

The Senate

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Employment, Workplace Relations  
and Education References Committee

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Bridging the skills divide

November 2003

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## Membership of Committee

### Members for the 40<sup>th</sup> Parliament

Senator George Campbell	ALP, New South Wales	Chair
Senator John Tierney	LP, New South Wales	Deputy Chair
Senator Guy Barnett	LP, Tasmania	
Senator Kim Carr	ALP, Victoria	
Senator Trish Crossin	ALP, Northern Territory	
Senator Natasha Stott Despoja	AD, South Australia	

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## Terms of Reference

The Chair of the Employment, Workplace Relations and Education References Committee (Senator George Campbell), pursuant to notice of motion not objected to as a formal motion, moved business of the Senate notice of motion no. 3—That the following matters be referred to the Employment, Workplace Relations and Education References Committee for inquiry and report by the last sitting day in June 2003:

- (a) areas of skills shortage and labour demand in different areas and locations, with particular emphasis on projecting future skills requirements;
- (b) the effectiveness of current Commonwealth, state and territory education, training and employment policies, and programs and mechanisms for meeting current and future skills needs, and any recommended improvements;
- (c) the effectiveness of industry strategies to meet current and emerging skill needs;
- (d) the performance and capacity of Job Network to match skills availability with labour-market needs on a regional basis and the need for improvements;
- (e) strategies to anticipate the vocational education and training needs flowing from industry restructuring and redundancies, and any recommended improvements; and
- (f) consultation arrangements with industry, unions and the community on labour-market trends and skills demand in particular, and any recommended appropriate changes.



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## Abbreviations/Acronyms

ABS	Australian Bureau of Statistics
AiG	Australian Industry Group
ACCI	Australian Chamber of Commerce and Industry
ACTU	Australian Council of Trade Unions
AMWU	Australian Manufacturing Workers Union
ANTA	Australian National Training Authority
ASCO	Australian Standard Classification of Occupations
CBT	Competency-Based Training
CoPS	Centre of Policy Studies, Monash University
DEST	Department of Education, Science and Training
DEWR	Department of Employment and Workplace Relations
GTO	Group Training Organisation
ITAB	Industry Training Advisory Board
LLEN	Local learning and employment network
MCEETYA	Council of Commonwealth and state and territory Ministers of Education, Employment, Training and Youth Affairs
MINCO	Council of Commonwealth and state and territory ministers for vocational education and training
NAC	New Apprenticeship Centre
NCVER	National Centre for Vocational Education Research
NISI	National Industry Skills Initiative
RPL	Recognition of Prior Learning
RTO	Registered Training Organisation

TAFE                      Technical and Further Education (Public provider in most states and territories)

VET                        Vocational Education and Training

## **RECOMMENDATIONS**

### **Chapter 2                      Skill Shortfalls and Future Skill Needs**

#### **Recommendation            1            page: 38**

**The committee recommends that the Commonwealth, in conjunction with state and territory governments, develops a new, integrated, nationally consistent approach to the collection and reporting of the complete range of statistical information on the labour market and current and future skill needs. This would entail:**

- **agreement between all stakeholders on the relevant indicators of skill supply and demand, including underlying drivers, and consistent collection approaches;**
- **inclusion of information on skill shortages and regional labour markets; and**
- **inclusion of information on the skill needs of major resource and construction projects, from the earliest possible stage.**

**The National Centre for Vocational Education Research (NCVER) should be tasked with:**

- **facilitating this process in consultation with relevant Commonwealth agencies, state and territory governments, the Australian National Training Authority (ANTA) and industry, through industry skill councils; and**
- **developing a national database for recording the information and for permitting analysis of key trends, to be accessible to stakeholders and to the general public.**

**Updated information should also be continuously available through a website and disseminated in an annual report on the status of skill formation in Australia.**

#### **Recommendation            2            page: 39**

**The committee recommends that the Commonwealth, in conjunction with states and territories:**

- **examines the feasibility of a nationally integrated approach to collecting and reporting information on skill gaps, and for inclusion of such information in the national skills database; and**
- **considers the most appropriate means of incorporating qualitative information on current and future skill needs, including the training needs**

of emerging industries, and the changing nature of skill needs, in the national database and reports on skill formation.

**Recommendation 3 page: 39**

The committee, recommends that DEWR and the ABS, in developing the Australian and New Zealand Classification of Occupations (ANZSCO) in conjunction with Statistics New Zealand, commit to the implementation of strategies that they are considering to:

- improve ANZSCO's value as a tool for monitoring occupational change and changing skill needs;
- update the classifications regularly as occupations change, to capture labour force data at the occupation level;
- report on specialisations and higher skill levels within occupations; and
- make provision for information on skills to be linked to occupational structure.

**Recommendation 4 page: 39**

In conjunction with the work to be undertaken in recommendation 1, the committee recommends that DEWR, in consultation with industry representatives, including skill councils, reviews its current approach to assessing skill shortages with the aim of capturing information: on a broader range of vacancies, including vacancies that are not advertised in the print media; on regional skill needs; details of specialisations and the extent or severity of the skill shortages. This skill shortage information should be included in the national database developed by NCVET, and distributed by DEWR.

## **Chapter 3 Skills Formation and the Labour Market**

**Recommendation 5 page: 68**

The committee recommends that ANTA, in consultation with stakeholders, should consider developing a set of skill performance indicators in addition to the relevant AQF level to better distinguish between basic, intermediate and higher vocational training outcomes. These could be modelled on the OECD benchmarks and would provide an improved basis for targeting incentives under the New Apprenticeship scheme.

**Recommendation 6 page: 69**

The committee recognises that lack of national consistency in training standards and incentives makes the ideal of nationally portable qualifications difficult to achieve. The committee therefore recommends that the Commonwealth should work towards achieving nationally consistent standards and New Apprenticeship

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**incentives through ANTA MINCO for the benefit of providers and their clients: employers and trainees.**

**Recommendation            7            page: 71**

**The committee recommends that the Workplace Relations Act should be amended, or a regulation made, to ensure that Subsection 170VR (2) applies equally to all New Apprenticeships; that is both apprentices and trainees.**

**Recommendation            8            page: 71**

**To prevent abuse of New Apprenticeships, the committee considers that provisions for a training wage should not apply to existing workers.**

**Recommendation            9            page: 73**

**The committee recommends that states and territories should review time-based requirements governing apprenticeships and provision be made for true competency based training to be achieved by completion of the full apprenticeship in an unspecified timeframe.**

**Recommendation            10          page: 74**

**The committee recommends that, where core competencies have been achieved, these should be accredited through a process of Recognition of Prior Learning to allow additional or supplementary units to be taken to achieve the apprenticeship in a shorter time frame.**

**Recommendation            11          page: 75**

**The Committee reiterates its view, expressed in its report on quality in vocational education and training, *Aspiring to Excellence* (2000) that individual training plans require a higher level of commitment on the part of all stakeholders, and recommends that ANTA MINCO should review its position on the usefulness of these training plans for monitoring, auditing and evaluating outcomes.**

**Recommendation            12          page: 75**

**The committee further recommends that at the next meeting with MINCO, ANTA should give consideration to requiring nationally consistent implementation of individual training plans, and support provision of additional Commonwealth funding for targeted incentives directed to TAFE to:**

- develop individual training plans with the input of both the employer and apprentice;**
- develop and maintain student profiles linked to individual training plans, and**

- **implement quality assessment and mentoring procedures for employers.**

**The committee considers that if TAFE is not involved, any additional incentive could be allocated to another negotiator such as a Registered Training Organisation (where it is not also the employer), a union or industry body to help employers negotiate individual training plans with the New Apprentice and carry out the necessary support and auditing roles.**

**Recommendation 13 page: 78**

**The committee recommends that incentives for trade level qualifications and higher level traineeships, should provide for the bulk of the New Apprenticeship incentive payment to be awarded to the employer at commencement. The payment should be contingent on compliance with a negotiated individual training plan, attached to the New Apprenticeship Training Agreement.**

**Recommendation 14 page: 79**

**The committee further recommends that for training qualifications below AQF Certificate 3, the full New Apprenticeship incentive payment should be awarded on completion on demonstration of skill outcomes, as negotiated under the individual training plan.**

**Recommendation 15 page: 79**

**The committee recommends that New Apprenticeships incentives should be available for qualifications at AQF Certificate 5 and above, to foster higher skill development under traditional and non-traditional New Apprenticeships.**

**Recommendation 16 page: 80**

**The committee recommends that ANTA should be funded to provide targeted innovation incentives to TAFE and universities to develop of partnerships with industry, and to support efforts to build multiple training pathways between institutions.**

**Recommendation 17 page: 82**

**The committee considers that Recognition of Prior Learning (RPL), encompassing recognition of current competencies, should be conducted for all jobseekers to ensure that those with relevant skills or capacities have the opportunity to acquire the necessary skills to meet their own and industry's training needs. To achieve this, the committee recommends:**

- **ANTA should endorse the adoption of national common principles and operational guidelines for RPL, and address identified barriers to RTOs and TAFE undertaking RPL;**

- an incentive for RPL should be provided under New Apprenticeship contract arrangements, either as a supplement or as a complement to incentives provided for training ; and
- training should be provided for Job Network staff with relevant industry experience under the proposed *Training and Assessment (TAA) Training Package*. All job seekers registered with Job Network should be RPL assessed and have access to appropriate training and available jobs. For higher level or specialised skills this may require TAFE or other RTOs to undertake the RPL.

**Recommendation 18 page: 85**

The committee recommends that additional provision should be made through the Job Network Job Seeker account to support 15 to 24 year olds to obtain employment-related training that leads to national qualifications, particularly in the traditional trades and areas of skill shortage.

**Recommendation 19 page: 85**

The committee recommends that the Commonwealth should identify and develop strategies to address impediments to genuine work placements, including the availability of public liability insurance and workers compensation, so that young people have increased opportunity to gain work experience and build their skills.

**Recommendation 20 page: 86**

The committee recommends that Job Network providers should enter into arrangements with employers, with the agreement of all industry players, to access New Apprenticeships for unemployed people who have relevant skills to achieve fast-tracked apprenticeship qualifications in skill shortage areas.

**Recommendation 21 page: 87**

The committee recommends that the Industries Strategies Task Force should monitor the present capacity of Job Network to meet skill shortage needs. It should establish benchmarks to assess employment outcomes and evaluate whether any mechanisms are needed to improve Job Network's capacity to arrange additional training for jobseekers with competencies in skill shortage areas.

## **Chapter 4 Vocational Education and Training Framework**

**Recommendation 22 page: 107**

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 page: 107**

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 page: 107**

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 page: 107**

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.

**Recommendation 26 page: 109**

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



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

**Recommendation 27 page: 118**

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 page: 118**

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 the current requirements for pedagogical skills and industry knowledge; and
- examines the scope for approaches such as moderation or involvement of industry advisory bodies in assessment.

**Recommendation 29 page: 125**

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 utilizing 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.

**Recommendation 30 page: 127**

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.

**Recommendation 31 page: 128**

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.

**Recommendation 32 page: 129**

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.

**Recommendation 33 page: 131**

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.**

**Recommendation 34 page: 135**

**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 page: 135**

**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.**

**Recommendation 36 page: 139**

**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.**

## **Chapter 5                      Education and Training Pathways**

**Recommendation            37      page 144**

**The committee recommends that the MCEETYA Task Force on Transition should consult with TAFE about the particular literacy and numeracy requirements of current vocational training, including for emerging industries and traditional trades, and how schools could best provide these to students planning to follow VET pathways on completion of school.**

**Recommendation            38      page: 148**

**The committee recommends that the MCEETYA Task Force on Transition should support the funding and development of mechanisms to help schools provide opportunities for all students, from years 8 and 9 onwards, to learn about the nature of industry and the world of work through workplaces visits so that they can make informed choices about future education and careers.**

**Recommendation            39      page: 148**

**The committee also recommends that the Commonwealth and states and territories support the establishment of local networks of schools, industry associations and representatives, the VET sector and higher education sector and the community, to help link vocational education and training, both in schools and in the VET sector, with industry needs and to assist transition between school and employment or further education.**

**Recommendation            40      page: 148**

**The committee recommends that the MCEETYA should examine VET in schools models, such as the T3 model in New South Wales and promote their value for traditional apprenticeship and other vocational training, with state and territory education authorities. Industry should also take responsibility for promoting the development and implementation of best practice models.**

**Recommendation            41      page: 148**

**The committee also recommends that ANTA develop, in conjunction with TAFE, industry bodies, schools and universities, programs based on the RMIT/Bosch model which combine school and apprenticeship training with an option for simultaneous progression to diploma, and that ANTA provides financial assistance for the national implementation of those programs.**

**Recommendation            42      page: 152**

**The committee recommends that all students should have access to professionally trained and well informed careers advisers, whether these are located in schools or are accessible through rotation, industry partnerships, or outsourcing**

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arrangements. To facilitate this, MCEETYA should direct the task force examining career counselling issues to develop a set of national set of standards for career development services:

- in consultation with the Australian Association of Careers Counsellors and universities and TAFE institutes offering awards in career development;
- to require that all career counsellors are educated about the technical sophistication, challenges and career opportunities in industry today, and establish contacts with relevant local industry associations;
- to recommend that units in career development should be made available as part of the teacher training curriculum.

The committee also calls on employer peak bodies and industry associations to encourage their members to establish closer links with schools and career counsellors in particular, to ensure that they have access to accurate and up-to-date advice on the full range of career opportunities.

**Recommendation 43 page: 159**

The committee recommends that the Commonwealth and the state and territory governments make a joint commitment to significantly increase the proportion of young people completing year 12 or equivalent vocational education and training, within the next five years. This will require them to adopt formal agreements to implementing a more systematic, integrated and comprehensive approach to youth transition, featuring more intensive support and stronger safety nets and backed up by significantly increased resources.

DEST should report each year on the proportion of young people achieving these outcomes.

**Recommendation 44 page: 159**

Consistent with its view that all young people should have a right to 12 years of school education or equivalent VET or decent full-time employment, the committee recommends that all young people under 21 who have not achieved this outcome, should have access to transition arrangements including career counselling to reconnect them with education or into full-time employment consistent with their needs and interests. The entitlement to this form of assistance should over-ride any other policy frameworks relating to unemployment assistance, such as Work for the Dole, or other requirements for certain unemployed people.

**Recommendations 45 page: 160**

The committee recommends that the Commonwealth and states and territories recognise the special role that pre-apprenticeship training can play as another pathway between school and further education and training, and employment for

young people and make funding available to support such training. The committee also recommends that the Commonwealth and states and territories should consider the availability of pre-apprenticeship training as part of a VET in schools program.

**Recommendation 46 page: 170**

The committee recommends that ANTA undertake extensive consultation and research towards developing a model that allows for graded assessments to be provided within the competency-based system, where students require this for articulation to higher education.

The committee recommends that ANTA should require that all training packages include support materials which outline basic content and knowledge as well as competencies; include study skills as well as workplace skills; and accept the classroom as well as the workplace as a legitimate site for assessment.

**Recommendation 47 page: 170**

The committee recommends that ANTA, in conjunction with the AVCC, evaluate the Cast CRC model for a national integrated education program, as a possible model for other disciplines or industry areas with low student numbers and a need for skill sets from both VET and higher education. The committee also recommends that ANTA and the AVCC consider possible funding arrangements to promote the development and implementation of such models.

**Recommendation 48 page: 170**

The committee also considers that MCEETYA should examine the feasibility and merits of introducing a system for tracking students' education and training from year 7 onwards. This examination should include consideration of the skills passport concept for recording the full range of VET outcomes.

**Recommendation 49 page: 178**

The committee recommends that the Commonwealth consider introducing a separate scheme to support the training of existing workers, in place of the incentives under the New Apprenticeship scheme. The National Industry Skills Forum should provide advice on the key features of a new scheme which would better focus on the career development needs of workers, including casual employees, and on training which supports enterprise and industry skills development strategies and national skill priorities.

**Recommendation 50 page: 179**

The committee also recommends that the Commonwealth provide funding to enable mature workers who are unemployed or at risk of being retrenched, to have a formal Recognition of Prior Learning, career counseling and access to

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training to develop new skill sets which will enhance their future employment prospects.

## **Chapter 6                      Role of Industry and Other Stakeholders**

**Recommendation              51      page: 203**

**The committee recommends that ANTA should:**

- **review, at the end of 2004, the effect of reduced funding of state and territory industry advisory arrangements on their capacity to support the national advisory arrangements, and the national system;**
- **consider expanding the roles of the national skills councils to include developing skills formation and workforce development strategies for their industries and supporting this with appropriate funding; and**
- **announce its commitment to the continuing, central importance of the bipartite approach (based on a partnership between employers and unions) to industry advice, to be reflected throughout all of ANTA's advisory bodies and working groups.**

**Recommendation              52      page: 203**

**The committee also considers ANTA should commission independent research on the full range of strategies that can contribute to increased and more effective and targeted employer investment in training and more equitable access to training for the casual and contract workers. The research should include consideration of collective bargaining arrangements, levies, incentive arrangements, taxation arrangements, industry training plans and workforce development strategies.**





## Preface

The title ‘Bridging the Skills Divide’ encapsulates the main messages of this report. Employers, unions and educators agree that Australia is currently facing some serious skills shortfalls which are set to worsen over the next decade without appropriate action.

Cuts to public and private sector investment in skills formation, in pursuit of productivity and efficiency gains, have seriously eroded the skills base in many industries and occupations of strategic economic and social significance. Across a wide front, from manufacturing to areas of science and engineering and segments of the medical and education workforce, the corps of skilled people falls far short of that needed to replace age retirements over the next decade. In other areas, such as aged care, the challenge is to fund the training needed to meet growing demand and more rigorous regulatory standards. And the training needs of all areas of the workforce will intensify as the pace of technological and business process change accelerates.

At the same time, demographic developments mean that there will be far fewer younger people on which to build a new skills base.

Australia’s productivity gains over the past two decades, stimulated by economic and labour market restructuring, are well known. Less well recognised till now is the price that we have paid as a result of reduced funding of skills formation. The message to this inquiry was that the next wave of productivity gains will need to be founded on a new skills formation strategy. This will require increased public and private sector investment, targeting areas of highest economic and social priority, as well as policy settings and a training delivery framework that support new and more effective approaches to skills formation. In effect, Australia needs a new policy agenda for skills formation, supported by an improved information base.

The agenda will need to achieve a more balanced approach to skills formation to counteract the current trends towards polarisation into high skills, high reward and low skill, low reward occupations. This calls for stronger recognition of the role of intermediate skills, including the traditional trades and other skilled vocational careers, in founding a skills pool that is both wide and deep. A broader base of skills will not only provide industry with a more sustainable skills pool, it will also provide more satisfying and economically rewarding career opportunities, in line with the diverse talents and aspirations of our community. To achieve this we need, among other things, to restore a sense of pride in the valuable contribution of skilled vocational pathways such as the traditional trades. This is an important challenge for governments, industry and the community. This report suggests a number of measures to accelerate the process.

**Senator George Campbell**  
**Chair**



# Chapter 1

## Introduction to the Inquiry

### Conduct of the inquiry

1.1 The Senate referred this inquiry to the Employment, Workplace Relations and Education References Committee on 23 October 2002, with an initial report date in subsequently 6 November 2003.

1.2 The terms of reference for the inquiry are:

- a) areas of skills shortage and labour demand in different areas and locations, with particular emphasis on projecting future skills requirements;
- b) the effectiveness of current Commonwealth, state and territory education, training and employment policies, and programs and mechanisms for meeting current and future skills needs, and any recommended improvements;
- c) the effectiveness of industry strategies to meet current and emerging skill needs;
- d) the performance and capacity of Job Network to match skills availability with labour-market needs on a regional basis and the need for improvements;
- e) strategies to anticipate the vocational education and training needs flowing from industry restructuring and redundancies, and any recommended improvements; and
- f) consultation arrangements with industry, unions and the community on labour-market trends and skills demand in particular, and any recommended appropriate changes.

1.3 The inquiry was advertised nationally and the committee wrote to Commonwealth agencies such as the Australian National Training Authority (ANTA), the Department of Education, Science and Technology (DEST), and the Department of Employment and Workplace Relations (DEWR), and contacted state and territory authorities as well as other relevant organisations and individual experts. The committee received 103 submissions, and heard from a wide range of stakeholders at public hearings and roundtable discussions in Brisbane, Gladstone, Cairns, Mareeba, Perth, Kwinana, Port Augusta, Launceston, Dandenong, Melbourne, Newcastle, Sydney, Darwin, Adelaide and Canberra. Visits were also made to a number of

schools, TAFEs and skill centres and members of the committee met with industry and community groups in Wollongong, Port Kembla, Maitland, Cessnock, Brisbane and the Gold Coast. The committee thanks all those who made submissions, gave evidence or hosted a visit.

## **Object of the inquiry**

1.4 The inquiry was prompted by industry concerns about persistent, widespread skill shortages over the past decade and concerns about future shortages resulting from a combination of demographic, technological and business process change and, in some industries, a serious erosion of the skills base. Related to these were concerns that the current policies, programs and mechanisms for identifying and responding to current and future skill needs may not provide an adequate framework for responding to these challenges. As well there was a sense of frustration with the persistence of unacceptably high levels of unemployment and under-employment in some locations, alongside skill shortages, suggesting the need for better mechanisms for identifying and using the skills available within the community.

1.5 The inquiry's terms of reference were very broad and ranged across complex and frequently changing policies and programs in the areas of vocational education, training and employment. The complexity of the policy and program environment and the pace of change was a particular challenge for the inquiry. As an illustration, the list below details some of the Commonwealth or national policies, programs or arrangements which were subject to significant change, review or new initiatives, immediately before or during the course of the inquiry. These cover almost all of the terms of reference:

- the new national strategy for vocational education and training;
- arrangements for industry advisory bodies at the national and state level;
- ANTA's arrangements for identifying current and future skill needs;
- the classification system used as the basis for statistical reporting on occupational trends in the labour market (ASCO);
- labour market and other employment assistance programs associated with Job Network;
- Commonwealth incentives for New Apprenticeships;
- User Choice policy and principles;
- the role and funding of group training organisations;
- the principles and framework for development of training packages; and
- policies and programs relating to VET in Schools, youth transition, career counselling.

1.6 A number of states and territories also undertook major reviews of skills related issues, during the life of the inquiry.

1.7 The committee has therefore been unable to deal with the full range of issues raised during the inquiry in the time available and has not had the opportunity to consider the full range of extensive research which may have been helpful to its report. Instead it has chosen to focus on issues that were most prominent during the inquiry, at the expense of some equally important issues and areas of the terms of reference.

1.8 The result is that there is a clear emphasis on skill shortages and needs in the traditional trades, and on the current arrangements for vocational education and training, and minimal coverage of skill shortages and needs in the professions or other occupations where higher education is the main avenue for skill formation. This does not discount the importance of skill needs and skill shortages in those areas. Indeed, it is clear from evidence to the inquiry and in the public domain, that the persistent and widespread shortages of some professionals, including nursing and teaching professionals, are among the serious skill issues currently facing Australia.

1.9 Other issues arose in relation to how current arrangements might be better targeted to address regional needs. At hearings in regional locations, for example, the committee learned about the problems of seasonal industries, from tourism through fisheries and agriculture. In isolated areas retaining skilled people was a significant challenge, as was the generation and attraction of a skills base to support present and planned project developments. The report deals with these matters in the context of discussion about the effectiveness of the overarching framework to provide for skills needs. Important areas such as the role of migration in meeting current and future skill needs, the training needs of people with disabilities and issues related to restructuring and redundancies, and the long-term unemployed have in the main not been canvassed in the report, and may merit separate reviews at another time.

1.10 However, an area that struck the committee as being in need of more immediate investigation were outcomes under Indigenous education and training. Evidence taken in Darwin and Cairns identified problems with remote area training, the appropriateness of training offered and its delivery, and reported the mixed benefits accorded by the Commonwealth Development Employment Program (CDEP). On a more positive note, the committee also heard that partnerships between industry and Indigenous land councils in the Northern Territory are beginning to make the necessary link between training and employment outcomes, although continuing opportunities for Indigenous people may only be realised by careful planning and commitment. The committee concluded that this mix of problem and potential requires a more complete investigation. While Indigenous matters are not dealt with in any detail in report, the committee intends to take up this issue by attempting to program an inquiry into Indigenous skills and employment issues before the end of this, the 40<sup>th</sup> Parliament.

## **Overview of issues**

1.11 The overarching message during the inquiry was the need to recognise that Australia is facing a major skills formation challenge, both in the immediate future

and accelerating over the next two decades, due to the combined effect of a shrinking cohort of young workforce entrants, a depleted stock of skills in some key industries and occupations and the accelerating need for new skills, flowing from technological and business process change. There are implications for funding of vocational education and training and higher education, as well as for a host of policies and practices, covering the areas of retirement, superannuation, and flexible working conditions, as well as vocational education and training, pathways between education and training, youth transition, the labour market and industry policy and assistance for unemployed people, especially the long-term unemployed. This report focuses on those matters that were raised during the inquiry.

1.12 At the same time, a striking feature of this inquiry was the scale and diversity of stakeholder interests and perspectives on current and future skill needs, and the divergent and sometimes contradictory views on issues such as the need for greater flexibility in training delivery and content and on priorities for targeting of incentives and financial support. Submissions from the Commonwealth highlighted the contribution of current policies and programs in meeting national skill needs, including the role of the cooperative federal system for vocational education and training (VET), programs and policies in areas such as youth transition, VET in schools, the National Industry Skills Initiative, labour market and related information, workplace relations and employment programs. They identified flexibility and responsiveness, and a de-regulated, market-driven approach, as the cornerstone of Commonwealth policy in relation to the labour market, education and training, and employment assistance.

1.13 Commonwealth submissions also pointed to some of the main achievements in relation to skills formation, including increasing rates of participation in post-secondary school education, and vocational education and training in particular, with around 1.76 million or 13 per cent of Australians undertaking a VET course in 2001.<sup>1</sup> The Department of Education, Science and Training (DEST) highlighted the growth in New Apprenticeships and in VET in schools programs: with 374,800 people in New Apprenticeships training in December 2002, more than double the number five years ago<sup>2</sup> and around 170,000 school students undertaking VET in schools in 2001.<sup>3</sup>

1.14 Submissions from state governments were understandably more concerned with how well national and Commonwealth skills formation policies, structures and funding arrangements support their individual economic and social development strategies. States also had a greater focus on the outcomes of training and employment policy, including whether the mix and distribution of skills meet local industry and community development objectives. Many were concerned about the inadequate funding of vocational education and training and aspects of the broader policy

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1 Submission 57, Department of Education, Science and Training, pp. 6,7

2 *ibid.* p.18

3 *ibid.* p.7

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framework including reporting measures, user choice policies and Commonwealth incentives for New Apprenticeships, which are seen to be channelling an increasing proportion of Commonwealth and state government training expenditure into lower skill areas, restricting the scope for investment in areas of greater strategic economic or social importance.

1.15 Employer representatives generally supported the thrust of current Commonwealth and national policy, and specifically the emphasis on a market-driven system responsive to employer demand but argued for even more flexibility and responsiveness in workplace relations and training delivery and greater progress in consistency in state and territory arrangements for training, in line with the goals of a national system.

1.16 Current and projected shortages of occupation-specific and generic skills, the training needs of the existing workforce and improved arrangements for identifying and responding to changing skill needs, were also major issues for employers. The Australian Industry Group (AiG), with a membership concentrated in the construction and manufacturing industry, was particularly concerned about the effect of major resource and construction projects scheduled over the next five to ten years, given that the skills pool in the engineering, manufacturing and parts of the construction trades are almost empty. While relevant state and territory governments have developed their own skills formation strategies for these projects, the AiG argued for a national approach to identifying the nature and scale of the associated skill needs and for accelerated training strategies, to overcome the long lead times normally associated with training in these areas. Employers generally are looking for a more integrated national approach to identifying skill needs and more tangible progress towards a national framework for skills formation.

1.17 The demographic squeeze, from the declining pool of new workforce entrants over the next decade, alongside poor education and employment outcomes for a significant minority of young people, was identified by the Business Council of Australia and the Dusseldorp Skills Forum, as one of the most critical skills formation, and indeed economic and social policy issues, facing Australia. The Dusseldorp Skills Forum submitted a proposal to modernise Australia's system of transition support for young people leaving school by bringing the disparate patchwork of existing arrangements and initiatives into a cohesive framework.

1.18 Unions shared some common concerns with employers, including the need for an increased emphasis on training of the existing workforce and greater consistency and integrity in the national training system. For the ACTU, there is a need for Commonwealth and states to adopt a consistent approach to New Apprenticeships incentives and for better targeting of incentives towards higher and intermediate skill levels and skills formation in areas of national priority. More generally unions see the reliance on the market and employer demand, with some targeted innovation initiatives, as an inadequate basis for skills formation policy. They cite persistent skill shortages, a rundown in skills in key industries, inequitable access to training and

disproportionate public investment in low skill occupations as the unfortunate, but perhaps inevitable, outcomes of the current policy settings.

1.19 A number of expert witnesses also raised concerns about the contribution of current policy to the growing polarisation of the workforce between high skill, high wage and low skill, low wage employment. Another concern was the urgent need to address the depletion of skill stocks and the rundown in skills formation, partly driven by economic and policy settings of the 1980s and 1990s. This phenomenon, likened to farmers eating their seeds, is particularly marked in manufacturing industry, many engineering occupations and some areas of education, including the TAFE sector.

