to be very inaccurate. Data and research, however provides useful insights to clarify policy challenges ahead.

## regional and enterprise level data target skills needs and system performance

It is clear from responses that national data need to reflect what is happening in regional markets and should be supplemented by local or micro level information. This should include information from small and medium employers, employer associations, industry skills training advisory associations and recruitment agencies.

The National Farmers' Federation supports such local action, stating that farming has considerable labour and skill shortages that are not being picked up through the existing national measurement processes.

Training needs analyses to be undertaken for enterprises by ISCs should provide a wealth of micro-level data that will be able to be fed into Environmental Scans. It was suggested that the more evident it is that this employer information infiltrates policy advice, the greater the desire will be from local employer and community to supply this information. Accessing local and regional data that are not readily available will encourage employers to "buy-in" to workforce development and VET training as a key to improving business performance in labour attraction, workforce diversity and skills and labour retention.

## supply-side data also essential for targeting training

A number of submissions suggested that it is also necessary to understand the preferences of workers and job seekers to ensure that the program is accurately targeted. Without this information the program may fail to get the necessary take-up.

In conducting training needs analyses, and subsequent course design and delivery for students with literacy skills needs, the expertise and experience of Workplace English Language and Literacy (WELL) teachers would likely be a valuable addition to teams.

Other data about learners and RTOs that could be of use includes

- quantitative and qualitative data gathered through focus groups and interviews with Employment Service Providers, Australian Apprenticeships Centres, Registered Training Organisations, and job seekers themselves;
- NCVER's Student Outcomes Survey, which is conducted six months after completion of training;
- data from the Tertiary Admission Centres in the states and territories on student movement across the sector and the credit transfer and skills recognition provided;
- data showing the distribution of training and RTO capacity for additional places;
- Longitudinal Survey of Australian Youth (LSAY) research program;
- destinations of Australian Apprentices who both complete their indenture and those who do not. This is currently being piloted by the NCVER for its long term potential;
- the number of those students who study VET in schools who continue into the industry they have studied after they leave school; and
- the match between school subjects studied and jobs available.

#### **NCVER's Student Outcomes Survey**

NCVER's annual survey is conducted around six months after the completion of training and is a valuable source of skills shortages information. The survey provides rich data on the rate of absorption of new graduates. The destination occupations for each course provide further information about the interaction of supply and demand. For example, the most common destination for VET graduates of courses for arts and media professionals is retail, which suggests a possible oversupply of arts and media professional graduates.

#### data needs to explain the shortages

It was seen as imperative that the data collected provide useful insights into helping to clarify policy challenges surrounding skills shortages.

The data Skills Australia obtain, should therefore aim to break shortages down into more defined categories, including whether:

- the shortage is caused by a labour shortage (i.e. no applicants for positions);
- it is caused by a skills shortage (i.e. applicants for positions but no-one with the skills required);
- there is a high turn-over in the industry indicating a high degree of movement of workers within the industry but not necessarily a shortage;
- industrial conditions are creating an artificial shortage – that is shortages caused by offers to pay lower than market rates of pay;
- there is capacity to deliver training in this area; and
- it takes a long time to learn major skills in shortage, as well as how long it takes to gear up to teach these skills.

## improve gaps in data sources

It was suggested that Skills Australia and ISCs are in a position to identify gaps in current research and aim to address these gaps.

It was highlighted in some submissions that there are major gaps in NCVER data collection processes. In particular, data for non-government funded VET undertaken in the private sector is not collected. It was argued that this meant VET decision-making is based upon 'only half' the picture. VET students are also not tracked, unlike university students, so there is no way of identifying how many students completed who commenced, or how many of those who do not complete, commence another course. There is also a lack of information on the destinations of those who do not complete their VET courses and the reasons for the non-completion.

Australian Council for Private Education Training's submission stated their keenness to work with the Government and other stakeholders to improve data collection, particularly the numbers of students studying in non-funded places in the private training sector.

A gap in the ABS Census Collection was also identified because it only counts peoples' primary job. It was suggested that for some industry sectors, such as Sports and Recreation and Services, where there are high levels casual and part-time employment, ABS data do not provide an accurate picture.

## data ultimately must be relevant to the specific needs of Skills Australia

Respondents argued that the plethora of data and information available mean it may be prudent for Skills Australia to examine available data to understand its strengths and weaknesses. Such an analysis would ultimately help determine what data Skills Australia would use to meet its needs.

The majority of submissions suggested that Skills Australia will need consistent and reliable data that enable trends across industry to be compared and evaluated along with regional and localised trends. It was argued that current gaps in data mean comprehensive Environmental Scans cannot be undertaken. Skills Australia may need to seek to undertake piloted research, data collections and analysis to ensure the program is delivered as effectively as it could be.

Stakeholders commented that in commissioning any such research or related activity, Skills Australia should follow open and transparent processes. Skills Australia should also be mindful of not creating additional administrative burdens for employers. It is also important that such data be validated by industry to ensure its integrity and validity. Several submissions recommended industry advisory bodies be established to validate research work, including ISCs' Environmental Scans. The purpose of this Search Conference would be to 'test' the quality and impact of integrated industry intelligence relating to existing workforce development and skills, as well as exploring emergent and future demand and pressure points in the economy on both the demand and supply sides.

### **Suggested priorities for action**

- Skills Australia should gain a comprehensive picture of qualitative and quantitative data available, as well as the research being undertaken to assess industry skills and labour needs. Ideally this picture should be made available to stakeholders.
- This research base should be complemented with a solid understanding of the strengths and weaknesses of each data set and activity. This will enable Skills Australia to determine what existing data could be used or enhanced to determine allocation of training places.
- Skills Australia should showcase excellent statistical data frameworks and research methodologies that can be adopted across industry sectors at the national, state and regional level. This would strengthen skill and labour need analysis activities and enable the capacity for greater comparability to be maximised.
- VET data collection should be improved, in particular information about the non-government VET training in Australia undertaken through private provision.

## What stakeholders say about:

### 4. Industry Skills Councils

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

##### Key messages

- ISCs need to be properly resourced and fully supported to meet the functions being allocated to them.
- Need for transparent processes to ensure the independence of ISCs as their roles change.
- Environmental Scans need to reflect state industry workforce issues and regional and local industry characteristics, not just national issues.
- Environmental Scans should have inputs from state and local stakeholders and be inclusive of existing arrangements and infrastructure to collect data and information.
- Effective validation and market testing processes involving industry are undertaken to ensure the integrity of data.
- Assessment and mapping of training and skills needs should be driven by industry parties in partnership with training providers.

Stakeholders broadly supported the strengthened role given to ISCs, and recognise that they will play a pivotal role in the success of the program. The ISC Environmental Scan was also seen as being the central document in the allocation of training places under the program. As such, much interest was expressed in the industry intelligence gathering that will lead to the development and validation of the Environmental Scan. Many submissions strongly encouraged Environmental Scans to be developed under a collaborative approach with relevant state-based industry skills advisory bodies and other peak industry associations.

#### ISCs need to be properly resourced and fully supported

A number of stakeholders stated that the expanded responsibilities of the ISCs are significant and that it is critical they are resourced with the appropriate expertise, and fully supported by Skills Australia and the department to undertake these new roles effectively. The support recommended included recognising the higher costs to achieve the set goals and responsibilities

of ISCs in regional and rural Australia. Several submissions noted that the Agri-Food ISC manages an industry covering 60% of Australia's land mass, and that appropriate resources should take this into account.

