

Chapter 4

The Vocational Education and Training Framework

Introduction

4.1 The focus of this chapter is on the adequacy of the current vocational education and training policy settings, funding arrangements and institutional framework for meeting Australia's current and future skill needs.

4.2 This committee undertook a detailed review of the vocational education and training system during 2000 and the resultant report, *Aspiring to Excellence*, provides a comprehensive description and analysis of the history, operation, quality and effectiveness of the VET system, and can be read as a background to this report.¹ Because of the breadth and complexity of the different issues canvassed during this inquiry, this report does not attempt to examine or analyse the quality and effectiveness of VET system in any detail. Instead it will focus briefly on some of the key issues raised during this inquiry about the system's capacity to meet current and future skill needs of industry and individuals.

The national training system

4.3 In 1992 the states and territories and the Commonwealth agreed to establish a co-operative federal system of vocational education and training with strategic input by industry, commonly known as the national training system. Further changes to the system were introduced after the change of government at the federal level in 1996.

4.4 The key elements of today's national system are:

- a national policy framework and arrangements, comprising the Ministerial Council of Commonwealth and state ministers for vocational education and training (MINCO) and the Australian National Training Authority (ANTA), a Commonwealth statutory authority which advises MINCO. ANTA is in turn advised by a series of industry advisory bodies;
- the ANTA Agreement between the Commonwealth and states and territories which sets out the planning, accountability and funding arrangements for the VET system for a three year period; and
- the National Training Framework comprising the Australian Quality Training Framework (AQTF) and Training Packages.

1 Senate Employment, Workplace Relations, Small Business and Education References Committee, *Aspiring to Excellence, Report on the Quality of Vocational Education and Training in Australia*, November 2000

4.5 A distinctive feature of the national system is that it is an ‘industry-led system’, through industry leadership of the ANTA board and the development of industry-recognised training packages by representative bodies. In the VET context, industry is taken to include both employers and employees, both of which have been represented on the ANTA Board and the industry training advisory bodies.

4.6 MINCO, which meets two or three times a year, as the peak decision-making body for VET, is responsible for setting strategic policy and directions and the national objectives and priorities for the training system. Vocational education policy issues may also be considered by the Commonwealth and state Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA).

4.7 ANTA’s main responsibilities reflect its role in developing, fostering and managing the national system that is the offspring of the collective agreement by Commonwealth and states and territories. They include promoting the development of the national system, in accordance with the ANTA agreement; administering the National Training Framework; advising the MINCO on the broad policy, strategy and priorities for the national system and on VET annual plans developed by states and territories; and distributing the Commonwealth funds provided to support state and territory administered VET and managing national programs for vocational education and training.

4.8 The ANTA Agreement sets out the obligations and responsibilities of the Commonwealth and states and territories in regard to funding and administration for a three year period. In November 2003, the Commonwealth and states and territories will negotiate the ANTA agreement for 2004–06.

4.9 The national training system in its current form has evolved from a national training reform agenda begun in the 1980s as part of a broader micro-economic reform agenda, discussed in the preceding chapter. To recap, key features of the training reform agenda have been: a move to competency rather than time-based training; competencies defined in terms of national standards to underpin industry recognition and national portability; an increasing emphasis on flexible and workplace delivery; a focus on demand-driven, rather than supply-driven approaches; government separation of its role as a purchaser from that of a deliver; the development of a training market of providers underpinned by national registration standards; and significant expansion in the numbers and industry coverage of apprenticeships and traineeships.²

Policy settings and funding arrangements

4.10 In June 2003, the Commonwealth and state and territory governments, following an extensive consultative process led by ANTA, agreed in principle to a National strategy to guide the development of VET for 2004-2010. The vision for the national strategy *Shaping Our Future* is:

2 Victorian Learning and Employment Skills Commission (VLESC), *The Role of TAFE*, p. 6

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- VET works for Australian businesses (making businesses internationally competitive);
 - VET works for people (giving Australians world class skills and knowledge); and
 - VET works for communities (building inclusive and sustainable communities).

4.11 The four objectives of the new national strategy are:

- industry will have a highly skilled workforce to support strong performance in the global economy;
- employers and individuals will be at the centre of VET;
- communities and regions will be strengthened economically and socially through learning and employment; and
- Indigenous Australians will have skills for viable jobs and their learning culture will be shared.

4.12 The strategy also calls for improvements in some specific areas including participation by existing workers, and equity groups, and in the status and recognition of VET. It also identifies the need for a sustained investment in TAFE and other RTOs, and providing a framework that promotes partnerships between industry and RTOs to drive innovation, more flexible funding models and planning and accountability approaches and a sustainable mix of funding. Other areas marked out for attention include a stronger role for industry in anticipating skill requirements and developing products and services to meet them, seamless learning pathways, better quality and consistency and easier access to international markets. As at October 2003, Key Performance Indicators for the strategy have yet to be announced.

4.13 Representatives of the education sector have welcomed the new focus on meeting the needs of individuals and communities,³ and the appointment of an education sector representative to the ANTA board.⁴ This committee also welcomes the appointment, which is in line with its recommendation in the *Aspiring to Excellence* report, as enhancing the VET system's capacity to meet the needs of individuals, communities and industry. The committee also notes the concerns of the Australian Chamber of Commerce and Industry (ACCI) which, while not objecting to the broader focus, has signaled the need to ensure that the national strategy must continue to retain an industry-led focus.⁵

3 Ms Margaret Fanning, Executive Director, TAFE Directors Australia, *Hansard*, Canberra, 15 August 2003, p. 1187

4 *ibid.* p. 1189

5 Elson-Green J, 'Keeping Industry-led Focus: Key ACCI Strategy', *Campus Review*, February 26-March 4, 2003, p. 6

4.14 Within the strategy, annual national priorities are agreed. The priorities for 2004 are to:

- strengthen and promote the image and role of VET, including in relation to employment and in supporting innovation in business and industry;
- improve pathways between the VET sector and the schools and higher education sectors;
- enhance the capability of VET professionals to provide quality learning experiences for clients and to facilitate innovative partnerships between training organisations, enterprises and communities;
- achieve agreed outcomes for 2004 of the national strategies for increasing opportunities for people with a disability and for Aboriginal and Torres Strait Islander people in VET;
- achieve improved training outcomes for older workers;
- improve the client focus of VET, particularly for individuals and small business; and
- improve the quality and flexibility of training to better meet clients' needs, particularly for individuals and small business.

Funding levels and arrangements

4.15 The Commonwealth funds approximately a third of public expenditure on the VET system. Funds are provided in the form of grants to states and territories, allocated through ANTA under the *Australian National Training Authority Act 1992*, and the ANTA agreement, which is a schedule to the Act.

4.16 In the initial ANTA agreement, the Commonwealth maintained its then current funding, providing an injection of \$100 million in recurrent funding and additional annual growth funds of \$70 million.⁶ However in the third ANTA agreement, or the first agreement negotiated by the Commonwealth Coalition government, in 1998, recurrent funding was capped at 1997 levels and the Commonwealth declined to continue to provide annual growth funding, requiring states and territories to fund growth through efficiency gains. Growth was to be assessed in terms of Annual Hours of Curriculum (AHC) and valid student enrolments.⁷

4.17 The period of the 1998–2000 agreement saw significant growth in those terms: Annual Hours of Curriculum increased by 14.2 per cent over 1997 levels and enrolments grew by 177,000. ANTA considered that states and territories had

6 Department of Parliamentary Library, *Bills Digest* no 222, 2003–04, Vocational Education and Training Funding Amendment Bill 2003, p. 3

7 Senate Employment, Workplace Relations, Small Business and Education References Committee, *Aspiring to Excellence*, 2000, pp. 79–80

collectively achieved an 'efficiency' improvement of 10.9 per cent over the period.⁸ A report for the South Australian government found that the decrease in publicly funded VET student hour in constant prices between 1997 and 2000 was in the order of 10-20 per cent.⁹ This committee's 2000 report on the quality of VET found that the policy of growth through efficiencies had reached its limit and that additional funding was required to meet the growing demand for VET.¹⁰

4.18 Under the current ANTA Agreement for 2001–2003, the Commonwealth has restored some growth funding – \$230 million over three years – to be allocated among states, contingent on the Commonwealth on a dollar for dollar basis.¹¹ The additional funding was also conditional on compliance with 'user choice' policies and principles as well as set increases in New Apprenticeships.¹² It also fell far short of the \$900 million that states and territories had sought for the life of the agreement; additional funding requests for \$130 million for transitions for Youth at Risk were also rejected.¹³ From 1 July 2002, additional Commonwealth funding of \$72 million was made available to the states and territories over four years to compensate them for the additional demand for training expected to flow from the Commonwealth's Australians Working Together package announced in the 2001/2002 Budget.¹⁴

4.19 As noted, the next ANTA agreement for 2004–2006 is to be negotiated in November 2003. The Commonwealth has offered \$3.6 billion for the three years, based on maintaining levels of Commonwealth base funding at current prices, maintaining growth funds at 2003 levels of \$100 million a year with \$25.5 million in indexation, with a requirement for states and territories to match this growth funding. \$119 million is also provided for the key priority areas of assisting students with a disability and mature aged people, with a request that states and territories match that funding. The 2–2.5 per cent growth funding offered falls below the 5 per cent sought by the states and territories.¹⁵

8 Australian National Training Authority (ANTA), *Directions and Resource Allocations for 2002*, Report to the Ministerial Council, July 2002, p. 5

9 Government of South Australia, *Skills South Australia, Skills for the Future: Final Report of the Ministerial Inquiry*, May 2003, p. 27

10 Senate Employment, Workplace Relations, Small Business and Education References Committee, *Aspiring to Excellence*, 2000, p. xxiv

11 Department of Parliamentary Library, *Bills Digest* no 222, 2003–04, Vocational Education and Training Funding Amendment Bill 2003, p. 3

12 *ANTA Agreement 2001–03*: Schedule to the Australian National Training Authority Act 1992

13 Kroneman M, 'A Focus On Funding', *The Australian TAFE Teacher*, Autumn 2003

14 ANTA, *Directions and Resource Allocations for 2002*, Report to the Ministerial Council, July 2002, p. 43

15 Department of Parliamentary Library, *Bills Digest* no 222, 2003–04, Vocational Education and Training Funding Amendment Bill 2003

Funding models, accountability and reporting

4.20 Funding models, accountability and reporting requirements strongly influence the way that available funds can be used. The current ANTA Agreement provides for states and territories to:

- Report on: the national strategy and annual national priorities, including against the key performance measures; relative efficiency; the effectiveness of the operation of the quality framework including auditing activity and outcomes; and the implementation of training packages.
- Maintain outputs or outcomes on the basis agreed by the MINCO (Annual Hours of Curriculum and total enrolments)¹⁶ and strive for ongoing efficiency improvements;
- Convert their share of infrastructure funds to achieve additional VET activity over and above the above agreed outputs/outcomes if desired; and
- Obtain access to their share of each years' portion of growth funding, contingent on their compliance with the User Choice policy and principles agreed by MINCO in November 2000, MINCO agreement to their VET plan for the relevant year and the Commonwealth agreement that the plan meets the requirement for an Innovation strategy, for additional state funding, and for planned growth activity including for New Apprenticeships (or where those targets cannot be met, by an equivalent supply of additional places to support innovation).¹⁷

4.21 The innovation strategy requires states and territories to assess industry requirements within the context of overall national skill requirements, identify shifts in training effort to support emerging industries, increase uptake of training packages in IT and new technologies and develop VET industry links in cutting edge industry areas.¹⁸

Adequacy of funding levels and models

4.22 There was a strong sense from evidence to the inquiry that current funding levels are insufficient to meet the growing and also current unmet demand for VET, cover the increased administrative costs associated with a diversified training market; meet the need for a renewed investment in infrastructure, equipment and professional development; meet diverse needs for state and community development; address skill shortages and provide a quality system.

16 ANTA, *Vocational Education and Training Directions and Resource Allocations for 2002*, Report to the Ministerial Council July 2002, pp. 35–36

17 Australian National Training Authority Act 1992, Schedule 1 – Australian National Training Authority Agreement, paras 23–36

18 ANTA, *Vocational Education and Training Directions and Resource Allocations for 2002*, Report to the Ministerial Council July 2002, pp. 35–36

4.23 Another common concern is that funding models and accountability and performance measures applying at the national, state and institute levels are not well designed to promote the achievement of national, state and community priorities for skills development or value for money. A particular concern of state governments and TAFE representatives, as well as some industry groups, is the need for funding allocations to support the maintenance of a vibrant public provider.