1.20 Academic and other experts pointed out, however, that the current competitive business environment and policy settings create a disincentive for many employers to make the necessary investment in skill formation. They, along with unions, argue for policies which will make training a more attractive investment for more employers, particularly those operating in industries of strategic economic or social importance, including the manufacturing, health and education sectors. Unions argue that the national skills councils provide the ideal forum for developing these strategies, and the role of these and their resourcing need to be strengthened accordingly.

1.21 Some themes were present in a broad cross-section of submissions. The need for ‘seamless and multiple pathways’ between school, vocational and higher education and a culture and policy that supports lifelong learning was an issue for almost all stakeholders. While these have been part of the policy agenda and rhetoric for some time, the committee gained the sense that there is a stronger momentum building for more tangible progress in this area. A coordinated policy framework for considering cross-sectoral issues may be a precondition to more substantial progress in this area. Another widely held aspiration was for more tangible progress in realising the potential of the national system, particularly in terms of automatic national recognition of qualifications and registered training organisations, greater consistency in qualification and occupational licencing requirements and approval of training pathways.

1.22 The current policy and processes relating to the training packages, which set out the competencies required for effective performance in the workplace, and the pathways to qualifications, were also a source of many criticisms and suggestions. The committee found it encouraging to see that the Australian National Training Authority (ANTA), as the ‘guardian’ of the national system, now appears more open to taking these criticisms on board during its current examination of the training packages.

1.23 There was also consensus about the importance of engaging more of the growing number of small and medium enterprises (SMEs) in providing structured training leading to national qualifications for new workforce entrants, and a recognition of the challenge this presents. Given, the policy emphasis on enterprise-based training, the engagement of SMEs appeared as the stumbling block to training policy, with the capacity of the system to uphold skills development, especially for the more expensive trades apprenticeships, thrown into doubt.



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## Structure of the report

1.24 These themes inform the body of the report which comprises the following chapters.

- **Chapter 2: Skills Shortfalls and Future Skill Needs**

This chapter assesses the evidence in relation to the prevalence, causes and consequences of skill shortages and also examines the current arrangements for identifying current and future skill needs. It found that there are widespread and persistent skill shortages, as commonly defined, in many of the traditional trades and some professions and that there are also a wide range of occupational shortages and skill gaps not recorded in official statistics. It canvasses the arguments for a reliable and comprehensive information base, an issue raised by employer representatives, professional associations, unions and some other stakeholders. It concludes that there is a compelling case for the development of a more integrated and coordinated approach to collection and dissemination of information on current and future skill needs and makes several recommendations to this end.

- **Chapter 3: Skills Formation and the Labour Market**

1.25 There are two main issues discussed in this chapter. The first is whether the current policy is effectively promoting the development of both high level skills and intermediate skills. The second is the nexus between labour market and skill formation, with particular focus on New Apprenticeships program and the Job Network. The chapter looks briefly at the policy framework set out for vocational education and training and tests its effectiveness to meet skills needs under the competitive conditions of the labour market today.

1.26 The committee found that, despite the policy focus on achieving high level skill development, the present approach to skill formation appears to be not well suited to labour market conditions. The prevailing view was that there is a mismatch between what the system is offering and what the majority of employers need to address their skill requirements. The enterprise focussed training approach was faulted by the increased competition in the marketplace now comprising large numbers of SMEs, against a reduction in training by large companies and privatised public utilities. The result is that training at intermediate skill levels and for para-professional qualifications has remained static, or has actually dropped in real terms, while there has been an overwhelming increase in low level training under the impetus of the New Apprenticeships.

1.27 The committee concludes that adjustments are needed to New Apprenticeships to tip the balance in favour intermediate and higher skills development. A companion theme was to ensure that there are quality assurance standards of training and employment attached to New Apprenticeships. The chapter explores a range of support mechanisms including: development of performance indicators to better differentiate training outcomes; adjustments to legislation governing New Apprenticeships; a redistribution and adjustment of incentive

payments; provision of targeted incentives to encourage industry/education and inter-institutional training developments; and for Recognition of Prior Learning. Finally the chapter focuses on Job Network, with a particular interest in its capacity to redress transition difficulties of young people, to retrain people for employment in skill shortage areas and to meet regional needs.

- **Chapter 4: The Vocational Education and Training Framework**

1.28 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. The committee found evidence that the current funding levels and arrangements provide an inadequate basis for responding to unmet demand, both latent and officially recorded, and for providing a more diverse range of training responses for industry and individuals. One level of the adequacy of funding is the ability to meet current demand: the Australian Bureau of Statistics in December 2002 estimated unmet demand for TAFE as 40,000 persons nationally, with almost 15,000 of these being under 25 years of age.<sup>4</sup>

1.29 A particular concern is that the current funding 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. Other important findings related to the adequacy of training packages to meet industry needs; the requirement for employability skills and the capacity of skill centres to provide intensive training assistance and meet other training needs.

- **Chapter 5: Education and Training Pathways**

1.30 Multiple training pathways are important to cater for the diversity of individual's preferences and circumstances and to enable individuals to maintain lifelong employability, in an environment where jobs, occupations and workplaces and the associated skill requirements, are continually being transformed. This chapter briefly examines the adequacy of some of the current arrangements for providing individuals and industries with 'seamless pathways' for skill formation.

1.31 An important issue was the need to consolidate careers management and advice for young people. The committee concludes that all students are entitled to access to professionally trained and well informed careers advisers. To consolidate policy approaches to youth transitions, the committee also supports the implementation of a more systematic and integrated approach to increase the number of young people completing 12 years of school or equivalent vocational education and training (or 'decent work') within the next five years. The committee also believes that an entitlement to 12 years of schooling or equivalent vocational education and

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

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training should extend to people who have left school, including unemployed young people under the age of 21. A number of suggestions are made for improving articulation between VET and higher education. Consideration of the training needs of existing workers also suggests that there should be a separate program for this purpose.

1.32 The committee also found that many schools are placing undue emphasis on school retention rates as the sole measure of success in achieving improved education and training outcomes for young people, ignoring the need for students leaving before year 12 and gaining an 'equivalent VET qualification' being counted as successful outcomes.

- **Chapter 6: The Role of Industry and Other Stakeholders**

1.33 The main focus of this chapter is the role of industry in identifying and responding to the skill needs of its workforce. There is a strong focus on the recent changes to industry advisory arrangements, with a number of stakeholders concerned that they signal a further shift in Commonwealth policy away from the tripartite (employer-union-government) principles on which the current training system was established. Union and some employer groups share concerns that the current proposals for the number of advisory bodies and funding levels are being driven by financial considerations rather than an objective assessment of the requirements for an effective system.

1.34 The second main theme of this chapter is the need for a policy framework that promotes greater industry responsibility for training its workforce including a discussion on the role of levies and other strategies for sharing costs and benefits across an industry. Finally, the chapter touches briefly on the need for consultative and other arrangements within the national training system to include the full range of stakeholders, where appropriate. Due to time constraints, this matter is not examined in the detail that it deserves.



## Chapter 2

### Skill Shortfalls and Future Skill Needs

#### Introduction

2.1 An important catalyst for this inquiry was industry's concerns about the prevalence and persistence of skill shortages in some key occupations in recent years, as well as growing concerns about the prospect of serious skill shortages and skill gaps in the future arising from the combination of demographic change and new skill needs generated by changes in technology and business processes. Effective responses will require a reliable and comprehensive information base, as well as policy and program frameworks that support investment in a sustainable skills base and short-term responses where appropriate. This chapter will examine evidence on the nature and dimensions of current and projected skill shortages as well as on the adequacy of the information base on current and future skill needs.

#### Skill shortages and other skill shortfalls

2.2 The term 'skill shortages' is often shorthand for a wide range of recruitment difficulties as well as skill deficiencies of the existing workforce. The Department of Employment and Workplace Relations (DEWR), which monitors skill shortages as part of its labour market information responsibilities, defines skill shortages as occurring when:

employers are *unable to fill or have considerable difficulty* in filling vacancies for an occupation, or specialised skill needs within that occupation, at prevailing levels of remuneration and conditions of employment, and reasonably accessible location.<sup>1</sup>

2.3 Shortages are monitored for occupations which require significant periods of education and training and or experience (usually of at least three years) generally being in the professions, traditional trades and occupations in information and communications technology. Skill shortage reports also include information on occupations experiencing 'recruitment difficulties'; that is, where employers have *some* difficulty in filling vacancies for an occupation or specialisation within an occupation, even though there may overall be an adequate supply of skilled workers for that occupation.<sup>2</sup> Recruitment difficulties may serve as an indicator of possible

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1 Committee *emphasis*. Submission 95, Department of Employment and Workplace Relations (DEWR), p. 3

2 *ibid.* Attachment A

future skill shortages, particularly if they persist, although they may also be due to some specific features of positions on offer or reflect highly specialised needs.

2.4 Surveys of skill shortages do not include information on either ‘skill gaps’, or deficiencies in the skills of *existing* workers or labour shortages, where there are difficulties in recruiting people for less skilled occupations, that is those generally requiring less than 3 years training and/or experience. Yet skill gaps, which imply a need for training of the existing workforce, are of increasing importance for employers in many occupations, and are expected to increase over time due to the ageing of the workforce and the increasing pace of technological change.<sup>3</sup> The need for a sound information base on skill gaps and future skill needs due to technological and workplace change was raised in many submissions.

2.5 This report will consider the full spectrum of skill ‘shortfalls’ or deficits of concern to industry, including current skill shortages and recruitment difficulties, expected future shortages as well as ‘skill gaps’. Labour shortages will be raised where relevant, but have not been a focus of this inquiry.

### ***Dimensions of the problem***

2.6 According to the Australian Chamber of Commerce and Industry (ACCI), the lack of suitably qualified staff has been a major concern for Australian industry over the past decade, and is one of the most significant barriers to investment.<sup>4</sup> ACCI reports that while the relative importance of this issue has varied from year to year, peaking in 2000, it has remained in the top 10 of industry concerns since 1992.<sup>5</sup> ACCI does not define ‘a lack of suitably qualified people’.

2.7 The Australian Industry Group (AiG), representing employer associations in the manufacturing, construction and engineering industries, reports that several of industry sectors, including manufacturing, are continuing to experience serious skill shortages which, unless effectively addressed, may have severe and lasting consequences for Australian enterprises.<sup>6</sup>

2.8 A study for the Australian Industry Group, *Training to Compete*, identified three dimensions to the skill shortage ‘problem’: immediate skill shortages; a lack of quality applicants; and, long term skill gaps including an expected long term shortage of people with the required key skills.<sup>7</sup>

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3 National Office of the Information Economy, *Skill Shortages in Australia’s IT&T Industries*, Discussion Paper, December 1998, p. 6

4 Submission 100, Australian Chamber of Commerce and Industry (ACCI), p. 7

5 *ibid.* p. 8

6 Submission 74, Australian Industry Group (AiG) and Engineering Employers Association of South Australia (EESA), p. 10

7 Allen Consulting Group, *Training to Compete: the Training Needs of Industry*, Report to the Australian Industry Group, p. xvii

2.9 The Business Council of Australia submission points to the risk of future broad-based skill shortages resulting from an ageing population, indicating the need for strategies to retain and upskill existing workers and ensure that all young people have the skills that they need to effectively participate in the workforce.<sup>8</sup>

2.10 A study of skill needs in the Hunter region found that knowledge and skills play a major part in the capacity to create long term sustainable jobs growth and that just under a third of Hunter industries believed that skill gaps and shortages will affect their future growth and viability.<sup>9</sup>

2.11 Information from DEWR indicates that skill shortages are currently evident in many child care occupations and the health professions, and are particularly severe for nursing, apply to some specialisations within secondary teaching and ICT, and to many of the traditional trades.<sup>10</sup> Acknowledging that skill shortages may not apply to all specialisations within an occupation or to all locations, the committee notes that some trades occupations have remained consistently in shortage for long periods of time. Trades skills which have been in short supply for a number of years include:

- pastry cooks, chefs and motor vehicle mechanics continuously from 1994;
- toolmakers and upholsterers continuously from 1995;
- boilermakers, fitter and turners, metal machinists, pressure welders and sheet-metal workers in all but one or two years since 1995;
- refrigeration and air-conditioning mechanics continuously from 1998; and
- panel beaters, vehicle painters, and automotive electricians continuously from the end of 1998.<sup>11</sup>

2.12 With the same caveat, in the professions, the occupations or specializations of electrical or electronic engineers, accountants, registered nurses, midwives, mental health nurses, development disability nurses, pharmacists, physiotherapists, speech pathologists, medical imaging professionals, and secondary school teachers (possibly not all disciplines) have been in short supply either continuously or in all but one year, since 1996 (and before, in some cases).<sup>12</sup>

2.13 Submissions and evidence to the inquiry confirmed this general picture, but also reported a large number of other current and projected 'skill shortages' (not

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8 Submission 18, Business Council of Australia, p. 1

9 HunterNet Group Training Company (HNGTC), *Innovative Training Now and in the Future, A Proposal in Response to a Critical Shortage in the Small to Medium Size Engineering and Manufacturing Workforce in the Hunter Region of New South Wales*, February 2003, p. 4

10 DEWR *National and State Skill Shortages List – 2003* at: [www/workplace.gov.au/Workplace/WPDisplay/0,1251,a3%3D3507%26a0%3DO%2](http://www/workplace.gov.au/Workplace/WPDisplay/0,1251,a3%3D3507%26a0%3DO%2)

11 DEWR *Shortage History Trades Attachment D* (Provided to committee)

12 *ibid.*

defined in any way). These were often specific to an industry and/or region. For example:

- the submission from TRANZNET identified a current and looming shortage of truck drivers, with the average age of drivers being over 50, partly due to insufficient new entrants over the recent past;<sup>13</sup>
- the Victorian Government identified the likelihood of future shortages in IT, notwithstanding the current downturn in the industry;<sup>14</sup>
- the Recruitment and Consulting Services Association reported that the nursing shortage is by far the most serious, and there is an overall lack of qualified trades people, but there are also difficulties in recruiting people with logistics and supply skills, and legal skills as well as people with building and engineering skills;<sup>15</sup> and
- the Australian Mathematical Sciences Institute reports serious problems with the supply of mathematics teachers, and teachers of literacy and numeracy for young people at risk of failing at school, and that there are insufficient teachers of mathematics among the core TAFE staff.<sup>16</sup>

2.14 These ‘shortages’ may not be captured by DEWR reporting, either because they are specific to a region, are not sufficiently ‘skilled’ to meet DEWR’s reporting criteria, or have not yet been manifest in difficulties in recruitment through standard channels. They are likely, however, to be of significant interest to industry bodies, policy-makers and educators, because they suggest areas where a response is required.

2.15 The regional dimension to skill shortages is quite marked: a survey of businesses by the Australian Industry Group found that 60 per cent of regional businesses in New South Wales face skill shortages, as well as 48 per cent of businesses in Victoria and 41 per cent of businesses in Queensland.<sup>17</sup> Shortages can be particularly severe in rural or more remote areas. The Pastoralists and Graziers Association of Western Australia reported that 65 per cent of their members find it ‘almost impossible to engage suitably skilled staff for either seasonal or permanent positions.’<sup>18</sup>

2.16 The impact of regional skill shortages can be felt beyond the region: there are concerns that shortages of metal and steel trades people are threatening multi-million

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13 Submission 30, TRANZNET, p. 2

14 Submission 94, Victorian Government, p. 11

15 Submission 20, Recruitment and Consulting Services Association, p. 5

16 Submission 103, Australian Mathematical Sciences Institute, p. 2

17 Submission 74, AiG and EESA, p. 10

18 Submission 43, Pastoralists and Graziers Association of Western Australia, p. 1



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dollar projects in the Upper Spencer Gulf areas of Whyalla, Port Pirie and Port Augusta.<sup>19</sup>

2.17 While skill shortages are said to be ‘a recurring and persistent feature of the Australian labour market’,<sup>20</sup> their incidence and severity varies over time. DEWR information on skill shortages over the past twenty years indicates that shortages have become more widespread and entrenched since 1994–95. In response to mounting industry concerns about during the second half of the 1990s, the Commonwealth government, commencing in 1999, initiated a number of industry-government (industry-led) working groups to examine skills shortages in selected industries, under the umbrella of the National Industry Skills Initiative (NISI). Working groups established since 1999 cover engineering, electro-technology, retail motor, commercial cookery, building and construction, the rural industries, retail, emerging technologies and road freight transport. General issues relating to skill shortages in the traditional trades, an area of particular concern, were also examined.

2.18 Industry and other participants clearly value the work done through the National Industry Skills Initiative, particularly the better understanding that has been achieved of the trends in supply and demand for skills in selected occupations or industries and the nature and cause of skill shortages. Nevertheless, industry representatives submitted that Australia still lacks an adequate national, ‘whole-of-government’ framework for responding to skill shortages and future skill needs’.<sup>21</sup>

2.19 The Australian Industry Group also identified the need to forestall future skill shortages through a more strategic approach to skill formation, based on identifying the trades and post-trade skills requirements four or five years into the future, given the time required for skill formation at these levels.<sup>22</sup> A particular concern is the need to identify the full range of skill needs associated with some of the major resource or infrastructure projects planned to come on stream in Central Queensland and Northern and Western Australia over the next few years and to develop national strategies to meet those needs.<sup>23</sup>

### ***Contributing factors***

2.20 The causes of skill shortages and skill gaps are often complex and multi-faceted with the specific causes varying with the industry and occupation. National industry advisory bodies identified the following factors as contributing to

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19 Submission 79, TAFE Directors Australia, p. 2

20 Smith A, *Evidence of Skill Shortages in the Engineering Trades*, NCVER, 2002, p. 1

21 Mr Stephen Balzary, Director, Employment and Training, ACCI, *Hansard*, Canberra, 20 June 2003, p. 1114

22 Mr Stephen Ghost, General Manager, Education and Training, AiG, *Hansard*, Sydney, 6 May 2003, p. 794

23 *ibid.* pp.799–800

current and future skill shortages and skill gaps: an ageing workforce and impending retirement rates; poor image translating into smaller and lower quality pool of applicants; inadequate apprenticeship rates to ensure replacement training; problems in attracting and retaining people; changing employment arrangements increasing the demand for skilled workers or decreasing the supply of skilled workers; and changing skill needs within occupations.<sup>24</sup>

2.21 Cyclical factors can contribute to fluctuations in training and the size of the workforce in many traditional trades, with engineering and construction the prime examples, but can also affect the professions. For example, the decline in ICT course during the current industry downturn is fuelling fears of a shortage in the next three years when demand is projected to increase.<sup>25</sup>

2.22 The seasonal nature of many agricultural industries, and the effect on social security entitlements of casual work, can also contribute to labour shortages in agriculture.<sup>26</sup> This suggests the need for workers who are multi-skilled in a range of seasonal agricultural work, but may also require restructuring of work opportunities. As the Recruitment and Consulting Services Association observed, for some occupations or industries, no training strategy in itself will reduce the gap between the supply and demand for skills: 'In some cases fundamental change of the industry is required to attract people to work in the areas.'<sup>27</sup>

2.23 Attrition rates contribute to shortages in traditional trades where apprentice completion rates average around 70–80 per cent and up to half of all trade qualified work outside their trade occupation. Progression within the industry, as well as dissatisfaction with limited career options, salary, working conditions or the physical demands of the job, and personal reasons, such as care of family may be factors. Uninformed career choices can also contribute to attrition rates, an issue currently of concern to the automotive industry.

2.24 The professions are not immune from skill shortages partly caused by attrition of skilled workers: the number of registered and enrolled nurses outside the nursing workforce represented more than 10 per cent of those in the workforce in 1999,<sup>28</sup> with salaries and working conditions, pressures in the hospital system and work intensification contributing factors.<sup>29</sup> The engineering and medical professions are currently concerned that the rising costs of personal indemnity insurance will drive

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24 Supplementary submission 35, Australian National Training Authority (ANTA), p. 18

25 Chelsey M, 'Fear of Skills Shortage as Students Shun IT', *Australian Financial Review*, 6 September 2003, p. 18

26 Submission 48, Tasmanian Government, p. 6

27 Submission 20, Recruitment and Consulting Services Association, p. 9

28 Senate Community Affairs Committee report, *The Patient Profession: Time for Action – Report on the Inquiry into Nursing*, June 2003, p. 8

29 *ibid.* p. 22; p. 127

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qualified people from the professions, giving rise to, or intensifying, skill shortages in some areas.<sup>30</sup>

2.25 While inadequate training levels are not always the cause of skill shortages, they are often a factor. Skill shortages within the ICT industry in the late 1990s, for example, were partly attributed to inadequate training of existing workers in new technology.<sup>31</sup> There is a growing concern that, despite the decline in employment growth in the traditional trades over the past fifteen years, even steeper declines in the apprenticeship training rates for some occupations are contributing to current and future skill shortages. While Ms Kaye Schofield, an expert witness, submitted that the majority of current skill shortages in Australia are simply manifestations of the normal lags in labour market adjustment and do not point to systemic skill training deficiencies, she considered that the decline in the apprentice training rate in the metal and other manufacturing related trades is alarming evidence of systemic market failure in this industry. Ms Schofield submitted that:

If the current situation continues in the manufacturing industry, it will have major implications for general industry growth and the sustainability of employment levels in key occupations and even alternative approaches such as skilled migration will be unable to supply the number of skilled people needed by the industry.<sup>32</sup>

2.26 This market failure largely reflects the impact of significant changes to training patterns in the engineering and related trades over the past ten years, discussed further in the following chapter. The major factors are the decline in trades training associated with the privatisation of public utilities and ‘mean and lean’ strategies of large private enterprises, which previously provided a steady pool of skilled labour for small and medium enterprises. While small and medium enterprises are now being expected to step into the breach, the competitive pressures under which they operate, and current industry structures built around niche specialisations and supply chains,<sup>33</sup> limit their capacity to do so. The longer term effect of a decade of inadequate levels of training of new entrants is now beginning to be felt in the manufacturing and engineering related industries. A report for the Victorian Learning and Employment Skills Commission found that the average age of a Licensed Aircraft Mechanical Engineer is more than 55 years. As it takes seven years to train an aircraft

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30 Submission 32, Institution of Engineers Australia, p. 4; Tobler H, ‘Doctors Turn Back on Private Practice’, *The Australian*, 16 August 2003; Cronin D, ‘Stressed GPs Consider Quitting’ Raising Fees’, *Canberra Times*, 27 June 2003, p. 1; Rasdien P, ‘Doctor Walk-Out Predicted’, *West Australian*, 21 March 2003, p. 8

31 National Office of the Information Economy, *Skill Shortages in Australia’s IT&T Industries*, Discussion Paper, December 1998, p. 16

32 Submission 96, Ms Kaye Schofield, p. 7

33 National Industry Skills Initiative, *Report of the Engineering Working Group*, p. 12

engineer 'the skills regeneration point has been reached and exceeded' for this industry area.<sup>34</sup>

2.27 The casualisation of the workforce and work intensification has also contributed to the declining investment in the training of existing workers and the erosion of the skills base, a problem which applies across a broad range of industry and occupation sectors from manufacturing<sup>35</sup> to nursing, TAFE and university teachers.

2.28 Compounding this problem, a series of major construction and resource projects will come on stream over the next few years, boosting demand for manufacturing and related trades skills at a time when that skills pool is essentially empty. The AiG argued for a strategic national approach to assess the total demand for skills against the available supply and for accelerated approaches to trades training to fill the gap within the next two years.<sup>36</sup> The committee gained the sense that, if there is not an adequate national response to this issue within the immediate future, skills shortages in mainstream manufacturing will become critical, and undermine the viability of an industry of strategic economic importance.

2.29 Changing social and education trends are also contributing to skills shortages in many of the traditional trades. The National Industry Skills Initiative working groups identified a perceived decline in the size and quality of applicants for apprenticeships at a time when the skill requirements of most trades are increasing significantly.<sup>37</sup> This was perceived to be major factor contributing to current and projected skill shortages. The poor image of the trades, a community and education sector emphasis on higher education, and the demise of technical high schools in many jurisdictions are all blamed for the smaller pool of suitable applicants for apprenticeships. Increasing school retention rates, which result in later entry to the workforce, are also said to make apprenticeships, with their low wages in the early years, less attractive to young people. Proposed solutions include increasing the status of the trades and vocational education and training and improved career advice in schools, as well as a more diverse range of pathways for trades training.

2.30 Strong employment growth can also contribute to skill shortages, and is one of the reasons for the shortages being experienced in occupations associated with child care and aged care.<sup>38</sup> Recruitment practices can also play a role. Shortages of TAFE

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34 Buchanan J, Evesson J, Briggs C, *Reviewing the Capacity for Skills Formation. The Challenge for Victorian Manufacturing*, A Report for the Victorian Learning and Skills Commission, p. 2

35 Submission 24, AMWU, p. 8

36 Mr Stephen Ghost, General Manager, Education and Training, AiG, *Hansard*, Sydney, 6 May 2003, p. 800

37 National Industry Skills Initiative, *Report of the Engineering Working Group*, p. 23

38 NSW Labour Economics Office (DEWR) State Skill Shortage reports, Child care coordinator November 2002

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teachers are projected in the near future, at least in some states. The committee was told that approximately 24 per cent of TAFE teachers in NSW are now eligible to retire. With up to 60 per cent of the teaching workforce employed on a casual or contract basis, there may be insufficient experienced teachers to replace retirements.<sup>39</sup>

2.31 Changing skill requirements relating to new technology and work practices are also a major determinant of new skill needs in many industries and occupations and unless met with an effective training response, will contribute to future skill shortages and skill gaps.<sup>40</sup> In the automotive industry, for example, the skill sets have changed significantly over the past ten years, with a significantly increased need for skills in electronics and information technology. Training programs will also need to respond to the need for new skill sets associated with photonics in a wide range of occupations and industries.

2.32 A number of submissions also pointed to the growing need for people ‘multi-skilled’ in a range of occupational areas. According to GlaxoSmithKline, increased automation within pharmaceutical manufacturing is generating a demand for people with knowledge of electrical systems and IT skills.<sup>41</sup>

2.33 Shortages do not only apply to specific occupational or technical skills. A major issue for the ACCI and AiG is the need to lift the generic or ‘employability skills’ of the workforce, in response to the demands of a more competitive business environment and greater reliance on technology and complex information. Employer surveys indicate the need for workers of the future to have a greater capacity to adapt to change, promote innovation, solve problems and communicate effectively, and a shortage of people with the required generic skills. Language and literacy skills are also becoming more important for all occupations, and yet a large proportion of the Australian workforce has a ‘skill gap’ in this area.

2.34 Changes in the nature and composition of skills need to be reflected in changes to the content of training and for new approaches to meeting skill needs of new entrants and existing workers. According to the Western Australian Chamber of Commerce and Industry, globalisation and rapid changes in technology require training programs (including apprenticeships) to be continually re-developed to meet rapidly changing skill requirements, and for a strong focus on upgrading the skills of existing workers.<sup>42</sup>

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39 Submission 19, Ian Cornford, p. 2

40 National Industry Skills Initiative, *Report of the Engineering Working Group*, p. 12

41 Submission 54, GlaxoSmithKline, pp. 5–8

42 Submission 51, Western Australia Chamber of Commerce and Industry, p. 2

## *Consequences of skill shortages*

2.35 There is some debate about whether skill shortages eventually self-correct. While some economic theories suggests that labour markets ultimately adjust to eliminate skill shortages and skill gaps, there are clearly cases where this does not occur without government or other intervention to address the root causes. The shortage of nurses is a clear example. In any case, the long lead time required for skill formation in many of the higher and intermediate skill areas, usually results in a long time lag before supply adjusts to meet demand.

2.36 The consequences of skill shortages can be long lasting and serious. In the short term, enterprises may suffer increased recruitment or operating costs, reduced productivity, and constraints on business development and expansion.<sup>43</sup> In the longer term they may adapt their operations to a lower skills base<sup>44</sup> or occupations or industries or national importance may disappear, and the economy as a whole may follow a 'low skills equilibrium.' In the aged care industry, for example, the shortage of registered nurses is blamed for an increasing use of lower skilled or unqualified people, with potentially adverse consequences for the quality of care.<sup>45</sup> The skilled occupation of 'forging' has apparently disappeared from Australia and the skill of 'toolmaking', critical to many areas of manufacturing, is considered to be 'on the brink.'<sup>46</sup> A study of skills formation in Victorian manufacturing found that unless decisive action is taken soon, a number of key trades necessary for a healthy manufacturing sector will effectively disappear.<sup>47</sup> Similarly, emerging industries may wither and die in their infancy if there is not an adequate skills base to support their growth and development.

2.37 Skills are often an important source of comparative advantage for nations or communities and shortages may inhibit investment. The Northern Territory government has identified the need to address persistent skill shortages in some of the trades in the territory, if investment opportunities are to be realised.<sup>48</sup> Persistent skill shortages in key services such as teaching and health can also affect the long term viability of some communities. Several states and territories have developed or are developing skills strategies to ensure that the composition and distribution of skills meet their economic and social development objectives.