It was also widely highlighted in the submissions that the collection of relevant data is not a cost-free service and that utilising established networks and mechanisms is likely to significantly reduce costs. It was argued that appropriate financial compensation should be provided by ISCs for the use of these networks and data collected. ISCs working collaboratively was also seen as a way to deliver economies of scale and reduction in costs through shared software platforms and data collection methodologies.

## collaborative sharing across ISCs for greater consistency in data collection and reporting

A shared, collective approach to intelligence gathering across all ISCs was seen by number of stakeholders as an imperative for Skills Australia to get consistent and comparable trend data reporting across all industries.

Most stakeholders saw the need for ISCs to workshop a number of principles, guidelines and methodologies to allow for consistency in reporting. However, at the same time, submissions recognised that these uniform processes should allow enough flexibility to cater for each industry's particular nuances, including location, markets and size of business. The opportunity to engage state-based industry skills advisory bodies in these workshops was seen as having the added benefits of:

- formalising relationships and establishing open communication channels to build trust;
- identifying duplication in roles or functions and possible strategies for streamlining and simplification of activities; and
- maximising use of current resources and preventing duplication.

A large number of stakeholders believed that it was desirable that Environmental Scans be conducted at similar times and frequency by all ISCs to promote greater useability of the intelligence by government, business and training providers.

## environmental scans include sections highlighting state and territory needs and issues

In the submissions there was wide recognition that industry skills and training need requirements will vary from state to state. Therefore it is critical that the Environmental Scans take into account local and regional trends and identify skilling solutions at the local level. The Northern Territory was promoted as a prime example, with around 30% of its population being Indigenous and its high levels of remoteness and lack of access to services, including broadband access.

In addition to state-based differences, it was proposed that primary data and information gathering process be devised to allow flexibility for the examining of workforce issues in discrete industry clusters and sectors. Added benefits could also be achieved if Environmental Scans had the flexibility to be able to compare regions experiencing similar circumstances to better identify successful workforce strategies and solutions for implementation.

To ensure the accuracy and currency of industry intelligence, a number of submissions suggested that Environmental Scans be conducted twice yearly rather than annually. A series of regional audits might also be necessary to ensure regional needs have accurately been reported.

## wide-ranging, multi-level stakeholder relationships co-ordinated by ISCs

Overwhelmingly, stakeholders agreed that for Environmental Scans to take into account workforce issues at the local level, all ISCs need to engage directly with the relevant state-based industry skills advisory bodies, employer associations and other industry groups. ISCs should also ensure that in undertaking collaboration with the states they have established networks and consultative mechanisms that accommodate both large as well as small-to-medium enterprise employers to add rigour and breadth to their data collections.

The use of existing industry networks with direct connections to local members was seen as vital to obtaining data from the people doing the jobs and employing the workforce. These networks could also provide feedback to members. This direct connection to industry intelligence was seen as important to help achieve valuable employer buy-in and encourage their participation in future data requests.

Establishing collaborative “partnership” arrangements with industry bodies across Australia was seen as a priority for ISCs. Registered Training Organisations, both private and public, were also highlighted as stakeholders with key contributions to make. Submissions argued that establishing close working relationships with Group Training Organisations, Skills and Training Information Centres, Australian Apprenticeships Centres, Employment Service Providers, National Industry Career Specialists and Regional Industry Careers Advisors in each state and territory.

## work plans established clarifying how ISCs will consult

A number of respondents argued that it was critical that ISCs implement comprehensive stakeholder engagement. The Environmental Scans need to be as open and transparent as possible, conducted against public criteria which are able to be independently verified.

Some stakeholders requested that appropriate preparation time is allocated to enable them to undertake the necessary consultations required to ensure that their responses are able to take full account of current workforce issues.

## need to focus on emerging skills needs

Industry stakeholders also saw it as important that Environmental Scans focus on emerging needs, because of the constantly evolving nature of the Australian economy. Reporting on the future need for higher level skills and qualifications was seen as necessary to help overcome the current reluctance about supporting higher level qualifications by employers. It was suggested that ISCs look globally to trends and future directions for future workforce issues and skills shortages.

## validation essential to ensure accuracy and currency of intelligence

The proposition that industry have the final sign-off on every Environmental Scan was supported by a number of submissions in order to confirm that broad based consultation has occurred. This

sign-off would also ensure that all data collected and presented to Skills Australia was an accurate reflection of the skills and labour needs of industry. It should also guarantee better use of business and industry group networks in the processes around data collection, analysis and usage.

Where there are inconsistencies in data or differing advice it was argued by some submissions that the ISC would need to develop guidelines surrounding resolution of these differences to avoid conflicting information being sent through to Skills Australia.

## training needs analysis of major interest to stakeholders

Over the next three years, ISCs will be resourced to work with enterprises to identify their skill needs and appropriate training solutions. The scale and complexity of this new role for ISCs was not lost on the stakeholders. Particular interest was expressed in how ISCs plan to undertake the role.

A challenge for the ISCs will be to address the need and diversity of skills required by sub sectors within industries. For example a major horticulture employer who is expanding rapidly may need employees who have the skills to multi task; self manage and develop the business. As such business administration, management and IT skill courses may be required in addition to horticulture competencies. It was therefore argued these courses should be eligible for the program.

Many submissions identified training needs analysis and advice as critical to small- and medium-sized enterprises. Some recommended that ISCs could sub-contract this role to other bodies to perform on their behalf. State industry skills advisory networks, Australian Apprenticeships Centres, Employment Service Providers and Registered Training Organisations all claimed that they had the experience, direct access to enterprise and individual worker networks, and administration processes to provide workforce development, advice for small- and medium-sized enterprises.

Any organisation that undertakes the training needs analysis will need to be publicly accountable for the processes and outcomes produced. This was seen as essential to avoid conflicts of interest. Training needs analysis processes will need to be open and transparent, conducted against publicly available criteria and be able to be independently verified for quality.

The Queensland Resources Council suggested that the process should be more than just a training needs analysis of a single enterprise, and promoted the use of a skills ecosystem or skills formation strategy (SFS) approach for the whole community. This was seen as essential as enterprises do not operate in a vacuum, but rather a dynamic and tight labour market. It was suggested that the SFS model is more conducive to sustainable skilling for a range of target industries, given the environment in which they operate.

The ISCs suggest that the information gathered through this expanded role will mean that the Environmental Scans will become increasingly rich in intelligence over the next three years. The data that comes out of them will assist the Scans to become the most valuable direction setting document available to the VET system.

### **Suggested priorities for action**

- ISCs need to know the options for training that currently exist and need to establish close relationships with Australian Apprenticeships Centres and Skills and Training Information Centres
- ISCs should workshop the development of a set of principles, guidelines and methodology that is essential for a model scanning process. The aim of the workshop should be to reduce the gaps of knowledge in current processes, and to develop consistent methodologies and approaches across all industries.
- Skills Australia should establish performance objectives for the Environmental Scan process conducted by ISCs.

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

### **Key messages**

- **Clarification of roles, mutual sharing, sound planning and communication will ensure that activity is not duplicated and develop the best outcomes for industry skills development.**
- **State industry skills training advisory bodies and ISCs should liaise and collaborate in delivering Australia's industry training needs.**
- **There is a need to be particularly sensitive to industry needs, by avoiding duplication of approaches to industry for intelligence and advice.**
- **State-based advisory bodies should be an extension of, and complementary to, the roles of ISCs.**

Stakeholders identified that the expansion of roles for ISCs has the potential to duplicate the work of state-based skills advisory bodies. This duplication should be avoided to maximise efficiencies as well as prevent employer frustration and alienation from the national training system.