4.24 Numerous adverse consequences of the squeeze on VET funding, as a result of growth in numbers outstripping the increase in funds, are cited in submissions and evidence:

- Swinburne TAFE is reported to have not been able to meet increased student demand for training in hospitality, despite the serious shortage of commercial cooks and chefs;¹⁹
- public providers appear to have reduced their delivery of more expensive courses, such as those serving the needs of the manufacturing industry, and programs in regional and remote areas, exacerbating skill shortages in this critical area, according to the Australian Industry Group;²⁰
- TAFE in Victoria has been ‘cut to the bone’ as a result of funding constraints from both the Commonwealth and state governments according to Mr Robert Smillie of the Victorian TAFE Association;²¹
- reduced expenditure on staffing, consumables, student materials, repairs and maintenance; increasing class sizes; cessation of more expensive courses, increased delivery of less expensive courses (often the middle and higher level skill courses); and reduced services to regional and remote areas.²²
- Confirmation of the decline in higher level courses is found in the ANTA report on directions and resource allocations for 2002, which noted with concern the reduction in training associated with the professional/para professional occupations, where high employment growth is forecast, in contrast with the lower level of operator/clerical occupations, where there has been the greatest increase in activity;²³
- expenditure on staff development in TAFEs in Victoria was estimated at 1.9 per cent of gross wages, compared with the best-practice benchmark of 3-4 per cent;²⁴

19 Submission 79, TAFE Directors Australia, p. 18

20 Submission 74, The Australian Industry Group (AiG) and the Engineering Employers Association of South Australia (EESA), p. 27

21 Mr Robert Smillie, Council member and representative, Victorian TAFE Association Chief Executive Officers (CEO) Council, *Hansard*, Melbourne, 16 April 2003, p. 571

22 Submission 61, Victorian TAFE Association CEO Council, p. 12

23 ANTA, *Directions and Resource Allocations for 2002*, Report to the Ministerial Council, July 2002, p. 39

24 Submission 61, Victorian TAFE Association CEO Council, p. 14

- the funds provided for delivering training under the ‘user choice’ system are claimed to be inadequate to support quality training, particularly in thin markets and areas with higher cost structures, with the price in some states not having increased in eight years, according to private providers from several states. Inadequate funding is said to translate into lower standards, higher attrition rates or some training providers operating on a non-sustainable basis or withdrawing from the market;²⁵ and
- pre-vocational courses and pre-apprenticeship courses that are extremely attractive to industry either have disappeared or are only offered on a sporadic basis, despite the high job success rate of their graduates, according to the NSW TAFE Teachers Association.²⁶

4.25 The Victorian Government also expressed a concern that the funding cuts have been compounded by shifting the VET costs for unemployed people from the Commonwealth to the states and territories. This has occurred following the closure of most of the Commonwealth’s training programs for unemployed people since 1996, combined with the introduction of the Common Youth Allowance and mutual obligation policies:²⁷ the number of unemployed eligible for a fee exemption students in the Victorian TAFE system increased from 11,100 in 1996 to 19,000 in 2001, a rise of 71 per cent.

4.26 Reductions in Commonwealth funding may also have been compounded by reduced per capita funding by some state and territory governments. According to the Victorian TAFE Association, the Victorian Government requires TAFE institutes to achieve an annual 1.5 per cent productivity dividend, ‘which, if maintained, will largely erode increased funding announced by the Victorian government during 2002.’ This is despite the Victorian Government’s contribution of 49.7 per cent of recurrent revenues being the second lowest in the nation.²⁸ TAFE Institutes serving disadvantaged populations are also said to suffer additional funding pressures when state governments fail to fully reimburse them for the revenues foregone as a result of fee concessions.²⁹

4.27 The committee acknowledges that the Commonwealth rejects assertions that its contribution to VET is inadequate, pointing to the resumption in some growth funding in the current ANTA Agreement and proposals for continued growth funding in the next ANTA Agreement, subject to conditions. One level of the adequacy of funding is the ability to meet current demand: the Australian Bureau of Statistics in

25 Submission 84, Ms Arien Triggs, p. 3; Submission 52, MEGT Australia, p. 2; Ms Katrina Mellick, Executive Officer, Quality Industry Training and Employment (QiTE), *Hansard*, Mareeba, 4 April 2003, pp. 186–87

26 Submission 73, TAFE Teachers Association of NSW, p. 3

27 Submission 94, Victorian Government, pp. 6–7

28 Submission 61, Victorian TAFE Association, pp. 12–13

29 Submission 61, Victorian TAFE Association, p. 15

December 2002 estimated unmet demand for TAFE as 40,000 persons nationally, with almost 15,000 of these being under 25 years of age.³⁰

4.28 ABS estimates of unmet demand measure those who applied to gain a place in TAFE but were unsuccessful. Increased funds are also likely to be needed to rectify areas where Australia industry and the Australian community fall short of having the world-class skills and knowledge as envisaged in the new national strategy for VET. Indicators of shortfalls include:

- skill shortages have plagued many of the traditional trades since the late 1990s, and training rates must increase in many of these trades to overcome these problems;
- significant skill gaps in the existing workforce, with many existing workers and new entrants said to lack the generic employability skills that are increasingly required and many older workers with minimal education and a poor foundation for further education;
- an inadequate focus on intermediate skills: the number of adults with intermediate level qualifications has risen only slightly in absolute terms and not at all within proportionate terms between 1994 and 2000;³¹ only half of all New Apprenticeships are defined as contributing to the intermediate skill pool (as measured by training at AQF level 3 or 4 for an expected duration of two or more years).³² This is despite the findings of a major report into the training needs of Australian industry which indicated the need for more middle level skills in the technical and paraprofessional areas;³³ and
- only 80 per cent of young Australians achieve a sound foundation for lifelong employability through completion of either 12 years of schooling or an equivalent vocational education outcome, compared with 84 per cent in France, 88 per cent in Canada and the USA, 91 per cent in Germany, and 94 per cent in Japan.³⁴

4.29 The committee considers that these indicators suggest the need for an expansion in VET opportunities for young Australians, the unemployed and those out of the workforce seeking to gain the skills required to gain and retain employment in their chosen career, and for VET to have the capacity to partner with industry to meet the skills upgrading needs of the existing workforce.

4.30 Performance and reporting measures can also determine the range and types of skills development that are funded. There was a significant body of evidence during the inquiry indicating that the current narrow focus of the ANTA Agreement on

30 Australian Bureau of Statistics, *Education and Work*, 6227.0, May 2002, pp. 28–29; p. 53

31 Submission 101, Curtin Consulting, p. 4

32 *ibid.* p. 9

33 *ibid.* p. 8

34 Submission 44, Dusseldorp Skills Forum, p. 4

enrolment numbers and Annual Hours of Curriculum (AHC), often mirrored in state and territory planning and reporting arrangements, is seriously limiting the scope for, or willingness of, jurisdictions to invest in more expensive programs, or relationship/partnering initiatives, which can be of lasting value for industry or the community. The evidence suggests that unless there is a broader range of reporting measures, including those which measure innovation and equity outcomes, there will be pressure for resources to be channelled into the cheapest and simplest outcomes, with a focus on numbers or throughput.

4.31 Examples were provided of several desirable initiatives which could be expanded were it not for the current strong focus on AHC and enrolments:

- policies, programs and partnerships to meet the training and education needs of communities, including disadvantaged communities, such as language and literacy support, courses to promote employment readiness, pre-apprenticeship courses for students from migrant backgrounds, or courses to re-skill workers facing redundancy;³⁵
- a TAFE developed case management approach to assisting students with disabilities to obtain the specialised support they need to be successful in gaining employment;³⁶
- development of relationships with individual businesses and similar time-consuming, non-income generating activity;³⁷
- development of pathways between VET and higher education;
- the capacity to undertake innovative local solutions to meet skills shortages;³⁸ and
- innovative partnerships and models for integrated career and training pathways such as that developed by Bosch Australia and RMIT University, which require appropriate incentives for innovation and the ability to report innovation outcomes, as well as student contact hours.³⁹

4.32 A report for the NSW Board of VET in 2001 argued that annual student contact hours (ASCH) now drive VET in NSW and throughout Australia, and are the main basis on which resources are allocated. While this measure may have been a useful device to achieve substantial management efficiencies, create a more performance based and targeted system, and increase participation, the report concluded that:

35 Submission 61, Victorian TAFE Association, p. 10

36 *ibid.* p. 10

37 *ibid.* p. 11

38 Submission 48, Tasmanian Government, p. 24

39 Submission 47, Bosch/RMIT University, pp. 1–2

... there has been a cost. The funding system based exclusively on ASCH provides incentives for quantity but disincentives for quality. It rewards growth, irrespective of value. It ignores the shift from training to learning in workplaces. It limits the capacity of the VET sector to integrate training with other social and economic policies, even though research indicates that training may yield greater return if bundled with other workplace practices (Brookings Institution 2000). It focuses attention on now rather than the future. And importantly it limits the scope for innovative and flexible initiatives that might yield better employment and training outcomes than stand-alone training delivery...⁴⁰

4.33 Additional performance measures were suggested, within a coherent reporting framework, to reflect the more diverse range of training strategies that are now required and to ensure an appropriate focus on quality as well as quantity. The report recommended that priority be given to developing measures to promote the formation of skill ecosystems and to enable the growing workforce of non-standard employees to invest in continuing skills development.⁴¹

4.34 In a similar vein, the Victorian TAFE Association suggested the need for performance measures to focus on value (or efficiency and effectiveness), rather than simply efficiency.⁴²

4.35 States and territories continue to fund a large proportion of the cost of vocational education and training with their jurisdictions and are increasingly recognising the central role of vocational education and training in developing economically vibrant, socially cohesive communities. Several jurisdictions, notably Victoria and South Australia, have recently developed skills formation strategies with specific objectives for the development of their workforce and communities. As well, the Queensland Government has introduced a strategy to lift the education and training participation of young people. While these strategies reflect the varying circumstances and needs of each jurisdiction, a common thread is a dual focus of promoting innovation and community development, and as well as addressing major equity concerns.

4.36 Against this background, the Victorian Government argued that the planning, reporting and accountability requirements under the ANTA Agreement must foster innovation and specialisation in the Australian VET system and support key economic and social development priorities.⁴³ Victoria identified the following priorities for meeting the current and future skills needs of Australia: the reinvigoration of TAFE as the public provider of VET; enhancing post-compulsory pathways for 15–19 year olds; and recognition of the importance of education and training in developing

40 NSW Board of Vocational Education and Training (BVET), *Beyond Flexibility, Skills and Work in the Future*, October 2001, pp. 31–32

41 *ibid.* p. 32

42 Submission 61, Victorian TAFE Association, pp. 12–13

43 Submission 94, Victorian Government, pp. 6–7

healthy communities.⁴⁴ Other important priorities for skill formation in Victoria are targeting skill shortages and gaps, supporting restructuring, emerging industries and priority groups; facilitating the development of an ‘Innovation Economy’; recognising the different needs of new entrants and existing workers and the need for appropriate policy and incentive structures; and the need for VET providers to develop long-term partnerships with innovative companies and industry sectors.⁴⁵

4.37 As noted, the need for flexible funding models and planning and accountability measures has been taken up in the new draft national strategy for VET. In addition, ANTA has recognised the need for a range of different indicators for VET planning and the NCVER has commissioned a number of studies to investigate appropriate indicators. Some of these affirm the need for planning indicators for youth transition, and regional development among others. The point has also been made that there should be an alignment between planning and performance indicators to provide the basis for more robust planning and evaluation.

4.38 The conditions attached to funding also determine the level of funds available for specific purposes. Submissions from a number of state and territory governments or TAFE representatives asserted that the Commonwealth’s requirement that they increase the number of New Apprenticeships to access growth funds is adversely affecting jurisdictions’ capacity to fund other priorities. The following problems were cited:

- having to fund off-the-job training associated with New Apprenticeships in NSW is said to have reduced funding available under the Contracted Training Program, which had been readily available to address skill gaps;⁴⁶
- approximately 25 per cent of the South Australian state budget for VET, or \$46 million, is now directed to supporting the (continually expanding) New Apprenticeship system, which may be at the expense of funding training for the unemployed and other disadvantaged people, and other activities that might better contribute to the building a knowledge intensive workforce;⁴⁷
- the growth in New Apprenticeships in Tasmania and the associated increase in training agreements to be registered has increased the administrative burden on the state training authority, leading the state government to argue that ‘driving growth in numbers of New Apprentices through Commonwealth incentives and negotiated targets should be balanced with the need for programs to link with state priorities’;⁴⁸ and

44 *ibid.* pp. 6–7

45 *ibid.* 94, Victorian Government, pp. 6–7

46 *ibid.* 79, TAFE Directors Australia, p. 13

47 Government of South Australia, *Skills for the Future: Final Report of the Ministerial Inquiry*, May 2003, p. 5

48 Submission 48, Tasmanian Government, pp. 15–17

- the costs associated with New Apprenticeships in Victoria increased 66 per cent from 1999 to 2003, without a commensurate increase in the qualification outcomes and youth transition targets for young people because of the low completion rates associated with many New Apprenticeships.⁴⁹

4.39 The priority to be given to New Apprenticeships relative to other forms of VET provision is contentious. According to ACCI, employers see New Apprenticeships as a critical component of VET, a primary way for new employees to enter the workforce and a system ‘which is increasingly favoured by employers.’⁵⁰ Elsewhere the ACCI has also been reported as questioning whether 75 per cent of public funding for VET should continue to be allocated to institutional VET rather than employment-based training, as in New Apprenticeships.⁵¹

4.40 While most state governments support New Apprenticeships as an important means of helping young people move from school to work and gain the necessary qualifications to compete in today’s job market, many also believe that there should be a more targeted approach to the program, given the increasing costs, limited budgets and competing demands. In the absence of agreement between that states and territories and the Commonwealth on appropriate priorities and targeting, divergent approaches have been adopted to availability of incentives and concessions and the funding of Registered Training Organisations (RTO) training associated with New Apprenticeships. The Victorian Government suggests that the ‘blanket priority accorded to New Apprenticeships over all other forms of VET may be inappropriate given the diversity of traineeships’ and has called upon the Commonwealth and states and territories to work together to develop a coordinated set of incentives aimed at producing the maximum benefit from the public investment.⁵²

Comment

4.41 The committee considers that the current funding levels, models and accountability and reporting measures for the VET system are not compatible with the objectives of the new national strategy, the development of a high skill workforce, promotion of innovation and strengthening communities and regions, or with development of a quality, responsive system that can provide diverse responses to skill needs. The committee believes that the MINCO meeting in November where the next ANTA agreement will be negotiated must consider the need for additional funding, a broader range of accountability measures which are consistent with the new national strategy and which support state and territory government’s strategies for social and economic development.

49 Submission 94, Victorian Government, p. 24

50 Submission 100, Australian Chamber of Commerce and Industry (ACCI), p. 27

51 Elson-Green J, ‘Keeping Industry-led Focus: Key ACCI Strategy’, *Campus Review*, February 26–March 4, 2003

52 The Hon. Lynne Kosky MP, Minister for Education and Training, *Knowledge and Skills for the Innovation Economy*, June 2002, pp. 14–17

4.42 The funding levels and arrangements of states and territories, and the policies of individual TAFEs also influence the capacity of the VET system to meet the nation's skill formation priorities. The evidence put to the inquiry suggests that at least some states and territories should review their level of funding, reimbursement arrangements for fee concessions and planning and accountability measures to ensure that they are also consistent with these goals.