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43 Haskel J and Holt R, Skills Task Force, Research Paper 1, 'Anticipating Future Skill Needs: Can it Be Done? Does it Need to be Done', p. 3; pp. 4–7

44 *ibid.* p. 9

45 Submission 15, Queensland Nurses Union, p. 2

46 Report of Committee's meeting with Austool representatives, Campbelltown, July 2003

47 Buchanan J, Evesson J, Briggs C, *Reviewing the Capacity for Skills Formation – the Challenge for Victorian Manufacturing*, Report for the Victorian Learning and Employment Skills Commission, p. 6

48 Submission 98, Northern Territory Government, p. 1

2.38 Minimising the incidence and severity of skill shortages, and unemployment resulting from skill mismatches, through improved identification of current and future skill needs and appropriate responses, can therefore have important benefits for enterprises, the economy and society more broadly. This is an appropriate and important role for government.

## **Identifying current and future skill needs**

2.39 Industry, individuals, communities and education and training providers all need access to information on current and future skill needs so that they can make appropriately informed decisions.

2.40 Evidence to the inquiry indicated that, while the quality of Australia's current labour market information is generally high and the development of internet-based career planning information in recent years is a positive feature, there is need for a significantly upgraded information base on current and future skill needs for both VET planning and other purposes. Particular concerns include:

- the outdated nature of the current occupational classification system that underpins labour market and occupational shortage information, limiting the value of such information as a planning tool;
- significant gaps in the information base, particularly concerning skill gaps, the dimensions of skill shortages, regional skill needs and shortages, and the skill needs of emerging industries;
- the need for more qualitative research on the nature of changes to contemporary industry and workplaces and the implications for current and future skill needs;
- the need for a more complete range of indicators for assessing the adequacy of current and future skill supply, going beyond trends in employment growth and job turnover. This may include the need for a more precise analysis of the imbalance between skill supply and demand, sometimes referred to as more sophisticated 'forecasting' approaches;
- the need for a national 'joined up' approach to identifying the skill needs of major resource and infrastructure projects as the basis for a national co-ordinated response;
- a lack of a comprehensive integrated, readily accessible, information base, capable of analysis at industry, regional, state and national level;
- the need for a more strategic approach to identifying current and future skill needs; and
- the need for improved mechanisms for matching job vacancies in a region with people who could fill those positions either immediately, or with some additional training (covered in Chapter 3).

2.41 The common message was that industry, state and territory governments, regional communities and education and training providers do not currently have

ready access to the broad range of information they need for identifying the priorities for current and future skill development.

2.42 The need for a diverse and comprehensive information base reflects the varied dimensions of skill requirements (industry or occupation, location, participation and equity considerations) and the diverse factors influencing skills supply and demand. An NCVET study for the Victorian government on key factors influencing the demand for skills found that:

...there is no linear pattern to the trajectory of skills requirements in Victoria. There are a number of complex interacting factors at play which determine the requirements for skills. These factors often pull in different directions and may be regarded as forming a *multi-dimensional model* for skills requirements.<sup>49</sup>

### ***Overview of current information***

2.43 This section provides a brief overview of current information on skill needs and skill shortages as a basis for considering the criticisms raised during the inquiry and the suggestions for change.

2.44 At the Commonwealth level, agencies are responsible for the collection and distribution of information on current and future skill needs include the Department of Employment and Workplace Relations (DEWR), the Department of Education, Science and Training (DEST), the Department of Health and Aged Care, the National Centre for Vocational Education Research (NCVER) and the Australian National Training Authority (ANTA). State and territory governments and regional bodies also collect a diverse range of labour market information and some public institutes of technical and further education (generally known as TAFEs) also collect information. The lack of integration and coordination of this information was a major concern raised during the inquiry.

### **Commonwealth agencies**

2.45 DEWR has primary responsibility for providing labour market information for widespread use, including trends in occupational demand and skill shortages.<sup>50</sup> The key information products, from the perspective of identifying current and future skill needs, are:

- Job Outlook, which includes information on the job prospects (including occupation and industry trends, earnings, vacancy levels, job turnover, proportion of full-time jobs and age and gender profile) for 400 occupations for

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49 Committee *emphasis*. NCVET, *Building Skills for the Future: Key Factors Influencing the Demand for Skills*, p. 37

50 Mr Denis Hart, Team Leader, Occupational and Skills Analysis Section, DEWR, Hansard, Canberra, 15 August 2003, p. 1235



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six years into the future, and is available on-line and in hard copy format. Job Outlook draws on forecasts of trends in employment by industry and occupation prepared by the Centre of Policy Studies (CoPS) at Monash University, adjusted by DEWR to take account of other quantitative and qualitative information on industry and occupation changes provided by employers, recruitment agencies and education and training institutions;<sup>51</sup> and

- national and state-based skill shortage lists, produced annually covering occupations in the trades, professional occupations and ICT fields, based on a Survey of Employers who have recently advertised (SERA) (and other methods for ICT vacancies) and on training commencements and completions data.

2.46 The Job Network system within the EWR portfolio reportedly now has the capacity, with the introduction of vocational profiles, to better match registered unemployed people with available vacancies.

2.47 The Department of Education, Science and Training (DEST), in line with its responsibility for national policy on education and training, provides a detailed range of information on IT skill needs through the IT Skills Hub, has undertaken reviews into nursing and teacher education,<sup>52</sup> and has managed the National Industry Skills Initiative (NISI). For selected industries under the NISI, information on skill supply and demand, and some of the underlying drivers, were provided by DEWR, NCVET and the ABS, and further information was collected where necessary. Participating industries thus acquired a sound basis for understanding the nature, causes, consequences of skill shortages and formulating appropriate responses.

2.48 The Department of Health and Aged Care also collects information on trends in the medical workforce.

2.49 The National Centre for Vocational Education and Research (NCVER) collects and publishes a wide range of statistical information on the Australia's training system including training and completion rates. NCVER also undertakes research on the changing skills of the Australian workforce and the VET sector's capacity to respond to future industry training needs in support of the national training strategy.<sup>53</sup>

2.50 The Australian National Training Authority (ANTA) draws on a wide range of information on current and future skill needs for planning VET resource allocations. Information sources include the forecasts of employment growth by occupation and industry prepared by the Monash University Centre of Policy Studies (CoPS), NCVER research, the annual state and territory annual VET plans, which set out their priorities for skill development, as well as advice from the national industry advisory bodies, which prepare annual industry plans.

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51 Submission 95, Department of Employment and Workplace Relations (DEWR), p. 13; p. 16

52 Submission 57, Department of Education, Science and Technology (DEST), p. 38; p. 8

53 *ibid.* p. 49

## States and territories

2.51 State and territory agencies responsible for VET planning use a range of approaches to identifying the needs and priorities for skill development within their jurisdictions. While some, if not all, take account of occupational and industry employment forecasts based on economic modelling, they generally give more weight to other information, including expert opinion from Industry Training Advisory Boards (ITABs) and other sources, such as regional organisations, on industry needs and trends, and to considerations of national and state and territory priorities.<sup>54</sup> Some examples of the information collected by state governments follow.

2.52 As part of its VET planning process, the Western Australian Government develops forecasts for employment growth by industry, occupation and region and consults with Industry Training Advisory Bodies (ITABs) and other stakeholders throughout the state. It also undertakes analyses of the current and future skill needs of particular industries or projects.<sup>55</sup>

2.53 The Victorian Government reports that it is currently developing more thorough, regular analysis of skill needs and shortages and has begun the design and implementation of a methodical, multi-tiered analytical system to quantify skills shortages and needs.<sup>56</sup> During 2002, it commissioned a number of studies into the demand and supply of skills in Victoria as the basis for its policy statement on skills and innovation. The studies include a detailed analysis of the expected demand for training in Victoria based on projections of employment growth to 2006 by occupation, prepared by the Centre of Policy Studies (CoPS) and the net replacement needs forecasts by Monash University–ACER Centre for Economic of Education and Training. This will provide estimates of net job openings for new entrants by occupation and qualification levels.<sup>57</sup> The Victorian Government also continues to collect information on current and future skill needs through the state Industry Training Advisory Boards (ITABs) and has commissioned specialist studies, such as skills needed to support the new synchrotron. It has also commissioned the IT Skills Hub to develop and maintain an information base on IT industry supply and demand in Victoria as a means of better identifying the changing nature of skill needs in that industry.<sup>58</sup>

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54 Saunders S, *Using Training Indicators to Improve Planning for Vocational Education and Training*, NCVET 2001, p. 26

55 Submission 39 Western Australian Department of Education and Training, pp. 15–17

56 Submission 94, Victorian Government, p. 9

57 C Shah, M Long *et al*, *Demand for Training: Labour Force Changes, Projected Job Openings for New Entrants and Workplace Developments*, March 2002, p. xi

58 Submission 94, Victorian Government, p. 32

2.54 The Northern Territory government has commissioned an analysis of the territory's labour market, partly due to concerns about the skill needs associated with a number of major development projects.<sup>59</sup>

2.55 At the local or regional level, local councils or Area Consultative Committees may undertake audits of skill needs and employment trends within their boundaries.<sup>60</sup> For example, in 1999 the Hunter Area Consultative Committee undertook a study of changing skill requirements and skill shortages and gaps, in response to the profound structural changes in the region over recent years. The Hunter Engineering Network and the State Development Department undertook a follow-up study on knowledge intensive manufacturing in the region. These studies provided the basis for a more detailed understanding of the nature and dimensions of skills gaps and shortages, as a guide for corrective action.<sup>61</sup>

2.56 Some institutes of TAFE also undertake some planning and assessment of the skill needs of the local community and the Victorian TAFE Association submitted that TAFE Institutes can contribute to the data collection and analysis process, if there were a consolidated attempt to collect and synthesise that information and they were resourced accordingly.<sup>62</sup> An NCVET study, however, suggested that the information collection arrangements of TAFEs are often *ad hoc* and lacking reliability.<sup>63</sup>

2.57 Local networks such as the Victorian Local Learning and Employment Networks (LLENs) also collect information on the skill needs of their local area. Evidence to the committee indicates that this type of information can be very valuable for local education authorities and employers.

### ***Is the information base adequate?***

2.58 The following section will examine the adequacy of the current information base on skill needs, focusing on the specific concerns raised as major issues during the inquiry. The committee observes that a recent paper provided by ANTA

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59 Submission 98, Northern Territory Government, p. 4

60 Submission 62, Maribynong/Moonee Valley Local Learning and Employment Network (LLEN), Melbourne's West Area Consultative Committee (ACC) and Western Region Economic Development Corporation (WREDO), p. 4

61 HunterNet Group Training Company (HNGTC), *Innovative Training Now and in the Future, A Proposal in Response to a Critical Shortage in the Small to Medium Size Engineering and Manufacturing Workforce in the Hunter Region of New South Wales*, February 2003, pp. 3–4

62 Submission 61, Victorian TAFE Association, pp. 5–6

63 Shah C, Fischer J, Burke G, *Information on Future Jobs and Skills*, Centre for Economics of Education and Training (CEET), Monash University and ACER, Paper prepared for TAFE Frontiers, August 2001, p. 12

acknowledges the need for improved, early identification of the skill needs of new and emerging occupations, notwithstanding the challenge that this presents.<sup>64</sup>

### **Information on occupational trends – the ‘ASCO’ system**

2.59 The Australian Standard Classification of Occupations (ASCO) underpins all DEWR’s labour market information, including Job Outlook and skill shortage information, and the Australian Bureau of Statistics (ABS) labour force surveys. ASCO is a skill-based, hierarchical system of classifying and grouping jobs comprising a particular set of tasks into occupations organised by skill level and specialisation. The formal education, training or prior experience required for entry to the occupation is used as a proxy for skill level. ASCO uses five skill levels, which are aligned with the qualifications in the Australian Qualifications Framework.

2.60 ASCO was introduced in 1986 and a second edition released in 1996, with the intention of providing a framework for analyzing Australia’s occupational labour market for the following ten years.<sup>65</sup> DEWR, in conjunction with the ABS and Statistics New Zealand, is now in the process of revising this edition with the aim of introducing a replacement system, the Australian and New Zealand Standard Classification of Occupations (ANZSCO), in 2006.

2.61 Many submissions from industry and professional associations asserted that many of the classifications in ASCO fail to reflect contemporary skill sets, diminishing the usefulness of much current labour market information, including Job Outlook and DEWR’s skill shortages reports.

2.62 The Master Builders Association and the Australian Industry Group (AiG), submitted that the pace of occupational change in the interval between ASCO revisions results in a growing mismatch between ASCO’s classifications and contemporary job titles or skill sets.<sup>66</sup> Shortages in skill sets that do not align with current occupational classifications are not captured by current DEWR surveys. Thus, the looming shortage of people with data communications skills is said to be ‘hidden underneath the data’ because there is no ASCO code for the occupation at present.<sup>67</sup>

2.63 The Engineering Working Group under the NISI found that the ASCO codes and many of the job advertisements for the engineering trades reflect outdated

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64 ANTA Meta-analysis: New approaches to identifying the training needs of new and emerging industries and occupations

65 Submission 95, DEWR, p. 12; Shah C, Long M *et al*, *Demand for Training: Labour Force Changes, Projected Job Openings for New Entrants and Workplace Developments*, March 2002, p. 51

66 Mr Denis Wilson, National Director Training, Master Builders’ Australia, *Hansard*, Canberra, 20 June 2003, p. 1144; Submission 74, AiG and EESA, p. 24

67 Ms Jennifer Callahan, National Electrical and Communications Association (NECA) *Hansard*, Sydney, 7 May 2003, p. 859

occupational titles (such as welder, fitter and boilermaker) rather than the new skill sets and job structures introduced over the last decade as part of fundamental structural reform to the manufacturing industry. This creates 'confusion and difficulties in reporting and interpreting skill shortages.'<sup>68</sup>

2.64 The lack of an ASCO code for new occupations such as photonics can also mean that the demand for these skills is not reflected in standard employment forecasts: the Working Group on Emerging Technologies under the NISI estimated that emerging technologies could lead to the creation of 28,000 new jobs by 2010 and generate the need for new skills sets and changes to generic and existing skills.<sup>69</sup> Employment based forecasts such as those produced by the Centre of Policy Studies, and widely used in Australia for VET planning, cannot capture this trend. A recent study on the demand for training concluded that given current rates of technological and organisational change, a potential delay of ten years in capturing occupational trends may be too long.<sup>70</sup>

2.65 More generally, many current jobs do not conform to standard occupational classifications. The Victorian ITAB Association advised the committee that:

... what a lot of industry people are telling us is that there are actually other shortages and they are not occupationally based shortages; they are actually skills shortages. They are looking for people, and it may be that they have not got a name for these people yet who are working in offices, but they want a set of skills that does not necessarily match with an occupation.<sup>71</sup>

2.66 The link between skills sets and occupations appears to be becoming more tenuous, with more skill sets transferable across occupations and the skill sets associated with particular occupational titles (such as office manager) varying from employer to employer.<sup>72</sup> There is a growing need to find better ways of defining and measuring skills over time, particularly in occupations experiencing rapid technological or workplace change.<sup>73</sup> One solution suggested in the UK is for studies

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68 National Industry Skills Initiative, *Report of the Engineering Working Group*, p. 14

69 National Industry Skills Initiative, *Emerging Technologies Working Group Report and Action Plan*, September 2002, p. 6

70 Shah C, Long M *et al*, *Demand for Training: Labour Force Changes, Projected Job Openings for New Entrants and Workplace Developments*, March 2002, p. 51

71 Ms Mary Faraone, Executive Director, Business Skills Victoria; and Chair, Victorian Industry Training Advisory Board Association, Hansard, Melbourne, 17 April 2003, p. 679

72 Submission 11, Business Skills Victoria, p. 3

73 Shah C, Fischer J and Burke G, *Information on Future Jobs and Skills*, Monash University – ACER, Centre for the Economics of Education and Training, paper prepared for TAFE Frontiers, August 2001, p. 16

of the tasks and skills underlying occupations as a complement to occupational forecasting.<sup>74</sup>

2.67 ASCO is also said to include insufficient information on skill specialisations, and higher level skills within an occupation, limiting the value of some shortage information.<sup>75</sup> The committee was told that, because there are 90 disciplines in engineering and only eight or nine main engineering categories in ASCO, ‘any statistical process to identify skill shortages that is underpinned by ASCO codes is fundamentally inadequate for whatever use’.<sup>76</sup> Manufacturing Learning Victoria also stated that the skill shortages in processing industries identified by DEWR in reality only apply at the advanced skill levels.<sup>77</sup> In recent years, however, DEWR has included more information on specialisations that are in shortage, even where these are not captured by ASCO: for example, they report on the specific cuisines for which there is a shortage of chefs, even though ASCO only records the broad occupation.<sup>78</sup> Nevertheless, the shortage lists may not pick up some smaller specialisations where the occupation as a whole is not in shortage. The complaints raised during this inquiry suggest the need for more consultation with a broad range of stakeholders on the level of detail that they require in terms of skill needs. In addition, information on employment trends based on ASCO will continue to suffer from this lack of requisite detail.

2.68 The Engineering Working Group recommended that a cross industry and government committee be considered to review changes to their occupations and identify the skill sets relevant to industry for the review of ASCO. It also recommended that an interim arrangement be introduced to capture more relevant occupational information on skills shortages in the period before the revised ASCO is released.<sup>79</sup>

2.69 DEWR addressed some of these criticisms in a response to a Question on Notice from the committee. They report that the review of ASCO is considering strategies for updating the classification in the interval between reviews, for information to be captured at the 6 digit occupation level to assist in identifying emerging occupations, and for reporting more information on specialisations. DEWR argues, however, that the ANZCO will not be modified for use in reporting skill gaps,

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74 Haskel J and Holt R, *Anticipating Future Skills Needs: Can it Be Done? Does it Need to Be Done?* Skills Task Force Research Paper 1, United Kingdom, September 1999, at: [www.dfee.gov.uk/skillsforce/papers/1f.htm](http://www.dfee.gov.uk/skillsforce/papers/1f.htm)

75 Submission 74, AiG and EESA, pp. 24–25

76 Mr Athol Yates, Associate Director, Public Policy Unit, Institution of Engineers Australia, *Hansard*, Canberra, 20 June 2003, p. 1144

77 Submission 21, Manufacturing Learning Victoria, p. 1

78 Mr Denis Hart, Team Leader, Occupational and Skills Analysis Section, DEWR, *Hansard*, Canberra, 15 August 2003, p. 1235

79 National Industry Skills Initiative, *Report of the Engineering Working Group*, p. 34

although it will allow skills to be linked to the occupational structure. DEWR also noted the value of information on higher skill levels but indicated that this needs to be sourced separately and then linked to the ANZCO structure. The committee is pleased that DEWR and the ABS are considering amendments to the classification to address some of the concerns but believes that it must make a commitment to maximising the potential of the revised classification for monitoring current and future skill needs.

### **Estimating skill shortfalls**

2.70 Estimating the *level* of training required for an occupation or area of skill specialisation requires an estimate of net job openings (derived from trends in employment growth, replacement needs and job turnover) for the occupation,<sup>80</sup> as well as other demand stemming from skill shortages (unfilled vacancies), skill gaps (or skill deficiencies of existing workers) and changes in technology and work practices within occupations which generate the need for new skills.<sup>81</sup> There is also a need to determine changes in the *type* of training required, both for new entrants and existing workers.

2.71 Evidence to the inquiry indicated that there are some clear gaps in Australia's information base on skill needs. Particular problems are inadequate information on the nature and dimensions of skill shortages, particularly at the regional level, ready access to a broad range of indicators of supply and demand and underlying drivers, the nature and extent of skill gaps, and the changing nature of skill needs. This section deals with the information on skill shortages and skill gaps.

2.72 As noted, DEWR undertakes an annual review of skill shortages in the professions, trades and information and communications technology fields. Occupations are included in the skill shortage assessment program where some or many of the following indicators apply: strong employment growth; low unemployment; large numbers of vacancies, particularly many hard-to-fill vacancies; upward pressure on earnings; difficulties in finding suitably qualified people; strong demand for new graduates and use of migration to meet skill needs.<sup>82</sup> The Australian Industry Group and Engineering Employers Association of South Australia questions the credibility and validity of these surveys as apparently based on job advertisements and follow up and contacts with employer associations, whereas many vacancies filled by means other than advertisement, especially in specialist occupations and in regional areas.<sup>83</sup>

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80 Shah C, Long M, Burke G, Fischer J, *Demand for Training: Labour Force Changes, Projected Job Openings for New Entrants And Workplace Developments*, March 2002, p. 23

81 *ibid.* pp. 3–51

82 National Office of the Information Economy, *Skill Shortages in Australia's IT&T Industries*, Discussion Paper, December 1998, p. 9

83 Submission 74, AiG and EESA, p. 24

2.73 Based on the results of those surveys, DEWR produces an annual national and state skill shortages reports. These have begun to identify specialisations in shortage, where relevant by state and territory and also provide an indication of states and territories and affected and distinguish between the less severe 'recruitment difficulties' and the more severe 'skill shortages'. While information provided on the national and state lists is very much in summary form, up to 1500 pages of more detailed information is available at state level, including narrative on the history and nature of the shortage, supply and demand trends, the nature of recruitment difficulties, workforce numbers and other relevant indicators. DEWR does not however quantify the shortages,<sup>84</sup> reflecting a conscious policy stance favouring the use of indicative labour market information, rather than precise quantitative estimates, as discussed further in a later section.

2.74 This is a point of criticism from industry, some segments of which require quantitative estimates to assess the extent of the shortage and to formulate a response. During the NISI examination of commercial cookery, for example, the industry undertook its own numerical analysis of the shortfall of skilled workers<sup>85</sup> This allowed the industry to conclude that, while it experiences entrenched shortages, a solution should be achievable in a reasonable period of time.<sup>86</sup> The Engineering Working Group under the NISI also criticised the skill shortage surveys as not measuring the size of the applicant pool, limiting their value as a tool for understanding the dimensions of a shortage.<sup>87</sup>

2.75 Industry is also critical of the lack of information on skill shortages at the regional level, a defect acknowledged by DEWR.<sup>88</sup> The Engineering Working Group under the NISI noted that the Commonwealth was working with Area Consultative Committees, ITABs and industry to develop a process and procedure for collecting accurate and consistent regional skill shortage information.<sup>89</sup>

2.76 A major concern for many industry and professional groups is the lack of robust information on skill gaps, which are not captured by DEWR skill shortage surveys and often only identified in general form by industry training advisory bodies. The Institution of Engineers observed that the shortage managerial skills among engineers is a major policy issue facing the profession, but this is not apparent from

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84 Mr Ken Douglas, DEWR, *Hansard*, EWRE Committee, Senate Estimates, 3 June 2003, p. 156; p. 166

85 National Industry Skills Initiative, *A Recipe for Change, the Future of Commercial Cookery in Australia*, July 2001, p. 15

86 *ibid.* p. 16

87 National Industry Skills Initiative, *Report of the Engineering Working Group*, p. 13

88 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, DEWR, *Hansard*, Canberra 15 August 2003, p.1236; National Industry Skills Initiative, *Report of the Engineering Working Group*, p. 4

89 National Industry Skills Initiative, *Report of the Engineering Working Group*, p. 34



DEWR's skill shortage reports.<sup>90</sup> The inquiry was told by many industry sources that skill gaps, due to changing skill needs, are now a significant determinant of training needs, and, as such, require more rigorous and consistent analysis.

2.77 ANTA advised the committee that it has tasked industry advisory bodies with advising on specific skills (not simply occupations) that are in shortage or which are priorities for development, and the contributing factors such as a change to regulatory requirements or poor training practices.<sup>91</sup> While this information will contribute to a better understanding on skill gaps, from the evidence before the committee it is not apparent that it provides the level of detail that industry requires.

### **Forecasting future skill needs**

2.78 The submission from the AiG called for an improved a national labour market forecasting system that adequately 'predicts' industry needs now and into the future, particularly in emerging industry sectors.<sup>92</sup> However, as noted, Commonwealth agencies have pointed out that they deliberately refrain from trying to 'predict' future skill needs in a precise forecasting sense.

2.79 The Australian National Training Authority (ANTA), in its initial submission, referred to the futility of attempting to predict the nature of future skills needs when new occupations and skill requirements often arise quickly and in ways that cannot easily be foreseen:

In 1992, it is doubtful that anyone could have predicted the skills required today, particularly in the areas of the emerging technologies. It is even more doubtful that we will know what the skills needs of the nation will be in 2013. However what we can do, and what we have done, is to ensure that the education and training system is as responsive as possible to the changing skill needs of the Australian workforce – that industry knows that if it needs the skills and knowledge, it can turn to the VET sector for a quick response. We cannot predict the future, but we can plan for it.<sup>93</sup>

2.80 In a similar vein the Department of Employment and Workplace Relations (DEWR) stated that:

This Department contributes substantially to Australia's knowledge base on current and emerging skill shortages across Australia and occupational trends, characteristics and prospects. This approach does not entail the 'prediction' of future skill needs – the Australian and world economies are experiencing rapid evolution in specialised skill needs and such 'prediction' is not prudent. The focus is rather on providing information on prospective

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90 Submission 32, Institution of Engineers, Australia, pp. 5–6

91 Submission 35b, ANTA, Attachment A, 'Industry Advice on Future Skill Needs'

92 Submission 74, AiG and EESA, p. 25

93 Submission 35, ANTA, p. 1

skill needs that will help to guide the response of the employment, education and training markets.<sup>94</sup>

2.81 Predicting future skill needs' embraces two different issues: estimating the expected demand for skills in existing occupations as a measure of training needs; and, identifying the changing nature of skill needs associated with emerging industries and technological and workplace change. Evidence to the inquiry suggested improved approaches to both aspects of forecasting are required.

2.82 ANTA's current approach to estimating the demand for VET can be described as an 'indicative' or 'indicators' approach under which a range of statistical indicators of the supply and demand for skills are considered, including forecasts of employment growth and job openings and skill shortages, and judgements are made on how these will translate into the need for VET.<sup>95</sup> ANTA has recently commissioned a study on the demand for VET over the next ten years to forecast job growth by industry and occupation, along with the demographic profile of the existing workforce, and an estimation of the effect of policy initiatives.<sup>96</sup>

2.83 Qualitative indicators, including advice from industry training advisory bodies on current and future skill needs and state and territory needs and priorities as set out in their annual VET plans, as well as studies of changes in the nature of skills due to workplace and technological change, are also fed into the mix. The weighting given to each of these indicators is not clear, although employment projections appear to play an important role, as discussed in the following chapter.

2.84 Some researchers argue that model-based forecasts of employment growth and job openings are the most useful tool for identifying skill needs because of their capacity to integrate a large amount of data from a range of sources, and generate forecasts for demand for particular occupations (or any other variable) that 'make sense within the forecast development of the economy overall'.<sup>97</sup> These experts argue for employment forecasts to play a major, if not the major role in skills planning, but with further refinements to improve their capacity to incorporate information on supply and generate estimates of skill imbalances.<sup>98</sup> This may be what some witnesses anticipate when they call for more sophisticated forecasting of skill needs.

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94 Submission 95, DEWR, p. 1

95 Burns M and Shanahan M, *Labour Market Models and their Use in Projecting Vocational Education and Training Requirements*, NCVET 2000, p. v

96 Access Economics, *Future Demand for Vocational Education and Training*, Final Draft of 26 May 2003, p. 3

97 Meagher GA and Parmenter B R Centre for Policy Studies and the Impact Project, 'Future Workforce Skills: Projections from the Monash Model', *General Paper* no G-116 March 1996, p. 1; Shah and Burke, April 2003 p. iv

98 *ibid.* p. 1; Shah C and Burke G, *Future Job Openings: Australia in the Knowledge Economy*, Working Paper No 48, April 2003, p.iv

2.85 Other NCVER research, however, supports the merits of an indicators approach to planning over ‘manpower planning’ or ‘manpower requirements’ approaches, under which training programs or supply of training places are used to correct projected imbalances in skill supply and demand. According to the UK Department of Education and Skills (DFES) and a study for the NCVER, fine detail manpower planning has never worked effectively,<sup>99</sup> at least on a broad-scale or national level.

2.86 The committee agrees that the need to take account of regional considerations, such as the mix of skills needed by communities or groups within the community, and the growing importance of technological and workplace change in generating new skill needs, also argue against a over-reliance on employment-based forecasts and similar methodologies for determining current and future skill needs. The relevance of such forecasts can also be limited by outdated underpinning occupational classifications (as discussed in previous sections) and an inability to forecast sharp changes in direction (such as the technology downturn in 2002–03) or take account of factors such as turnover within occupations,<sup>100</sup> which can be an important determinant of skill needs.<sup>101</sup> As well, employment projections for small occupational groups and small populations may be unreliable, due to small sample sizes, but this is ‘a problem which would be prevalent in any alternative approach.’<sup>102</sup>

2.87 Despite these caveats, forecasts of employment growth are and should remain an important ingredient in planning for skill needs and are also of keen interest to job seekers or future entrants to the labour market, including students and prospective migrants. The committee therefore supports efforts to improve the accuracy and relevance of these models and considers that this issue could be discussed by stakeholders as part of the development of a national integrated database on skills supply and demand, as recommended later in this chapter.

2.88 While employment growth, job turnover and projected retirements are among the key indicators of skills demand, a range of other indicators, particularly on skills supply trends, are required. The committee notes that ANTA is reviewing the indicators for VET Planning and the NCVER has commissioned several studies into this issue. It also notes that the NISI exercise was instrumental in drawing out the relevant indicators for several industries, at least in terms of assessing the extent and nature and possible causes of skill shortages.