The strengthened roles of ISCs therefore provides the opportunity for the Australian and state and territory Governments to review and clarify all existing roles to not only prevent duplication, but to streamline and simplify current arrangements to form a truly national network of skills advice.

### **clarification of roles will provide point of differentiation**

It was emphasised that it is essential that ISCs and their state-based skills advisory bodies reach clear understandings with each other on their respective roles to prevent duplication.

Many stakeholders saw that the clarification of roles would result in formally acknowledging each organisation's "place" of operation in the system, and provide a useful point of differentiation to prevent duplication. The ISCs were identified as having a broader focus on national quality and workforce development than their state-based counterparts.

Closer alignment of the state and territory skilling advisory mechanisms for industry intelligence gathering with ISC groupings was considered to be one way of improving the coherence of the system. Currently some state-based industry advisory bodies relate to as many as four ISCs.

The Western Australia Department of Education and Training stated a similar view, noting a recent review of industry Western Australia's training advisory arrangements which recommended a restructure of industry groupings in close alignment with the ISC structure, an expansion of functions, and the provision of additional resources.

### **building stronger relationships will facilitate workforce solutions**

A number of submissions argued it was essential that the roles of ISCs and state bodies, once clarified, are formally documented and included in official work plans.

A number of stakeholders requested that the obligation for the two sets of bodies to liaise and collaborate with each other should be part of their key performance indicators (KPIs). It was suggested by some submissions that clauses be included in all relevant contracts stating that the ISC and their state or territory equivalent must consult with each other in delivering Australia's workforce training solutions.

Some submissions suggested that ISCs and state advisory bodies should agree to protocols around information sharing. A much closer relationship and mutual sharing of information arrangement was also seen as paramount to ensure that state-based issues feature in Environmental Scans.

## ☑ more open dialogue needed to be established to ensure reconciliation of data differences

The kinds of protocols and principles which should be established between ISCs and state-based advisory bodies could include that:

- they are collaborative;
- they are respectful of each others' roles and responsibilities; and
- there is reciprocity between the organisations with regards to involvement in decision making processes.

Some submissions considered that only through such respectful partnership type arrangements could the different organisations be able to consistently provide high quality intelligence and assistance. Where differences of opinion or data do exist, it was suggested that mediation processes be established using industry parties to validate advice and that data be made publicly available.

In a joint ISC submission, the ISCs stated that they will consolidate and build upon existing relationships with State and Territory Training Authorities (STAs). They have sought to establish a set of key principles as a first step in each ISC's conversation with the state and territory jurisdictions on how they will undertake their roles and engagement activities, particularly in the area of workforce development and identification of training needs. Specifically, each ISC will:

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

- monitor and evaluate the outcomes of allocated training places on a sample basis to determine their qualitative impact within the enterprise and effectiveness of the process; and
- work with STAs during development of Environmental Scans to consider jurisdictional and localised skill and labour imperatives.

## ☑ ideally state industry advisory bodies should operate in every state and territory where that industry has a presence

It was argued by some stakeholders that ideally state-based industry advisory bodies operate in every state and territory where that industry has a presence. Currently it is viewed that there is a large variation of capacity, effectiveness and coverage of state industry skills training advisory bodies.

Stakeholders therefore urged steps to be taken by state and territory governments to develop a state-based capacity where they do not already exist, in order to reduce the possibility of two levels of advice on workforce needs circulating at cross purposes for their jurisdiction.

Such actions would see the establishment of a strong, formal network of state-based industry advisory bodies interacting with industry at the local level, feeding information and advice through their national ISC to Skills Australia.

### **Suggested priorities for action**

- ISCs to map the current state-based industry skills training advisory arrangements aligned to national arrangements.
- States and Territories and the Australian Government undertake consultation to negotiate:
  - ⇒ possible dove-tailing or alignment of skilling advisory mechanisms and consistency in policy setting machinery to improve efficiencies and reduce complexities;
  - ⇒ clauses that state the bodies must consult with each other in delivering Australia's industry training needs be put into the contracts for all organisations; and
  - ⇒ enhancing the quality of state advisory body data where known gaps in roles and/or information intelligence through establishment of certain representative, governance and functional criteria.
- ISCs should workshop a communication strategy, including principles of operation, in discussion with their state counterparts.
- All Productivity Places events and projects occurring in Australia to be listed on a national Productivity Places web page to promote when co-operative arrangements have been formed.
- The creation of an electronic newsletter regarding the current focus of state-based skills training advisory bodies which can be circulated to all stakeholders.

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

#### **Key messages**

- **ISCs need to have solid knowledge of the capacity of RTOs within their coverage area to both promote and assess their ability to deliver.**
- **An RTO's direct relationship with industry groups should underpin any system for recognition of responsiveness.**
- **Development of transparent processes is essential for ensuring impartial advice on quality training opportunities to meet industry needs.**
- **Positive feedback received on responsiveness of RTOs and the quality of training delivered should be highlighted publicly. ISCs should act as a promoter of high quality training back to industry.**
- **Attention should be given to the implementation of the AQTF 2007 Excellence Criteria.**
- **ISCs should have a role in assisting all RTOs to improve.**

Submissions identified that the current quality of training delivered by RTOs can be variable, and that this could be addressed at the national level. Industry-led brokerage of training, the adoption of a rigorous, but rewarding assessment processes for monitoring the performance of RTOs, and professional development undertaken by ISCs were promoted as ways of improving responsiveness. Initiatives to assist employers in their selection of training providers should also be introduced.

To ensure consistency in such assessment, Skills Australia might consider developing guidelines to assist ISCs to undertake fair and impartial assessments, to avoid favouritism and patronage of some RTOs over others.

#### **industry-led brokerage will stimulate responsive training**

Stakeholders recognised that industry-led brokerage of training will be an important stimulant for developing responsive training. It was argued that it will help strengthen the relationship between RTOs and industry, as well as providing a role for industry to monitor quality and responsiveness.

The National Farmers' Federation, while favouring this approach, expressed concern over the thinness of some markets. If an ISC has only one option to engage a trainer, and they are unwilling to provide flexible delivery, it was argued that top-up funding should be provided to broker another deal and cover travel and time costs.

## support for criteria that are truly comparable and transparent

Stakeholders noted that any process used for assessing the quality of RTO delivery would need to clearly communicate to RTOs what constitutes quality and responsiveness and be:

- open and transparent;
- conducted against publicly available criteria;
- focused on the quality of trainers, equipment, assessment and outcomes, not price;
- truly comparable; and
- able to be independently verified.

Ideally, such an assessment should also result in RTOs improving the quality of their operation, by having a better understanding of their strengths and weaknesses. It will also need to have credibility and broad acceptance by the RTO community.

A number of submissions supported the criteria developed for the Institute for Trade Skills Excellence's *Star Rating Scheme*, as meeting all the points raised above. The *Star Rating Scheme* provides an evaluation from an industry perspective of the quality of services provided by an RTO in a specific industry sector.

It was widely suggested that a similar scheme to this could be developed by the ISCs and be used as a means of recognising high performing RTOs. Alternatively, ISCs could partner with the Institute for Trade Skills Excellence to leverage off a modified version of the *Star Rating Scheme*.

Some submissions supported an approach that would see RTOs with an excellence committed rating under the AQTF 2007 Excellence Criteria used as a minimum to deliver under the program. However, consideration needs to be given to the fact that the Excellence Criteria offers a whole-of-provider focus, rather than considering the relevant school or 'faculty' which occurs with the *Star Rating Scheme*.