4.43 Recommendations on funding and reporting measures are made following the next section on User Choice, which is a significant element of the current policy framework and funding arrangements.

User Choice

4.44 Under 'user choice' policy employers and employees choose their training provider for publicly-funded VET and can negotiate on the timing, location and mode of delivery. The policy's premise is that direct market relationships increase the VET system's responsiveness to client needs and indirectly increase employer investment in training.⁵³

Implementation of user choice

4.45 Following a review in the mid 1990s, changes were made to the national training system with the aim of making it more demand driven.⁵⁴

4.46 The policy of user choice for all New Apprenticeships, and a set of associated principles, was agreed by MINCO for implementation from 1 January 1998 (with NSW reserving its position).⁵⁵ Despite MINCO agreement, it appears that states and territories have always seen the policy as primarily Commonwealth-driven, and vary in their support for the policy.⁵⁶ This lukewarm support may also reflect the unfortunate co-incidence of the introduction of user choice and the 'growth through efficiencies' funding policy, both of served to reduce the resources under the direct control of state training authorities. The policy today remains contentious, with varying views among VET stakeholders on its effectiveness in promoting a flexible, responsive and quality training system.

4.47 In late 2000 this committee concluded that the policy's effectiveness in developing the training market and encouraging greater flexibility and responsiveness by providers was unproven. At the same time, there were significant quality concerns, attributable to weaknesses in User Choice policy as well as inconsistencies in implementation of the quality framework. The committee therefore recommended a

53 Centre for the Economics of Education and Training (CEET – Monash University and ACER) Ferrier F and Selby-Smith C, 'An Investigation of ACCI's User Choice Proposals', *CEET Working Paper* no 47, Feb 2003, pp. 1–2

54 Ms Kaye Schofield, *Hansard*, Sydney, 6 May 2003, p. 832

55 CEET, Ferrier F and Selby Smith C, 'User Choice – the Experience since 1998', *CEET Working Paper*, no 36 May 2001, p. 2

56 *ibid.* p. 9

moratorium on any extension of the policy until the resolution of these problems and a demonstration of net benefits to stakeholders.⁵⁷

4.48 A revised quality framework, the Australian Training Quality Framework has since been implemented, but User Choice policy remains an unresolved issue on the national training agenda. Implementation is variable, with a number of states capping user choice funds pending an assessment of the policy's impact on the public provider and training policy and programs more generally.⁵⁸

4.49 ACCI has expressed concern at this situation, seeing the policy, and the scope to negotiate on training delivery and content, as fundamental to the capacity of the VET system to meet industry needs. Its submission states that:

A weakening of the User Choice arrangements, or a failure to fully implement those arrangements will only lead to a lessening of demand. Employers may begin to withdraw from an engagement in training if their role and influence is diminished...Employer engagement in training...is essential to the on-going performance of the VET system in Australia.⁵⁹

4.50 In order to progress the issue, ACCI developed a revised set of User Choice principles and implementation arrangements, which it urges MINCO to adopt for all training associated with New Apprenticeships.⁶⁰

4.51 The May 2002 MINCO meeting agreed to examine the ACCI proposal and ANTA commissioned a study on state and territory practice on User Choice and views on ACCI's proposals. The resultant report confirmed significant variations in implementation across jurisdictions, with most cautious about full implementation of ACCI's proposals. The scope for significant increases in demand for publicly-funded training for New Apprenticeships, not necessarily in priority areas, and additional administration and monitoring costs, were major areas of concern, along with the potential impact on the public provider.⁶¹

4.52 The report also found that the economic benefits of a competitive training market are yet to be fully substantiated and there are potentially adverse social, economic, educational or political consequences.⁶² It identified the need for

57 Senate Employment Workplace Relations and Small Business References Committee, *Aspiring to Excellence*, 2001, pp. 97–98

58 CEET, Ferrier F and Selby-Smith C, 'User Choice – the Experience since 1998', *CEET Working Paper*, no 36 May 2001, p. 9; Submission 60, Northern Group Training, p. 6; Mr Ian Curry, National Project Officer, AMWU, and Mr Gary Andrew, Executive Officer, IICF, *Hansard*, Port Augusta, 9 April 2003 p. 345; Mr Michael Stevens, Deputy Secretary, VET Strategies, Department of Education Tasmania, *Hansard*, Launceston, 14 April 2003, p. 420

59 Submission 100, Australian Chamber of Commerce and Industry (ACCI), p. 21

60 *ibid.* p. 24

61 CEET, Ferrier F and Selby-Smith C, 'An Investigation of ACCI's User Choice Proposals', *CEET Working Paper* no 47, Feb 2003, pp. 16–20

62 CEET, Ferrier F and Selby-Smith C, 'User Choice—the Experience since 1999', *CEET Working Paper*, no 36 May 2001, p. 10

comprehensive research and data on the effects of User Choice and an open and constructive debate as preconditions for definitive conclusions about the consequences of competition and market reform in VET.⁶³

4.53 MINCO considered the report at its June 2003 meeting, and agreed to defer consideration of full implementation of User Choice until an independent risk assessment of the impact on states. ACCI has expressed disappointment with this decision, re-asserting employers' preference for User Choice and its role in promoting a more diverse, national, training market.⁶⁴

Views on User Choice

4.54 There is a diversity of stakeholder views on the merits of User Choice and a competitive training market. While most states and territories have introduced some restrictions on 'user choice', most, if not all, also fund competitive training programs outside of the 'user choice' framework and clearly see a role for some competition in a responsive training system. There was a view that TAFE is now very responsive, meeting one of the aims of competition. For example, Mr Bert Evans, Chairman of the NSW Board of Vocational Education and Training told the committee that while TAFE was unresponsive and inflexible 10 years ago, it has now been transformed.⁶⁵

4.55 At the same time, states and territories have concerns about the impact of competition on the public provider particularly, but not only, in thin markets.⁶⁶ The Schofield report in Victoria recommended that the Government needs to develop a long-term vision to guide and direct future investment in public infrastructure so as to ensure the sustainability of the TAFE system.⁶⁷ The NSW TAFE Teachers also submitted that funding must be specifically allocated to the public provider, TAFE, on an ongoing recurrent basis, to ensure that it remains viable and vibrant.⁶⁸

4.56 There are also some concerns that competition has had the perverse effect of making the system more 'supply-driven', because of the incentive for providers to generate demand for the standard 'product' funded under a competitive model. In response to these concerns in Cape York, the Queensland Government has introduced a three year trial of a limited preferred provider model, known as the Cape York Purchasing Strategy. The strategy, which is not necessarily limited to training for New Apprenticeships, is designed to enable preferred providers greater flexibility in working with remote communities, including Indigenous communities, to meet their training needs, including for non-standard products, such one-on-one mentoring. However, a representative from remote communities in the Gulf Savannah area of

63 *ibid.* p. 10

64 Elson-Green J, 'User Choice Confusion', *Campus Review*, vol 13 (25), July 2–8 2003, p. 7

65 Mr Bert Evans, Chair, NSW Board of VET, *Hansard*, Sydney Roundtable, 7 May 2003, p. 906

66 Mr Michael Stevens, Deputy Secretary, VET Strategies, Department of Education Tasmania, *Hansard*, Launceston 14 April 2003, p. 420

67 Submission 61, Victorian TAFE Association CEO Council, p. 13

68 Submission 73, NSW TAFE Teachers Association, p. 3

Queensland told the committee that competition and a diversity of providers, is a better approach to meeting these communities' needs for more flexibility in training provision.⁶⁹

4.57 Although ACCI's strong support for User Choice appears to be shared by some other industry representatives, including the Master Builders Association, and Australian Business Ltd,⁷⁰ the AiG and Engineering Employers' Association of South Australia qualify their support as being dependent on 'an environment of a strong public provision.' These groups have a particular interest in trade and post-trade training in manufacturing, more than 90 per cent of which is currently provided by TAFEs, and is said to be less attractive to private providers because of high delivery costs.⁷¹ The committee notes that ACCI has also indicated support for the public provider, 'given that the public provision of VET will remain a dominant feature of the sector for some time', but suggests public providers should be able to offer specialist training on a national basis if required.⁷²

4.58 The committee was told that the Commonwealth continues to see User Choice as a very important lever in opening up the market and has asked other jurisdictions, in the context of the negotiations on the next ANTA Agreement, to commit to the policy and full implementation of resolutions agreed by MINCO.⁷³

The committee's view

4.59 The committee considers that competition and a mixed training market, including User Choice, have played a role in promoting a more responsive and flexible training system. But they are not necessarily the best or only means of promoting a VET system that meets industry needs. Competition and contestable funding models such as 'user choice' arguably function more effectively with 'standard' products or outcomes, such as New Apprenticeships training. However, the evidence to this inquiry has pointed to the need for more diverse and flexible approaches to skills development for enterprises and individuals, including partnerships between VET and industry, which are less well suited to the user choice model.

4.60 The committee also notes that a diversified training market based on competition, as in the 'user choice' model, can also have the effect of fragmenting and duplicating resources, in contrast to the need for greater concentration and

69 Mr Dale Anderson, Institute Director, Tropical North Queensland Institute of Technical and Further Education and Ms Kathryn Sutcliffe, CEO, Gulf Savannah Corporation, *Hansard*, Cairns Roundtable, 2 April 2003, pp. 134–37

70 Submission 85, Master Builders Association, p. 19

71 Submission 74, AiG and the EESA, pp. 26–27

72 Elson-Green J, 'Keeping Industry-led Focus: Key ACCI Strategy', *Campus Review*, February 26 – March 4, 2003, p. 6

73 Mr Colin Walters, Group Manager Science, Former Group Manager, Vocational Education and Training, Department of Education, Science and Training (DEST), *Hansard*, Canberra, 15 August 2003, p. 1203

coordination of resources for some industries requiring significant technology investment, such as manufacturing and automotive industries. The development of centres of excellence, sharing of resources, and partnerships, clustering and collaborative approaches, are likely to be important aids to developing the high skills ecosystems that globally exposed, technology-dependent industries need to remain competitive. This issue is discussed further in the later section on skill centres.

4.61 Social capital in communities and regions may also depend on collaborative approaches, and the committee notes that ANTA acknowledges that competition may serve to inhibit this collaboration, particularly in thin markets.⁷⁴

4.62 Finally, but significantly, the committee also believes that any expansion of User Choice is likely to have a detrimental effect on the viability of the public provider, which, the committee believes must remain the cornerstone of Australia's system of vocational education and training.

4.63 Given this context, the committee strongly supports the independent evaluation, based on careful research, of the consequences of the policy, including a risk assessment of the effect on the public provider. The evaluation should also specifically consider the role of user choice within the new national strategy, with its greater focus on development of partnerships between industry and training providers and sustainable communities.

4.64 The committee believes that the evaluation should also consider best practice in user choice implementation,⁷⁵ including issues such as pricing policy, loadings for regional areas and equity groups, and examine the real costs of providing quality training for New Apprenticeships. Other measures to promote flexibility in delivery, for example, requiring all training providers to provide clear statements of their policies and practices on flexible training delivery, perhaps on the Training portal, should also be examined.

4.65 The committee also believes that it is important that the particular role and broader social obligations of the public provider, TAFE, are explicitly recognised in training policy and funding arrangements. TAFE provides a range of training opportunities for individuals and industries that would not be profitable or attractive for private providers, such as 'second chance' education for early school leavers, language and literacy training, and training with small demand and high relative costs. As the experience in some states also indicates, TAFE is often called on to pick up the training of individuals following the failure or closure of private providers.

4.66 At the same time, the committee also acknowledges the calls from the private training sector and some industry representatives for a right of third party access by

74 Australian National Training Authority (ANTA) *Meta-Analysis: Developing the Role of VET, especially TAFE, in Building Social Capital in Communities and Regions*

75 CEET, Ferrier F and Selby Smith C, 'User Choice – the Experience since 1998', *CEET Working paper*, no 36, May 2001, p. 4

private providers and industry to TAFE facilities, on an appropriate commercial basis. The committee notes that there are a range of arguments for and against such a policy and that these would need to be carefully weighed before any policy position was settled. These could be discussed within the context of further analysis of user choice.

Recommendation 22

The committee recommends that, in the context of the next ANTA agreement:

- **the Commonwealth recognises its responsibilities for providing funding for growth and unmet demand for VET and agrees to increase funding accordingly; and**
- **the Commonwealth and states recognise their respective responsibilities for meeting the diverse skill formation needs recognised in the new national strategy and in this report and supporting improvements in the quality of VET facilities and teaching, and agree to increase funding accordingly.**

Recommendation 23

The committee also recommends that ANTA MINCO develops a broader range of accountability and reporting measures for VET, to apply during the life of the next ANTA Agreement. A focus on student contact hours and enrolments must be balanced against accountability measures that value and support key outcomes, such addressing current skill shortages, increasing the skills of the workforce against clearly defined targets and meeting the skill needs of individuals and communities.

Recommendation 24

The committee recommends that ANTA MINCO develops a long-term vision to guide and direct future investment in public infrastructure so as to ensure the sustainability of the TAFE system. This should include a professional development strategy for TAFE teachers to ensure that they have both up-to-date industry experience, appropriate teaching competencies and qualifications, and the skills necessary to develop generic skills, including critical thinking, as well as technical skills.

Recommendation 25

The committee recommends that the evaluation of ‘user choice’ policy currently underway should include a consideration of the policy’s role within the broader objectives of the new national strategy, and jurisdictions’ own strategies for skill formation.