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99 Saunders S, *Using Training Indicators to Improve Planning for Vocational Education and Training*, NCVER, 2001, p. 12 (citing the work of Blandy and Freeland); Skillsbase website: [www.skillsbase.dfes.gov.uk/downloads/SKT1.pdf](http://www.skillsbase.dfes.gov.uk/downloads/SKT1.pdf)

100 Shah C and Burke G, *Future Job Openings: Australia in the Knowledge Economy*, Working Paper No 48, April 2003, p. iii, p. 10

101 Shah C, Fischer J and Burke G, *Information on Future Jobs and Skills*, Monash University – ACER, Centre for the Economics of Education and Training, paper prepared for TAFE frontiers, August 2001, p. 9

102 Response to Question on Notice: Western Australian Department of Education and Training

2.89 The committee notes that NISI demonstrated that industries and occupations need a broad range of quantitative and qualitative indicators of the supply and demand for skills and the underlying drivers. Commonwealth agencies such as DEWR, DEST, NCVER and ANTA currently collect much of the required information, but it is often not easily accessible to clients, such as industries. Indeed, industry has suggested that one of the main benefits of the NISI exercise was to provide robust information on the indicators and drivers of skill supply and demand – information that was clearly otherwise either unavailable or difficult to access. As well as the indicators developed under the NISI umbrella, there are a range of other indicators that industry may need, according to NCVER studies. These could include trends in employment, training outcomes and enrolments, supplemented by ‘derived measures’ or comparisons of supply and demand.<sup>103</sup>

2.90 While industry’s focus is on the supply and demand for occupational and related skills, from a community perspective, other indicators such on Youth Transition, and the participation of groups such as people with disabilities and Aboriginal and Torres Strait Islanders, can also be important. Indicators of intermediate skills can also provide an insight into Australia’s progress towards a high skill workforce,<sup>104</sup> given the apparent correlation between intermediate skills and progress to a knowledge economy.

2.91 Quantitative indicators may need to be supplemented with qualitative information on the changing nature of work and skill sets within key occupations as a basis for identifying new skill needs (and training content) and skill gaps. A study for the Victorian government used a series of case studies of leading edge firms, which are at the forefront of workplace and technological change as a means of identifying the changing skill sets within occupations or industries. They report a similar, multi-faceted approach being adopted by the German government in a bid to identify emerging skill needs.<sup>105</sup> At the national level, analysis of future skill needs is mainly the responsibility of the industry advisory bodies, although ANTA has also commissioned a number of studies on emerging technologies and their implications for training. Links with relevant Cooperative Research Centres will provide another means of enabling skill councils, and through them ANTA, to improve understanding of the changing skill requirements associated with emerging technologies.

2.92 The committee considers that there is a compelling case for the development, collection and regular publication of a broad range of indicators of skills supply and demand, in each main industry and/or occupation. The new national skills councils should play a key role in identifying or formulating the relevant indicators for their sectors, as suggested in the recommendations made at the conclusion of this chapter.

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103 Saunders S, *Using Training Indicators to Improve Planning for Vocational Education and Training*, NCVER, 2001, pp. 46;59

104 Submission 101, Curtain Consulting

105 Shah C, Long M, Burke G, Fischer J, *Demand for Training: Labour Force Changes, Projected Job Openings for New Entrants and Workplace Developments*, March 2002

2.93 The committee also considers that there is a need to supplement statistical information with a range of studies, such as those of leading edge firms, and other analytical approaches, to identify the changing skill needs of industry as a result of technological change, in a more systematic, rigorous and proactive way than appears to have been done to date.

### **Integration of information**

2.94 The need for better integration of information on supply and demand for skills was raised as an important issue by a number of submissions and witnesses. Some of the key points made in submissions on this issue are:

- A joint ACTU-employer training council favours the integration of all relevant Commonwealth and state labour market data, including information on skill shortages, employment, training and demographic change in a way that permits analysis at a national, state or regional level;<sup>106</sup>
- The Institution of Engineers Australia (IEA) recommends the establishment of an independent, government-supported centre for labour market research that could engage citizens, industry, education providers and professional associations in the collection and dissemination of sector-specific labour market information.<sup>107</sup> They also favour an expanded range of analytical approaches including occasional large studies to explore skills shortages in more detail and a map of the scientific skills base to identify the potential for skills shortages to emerge;<sup>108</sup>
- the AiG and the Engineering Employers Association also support the need for a national labour market forecasting system that integrates information from the Commonwealth and states, but suggested that responsibility for the system should lie with ANTA. They indicated the need for a system that enables a better understanding of current and future skill needs, particularly in emerging industries or technologies and a more proactive approach to skill shortages;<sup>109</sup>
- Australian Business Ltd submitted that there is a ‘vast range of data gathered on training, employment and business development’ which is often not combined and analysed to identify trends around developing local, state and national economic capability and called for greater consistency and integration of data collected through Commonwealth, state and regional consultations with industry;<sup>110</sup> and

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106 Ms Jacqueline King, Industrial Officer, ACTU, *Hansard*, Melbourne Roundtable, 16 April 2003, p. 614

107 Submission 32, Institution of Engineers Australia, p. 6

108 *ibid.* p. 6

109 Submission 74, AiG and EESA, pp. 21–25

110 Submission 40, Australian Business Ltd, p. 22

- The Victorian TAFE association recommended a ‘more appropriate and targeted approach to the collection and dissemination of advice on industry training needs.’ In their opinion, data needs to be more regionally focused, current and useable, consistent and accessible.<sup>111</sup>

2.95 Mr Stephen Ghost of the AiG advised the committee that there is also a need to have a ‘joined-up’ process for identifying the skill needs of large-scale resource or infrastructure projects, such as those projected to come on stream in Western Australia, Queensland and the Northern Territory over the next five years. While most state and territory governments are developing strategies to deal with the implications for skills needs within their jurisdictions, there is no adequate mechanism for considering the national or downstream impact of these projects.<sup>112</sup> Given the skills shortages already affecting the manufacturing, construction and engineering trades across most of Australia, there is a significant concern that, without a coordinated national strategy for identifying and meeting the additional skill needs, for example through accelerated training programs and cross-skilling projects, there will be a significant leakage of skilled trades people from metropolitan and regional areas to the high-paying projects, bringing some existing businesses and industries to a standstill.

2.96 As indicated in previous sections, the information that enterprises, industry associations, the VET sector and governments and communities need to identify current and future skill needs is collected by a wide range of Commonwealth and state agencies and is not accessible from a single point. No one publication or agency provides the full set of information that most industries require. The NISI exercise drew some relevant information from various sources together, but only for the selected industries and on a one-off basis.

2.97 The message to the inquiry from a range of sources is that industry and other clients need, at the least, easy access to a broad range of indicators of the trends in demand and supply of skills for major occupations. There is also a need to ensure a more consistent approach to the collection of information at national, state and regional level to enable greater integration. This will require a cooperative approach between a range of Commonwealth or Federal agencies such as DEWR, DEST, ANTA, the Department of Health and Aged Care and NCVER, state and territory governments and regional bodies such as the Area Consultative Committees.

2.98 ANTA told the committee that as part of its role in supporting the national skills councils to undertake a more strategic approach to identifying future skill needs, and following the work of the National Industry Skills Initiative, it will be providing the councils with information on skill needs that it collects (presumably including occupational forecasts) and ‘brokering’ with other government agencies which have an interest in future skill needs, such as the Department of Industry and DEWR to

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111 Submission 61, Victorian TAFE Association, p. 6

112 Mr Stephen Ghost, General Manager, Education and Training, AiG, *Hansard*, Sydney, 6 May 2003, p. 802

identify the full range of factors that will impinge on future skill needs.<sup>113</sup> The role of the councils will not be to undertake research themselves but to provide ‘market intelligence’ to inform and supplement research from government agencies.

2.99 The committee acknowledges that while this approach will overcome the need for each council to separately undertake information collection or modelling, it does not meet the need for a more comprehensive, integrated, national database of information identified during the inquiry. Given the wide range of stakeholders with an interest in the trends in the labour market and skills supply and demand more generally, the committee considers that a better approach would be for a comprehensive national information database to support the work of the skill councils. The committee agrees, however, that the skills councils should play a major role in advising on the range of indicators that they require for monitoring the trends in skills supply and demand and the underlying drivers of these. The national database should include information on the level and location of the projected demand for skills associated with major resource projects, which may not be apparent from standard models of employment growth.

2.100 The committee observes that a possible model for the distribution of information on indicators of current and future skill needs is the Skillsbase online collection of labour market information, established by the UK Department for Education and Skills (DfES) in 2000.<sup>114</sup> Aimed primarily at those with a professional interest in skill issues, rather than casual users, Skillsbase provides a one-stop shop of comprehensive information on labour market trends, education and skills data as well as narrative and qualitative information including skill surveys and reports on skills needs.

2.101 The committee considers that NCVET would be the most appropriate body for managing a national information database on current and future skill needs.

## **Final comments**

2.102 Finally, the committee notes that, while planning for future skill needs based on projected and changing demand from industry is an essential element of effective VET planning and strategies to forestall skill shortages, investments in skills formation are not simply a matter of identifying and responding to the level and nature of skills required. Governments also need to take a ‘leading’ role in terms of identifying the priorities for economic and social development and allocating resources in line with both areas of skill demand, and priority areas.

2.103 The committee notes, in this context, that the Victorian Government is developing a new, broadly-based framework to both assess demand and establish

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113 Ms Kareena Arthy, Director, Research., Planning and Reporting, ANTA, *Hansard*, Canberra, 15 August 2003, p. 1227

114 Skillsbase website: [www.skillsbase.dfes.gov.uk/narrative/narrative.asp](http://www.skillsbase.dfes.gov.uk/narrative/narrative.asp)

priorities for skills development in Victoria. The framework is expected to help to anticipate VET needs flowing from industry restructuring and redundancies, and will also aim to: ensure that there is a sufficient flow of new and replacement workers to address future skill needs resulting from structural change in the economy and from an ageing workforce; overcome skills gaps and upgrade the skills of the existing workforce to boost productivity and support industry restructuring; address future skill needs in key areas including biotechnology, advanced manufacturing, design, ICT and environmental technologies; address the new skill sets needed for new and emerging industries and for innovation and knowledge creation in industry; and, address the skill needs of priority groups including young people, unemployed and underemployed workers, people with disabilities, Indigenous people and those in disadvantaged communities.

2.104 The framework integrates a comprehensive range of quantitative and qualitative information sources and key relationships, including a research program, which incorporates a range of data and intelligence input and analysis; a strategic planning and priority setting process that includes strong relationships and continuous strategic dialogues with industry, the community and between Government Departments; and a resource allocation process and dialogue with training providers.<sup>115</sup> This framework may be worth investigating for its broader application to VET planning, particularly in relation to the proposed approach to help anticipate VET needs flowing from industry restructuring and redundancies.

2.105 The committee also notes that VET planning will need to take account of the skill needs associated with major resource projects, and believes that the National Industry Skills Forum could play a role in developing a coordinated national response to this.

## **Recommendation 1**

**The committee recommends that the Commonwealth, in conjunction with state and territory governments, develops a new, integrated, nationally consistent approach to the collection and reporting of the complete range of statistical information on the labour market and current and future skill needs. This would entail:**

- **agreement between all stakeholders on the relevant indicators of skill supply and demand, including underlying drivers, and consistent collection approaches;**
- **inclusion of information on skill shortages and regional labour markets; and**
- **inclusion of information on the skill needs of major resource and construction projects, from the earliest possible stage.**

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115 Submission 94, Victorian Government, pp. 9–10



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**The National Centre for Vocational Education Research (NCVER) should be tasked with:**

- **facilitating this process in consultation with relevant Commonwealth agencies, state and territory governments, the Australian National Training Authority (ANTA) and industry, through industry skill councils; and**
- **developing a national database for recording the information and for permitting analysis of key trends, to be accessible to stakeholders and to the general public.**

**Updated information should also be continuously available through a website and disseminated in an annual report on the status of skill formation in Australia.**

#### **Recommendation 2**

**The committee recommends that the Commonwealth, in conjunction with states and territories:**

- **examines the feasibility of a nationally integrated approach to collecting and reporting information on skill gaps, and for inclusion of such information in the national skills database; and**
- **considers the most appropriate means of incorporating qualitative information on current and future skill needs, including the training needs of emerging industries, and the changing nature of skill needs, in the national database and reports on skill formation.**

#### **Recommendation 3**

**The committee recommends that DEWR and the ABS, in developing the Australian and New Zealand Classification of Occupations (ANZSCO) in conjunction with Statistics New Zealand, commit to the implementation of strategies that they are considering to:**

- **improve ANZSCO's value as a tool for monitoring occupational change and changing skill needs;**
- **update the classifications regularly as occupations change, to capture labour force data at the occupation level;**
- **report on specialisations and higher skill levels within occupations; and**
- **make provision for information on skills to be linked to occupational structure.**

#### **Recommendation 4**

**In conjunction with the work to be undertaken in recommendation 1, the committee recommends that DEWR, in consultation with industry**

**representatives, including skill councils, reviews its current approach to assessing skill shortages with the aim of capturing information: on a broader range of vacancies, including vacancies that are not advertised in the print media; on regional skill needs; details of specialisations and the extent or severity of the skill shortages. This skill shortage information should be included in the national database developed by NCVET, and distributed by DEWR.**

## Chapter 3

### Skill Formation and the Labour Market

#### Introduction

3.1 This inquiry aims to determine whether the current skill formation policy framework is providing the type of skill mix necessary to secure a prosperous future for all Australians. There are two main issues discussed in this chapter. The first is whether the current policy is effectively promoting the development of both high level skills and intermediate skills. The second is the nexus between labour market and skill formation, with particular focus on New Apprenticeships program and the Job Network.

3.2 Over the last two decades, skill formation theory has been dominated by the idea that a ‘new economy’, or more recently ‘knowledge economy’, will be necessary to achieve national objectives of prosperity and economic competitiveness in the global trading environment of the 21<sup>st</sup> century. Ideas of the ‘new economy’ as formulated in the 1980s were based on the view that high technical skills in the workforce would increase capacity to manufacture value added products. Recent discussion of the ‘knowledge economy’ has focused on meeting the needs of innovation and emerging industries, bringing a new dimension to the understanding of skill acquisition.

3.3 At the same time, in most developed countries the knowledge economy has been associated with high employment growth in both high skill, high pay jobs and in low skill, low pay jobs, with much slower growth, or even a decline, in the number of jobs at the intermediate skill and income level. This phenomenon is referred to as a ‘hollowing out’ of the skills base or the development of the ‘hour glass workforce’ and is commonly associated with rising income disparities and other inequality, a significant public policy concern in many countries. In Australia this has manifested in the growth of a large casual and ‘contingent’ workforce, increasingly locked out of opportunities for skill formation, career progression and economic security.

3.4 While the committee strongly supports the need to develop the high skills industries and occupations that will enable Australia to remain competitive, it also believes that there is a need to ensure that the benefits of the new economy, and access to satisfying well paid jobs, are spread more broadly throughout the community than they are currently. This is likely to require greater attention to the complex interplay between the supply and demand for skills and between policies for industry development, the labour market, employment assistance and education. This chapter outlines some of the main aspects of labour market policy which affect the development of the skills base.

3.5 In this context, the committee observes that current skills formation policy in Australia has been criticised as focusing solely on measures to improve the responsiveness of the system for the supply of skills to current employer demand, with little attention on measures to stimulate demand despite the evidence, discussed in this chapter, that current labour market and economic frameworks are acting as a brake on demand in some industries. This could be characterised as a ‘hollow’ policy focus which actively targets *some* aspects of higher level skills formation, in emerging industries or IT related areas for example, but then simply allows the remainder of skills formation effort to be determined by employer demand. This policy stance is particularly evident in the promotion of the New Apprenticeships scheme, driven largely by Commonwealth incentives provided without apparent relation to the value of the skills being developed for the economy or individuals or the cost to the employer and individual.

3.6 The characteristics of this scheme are described later in the chapter. It suffices to say here that the evidence received suggests that many New Apprenticeships are being directed at filling job vacancies at the lower end of the skills spectrum, meaning the system may function mostly as a labour market program, rather than as a training program. While not denying that much employment growth and employer demand for training is at the lower end of the skills spectrum, the committee considers that the government should review carefully the return on this significant investment in terms of national skill formation, given other priorities.

### **Training policy trends and the ‘knowledge economy’**

3.7 In the mid 1980s the Labor government aimed to revitalise Australian industry by implementing a ‘workplace reform led recovery’; a high skill future to be achieved through synchronised reform of labour market and skill formation.<sup>1</sup> Award restructuring complemented the new National Training Reform Agenda. The key elements of this were:

- the development of competency standards by industry and associated curriculum development to reflect competency outcomes;
- development of an Australian Standards Framework for vocational education and training credentials;
- establishment of a National Training Board (NTB);
- agreement on a National Framework for the Recognition of Training (NFROT);
- several reports on the training implications of industrial relations changes, young people’s participation in post-school education and training, and the need for curricula to take into account a number of general or core competencies; and

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1 This section draws on NSW Board of Vocational Education and Training (BVET), Buchanan J *et al* report *Beyond Flexibility: Skills and Work in the Future*, October 2001, pp. 5-7.

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- establishment of the Australian Vocational Certificate Training System (AVCTS) to merge traineeships and apprenticeships and provide pathways in the transition from school to work.

3.8 The aim of these arrangements was to achieve improved efficiency for industry and career opportunities for all workers. By the mid 1990s, under recession and with employer lobbying, several adjustments were made. There was a move towards a demand led skill formation model, with a new emphasis on establishing a national training market responsive to employer needs. Enterprise bargaining was introduced allowing workplace flexibility. This broke down industry wide agreements which had been the basis of training and career guarantees under the original scheme.<sup>2</sup> At the same time, and continuing now, corporatisation and privatisation of public utilities wound back training and employing of very large numbers of personnel. The outsourcing of the core business activities by new corporations has virtually brought an end to public utility training programs which benefited private industry through the mobility of skilled labour.

3.9 A later development was the establishment of a cooperative federal system for vocational education and training, with the establishment of the Australian National Training Authority (ANTA) to oversee the allocation of Commonwealth government resources to the publicly funded VET sector and administer national programs. From 1996, the National Training Framework (NTF) replaced the National Framework for the Recognition of Training (NFROT) and Australian Qualifications Framework. Two elements of the NTA are the National Training Packages and the new Australian Recognition Framework (ARF) which guides the states and territories in their regulation of the Vocational and Education Training (VET) system. ‘User Choice’ was introduced to enable competition with TAFE colleges from Registered Training Organisations (RTOs). This was strongly supported by business because it assumed increased employer control over training, although evidence to the committee has indicated that the role of User Choice is still a matter of contention.

3.10 User Choice operated in conjunction with the New Apprenticeship system, whereby the New Apprentice enters a contract with the employer who chooses an RTO to deliver training. This arrangement has opened up more opportunities for government supported training for both new, and following 1998, existing workers having expanded the range of occupations for which employees can attract an incentive or subsidy payment.<sup>3</sup> While lauded as very successful in terms of the numbers of trainees processed, the committee noted extensive evidence of the failure of the system to deliver middle and higher order skills training, discussed later in this report.

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2 BVET, *Beyond Flexibility: Skills and Work in the Future*, October 2001, pp. 1; 6–7

3 For a more detailed analysis of VET reforms see Chapter Four of the committee’s report (Senate Employment, Workplace Relations, Small Business and Education References Committee report) on the VET system, *Aspiring to Excellence, Report on the Quality of Vocational Education and Training in Australia*, November 2000

3.11 Australia's skill formation policies are now trained on building a 'knowledge economy', providing industry with sufficient highly skilled people to meet emerging needs, and also to raise skills in existing industries. As DEWR notes in its submission:

Skill development in Australia is vital to Australia's long-term economic and employment growth. Ongoing enhancement of Australia's skill base is essential to achieve further productivity gains and help Australian industry to compete effectively in a highly competitive world marketplace. In particular, Australia must develop high level skills to meet the needs of new technology industries where growth is expected to be strongest, as well as enhancing skills to encourage further growth in existing industries.<sup>4</sup>

3.12 Developing the capacity for innovation has implications for schooling, IT development and its take up by industry and the community, and for the stimulation of investment in emerging technology.<sup>5</sup> In facilitating this policy ANTA has set innovation targets for the states and territories. DEST has also introduced innovation incentives for New Apprenticeships. These provide additional incentives to employers for taking on New Apprentices in the IT and innovation industries.<sup>6</sup> Through such policies as 'Backing Australia's Ability' (2001) the Government has attempted to strengthen the critical relationship between research and development leading to the creation of more knowledge jobs.<sup>7</sup>

3.13 ANTA sees stimulus of the knowledge economy as a key objective, transforming learning and training. The ANTA's Phase 1 report review of training packages notes that there is a shift to knowledge work in diverse areas of the economy and that knowledge work, which is more context specific, puts new demands on the workplace and the individual to engage in the training process. It advocates a focus on generic or employability skills to support technical application in new and emerging industries, with implications for VET pedagogy. The report also notes that technical skills, being quickly dated, are less valued in the knowledge economy.<sup>8</sup>

3.14 When considered against evidence to the inquiry, which reports endemic skill shortages in middle skill training areas, the committee had reservations about ANTA's full focus on higher skills, if commitment to full skill development in technical areas

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4 Submission 95, Department of Employment and Workplace Relations (DEWR), p. 27

5 *Media Release* 'Australia Makes an Excellent Progress as a Knowledge Based Economy and Society', 9 September 2003 MIN 457/03

6 See *Media Release* 'Strong Foundation for Australia's Future Skill Needs', 9 September 2003 MIN 457/03, and for Innovation targets see Australian National Training Authority (ANTA), *Vocational Education and Training, Directions and Resource Allocations for 2002*, ANTA Report to the Ministerial Council July 2002, p. 35

7 See *Backing Australia Ability: Real Results, Real Jobs*, The Commonwealth's Innovation Report 2002-03, and see [www.dest.gov.au/research/res\\_sci\\_innov\\_policy.htm](http://www.dest.gov.au/research/res_sci_innov_policy.htm)

8 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, Executive Summary, *passim*, and p. 9

in existing industries is not also carried. At the same time, in consideration of the failures of current training policy, the committee also considers that policy focus must not use employer demand as the main or only determinant for investment of public funded training, as this will not result in the sustainable and diverse skills base needed to build investment in higher value skills.

### ***A hollowing of skills or meeting job demand?***

3.15 The committee notes evidence of a skills imbalance that results partly from a failure of training policy, and partly because of labour market trends and influences. A number of submissions refer to reports on the national skills profile which attempt to determine progress in skills development. One criteria used by the Australian Bureau of Statistics (ABS) to demonstrate progress towards the ‘knowledge society’ is the number of people of working age with university degrees, or in employment and holding degrees.<sup>9</sup> In its submission the Department of Education and Workplace Relations (DEWR) reported that a shift to a higher skilled workforce over the last decade is indicated by the number of people with bachelor or higher degrees in employment.<sup>10</sup> At the same time, however, DEWR highlighted two other significant features of the employment landscape:

- there has been little growth in employed persons with skilled vocational qualifications (primarily trades skills) or with an undergraduate or associate diploma; and
- the strong growth in employed persons with basic vocational qualifications reflects the growth in VET, especially growth in New Apprenticeships and the shift into a broader range of occupations.<sup>11</sup>

3.16 At hearings in Darwin, NCVER told the committee that the combination of these features represents a ‘hollowing out’ of the skill profile. Referring to findings in his study *Pathways to Knowledge Work*, Mr Mark Cully explained how labour force polarisation meant no growth in middle skilled jobs, and a decline in employment in almost all trades: toolmakers, welders, panel beaters, carpenters, bricklayers, printers, painters over the period 1986 to 2001. Meanwhile job growth occurred at the higher skill and lower skill ends up by a total of 1.5 million with some 700,000 jobs at the low skilled end.<sup>12</sup> As a result, Australia had achieved only a very small real rise in the level of skill required for jobs overall, rating at only two per cent on the ‘cognitive

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9 See *Media Release* ‘Australia Makes an Excellent Progress as a Knowledge Based Economy and Society’, 9 September 2003 MIN 457/03, and below

10 It reports that between May 1993 and May 2001, the number of employed persons with bachelor degrees rose 88.0 per cent from 613, 100 to 1,309, 800. Those with a higher degree or postgraduate diplomas rose by 62.9 per cent or 195,700 to 506,600. See submission 95, DEWR, p. 4

11 Submission 95, DEWR, p. 4

12 Cully M, *Pathways to Knowledge Work*, NCVER, ANTA 2003, p. 6; 19

skill measure'.<sup>13</sup> NCVER provided tables showing how polarisation looks as a spread of occupation and skill level deviation. **Table 1** depicts occupational change. **Table 2** shows its correlation to ASCO major groups.<sup>14</sup>

**Table 1: Change in the occupational composition of employment 1986–2001**

	Share of employment 2001 Census (%)	Share of employment 1986 Census (%)	Change in share of employment (after rounding)	Change in employment (‘000s)
Managers	9.5	8.9	0.5	202.2
Professionals	18.7	15.5	3.2	534.1
Associate professionals	12.0	11.1	1.0	274.0
Tradespersons	12.5	16.2	-3.7	-13.3
Advanced services	4.2	5.2	-1.0	7.7
Intermediate service	16.7	13.8	2.9	480.4
Intermediate production	8.1	10.0	-1.9	26.1
Elementary service	9.5	8.9	0.6	208.1
Labourers	8.8	10.5	-1.6	52.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	<b>1,772.1</b>

Source: Cully (2003, p. 19)

**Table 2: ASCO major groups, skill level and typical education and experience**

Major group	Skill level	Education and experience
Managers Professionals	I	Bachelor degree or higher, or at least five years relevant experience
Associate professionals	II	Diploma/advanced diploma, or at least 3 years relevant experience
Tradespersons Advanced clerical and sales	III	AQF* Certificate III or IV, or at least 3 years relevant experience
Intermediate service Intermediate production	IV	AQF Certificate II, or at least 1 year relevant experience
Elementary service Labourers	V	Compulsory schooling or AQF Certificate I

\* Australian Qualifications Framework Source: ABS (1997) cited in Cully (2003, p. 13)

13 Mr Mark Cully, General Manager, National Centre for Vocational Education Research (NCVER), *Hansard*, Darwin, 10 June 1996, pp. 93–94

14 Tables as presented in submission 66, NCVER, p. 6



3.17 The ‘hollowing’ out the labour force is a widely reported phenomenon in countries undergoing a ‘knowledge’ revolution. A study in Britain, which has a similar policy framework for skill formation, found that over the period 1986 to 2001 there has been increased demand for higher qualifications by British employers and that the level of work skills applied in jobs has also increased. Underpinning these changes is a significant increase in the use of advanced technology (IT) in the workplace, with some 70 per cent of employees using some form of computerised equipment. However, the same study also revealed that there was significant underuse of employees acquired skills within the work place, and a mismatch between the large number of unskilled jobs available (6.5 million) and people without qualifications to fill them (2.9 million). The conclusions drawn by the British study were that competition and flatter structures have added pressure on employees to be more highly skilled but the largest growth trend has been in low skilled jobs.<sup>15</sup>

3.18 Australia’s similar experience is confirmed by the Productivity Commission’s report on the ‘Productivity Surge’ in the 1990s. It noted, for instance, that a high take-up rate of IT may have stimulated stronger productivity in the 1990s, relative to other countries in the period. Nevertheless, the report concluded that skill development could not be a major cause of the productivity surge, as Australia’s skill composition change (measured in terms of educational attainment) remained low compared with other major OECD countries.<sup>16</sup> Other studies also suggested that the skills Australians have are not being productively utilised, as many are overqualified for the work they are doing, and further that opportunities to utilise higher level skills attained are not occurring.<sup>17</sup>

3.19 The final picture is not complementary to the present policy focus on high skill development, nor its effectiveness. Instead, these findings challenge some fundamental assumptions about high skill development as a means of achieving equitable growth. As VET expert Ms Kaye Schofield comments in her submission:

The emerging version of the knowledge economy does not advantage everyone equally. In fact, research tells us that increasingly the workforce will look like an hourglass rather than a pyramid, with part of the workforce employed in knowledge-intensive high-waged and relatively secure work and another part comprising people with lower skill levels, churning through a series of relatively low-paid and insecure jobs interspersed with periods of unemployment. This is not a version of the knowledge-economy that we should accept for Australia.<sup>18</sup>

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15 See submission 27, Professor Clive Chappell and Mr Geof Hawke, OVAL Research, Faculty of Education, University of Technology Sydney, Attachment 1, p. 12

16 Barnes P and Kennard S, *Skill and Australia’s Productivity Surge*, Staff Research Paper, 2002, pp. xix; xvii–xviii.

17 A survey conducted in 1993 showed that forty per cent of those employed on a fulltime basis who had post-school qualifications were working in jobs that required no formal qualifications. Dusseldorp Skills Forum, Hall R *et al*, *You Value What you Pay For*, June 2000, p. 16

18 Submission 96, Ms Kaye Schofield, p. 2

3.20 The committee accepts that there is evidence enough that skills formation must be developed on a wide front. There are dangers in ‘picking winners’ and it is claimed that governments are not very good at making labour market predictions, despite the research capability that is at their disposal. There are important warnings about skill formation policy which places an inordinate focus on high skills at the expense of providing sufficient support for broad based cross-sectoral skill training. Views expressed to the committee caution that a large number of jobs will continue to be performed in traditional ways and many will operate in much the same way as they did in the past, meaning the shift to a knowledge economy could be more ambiguous than is sometimes suggested.<sup>19</sup>

3.21 The committee therefore has reservations about the current policy balance, given pressing skill shortages reported in the intermediate skill area. While the committee highly commends initiatives to foster the knowledge economy, and wholly supports the need to develop pathways for higher skill development in all areas (as discussed later in this chapter), it is concerned that the present focus does not place sufficient emphasis on enhancing skills to encourage further growth in existing industries.