Restaurant and Catering Australia reported that 20 RTOs evaluated under the existing *Star Rating* system have provided feedback that the process of satisfying the industry-developed criteria has been challenging and rewarding, but has helped to improve the quality of their operations.

A few respondents suggested that consideration should be given to developing a preferred provider approach for the program. This would provide employers greater assurance of the quality of RTOs.

## motivating registered training organisations towards excellence in training delivery

A number of submissions supported ISCs adopting an approach for monitoring the quality of VET providers that fosters development and improvements, and incorporates a responsibility for professional development. This would allow ISCs to work quickly and productively with RTOs to assist and realise quality outcomes for students, workers, enterprises and the industry sector.

Others believed it is important for ISCs to motivate all RTOs to achieve higher quality by ensuring that there is a closer relationship with industry. This could include initiatives such as featuring

industry guest speakers and providing high performing trainers with the chance to up-skill with an industry placement.

ISCs could also provide seminars about what is required to be a responsive high quality RTO, as well as providing more opportunities for professional development to ensure RTOs understand the requirements of the training packages.

Additional recognition could be made to RTOs that offer innovative approaches to training. Recognition of prior learning (RPL) was identified as extremely important and those RTOs which do it well should be publicly highlighted. Some stakeholders argued that delivery of effective RPL processes should be part of RTOs' selection criteria under the program.

It was also suggested that a capacity building fund could be established to reward innovation and enable RTOs to further enhance their responsiveness to industry needs.

## responsive RTOs and quality of training delivered to be made public

Most stakeholders believed ISCs would encourage both quality and responsive training delivery by being a conduit between industry groups and RTOs. If positive feedback is received on the responsiveness of RTOs during a follow-up with employers, then the quality of the training should be highlighted publicly. This could be done by sharing good practice with both industry and other RTOs through e-newsletters and websites.

Case studies and testimonials celebrating success and flexible training delivery methodologies and outcomes could also be placed on the national productivity places program website, as well as Skills Australia's website. ISCs and/or industry could also nominate leading RTOs in annual state and national training awards.

User-friendly links to relevant RTOs could also be on ISC websites, providing advice about the range and scope of training, physical and human resources availability, modes of delivery and key contacts. ISCs could also develop a tool to help enterprises determine which of the RTOs offering the training they need is the right one for them.

Stakeholders suggested that closer relationships between ISCs and state industry skills training advisory bodies will also assist ISCs' ability to promote the Skills Australia agenda through their established networks, fostering responsiveness amongst RTOs to the program's objectives.

### **Suggested priorities for action**

- ISCs should undertake research into the offerings of all RTOs falling within their industry coverage to understand what their capacity and capability is.
- From this research base ISCs should develop materials to help inform enterprises of training options.
- ISCs should workshop industry-developed criteria such as these used under the *Star Rating Scheme* as a basis for both identifying suitable RTOs and improving the quality of RTOs. Also need to agree to a set of principles for operation.

## **What stakeholders say about:**

### **5. Employment Outcomes**

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

#### **Key messages**

- Well targeted and comprehensive skills audits that translate into rapid development of training solutions should facilitate employment outcomes.
- Training needs should be supported by real employment opportunities, not just be institutionally based.
- A flexible and responsive VET system is needed that is capable of delivering nationally consistent training and assessment when and where industry needs it, including skills sets.
- Allocations of program places should be based on valid and reliable research and industry intelligence at the regional level.
- Training based on industry need should not be limited to individuals seeking full qualifications.
- Need to get the message across to employers that improving skills in the workforce is an integral component of business success, to raise employer demand for training.
- Reward employers for active participation in the program.
- Underlying deficits in basic skills such as English language, literacy and numeracy affecting participation need to be addressed.
- Flexible, high performing training organisations are required to maintain positive relationships between training and employment.
- Ensure industry advice, and not just advertisements for employment, is aligned to qualifications offered through the program.
- Skill recognition through RPL is important to assisting industry retain workers in a competitive employment environment.
- Monitor and evaluate the outcomes of allocated training places.

This was the topic that incited the most expansive responses to the paper. Linking training to employment was identified as a key tenet of the program. It was agreed that assisting unemployed and underemployed people into the workforce in periods of low unemployment and high skill demand is a difficult proposition. Many submissions welcomed the new opportunity afforded to job seekers to gain skills that will improve their capacity to participate in a given industry with a true career path.

It was suggested that a commitment to training places in isolation is not sufficient to address job seeker and existing worker skills development requirements. Although there are overall benefits to society from increasing any level of education and training, it was argued that there is little point for the individual in completing a qualification without obtaining an employment outcome. In addition to new places, therefore, it was argued that appropriate skills recognition, language and cultural support, flexible training delivery to cater for diverse workforce needs, long-term working opportunities and good working conditions were all critical to achieving successful employment outcomes.

Responses to this question covered existing worker outcomes as well as job seekers. The feedback below reports on both, but identifies jobseekers and existing workers specifically where it is possible.

## strong industry engagement in the program

Some submissions suggested that industry engagement will be the only mechanism for ensuring employment outcomes from the training. This includes ensuring that training is driven by industry needs. It also requires an integrated approach to career development to ensure individuals get the support of quality career information. ISCs were acknowledged as having a key role in supporting local industry engagement. A close working relationship between the ISC and the Skills and Training Information Centres was seen as important in ensuring that any training pathway recommended is highly relevant to the individual and the employer.

It was suggested that engagement of industry on a local level is essential to securing employment outcomes, both for jobseekers and for existing workers, by fully utilising the skills gained through upskilling or re-skilling. In addition, early industry and enterprise commitment is necessary to ensure that the required structured workplace learning is available to give the job seeker undertaking the training the opportunity to apply their skills and the enterprises an opportunity to 'try before they buy'.

A comment was made that in a skills shortage environment employers will have to commit to creating meaningful and enjoyable workplaces to encourage students to seek careers within their industry and to increase retention rates.

## well targeted and comprehensive skills audits

Respondents argued that the program will be most effective for employers, including those in small and medium sized enterprises, when they are supported to identify a workforce development strategy and individual training plan. This will provide employers with a better understanding of their skills needs and is likely to lead to new vacancies.

Targeted skills audits or training needs analyses were supported as a mechanism for establishing an understanding of the needs of employers and industry. Submissions suggested that this will

provide the basis of a demand driven system. They will also provide a mechanism for expanding productivity and contributing to economic growth.

## training needs to be supported by real employment opportunities

Many submissions emphasised that one of the most effective ways to ensure positive employment outcomes is to support training models that are work-integrated and meet the needs of industry. Workplace-based training, industry placements and work experience were recommended as vital mechanisms for enhancing the likelihood of subsequent employment. It was suggested that unless training had a strong link to employment itself, the training for jobseekers may well be misdirected.

The role of workplace training was emphasised in the context of traditional trade training. Concern was also expressed about any alterations in policy for the provision of traditional trade training. A number of submissions questioned the inclusion of traditional trades without the condition attached that this training be undertaken under a contract of training. It was emphasised that for traditional trade training to have an employment outcome it must not be conducted as an exclusively institutional pathway.

## RTOs linked to employers

A number of respondents, including employment service providers, suggested that RTOs be encouraged to match job seekers with employment by providing an outcome fee for successfully placing a training participant in employment. More specifically, it was suggested that RTOs and ISCs could receive a bonus payment for a sustainable employment outcome of three months full-time or six months part-time employment.

Some submissions noted that the appropriateness of the match between the enterprise and the RTO should be viewed as central to the success of any training. The relationship should be seen as a partnership that is supported and evaluated by ISCs. It was suggested that employers need to be willing to develop relationships with RTOs to ensure employers are aware of the content of training, the direction of training and the skills and competencies their employees will develop over the course of their training.