The committee also recommends that ANTA MINCO defers further consideration of user choice policies and principles until after the report of the evaluation has been provided to it and there has been an open and public debate on the policy, including with the full range of VET stakeholders.

The institutional framework and infrastructure of VET

4.67 The institutional framework and infrastructure for training delivery also determine the capacity of the VET system to meet its diverse objectives. This section will focus on the main elements of the VET institutional framework and infrastructure which were raised during the inquiry as being of fundamental importance for the system's capacity to meet current and future skill needs. These are: the national training system for recognition of training and training providers, training packages, employability skills, group training companies and skill centres.

A national training system

4.68 The creation of a national training system, with nationally recognised qualifications and training providers underpinned by common quality standards, was one of the main objectives of the Commonwealth and states in establishing ANTA and the associated policy framework. National, portable qualifications are important for more flexible labour market, valuable for both individuals and employers; a national training market should provide more flexibility in responding to the training needs of industry and individuals.

4.69 Ten years on, while significant progress has been made, chief among them the introduction of the Australian Qualifications Framework, national training qualifications and a National Training Quality Framework, a national system remains a work in progress. Evidence to the inquiry indicates that there remain problems in achieving recognition of qualifications and training providers across jurisdictions. States and territories also adopt varying approaches to implementation of training packages and funding of associated training and New Apprenticeships and, as noted, to 'user choice', the latter a concern to private providers operating nationally or across state borders. These differences appear to reflect the origins of the national training system, where the core elements of a national system were grafted onto a training system which essentially retained primary responsibility for the regulation and provision of vocational education and training for the states and territories. The intersection of vocational education and training with many other policy areas including occupational licensing and, for employment-based training, industrial relations, that are also the responsibility of the states and territories, provides further scope for divergent responses.

4.70 While the National Qualifications Framework and the National Training Quality Framework (and its predecessor, the Australian Recognition Framework), combined with arrangements for mutual recognition, were originally intended to provide national recognition for training qualifications and Registered Training Organisations, there has not been a sound legislative basis for national recognition to date. State and territory governments retain responsibility for recognition of qualifications and providers and their obligations are set out in relevant state and territory legislation which may conflict with the imperatives of the national training system. For example, Mr Bert Evans, Chair of the NSW Board of Vocational Education and Training (BVET) told the committee that BVET's current legislative

obligations to ensure the highest quality of training override any imperatives to recognise RTOs registered in other jurisdictions under mutual recognition policy.⁷⁶

4.71 To overcome this problem, the Commonwealth and states and territories have agreed to ‘model clauses’ for incorporation in state legislation mid 2004. The aim of these model clauses is to ensure that legislation in each jurisdiction provides automatic recognition of qualifications issued by a Registered Training Organisation (RTO) and RTOs registered in any other jurisdiction. ACCI has pointed out, however, that there is no imperative for states and territories to agree to model clauses, and unless all jurisdictions adopt the clauses, then national consistency will not be realised. ACCI called for national agreement to the clauses and incorporation of them into respective legislation in a timely manner.⁷⁷ The committee endorses this position and calls on the states and territories to commit to the implementation of the model clauses during discussions on the next ANTA Agreement.

4.72 Differing state and territory licencing requirements for some trades and related occupations may operate as a further effective barrier to nationally recognised qualifications. This issue was raised on several occasions during the inquiry along with concerns from some apprentices that while they have completed requirements for grant of the relevant AQF qualification for their trade, they may not meet the licencing requirements. The committee was told that ANTA has established a committee to review and investigate occupational licence requirements, in consultation with state licencing and training authorities, industry and training providers. The ANTA committee’s report, *A Licence to Skill* sets out a plan of action to harmonise qualification and licence requirements, at least initially at the state and territory level. The committee was told that MINCO has reaffirmed the need to continue to pursue efforts to harmonise national qualification and licencing requirements.⁷⁸ The committee considers that this work must be given the utmost priority and should also consider the reports of discrepancies between training hours required to meet licencing standards in some industries and the number of hours of training funded from the state training budget, and any need to align Australian qualifications with international standards.⁷⁹

Recommendation 26

The committee recommends that MINCO directs ANTA to review all training packages to ensure that the requirements for grant of the AQF qualification take account of any licencing requirements for the occupation, including international

76 Mr Bert Evans, Chair, New South Wales Board of Vocational Education and Training, (NBVET), *Hansard*, Sydney Roundtable, 7 May 2003, p. 909

77 Submission 100, ACCI, p. 39

78 Mr Steve Balzary, Director, Employment and training, ACCI, *Hansard*, Canberra, 20 June 2003, pp. 1129–30

79 Notes of meeting, Australian Aviation Centre, Brisbane, 28 July 2003, Tabled with committee papers

licencing requirements, where appropriate (for example in some aviation and marine occupations).

The committee also recommends that relevant Commonwealth and state authorities work towards the goal of national consistency of licencing requirements for the traditional trades.

4.73 Industry representatives and some training providers also raised concerns about jurisdictional differences in the process and timeframes for implementation of New Apprenticeships. The submission from the Australian Council for Private Education and Training (ACPET) itemised the areas of inconsistency between states and territories in funding arrangements for VET, which they contend add to the cost pressures facing their members operating as RTOs across more than one jurisdiction. ACPET suggested that the Commonwealth work with the states and territories through ANTA and MINCO to achieve continuous improvement in the way nationally agreed qualifications and policies are implemented and skills development programs purchased.⁸⁰

4.74 The committee notes in this context that, in line with a decision of the ANTA MINCO in May 2002 to examine ways of reducing red tape and bureaucracy in the administration of New Apprenticeships and the national implementation of the standard training agreement, user choice applications and simplifying and standardising arrangements for training plans, a working group with ANTA, the States and Territories, and the Australian Chamber of Commerce and Industry and union representation is working on these issues.⁸¹ The committee endorses the importance of this work.

4.75 While the AQTF is meant to require jurisdictions to adhere to common standards for registration and audit of RTOs, jurisdictions adopt varying processes and requirements for assessing whether these standards are met. The need to comply with these varying requirements means that RTOs operating across jurisdictions face increased, and for small organisations, perhaps prohibitive, costs.⁸² One principal of a private RTO told the committee that:

The current implementation of the AQTF at state level requires small private Registered Training Organisations to design and develop policies and procedures and management systems at their own considerable cost (estimated to be approximately \$250,000 in cash and opportunity cost) ...We detract completely from the national consistency and quality we desire through this grossly unequal practice that requires the design and development of 1500 different designs of policies, procedures and forms for recruitment, enrolment, risk analysis, job safety analysis, continuous improvement, customer complaints, grievances, appeals, legislative

80 Submission 8, Australian Council for Private Education and Training (ACPET), p. 4

81 DEST, Responses to Questions on Notice from the Committee

82 Ms Jacinta Rowe, Director, JS2 Pty Ltd, *Hansard*, Sydney Roundtable, 7 May 2003, p. 908

requirements, access and equity, monitoring and review and so on, when one template designed, developed and provided by ANTA would suffice... how much of the \$4.2 billion [spent in VET] was actually spent on the training and assessment process that identifies and meets current and future skills needs and how much was spent on the administration and management of this over-bureaucratized system?⁸³

4.76 The committee notes that the National Training Quality Council (NTQC) will be conducting a review of the implementation of the AQTF Standards this year. The committee considers that the review could usefully consider the development of a common approach to audit of RTOs and ANTA development of a common template for forms and procedures as suggested above.

Training packages

4.77 Training packages set out the nationally agreed competencies (skills and knowledge) for occupations or an occupational group, together with competency standards, guidelines for assessing those standards and the qualification titles and requirements associated with the occupation. Although packages may also include other components, such as learning support materials and strategies, assessment materials and professional development materials, there is no requirement that they do so. This is a key difference between training packages and the approaches that they replaced, such as curricula: training packages do not prescribe how training should occur, on the premise that this should reflect learner's needs abilities and circumstances.

4.78 ANTA describes training packages as the main 'architecture' of the training system.⁸⁴ They are designed to meet several objectives:

- promote national consistency of training standards and outcomes, by ensuring a common basis for award of qualifications;
- provide training that is industry-relevant training, through industry's role in establishing the competencies and the associated standards required for satisfactory performance in the workplace; and
- provide for greater flexibility in training delivery, by allowing a range of pathways for achievement of qualifications, more flexible delivery methods, including fully on the job training if appropriate.

4.79 Under current policy arrangements, the intention has been that training packages will become the basis of all nationally recognised VET in Australia and that they supersede all previously accredited courses covering the same area: Registered Training Organisations are required to use training packages where they exist.⁸⁵ By

83 Submission 84, Ms Arien Triggs, p. 3; p. 7

84 ANTA website: www.anta.gov.au/vetWhat.asp

85 Senate Employment, Workplace Relations, Small Business and Education References Committee, *Aspiring to Excellence*, 2000, pp. 143–44

March 2003, 70 industry and seven enterprise training packages had been endorsed, nine reviews of packages had been completed and 41 were in progress.⁸⁶ Coverage has been greatest for lower-level qualifications, with more limited coverage for qualifications above Certificate 3 level. Occupational coverage is broad and growing with packages developed for occupations which previously lacked formal mechanisms for skills development and recognition. This is seen to be one of most positive aspects of the training package approach.

4.80 By replacing the time-based training requirement traditionally associated with apprenticeships, with scope for qualifications to be awarded as soon as a person can demonstrate all the required competencies, training packages also allow for accelerated training, at least in theory. In combination with arrangements for recognition of prior learning, they also provide a framework that is arguably very suitable for upskilling, cross-skilling and retraining of the workforce.

4.81 Evidence from industry strongly supported the concept of training packages, industry's continued role in the identification of competency and assessment standards and the inherent scope for flexible pathways and delivery approaches. The requirement for individuals to demonstrate actual competency, is seen as far preferable to certification purely on the basis of 'time served.'⁸⁷ At the same time, industry representatives raised some concerns about the current structure of packages or arrangements for development and implementation.

4.82 One of the principles underpinning the concept of training packages is that they should promote 'seamless pathways'. However the AiG and EEASA cited instances where there is no articulation or pathway from lower to higher level qualifications within a package, contrary to this 'rhetoric'.⁸⁸ A witness from Cairns Group training, made a similar point, referring to a certificate 2 qualification in engineering for aviation as not articulating to any other qualification within the same package.⁸⁹ The committee considers that this is a major defect in the implementation of training packages and that packages should provide scope for articulation from lower level to higher level qualifications within the one package.

4.83 Evidence also indicated the need for more flexibility in combining competencies from different packages within the rules for qualifications. AiG and EEASA, for example, submitted that new manufacturing now requires skill sets drawn from several traditional occupations or industries, which currently included in several different packages.⁹⁰ They recommended significant streamlining of the current suite

86 Submission 35, Australian National Training Authority (ANTA), p. 3

87 Mr David Ireland, Director, Cairns Aviation Skill Centre, *Hansard*, Cairns Roundtable, 2 April 2003, p. 144

88 Submission 74, AiG and EESA, p. 11

89 Mr John Winsor, CEO, Cairns Region Group Apprentices, *Hansard*, Cairns Roundtable, 2 April 2003, p. 146

90 Submission 74, AiG and EESA, pp. 22–23

of packages to reduce duplication, identify core or common sets of competencies and provide greater scope for combining competencies across packages. The Tasmanian Government also identified the need for more flexibility in combining competencies from within the one package or several packages into qualifications, to cater for the diversity of industry and occupational structures, or enterprise arrangements across Australia. In small states such as Tasmania, for example, and in small enterprises, it is more common for people work across a range of industry sectors or occupations and there is less specialisation within an occupation.⁹¹ Training packages need to allow for these differences if they are to be relevant to the needs of SMEs and smaller states. These issues are being taken up by the current high level review of training packages discussed below.

4.84 Evidence also indicated that the current emphasis on training packages as the basis for all VET, may need to be revisited, to take account of cases where other approaches may be more suitable. For example, the focus in training packages on competence as demonstrated and assessed in the workplace, can be a limitation in circumstances where there is a need for people to have a minimum degree of competence before working in the occupation or industry. Thus the failure of packages to provide a basis for the pre-vocational or induction training programs which can prepare people to work in some seasonal industries such as viticulture, vegetable industries and dairy processing, is seen to limit the scope for development of a multi-skilled seasonal agricultural workforce.⁹² The Australian Industry Group and Engineering Employers Association of South Australia also submitted training packages may not be suitable as a basis for VET in schools programs in disciplines such as engineering, where work placements may be difficult or inappropriate for safety or productivity reasons. In this case, a program providing a broad base of technical skills in engineering areas that could later articulate into a training package pathway or qualification, may provide a better means of providing the preparatory learning and foundation skills, that are needed to accelerate the time required to complete a traditional apprenticeship.⁹³

4.85 Submissions and evidence from a number of educationalists criticised the concept or the implementation of training packages and sometimes both. Those critical of training packages saw them as:

- promoting a mechanistic and ‘tick and flick’ approach to teaching with inadequate attention to underpinning knowledge and skills and the integration of knowledge and skills;⁹⁴
- providing insufficient emphasis on generic skills such as problem-solving and team-work;

91 Submission 48, Tasmanian Government, p. 15

92 Department of Economic Development, 2002, *Advice to the Office of Post-Compulsory Education and Training (OPCET) for the VET Strategy 2003–2005*

93 Submission 74, AiG and EESA, p. 7; pp. 29–30; p. 32

94 Submission 34, Ms Leesa Wheelahan, p. 6

- focused on past rather than current and future skill needs, partly due to the long lead times for development and the pace of workplace and technology change, limiting their capacity to meet the needs of emerging industries or technologies;
- limiting the scope effective institutionally based training, which may be the most effective training response in some instances; and
- placing greater demands on the skills of trainers and assessors through the scope for customisation and absence of training materials or a set curriculum.

