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Department of Defence
People Strategies and Policy

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Dr Shona Batge

Committee Secretary
Senate Standing Committee on Education, Employment and Workplace Relations
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Dr Batge

Please find attached the Defence submission to the Senate Standing Committee on Education, Employment and Workplace Relations inquiry into Industry Skills Councils.

Defence regards the national vocational education and training system as a strategic asset. Whether provided by Defence or purchased from the national system, vocational education and training is a primary means by which the some 93,000 Defence personnel acquire the skills and knowledge that enable them to perform their functions.

To this end, Defence is engaged with all eleven Industry Skills Councils to varying degrees to assist in optimising current and future workforce capability. It is, therefore, imperative that engagement with industry and the National Skills Framework remain key priorities in the defence of Australia and its national interests.

I trust this submission will be of practical assistance to the Committee's inquiry.

Yours sincerely

PHIL MINNS
Deputy Secretary
People Strategies and Policy

31 July 2010

Attachment:

1. Defence Engagement with Industry Skills Councils (July 2010)



Submission to the Senate Standing Committee on Education, Employment and Workplace Relations

Inquiry into Industry Skills Councils

Introduction

This submission by the Department of Defence is to the Senate Standing Committee on Education, Employment and Workplace Relations Inquiry into Industry Skills Councils.

Australia's national industry and support base provide Defence with the underlying capacity to prepare for and conduct operations. Industry undertakes a wide range of tasks for Defence including a significant amount of training of uniformed and non-uniformed personnel in relevant vocational and technical skills. Industry also plays a key role in setting the priorities and objectives for the conduct of training and education across the National Skills Framework. Therefore, Defence endeavours to remain closely engaged with the Industry Skills Councils (ISCs) and industry to optimise current and future workforce capability requirements.

The terms of reference for the inquiry cover many aspects of the ISCs operations. Defence cannot provide comment on issues relating to financial management or corporate governance arrangements within the ISC as it has little to no visibility on these matters. Rather this submission will focus on the following related matters to assist the committee with its inquiry:

- An Overview of Defence Vocational Education and Training;
- The Importance of ISCs to Defence Vocational Education and Training;
- The effectiveness of ISC and Relationship with Defence; and
- National Policy Issues of significance.

Defence Vocational Education and Training

The Defence VET system is vast. Over 4,000 people are involved in its design, delivery management and support. While it has a strong focus on key and unique war-fighting skills (for example, tank gunnery), it also addresses many of the skills and knowledge shared with the wider Australian workforce; for example, procurement, logistics, finance and management.

The Australian Defence Force (ADF) has over 350 documented career streams for its 76,000¹ personnel, each with defined patterns of education, training and experience. Many of these careers are directly comparable to careers in other industries, for example: aviation, aerospace and maritime engineering, information technology, logistics, administration, cooks and stewards. Most ADF careers have components comparable to careers in other industries;

¹ Defence *Portfolio Budget Statements 2009-10* sees an estimated 76,401 ADF personnel serving in the ADF Permanent Force, Active Reserve Force and High-Readiness Reserve Force.

whilst the 14,828 APS serving with the Department of Defence pursue careers comparable to or containing elements of careers in other industries.

Defence has four Registered Training Organisations (RTOs).² Defence RTO are currently registered to deliver 233 national qualifications and 36 'accredited courses' from Certificate One to Advanced Diploma level. Most of the accredited courses draw on units of competency from two or more Training Packages and involve several periods of extensive formal VET interspersed with on-the-job experience over several years.

Defence is committed to the integration of its VET with the National Skills Framework. This integration is the key externally directed element of the Defence education and training strategy.

As Defence is undergoing a period of deep reform there are considerable pressures to improve the efficiency and effectiveness of its VET. As Defence can no longer afford to have a large percentage of its workforce at any one time involved in off-the-job training, alternative mechanisms for the delivery and assessment of VET are required. This means not only investigating the implications of and, where appropriate, adopting technologies for the delivery and assessment of Defence VET to the workplace, it means accessing alternative delivery and assessment modes from the national VET system.

Defence funding for VET is unlikely to increase given other demands on the Defence budget. Defence VET must, therefore, gain better leverage from available resources. This means not only becoming more efficient in the way Defence conducts its training, it also means drawing support more effectively and efficiently from the national VET system and through better skills alignment with industry.