RTOs that have these links with employers will be better placed to meet the needs of industry, particularly as it was suggested that most, though not all, enterprises prefer training to be delivered in the workplace. Respondents suggested there should be support for RTOs to work with work experience host employers to provide practical instruction to all training participants, particularly those with needs for additional employability skills assistance. It was recognised that in some jurisdictions this poses real problems for the public providers which cannot be solved by competition because these providers are the only real providers in many highly technical areas.

It was recommended by a few stakeholders that the capacity of the AQTF 2007, state/territory training authorities and relevant legislation be increased to address training organisations who continually fail to meet industry's quality expectations.

## ☑ skills development depends on recognition of prior learning

Recognition of prior learning (RPL) was described as an essential process to support the upskilling and re-skilling of existing workers. It was also suggested that skills recognition can provide increased mobility between industry sectors for young and mature-age workers. The recognition of existing skills through RPL was seen as fundamental to the success of *Skilling Australia for the Future*.

Concern was expressed that the program guidelines had the potential to undermine the importance of the recognition of prior learning. The guidelines state that individuals who are eligible for more than 25% credit transfer will not be eligible for the program. It was recommended that the program should accommodate students who want to complete the remainder of a qualification in a skills shortage area, for example those who have completed Stage 1 of an apprenticeship.

It was emphasised that RTOs must embrace RPL in practice as well as in theory. It was recommended that those RTOs that embrace RPL and engage in innovative practices for recognising non-formal and informal learning should be rewarded. This position was reinforced where significant concerns were expressed about the RPL processes developed by RTOs. They were often seen as more trouble to undertake than enrolling in the full course.

Some submissions suggested the RPL process can be used to address the shortage of qualified trainer/assessors with industry experience by providing adequate financial support for RTOs to map training delivered by a qualified tradesperson or industry expert against national competencies and provide RPL assessment.

## ☑ lower level skills are the foundation of higher level skills

A significant number of responses challenged the focus of the program on higher level skills. It was argued that this emphasis may undermine the relevance of the training for individuals and employers.

From the perspective of the individual, it was suggested that a lower level qualification may be a necessary pathway to a higher level qualification for those entering the training system for the first time or after a long absence from training and education. In this context, the program should be flexible enough to be targeted to meet individual needs.

Concern was also expressed that high level qualifications may continue the exclusion of many of the most disadvantaged from the workforce. In particular, those individuals with literacy, educational and social deficits will require support to complete higher level qualifications. The importance of targeted support to enable disadvantaged members of the community to enter the workforce is discussed in more detail later in this chapter. In the context of the focus on higher level skills it was argued that Certificates I and II, when accompanied by robust job preparation training can support the disadvantaged into the workforce.

In terms of increasing productivity for Australian industry, Certificate II and III level skills were identified as fundamental. It was argued that these skills are often the foundation of higher level skills. The new system must continue to work at building and enhancing skills at these levels in order to ensure over all workforce productivity and increases in the skills base. Responses

suggested that focusing the program on higher level qualifications will overlook the large number of industries for which skills needs are met by Certificates I to III.

Higher level qualifications were identified as the most problematic for a number of industries, including the restaurant, retail and racing industries. It was proposed that higher level qualifications should not be used as a proxy for higher level skills, stating that a number of occupations have high technical skills but are in the lower qualification bands (Certificate II and III). It was emphasised that the most important aspect in skilling the workforce for industry is that the skills profile matches the needs of the jobs on offer.

Respondents suggested that focusing on higher level qualifications may lead to disengagement from the formal training system and a continuation of the growing tendency for industry to conduct in-house training, by-passing nationally recognised training, to obtain increased skill levels specifically suited to the needs of their business. It was emphasised that the qualifications obtained through the program should be focused on reflecting the needs of individual enterprises. It may be that initial engagement is at lower level qualifications but this should be seen as contributing to workforce development and moving towards a high level qualification in the long term. It was argued that this would increase productivity by meeting the needs of industry and recognise that in some industry sectors there is not a direct pathway to higher level qualifications.

Ultimately, many responses argued that the vocational education and training system must still allow for resources to meet all the demands of a skilled workforce particularly at the Certificate II–IV qualification profile.

## greater recognition of skills sets and partial completion

Many submissions raised the role of full qualifications in the program. There was a significant argument made for the inclusion of skill sets in the program. It was recognised that for many occupations a full qualification is the recognised and desired target, most especially where licensing and regulation underpins the job role. However, this is not the case for all industry sectors or indeed, all learners. The argument was made that if the program is to be truly reflexive and responsive to the needs of industry and individuals it should cater to skill sets as well as full qualifications. Emphasis was placed on ensuring a responsive and demand driven system. In this context, it was argued that most employers are looking for a training system that is responsive to the needs of their workplace and capable of delivering skill sets that their employees may need as technology and work practices change.

There was some criticism on a more theoretical level about the focus on full qualifications. Some respondents argued that qualifications should not be taken as a proxy for skills. It was argued that a focus on qualification uses a supply-side view of training and does not reflect the true needs of industries. This led a number of submissions to suggest that limiting participation to full qualifications will not allow the program to meet the aim of upskilling or re-skilling of existing workers. It was argued that often, once an entry level qualification is obtained, up-skilling or re-skilling of existing workers may not require a further full qualification, but rather the acquisition of various units of competency that grouped together to reflect an evolved job role.

It was argued that the importance of incremental skills development through individual units of competency or small groups of them is the preferred pathway and most appropriate mechanism for skills development in certain industries. Industries located in rural and regional Australia or relatively new to the concept of recognised training were identified as particularly in need of

incremental skills development with a full qualification being a longer term target achieved through recognition of skills acquired over time.

A large number of submissions identified skill sets as central to supporting a learning culture and that this culture of flexible incremental skills development would actually lead to higher completion rates in the long term.

In addition it was suggested, by industry stakeholders and employment service providers, that skill sets will be more attractive to job seekers as a pathway to employment. This is because the prospect of undertaking training over a longer period without the certainty of a job and the likelihood of needing to restart the job search process may discourage engagement in training. This is related to the importance of linking training to employment outcomes for job seekers. Similarly, for many unemployed people, traditional education and training pathways have not worked in the past. For this group a formal offer of extended training may not be the answer.

Other views expressed included the concern that in certain industries, such as resources, employment in the industry is required before an individual can complete a full qualification. In these cases, entry level training should be provided to ensure participants have the necessary skills and knowledge to apply for a position.

A suggestion was made that the issue of low completion rates identified in the discussion paper is based on a false assumption that a full qualification is identified as the outcome for students when they enrol in training. It was proposed that the poor completion rate can be interpreted as reflective of the tight labour market and the employer need for workers with a skill set rather than the knowledge and experience attained under a full qualification. The need for research on the destinations of students who fail to complete a qualification was identified.

Concern was expressed that the assumption of the focusing of funding for RTOs on completion rates would unfairly penalise providers and fails to recognise that many students actively choose not to complete a full qualification once they have the skills to meet their immediate needs.

Support for full qualifications focussed on the benefits for individuals. It was suggested that formal qualifications support the development of career paths, reward employees and ultimately build a stronger more professional industry. Those who took this position suggested that the national training system has a responsibility to educate people for careers that are useful for the future as well as the present, and not just to provide them with a range of short term outcomes that may suit narrow industry needs. It was argued that vocational education and training should equip employees with skills to be able to meet continual changing needs, not just immediate or quick fix needs. It was suggested that skill sets have the potential to undermine qualifications and lead to fragmentation of occupations and professions. The *Skilling Australia for the Future* policy needs to consider strategies to prevent such fragmentation.