4.86 Several submissions were critical of the separation of the outcomes and process of learning and what was described as a narrow focus of competencies on behaviours that can easily demonstrated and assessed in the workplace.⁹⁵ Oral evidence from a representative of TAFE Queensland also raised concerns about the scope for training packages to develop ‘deep learning and innovative skills’.⁹⁶

4.87 Ms Leesa Wheelahan argued that the current approach to competency based training evident in training packages is inconsistent with the need to provide the broad foundation of knowledge and skills which will promote lifelong learning, the flexibility to adapt to change and assist individuals to participate fully in society.⁹⁷ She cited materials produced by ANTA as limiting the scope for packages to include underpinning knowledge and skills, including statements that: ‘standards [in packages] should not include entirely knowledge based units, elements or performance criteria unless a clear and assessable workplace outcome is described’, and that knowledge and understanding should only be included [in assessment standards] if it refers to knowledge actually applied at work’.⁹⁸ The implication was that the competency based approach has been applied in a simplistic, mechanistic fashion, at the expense of a broader focus on the foundation skills and knowledge that promote innovative, flexible responses and problem solving.

4.88 A study for the Victorian government also found that the existing competency-based training and assessment system (CBT) is predicated on the development and recognition of behavioural skills, while the growing demand from industry is for people with strong cognitive and interactive skills. It argued that competency-based training, as the basis of the national training system, must be able to accommodate higher level cognitive and interactive skills.⁹⁹ The committee agrees that this is a central issue that must be accorded high priority during the review of training packages. Consideration of this issue will also need to embrace the extent to

95 Submission 34, Ms Leesa Wheelahan, p. 2; Submission 38, Dr Stephen Billett, pp. 4–5

96 Mr Dale Anderson, Institute Director, Tropical North Queensland Institute of Technical and Further Education, *Hansard*, Cairns Roundtable, 2 April 2003, p. 146

97 Submission 34, Ms Leesa Wheelahan, pp. 4–5

98 Submission 34, Ms Leesa Wheelahan, pp. 5–6

99 *Assessing Demand and Establishing Priorities for VET Research Program Reports Part Four – Training Needs Across Industry Sectors*, pp. 30–31; at OTTE VIC website: www.otte.vic.gov.au/employers/ResearchProgram.htm#one

which fully on-the-job training is compatible with development of the higher level cognitive skills that will need to be an essential part of VET for the future.

4.89 The inquiry also received much evidence in support of the need for training packages to provide more support for trainers to develop the instructional processes and learning experiences that will develop students' capacities to think and act as skilled people in their chosen career. Many training packages lack learning and assessment resources, placing greater onus on the expertise of the trainer and assessor, and translating into inconsistent assessment.¹⁰⁰ Witnesses suggested that more developed descriptions of assessment standards would also provide greater support for trainers and assessors and promote more consistency¹⁰¹ and, combined with good learning resources, increase the take up of packages. The committee was told, for example, that the absence of learning and assessment resources in the training package for health and community resources has limited the implementation of the package and the scope for increased training in this key area of skill shortage.¹⁰²

4.90 There was also evidence that the processes and timeframes for development and review of training packages may be incompatible with the pace of change in many industries or fields, including emerging technologies such as photonics. Many emerging technologies are 'enabling technologies' and generate the need for new competencies to be incorporated into training packages across several occupations or industries.¹⁰³ There was a view that the most appropriate response may be to develop accredited courses for emerging industries and technologies as an initial response to ensure fast dissemination of training.

4.91 ANTA is currently undertaking a high level review of training packages to assess whether the current training package model and its supporting systems and structures are adequate for meeting current and future skill needs.¹⁰⁴ In parallel with this review, ANTA, in conjunction with NCVET, is also reviewing the best approach to development of generic skills, which are now being addressed as employability skills.

4.92 The criticisms of training packages by industry and educationalists resonate to some extent with the findings of the first stage of the high level review. The review concluded that VET in Australia has traditionally been focused on development of technical and practical skill outcomes over cognitive outcomes, whereas the

100 Ms Louise Godwin, President, TAFE NSW Managers Association, *Hansard*, Sydney Roundtable, 7 May 2003, p. 926; Ms Jacinta Rowe, Director, JS2 Pty Ltd, *Hansard*, Sydney Roundtable, 7 May 2003, pp. 923–24

101 Ms Louise Godwin, President, TAFE NSW Managers Association, *Hansard*, Sydney Roundtable, 7 May 2003, pp. 926–27

102 Ms Jacinta Rowe, Director, JS2 Pty Ltd, *Hansard*, Sydney Roundtable, 7 May 2003, p. 924

103 Ms Karen Whittingham, Public officer and other positions, Australian Vocational Education and Training Research Association, *Hansard*, Sydney Roundtable, 7 May 2003, p. 931

104 ANTA website: www.anta.gov.au/tenders/tpkReview/highLevel.asp

contemporary workplace and society more holistic learning practices and a greater focus on cognitive skill development.¹⁰⁵ While approving of the view that standardised curricula are no longer appropriate given the diversity of VET clients, contexts, providers and delivery methods, the review observes that the freedom inherent in packages places greater demands upon the skills of the VET providers.¹⁰⁶ In this context, and in light of the growing importance of development of cognitive skills, the review found a case for greater attention to learning processes and strategies because of their critical importance in developing some skills.¹⁰⁷

4.93 The review also acknowledged that the current occupational and industry sector focus of packages no longer reflects contemporary industry or career paths.¹⁰⁸ It concludes that there is a need to clarify the role and function of training packages in VET, including those training needs that lie outside the scope of training packages.¹⁰⁹

4.94 The committee agrees with these general findings and considers that the review of training packages must also address the wide range of concerns about their design and implementation. These include the need for greater focus on the development of underpinning knowledge and cognitive skill, the need to consider the needs of SMEs and the differing industry structures in the smaller states, and the need for good quality learning and assessment support materials to be included with the release of every package.

Assessment

4.95 The integrity of the national qualifications for VET, as set out in training packages and the AQTF, is vitally dependent on the integrity of the assessments made by assessors, including Registered Training Organisations. A number of witnesses and submissions raised concerns about the integrity of many assessments, with a particular concern being the adequacy of assessors' skills. A representative of the Trainers and Assessors in Newcastle observed that under the current Certificate IV qualification for trainers and assessors:

A person can do a five-day course and become a trainer and assessor without any knowledge of sociology of education, psychology of education, educational research—the higher levels of pedagogy have been forgotten. We have a large number of trainers and assessors whom I would suggest are not as qualified and as skilled as they should be. So in talking about current and future skills development, it is no use talking about the industry needs or infrastructure that we have without talking about the quality of trainers'

105 ANTA, *High Level Review of Training Packages, Phase 1: An Analysis of the Current and Future Context in which Training Packages Will Need to Operate*, ANTA 2003, p. 16

106 *ibid.* p. 13

107 *ibid.* p. 41

108 *ibid.* p. 40

109 *ibid.* p. 42

qualifications, how good they are and how well they are able to upskill the learners.¹¹⁰

4.96 Another witness, a qualified assessor in Launceston confirmed that his assessors qualification could be obtained in two days in some places and ‘under the AQTF, if I sign you off, you are competent’.¹¹¹

4.97 Suggestions for reform include a review of the quality of the qualifications and the training of trainers and assessors¹¹² and of the current arrangement under which a qualified assessor does not need training qualifications or to have provided the training which is being assessed. This separation of the assessment and teaching processes, which is possible under current arrangements, is said to contribute to a ‘tick and flick’ approach to assessment, and to be contrary to good educational practice which suggests that assessment outcomes should inform future learning and teaching strategies.¹¹³ The Australian Manufacturing Workers Union also identified the need for improved linkages between the on-the-job and off-the-job assessment and training,¹¹⁴ and suggested that ITABs should have a stronger role in the assessment process to ensure greater consistency and integrity of assessment.¹¹⁵ Another way of promoting greater integrity and consistency of assessment would be for the use of assessment moderation. According to a paper provided to the committee by ANTA, moderation is the process of assessors discussing and reaching agreement about assessment processes and outcomes in a particular industry or industry sector.¹¹⁶

4.98 A number of witnesses and submissions also identified the benefits of strengthening the consistency and integrity of the assessment process, for example by complementing current approaches to assessment of competency (based on an either ‘competent/not competent’ outcome) with ‘graded performance assessment’ to recognise the achievement of higher levels of competence or a more holistic assessment of skills. The Western Australia Department of Training has developed a pilot graded assessment model in response to requests from learners, trainers and assessors, employers and industry for a performance assessment that recognises excellence as well as competence¹¹⁷ as have some other jurisdictions on a more

110 Ms Arien Triggs, Chairperson, Hunter Trainers and Assessors Network, *Hansard*, Newcastle Roundtable, 5 May 2003, p. 702

111 Mr Bruce Lipscombe, Manager, Business Development, Work and Training, *Hansard*, Launceston, 14 April 2003, p. 395

112 Submission 84, Ms Arien Triggs, pp. 3–4

113 Dr Erica Smith, *Hansard*, Sydney 6 May 2003, p. 776

114 Mr Julius Roe, National President, AMWU, *Hansard*, Sydney, 6 May 2003, p. 819

115 Submission 24, AMWU, p. 9

116 Western Australian Department of Education, Graded Performance Assessment in a Competency Based environment, An environmental scan and analysis, 11 October 2002, p. 4 (provided in response to a Question on Notice)

117 Department of Training Western Australia, *Graded Performance Assessment*, leaflet, August 2002

limited basis. More finely grained, informative assessments are also seen as an important means of expanding the opportunities for those gaining VET qualifications to be accepted for entry to higher education. In Western Australia, grades are based on five set criteria, including demonstrated breadth of underpinning knowledge, communication, people networking, language and interpersonal skills, techniques and processes, work organisation, level of independence and performance of work tasks. The committee was also told that New South Wales is considering the introduction of 'capstone tests' or an additional performance based set of assessments at the completion of training, to ensure that students or trainees meet the overall standard for performance in their vocation.¹¹⁸

Recommendation 27

The committee recommends that ANTA's review of training packages address the full range of concerns about their design and implementation, including:

- **the need for greater focus on the development of underpinning knowledge, critical thinking and generic skills;**
- **more consideration of the requirements of Small and Medium Enterprises (SMEs) and the differing industry structures in the smaller states;**
- **provision for all qualifications within a package to articulate to higher level qualifications within the package;**
- **greater scope for combining competencies from a range of packages into national qualifications;**
- **the need for quality learning and assessment support materials to be included with the release of every package; and**
- **measures to strengthen the integrity, consistency and informative nature of assessments, which might include one or more of: greater use of graded assessments, moderation of assessments, involvement of state industry advisory bodies and better integration with workplace and institutional learning.**

Recommendation 28

The committee also recommends that, in order to improve the quality and consistency of the assessment process, ANTA:

- **reviews the current competency standards for assessors to address criticisms about the adequacy of current requirement for pedagogical skills and industry knowledge; and**
- **examines the scope for approaches such as moderation or involvement of industry advisory bodies in assessment.**

Employability skills

4.99 It has long been recognised that in addition to occupation-specific and technical skills, a set of generic skills is necessary for effective performance in the workplace and as a foundation for further skill development. A 1992 report chaired by Eric Mayer, formulated seven ‘key competencies’, or generic, transferable (that is neither job-specific or occupation-specific) skills, that focus on the capacity to apply knowledge and skills in an integrated way in a range of work situations. These generic skills, subsequently known as the Mayer key competencies are: collecting, analysing and organising information; communicating ideas and information; planning and organising activities; working with others and with teams; using mathematical ideas and techniques; solving problems; and using technology.

4.100 Guidelines for national training packages require that these key competencies are identified for each unit of competency so that they are effectively integrated in all vocational education and training. However in its 2000 report on the quality of VET this committee found confusion and inconsistency in the implementation of the key competencies and recommended improved arrangements for competency specification and assessment.¹¹⁹

4.101 Subsequent NCVET research confirms this uneven implementation and endorses more explicit assessment and certification of generic skills. This research also suggests that as well as key competencies being integrated with job-specific competencies, there may need to be stand-alone development and assessment, to ensure that they receive appropriate attention. Effective development of generic skills has been found to require sophisticated learning strategies, including active learning, self-directed learning and project-based learning with a holistic approach to developing motivated, self-directed learners.¹²⁰ This assumes highly skilled trainers, robust professional development,¹²¹ supported by high quality materials on effective learning and assessment strategies.¹²²

4.102 Whilst employers are keen to recruit employees with well developed generic skills, they may be reluctant to invest in generic skills training because the benefits of such skills largely accrue to the career mobility of the individual employee.

4.103 Interest in generic skills has intensified in recent years, as the nature of work is transformed with the advent of the knowledge economy and a more competitive business environment. Business performance and success increasingly depends on a workforce that is more highly skilled, flexible, innovative and enterprising and with a

119 Senate Employment, Workplace Relations, Small Business and Education References Committee, *Aspiring to Excellence*, 2000, p. 158

120 Kearns P, *Review of Research: Generic Skills for the New economy*, NCVET, 2001, pp. 54–55

121 *ibid.* p. 57

122 NCVET, *Fostering Generic Skills in VET Programs and Workplaces: At A Glance*, September 2003, p. 7

greater capacity to embrace and drive change. An Allen Group survey of 350 employers for the Australian Industry Group in 1999 found that employers, and high performance firms in particular, increasingly value a set of generic, core skills that provide the foundation for all other skills and effective workplace performance, including: literacy and numeracy, interpersonal skills and personal attributes such as the capacity to learn and embrace change and a practical and business orientation.¹²³

4.104 The Business Council of Australia (BCA) with the Australian Chamber of Commerce and Industry (ACCI) subsequently took up the agenda of generic skills in the context of contemporary business requirements and sought assistance from the Commonwealth to develop the issue further.¹²⁴ In 2001 ANTA and DEST funded BCA and ACCI to undertake a project to analyse and report on current business requirements for 'employability skills'. The resultant report, *Employability Skills for the Future* identified 8 generic skills which are arguably a refinement or extension of the Mayer key competencies, with greater emphasis on the ability to continue learning and adapt to change, a reflection of the impact of globalisation and other economic changes during the 1990s. The report also specified elements of the generic skills, or examples of how these are manifest and demonstrated in the workplace.