### **Employment trends as a basis for VET planning and funding**

3.22 Of particular interest is the relationship between occupational analysis, the prediction of training needs and the allocation or targeting of training funds. ANTA uses occupational analysis conducted by the Centre of Policy Studies at Monash University (which also provides assistance to DEWR and other clients) and also contracts forecasting studies of occupational change to determine future training needs.<sup>20</sup> Funding allocations are closely aligned with these projections, as noted in its report to MINCO:

The overall movement across industry across industry training can be an important indicator of the responsiveness of the VET system, and evidence of whether it is demand or supply driven. The dynamic nature of the Australian labour market, and the need to respond flexibly to emerging labour market needs, can be illustrated by difference in the projected rate of employment growth in different industries and occupations in the period ahead.<sup>21</sup>

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19 Submission 96, Ms Kaye Schofield, p. 2, and see submission 27, Professor Clive Chappell and Mr Geof Hawke, OVAL Research, Faculty of Education, University of Technology Sydney, Attachment 1, discussion at pp. 7; 9

20 Submission 35, ANTA, p. 8, and supplementary submission 35A, reporting the findings of an Access Economics on future demand, *passim*. Analysis of funding issues is provided in Chapter Three

21 VET: *Directions and Resource Allocations for July 2002*, Report to the Ministerial Council, ANTA 2002

3.23 Accordingly, ANTA's Draft National Strategy for VET 2004–10 *Shaping Our Future* predicts a decline in requirements for middle skill training, in areas where high skill shortages are reported, and a corresponding shift away from funding for these. ANTA reports an intended \$3.5 billion budget to be spent on VET, with an equivalent amount by business and advises:

Manufacturing industries will face strong international competition and are expected to employ a smaller percentage of all workers. The number of jobs in construction, agriculture and mining is also expected to fall.

These factors are causing a sea change in skill requirements, as demand for the traditional skills required to work the land, to work manually and to extract resources is overshadowed by demands for skills to create, organise and apply knowledge - and to work with others to do so.<sup>22</sup>

3.24 While analysis of employment growth is a standard approach to forecasting skill needs, some questions are raised given current deficiencies in forecasting methods. As discussed in the previous chapter on skills shortages, prediction of occupational change and of skills forecasting is complex and in need of adjustment to better reflect sectoral, specialist and regional needs. The committee sees one obvious deficiency in the outdated nature of the current occupational classification system that underpins labour market and occupational shortage information.

3.25 In the influential report *Training to Compete: the Training Needs of Industry*, for example, it was noted that one of the main effects of globalisation on the manufacturing sector was the blurring of the distinction between manufacturing and services, with 43 per cent of the sector shifting their focus to a greater service orientation while maintaining their manufacturing orientation.<sup>23</sup> As a DEWR source advised, the shift to services and contracting out aspects of a manufacturing business was not delineated in present occupational profiles, and hence tended to over-state the decline in the manufacturing sector.<sup>24</sup> DEWR is working on a revision of the ASCO codes, but at present it is possible for occupational growth to be poorly distinguished in some sectors because the categories no longer fit.<sup>25</sup>

3.26 Moreover, forecasting of VET needs conducted by the Centre for Economics of Education and Training (CEET) for the Victorian Office of Technical Education and Training in March 2002, shows that another take on the data can yield a

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22 ANTA, *Shaping Our Future*, Draft National Strategy for Vocational Education and Training 2004-2010, p. 4

23 *Training to Compete: the Training Needs of Industry*, Report to the Australian Industry Group by Allen Consulting was catalyst to the development National Industry Skills Initiative (NISI). See submission 74, Australian Industry Group (AiG) and Engineering Employers Association South Australia (EEASA), p. 19, and *Training to Compete*, p. iii

24 Background information provided to the committee

25 Mr Denis Hart, Team Leader, Occupational and Skills Analysis Section, Economic and Labour Market Analysis Branch, DEWR, *Hansard*, Canberra, 15 June 2003, p. 1328

significantly different view about where training policy should place its emphasis. **Table 3** provides data on job growth correlated with the qualifications required for the listed occupations.<sup>26</sup>

**Table 3: Net Job Openings by Major Occupation Groups and Qualification Victoria, 2001–06**

Minimum numbers expected with qualifications\*

Skill level (ASCO)	Occupation group	All net job openings ('000)	Higher Education ('000)	VET ('000)
1	Managers & Administrators	26.7	10.1	6.0
1	Professionals	79.3	59.6	7.7
2	Associate Professionals	37.8	11.8	10.3
3	Tradespersons & Related Workers	34.6	1.4	21.2
3	Advanced Clerical & Service Workers	8.3	1.7	1.6
4	Intermediate Clerical, Sales & Service Workers	75.1	10.8	17.7
4	Intermediate Production & Transport Workers	27.8	2.0	6.0
5	Elementary Clerical, Sales & Service Workers	63.3	5.9	7.2
5	Labourers & Related Workers	33.9	2.4	5.5
	<b>TOTAL</b>	386.9	105.7	83.3

\*The minimum numbers expected with qualifications were estimated by applying the proportions employed in 2000 with qualifications to net job openings.

3.27 While the table refers to outcomes in Victoria, the findings apply more generally. The table shows that 38 per cent of job openings for new entrants with VET qualifications are likely to be for associate professionals or tradespersons and related workers. Of all job openings for new entrants at skill level 3 or below, less than those in the tradespersons and related workers occupations, only 18 per cent are likely to require VET qualifications. This is substantially less than the 61 per cent with VET qualifications for tradespersons and related workers.<sup>27</sup>

3.28 Comparing these findings against DEWR's occupation growth based analysis, this table suggests that the employment areas which most require VET – tradespersons and related workers and associate professionals – are those which have not been

26 CEET, Shah C, Long M *et al*, *Demand For Training: Labour Force Changes, Projected Job Openings for New Entrants and Workplace Developments*, March 2002, Table 16, p. 47

27 *ibid.* pp. 46–47

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targeted by ANTA in its policy and funding equations. By contrast, for those positions for which VET is least necessary, or requiring low skill qualifications, ANTA policy such as New Apprenticeships is stimulating demand, as DEWR notes.

3.29 The committee remains concerned that, in the longer term, the apparent weighting of training objectives and the funding allocations that support them on the basis of projected employment growth could reduce the diversity of the skill base and limit opportunities to build traditional strengths into new ones. In this regard, the committee refers back to recommendations made in Chapter 2 to improve on current forecasting methods so they better reflect industry and community needs.

## **Labour market change and skill shortages**

3.30 The nexus between the labour market and the training system in meeting current and future skill needs is one of perennial complexity according to the NCVET.<sup>28</sup> This section examines some important points of connection between the labour market and the training system.

3.31 Discussion of the behaviour of the labour market invites supply versus demand explanations for the causes of skills shortages. Supply side arguments suggest that shortages can be caused by inflexibilities in the training system, and that market failure can be remedied by improved information systems and training and delivery mechanisms. Demand side arguments follow from consideration of the structural changes in the economy, which in recent times have seen reductions in average size of firms and the growth in part-time and casual employment. This approach assumes that the economy will adjust to change in the long term, with wages and prices reaching a market equilibrium.<sup>29</sup> It is also claimed that from a demand side perspective, such pressures reduce the capacity of employers to train employees in the skills required. Inevitably, the industry ‘downsizing’ mentality is rarely coincidental with a consciousness of the need to train new staff or retrain existing staff.

3.32 The committee recognises the problem of making training policy within these conceptual frameworks and in the midst of social change and structural economic change.<sup>30</sup> It noted the interplay of these approaches when, at hearings in Canberra the Department of Education, Science and Training (DEST) told the committee that addressing skills shortages is not just a training or supply issue, as had been acknowledged by the National Skills Initiative. DEST reported the vocational education and training sector’s significant achievement, with the number of students having nearly doubled over the decade to 1.7 million, or around 13 per cent of the workforce. On the incidence and causes of skills shortages the committee was told:

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28 Dr Tom Karmel, Managing Director, NCVET, *Hansard*, Darwin, 10 June 2003, p. 990

29 See Toner P, *Supply-Side Demand Side Explanations of Declining Apprentice Training Rates: An Overview*, pp. 3–4

30 Submission 18, Business Council of Australia, *Overview of Transition Programs, Policies and Programs*, A Report for the Business Council of Australia, by the Allan Consulting Group, p. 1

Skill shortages can exist at most stages of the business cycle in skilled occupations and can be a sign of a thriving economy. For example, skill gaps arise in new industries and in sectors of more traditional industries that are changing rapidly to meet new consumer and technological demands. The cyclical nature of employment in some industries contributes to skill shortages because qualified workers leave the industry in periods of downturn and some do not return. At the same time training levels fall, leading to shortages when demand picks up later. The causes of skill shortages are complex. Education and training are part of the solution, but they cannot solve the problem by themselves. I think a number of witnesses to the inquiry have made the point that it is a very complex issue.<sup>31</sup>

3.33 The committee agrees that achieving the right balance between training and the labour market policy is difficult and commends the industry-targeted approach adopted under the National Industry Skills Initiative (NISI).<sup>32</sup> The committee notes that when the NISI commenced in 1999, the causes of skill shortages in traditional trades areas were put down to difficulties in adjusting to increased global competitiveness, which posed challenges to industry to adapt its employment and training approaches to meet new labour management requirements.<sup>33</sup> One of the key drivers of skill shortages identified by NISI was the cyclic nature of business, notable in construction and building. At the same time it was acknowledged that cyclic factors appeared less significant in areas of persistent and long term skill shortages: automotive/vehicle trades, electrical and metal trades, with the last two experiencing entrenched shortages over the last twenty and five years respectively.<sup>34</sup>

3.34 The NISI consultations arrived at a range of industry specific and more generic recommendations to address skill shortages. These included: closer industry collaboration on issues of interest; improving data collection methodologies; improved career information products; studies on employer engagement in New Apprenticeships; more flexible training delivery arrangements; and more industry government involvement on identifying skills needs and training related issues.<sup>35</sup> Stephen Saunders notes in his NCVER study that these initiatives are designed to negotiate the demands for more information under a mixed or semi-competitive VET funding model. The model provides for shared training costs between government, individuals and employers but, as Saunders observes, employers appear to carry more

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31 Mr Colin Walters, Group Manager, Science Group, formerly Group Manager, Vocational Education and Training, DEST, *Hansard*, Canberra, 15 August 2003, p. 1199

32 The NISI was conducted as a partnership between industry and government, with each sector involved in a Working Group to develop Action Plans for implementation by an Industry led task force. See submission 57, DEST, pp. 35–34, and submission 95, DEWR, pp. 20–22

33 See NISI website: [www.skillsinitiative.gov.au/about.htm](http://www.skillsinitiative.gov.au/about.htm), p. 1

34 Submission 100, Australian Industry Group, pp. 9–10

35 NISI website: [www.skillsinitiative.gov.au/about.htm](http://www.skillsinitiative.gov.au/about.htm)

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significant costs in the case of apprentices.<sup>36</sup> In this respect, while upgrading information to stakeholders is undoubtedly important, the committee believes these measures are unlikely to overcome considerable cost and other disincentives to employers to take on apprentices.

### ***Training to compete: barriers to participation***

3.35 The committee heard much about the pressures that industry is facing under the competitive forces identified by NISI. Industry submissions and company owners at hearings told the committee about how their training levels had dropped, or how association members were reluctant to take on trainees, particularly traditional apprentices, in an environment which was increasingly project driven or contract based. They reported how their capacity to maintain or find appropriately trained trainees was limited by changes in the nature of their industries, small and large. Some had downsized because of competitive forces, others had outsourced aspects of their business or resorted to the use of part-time, casual or labour hire to meet employment needs. The ageing of the skilled workforce in many industries also contributed to fears that industries could not remain viable unless a strategic and integrated approach was taken to address their recruitment problems.

3.36 In their submission Associate Professor Clive Chappell and Mr Geoff Hawke of University of Technology Sydney surveyed the scale of labour market change in the metals and engineering, construction, finance, information technology, cleaning and family support services industries which these pressures produced. They drew on a New South Wales Board of Vocational Education and Training report which found:

- there is a significant hollowing out of the labour force with loss of blue collar positions, and expansion in professional and low skills service jobs;
- today 'standard' employment (i.e. permanent, full-time) accounts for only half of the employed workforce. There has been a significant increase in casual and contract work. Permanent part-time workers which now constitute 10 per cent of the employed workforce;
- workplace flexibility has largely been achieved through casualisation, outsourcing and labour hire, with the Australian workforce now having the most highly casualised workforce in the developed world;
- within standard work, there are problems of understaffing and work intensification are evident in all of the six industries; and
- in the six industries studied, nearly all net employment growth has been in part-time, casual, labour-hire and contract employment patterns. Although there is a different mix between industries.

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36 NCVER, Stephen Saunders, *Using Training Indicators to Improve Planning for Vocational Education and Training*, NCVER 2001, pp. 13; 12

- traditional career pathways are breaking down in industries where they were once common (eg. banking and finance).<sup>37</sup>

This context provided the basis for these summary conclusions:

- new models of work characterise the contemporary Australian labour market. Standard employment based on a full-time permanent employment is no longer the norm. Part-time, casual, contract and labour-hire employment patterns are now central elements in Australia's employment scene;
- these models of work are the product of changing forms of competition across all sectors of the economy, brought on by the policies of 'globalisation';
- the 'enterprise' as a 'key' category in understanding changes to work is no longer useful. Today new forms of business organisation that include networks of production, supply chains and outsourcing arrangements are in many ways the 'dynamos' of changes to work; and
- while there are general trends in changes to work, there are significant deviations from such trends in particular industries.<sup>38</sup>

3.37 While globalisation and technology provides the setting for these changes, as noted by NISI, the highly competitive scenario, the committee was told, has been achieved by progressive deregulation of the labour market and by economic rationalism. It was maintained that the labour market of today is a very different one to that when the system was designed, and that the mix of enterprise based training and incentives is ill suited to the competitive deregulated conditions companies must operate within.<sup>39</sup> The prevailing view among a range of stakeholders was that there is a mismatch between what the system is offering and what the majority of employers need to address their skill requirements.

3.38 In this vein, Ms Kaye Schofield noted that while skills shortages are a normal part of the business cycle, significant and persistent skill shortages in the technical and trades areas show evidence of systemic weakness.<sup>40</sup> However, the shortages are not the fault of training system *per se*, as the supply system is now relatively flexible and responsive to patterns of demand. Instead, the failure is indicated by the low uptake of nationally recognised training by employers, with the ABS finding that only 24 per cent of employers did so in 2000-01.<sup>41</sup> She concluded that the shortages are a clear

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37 As identified in NSW Board of Vocational Education (BVET) case studies of work organisation, *Beyond Flexibility: Skills and Work in the Future*, and quoted in submission 27, Professor Clive Chappell and Mr Geof Hawke, Attachment 1, pp. 6-7

38 Submission 27, Professor Clive Chappel and Mr Geof Hawke, Attachment 1, pp. 6-7

39 See for example Mr Julius Roe, National President, Australian Manufacturing Workers Union (AMWU), *Hansard*, Sydney, 6 May 2003, pp. 813; 823

40 Ms Kaye Schofield (private capacity), *Hansard*, Sydney, 6 May 2003, p. 833

41 Submission 96, Ms Kaye Schofield, p. 7



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consequence of the more competitive business environment and its products, in particular a reluctance to train due to poaching.<sup>42</sup>

### **Structural change and the training challenge**

3.39 There are implications for training and skills momentum in the industrial sector which has been subject to the pressures of competition and change. Two major developments since the mid 1990s affecting training and the availability of workplace skills can be identified:

- The first has been labour market deregulation, coinciding with fierce corporate competition. This has seen huge reductions in corporate workforces, a phenomenon also associated with the movement of investment into industries associated with and using high technology, and characterised by low employment. Technological efficiencies, and the pressure by corporation shareholders to maximise investment returns, has created a highly volatile labour market, especially at the middle and high order skill levels. The pressure to reduce staff has led to the expedient of labour hire and the contracting out of even core functions of business.
- The second major development has been the privatisation and corporatisation of large public utilities. Over most of the twentieth century, public utilities saw their training responsibilities as extending beyond the needs of the particular service they trained for. Since privatisation and corporatisation these cadres of apprentices and skilled workers are not available to industry at large.

3.40 It is generally acknowledged that the public sector and larger corporations have together undertaken the bulk of the workforce training, if only because the complexities of their operations demand it. Small and medium firms have done less training because they are less able to afford it, and because they often picked up trained people who are ex-corporate or public sector employees.

3.41 In these circumstances, interest in training is inclined to wane. The manufacturing sector has been particularly affected by these trends, given traditions of training by large firms and public utilities. As the recent Productivity Commission report *Trends in Manufacturing* (August 2003) confirmed:

The exceptional feature of the changing size distribution of manufacturing is the decline in the relative importance of big business, with no other industry division showing a large decline'.<sup>43</sup>

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42 Ms Kaye Schofield, *Hansard*, Sydney, 6 May 2003, p. 833

43 The report explained that over the last two decades, the role of small business in manufacturing has substantially increased in terms of both employment and enterprise shares: in manufacturing, small business and non-employed businesses have increased as a share of total enterprises. Relative employment growth has also been greatest in these categories, leading to a 6.1 percentage points increase in employment in small business. Conversely, large firms (those employing 100 or more employees) have declined in both relative employment and enterprise

3.42 Without the supply of well-trained young people and skilled specialists provided by public institutions, industries reported that there was no buffer for boom times or project-based developments, and no back up source for small businesses to draw on, as they had done traditionally. There are also fewer large companies overall and in the manufacturing, engineering and the health and community sectors and adjustment to the wind back in training by large public utilities, or their closure, has not yet occurred.

3.43 At hearings Australian Manufacturing Workers Union (AMWU), reported the effect of privatisation and corporatisation in the manufacturing sector. Statistics drawn on from New South Wales, Victoria and Queensland showed that the biggest trainers of skilled labour, not just trades but also at technicians at associate diploma or associate professional levels, were the public utilities such as the railways, electricity, and water authorities and the very large engineering manufactures such as ADI, Telstra and the large motor manufacturers. Not only have the public utilities been corporatised, but they have in most cases contracted out their technical and maintenance functions, with only corporate functions remaining. The AMWU advised that for a number of reasons contractors do not train; the primary reason being that they achieve contracts on the basis of a lower price.<sup>44</sup>

3.44 The committee was told also of how lack of succession planning was jeopardising future capacity in the sciences and engineering to respond to emerging industry needs and to innovation in existing industries:

Over the last 10, 15, 20 years, we have seen privatisation of our utility providers. Even the defence forces are looking to outsource any non-combatant personnel, and they have outsourced much of their work. Many of the companies that have taken up those contracts from the government have initially, of course, sought to source people who were previously employed by the government. But, a few years into their contracts, they have started to realise there is no ready pool of people to fill the jobs any more. There seems to be a grappling by private industry as to how to cope with the training or getting of suitably qualified and trained engineers and scientists into their business, because they have not taken on the role where the government left off in training up engineers and scientists, in particular.<sup>45</sup>

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terms. For example, the employment share of large businesses fell by nearly 14 percentage points between 1983–84 and 2000–01 while, by contrast, growth in enterprise numbers in the rest of the economy has been similar for different firm size categories, resulting in little change in enterprises shares. See Productivity Commission, *Trends in Australian Manufacturing*, Commission Research Paper, August 2003, pp. 112–13

44 Mr Julian Roe, National President, AMWU, *Hansard*, Sydney, 6 May 2003, p. 817

45 Mr Jason Kuchel, Executive Director, Electronics Industry Association, *Hansard*, Adelaide, 12 June 2003, p. 1125

3.45 The committee believes that business is to an extent still free-riding on the training schemes that disappeared a decade or more ago, and that the next few years will see a serious skills shortage emerge as the post-war generation, beneficiaries of public service training, retires.

### **The training responsibilities of business**

3.46 The extent to which business has embraced a training culture which matches its commitment to deregulation of the labour market is a matter of some contention. The committee was informed that the competitive environment faced by small and medium enterprises (SMEs), and indeed larger businesses, means that profit maximising firms will only train to the extent that short term needs are met; or otherwise risk the poaching of their skilled staff before they have retrieved the value of their investment.<sup>46</sup>

3.47 The committee heard how the insidious effect of this cycle can destabilise regional economies. One submission reported that a large company in Adelaide was able to 'free ride' off the training efforts of SMEs. It ransacked their workforces by offering skilled staff 33 per cent more than the small companies, while holding down supplier prices so that the SMEs could not match wages.<sup>47</sup> In the absence of a long term view, Greater City of Dandenong representatives reported how the manufacturing industry, which is a major industry in the region, is being destabilised by a lack of succession planning.<sup>48</sup>

3.48 On the other hand, ACCI has submitted evidence from the 2003 ABS release of data on employer training expenditure and practices that show employers are spending more time and money in providing training and skills development to their employees.<sup>49</sup> The committee acknowledges that ACCI quoted these figures by way of arguing against the idea of any resurrection of a training levy, but in quoting a figure of 81 per cent of all employers providing some training to their employees in the 12 months to June 2002 ACCI has been selective. The percentage quoted is an amalgam of private and public sector training for which the figures are 41 per cent and 84 per cent respectively. Employees in the private sector vastly outnumber those in the public sector, so if ACCI is arguing that industry's record is a good one, the committee does not agree.

3.49 There is clearly a mismatch between what the current system can support and what is needed to address skills shortages. From the employer's point of view there is an unrealistic expectation that SMEs will be willing to carry responsibilities to recruit,

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46 NSW Board of Vocational Education and Training (BVET), Briggs C and Kitay J, *Vocational Education and Training, Skill Formation and the Labour Market*, October 2000, p. 10

47 Submission 96, Ms Kaye Schofield, p. 8

48 Mrs Sandra George, Network Coordinator, South East Business Network, Greater City of Dandenong, *Hansard*, Dandenong 15 April 2003, p. 476.

49 Submission 100, ACCI, p. 33

train and reskill employees on a scale necessary to meet future needs when present capacity to do so is reduced. As for employees, it has been remarked that under current conditions, they increasingly ask for broader occupational rather than specific enterprise based training so as to maximise mobility, which employers are increasingly inclined to deny.<sup>50</sup>

3.50 The manifestations of this in the manufacturing and electrical industries, in particular, have been clear. Despite the manufacturing sectors' strategic significance, between 1987 and 2001 the total number of metal trades people employed nationally declined by 14 per cent. Over the same period, the number of metal apprentices in training fell by 36 per cent. The number of electrical and electronic tradespersons fell by just four per cent, but the number of apprentices in these trades fell by 20 per cent. Kaye Schofield argued in her submission that:

If the current situation continues in the manufacturing industry, it will have major implications for general industry growth and the sustainability of employment levels in key occupations and even alternative approaches such as skilled migration will be unable to supply the number of skilled people needed by the industry. The shortage of toolmakers for example has prompted South Australian businesses to import 35 skilled tradespeople from the UK but such a strategy is not sustainable.<sup>51</sup>

3.51 The Australian Industry Group (AiG) confirmed that industry is not keeping pace with replacement requirements given rates of expansion and wastage, with non-completions of apprentices for the period undesirably high at 20 to 30 per cent. Most worrying however, was the significant increase in non-trade manufacturing traineeships, specifically in the lower AQF levels:

What is of most concern is the significant increase in non-trade areas of manufacturing, specifically in the lower AQF levels. While there is obviously some need by industry for 'below trade' skills the current training package qualifications (based on industrial awards that necessarily lag behind the changing needs of industry) do not facilitate access to the higher-level qualifications. Often skills acquired in these lower level qualifications are not recognised for credit transfer or advanced standing in higher trade focussed programs.

In short there appears to be a disproportionate level of activity within the lower qualifications, when compared to skill shortage areas and the rhetoric of seamless pathways does not translate into the necessary movement into the higher value skill rich areas of shortage.<sup>52</sup>

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50 NSW BVET, *Vocational Education and Training, Skill Formation and the Labour Market*, October 2000 p. 10

51 Submission 96, Ms Kaye Schofield, p. 7

52 Submission 74, AiG and EESA, p. 11

3.52 The committee is strongly of the view that it is an inescapable duty of government to ensure that industry faces up to its training responsibilities. While it may have limited ability to influence labour markets in other ways, or do anything about work training arrangements which effect economic growth, it can ensure that there are incentives in place to influence the scope and quality of industry training. The evidence to the inquiry clearly indicates that skill shortages are in large measure the failure of industry to secure its own future, and the likely effects of this on the economy in the middle to long-term are frightening. This issue is explored in more detail in the Chapter Six on industry's role.

3.53 Despite the focus on flexibility, the committee is therefore concerned that the present approach to skill formation appears to be not well suited to the market conditions. Middle skill training, in particular, is the casualty as work force skill sets polarise. The evolution of a knowledge economy may in time provide opportunities for middle skilled careers but, at present, Australia ranks only 16 out of 21 countries in terms of knowledge industry developments. The connection between the skill profile of the labour force seems tenuously linked to productivity. Instead, the deregulated labour and trading market has achieved greater competitiveness in the short term: but at a cost. This cost may be the sustainability of the Australia's skills foundations, with deskilling and lack of succession planning endangering sound social and economic development in the future.

3.54 Within this scenario, the committee is concerned that 'free riding' has emerged as the defining feature of skill formation, and considers that current arrangements are not sufficient to counteract the significant disincentives to training that exist today. The committee has heard from a number of sectors that, in particular, the New Apprenticeship framework is skewing training towards lower qualification levels, providing a disincentive or not providing adequate assistance or structures to meet higher skill needs. The next section of this chapter will consider how policy levers such as the New Apprenticeships incentive structure and labour market mechanisms such as the Job Network can be embedded into a more strategically targeted but integrated system to foster skill development and meet present and future needs.

### **New Apprenticeships: refocus for the future**

3.55 The committee is persuaded that the New Apprenticeships system needs adjustment to better fit the new context provided by a highly competitive market place, the more diverse but less certain career choices available for young people, and the need retrain existing workers. In particular there is a need to enhance the attractiveness of longer term VET training at intermediate and higher skill levels. This is the necessary foundation for the development of the fuller sphere of skills required to sustain the diverse range of industries, including niche industries, on which our future economic growth and social stability must be based.

3.56 The New Apprenticeship system is the principal mechanism set up government to encourage employers to engage with training within the architecture of

vocational education and training reform. Following the model of traditional apprenticeships, New Apprenticeships initially had an entry level focus, aiming to combine employment with structured training, under a contract of training or training agreement, leading to a nationally recognised qualification. The ‘new’ aspects of the system are the expansion of training into a broader range of industries and occupations beyond the traditional trades, and a ‘competency based’ approach to delivery and completion of training, in place of a requirement for ‘time served’. In 1998, the system also became accessible to existing workers, with the advantages of the training wage and incentives accruing to employers. In theory, and increasingly in practice, New Apprentices can complete their training and gain their qualification as soon as they are assessed as having achieved all the relevant competencies, as set out in training packages developed to reflect the contemporary skill needs of industry. Another characteristic of the New Apprenticeship arrangement is the capacity for training to be delivered on-the-job, off-the-job, or a combination of both. School-based New Apprenticeships allow students to start employment-related training while still at school.

3.57 Under the ANTA agreement, states and territories agree to fund the training component of all New Apprenticeships and have responsibility for audit of the contracts of training and quality assurance. Under ‘User Choice’ policy, they also agree in principle (with some exceptions in practice) to allow employers and new apprentices to select their training provider, with the state or territory government meeting the cost of the training under an agreed payment formula. Under the Commonwealth Government New Incentives Program, the Commonwealth offers employers a range of incentives to engage a New Apprentice and, increasingly to complete their training. Incentives vary depending on the level of the qualification. Additional incentives are also available to meet rural and regional, innovation and indigenous needs. School Based-New Apprenticeships have been introduced in recent years to provide a pathway for students to combine employment and training under a contract of training while still at school.<sup>53</sup> Some state and territory governments also provide additional incentives targeted to their priorities, and may extend some general concessions in the form of payroll concessions or reduced workers compensation contributions.