The debate engendered by this issue revolved around a desire to meet the needs of industry and the individual, although opinions varied about the role of full qualifications in this process.

## ☑ focus on the needs of individuals , including addressing language, literacy and numeracy skills and supporting workplace transition

A significant number of respondents suggested that many disadvantaged jobseekers will require pre-vocational training (also referred to as enabling courses) before they undertake Certificate II, III and IV level training. Other support and interventions will also be needed. Without this support these jobseekers are unlikely to take up the places, or to successfully complete qualifications, or to secure and sustain employment.

Many submissions recognised that often those who have been outside the workforce for extended periods may need foundation training to ensure that they have the requisite skills base to allow them to participate effectively in further training. Upskilling in language, literacy and numeracy (LLN) will be needed for many participants returning to the workforce. Also, a concentration on the development of generic employability skills through pre-vocational training and general employment access courses will be needed to allow a smooth transition into the workforce for many participants.

Ensuring that jobseekers are successfully assisted into the workforce was identified as critical to delivering on the government's social inclusion policy agenda. Long term unemployed people often face multiple barriers, including low levels of education, to obtaining sustainable employment. In order for these people to make a successful transition from training to employment, the program will require appropriately robust mechanisms ensuring that trainees are supported during training and for a reasonable period of time after they complete their training and have commenced in employment.

The provision of transitional support for all job seekers until stabilised in their new working environment was recognised as important to ensure long term employment outcomes. It was suggested that this support could be a form of case management designed to provide workplace support and mentoring for these jobseekers. The Australian Apprenticeship Access Program was offered as an example of a method that encouraged providers to provide workplace support for at least 13 weeks because their major outcome payment is not payable unless the participant has lasted at least 13 weeks in the position.

Submissions extended the provision of appropriate levels of support to participants to include areas such as, job readiness, appropriate access to childcare, subsidising the purchase of clothing and equipment for new employees and providing post placement support and pastoral care.

It was recommended by some stakeholders that ISCs, RTOs and Job Network Agencies work closely with employer and industry associations to ensure a direct fit of individual jobseekers with employers. This could include pre-training assessment of employability skills and language, literacy and numeracy ability along with attitudinal profiling before individuals are recommended for further training and employment within specific industry sectors.

A large variety of programs and providers were identified as being in a position to support job seekers into employment. It was suggested that the program should take a strategic and overarching approach to the relationships between all these services. The National Employment Services Association invited ISCs to discuss collaborative approaches to the engagement of providers, dissemination of information and promotion of initiatives.

Concern was expressed that it would be unrealistic to rely on the Language, Literacy and Numeracy Program (LLNP) at its current funding level as the pathway that enables significant numbers of unemployed jobseekers to prepare for, commence and complete a Certificate II qualification. Consideration could be given to making it possible to undertake training under LLNP concurrently with a Productivity Place, having in mind the rules that apply to jobseeker Activity Agreements which encourage job seekers into employment over training. It was suggested that unless additional funding is provided to RTOs they will be unable to meet the costs of meeting these additional needs.

## up-grade management skills and capacity to build high performance workplaces

The emphasis on supporting individuals into the workforce was reinforced when respondents considered the need to embed a skills development culture into the workplace. It was argued that this would support individual employment outcomes and support enterprises in addressing retention issues.

Improvements to the workplace culture would include attitudinal change that will enable employers and their workforce to identify their deficiencies, adapt to change, and establish risk management practices for their businesses. It was suggested that supporting managers and supervisors to gain additional skills required to support learning culture in their industry would work to counteract some of the disengagement and lack of workforce development in the workplace. These supervisors should be empowered to support new entrants whilst also supporting an upskilling of the existing workforce.

## incentives for employers needed to support job seekers move into employment

It was suggested that appropriate incentive structures for employers would assist in translating training places into jobs. It was recommended that incentive structures could be adopted on a targeted basis to foster employment creation outcomes from training.

The benefit of employer incentive structures was challenged in other submissions. It was suggested that short term subsidies can undermine long term employment outcomes. It was highlighted that subsidies promote chronic churn of the lowly paid, poorly educated and long term unemployed through the labour market. It was proposed that subsidies be replaced by a system that encourages capacity building, retention and advancement. Longer term measurement of retention and advancement (as a quality measure) is needed as a fundamental driver of employment outcomes.

## responsive training packages and accreditation of courses

The responses suggested an ongoing need to ensure that national training packages are kept up to date and are responsive to emerging gaps. Some submissions questioned the length of time it takes to undertake endorsement of a national training package and suggested that the needs of industry might be better met by locally accredited courses. In this context, it was suggested that a

review of training packages might be timely to ensure that they are the most appropriate mechanism for meeting the needs of industry in a dynamic economic environment.

## undertake on-going evaluation of placements and qualifications offered

The importance of conducting evaluation of the outcomes of training was emphasised by a number of submissions as central to ensuring employment outcomes. It was suggested that employer confidence in the quality of delivery and assessment is central to engaging industry in the program and raising employers' investment in skills development. The evaluation and monitoring of the program should be focused on ensuring the purpose of the policy is realised and continues to deliver real outcomes to both those marginally attached to the workforce and existing workers.

It was recommended that longitudinal studies of the impact of workforce development initiatives be undertaken to determine the benefit to both individuals and enterprises. These studies could include measures of quality in productivity and profitability. It is possible that these could be undertaken by the ISCs in partnership with RTOs and enterprises with the aim of building awareness and capacity for workforce development planning and activity to strengthen productivity.

It was also posited that this evaluation could be supported by requiring students studying in funded places to report back at six monthly intervals for the first two years following their course completion as to their current employment and how this relates to their skills training.

Funding TAFE providers, employers and Skills Australia to collaborate on the development of an appropriate evaluation strategy was proposed as a method for ensuring rigorous evaluation.

## not just training alone....

A number of submissions highlighted the importance of ensuring an environment that supports individuals seeking to enter the workforce. This was discussed earlier in this report in the context of training and development for supervisors but it also was raised in the context of a commitment to attracting and retaining employees. It was recognised that higher qualification attainment may result in employees demanding improved remuneration and status. In this context it was suggested that it is important to acknowledge that employment outcomes are not solely demand driven. At a time of full employment, it was noted that demand will need to be created through other incentives for individuals to take up training.

Evidence for this perspective was presented through issues around the take up of apprenticeships and completion rates. It was suggested that where apprenticeship wages and incentives do not match wages in other jobs; apprentices choose the job rather than the training. It was proposed that a lack of apprenticeships are often more to do with industry not supplying places than any problems resulting from TAFE courses.

### **Priorities for action**

- Identify mechanisms to support industry engagement in the program to ensure that training places result in employment outcomes that meet the needs of industry and the individual.
- Develop methodology to ensure well targeted and comprehensive skills audits.
- Develop strategies to reward RTOs for providing workplace training and linking individuals with employment opportunities.
- Reward the recognition of prior learning by institutions and support innovative RPL assessment techniques.
- Re-evaluate the 25% limit on credit transfer in the program guidelines.
- Extend the scope of the program beyond higher level qualifications.
- Redevelop the program to recognise the important role of skill sets in skills development.
- Develop the capacity of the program to ensure the needs of individuals are met, including the need for additional support, such as literacy and numeracy skills development and workplace transition.
- Develop a mechanism for working with enterprises to support the development of a learning culture and enable enterprises to be an employer of choice. This would include support to expand managerial and supervisory skills.