Importance of ISC to Defence VET

Defence recognises the critical role ISCs have within the national VET system. ISCs engage with industry to develop standards and qualifications that reflect industry need. This product is essential to the national system as it provides common standards and supports seamless transiency across State and Territory boundaries. This latter point is critical for a nationally based organisation such as Defence.

Defence skilling also contributes to the national skills base. As an example, Defence, through *Government Skills Australia* and the Public Safety Training Package, has developed 13 explosive ordnance qualifications covering occupational outcomes for engineering and logistics, operations, manufacture, and proof and experimental. These qualifications include 85 units of competency designed specifically for explosive ordnance workers. These qualifications and units of competency have set the standard for the explosive ordnance industry. While Defence has been the main driver for common industry standards, Australian 'industry' (for example: *Thales*) has developed training and assessment pathways for their workers, including new apprenticeship arrangements. These common standards support transferability of skills within and outside Defence and support inter-operability between organisations such as Police and Fire Services in the security of the nation.

² Royal Australian Navy (RTO 0150); Australian Army (RTO 0050); Royal Australian Air Force (RTO 0546) and the Defence Learning Services Network (RTO 0442).

Defence VET requirements vary from year to year, particularly in response to the tempo of operations and skills shortages generated through the loss of trained people, changes in Defence technology, or recruitment and development difficulties. Skill shortages evident in the Australian economy are typically also evident in Defence. Therefore, it is critical Defence provides input to the ISC on its skills needs and VET requirements.

Unlike most other employers, Defence provides a continuum of training that ensures constant upgrading of skills; starting with technical competence followed by higher order skills in management and leadership. It is important these skills are nationally recognised and Defence is working with a number of ISCs to develop appropriate qualifications. As an example, Defence has developed Diplomas and Advanced Diplomas in Materiel and Deployment Logistics as part of the Transport and Logistics Training Package. The Transport and Logistics ISC (TLISC) provided a critical role to enable the Defence Materiel Organisation in particular, to develop nationally recognised qualifications that are of value to both Defence and industry.

Defence considers one area that ISCs have the opportunity to add value to the development of the national skill base is through educating industry on the benefits of vocational qualifications. Vocational qualifications provide the opportunity to define an industry standard and are a powerful mechanism to evaluate the application of skills and knowledge; it is the ideal tool for use in certification, and yet many professional bodies choose to use much less rigorous tools. ISCs are well placed to exert greater influence in this area.

Defence utilises a number of the ISC Environmental Scans to inform Defence workforce planning, particularly those scans which contain specific supply and demand information. Currently, integrating this information with national workforce supply and demand data can be a complex exercise. Firstly, bringing the information together with the industry and occupational level data produced by DEEWR, and by peak industry bodies such as those relating to the Resources sector, is difficult when the methods of reporting are often different. Secondly, as there is limited standardisation of the material presented, it is not easy to survey ISC material and draw clear observations. The ISC scans would seem to provide an opportunity to further assist DEEWR to develop an overall data base of occupation supply and demand profiles to activate a national level of workforce planning. This would in turn assist organisations such as Defence, where detailed long-term workforce planning is critical.

Effectiveness of the ISCs and the Relationship with Defence

Defence is in the unusual situation of engaging with all 11 ISCs to varying degrees. Defence RTO have qualifications from Training Packages managed by nine of the ISCs within their scopes of registration (Agri-food and Forestry the exception), and utilise competencies from all 11 ISC.

Defence is represented on the Public Safety Industry Advisory Committee of *Government Skills Australia*, the ISC for public sector employments. Defence is actively developing the Defence Sector to the Public Safety Training Package in close co-operation with *Government Skills Australia*. To date, in this project Defence has 371 units of competency and 36 qualifications nationally endorsed and included in the Public Safety Training Package. Activity in 24 sub-projects is currently in progress.

Defence has been instrumental in the development of relevant 'whole of government' procurement and contracting qualifications under the new Public Sector Training Package,

recently endorsed through the National Quality Council. These qualifications now provide a strong career pathway from Certificate III to Vocational Graduate Certificate, at Post Graduate level, for this work skilling area. Strong engagement over an extended period with the ISC has seen this Defence and broader government need addressed.