3.58 The most commonly cited statistics in relation to New Apprenticeships appear impressive at first glance:

- In 2001–02, the Commonwealth provided more than \$376 million in employer incentives and personal benefits, increasing to an estimated \$424 million in 2002–03.<sup>54</sup>

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53 Submission 57, DEST, p. 11

54 DEST, *Consultation Report, Review of New Apprenticeships Incentives Programme*, Part C. Background, p. 7, see: [www.newapprenticeships.gov.au/niap/index.asp](http://www.newapprenticeships.gov.au/niap/index.asp)

- The number of people in training under New Apprenticeships has doubled since 1995.<sup>55</sup> In June 2003, for example, the Minister, the Hon. Brendan Nelson MP announced that 391 700 Australians were in training in New Apprenticeships, up 15 per cent since March 2002.<sup>56</sup>
- Media statements report that the number of people undertaking New Apprenticeships in the traditional trades and related category had increased 2 per cent since March 2002.<sup>57</sup>

Yet a significant number of submissions raised serious doubts about whether the public is receiving an appropriate return on this large and growing investment, in terms of the program's contribution to national skills formation and to enhancing the career prospects of individuals. The committee examined a range of data on the profile of training under New Apprenticeships to test the validity of these concerns.

### *New Apprenticeships in the traditional trades*

3.59 A key issue, given the prevalence and persistence of skill shortages in the traditional trades, is the number and proportion of New Apprenticeships in the traditional trades. As noted, government announcements indicate that the number of New Apprenticeships in the traditional trades has increased and is now higher than in 1995.<sup>58</sup> The committee examined the cited source of this data, NCVER apprenticeship and trainee activity statistics.

3.60 The NCVER statistics for June 2003, indicate that 'traditional apprenticeships' have increased by 19 per cent since June 1998, from 103,500 to 123,200 but have declined as a proportion of the total number on training, from 54 per cent in 1998 to 31 per cent in 2003.<sup>59</sup> While this drop may be relative to stronger growth in other areas, BVET argued at hearings in Sydney, that these statistics indicate a substantial real drop in the number of traditional apprentices commencing.<sup>60</sup>

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55 Submission 57, DEST p. 9

56 *Media Release*, Dr Brendan Nelson, 'Employers Gain from Expanded New Apprenticeship Services', 15 April 2003 MIN 324/03; and *Media Release*, Dr Brendan Nelson, 'New Apprentices and Completion Rates Continue to Rise', 16 June 2003 MIN 377/03

57 *Media Release*, Dr Brendan Nelson, 'New Apprentices and Completion Rates Continue to Rise' 16 June 2003 MIN 377/03. Traditional apprenticeships are approximated by trades apprenticeships at AQF 3 or above with more than two years expected duration for full time contracts and more than eight years duration for part-time or school-based contracts, see NCVER Australian National Vocational Statistics, *At a Glance: Apprenticeship and Trainee Activity*, June Quarter 2003, p. 2; footnote 1

58 See *Media Releases*, Dr Brendan Nelson, 'Employers Gain from Expanded New Apprenticeship Services' 15 April 2003 MIN 324/03; and Dr Brendan Nelson, 'New Apprentices and Completion Rates Continue to Rise', 16 June 2003 MIN 377/03

59 NCVER, *At a Glance: Apprenticeship and Trainee Activity*, June Quarter 2003, p. 2

60 Mr Bert Evans, Chairman, BVET, *Hansard*, Sydney, 7 May 2003, p. 903

3.61 From one perspective, the declining proportion of New Apprenticeships in the traditional trades is may not be a concern: the *relative* demand for training in these areas has also declined in line with the general decline in employment in trades related industries and occupations. And it is not immediately apparent, given the overall growth in the program, that growth in New Apprenticeships in industries such as retail has been at the expense of the numbers of New Apprenticeships in the traditional trades.<sup>61</sup> After all, the New Apprenticeship Incentive program is a demand-driven and uncapped program and so, in theory at least, training in one industry or occupation area need not be at the expense of training in other areas.

3.62 The relevant consideration, rather than the proportion of New Apprenticeships in the traditional trades, is whether the rate of training in the traditional trades is sufficient to meet the need. The usual measure for this purpose is the apprentice training rate; that is, the ratio of apprentices in training to employed tradespersons. Assuming that the ‘beginning’ apprentice training rates are sufficient to meet the replacement needs of an industry or occupation, any subsequent decline in the training rate is likely to result in a ‘skill shortage’ in the occupation, unless wastage and attrition rates decline to the same extent. In circumstances where there are significant skill shortages in industries, as now prevails and has for some time, the apprentice training rate will often need to increase in order to resolve the skill shortage and meet new training needs associated with employment growth and to replace retirements and attrition.

3.63 Dr Philip Toner provided the committee with his paper analysing apprentice training rates in a number of trades occupations since the 1970s. It indicates that while the training rate in some occupations, such as construction, has fluctuated around a relatively narrow band which possibly reflects the effect of economic cycles, the overall training rate has continued to decline in the metal and electrical trades, resulting in skill shortages in these occupations. Specifically, the apprentice training rate for the metal trades, with some minor variations, has consistently declined from a band of 18–20 in the 1970s, to a band of 11–20 in the 1980s, a band of 9–11 in the 1990s to 8.5 in 2000 and 8.2 in 2001. The apprentice training rate for the electrical trades has also trended downwards from a band of 11.7–13.8 in the 1970s, 10–14.1 in the 1980s, 8.9–12.8 in the 1990s to 9.2 in 2000 and 9.3 in 2001.<sup>62</sup>

3.64 Toner notes that the decline in the training rates in these trades from the beginning of the 1990s has occurred over a period when there has been an attempt to introduce a market for training and remove ‘inflexibilities’ in the apprenticeship system. He takes this to suggest that simply introducing more flexibility into the

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61 Although there are concerns, outlined in a later section of this chapter, that the growth in New Apprenticeships at Certificate 2 or below level in occupations classified as being for ‘traditional trades’ is occurring at the expense of training in traditional apprenticeships: that is, there is a substitution effect occurring.

62 Toner P, *Supply-Side and Demand-Side Explanations of Declining Apprentice Training Rates: An Overview*, pp. 6–7



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training system to improve ‘supply’ will not increase the rate without remedying depressed demand, such as the effects of corporatisation and industry restructuring.<sup>63</sup>

3.65 In this context the committee notes that while DEST data suggests that growth in traditional apprenticeship training is currently strong, Answers to Questions on Notice from DEST confirms limited or negative training growth in the mechanical and engineering sectors.<sup>64</sup>

### **Prevalence of New Apprenticeships in low-skill areas**

3.66 A number of submissions and some academic studies raised concerns about the disproportionate growth in New Apprenticeships in industry areas such as retail and hospitality, with high turnover at the lower levels where New Apprentices are concentrated. While it may be argued that these industries are experiencing high employment growth and have as great a need for training as any other, the bulk of occupations in these industries are at the lower skill levels, and rarely if ever appear in DEWR skill shortage lists. Mark Cully in the Pathways paper, noting the phenomenon of under-utilisation of existing skills referred to above, questioned whether the relatively high level of training at Certificate 3 and 4 levels in the ‘relatively low skill level’ occupations in retail and hospitality, represents a wastage of investment in skill development.<sup>65</sup>

3.67 The proportion of training associated with part-time or full-time employment may also be an indicator of the level of skills formation given that part-time employment can often be considered of lower ‘quality’ than full-time employment. Recent research by Sadler (2001) has demonstrated that in 1999–2000 part-time apprenticeships and traineeships accounted for about 98 per cent of the increase in new employee commencements, and represented 29.5 per cent of all commencing apprentices and trainees (almost one in three). These part-time commencements were mainly trainees and in only a few industries. Eighty-six per cent of all part-time apprentices and trainees commencing in 2000 were in four industries: 30 per cent in Wholesale, Retail and Personal services (WRAPs); 22 per cent in tourism and hospitality; 21 per cent in business services and 13 per cent in transport and distribution.<sup>66</sup>

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63 *ibid.* pp. 11; 18

64 Answers to QON Notice from DEST disaggregated New Apprentices statistics to reveal growth in ‘all major trade occupations’ at ASCO 4, *excluding mechanical and fabrication and engineering*. In the last five years, DEST continued, NA growth had outstripped employment growth in all major trade groups *except mechanical and fabrication engineering* (down 5.6 per cent from 208,700 to 197 000) and *automotives* (down 6.5 per cent from 149 000 to 139 000).

65 Cully, *Pathways to Knowledge Work*, NCVER, p. 49

66 Victorian Learning and Employment Skills Commission, ‘Part Four: Training Needs Across Industry Sectors’, *Assessing Demand and Establishing Priorities for VET*, Research Program Reports [no date], p. 21

3.68 Given the trend to part time New Apprenticeships continues, with part-time New Apprenticeships, rising from 11 per cent in June 1998 to 32 per cent in June 2003,<sup>67</sup> large growth in low skill high turnover industry sectors may be a matter of concern. However, to the extent that one accepts that the investment in training should simply reflect shifts in employment and employer demand (as current policy appears to do to a large degree), the growth in New Apprenticeships in industries which have a high proportion of part-time employment and at the lower skill level, is not necessarily at issue. Many industries and occupations, from the road freight to the retail and hospitality industry, argue that they have a legitimate need for training and should have access to the full range of government support so that their industries are not trapped in a low skills path to the detriment of their employees and the economy overall.

3.69 Nevertheless, a number of submissions and witnesses argued that, given limited resources and competing priorities, public investment in New Apprenticeships should not be simply demand-driven but should be more closely targeted to high priority areas, that is areas where there are skill shortages and areas which are a greater priority for national skills development, such as in higher skill levels and in new and emerging, high skill industries. From this perspective, the rapid growth in training in low skill industries with no skill shortages, driven largely by New Apprenticeships incentives, alongside a stalled or declining training rate in high or intermediate skill occupations, some with serious skill shortages, represents a serious misallocation of public resources. Mr Bert Evans, chairman of BVET, put it this way:

The situation we have is that the Commonwealth incentives do not discriminate regarding the availability of employer incentives. They are equally available to manufacturing and automotive industries, which I have a lot to do with, where there are clearly skill shortages, and to industries where there are no shortages. I will give just one simple illustration of that. It concerns electricians, which we are nationally short of. The crude training rate for electricians in 2001 was 11 per cent but in the low skill occupation of process meat workers the figure was 23 per cent. You will see it is skewed to the bottom end of the scale. They are certainly driving demand but are not strategic in their allocation.<sup>68</sup>

3.70 The Commonwealth might argue that its incentives program *is* targeted because incentive payments increase with skill level, given there are additional incentives for priority groups or areas. Yet the evidence to the inquiry discussed in following sections indicates that the AQF level alone is not a sufficient basis for differentiation of incentives, because the levels do not represent a reliable measure of the skill level or the required training investment by the employer or employee. A further factor is that the incentive structure does not appear to address the structural

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67 NCVER Australian National Vocational Statistics, *At a Glance: Apprenticeship and Trainee Activity*, June Quarter 2003, Table 4, pp. 4–5

68 Mr Bert Evans, BVET, *Hansard*, Sydney, 7 May 2003, p. 903

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barriers to training in some occupations and industries which should be a high priority for skill formation.

### ***Disincentives to middle and higher skill development***

3.71 The New Apprenticeships incentives system has been cited as an important and successful mechanism to encourage employers to train, yet it has not been effective enough to generate sufficient skilled people for employment in skill shortage areas. A key issue is that the high costs of taking on traditional trade apprentices in engineering, manufacturing and printing, for example is a considerable disincentive to businesses, both big and small.<sup>69</sup>

3.72 A recent study by the Centre for Labour Market Research (CLMR) estimated that on average, the 'net cost'<sup>70</sup> of employing an apprentice over the four years amounted to approximately \$22,000.<sup>71</sup> While many of these costs are incurred in the initial phase of the apprenticeship, when the apprentice requires more supervision and may not be very productive, the competitive pressures under which most businesses operate can often dissuade them from bearing this cost for the sake of a long-term benefit. In this way, as the report *Skills For the Future* noted, the tough business environment and global industry dynamics makes it a rational decision for business, in terms of the profit imperative, not to embrace training or high value product development.<sup>72</sup> In these circumstances, the most rational economic decision for most individual employers is to 'free ride' on the training efforts of others, by recruiting, rather than training, skilled tradespeople. When all or a majority of employers take this route, the result is ever more competition for scarce skills and a serious impediment to the growth of industry and an equally serious loss of production.

3.73 Another related consequence of this was the shift to a low skill equilibrium, with employers choosing to limit training investment to that required for immediate productivity, resulting in a growing proportion of the labour force in semi-skilled or low skilled positions. The Cairns Regional Group Apprentices Limited elaborated on this phenomenon, contending that there has been an increase in lower-level traineeships under the New Apprenticeships program at the expense of traditional trades apprenticeships, leading to a dilution of the traditional trades skills base. Mr John Winsor claims that:

Trades which have historically produced qualifications comprising a wide skill base have been replaced by narrow, specific skills based traineeship

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69 See submission 24, AMWU, p. 10.

70 Defined as the average of the known and estimated costs and benefits to the enterprise over the training contract term

71 Centre for Labour Market Research, *Training Apprentices is a Costly Business*, September 1997

72 Government of South Australia, *Skills South Australia, Skills for the Future: Final Report of the Ministerial Inquiry*, May 2003, p. 8

models. This, I believe is clearly evidenced in engineering trade callings where the trade of Engineering Tradesperson-Fabrication (formerly boilermaking) now has a traineeship model titled Engineering trainee. This is a narrow based, Certificate II, specific welding skills traineeship which is in many instances replacing the wide based trade calling...It is stated that Certificate II traineeships may progress to the higher level certificate III trade callings, but in my experience this rarely occurs.<sup>73</sup>

3.74 The AiG, as noted above, and Engineering Employers Association of South Australia (EESA) submission raised similar concerns, noting that the 'significant increase' in training in 'below trade' or lower AQF levels in manufacturing and suggested that the 'disproportionate level of activity within the lower qualifications', is not addressing the need for 'higher value skill rich areas of shortage.' A reasonable conclusion is that the increase in lower-level traineeships is substituting for traditional apprenticeship training. As a solution, AiG and EEASA propose that lower level qualifications need to be able to articulate into or provide advanced standing for higher trade focused programs, so that they can provide a pathway to formation of well-rounded trade skills.<sup>74</sup>

3.75 The Curtain Consulting submission raised concerns that the current policy framework for training is also favouring low skill acquisition at the expense of both middle and higher skills, in two significant ways. First, trade and technical training (and perhaps other intermediate level training as discussed below) has become devalued in the eyes of young people by its inclusion with more basic vocational training under the single banner of 'New Apprenticeships'. Second, Curtain argues that few New Apprenticeships in areas outside the traditional trades are providing an intermediate skill outcome or the solid foundation to enable further skills acquisition. He arrives at this conclusion by considering both the expected duration and AQF level of New Apprenticeships, on the premise that AQF level alone is a poor guide to skill level.<sup>75</sup> NCVER data indicates that only 41 per cent of New Apprenticeships at AQF 3 level, outside those defined as traditional apprenticeships, have expected durations of more than two years; only 8 per cent have expected durations of three or more years.<sup>76</sup>

3.76 The Department of Education and Training, Western Australia (DETWA) provided further evidence of the different skill formation investment associated with the same AQF level in different occupations. The measure in this case is the standard number of hours of off-the-job or structured training required for most New Apprentices to meet the competency standards associated with grant of the AQF 3

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73 Submission 90, Cairns Regional Group Apprentices Limited, p. 1

74 Submissions 74, AiG and EEASA, p. 11

75 The committee also notes, in this context, the DEWR's monitoring of skill shortages is restricted to skilled occupations which they define as occupations requiring at least three years training and experience or equivalent experience, implying that at least three years training is the yardstick for determining whether an occupation is skilled or not. See Submission 95.

76 Submission 101, Curtain Consulting, Table 4, p. 11

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qualification. DETWA pointed out that a one year traineeship in Cleaning (requiring 191 hours of training delivery) and a four year Electrical Apprenticeship (requiring 845 hours of training delivery) both lead to grant of a Certificate 3 qualification.<sup>77</sup>

3.77 Curtain also demonstrates that New Apprenticeships are making little contribution to higher skills development. Only 4 per cent of New Apprenticeships at AQF Level 3 and 4 with expected duration of two years or more are at the Associate Professional level or above.<sup>78</sup> On the premise that more investment in intermediate skills formation is desirable, Curtain suggests that New Apprenticeships should differentiate between a basic vocational or skilled vocational outcome.<sup>79</sup> However, other than AQF levels, there are no performance indicators which adequately differentiate training outcomes in the skill formation profile at present.<sup>80</sup> By comparison, OECD member countries have various measures for determining verifiable vocational pathways. Benchmarks for intermediate skills acquisition, for example, require that on and off-the-job training should be of sufficient depth to provide direct entry into an occupation, and mobility between employers; should provide a grounding for higher skill acquisition at technical or associate professional level; and should be of a minimum duration to allow for competency to be demonstrated at the required level of complexity.<sup>81</sup> Curtain concludes that there is a need to conduct research to better understand what differentiates skill levels and to establish appropriate indicators to better target higher skill needs.<sup>82</sup>

3.78 The evidence from both Curtain and the DETWA points to a significant difference in the duration of both on-the-job experience and off-the-job training associated with the same qualifications in different occupations, with the required amount of both work experience and off-the-job training associated with AQF 3 in the traditional trades being much higher than that associated with AQF levels in other occupations. Yet under the current Commonwealth New Apprenticeship Incentives program, the same incentive is paid for an AQF 3 qualification, irrespective of the average duration of the training contract or the required commitment for off-the-job training. In this circumstance it is easy to see why employers of traditional apprentices argue that the current incentive is inadequate, while in some other occupations, where the same incentive is paid for a much smaller investment of time and effort, the incentive is leading to a significant increase in New Apprenticeship training.

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77 Submission 39, Department of Education, Western Australia, p. 18

78 Submission 101, Curtain Consulting, Table 5. p. 12

79 *ibid.* p. 13

80 Curtain refers to the Productivity Commission report on Government, *Productivity Commission Report on Government Services*, Steering Committee Publication, 2003. Chapter 4, p. 10; but see also pp. 33–34, and submission 101, p. 3

81 Submission 101, Curtain Consulting, pp. 5–7

82 *ibid.* pp. 13–14

3.79 The committee is concerned that the anomalies described above are leading to an unfortunate devaluation of some vocational pathways in the eyes of the community. The committee also believes that these anomalies mean that employer incentives which are based on AQF level alone will result in a distorted investment towards 'lower cost, lower skill' qualifications (albeit perhaps at AQF 3 level) and away from 'higher cost, higher skill' qualifications at the same AQF level. The committee considers that these anomalies indicate the need for an adjustment to the Commonwealth incentives at the AQF 3 level to better reflect the variation in skill level and cost to employer.

3.80 The committee also considers that appropriate measures need to be developed in reporting on performance at the associate professional, para-professional and intermediate skills, both for a better understanding of trends in skill formation and as a means of tracking progress against other OECD countries.<sup>83</sup>

## **Recommendation 5**

**The committee recommends that ANTA in consultation with stakeholders, should consider developing a set of skill performance indicators in addition to the relevant AQF level to better distinguish between basic, intermediate and higher vocational training outcomes. These could be modelled on the OECD benchmarks and would provide an improved basis for targeting incentives under the New Apprenticeship scheme.**

3.81 In relation to the progression of the national training agenda more generally, the committee is aware that in the November 2002 meeting of the ANTA Ministerial Council (MINCO) commitments were made to progress harmonisation of standards and incentives through the implementation of model clauses by 1 July 2004. The clauses aim to achieve national effect of registration and accreditation decisions, application of sanctions and legal enforceability of national standards. Additionally, they aim to remove legislative barriers to New Apprenticeship pathways and ensure legally enforceable training agreements. Progress was to be monitored by ANTA CEOs Committee and reported to the next ANTA Ministerial Council.<sup>84</sup>

3.82 Given the desirability of building a national system, when responsibility for funding of vocational education remains the province of the states, the committee commends these developments, and recommends that the government should continue to work towards achieving harmonisation of standards and incentives through ANTA MINCO for the benefit of providers and their clients, employers and trainees.

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83 The Productivity Commission's assessment of vocational education and training service delivery in its 2003 *Report on Government Services* does not provide data on the skills profile performance indicator, as 'it is yet to be developed or not collected for this Report'. See discussion submission 101, Curtain Consulting, p. 3

84 Submission 67, DEST, p. 18

## Recommendation 6

**The committee recognises that lack of national consistency in training standards and incentives makes the ideal of nationally portable qualifications difficult to achieve. The committee therefore recommends that the Commonwealth should work towards achieving nationally consistent standards and New Apprenticeship incentives through ANTA MINCO for the benefit of providers and their clients: employers and trainees.**

3.83 However, the committee is concerned that ‘national consistency’ should benefit both employer and trainee and considers that certain safeguards should be in place to uphold the intention of the model clauses.

### Flexibility and New Apprenticeships

3.84 ‘Flexibility’ is central to New Apprenticeship training and workplace arrangements, and yet remains a point of contention. Within training parlance ‘flexibility’ has become a kind of ‘buzz-word’ reflecting the demands of business for faster response to skills needs, as well, it must be said, for training short cuts. In its submission, DEWR noted that Workplace Agreements are a principal mechanism to provide enterprises with the flexibility needed for training under New Apprenticeships. Under trainee provisions in the agreements, employers can negotiate part-time and casual training arrangements not allowed under parent awards. Wages can also be varied to reflect the different combinations of training and work and to include competency based progression criteria. DEWR advised that fifty three per cent of certified agreements provide for entry level training provisions under New Apprenticeships.<sup>85</sup>

3.85 The committee was advised that given Commonwealth legislation has the capacity to override some state protections for trainees, there are concerns that legislative arrangements may give the employer an unreasonable degree of power over the New Apprentice. In particular, the AMWU raised concerns that state-based protections on complaints and right to appeal, along with prohibitions relating to casual and part-time employment for traineeships, are being eroded under Australian Workplace Agreements (AWAs).<sup>86</sup> The submission recommended that protections provided to traditional apprentices under the Workplace Relations Act (WRAAct), through exemptions allowed under Subsection 170VR(2), should be extended to cover traineeships.<sup>87</sup> At hearings, the ACTU also commented on the lack of a legislative framework under which cases of abuse of New Apprenticeship training can be pursued, with the Crimes Act being an unlikely avenue for young people in most instances.<sup>88</sup> ACTU also considered that reform is required to both Federal and state

85 Submission 95, DEWR, p. 19 and see Attachment E

86 Supplementary 24A, AMWU, *passim*

87 *ibid.* p. 4

88 Ms Sharan Burrow, *Hansard*, Melbourne, 16 April 2003, p. 605

industrial and workplace relations laws to remove exemptions for trainees and apprentices from unfair dismissal laws, and to limit the use of casual and contract work to genuine short term and cyclical demands.<sup>89</sup>

3.86 The point is whether the focus on flexibility may undermine workplace conditions, which will in turn fuel skills attrition in trades based areas. Government incentives and the opportunity to pay a ‘training wage’ potentially provides unscrupulous employers with an incentive to engage trainees even if they cannot or do not intend to provide the supervision or relevant work experience; the capacity to provide on-the-job training and poor practice by some RTOs makes an opportunity for employers to obtain the benefits of employing a trainee without incurring any of the costs and commitments.<sup>90</sup> While the Commonwealth might argue that these examples are due to poor audit practice by state agencies, the committee believes the lack of targeting of incentives and the availability of fully on-the-job training may lead to poor training outcomes. In this context, at hearings in Melbourne, the ACTU tabled a number of case studies of New Apprenticeships being used to churn trainees through low skill contracts, and to downgrade pay and conditions for existing workers.<sup>91</sup>

3.87 At hearings, DEWR was asked to respond to concerns raised about the WR Act and consider whether protections awarded to apprentices should be extended to trainees. DEWR confirmed that exemptions to the WR Act allow state law to prevail in the case of apprenticeship arrangements, and that it is possible for further exemptions to be prescribed by regulation (170VR2)(d) and 170LZ (2) (d). However, DEWR reminded that the primary focus of the WR Act is to encourage employers and employees to determine wages and conditions of employment as far as possible at enterprise level. Any limitation of this potential would have to be tested against this objective, and any amendment to the Act would thus be a policy decision for government.<sup>92</sup>

3.88 The committee considers that a policy change is needed: the unequal treatment of trainees as against traditional apprentices under Commonwealth law means that the rhetoric of equal opportunity under New Apprenticeships pathways is more than misleading. Trainees have less protection under the law in the workplace and less certain avenues of complaint against inadequate training or employment conditions. Existing workers may also be more vulnerable, given they may be forced to take on a traineeships to keep employment so that the employer can pay them a reduced training wage and receive incentives. The potential for ‘churning’ is also heightened where there is no recourse to unfair dismissal laws. This undermines the promise of fair training and employment opportunities for the young and old under

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89 Submission 23, ACTU, p. 9

90 Submission 3, Shop Distributive and Allied Employees’ Association, pp. 18–19

91 ACTU Case Scenarios tabled Melbourne, 16 April 2003

92 Additional Questions from the Committee, Canberra, 15 August 2003, Question 1



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New Apprenticeships. The committee considers that present inconsistency of treatment of trainees under Commonwealth law must be addressed.

**Recommendation 7**

**The committee recommends that the Workplace Relations Act should be amended, or a regulation made, to ensure that Subsection 170VR (2) applies equally to all New Apprenticeships; that is both apprentices and trainees.**

**Recommendation 8**

**To prevent abuse of New Apprenticeships, the committee considers that provisions for a training wage should not apply to existing workers.**

3.89 Another concern was the potential for flexibility to drive deskilling. In this regard the committee has some concerns about proposals to modularise or breakdown traditional apprenticeships into lower qualification components. Some industry representatives argued strongly that more flexible arrangements, in terms of length and level of traineeships, are essential if skill shortage affected sectors are to provide training that offsets the cost of employment and focuses on employers skill needs. For instance, the Housing Industry Association proposed that traditional four year apprenticeships should be broken into discrete shorter phases of training, at AQF 2 qualification. This would allow for the specialisation needed to reflect industry change and would be particularly beneficial to regional businesses.<sup>93</sup> However, according to the HIA, this development has been ‘thwarted by the union movement and small self interest craft based organisations who will not tolerate training for thousands of workers who operate in specialised fields of work.’<sup>94</sup> The HIA also notes that traditional demarcation between work of apprentices and pre-apprentices stands in the way of people gaining some skills needed to be immediately productive when they commence an apprenticeship, with unions in opposition to these ‘trade skills’ being developed outside of the contract of training.<sup>95</sup>

3.90 Educators expressed different views about modularisation of training pathways. Victorian TAFE Association Chief Executive Officers Council observed that while traineeships are designed to be flexible for SMEs, employers arguments for increased flexibility in traineeships was most often about achieving fully on-the-job training. The Council advised that TAFE would have to reject proposals to break down training for fully on the job delivery if it considered that the quality of training would be compromised. This earned the provider a reputation for inflexibility among some employers. To address concerns, the Council recommended that research on

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93 Submission 5, Housing Industry Association, pp. 6–7

94 *ibid.* p. 6

95 *ibid.* p. 8

how job training models can work to balance quality standards of TAFE while also meeting productivity expectations of employers was needed.<sup>96</sup>

3.91 Chisholm Institute of TAFE, which has a profile in meeting training requirements of the emergent photonics industry, reported that there are no systemic problems with flexibility in the Institute, as TAFE now focuses on specialist skills in short modules to meet needs of industry.<sup>97</sup> Chisholm nevertheless warned that excessive modularisation of training in the interests of multi-skilling could put the trainee in the position of ending up a 'jack of all trades' and 'master of none'. In this context the committee was advised that it is important that a qualification has a specialist core stream with integrated elements of other technology areas of associated with it.<sup>98</sup>

3.92 The AMWU provided a useful context for evaluation of these viewpoints by observing that the potential for deskilling exists, and has always existed, and that the key is to ensure that the core competencies that make up the qualifications are adequately and coherently communicated. It was considered in this light that flexibility to meet new skill needs, outside of old industry job demarcations, is something that industry needs, with the proviso that skills acquired are transferable. To achieve this end, the system itself has to focus on building career and skill pathways in a training market that supports that development.<sup>99</sup>

3.93 The committee recognises that the debate over the potential for modularisation of traditional apprenticeship training and its delivery raises some contentious issues which are not easily resolvable, given the competing need to achieve flexibility while consolidating genuine training opportunities for trainee. On a practical level, there is a need to fast track training in the trades to meet skill needs, and that shorter modularised training may provide the necessary fillip needed to encourage employers to take on more entry level trainees to consolidate the skills base and provide more opportunities to young people to start on the ladder in trades training. At the same time, the committee fears that the endorsement of this approach may encourage an even more short term view of training on the part of some employers, with an absence of commitment to further training to develop a broader skill base.

3.94 One result could be an even greater erosion in the skills base in particular industries, and a vicious cycle whereby there are not enough experienced trades

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96 Mr Robert Smillie, Council Member and Representative, Victorian TAFE Association Chief Executive Officers Council, *Hansard*, Melbourne, 16 April 2003, p. 574

97 Ms Virginia Simmons, Director and Chief Executive Officer, and Mr Patrick Jones, Director, School of Manufacturing and Engineering, Chisholm Institute of TAFE, *Hansard*, Dandenong 15 April 2003, pp. 504–05

98 Mr Patrick Jones, Director, School of Manufacturing and Engineering, Chisholm TAFE, *Hansard*, Dandenong 15 April 2003, p. 505–06

99 Mr Julian Roe, National President, AMWU, *Hansard*, Sydney, 6 May 2003 pp. 818–20

people to train and supervise new entrants. For trainees the consequence may be that opportunities to gain full qualification and transportable training will be more limited; for industry and the community this could mean less safe workplaces, buildings and public infrastructure.