## What stakeholders say about:

### 6. Program Management

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

#### Key messages

- The allocation of training places must be transparent and accountable with broader industry stakeholder engagement in the identification of priority areas for job seeker places.
- ISCs are an integral part of the initiative and should be involved in the implementation of the whole policy, including job seekers.
- The 10 per cent employer contribution should be accepted as “in-kind” to simplify administrative arrangements and recognise the greater contribution employers provide through on-the-job training.
- Workers who are only marginally attached to the workforce (who work 1 hour in a given week) cannot “crowd out” existing workers with a much closer attachment.
- Clear evaluation strategy is required to determine both long term efficiency and effectiveness of the program, as well the approach adopted for job seekers in Phase 1.

transparent mechanisms to support individuals and employers in successful outcomes

The importance of consistent, transparent and accountable program management was a central theme of the submissions. Respondents suggested that the aim of successful program management should avoid duplication; prevent the program resulting in substitution of existing training effort; and to provide industry greater oversight and input through broad stakeholder engagement.

The emphasis of the submissions was on the importance of ensuring that the program has a collaborative approach between all stakeholders at both the state/territory and national level. Industry needs to be actively engaged in the process including working in partnership with RTOs in achieving the outcomes they require. Similarly, RTOs must engage with the requirements of industry by embracing industry collaboration and partnerships.

## industry to take responsibility

A number of submissions emphasised the importance of ensuring that industry and employers are engaged at all stages of the program to ensure that the training model qualification/s achieved are appropriate to their needs and will lead to positive job outcomes. It was argued that unless there is a strong and decisive role for industry that delivers on the industry leadership rhetoric, there is a significant risk that the additional 450,000 places will represent a continuation of the current supply driven model of training. This level of engagement was identified as central to the identification of priority areas and to evaluation of the efficacy of the approach to the program.

In this context it was also suggested that there is a role for industry at both national and state/territory levels to participate in the brokering of training. Stakeholders highlighted the capacity of industry bodies to broker training for their industry, including ensuring training is delivered at a time, place and method suitable to their members. It was also suggested that industry bodies could take responsibility for managing the funding for their particular industry to ensure training is delivered at a time, place and method suitable to their members.

## roles of ISCs central to an effective program

Collaboration was identified as central to an effective program. ISCs were recognised as a key tool to ensure this collaboration. A number of ISC roles have been explored earlier in this report. However, it is important to acknowledge the emphasis placed on the role of ISCs in the implementation and management of the program. In particular, some submissions suggested that ISCs are the only organisations that, in collaboration with the industry parties, can effectively make the necessary linkages between jobs, skills, qualifications and the training that will be required to effectively implement and capitalise on the government policy. In addition to the relationship with industry, it was emphasised that ISCs should determine the allocation of Productivity Places through collaboration and consultation with the state industry advisory bodies.

It was suggested that ISCs are uniquely placed to offer coherent advice to government about the skills and workforce development needs of industry. The extensive consultation and collaboration required of ISCs, including their role in conducting training needs analyses, was also seen as positioning ISCs as central to monitoring the program. Concern was expressed that the ISCs be appropriately resourced to carry out this role.

A number of submissions suggested that ISCs will have to seek specific support from industry associations if they are to meet the targets for the allocation of places under the program. This is linked to the emphasis placed on the importance of ensuring industry and employers are engaged in the program.

## flexibility is central to success

Flexibility was a central theme of the responses to this discussion. A large number of submissions emphasised flexibility for individuals and employers as a pragmatic mechanism for achieving an upskilling of the workforce. The demand for flexibility extended from flexibility in those organisations that could be empowered to broker training outcomes, to flexibility in the funding structure to allow for variations in needs between disadvantaged job seekers and existing employees.

A number of organisations were identified as in a position to support the program by acting as brokers with employers and in some cases, administrators of the program. These included group training network field staff who deal with employers and gather intelligence about their business and training needs. Group Training Australia suggested that they can support ISCs in fulfilling their expanded role because they have access to employers including small and medium sized enterprises. Often group training organisations are employers' main or only access to the national training system. Education and Training Advisors and National Industry Career Specialists were also identified as in a position to support ISCs by providing brokerage services to employers.

Flexibility in sources of information was also emphasised in the responses. The National Employment Service Association (NESA) recommended the importance of multiple access points for information to ensure that employers are encouraged to engage with the program. This is related to the emphasis placed on employer engagement for the long term viability of the program. In this context, the long term role of Skills and Training Information Centres (STICs) was identified as an important consideration as part of the broader approach to engagement.

Submissions highlighted that it will be important to clarify the relationships between STICs, Australian Apprenticeship Centres, employment services providers and industry training advisory bodies. The concept of 'Work Access Centres' to facilitate local collaboration and services by training and employment services was promoted by National Employment Service Association. These centres would be designed to support working age Australians with their family and career needs. NESA highlighted that these were also raised at the 2020 summit where they were referred to as Life Learning Centres.

The emphasis on the importance of flexibility extended to the requirement for flexible training delivery and a number of submissions emphasised that it is desirable that the program be structured to ensure delivery be sufficiently flexible to meet the needs of industry. It was suggested that it be a requirement to specify examples of flexible learning arrangements and delivery mechanisms as tender criteria for the Productivity Places Program. It was proposed that an aim of the program should be to drive responsiveness and flexibility in delivery in TAFE.

It was argued that this flexibility would allow RTOs to work with employers to deliver skills training in a manner that supports enterprises. It was highlighted that flexible delivery would ensure enterprises of all sizes and in all locations in Australia can participate in the program and benefit from the increases in productivity provided by increasing the skills of their workforce.

The responses promoted flexibility in delivery as a way of assisting employers in small to medium enterprises, particularly in rural and regional areas, where training providers may be scarce and other support services are limited, for example the availability of transport or child care. It was recognised that such arrangements are likely to be at a much higher cost than those which deliver similar services in the metropolitan areas and as a result funding levels should be structured to encourage RTOs to deliver training in these areas.

It was suggested that previous schemes have not been able to achieve outcomes because of this lack of flexibility. Increased payments to RTOs based on outcomes and flexibility could support the delivery of a responsive, employer focused system.

A number of submissions raised concern that contestability does not equate with flexibility and that over emphasis on competition may undermine the quality of training and could lead to employers opting for the cheapest and shortest training rather than the most appropriate training provider. It was suggested that this would ultimately undermine employer confidence in training outcomes and discourage enterprises from engaging with upskilling. Concern was expressed that

contestability will undermine public TAFE and encourage TAFEs to deliver short term and low cost training.

In many cases the general principle of a demand-driven training system was supported; however there was concern expressed that increased competition and contestability might have a detrimental effect on quality, flexibility and responsiveness in training specific stakeholders, including disadvantaged job seekers and all those in rural and remote areas. It is important to ensure that the 'easiest' employees and job seekers are not the only ones selected for training. As discussed in relation to employment outcomes, this means ensuring appropriate levels of support, including funding, for foundation skills and pre-vocational training.

## communication strategy and promotional campaign should support program development

A national communication strategy will ensure the program is understood by the full breadth of stakeholders, especially industry. Submissions argued that a communication strategy should be designed to enable employers to understand how the program will benefit them. In particular the ISCs and Australian Industry Group identified the need for a national communication strategy as central to ensuring the success of the policy. It was argued that a targeted and coordinated national communication strategy could generate demand for skills and promote the value of nationally endorsed qualifications among individuals, employers, schools and parents.