4.105 The eight key employability skills identified in *Employability Skills for the Future* are: communication; teamwork; problem solving; initiative and enterprise; planning and organising; capacity for self-management; the capacity to learn; and the ability to use technology. More controversially, the study also identified a number of personal attributes that employers see as contributing to employability: loyalty, commitment, honesty and integrity, enthusiasm, reliability, personal presentation, commonsense, positive self-esteem, sense of humour, balanced attitude to work and home life, ability to deal with pressure, motivation and adaptability.¹²⁵

4.106 The report labeled the combined suite of personal attributes and generic employability skills, along with the constituent elements of employability skills, the 'Employability Skills Framework'.¹²⁶ ACCI states that these employability skills can be defined as:

the skills required not only to gain employment, but also to progress within an enterprise so as to achieve one's potential and contribute successfully to enterprise directions.¹²⁷

123 Allen Consulting Group, *Training to Compete: the Training Needs of Industry*, Report to the Australian Industry Group, p. 31; p. 110

124 Business Council of Australia (BCA) and ACCI, *Employability Skills for the Future*, March 2002, p. 1

125 Submission 100, ACCI, p. 17

126 BCA and ACCI, *Employability Skills for the Future*, March 2002, p. 46

127 'Employability Skills – An Employer Perspective', *ACCI Review* no 88, June 2002

4.107 According to ACCI, many existing employees and recently qualified workers do not have these requisite generic skills and personal qualities even though they are formally qualified for an occupation.¹²⁸

4.108 ACCI and ANTA acknowledge that the inclusion of personal qualities in the suite of employability skills is controversial¹²⁹ and there are widely divergent views on whether they have a place in education and training programs. The Mayer committee had deliberately excluded personal attributes and values from its suite of key competencies on the basis that they are not an appropriate focus for VET. However personal attributes have been part of the model of generic or employability skills in the United States for a number of years¹³⁰ and have been given increasing attention in other OECD countries over the past few years.

4.109 A 2001 NCVER review of generic skills for the new economy identified the need for a broader framework of generic skills, with a willingness and capacity to learn, as the central or 'meta-competency'. The review also strongly supported inclusion of personal attributes and values, given their key role in driving learning and maintaining skill levels, and in providing the creativity, innovation and enterprise essential to success in a knowledge economy.¹³¹ The inclusion of enterprise and adaptability, and some values and attitudes in the new national goals for schooling was taken to imply that education has a role to play in developing these skills.

4.110 Ms Kaye Schofield was sceptical about the merits of replacing the 'more rigorous distinction between technical, cognitive and behavioural skills' with a suite of generic skills and personal attributes and did not support the development of personal attributes as an appropriate role for VET because:

Many of these personal/ personality attributes are not amenable to structured learning and should lie outside the scope of a formal skills formation system. They are also deeply-rooted in class distinctions. ..Employer preferences for certain attitudes, personality attributes and employee behaviours within their workforces should not be confused with or translated into government policies for and funding of skills development.
¹³²

4.111 The submission from the Western Australian government also identified the inclusion of personal attributes as problematic.¹³³ In contrast, the (since disbanded) Enterprise and Education Foundation (EEEF), which promoted vocational education

128 Submission 100, ACCI, p. 13

129 Mr Stephen Balzary, Director, Employment and Training, ACCI, *Hansard*, Canberra, 20 June 2003, p. 1116; Submission 35, ANTA, p. 10

130 Kearns P, *Review of Research: Generic skills for the new economy*, NCVER, 2001, p. 31

131 *ibid.* p. 75

132 Submission 96, Ms Kaye Schofield, p. 7; see also Submission 39, Western Australian Department of Education and Training, p. 22

133 Submission 39, Western Australian Department of Education and Training, p. 22

and the development of enterprise related skills in schools, told the committee that it was ‘strongly supportive’ of the ACCI/BCA employability skills framework and was working with schools on the best approach to development, identification and certification of these skills.¹³⁴

4.112 According to *Employability Skills for the Future*, employers across the full spectrum of enterprises consider that the personal attributes, or ‘non skill-based behaviours and attitudes’ included in the ACCI/BCA suite of employability skills are as important as both the generic skills and the technical or job-specific skills, and are equally important for novice and experienced workers.¹³⁵ The nature and priority of these skills may change over time in line with changes to industry and the workplace, but employers contend that the mix of skills required is becoming more sophisticated and the demand for these skills more critical.¹³⁶

4.113 *Employability Skills for the Future* acknowledged that there are questions as to how employability skills can best be assessed and developed and proposed that education and training providers should consider these questions as the next step in the process.¹³⁷

4.114 This work is now progressing within ANTA, in conjunction with the states and territories, for VET programs. A variety of approaches will be pilot tested, and NCVET is undertaking a parallel program of related research. ANTA has also been tasked by MCEETYA with examining the feasibility of implementing the employability skills framework in an integrated way across the three formal education and training sectors. A report on this matter is expected by 2004.¹³⁸

4.115 The committee observes that ACCI’s position on the role of education and training in development and assessment of personal attributes does not appear to be categorical and may be evolving. In June 2002, while acknowledging that the way forward was not prescribed, ACCI stated that the challenge confronting the education sector is ‘how to get personal attributes out of the too hard basket and incorporate them in a systematic way, into teaching, assessment and reporting’.¹³⁹ However at the public hearing of this inquiry on 20 June 2003, Mr Steve Balzary of ACCI qualified this position, stating that ACCI does not necessarily expect that the personal attributes would be formally assessed in the workplace or in education or training. He emphasised instead, the value of the list as a ‘statement of what employers expect’,

134 Mr Jim Syrmis, Director, Policy, Enterprise and Career Education Foundation, *Hansard*, Sydney, 6 May 2003, p. 829

135 BCA and ACCI, *Employability Skills for the Future*, March 2002, pp. 5–6

136 *ibid.* p. 37

137 *ibid.* p. 6

138 NCVET, *Defining Generic Skills – At a Glance*, 2003, p. 9

139 ACCI Issues paper, June 2002

providing a useful guide for students, educators and job seekers.¹⁴⁰ Mr Balzary observed, in this context, that the list had been welcomed by some groups working with disadvantaged people as a useful tool for preparing job seekers.

4.116 Effective implementation of the new employability skills framework will pose a number of challenges for the VET sector and no doubt for schools and higher education. The Western Australian government envisages that inclusion of employability skills will increase training package maintenance and review costs, while limited budgets will create opposing pressures for cost neutral outcomes.¹⁴¹ The more sophisticated pedagogical skills and knowledge associated with development of generic skills, will also create pressure for greater investment in professional development of VET teachers, a point already taken up NCVER research,¹⁴² along with the need to amend the requirements for the Certificate IV in workplace training (as well as the higher education qualifications for VET practitioners) to competencies in the development of generic skills.¹⁴³

4.117 The role of the workplace and employers in developing and fostering employability skills will also require further attention. The workplace is the most important source of generic skills related to employment for older workers, and can also be crucial in developing the employability skills for novice workers. The development and maintenance of employability skills in the workplace may therefore need to be a matter of mutual obligation between employers and employees, but it is not clear that all employers have the necessary commitment or capacity.¹⁴⁴ The committee observes that further research on the role and responsibilities of employers in developing and supporting employability skills would appear to be a useful adjunct to ANTA's current work on the development of these skills through formal education and training.

4.118 More attention may also need to be given to the literacy and numeracy skills which underpin several key employability skills. The ACTU cited a 1996 ABS survey which found that 'almost half of Australians aged 15–74 have poor or very poor literacy skills and can be expected to experience difficulty using many of the printed materials they encounter in everyday life' (although a smaller proportion of these are in the workforce) and that only a third of people have sufficient literacy to cope with the demands of daily life and work and only one in six have good to very good literacy skills.¹⁴⁵ This compares poorly with the profiles of many other OECD countries and suggests the need for more attention to literacy and numeracy skills for

140 Mr Stephen Balzary, Director, Employment and Training, ACCI, *Hansard*, Canberra, 20 June 2003, p. 1116

141 Submission 39, Western Australian Department of Education and Training, p. 22

142 NCVER, *Defining Generic Skills – At a Glance* 2003, p. 3

143 *ibid.* p. 8

144 *ibid.* p. 3

145 Submission 23, Australian Council of Trade Unions (ACTU), p. 16

both equity and productivity reasons. This is a matter that should be examined by the ANTA group working on employability skills.

4.119 Another equity consideration arises in relation to marginalised and disadvantaged job seekers. Jobs Australia submitted that there is a need to explore the best approach to developing employability skills for these people, including those with little experience of formal education and training.¹⁴⁶ Prevocational training programs may provide one avenue for novice workers and the proposed Certificate 1 qualification in generic skills such as communication, language and literacy and confidence, under consideration may provide another. A comprehensive employability skills agenda should include provision for development of these skills in those who are neither in employment nor formal education.

4.120 Effective implementation of a new generic skills agenda will also require attention to a spectrum of related initiatives including enterprise education in school, the *Learning for the Knowledge Society* action plan and the National Innovation Summit followup,¹⁴⁷ as well as the MCEETYA project testing a national blueprint for career development in Australia.¹⁴⁸

The committee's view

4.121 In recent years employers have played a dominant role in developing the agenda and content of the employability skills framework, almost to the exclusion of other interests. This is contrary to the bipartite approach, inclusive of employer and employee interests (as represented by unions) that is meant to be the hallmark of Australia's industry-led VET system. The committee believes that union representatives and also educationalists should be included in the further development of the employability skills framework.

4.122 Generic skills are vitally important for individuals as well as for enterprises and the committee sees the renewed interest in generic skills as a very welcome development. While the inclusion of personal attributes in the employability skills framework is contentious, the committee believes that it is too early to pass a judgement on this matter when the education sectors are still considering the best approach to implementation of the framework. The committee believes, however, that the framework must be susceptible to revision and refinement in the light of further theoretical research and practical considerations. It also flags the importance of investing the resources required for effective implementation, including professional development for trainers, and the development of training and learning strategies and other support materials. To minimise the risk of confusion, there needs to be an agreed convention for referring to the complete suite of employability skills and personal attributes (described as the Employability skills framework in the ACCI/BCA report) as well as for referring to the skills without the personal attributes. As it now stands,

146 Submission 58, Jobs Australia, p. 10

147 Kearns P, *Review of Research: Generic Skills for the New Economy*, NCVET, 2001, p. 73

148 Submission 39, Western Australia Department of Education and Training, pp. 21–22

it is not always readily apparent when a reference to ‘employability skills’ includes personal attributes and when it does not.

4.123 As noted, the committee also considers that the successful development of employability skills is likely to require a greater focus on the cognitive skills and underpinning knowledge which have arguably been neglected under the current approach to training packages.

Recommendation 29

The committee recommends that MCEETYA agrees that the further development and implementation of the employability skills framework should involve employee as well as employer interests and include a focus on:

- **the need for unemployed people to have recognition of their current level of employability skills, and for assistance with upgrading these where necessary;**
- **the role of workplaces and employers in developing, fostering and utilising employability skills;**
- **any necessary adjustment to the suite of employability skills to include or highlight, skills that are important for individuals, such as career management skills;**
- **appropriate support for the development of basic numeracy and literacy skills, particularly among older workers with limited formal education and the long-term unemployed;**
- **the implications for professional development and professional standards for teachers and trainers; and**
- **an agreed convention to clarify when a reference employability skills includes reference to the set of preferred personal attributes.**

Group training, skill centres and other training support mechanisms

4.124 Chapter 3 reports the significant structural and other impediments to industry, and in particular, small and medium enterprise, engaging in training, particularly of new workforce entrants, including trainees. Mechanisms such as group training arrangements and skill centres, along with other measures, can help to address some of these barriers, by removing some of the risks and costs associated with employment of traditional apprentices, particularly in the first year or two.

Group training

4.125 Group training companies employ apprentices or trainees and place them with ‘host employers’, who provide the day-to-day on-the-job training. This provides a mechanism for employers, particularly small businesses, to employ an apprentice without having to commit to the full apprenticeship term (normally four years). Apprentices benefit by having the opportunity to obtain a more diverse work experience than many small businesses can provide, particularly those providing

highly specialised, niche services as part of a supply chain. As the primary employer, the Group Training Company is also responsible for completing the paperwork associated with the apprenticeship and other employment regulations, relieving the host employer of this responsibility.

4.126 Originating in the 1970s, group training companies have come to play a critical role in traditional trades training in Australia, now accounting for between 15-24 per cent of apprentices in the main traditional trades across Australia, and up to 50 per cent of all apprentices in construction trades in Western Australia.¹⁴⁹ They also play an important role in employing Indigenous apprentices and trainees and people with disabilities, as well as people in rural or remote areas.¹⁵⁰

4.127 In the 1980s, the Commonwealth began providing grants towards the operating costs of not-for-profit Group Training companies in recognition of their role in supporting trade training,¹⁵¹ particularly in the construction and automotive industries. However, government has sought to wind back its support for group training since the early 1990s and encouraged companies to diversify their sources of income. As a result, many also undertake commercial activities such as the provision of training as Registered Training Organisations (RTOs), the management of New Apprenticeship Centres (NACs) and other training and employment or labour hire services,¹⁵² and are increasingly reliant on this commercial income.

4.128 More recently Group Training Companies have also become involved with VET in Schools, and employ school-based apprentices and trainees and arrange structured workplace learning programs.