3.95 The committee therefore considers that an alternative approach would be to build the capacity of apprentices to achieve qualifications in a shorter time frame. In particular, it appears that despite the fact that competency-based training is based on the idea that qualifications can be achieved according to trainee and employer capacity, most jurisdictions retain time-based requirements governing New Apprenticeships, whether for the traditional trades or other forms of training.<sup>100</sup> This restricts the use of New Apprenticeships for meeting skill shortages or sudden surges in demand for skill, through the use of accelerated training approaches. It may also act as a barrier to the engagement of adult apprentices or cross-skilling or upskilling of those with a strong base of existing skills on which to build.

3.96 The committee understands that many, if not most, state jurisdictions retain a fixed four year indenture for traditional apprenticeships, although there is some scope for early completion. While the committee notes and agrees with evidence indicating that most traditional trades will continue to require significant periods of training of up to three to four years to achieve the necessary level of mastery,<sup>101</sup> it also considers that the contractual arrangements need to be reviewed to reflect the increasingly diverse pathways for acquisition of trade skills.

## **Recommendation 9**

**The committee recommends that states and territories should review time-based requirements governing apprenticeships and provision be made for true competency based training to be achieved by completion of the full apprenticeship in an unspecified timeframe.**

3.97 While young school-leavers are likely to remain the majority of applicants for traditional trades apprenticeships, an increasing number of these, and older applicants, many have existing vocational qualifications obtained through VET in schools programs or in related trades and other occupations. The apprenticeship system should provide simpler processes for early completion of qualifications for those applicants who start with a sound base of relevant vocational skills, or who are extremely proficient, as well as those undertaking accelerated training in order to meet surges in demand, such as for major resource projects. The committee considers that where related core competencies have been achieved, these should be accredited through a process of Recognition of Prior Learning to allow additional units to be taken to achieve the apprenticeship in a shorter time frame.

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100 See for example, Submission 51, Chamber of Commerce and Industry of Western Australia (Inc.), p. 2

101 Submission 101, Curtain Consulting *passim*

**Recommendation 10**

**The committee recommends that, where core competencies have been achieved, these should be accredited through a process of Recognition of Prior Learning to allow additional or supplementary units to be taken to achieve the apprenticeship in a shorter time frame.**

3.98 Finally, the committee considers that if quality of accomplishment is to be sustained under the increased flexibility offered by competency-based training, then some protections and supports must be put in place to achieve genuine career pathways for entry level trainees, and to build confidence among all stakeholders in the skill development process.

**Training plans for monitoring and mentoring**

3.99 One approach would be to build a stronger sense of obligation and commitment between the employers and trainees. This would have the double effect of inspiring confidence on the part of the employer while enhancing the status of training in the eyes of the trainee. A mechanism for this might be to require that training plans be achieved through negotiation between employers and trainees at the commencement of training, and for a monitoring and mentorship program to be carried out as part of plan's implementation within the workplace.

3.100 In its report on the quality of vocational education and training in Australia, *Aspiring to Excellence* (2000) the committee recommended that the Commonwealth and ANTA should work to ensure that training plans are used more strategically, are nationally consistent and effectively monitored. The recommendation had evolved out of inquiry findings that training plans, which are supposed to be an integral part of Training Agreements and are signed at commencement of a New Apprenticeship, were being implemented in an *ad hoc* fashion, with commitments varying between states, RTOs and employers, and incentives paid irrespective of whether training was delivered.<sup>102</sup> However, in its response to the report the Government that advised that, while it supported developments for a nationally consistent approach, requirements for training plans were otherwise considered adequate.<sup>103</sup>

3.101 Submissions to this inquiry contested this view, arguing that properly negotiated and monitored training plans have potential to address a range of very considerable failures in the New Apprenticeship system, including the containment of high non-completion rates and employer abuse of the system. There was also very significant potential to overcome educator suspicion about training outcomes under

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102 Senate Employment, Workplace Relations, Small Business and Education References Committee, *Aspiring to Excellence, Report into the Quality of Vocational Education and Training in Australia*, November 2000, pp. 194–98

103 Government Response to the Report of the Senate Employment, Workplace Relations Small Business and Education References Committee 'Aspiring to Excellence: Report into the Quality of Vocational Education and Training in Australia', May 2001, Recommendation 9, pp. 11-13

New Apprenticeships system, if educators could be brought into the auditing and mentoring process accompanying plan commitments.

3.102 In this regard, the TAFE Teachers Association of the NSW Teachers Federation reported that they are at present engaged in a statewide consultative process to discuss what resources trade teachers would need to play the role of go-between, to negotiate the training plan and ensure employers understand their training commitments. TAFE saw benefit in resources being provided to: develop training plans with the input of both the employer and apprentice; ensure the training plan is adhered to both on and off the job; to develop and maintain student profiles; to assess on-the-job training; to provide gap training ensuring the teaching of underpinning and transferable skills and knowledge; and provide capstone testing.<sup>104</sup>

3.103 The committee considers that TAFE's capacity to develop student profiles or passports could be a beneficial means of embedding the training plan into a longer term skill development pathway in both traditional and non-traditional traineeships.<sup>105</sup>

Given that the TAFE sector currently carries the bulk of training responsibility for training in the traditional trades and in manufacturing, the committee is sympathetic to the view that funding should be allocated to TAFE providers for this purpose from Federal sources.<sup>106</sup> Where potential for conflict of interest exists, the committee also considers that when TAFE is not the provider an RTO, where it is not also an employer, unions or industry bodies could receive this incentive and take on the monitoring and mentoring role.

## **Recommendation 11**

**The committee reiterates its view, expressed in its report on quality in vocational education and training, *Aspiring to Excellence* (2000) that individual training plans require a higher level of commitment on the part of all stakeholders, and recommends that ANTA MINCO should review its position on the usefulness of these training plans for monitoring, auditing and evaluating outcomes.**

## **Recommendation 12**

**The committee further recommends that at the next meeting with MINCO, ANTA should give consideration to requiring nationally consistent**

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104 Pilots had been conducted which found that the process had facilitated good employer relations with the provider. Employers who had TAFE assistance with the plan had followed up by providing logbooks and records of on the job training to the teaching section. This contrasted with those with no TAFE involvement, who did not provide the requisite paper work, which meant work for TAFE in chasing this up. Submission 73, TAFE Teachers Association of the NSW Teachers Federation pp. 2–3

105 Skill profiles and passports are discussed further in Chapter 5

106 Submissions 23, ACTU, p. 40; 24, AMWU p. 9; 73, TAFE Teachers Association of the NSW Teachers Federation, p. 2

**implementation of individual training plans, and support provision of additional Commonwealth funding for targeted incentives directed to TAFE to:**

- **develop individual training plans with the input of both the employer and apprentice;**
- **develop and maintain student profiles linked to individual training plans, and**
- **implement quality assessment and mentoring procedures for employers.**

**The committee considers that if TAFE is not involved, any additional incentive could be allocated to another negotiator such as a Registered Training Organisation (where it is not also the employer), a union or industry body to help employers negotiate individual training plans with the New Apprentice and carry out the necessary support and auditing roles.**

3.104 To uphold the intent of the implementation of training plans it was suggested that New Apprenticeship incentives should not be provided until the training plan has been negotiated and agreed to by both parties, and agreed training delivered.<sup>107</sup> The committee examines this issue, and potential for other adjustments to New Apprenticeships incentives next.

### ***Targeting incentives to build skills and stimulate demand***

3.105 One of the fundamental questions for the inquiry is whether adjustments to New Apprenticeship incentives can be made for improved support for middle and higher skill development given its apparent failure so far. The committee heard much about the relative capacity of the system to build skills development in a range of industry sectors, but the hollowing out of skill development at key trades and para-professional levels emerged as a focal concern.

3.106 Studies of New Apprenticeships give an uneven picture of their take up by industry. Recent analysis of industry sectors by the Newcastle Employment Studies Centre showed that while 90 per cent of employers in the sample were aware of the availability of financial incentives available, only 54 per cent actually use them. Of interest to the committee were findings that workplaces in retail and in metals and engineering are among the highest percentage of workplaces that use financial incentives to train their employees.<sup>108</sup>

3.107 In the light of this, the committee compared the substantially different employment outcomes and training profiles of these sectors. Trade apprenticeships (at ASCO 4) exhibited the highest retention rates (with three quarters completing), have

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107 Mr Ian Blandthorn, National Assistant Secretary, Shop Distributive and Allied Employees Association, *Hansard*, Sydney, 7 May 2003, p. 903; Ms Sharan Burrow, President, ACTU, *Hansard*, Melbourne, 16 April 2003, p. 601.

108 Submission 41, Newcastle Employment Studies Centre, p. 10.

the highest employment outcomes and training is in decline.<sup>109</sup> Meanwhile intermediate clerical, sales and services (ASCO 6) have the second highest attrition rate (58 per cent), and exhibit highest growth rates in low skill part-time New Apprenticeships.<sup>110</sup> Another disturbing contrast is that where trade apprenticeships are filled by young people at entry level leading to AQF level 3 and 4 qualifications, the largest increase in employment growth under New Apprenticeships has been predominately in low skill traineeships among older workers, with close to a third of all New Apprenticeships being 25 years and older.<sup>111</sup> Alarming, studies show that this group of New Apprentices exhibits the least positive training outcomes from their traineeships.<sup>112</sup> These trends led VET expert Dr Philip Toner to the conclusion that the occupational structure of trainee intake is significantly different from the occupational structure of total employment (excluding Trades and Related occupations) in Australia. The share of these low skill occupations in the total workforce is half that of the trainee intake.<sup>113</sup>

3.108 Given these factors, the committee considers that the New Apprenticeship system is doing a disservice to young people, in failing to create opportunities for middle skill training, and therefore to provide the foundations for higher skill development. With highest training growth occurring at in the lowest skill levels, and no growth in middle skill development, questions must also arise about whether current arrangements provide value for money if the objective of New Apprenticeships is to consolidate the nation's skill base. At worst it could appear that the dollars needed to sustain Australia's economic and social prosperity are being misspent as a wage subsidy or means of reducing unemployment statistics.

3.109 The committee appreciates that the government is aware of some of these concerns. Its recent review of Commonwealth incentives reconfigured payments of New Apprenticeships incentives from 3 July 2003 with the result that graded payments for AQF levels 3 and 4 would be available. Additional payments were also to be made for disadvantaged workers and the welfare dependent, and Living Away from Home allowances extended. In response to concerns about high non completion rates, the payments have also been redistributed to include 20 per cent of payment on commencement and 80 per cent on completion.<sup>114</sup>

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109 Submission 23, ACTU, p. 35; Mr Alan Montague, Manager, Apprenticeships and Traineeships, RMIT University, *Hansard*, Melbourne, 16 April 2003, p. 560

110 NCVER Answers to Questions on Notice, rec'd 17 October 2003

111 Toner P, 'The Occupational and Skill Structure of New Apprenticeships: a Commentary', *Labour and Industry*, 1 August 2002, vol. 13, no. 1, p. 65

112 See Executive Summary, NCVER, Cully M and Curtain R, *Reasons for New Apprentice's Non-Completions*, 2001.

113 Toner, 'The Occupational and Skill Structure of New Apprenticeships: a Commentary', *Labour and Industry*, p. 65

114 *Media Release*, Dr Brendan Nelson, 'Cutting Red Tape – New Apprenticeships Business Incentives Simplified', 26 September, 2002 MIN 184/02

3.110 While the committee commends these developments it considers that current allocation of incentives under the New Apprenticeships system fails to provide adequately for middle and higher skill development, with 75 per cent of the New Apprentice expenditure of \$476 million dollars going to support training in high turn over low skill careers. As NCVER told the committee, this happens without any assessment of the value of training outcomes in those sectors which currently absorb most of the training dollar.<sup>115</sup>

3.111 Further the committee is concerned to hear reports that back up payments for completion will provide a further disincentive to employers to take on apprentices for the full training term, fuelling the poaching of apprentices in skill shortage areas.<sup>116</sup> Given, this committee finds it remarkable that the Government decided against redistributing completion payments for low skilled training, which is usually of short duration, apparently because it might be a disincentive to employers.<sup>117</sup>

3.112 Like the Government, the committee is anxious to see maximum opportunities for employment, but the committee does not agree with ANTA that targeting incentives for high skill development would not necessarily achieve better results.<sup>118</sup> Given the problematic nature of identifying skill shortages as they evolve, the committee would suggest that, as a first measure, incentives for trade level qualifications should allow for a weighting of New Apprenticeship incentive payment at commencement to compensate for the expenses of appointment. This payment should be contingent on compliance with a negotiated training plan, attached to the New Apprenticeship Training Agreement, and subject to a monitoring and mentoring process which is part of that plan.

## **Recommendation 13**

**The committee recommends that incentives for trade level qualifications and higher level traineeships, should provide for the bulk of the New Apprenticeship incentive payment to be awarded to the employer at commencement. The payment should be contingent on compliance with a negotiated individual training plan, attached to the New Apprenticeship Training Agreement.**

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115 Dr Tom Karmel, Managing Director, NCVER, 10 June 2003, p. 996

116 Mrs Leyla Yilmaz, Manager, Industrial and Employee Relations, and Mr Geoffrey Gwilym, Manager, Employment, Education and Training, Victorian Automobile Chamber of Commerce (VACC), *Hansard* Melbourne 17 April 2003, p. 646

117 Despite questions about the quality and value of training under some low level traineeships, incentives are paid on commencement for AQF2 level traineeships *because* they tend to be of a fairly short duration. Mr Colin Walters, Group Manager, Science Group; formerly Group Manager, Vocational Education and Training Group, DEST, *Hansard*, Canberra 15 August 2003. p. 1210

118 Ms Kareena Arthy, Director, Research, Planning and Reporting, ANTA, *Hansard*, Brisbane , 31 March 2003, p. 8



3.113 As a disincentive to abuse of lower level training arrangements, the committee considers that completion payments made under the New Apprenticeship system should be tied to training outcomes, and that the full payment should be awarded on completion.

**Recommendation 14**

**The committee further recommends that for training qualifications below AQF Certificate 3, the full New Apprenticeship incentive payment should be awarded on completion on demonstration of skill outcomes, as negotiated under the individual training plan.**

3.114 An important consideration for the committee was how to incorporate incentives for middle skill development within a broader framework which would encourage higher skill acquisition. The committee was interested in the view that there is a need to raise the status of middle skill training, and one way of doing this is to make more evident the links between qualifications at that level and the potential to upgrade these through articulation to training at higher level.<sup>119</sup> The committee was advised that the first step is to remove the cap on New Apprenticeship incentives for Levels 5 and above.<sup>120</sup>

**Recommendation 15**

**The committee recommends that New Apprenticeships incentives should be available for qualifications at AQF Certificate 5 and above, to foster higher skill development under traditional and non-traditional New Apprenticeships.**

3.115 The committee also considers that to achieve this goal, some further support is needed to institutions to foster middle and higher level traineeships. In this context, the committee notes that Innovation incentives are provided to employers under New Apprenticeships, but that the tertiary sector is not given any special assistance or encouragement to build the necessary partnerships, or adjust their courses. Given this, recommendations were made for targeted incentives to assist universities and TAFEs to enter partnerships with industry, and to collocate, to achieve the type of flexible pathways necessary for promoting middle to high skill acquisition.

3.116 The inquiry heard about a number of models which might benefit from such an incentive, and which would fit with proposals under New Apprenticeships at AQF level 5 and above to consolidate pathways to higher skill development.

3.117 At hearings in Dandenong, Chisholm Institute of TAFE reported its work with industry in the development of the synchrotron. The institute confirmed that there was

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119 See for example, Mr Alan Montague, Manager, Apprenticeships and Traineeships, RMIT University, *Hansard*, Melbourne, 16 April 2003, p. 560, Submission 101, Curtain Consulting, pp. 13–14

120 For example, Submission 94, Victorian Government, p. 23

potential to meet the needs of a whole new stratum of skills at paraprofessional level comprising high skilled technical jobs at AQF 4, 5, 6 and spin offs for lower level technical qualifications at Certificate level 3 and at trade level. Chisholm considered that the present AQTF framework is adequate to provide paraprofessional qualifications and could support a master apprenticeship stream, as in Germany.<sup>121</sup>

3.118 The Royal Melbourne Institute of Technology (RMIT) University told the committee about an articulation model developed with Robert Bosch Australia, a prominent manufacturing company, which would provide a coherent training pathway from trades through to professional engineer which allowed for work and study in the workplace at the same time. The model involved a student completing Year 12 VCE over two years, while also beginning an apprenticeship. Those recruits who had passed VCE (Year 12) with good passes in English, Mathematics and Physics would have to the opportunity to undertake an engineering diploma part-time while they completed their apprenticeship. The Advanced Diploma in Engineering could be credited to an Engineering Degree and is the equivalent of the first two years of a degree full time degree.<sup>122</sup>

3.119 RMIT advised that, as dual sector institute, the opportunity exists to progress to degrees and further study and research, given the articulation pathway between engineering diplomas and degrees at RMIT. To support the pathway, RMIT recommended that TAFE should be allowed to obtain innovation incentives and be rewarded for its contribution on the basis of innovation outcomes, as the actual training hours are delivered by Bosch as the RTO.<sup>123</sup> However, the Victorian TAFE Association Chief Executive Officers Council told the committee that at present there are limited financial incentives for collaboration between the various stakeholders. Nevertheless, Victoria is considering a Bill to allow TAFE to offer degrees.<sup>124</sup>

3.120 The committee considers that, as a complement to innovation incentives provided to employers under Commonwealth New Apprenticeships, ANTA should give due attention to models proposed by RMIT and Bosch Australia, and others, and consider whether targeted funding of innovation incentives should be provided to institutions to foster articulation pathways.

## **Recommendation 16**

**The committee recommends that ANTA should give consideration to providing targeted innovation incentives to TAFE and universities to fund them for their**

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121 Ms Virginia Simmons, Director and Chief Executive Officer, and Mr Patrick Jones, Director, School of Manufacturing and Engineering, Chisholm Institute of TAFE, *Hansard*, Dandenong 15 April 2003, pp. 509–10

122 Submission no 47, Bosch RMIT University, p. 13

123 *ibid*; and see Mr Allan Ballagh, Acting Director, TAFE, RMIT University, *Hansard*, Melbourne, 16 April 2003, pp. 562–63

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

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**development of partnerships with industry, and to support efforts to build multiple training pathways between institutions.**

3.121 A further concern is that New Apprenticeships do not differentiate between entry level and existing employees in the application of the incentive. Many industries reported that technology change and skills attrition makes upskilling existing workers and attracting other skilled people from related industries for retraining essential. It was suggested that quite separate schemes should be developed to target the different employment needs of each group. The aim is to guarantee the appropriateness of the training and the probity of the assessment process, with an emphasis on devising a workable mechanism for assessing and funding Recognition of Prior Learning (RPL) (otherwise known as Recognition of Current Competency).

3.122 Given findings that older workers in traineeships have consistently poor quality training and outcomes under New Apprenticeships, the committee is persuaded that a separate scheme may be required to address the needs of current workers.<sup>125</sup> Reskilling is a key strategy for many skill shortage areas, both for meeting emerging skill needs and in providing lifelong learning opportunities for an ageing workforce.<sup>126</sup> The scheme many need to operate on a tax rebate basis, as a learning bonus and may include targeted incentives for higher level certification, above level 3.<sup>127</sup> Proposals for a separate scheme are examined in more detail in Chapter 5.

### **Recognition of Prior Learning**

3.123 However, the committee considers that Recognition of Prior Learning (RPL), or Recognition of Current Competency, is essential if trade apprenticeships are to be fast-tracked to meet skill needs. The committee also takes the view that RPL should be a standard procedure in assessment for all training, not just for upskilling, and should be treated as such by providers and employment services. RPL is an expensive process and not without its implementation problems. Although a requirement for RTOs, the committee was told that RPL is unevenly applied, due mainly to funding systems operating in the states.<sup>128</sup> DEST advised that requirements and processes for RPL will be reflected in the draft *Training and Assessment (TAA) Training Package*, which is being developed to replace the existing *Assessment and Workplace Training Package*. The draft package is expected to be submitted for endorsement to the National Training Quality Council by October 2003.<sup>129</sup> Work is also being done to

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125 See Executive Summary, NCVER, Cully M and Curtain R, *Reasons for New Apprentice's Non-Completions*, 2001

126 See for example, submission 17, VACC, p. 8, and discussion Victorian Employers Chamber of Commerce, Light Manufacturing Training Australia, National Employment Services, *Hansard* Melbourne 16 April, pp. 615; 626; 630.

127 Submission 95, ACCI, p. 34, Ms Sharan Burrow, President, ACTU *Hansard*, Melbourne, 16 April, p. 605.

128 Submission 3, Shop Distributive and Allied Employees' Association, p. 14

129 DEST Question No. 5, Senator Stephens, *Hansard*, Canberra 15 August 2003, p. 1222

identify barriers to the implementation of RPL, and to develop a set of national common principles and operational guidelines for RPL, with results expected in March 2004.<sup>130</sup>

3.124 The committee supports these developments but recommends that cost disincentives to RPL should be redressed. Without implementation of RPL as standard practice, training is now offered without due consideration of individual or organisational needs, resulting in a waste of training effort. In some industries, as in the health and community sectors, RPL is likely to make more affordable the higher skill levels now required under legislation, but which are now unmanageable.<sup>131</sup> RPL is also likely to ensure that the Job Network does its work properly, both in skills matching for those with informally acquired skills and better targeting and assessment of the capabilities of young people for future training to match their aspirations and link with available jobs.

### **Recommendation 17**

**The committee considers that Recognition of Prior Learning (RPL), encompassing recognition of current competencies, should be conducted for all jobseekers to ensure that those with relevant skills or capacities have the opportunity to acquire the necessary skills to meet their own and industry's training needs. To achieve this, the committee recommends:**

- **ANTA should endorse the adoption of national common principles and operational guidelines for RPL, and address identified barriers to Registered Training Organisations (RTOs) and TAFE undertaking RPL;**
- **an incentive for RPL should be provided under New Apprenticeship contract arrangements, either as a supplement or as a complement to incentives provided for training; and,**
- **training should be provided for Job Network staff with relevant industry experience under the proposed *Training and Assessment (TAA) Training Package*. All job seekers registered with Job Network should be RPL assessed and have access to appropriate training and available jobs. For higher level or specialised skills this may require TAFE, or other RTOs, to undertake the RPL.**

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130 DEST Question No. 8, Senator Stephens *Hansard*, Canberra 15 August 2003, p. 1223

131 *Hansard*, Adelaide 12 April 2003:, Ms Diane Lawson, Chief Executive Officer, National Industry Training Advisory Board, Community Services and Health Training Australia, p.1002; Ms Denise Wharldall, Chief Executive Officer, Leveda Inc, and Chairperson, ANGOSA, p. 1103; Ms Elizabeth Clare, Executive Manager Corporate Development, Masonic Homes Inc.1104-05; Mr Craig Harrison, ACROD National Employment and Training Committee Ltd, p. 1106; Ms Anne Clark, President, Association of Child Care Centres pp. 1106-07

3.125 The committee is particularly anxious to ensure that young Australians have good employment opportunities in life, and is convinced that this object should be a natural complement to industry's need for more skilled people. On this count, the committee was alarmed to hear that Job Network apparently does not provide the link between employers and young people for skilled work, being regarded by employers as a vehicle for the long term unemployed and for disadvantaged job seekers.<sup>132</sup> The committee also heard that New Apprenticeships Centres do not have the capacity to provide sufficient job matching services for every industry sector;<sup>133</sup> indeed, their focus is on processing contracts on the approach of employers. This means there is effectively no Commonwealth supported mechanism to seek out and match up skilled people with available jobs.

### **Job Network: matching skills with skilled jobs**

3.126 Evidence to the committee indicated a need for a nationally integrated approach to job matching, as well as for better targeting of local and regional requirements. Rural representatives reported that the capacity to address skill shortages has plummeted since introduction of Job Network, which did not carry the labour and employment focus of previous approaches.<sup>134</sup> Fragmentation of match-up and training services, due to the proliferation of private and community providers, made it impossible to link people up in different areas. RTOs could not get the critical mass necessary to provide courses in certain areas, despite employer demand.<sup>135</sup> At an institutional level, Chisholm Institute of TAFE reported that under the Victorian model of Local Learning Area Networks, TAFE had developed strong partnerships with government and industry to address training and employment needs, but links with Job Network were still undeveloped.<sup>136</sup> Finally, with the focus being on long-term unemployed, early school leavers and recently redundant older people were not receiving the targeted assistance they needed.

3.127 DEWR anticipates that the introduction of Job Network Employment Services Contract 3 (ESC3) will address identified weaknesses in job matching. National Employment Services Association and Jobs Australia also considered that the new computer system introduced under the contract should improve capacity to match available skills and unemployed persons on national, regional and local scale.<sup>137</sup> These organisations were also working with DEWR, ACPET and ANTA investigating the

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132 Submission 58, Jobs Australia, p. 4

133 Submission 17, VACC, p. 9

134 Submission 10, Rural Skills Australia, p. 7

135 Mr David Thompson, Chair, National Employment Services Association; and Chief Executive Officer, Jobs Australia, *Hansard*, Melbourne, 16 April 2003, p. 554

136 Ms Virginia Simmons, Director and Chief Executive Officer, Chisholm Institute of TAFE *Hansard*, Dandenong, 15 April 2003, p. 511

137 Ms Annette Gill, Project Coordinator, Police and Consultation, National Employment Services Association, *Hansard*, Melbourne, 16 April 2003 p. 554; Submission 58, Jobs Australia, p. 4

potential to aggregate demand between a number of providers in a region to allow provision of training to meet demand.<sup>138</sup> Advances had been made with training credits for Work for the Dole, with additional credits for mature workers and indigenous unemployed. There would also be more targeted matching for WFD placements to job aspirations and prior training of individuals.<sup>139</sup> The committee approves these developments and, in particular, regards progress towards aggregation of demand as an important means of addressing training and employment needs in regional areas.

3.128 In its response to Questions on Notice DEWR also confirmed further advances to be made under the Employment Services Contract 3 including better links between Job Network and Work for the Dole;<sup>140</sup> improved monitoring and evaluation on Job Seeker Account expenditure on vocational skills training and targeted studies of jobseeker assistance and employment outcomes under the Active Participation Model;<sup>141</sup> and better links between training providers and Job Network providers through networking, holding fora and through printed media.<sup>142</sup>

3.129 The committee notes and especially commends the introduction of Intensive Support Job search assistance training for Job seekers aged 16 to 24, as it will apply as soon as they start receiving unemployment benefits. A companion to this will be a resource package for career counsellors to assist them to advise young people in their post school choices, and printed material to make young people at risk aware of Job Network Services.<sup>143</sup> Another important advance is the increased provision made to Job Network Services to recognise different educational outcomes for indigenous job seekers and for the 15 to 20 year old who have not completed year twelve.<sup>144</sup>

3.130 However, at hearings in Canberra DEWR confirmed that although there is more flexibility under the new Job Seeker account, no specific assistance has been made available for 15 to 24 year olds to obtain specific training that leads to national

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138 Mr David Thompson, Chair, National Employment Services Association; and Chief Executive Officer, Jobs Australia *Hansard*, Melbourne, 16 April 2003 p. 554

139 Mr David Thompson, Chair, National Employment Services Association; and Chief Executive Officer, Jobs Australia *Hansard*, Melbourne, 16 April 2003, p. 552

140 DEWR Question 10, 'Additional Questions from the Committee', *Hansard*, Canberra 15 August 2003

141 DEWR Question 11, 'Additional Questions from the Committee', *Hansard*, Canberra 15 August 2003

142 DEWR Question 12, 'Additional Questions from the Committee', *Hansard*, Canberra 15 August 2003

143 DEWR Question 14, 'Additional Questions from the Committee', *Hansard*, Canberra 15 August 2003

144 DEWR Question 12, 'Additional Questions from the Committee', *Hansard*, Canberra 15 August 2003

qualifications, unless the job seekers are also Indigenous.<sup>145</sup> The committee is of the view that Job Network does not offer sufficient opportunities to young people to gain appropriate *employment-related* training, given the intensive assistance offered focuses on general skills such as making job applications. There are also concerns that work experience and on-the-job training opportunities for young people are too limited. In this regard, the committee acknowledges that DEWR has made considerable advances with the introduction of the Job Seeker account, but notes it has not targeted additional funding for youth at risk for employment-related training.<sup>146</sup> The committee also believes that, to improve opportunities for work placements of young people, impediments to work placements, including lack of public liability insurance and workers compensation, should be addressed so that job seekers can better improve their skills base.

### **Recommendation 18**

**The committee recommends that additional provision should be made through the Job Network Job Seeker account to support 15 to 24 year olds to obtain employment-related training that leads to national qualifications, particularly in the traditional trades and areas of skill shortage.**

### **Recommendation 19**

**The committee recommends that the Commonwealth should identify and develop strategies to address impediments to genuine work placements, including the availability of public liability insurance and workers compensation, so that young people have increased opportunity to gain work experience and build their skills.**

3.131 Another matter of importance to the inquiry is the capacity of the system to provide relevant employment-related training for upskilling or cross-skilling of unemployed people to fill skill shortages. That is, the committee believes that unemployed people who may have qualifications in another trade, or have competencies that are not formally acquired, should be eligible to obtain the necessary competencies and qualification to fill a skilled vacancy in the trades or other areas of skill shortage.