The communication strategy and promotional campaign would be required to promote the program and the role of Skills Australia and ISCs. The communication strategy should focus on key stakeholder groups:

- job seekers so that they identify the program as a valuable pathway into the workforce and to future career opportunities;
- employment service providers so that they maximise the opportunities the places on offer to their clients, combine it with other services, and promote it among their own employer networks and via their reverse marketing activities;
- RTOs which will also need to be aware of the business opportunities the program offers, their need to offer the appropriate training packages and courses that correlate to industry needs, and who have important networks with business to whom they can promote the program; and
- employers to ensure they understand the program and the benefits for their enterprise.

It was suggested that industry bodies, including peak bodies and associations could provide a useful conduit of information. Industry associations can then promote the program and inform their members. The strategy should also seek to ensure that industry bodies, including unions and employer representatives, have access to information to support their members in engaging with the program. This would include advice on how the initiative will work and how the additional training will assist their business.

It was suggested by some that the communication strategy should take advantage of already established communication networks, including Education and Training Advisors, Group Training field worker networks, industry bodies, Apprenticeship Centres/ Skills and Training Information Centres and other industry training advisory structures.

## 10 percent employer in-kind contribution

Submissions acknowledged industry's responsibility to invest in training their existing workers. However, concern was expressed that a 10 percent employer contribution would place a burden on employers and may limit the number of employers willing to engage in the program. In particular, concern was expressed about the impact on small and micro businesses. This was not the uniform position, and for many, the 10 percent contribution was considered reasonable. Some in fact identified the 10 percent contribution as essential to ensuring employers are engaged with the training outcomes of their employees.

It was recommended by several responses that the 10 percent employer contribution be flexible and be fulfilled through financial or in-kind contributions. It was suggested that this would recognise the cost of lost production associated with staff absent for training. It was emphasised that reduced investment in training was often one of the first measures taken when there are negative economic impacts on an enterprise, including a down turn in the economy. It was suggested that an in-kind contribution would allow training to be maintained.

A number of submissions argued that meeting needs of employers should be a key measure of a successful program. It was also suggested that this flexibility will be the only way of filling the places. Accordingly it was argued that in a tight labour market, with high demands for skills and pressure to remain competitive, some employers may be reluctant, or unable, to provide sufficient resources (training investment and trainee paid time) to support effective skill development, despite an acceptance that training is essential to increased future productivity and prosperity.

A flexible approach to the 10 percent contribution would also provide the opportunity to exempt employers who take on disadvantaged individuals from the 10 percent contribution towards the cost of the training their existing worker places. This would promote equity in the allocation of places and help the government to meet their commitment to supporting disadvantaged individuals into the workforce.

It was suggested that the apportioned 10 percent of funding to employers may be unnecessarily low because employers can be expected to directly benefit from the upskilling of their workforce in a number of ways including increased productivity, improved quality, a greater capacity for the enterprise to respond to change, improved staff morale and retention. Accordingly, it was suggested that the proposed employer contribution to the Productivity Places Program for existing workers be reassessed. It should also be noted that by increasing the employer contribution there is also the potential to extend the number of training places created within the program.

## equity access for RTOs

Some submissions suggested that flexible delivery options and appropriate levels of competition in the training system will require all eligible providers to compete on the basis of their capability and quality. This equates to ensuring all providers have equity of access to the program.

It was argued that there is a need to streamline the process for employers choosing a Productivity Places approved RTO. It was suggested that funding for the Productivity Places needs to be open to all RTOs which have scope of registration because a separate registration processes for RTOs for Productivity Placements creates additional unnecessary bureaucracy when there already is a framework of registration based on the Australian Quality Training Framework (AQTF). If you have

scope to deliver the prescribed qualifications as an RTO then you should be eligible to deliver under the Productivity Places Program.

It was suggested by some that a centralised process of engagement with ISCs and for the allocation of training places to RTOs is preferable, particularly for those RTOs with a scope of registration that spans multiple ISCs.

## who is an existing worker?

The definition of existing workers as those who work 1 hour a week was the cause of some debate. Some argue that workers who are only marginally attached to the workforce might “crowd out” existing workers with a much closer attachment. It was suggested that the definition may limit the impact of the Productivity Places Program on productivity and limit ‘upskilling’ by focusing training on marginally attached workers. It will therefore be important to monitor uptake by full-time employees.

On the other hand, it was argued that the definition of existing worker could mean that those employed for a few hours a week will miss out on both job seeker and existing worker elements of the program: the job seeker element because they are ineligible and the existing worker element because employers will focus on upskilling those they employ full time and they may not want to invest in those who only work a few hours a week, particularly as this group will not be at work enough to have their skills or their training assessed.

## learn from Phase 1 and implement Phase 2

There was significant concern expressed that Phase 1 of the program has replicated supply-side drivers of previous Australian Government funded schemes. The concern was expressed that the first 20,000 places may involve a substitution of training effort and be supply driven rather than meeting the needs of industry and providing real employment outcomes for individuals.

A number of submissions emphasised the importance of implementing an evaluation process to ensure that Phase 2 of the program moves towards a demand driven, flexible training system model intended for the program.

It was suggested that Skills Australia engage with a broad range of stakeholders, including employers, employment service providers and unions, to evaluate Phase 1 of program. This would include looking at outcomes for individuals who have undertaken training under Phase 1. This will be particularly important in guiding the next phase of job seeker places.

It was suggested that Phase 2 could provide a trial with one or two key industries or states for the existing worker aspect of the program. This would allow the state and territory jurisdictions and the Australian Government to negotiate processes for the allocation of places. It would also allow the ISCs responsible for these industries to trial the processes for skills audits, skills recognition through RPL, the development of a training plan and matching employer to a provider. It was suggested that a trial would provide time to conduct a formative evaluation of the processes and mechanisms supporting the program for existing workers, including the role of ISCs.

## **Priorities for action**

- The evaluation strategy for the program, including for Phase 1, should be workshopped with ISCs.
- Establish a communication strategy and marketing campaign to support engagement of all stakeholders, including employers, employment service providers and industry organisations. A promotional strategy targeting job seekers, existing workers, RTOs, Employment Service Providers, Skills and Training Information Centres/Australian Apprenticeship Centres and employers should be workshopped with ISC.
- The existing worker definition should be reviewed.
- Consideration should be given to the 10 percent employer contribution being based on both financial and “in-kind” contributions.
- Consideration of program coverage is given to existing workers seeking to change jobs.
- Review administrative arrangements for possible simplification.
- Ensure flexibility is embedded into the management of the program, including flexibility in the provision of services to support the program, such as brokerage and administration.
- Clarification of the interface of the program with other programs, particularly language, literacy and numeracy programs, Job Seekers Activity requirements, Australian Apprenticeships Access and Incentives Programs.
- Implement a clear evaluation strategy to determine both long term efficiency and effectiveness of the program, as well the approach adopted for job seekers in Phase 1.
- Implement a trial of the existing worker program for Phase 2 of the program.

## **7. Future Directions**

Thank you to everyone who provided responses. We have attempted to provide an extensive summary of the issues and suggestions presented through the submissions. The knowledge and ideas shared will be invaluable as the Australian Government continues to develop this initiative over the next three years.

A large number of the responses highlighted particular issues that will require detailed consideration in the implementation of the next phases of delivery of the initiative.

This initial phase of consultation highlights the need for a communication process to be on-going with all those involved in the training system throughout the life of the program.

This continuing consultation is essential to ensure that the Productivity Places Program continues to respond flexibly and dynamically to priority needs to ensure Australia has highly skilled, productive workers to compete in global markets.