4.129 The committee was told of the central role that Group Training arrangements will need to play in maintaining and reviving traditional apprenticeship training in manufacturing industries, particularly outside the capital cities. Two decades ago, much of the apprentice training in manufacturing and some related industries was undertaken by large public utilities or private companies, with most SMEs 'free riding' on their training efforts. The subsequent privatisation of almost all public utilities and the withdrawal of many large companies from large scale apprentice training has created a training void and directly contributed to some of the skill shortages plaguing the manufacturing industry today. To make up for this shortfall, SMEs will need to significantly increase their contribution to apprenticeship training.

4.130 Evidence to the inquiry indicated that collective solutions such as those involving a group of employers and a Group Training organisation, appear to provide the way forward to lifting SME engagement in apprenticeship training in some

149 Submission 29, Group Training Australia, pp. 14–15

150 NCVER, *Research at a Glance, Group Training Apprenticeships and Traineeships*, 2001, pp. 6-8

151 Submission 29, Group Training Australia, p. 7

152 *ibid.* p. 8

industries and regions. The committee was told of two proposals for partnerships involving SMEs in manufacturing, education and training providers and a Group Training company, with the aim of lifting apprentice training through sharing the risks and benefits of training.

4.131 In the first example, the Australian Business Ltd has joined with other employer groups, unions, education and training providers and Group Training companies to develop a pilot scheme for increasing apprentice intakes in the manufacturing industries in the Illawara region. Benefits would include reduced youth unemployment and alleviation of current chronic and projected skill shortages, providing a platform for business and further employment growth. By addressing some of the barriers to SME engagement in training, through group training arrangements, prevocational training, information brokerage, mentoring and additional employer subsidies in the early years of the apprenticeship, the scheme aims to create 220 apprenticeships over three years in regional industry sectors with chronic skill shortages.¹⁵³ With a budget of \$6 million, the scheme has been assessed as cost neutral through the significant and continuing savings in unemployment benefits. If successful, the model could be applicable in other regions experiencing high youth unemployment alongside chronic trade shortages.

Recommendation 30

The committee recommends that the Commonwealth government agrees to fund the proposed pilot scheme for increasing apprenticeship training in the Illawara, to meet some pressing social and economic problems in the region, and as a possible model for other regions experiencing high youth unemployment and chronic skill shortages in trades areas such as manufacturing.

4.132 Similar principles and considerations underpin the proposal for partnership between SMEs in the tooling industry, education and training providers and group training companies in Western Sydney. Both proposals need to address the ‘problem’ of the poor cost-effectiveness of apprentices in the first year of training and other barriers to employment of novice workers such as the risks associated with the use of expensive or potentially dangerous equipment, including occupational health and safety concerns, and the limited resources for supervision of apprentices.

4.133 Despite the important role of GTOs in engaging small and medium enterprises in training, there were also concerns about the capacity of some GTOs to meet the training needs of small employers. The Tasmanian Construction Industry Training Board advised that there was some resistance to use of group training arrangements among SMEs because employers did not consider that GTOs always conducted effective monitoring of the training conducted, particularly on-the-job training, and did not ensure that adequate records of work were maintained by apprentices.

153 Submission 40, Australian Business Ltd, p. 16; Illawara Regional Proposal, *Growing the Region: A Pilot Scheme to Create Apprenticeships within Small Business – to Address Chronic Regional Skills Shortages and Youth Unemployment*, prepared for Australian Business Ltd by Judith Stubbs and Associates July 2001 (Additional information)

Employers were also unhappy that they had no role in selecting apprentices, and so had reservations about the quality of apprentices taken on by GTOs.¹⁵⁴ Apprentices in Brisbane confirmed that there are problems in relation to the maintenance of training log books and monitoring of these under GTOs. While some apprentices are required to maintain logbooks others are not; also each industry sector and each GTO appears to have developed their own recording process.¹⁵⁵ The committee heard that those trainees who did not have a log book were unable to refer back to it when doing competency testing, and hence may ‘bluff’ their way through tests on the basis of theoretical rather than practical knowledge.¹⁵⁶ The committee was also advised that the competition to find host employers among GTOs means that training standards are being driven down. The Construction Forest Mining and Energy Union told the committee of an instance where four or five apprentices were being supervised by one tradesman, even though requirements are for one-on-one training.¹⁵⁷ Lack of quality and adequate monitoring of training had led to a situation where electrical apprentices had not completed required competencies to meet state licensing requirements within their apprenticeships.¹⁵⁸

4.134 Taking these factors into account, the committee considers that SMEs might be more comfortable about using GTOs if they were better assured that there would be consistent standards of training offered and that competencies achieved would be reliably documented. For apprentices, too, there would be clear benefits in the detailed documentation of their progression through the required competencies, as set down in an agreed training plan.

Recommendation 31

The committee recommends that there should be consistent standards for the maintenance of training records, including the keeping of log books by apprentices, in all industry sectors. Where Group Training Organisations are the hiring agency, they should be responsible for ensuring these standards are met, and that the required competencies are achieved within the period allotted for the apprenticeship. The whole process should be subject to external monitoring against an agreed training plan and monitored by an appropriate body.

4.135 The committee also considers that, given the increasingly competitive pressures among GTOs, there is a need to encourage larger firms to take on more direct hired apprentices. The committee was told that Queensland has a 10 per cent guarantee for direct employment of apprentices on state government contracts, which

154 Submission 53, Tasmanian Construction Industry Training Board, p. 7

155 *Hansard* Brisbane Roundtable with apprentices, 31 March 2003, p. 80

156 Mr Dane Eden, Member, AMWU, *Hansard*, Brisbane, 31 March 2003, p. 83

157 Mr Robert Cameron, Training Supervisor, Construction Forest and Mining Energy Union (CFMEU), *Hansard*, Brisbane, 31 March 2003, p. 82

158 Mr Peter Ong (private capacity), *Hansard*, Brisbane, 31 March 2003, pp. 82–83

has worked effectively to consolidate apprenticeship training.¹⁵⁹ In Darwin, the committee heard that a requirement exists in the Northern Territory for a percentage of tenders on government contracts to be spent on training, but this is more often honoured in the breach. It was suggested that a requirement for a demonstrated commitment to training should be used as criteria for selection of tenders on government contracts, instead of specifying that a percentage of the tender should be spent on future training during the life of the contract.¹⁶⁰ The committee sees advantage in these proposals and makes the following recommendation.

Recommendation 32

The committee recommends that the MINCO should review and assess the most appropriate Commonwealth and state and territory requirements for companies tendering on government jobs with a view to establishing a national benchmark to sustain the skills base in skill shortage areas. These could include a commitment to percentage of the tender value for training, or direct hire of apprentices, where appropriate.

4.136 The Commonwealth and states and territories have recently reviewed assistance to group training, resulting in introduction of new quality standards for GTOs from 1 January 2003, and a new set of funding principles, due to come into effect on 1 July 2003. The new funding arrangements replace core operational funds available to a set group of not-for-profit GTOs (based on historical factors) with a purchaser/provider model for the purchase of targeted outcomes, determined by each state or territory, from within one or more of four national agreed priority areas: skills needs; disadvantaged groups; rural and remote areas, as identified by individual State Training Authorities; and local community needs. The committee is concerned to ensure that the new funding arrangements will not diminish their capacity to deliver quality training.

4.137 Each state and territory will be able to define local skill shortages for this purpose, while taking into account national skill shortage areas. The Tasmanian government welcomed this approach, noting that some national skill shortages, for example in the Petrol/Chemical industry, do not apply in Tasmania.¹⁶¹

4.138 While welcoming the adoption of national quality standards the Tasmanian Government observed that there are additional resourcing implications for the state, in terms of the regulatory and reporting processes and the capacity for more GTOs to

159 Mr Robert Cameron, Training Supervisor, CFMEU, *Hansard*, Brisbane, 31 March 2003, p. 82

160 Mrs Carole Frost, CEO, Northern Territory Chamber of Commerce and Industry, *Hansard*, Darwin, 11 June 2003, pp. 1050–51; Mr Harry Maschke, Managing Director, Action Sheetmetal Pty Ltd, *Hansard*, Darwin, 11 June 2003, p. 1051

161 Submission 48, Tasmanian Government, p. 13

seek funding may decrease state revenue in the longer term, since operation as a group training company attracts state subsidies in the form of payroll tax exemption.¹⁶²

4.139 Group training Australia, representing a large number of not-for-profit GTOs, has also welcomed the new national standards for GTOs as likely to improve the performance and the brand of group training overall, although, like the Tasmanian government, is concerned about compliance costs. It has reported strong concerns about the new funding arrangements and in particular the scope for more organisations to bid for the same sized pool of funds, and the unpredictable nature of funding based on targeted outcomes, as eroding the financial support and possibly sustainability of many not-for-profit GTOs which are facing significant cost pressures due to increased insurance costs and other employment overheads. A related concern is the need for transitional arrangements that minimise any adverse impacts.¹⁶³

4.140 The committee appreciates the considerations behind the revised funding arrangements for group training companies, including the diversity of funded and unfunded GTOs and their varying contributions to skill development priorities, including traditional trades training. However, it also notes that group training arrangements have underpinned traditional trade training in many industries and regions and the committee believes that they will need to part of the solution to improving the trade training rate in some industries or regions. The committee also notes evidence from Group Training Australia that many of its members rely on the operational funding previously provided to offset the rising costs of employment of traditional apprentices, while some GTOs may use commercial income from other sources for this purpose. This implies a risk that some not-for-profit GTOs without access to significant commercial income may reduce their trade training commitment under the new funding model, or else increase their charge out rates, further dampening demand from SMEs. The committee hopes that states and territories will take these considerations into account when allocating funding under the targeted program.

4.141 The committee also believes that it is critical that the implementation of the new funding arrangements is handled carefully, with appropriate transition arrangements and timeframes, so as to minimise the risk of failure or serious financial pressures for those not-for-profit GTOs that have made a significant contribution to traditional trade training. Ideally the steering committee which undertook the review of group training should resume to oversight implementation of the new arrangements, closely monitor the impact on rates of trade training and other areas of skill shortage, and the engagement of New Apprentices by Small and Medium Enterprises (SMEs) and identify the need for any further changes to address problems. Claims of poor management of implementation of many previous changes to the national training system and the critical role that group training plays in traditional trade training, justify such an approach.

162 *ibid.* p. 14

163 Group Training Australia, Correspondence provided to the committee, Additional information

Recommendation 33

The committee recommends that the Steering Committee which undertook the 2002 review of group training for ANTA should resume to oversight implementation of the new funding arrangements to:

- **closely monitor the effect on rates of trade training, and other areas of skill shortage, and the hire of New Apprentices by small and medium enterprises; and**
- **advise ANTA of any further changes needed to address any problems that may arise during the implementation.**

Skill centres

4.142 Skill centres are training facilities providing technology and other infrastructure for vocational education and training. For a number of years the Commonwealth, under the skill centre component of ANTA's Infrastructure program, has provided \$15 million annually as a contribution towards the cost of skill centres across Australia. Funds are provided to support three different types of skill centres: Industry-based skill centres (IBSC), skill centres for school students (SCSS) and VET Infrastructure for Aboriginal and Torres Strait Islander facilities for VET (VIIP). This section will focus on the Industry-based skill centre component of the program.

4.143 Under the Industry-based skill centre program, ANTA provides capital funding to industry, community and regional groups to establish or expand industry or community owned and operated training facilities. Eligibility criteria include state government support and an industry contribution of half of the capital establishment costs, with the operator of the centre able to demonstrate long term financial viability. Since the late 1900s, the stated objective of this component of the program has been to expand the training market for VET, and place pressure on TAFE to reform and compete.¹⁶⁴

4.144 An evaluation of the skill centre program in 1999 found, among other things, that the Industry-based skill centre program overall met its objective of promoting a diversified training market.¹⁶⁵ ANTA has now initiated a further review of the skill centres program, with a broader remit, including a brief to consider the continued relevance of the program's objectives.¹⁶⁶ Against this background, and the introduction of a new national strategy for ANTA, the committee believes that it is timely to consider the role that industry skill centres can play in meeting current and future skill needs.

164 Nicholas Clark and Associates, *Review of Industry Based Skill Centres, Skill Centres for School Students and ATSI facilities for VET*, August 1999, p. 6

165 *ibid.* p. 7; p. 18

166 Advice from ANTA to the committee, 24 July 2003

Evidence to the inquiry

4.145 While few submissions and little of the formal evidence to the inquiry dealt specifically with skill centres, there was broad discussion of the value of innovative partnerships between industry and the education sector, which may involve sharing of responsibilities and facilities, whether within a dedicated skill centre framework or through use of industry's own facilities as a 'virtual skill centre'. The committee was also provided with informal briefings during visits to skill centres including the Chamber of Commerce and Industry Skill Centre in Kwinana, Western Australia; the Construction Training Centre in Salisbury, Queensland; the Australian Aviation Centre at Brisbane Airport and the Hunter Valley Training Company, and a meeting with Austool, a collaborative group of manufacturing companies in Western Sydney.

4.146 The submissions from Australian Business Ltd and from the Bosch/RMIT University partnership raised the need to consider a range of different partnership arrangements to meet industry skill needs. Australian Business Ltd identified the need for effective and sustainable training delivery mechanisms, especially in regional areas. They supported the provision of public infrastructure, but observed that there is also a need for strategies to support close collaboration between workplace experience and theoretical learning, and between education deliverers, school, TAFE, ACE and Universities.¹⁶⁷ They also suggested that innovative and effective models for the local delivery of vocational education by both public and private providers be investigated and consideration be given to replicating these, whether they be institutional, workplace based or partnerships between public and private providers, vocational or tertiary.

4.147 The submission from Bosch/Royal Melbourne Institute of Technology (RMIT) described an innovative model for an integrated pathway combining school education, apprenticeship training, and the possibility of university education, with employment at Bosch. The RMIT would provide advisory consultancy services, using the equipment and facilities of Bosch.¹⁶⁸

4.148 The submission from the Tasmanian Government also pointed to the important contribution that skill centres make in providing broad access to training opportunities in regional or more remote areas, to the benefit of local businesses.¹⁶⁹

4.149 A brief overview of some of the centres visited by the committee, or the subject of submissions and oral evidence, provides an illustration of the varying models and contributions of contemporary skill centres.