Defence is a major stakeholder for the Transport & Logistics Industry Skills Council and has developed a formal Memorandum of Understanding with this ISC. Defence also has representation on T&L industry working groups for aviation, maritime, logistics, road and warehousing.

Defence has representation on project steering committees from the following ISC, in no particular order:

- Innovation & Business Skills Australia;
- Community Services & Health Industry ;
- Construction and Property Services Industry Skills Council;
- Government Skills Australia;
- Manufacturing Skills Australia; and
- Transport & Logistics Industry Skills Council.

The need for robust and constructive engagement between ISC and Defence is critical to accommodating the organisation's capability-driven training needs within a qualification-driven national system. While being represented on one Council and with some committee influence on others, it is essential that Defence strengthens its physical representation at each ISC.

One of the greatest negative impacts ISC have on Defence is the effect frequent training system and Training Package changes have on the organisation's four RTO. In attempting to be responsive to change, the ISC amend Training Packages too frequently, in some cases yearly; this is a major resource impost on Defence and other enterprise RTO. As a result of these changes enterprise RTO must amend training documentation to reflect ISC updates. Currency is not normally an issue as Defence RTO routinely review their training on a four to five year cycle, which provides stability in the development, delivery and accreditation of vocational education and training.

While having the same broad role the 11 ISC seem to have differing operational methods. The ISCs have their individual strengths and weaknesses but do not appear to operate to a collective standard. Consequently, ISC miss opportunities for improvement and efficiency gains through the sharing of ideas, processes and lessons learned. Defence is not proposing a single ISC but believes that the ISC Forum needs to explore greater synergies to better enable stakeholder engagement particularly with enterprise RTO.

Defence has limited resources and therefore seeks to influence those ISC that have the biggest impact to Defence. Defence has always found ISCs to be receptive and open when Defence makes contact with them; however, the ISCs ability to independently engage Defence varies. For much of the 'lower order' activity Defence relies on the ISCs to effectively communicate to Defence. Unfortunately; this engagement is usually limited to simply placing information on websites. These websites, while comprehensive, can be confusing and difficult to navigate and Defence does not have the resources to constantly monitor and analyse all 11 ISC websites.

This is not the case for all ISCs, for example, the Memorandum of Understanding between Transport and Logistics ISC and Defence ensures appropriate communication between both parties that has resulted in Defence skilling needs being included in all the T&L Training Packages.

National Policy

Perhaps the biggest area of concern for Defence in the vocational education and training space is the overall management of the National Skills Framework. Over the last 18 months there have been significant changes pertaining to policy, reporting requirements, and RTO management arrangements. While some of these changes seem minor; for example, the new policy on qualification flexibility or rules and requirements on unit coding, there are large flow-on effects to industry and enterprise RTO.

As stated previously, Defence is currently undergoing deep organisational reform, and is under increasing pressure to balance the requirements of maintaining multiple-RTO status with increasing training demands and diminishing resources. Rapid policy change compounded by onerous reporting requirements and a poor national data system (NTIS) are bringing into question the long-term viability of large enterprise RTO.

Defence is also concerned that changes to AQTF 2010 in terms of AVETMISS compliance may have security implications due to the requirement to release aggregated training data. The majority of organisations which have a national security focus are heavily constrained by legislation or internal policies that restrict trans-border data flow, aggregating data or reporting this kind of information.

Conclusion

Defence supports the demand driven, market oriented national system of vocational education and training. Defence will continue to engage with the VET sector, specifically ISCs, to optimize current and future workforce capability requirements, and seeks as seamless a transition as possible between its VET systems and the national VET systems. The ISCs play a key role in the achievement of this objective. To assist with the Committee's Inquiry, Defence suggests the following improvements to ISC within the national system:

- ISC explore more robust industry representation within the Council structure through an Industry Advisory Board or more robust working level liaison.
- ISC to explore improvement and efficiency gains through the sharing of ideas, processes and lessons learned.
- ISC continue to educate industry on the benefits of vocational qualifications.
- ISC continue to explore methods to more closely engage enterprise RTO particularly in relation to the development of environmental scans and the transfer of skills information and workforce intelligence.
- ISC note the significant impact Training Package and training system changes have on large enterprise RTO.