4.150 The proposal to develop an Automotive Centre of Excellence (ACE) in Victoria is intended to re-invigorate training and facilities in the automotive industry in Victoria, following an assessment that the facilities of Kangan Batman TAFE,

167 Submission 40, Australian Business Ltd, p. 15

168 Submission 47, Bosch/RMIT University

169 Submission 48, Tasmanian Government, pp. 19–20

which provides almost half of the training for the automotive sector in Victoria, are in poor condition, without access to the latest technology.¹⁷⁰ The relevant industry and education representatives propose an alternative model, based on international best practice, of a multi-purpose centre capable of consolidating resources and expertise and providing world class education and training across all tiers and promoting research and development and innovation within the framework of a public-private partnership.¹⁷¹ A centre of excellence also provides the opportunity to improve the quality and co-ordination of all sectors of the education and training system supporting the manufacturing sector, from VET in schools to TAFE, and undergraduate and post-graduate engineering degrees; and to build a critical mass of leading edge research and product development.¹⁷² The Centre proponents are seeking a significant investment of public and private funds.

4.151 Another skill centre model with multiple industry-specific training objectives is the proposed Austool centre at Ingleburn in Western Sydney. Austool is a not-for-profit group of 115 manufacturers with an involvement in or dependence on tool-making. The group has obtained grants from the local Area Consultative Committee and the state and Commonwealth governments, to construct a skill centre for the tooling industry in Sydney.

4.152 Once operational, the Austool centre will provide facilities for apprentices and existing workers to be trained on the most up-to-date technology in the tooling industry, improving the level of training and the take-up of the latest technology. Equipment suppliers will provide the technology free of charge and train students on its operation (after having completed VET teacher training); the local TAFE will operate as the Registered Training Organisation for the apprentices, providing services such as oversight of all training plans and outcomes and the Macarthur Group Training will employ apprentices and provide on-the-job work experience. The centre will also provide a platform for establishing stronger links with local schools and other educational institutions, and an opportunity for industry to showcase its capabilities and counter inaccurate perceptions of manufacturing as ‘old economy’. The industry is optimistic that the centre and an associated partnership between industry and education in the region will translate into increased interest in careers in the industry from school and university students in the region.

4.153 The skill centre operated by the Hunter Valley Training Company (HVTC) at East Maitland has a different origin and focus to the industry-specific ACE and Austool models. The HVTC skill centre provides a broad range of training related to the traditional trades. It addresses some of the barriers to apprentice employment in the region by providing intensive upfront training for the first year of some of the traditional trades, as well as a range of prevocational and pre-apprenticeship training. The latter programs are also offered for young people identified as being at risk of

170 Submission 71, Automotive Centre of Excellence, p. 1

171 *ibid.*

172 *ibid.*

disengagement from formal education, when funding is available. The committee was told that these programs achieve excellent outcomes in terms of apprenticeship placements or employment and re-engagement of young people, increasing the supply of apprentices and improving the transition from school to work.

4.154 The Building and Construction Centre at Salisbury in Queensland has also been supported by some ANTA skill centre funds, but is primarily funded the building industry training fund, based a levy on long service leave entitlements in the industry. The Centre sees itself as part of the building industry, rather than the training industry, but is based on partnerships between industry, public and private providers, Group Training Organisations and unions. Hallmarks of the centre's approach to training are flexibility, including using building sites as 'virtual skill centres', concentrating off-the-job training in periods of poor weather, intensive upfront practical and theoretical training, and providing a broad range of related training services including business skills training for contractors in the industry.

4.155 The Australian Aviation Centre in Brisbane has been established with state government support and some ANTA skill centre funding develop a sustainable skills base to support the aviation maintenance and engineering industry in Queensland, which has grown significantly in recent years. The Centre adopts the model of providing the first year of both practical and theoretical training for aviation apprentices, along the model of apprenticeship training used internationally in the aviation industry. The costs of the training are largely met by state government funding, supplemented by student fees. Commercial income from fee-for-service programs for skills upgrading and other technical support services for industry, supplements the centre's income. The Centre management told the committee that partnerships with government, industry and the public service (Department of State Development) are vital to the its success.

4.156 It was apparent from the evidence that skill centres can play an important and varied role in promoting skill formation, particularly in the traditional trades and other occupations requiring access to expensive technology and infrastructure. These include providing:

- a practical and effective mechanism for industry to make a contribution to training its workforce;
- access to the latest technology and equipment, for both entry-level training and skills upgrading, removing the need for TAFEs to invest in costly technology which may become quickly outdated;
- a means of integrating theoretical and practical training and allowing for more flexible approaches to training delivery, particularly in the traditional trades, including intensive upfront raining whether for prevocational or pre-apprenticeship courses, or for the first year of an apprenticeship; and
- the foundation for greater collaboration between enterprises and a broader partnership between the three education sectors and industry.

4.157 Skill centres which provide intensive training covering the first year of an apprenticeship can help overcome one of the main barriers to SMEs taking on traditional apprentices in industries subject to intense competitive pressures, with significant OHS concerns, or characterised by sophisticated and specialised supply chains, where first year apprentices are considered either not cost-effective or too dangerous to have on site. While funds have been available to date to support the establishment of some of these centres, a specific source of funds is required to cover the costs of intensive upfront training, either in the form of pre-apprenticeship training or the first year of an apprenticeship. Current funding models based on standard New Apprenticeship arrangements do not accommodate these needs.

Recommendation 34

The committee recommends that the review of skill centres currently being undertaken by ANTA consider the broader role that they can play in meeting the training needs of industry, including:

- **providing intensive upfront training, whether through pre-apprenticeship training or providing all the theoretical and practical work required for the first year of an apprenticeship;**
- **providing access to the latest technology for training; and**
- **promoting collaboration between enterprises within an industry and partnerships between industry and the education sector.**

The review should also consider any revision to funding arrangements and guidelines which may be needed to support these broader objectives, including support for intensive upfront apprenticeship training as a variation on current incentive arrangements for New Apprenticeships. Any such funding could and should be tied to an equal commitment of funds from the relevant local industry.

Recommendation 35

The committee also recommends that state and territory governments investigate innovative and effective models for the local delivery of vocational education by both public and private providers. Models to be investigated should include access to industry's state-of-the-art facilities for the practical component of training.

VET in schools

4.158 This section of the chapter examines the role of VET in schools in meeting industry's current and future skill needs. Further discussion on the role of VET in schools in youth transition is discussed in the chapter on training pathways.

4.159 The VET in schools program has seen significant growth over the past five years, from 60,000 in 1996 to 169,000 in 2001.¹⁷³ In 2003, almost 95 per cent of all schools with a senior program provide some form of VET in schools program.¹⁷⁴

4.160 DEST defines VET in schools as those school-based VET programs that provide students with an opportunity to gain credit towards their senior secondary certificate while at the same time gaining a national, industry recognised qualification or credit towards a qualification, usually based on those set out in national training packages.¹⁷⁵

4.161 The objectives of the VET in schools program are to:

- foster and develop enterprise skills to provide maximum flexibility and adaptability in future; and
- to provide a clear and recognised pathways to employment and further education (and aid the transition from education to employment for young people).¹⁷⁶

4.162 These have elsewhere been translated three broad outcomes: skill formation, vocational experience and youth transition.¹⁷⁷

4.163 The VET in schools program has many complexities of its own and is the subject of a detailed inquiry by the House of Representatives Committee on Education. It would therefore be neither appropriate nor feasible for this inquiry to seek to cover the multitude of issues associated with the program in this report. Instead, the committee will simply highlight a number of the key issues raised during this inquiry, which relate to the capacity of the program to contribute to meeting Australia's current and future skill needs. These include the types of programs offered and access to facilities for training, in which funding plays an important role.

VET in schools program

4.164 The VET in schools program has evolved over time, with greater emphasis now being placed on the 'integrity' and industry acceptance of the qualifications and skills gained through VET in schools programs. ANTA MINCO endorsed a revised set of principles for VET in schools in 2002, requiring that the providers of the training must meet RTO standards under the Australian Quality Training Framework; that training be based on competencies set out in national training packages where they exist; that programs will contribute to qualifications defined by the school certificates and the AQF and provide multiple pathways to further training education

173 Submission 57, DEST, p. 31

174 The Allen Consulting Group, *The Cost of VET in Schools*, Final Report, June 2003, p. xii

175 Submission 57, DEST, p. 31

176 The Allen Consulting Group, *The Cost of VET in Schools*, Final Report, June 2003, p. 7

177 *ibid.* p. 9

or employment; and that some account be taken of local/regional skill shortages, industry needs and student demand.¹⁷⁸

4.165 Yet there remain claims that VET in schools programs do not provide an equivalent standard of vocational training to that provided outside of schools, are not providing students with the broad base of employability skills valued by employers, including basic literacy and numeracy skills and do not take sufficient account of local industry skill needs.¹⁷⁹

4.166 Ensuring the integrity and acceptance of VET in schools qualifications is essential if the program is to contribute to industry's skill formation needs and that students' employment options are increased, rather than reduced, as a result of participation in VET in schools. Despite being required to meet the requirements of the AQTF, schools which seek RTO status are subject to approval by state education agencies rather than state training agencies, like all other RTOs. This can create the perception of different standards being applied, which suggests that requiring VET in school programs to be subject to the same processes for accreditation and registration as other RTOs, would be a better approach. In this context, the committee welcomes the review by the National Training Quality Council of ANTA of the comparability of the quality of school-based and other VET training and outcomes.

4.167 The quality, relevance and industry coverage of VET in schools programs also depends on the resources available to schools as well as student demand. The findings of a recent review of the costs of VET in schools suggest that the current funding levels and resource models for VET in schools do not encourage schools to provide a full range of industry-relevant programs and may undermine the quality and relevance of the programs offered. Almost 62 per cent of all VET in school enrolments are in tourism and hospitality, business and clerical, general education (job seeking skills, personal development, workplace communications, OHS) and training and computing. These partly reflect student demand and interest, but also the relative ease and costs for schools in providing these generally less costly (apart from hospitality) courses.

4.168 The committee was interested in the extent to which schools utilised the teaching facilities of TAFE's and private RTOs, given submissions from industry bodies expressing concern about the quality and relevance of some of the VET in schools program, and about the industry expertise of teachers. The latter concern arises because there is no requirement that school teachers delivering VET in schools programs have set periods of industry experience as is required for TAFE teachers. There are also concerns about the quality and currency of the infrastructure used in VET in schools programs, at the same time as some under-utilisation of TAFE facilities in some districts.

4.169 The Allen review of the costs of VET in schools found that there is significant diversity in arrangements for administration and delivery of VET in schools programs

178 *ibid.* p. 8

179 Submission 74, AiG, p. 29

across jurisdictions and between schools, with some schools using their own infrastructure and delivering and administering training as an RTO, others using external RTOs for either delivery or administration or both, some engaging in regional clustering arrangements for economies of scale and various combinations of these arrangements. State and territory policies and local circumstances and priorities all play a role in determining the models adopted in any one school.¹⁸⁰

4.170 However in most cases there appear to be significant disincentives for schools to provide VET in partnership with TAFEs because of the fees charged by TAFEs,¹⁸¹ the time, costs and administrative burden associated with travel to the TAFE/RTO premises for training, and the more complex timetabling challenges and pastoral care concerns associated with training off-school premises. The practice in some states of reducing school funding for the proportions of time students spend in TAFE (to avoid 'double-dipping) acts as a further disincentive. Yet the committee is aware that some of the more successful VET in schools programs including the T3 model involving a combination of school, TAFE study and work in the automotive industry, do involve TAFE as the RTO. The committee also believes that it is a reasonable assumption that the taxpayer benefits if there is minimal duplication and maximum utilisation of public resources invested in providing vocational training, which would appear to favour use of TAFE facilities for provision of VET in schools training as far as possible.

4.171 Resource considerations also influence the range of VET programs offered by a school. The infrastructure costs and TAFE charges for some courses such as engineering courses are particularly high, and it may be more difficult to obtain appropriate work placements in related industries. Yet programs in this area have the potential for providing a broader range of options for young people at the same time as providing more suitable applicants in areas of skill shortage. Evidence to the inquiry indicated that partnerships between schools and local industries can also provide the basis for a broader range of programs including those that meet students' interests and local skill needs.

4.172 The committee also notes that school-based apprenticeships in the traditional trades can be a very effective pathway for meeting industry skill needs and providing a clear path between school and employment and further education. It supports the Commonwealth's current efforts to expand school-based apprenticeships. The committee also acknowledges the need for a diversity of VET pathways for school students and that for some occupations, such as engineering, there may be a need to consider programs such as that proposed by AiG, which provide foundation skills which can articulate into an apprenticeship. The committee also notes the apparent benefits of models such as the 'T3 program' of part-time traineeship in the automotive industry under which school students attend school, TAFE and work in the automotive industry while completing their school leaving certificates and the proposed model

180 The Allen Consulting Group, *The Cost of VET in schools, Final Report*, June 2003, p. xiv

181 *ibid.* pp. 32–35

developed by Bosch and RMIT, which also combines school, TAFE and work in the industry, with a clear pathway to a school leaving qualification, articulation into a VET qualification. These models should be expanded wherever possible, particularly where they provide a means of addressing areas of significant skill shortage.

Recommendation 36

The committee recommends that the MCEETYA Taskforce on Transition from School and ANTA, which are considering new funding models for VET in schools, specifically consider:

- **removing any disincentives to collaborative arrangements with TAFE;**
- **facilitating the introduction of programs in a broader range of industry and occupational areas; and**
- **ensuring that fees and charges are not a barrier to student participation in any chosen VET in schools program.**