3.132 To achieve this, Job Network will need to conduct effective Recognition of Prior Learning, as recommended above, to fund links to appropriate training, and to provide wage subsidised placement with an employer. The committee is concerned that the capacity to fund such links will not be sufficient given that, even under ESC3, the proportion of incentive available to Job Network providers is some 30 per cent less

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145 Ms Alison Durbin, Assistant Secretary, Intensive Support Operations Branch, Intensive Support Group, DEWR, *Hansard*, Canberra, 15 August 2003, p. 1247

146 DEWR Question 12, 'Additional Questions from the Committee', *Hansard*, Canberra 15 August 2003

for a training or education outcome, over an employment outcome for people of the same unemployment duration.<sup>147</sup> As Jobs Australia advises, under these arrangements only the most well-resourced and committed Job Network provider would be able to offer a job seeker both vocational training and a wage subsidised placement by an employer.<sup>148</sup> In this regard, the committee notes that under ESC3 Job Network assistance can now be provided as a companion to New Apprenticeships incentives.<sup>149</sup> The committee considers that Job Network providers should enter into arrangements with employers to access New Apprenticeships to ensure appropriately skilled unemployed people have access to training for upskilling and cross-skilling to fill skill shortages.

## **Recommendation 20**

**The committee recommends that Job Network providers should enter into arrangements with employers, with the agreement of all industry players, to access New Apprenticeships for unemployed people who have relevant skills to achieve fast-tracked apprenticeship qualifications in skill shortage areas.**

3.133 The committee also considers that Job Network providers may need additional motivation to more effectively identify and match up all available skilled people with available jobs, especially in more difficult to fill skill shortage areas. The National Employment Services Association submission advised that:

Even though seen as a highly valuable and intrinsic part of the Job Network suite of services, job matching has represented a financial liability to many Job Network providers and has often been subsidised from other areas of operation. As such, the capacity of the Job Network to value add with regard to the issue of skills shortages has been limited. Job Network Members have generally sought to canvass employers whose vacancy needs match the current skills of registered job seekers.<sup>150</sup>

3.134 Other evidence confirmed this view. The Greater City of Dandenong provided the committee with a survey which indicated that Job Network (circa 1999) did not try to place people in traditional trades including hairdressers, metalworkers, bookkeepers, and CNC operators because placement took longer than two weeks. As the payment is made on the number of job placements, these positions remained unfilled. This process was thought to feed a training market of RTOs focused on easy

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147 Under ESC3 a 3 week education or training outcome for someone unemployed 13–24 months will attract a \$550 fee. This is 30 per cent of the fee payable for an unemployed outcome for people of the same unemployment duration. The same \$550 fee is only 16 per cent of the fee payable for an employment outcome for people unemployed for 25–36 months or otherwise identified as highly disadvantaged. Submission 58, Jobs Australia, p. 7

148 Submission 58, Jobs Australia, p. 7

149 DEWR Question 17, 'Additional Questions from the Committee', *Hansard*, Canberra 15 August 2003

150 Submission 49, National Employment Services Association, p. 6



to fill positions, with no overarching plan to meet required skills development.<sup>151</sup> The submission from Maribyrnong/Moonee Valley Local Learning and Employment Network (LLEN); Melbourne's West Area Consultative Committee and the Western Region Economic Development Organisation (WREDO) also reported that Job Network was unable to attract and recruit local residents into skill shortage positions in the region, despite data survey findings that the number of appropriately skilled people far exceeded the number of jobs available.<sup>152</sup>

3.135 While the new data matching services under the ESC3 might be considered to assist the job matching process, NESAs expressed concerns that its introduction may actually reduce the capacity of job matching activities given the nature of the substantially expanded administrative and compliance reporting tasks needed for data matching.<sup>153</sup> In this regard, the committee notes with concern that on the introduction of the system on 3 July 2003, the Government had to provide \$20 million in extra funding to shore up the capacity of Job Network providers to keep contact with their clients.<sup>154</sup> On this basis the committee suspects it may be necessary to overcome considerable costs disincentives to Job Network to link and place people with jobs in skill shortages areas.

3.136 The committee considers that the new Industries Strategies Task Force, set up by DEWR to develop approaches for Job Network and other employment services to link up employers and job seekers in areas of skill shortage, could play an important role in determining the nature of any targeted assistance.<sup>155</sup>

## Recommendation 21

**The committee recommends that the Industries Strategies Task Force should monitor the present capacity of Job Network to meet skill shortage needs. It should establish benchmarks to assess employment outcomes and evaluate whether any mechanisms are needed to improve Job Network's capacity to arrange additional training for jobseekers with competencies in skill shortage areas.**

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151 Ms Anita Buczkowsky, Project Manager, South East Development, City of Greater Dandenong, *Hansard*, Dandenong, 15 April, p. 485

152 For example, there were reported shortages in IT. However, surveys showed that the Western Area of Melbourne has almost three times the number of qualified residents as available jobs. See submission 62, Maribyrnong/Moonee Valley LLEN; Melbourne's West Area Consultative Committee and the WREDO, pp. 6, 9–10

153 Submission 49, National Employment Services Association, p. 7

154 'Job Crisis: PM Bails Out Agencies', *Australian Financial Review*, 10 July 2003, pp. 1; 4

155 DEWR Question 12, 'Additional Questions from the Committee', *Hansard*, Canberra 15 August 2003



## 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.<sup>1</sup> 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.

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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.<sup>2</sup>

## **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:

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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,<sup>3</sup> and the appointment of an education sector representative to the ANTA board.<sup>4</sup> 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.<sup>5</sup>

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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.<sup>6</sup> 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.<sup>7</sup>

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

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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.<sup>8</sup> 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.<sup>9</sup> 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.<sup>10</sup>

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.<sup>11</sup> The additional funding was also conditional on compliance with 'user choice' policies and principles as well as set increases in New Apprenticeships.<sup>12</sup> 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.<sup>13</sup> 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.<sup>14</sup>

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.<sup>15</sup>

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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)<sup>16</sup> 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).<sup>17</sup>

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.<sup>18</sup>

### **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.

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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;<sup>19</sup>
- 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;<sup>20</sup>
- 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;<sup>21</sup>
- 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.<sup>22</sup>
- 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;<sup>23</sup>
- 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;<sup>24</sup>

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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;<sup>25</sup> 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.<sup>26</sup>

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:<sup>27</sup> 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.<sup>28</sup> 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.<sup>29</sup>

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

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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

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

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;<sup>31</sup> 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).<sup>32</sup> 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;<sup>33</sup> 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.<sup>34</sup>

4.29 The committee considers that these indicators suggest the need for a 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

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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;<sup>35</sup>
- a TAFE developed case management approach to assisting students with disabilities to obtain the specialised support they need to be successful in gaining employment;<sup>36</sup>
- development of relationships with individual businesses and similar time-consuming, non-income generating activity;<sup>37</sup>
- development of pathways between VET and higher education;
- the capacity to undertake innovative local solutions to meet skills shortages;<sup>38</sup> 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.<sup>39</sup>

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:

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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

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... 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...<sup>40</sup>

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.<sup>41</sup>

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.<sup>42</sup>

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.<sup>43</sup> 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

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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.<sup>44</sup> 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.<sup>45</sup>

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;<sup>46</sup>
- 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;<sup>47</sup>
- 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’;<sup>48</sup> and

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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.<sup>49</sup>

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.’<sup>50</sup> 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.<sup>51</sup>

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.<sup>52</sup>

## 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.

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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.<sup>53</sup>

### **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.<sup>54</sup>

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).<sup>55</sup> 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.<sup>56</sup> 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

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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.<sup>57</sup>

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.<sup>58</sup>

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.<sup>59</sup>

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.<sup>60</sup>

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.<sup>61</sup>

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.<sup>62</sup> It identified the need for

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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.<sup>63</sup>

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.<sup>64</sup>

### **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.<sup>65</sup>

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.<sup>66</sup> 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.<sup>67</sup> 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.<sup>68</sup>

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

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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.<sup>69</sup>

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,<sup>70</sup> 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.<sup>71</sup> 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.<sup>72</sup>

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.<sup>73</sup>

### **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

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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.<sup>74</sup>

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,<sup>75</sup> 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

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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

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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.<sup>76</sup>

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.<sup>77</sup> 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.<sup>78</sup> 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.<sup>79</sup>

## **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**

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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.<sup>80</sup>

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.<sup>81</sup> 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.<sup>82</sup> 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

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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?<sup>83</sup>

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.<sup>84</sup> 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.<sup>85</sup> By

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

84 ANTA website: [www.anta.gov.au/vetWhat.asp](http://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.<sup>86</sup> 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.'<sup>87</sup> 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'.<sup>88</sup> 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.<sup>89</sup> 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.<sup>90</sup> They recommended significant streamlining of the current suite

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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.<sup>91</sup> 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.<sup>92</sup> 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.<sup>93</sup>

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;<sup>94</sup>
- providing insufficient emphasis on generic skills such as problem-solving and team-work;

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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.<sup>95</sup> Oral evidence from a representative of TAFE Queensland also raised concerns about the scope for training packages to develop ‘deep learning and innovative skills’.<sup>96</sup>

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.<sup>97</sup> 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’.<sup>98</sup> 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.<sup>99</sup> 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

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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](http://www.otte.vic.gov.au/employers/ResearchProgram.htm#one)

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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.<sup>100</sup> Witnesses suggested that more developed descriptions of assessment standards would also provide greater support for trainers and assessors and promote more consistency<sup>101</sup> 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.<sup>102</sup>

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.<sup>103</sup> 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.<sup>104</sup> 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

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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](http://www.anta.gov.au/tenders/tpkReview/highLevel.asp)

contemporary workplace and society more holistic learning practices and a greater focus on cognitive skill development.<sup>105</sup> 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.<sup>106</sup> 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.<sup>107</sup>

4.93 The review also acknowledged that the current occupational and industry sector focus of packages no longer reflects contemporary industry or career paths.<sup>108</sup> 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.<sup>109</sup>

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'

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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

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qualifications, how good they are and how well they are able to upskill the learners.<sup>110</sup>

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’.<sup>111</sup>

4.97 Suggestions for reform include a review of the quality of the qualifications and the training of trainers and assessors<sup>112</sup> 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.<sup>113</sup> The Australian Manufacturing Workers Union also identified the need for improved linkages between the on-the-job and off-the-job assessment and training,<sup>114</sup> and suggested that ITABs should have a stronger role in the assessment process to ensure greater consistency and integrity of assessment.<sup>115</sup> 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.<sup>116</sup>

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 competence<sup>117</sup> as have some other jurisdictions on a more

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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.<sup>118</sup>

### **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.<sup>119</sup>

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.<sup>120</sup> This assumes highly skilled trainers, robust professional development,<sup>121</sup> supported by high quality materials on effective learning and assessment strategies.<sup>122</sup>

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

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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.<sup>123</sup>

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.<sup>124</sup> 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.<sup>125</sup>

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'.<sup>126</sup> 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.<sup>127</sup>

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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.<sup>128</sup>

4.108 ACCI and ANTA acknowledge that the inclusion of personal qualities in the suite of employability skills is controversial<sup>129</sup> 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 years<sup>130</sup> 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.<sup>131</sup> 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.  
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4.111 The submission from the Western Australian government also identified the inclusion of personal attributes as problematic.<sup>133</sup> In contrast, the (since disbanded) Enterprise and Education Foundation (ECEF), which promoted vocational education

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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.<sup>134</sup>

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.<sup>135</sup> 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.<sup>136</sup>

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.<sup>137</sup>

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 NCVER 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.<sup>138</sup>

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’.<sup>139</sup> 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’,

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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 NCVER, *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.<sup>140</sup> 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.<sup>141</sup> 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 NCVET research,<sup>142</sup> 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.<sup>143</sup>

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.<sup>144</sup> 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.<sup>145</sup> This compares poorly with the profiles of many other OECD countries and suggests the need for more attention to literacy and numeracy skills for

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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 NCVET, *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.<sup>146</sup> 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,<sup>147</sup> as well as the MCEETYA project testing a national blueprint for career development in Australia.<sup>148</sup>

### **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,

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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.<sup>149</sup> 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.<sup>150</sup>

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,<sup>151</sup> 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,<sup>152</sup> 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

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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.<sup>153</sup> 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.

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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.<sup>154</sup> 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.<sup>155</sup> 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.<sup>156</sup> 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.<sup>157</sup> 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.<sup>158</sup>

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

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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.<sup>159</sup> 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 contacts, instead of specifying that a percentage of the tender should be spent on future training during the life of the contract.<sup>160</sup> 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.<sup>161</sup>

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

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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.<sup>162</sup>

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.<sup>163</sup>

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.

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162 *ibid.* p. 14

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

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**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.<sup>164</sup>

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.<sup>165</sup> 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.<sup>166</sup> 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.

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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.<sup>167</sup> 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.<sup>168</sup>

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.<sup>169</sup>

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,

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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.<sup>170</sup> 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.<sup>171</sup> 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.<sup>172</sup> 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

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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.<sup>173</sup> In 2003, almost 95 per cent of all schools with a senior program provide some form of VET in schools program.<sup>174</sup>

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.<sup>175</sup>

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).<sup>176</sup>

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

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

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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

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

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.<sup>179</sup>

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

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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.<sup>180</sup>

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,<sup>181</sup> 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

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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.**



## Chapter 5

### Education and Training Pathways

#### Introduction

5.1 Multiple training pathways are important to cater for the diversity of individual's preferences and circumstances and to enable individuals to maintain lifelong employability, in an environment where jobs, occupations and workplaces and the associated skill requirements, are continually being transformed. The development of multiple pathways is one of the five guiding principles of Australia's training reform agenda with the broad support of all stakeholders, including governments of different political persuasions.<sup>1</sup>

5.2 Diverse and flexible pathways for skills formation are also vitally important for industry to be able to develop and maintain a skilled and adaptable workforce. Many industry sectors now need to adopt a vertically integrated approach to skills development, drawing on skills from across education sectors.<sup>2</sup>

5.3 This chapter briefly examines the adequacy of some of the current arrangements for providing individuals and industries with 'seamless pathways' for skill formation. The main issues to be considered in this chapter (although sometimes in a cursory way) are:

- schooling as a preparation for further education and employment throughout life;
- VET in schools programs;
- career advice for students;
- school to work transition;
- pathways to New Apprenticeships;
- pathways between VET and higher education; and
- pathways for upskilling and reskilling the existing workforce.

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1 CEET, Selby Smith C and Ferrier F, *CEET's Stocktake of the Economics of Vocational Education and Training*, Monash University – ACER, Centre for the Economics of Education and Training, August 2000, Working Paper no 28, p. 4

2 Submission 94, Victorian Government, p. 26

## School as a foundation for further learning and employment

5.4 A key objective of school education is to provide the foundation knowledge, skills and attitude that individuals require as the basis for further learning and employment, and to fully develop their talents and capacities.<sup>3</sup>

5.5 The Adelaide Declaration on National Goals for Schooling in the Twenty-First Century agreed by MCEETYA in 1999, sets out a number of expectations of what students should have achieved by the completion of their schooling as a means of achieving that overarching objective. These include:

- the capacity for, and skills in, analysis and problem-solving and the ability to communicate ideas and information, to plan and organise activities and to collaborate with others;
- employment related skills and an understanding of the work environment, career options and pathways as a foundation for, and positive attitudes towards, vocational education and training, further education, employment and life-long learning, gained in part by participation in programs of vocational learning; and
- numeracy and English literacy skills.<sup>4</sup>

5.6 The role and effectiveness of school education in preparing young people for further education and training and employment is a major issue, an assessment of which goes well beyond the scope of this inquiry. However the committee wishes to acknowledge some specific issues in relation to school education which were raised during the inquiry and which merit further consideration.

5.7 Basic skills of literacy and numeracy are, of course, of fundamental importance and are the focus of significant policy and program development in Australia. Several submissions and witnesses argued for better outcomes in this area. The Dusseldorp Skills Forum pointed out that while Australia's overall performance in this area is very good by international standards, there is a 'very long tail' of students who perform very poorly.<sup>5</sup> Schools are also seen to under-estimate the literacy and numeracy requirements associated with training for many traditional trades and other practical vocations, including the importance of an understanding of mathematical and statistical concepts and interpretation of complex instructions.<sup>6</sup> This is contributing to the smaller pool of suitable applicants for apprenticeships and the current non-completion rates for many New Apprenticeships.<sup>7</sup>

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3 MCEETYA website: [www.curriculum.edu.au/mceetya/nationalgoals/natgoals.htm](http://www.curriculum.edu.au/mceetya/nationalgoals/natgoals.htm)

4 *ibid.*

5 Dr John Speirings, Dusseldorp Skills Forum, *Hansard*, Sydney, 6 May 2003, p. 875

6 Submission 103, Australian Mathematical Sciences Institute, p. 1

7 *ibid.* p. 2



5.8 Local organisations in West Melbourne concerned with youth transition issues maintained that all education, training and vocational programs should give the highest priority to literacy, and have access to whatever expertise and resources are needed to achieve sound outcomes. They also pointed to the need for more attention to meeting diverse learning styles of individuals, including marginalised students, and for more applied approaches to numeracy to meet the needs of some students.<sup>8</sup> According to one witness:

... unless we actually link the maths curriculum to applied learning, young people are going to fall through gaps there as well.<sup>9</sup>

5.9 Witnesses also raised the need for more diversity and flexibility in the basic framework for school education, including scope to allow an additional year to complete 12 years of schooling,<sup>10</sup> the option of senior secondary colleges, which allow for more adult learning principles and environment,<sup>11</sup> mentoring of those at risk of early school leaving,<sup>12</sup> and the option to complete school education through TAFE or community and adult education avenues, which is not possible in all jurisdictions at present.<sup>13</sup> Many of these considerations are taken up by current policies relating to VET in schools and youth transition, which are discussed in a following section.

5.10 For a minority of students, the best educational outcome involves leaving school in years 10 or 11 to pursue a VET qualification. Yet current school policy appears to emphasise school retention rates (and in some cases, university entrance scores) as the sole measure of successful youth transition and school performance. One witness summarised the outcome thus:

We believe one of the major reasons why we have high youth unemployment rates is because these young people have left the school system early in frustration and have a very negative perception of future education and training, and they are inevitably poorly qualified to move into skill career paths and quite often drift into long-term unemployment... [But] if a school lost a number of students at, let us say, year 11 into apprenticeships it would be seen as underperforming because its year 12

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8 Submission 62 Maribyrnong/Moonee Valley Local Learning and Employment Network (LLEN). Melbourne's West Area Consultative Committee (ACC) and Western Region Economic Development Organisation (WREDO), p. 7

9 Ms Sue Fowler, Executive Officer, Maribyrnong/Moonee Valley LLEN, *Hansard*, Melbourne, 16 April 2003, p. 593

10 Submission 62, Maribyrnong/Moonee Valley LLEN, Melbourne's West ACC and WREDO p. 7

11 Ms Sue Fowler, Executive Officer, Maribyrnong/Moonee Valley LLEN, *Hansard*, Melbourne, 16 April 2003, p. 596

12 Mr Michael Iaccarino, Executive Officer, Melbourne's West ACC, *Hansard*, Melbourne, 16 April 2003, p. 596

13 Ms Sally Jeremic, Senior Policy Adviser, Office of VET, Department of Further Education, Employment, Science and Training South Australia, *Hansard*, Adelaide 12 June 2003, p. 1061

retention rates would drop. So the education system is not sending the correct messages in terms of what is acceptable.<sup>14</sup>

5.11 While much of the evidence to the inquiry pointed to the importance of twelve years of schooling in laying the foundations for lifelong learning and employability, and TAFEs are said to be ill-equipped to absorb a large number of younger students without extra support for the required pastoral care, the committee believes that school students who are otherwise at risk of early school leaving should be given the option of entry to a New Apprenticeship in a field that provides a skilled vocational outcome.

5.12 The committee notes anecdotal evidence that those who start an apprenticeship in the traditional trades at an earlier age, are also likely to remain committed to their trade as a long-term career. This may have the added benefit of reducing the current high attrition rates for the trades, which are also contributing to skills shortages.

5.13 The committee agrees that school retention rates are not appropriate as the *sole* measure of success in achieving target education and training outcomes for young people. Policy and practice needs ensure that students leaving before year 12 and gaining an 'equivalent VET qualification' are also counted as successful outcomes. This may require adjustments to current record keeping systems and is a further case in favour of introducing systems to track pathways from year 10 through further education and training, as discussed in the section on a pathways between vocational and higher education. In the meantime, schools need to ensure that students intending to follow a VET pathway are properly advised on the range and level of pre-requisite subjects at school.

### **Recommendation 37**

**The committee recommends that the MCEETYA Task Force on Transition should consult with TAFE about the particular literacy and numeracy requirements of current vocational training, including for emerging industries and traditional trades, and how schools could best provide these to students planning to follow VET pathways on completion of school.**

### **VET in Schools: a pathway to further education and employment**

5.14 Some issues related to VET in schools were discussed in the previous chapter on the VET framework. This section briefly examines a number of issues related to VET in schools as a pathway to employment and further education. No attempt is made to provide a thorough analysis of the VET in schools program, given the complexity of the issue, the breadth of this inquiry's terms of reference and the inquiry by the House of Representatives committee into the topic.

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14 Mr Tony Coppola, Executive officer, Northern Area Consultative Committee, *Hansard*, Melbourne, 16 April 2003, p. 595

5.15 'VET in schools' refers to school-based VET programs that provide students with the opportunity to gain credit towards the senior secondary certificate while at the same time gaining a national industry recognised qualification or credit towards this qualification. Under the current policy framework for VET in schools, programs are commonly based on national Training Packages and are expected to be delivered to the standards set out in the AQTF.<sup>15</sup> In addition to programs that meet these criteria, schools usually offer a range of work experience or 'taster' programs that allow students the opportunity to gain a 'taste' or insight into the requirements of working in various careers.

5.16 Growth of VET in schools programs has been significant, with DEST reporting that the number of students participating in VET in schools as part of their senior secondary certificate grew from 60,000 in 1996 (16 per cent participation) to 169,809 in 2001 (41 per cent participation).<sup>16</sup>

5.17 The 'VET in schools' program has multiple objectives. One is to respond to the education needs of the significant group of students who, while staying on in Years 11–12, are ill-suited to the traditional senior secondary academic curriculum.<sup>17</sup> In the past some of these students may have attended specialist technical high schools or colleges which previously provided a pathway into careers in the traditional trades, technician or associate professional levels. These schools have now closed in most jurisdictions.

5.18 More broadly, however, consistent with the national goals of schooling, VET in schools programs are intended to provide all students with the opportunity to develop an understanding of the range of available career opportunities, develop their employability skills and attributes and gain an understanding of the requirements of the workplace. According to Group Training Australia, VET in schools programs can help to bridge the gap between school and work, by exposing young people to the workplace and to the culture of work and assisting in the development of vocational skills. They can also promote more effective learning and school retention by providing a context in which many young people can apply the knowledge they acquire in the classroom.<sup>18</sup> Witnesses also noted the value of 'taster' programs in allowing students to sample employment options and thus make more informed career choices.

5.19 There are indications from the evidence to this inquiry that the VET in schools program is not yet meeting the objectives of providing a suitable alternative to an academic program, a pathway further education and employment or a sound foundation of employability skills.

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15 Submission 57, Department of Education, Science and Training (DEST), p. 31

16 *ibid.* p. 31

17 Submission 29, Group Training Australia, pp. 20–21

18 *ibid.*

5.20 VET in schools options are often currently an ‘add-on’ to the mainstream academic program, thus failing to address the needs of those students who are more suited to an applied learning style. An interesting experiment is underway in Victoria with the introduction of the Victorian Certificate of Applied Learning (VCAL), where the academic curriculum is integrated with the VET curriculum, enabling students learn to English, maths and other subjects through an applied learning program.<sup>19</sup> The committee was told that such alternative pathways need to be more broadly promoted, within the VET in schools framework, as an alternative learning style with a parity of esteem with academically oriented school pathways. The committee agrees that it will be important to monitor the outcome of this initiative, as a guide to possible further developments in other jurisdictions.

5.21 There was also a view that the focus of many VET in schools programs is currently too narrow, being concentrated in too few occupations and that the content of programs may not always reflect contemporary and changing industry needs. As AiG commented, ‘There is no point providing learning opportunities for young people if the outcomes of these learning opportunities are not relevant to the workplace by the time the young person makes the transition from school to work.’<sup>20</sup> According to AiG, the introduction of programs outside of the training package framework could broaden the range of occupations for which schools could provide training. If this were to occur, there would need to be provision for students completing these courses to gain credit towards an AQF qualification in a training package, a school certificate and tertiary entrance score if appropriate.<sup>21</sup>

5.22 VET in schools programs also need to ensure that they give appropriate weight to the development of students’ employability skills.<sup>22</sup> There may even be value in making some provision for assessment against employability skills to articulate into training package qualifications.<sup>23</sup> Mathematical skills and literacy skills must not be neglected, because of their fundamental importance as a foundation for further education, including in many vocational and academic courses.<sup>24</sup>

5.23 The AiG and EEASA called for a broader range of program offerings in areas of skill shortage, including the traditional trades, in place of the current concentration in areas such as business studies, hospitality and retail. While the committee believes that the content of VET in schools programs should primarily be driven by the needs of students rather than immediate and perhaps localised, industry needs, it agrees that

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19 Submission 94, Victorian Government, p. 16

20 Submission 74, Australian Industry Group (AiG) and Engineering Employers Association of South Australia (EESA), pp. 29–30

21 *ibid.* p. 30

22 Mr Robert Smillie, Council member, CEOs Council of Victorian TAFE Associations, *Hansard*, Melbourne, 16 April, p. 570

23 Submission 74, AiG and EESA, p. 30

24 Submission 103, Australian Mathematical Sciences Institute, pp. 1–3

the current range of offerings is too narrow and often dictated by funding considerations. This limits the scope to provide pathways to employment for some students. Policy and funding frameworks need to support the inclusion of a broader range of programs, which will often require stronger links between schools and the full range of local industries.

5.24 The committee observes that there are a number of good VET in schools models that appear to balance the competing needs for a sound foundation in general skills, with quality vocational education and direct pathways to employment and further education and training. These include models such as the T3 program in the automotive industry, which provides students with the opportunity to attend school several days a week, attend TAFE for one day and work in the industry for one day a week, under the framework of a New Apprenticeship. Positive features of this program, and a number of other models, include the capacity for the VET studies to provide credit for a school leaving certificate, articulation into a New Apprenticeship at a higher qualification level and credit for university entrance in some cases.

5.25 Partnerships between local industries and the three education sectors also provide a valuable means of promoting greater links between VET in schools and quality and relevant education and pathways to employment. There was much evidence in support of the key role that learning and education networks of schools, local Chambers of Commerce and Industry, TAFE and other community and education representatives could play in identifying skill shortages and needs and integrating this information into local education and training. While this is occurring under several frameworks at present, including the Local Learning and Employment Networks in Victoria and 'Youth commitment' or similar groups in New South Wales and other states, there is no national approach to encouraging and supporting these partnerships, particularly now that the Enterprise and Career Education Foundation, which had a specific mission of promoting these partnerships, has been disbanded.

5.26 The committee also heard much evidence in support of providing students with opportunities to learn about the nature of industry and the world of work as early as possible, and at least from years 8 and 9 onwards. Early exposure to the world of work can help students to make better judgments, on reaching year 11, about their interest in VET in schools programs and career preferences. It may also help to improve the motivation and focus of some students: a number of educators report that engagement with school can often increase dramatically once students begin to see a purpose for their school studies.

5.27 Finally, the committee notes that many witnesses from schools complained about the high cost of providing quality VET in schools programs and indicated that current funding levels and arrangements often compromise their capacity to provide these programs. This was also identified as a major issue by the Department of Education and Training in WA which noted that ANTA MINCO is due to consider the future funding arrangements for VET in schools beyond 2004.

## **Comment**

5.28 Evidence to the inquiry highlighted the important role that VET in schools can, and sometimes does, play in providing a pathway from school to work and the many good models, but also variable practice across Australia, as well as the constraints on improved practice. The committee considers that there is significant potential for VET in schools to provide a clearer and more effective pathway to further education and employment, with appropriate improvements in quality, relevance, flexibility and breadth of programs. The committee believes that the policy and funding framework for VET in schools must cement and support it as an important part of the mainstream school experience and the Commonwealth must provide a lead in promoting the adoption of best practice across all jurisdictions. Industry also needs to play an active role in promoting the value of involvement with schools to its members.

### **Recommendation 38**

**The committee recommends that the MCEETYA Task Force on Transitions should support the funding and development of mechanisms to help schools provide opportunities for all students, from years 8 and 9 onwards, to learn about the nature of industry and the world of work through workplaces visits so that they can make informed choices about future education and careers.**

### **Recommendation 39**

**The committee also recommends that the Commonwealth and states and territories support the establishment of local networks of schools, industry associations and representatives, the VET sector and higher education sector and the community, to help link vocational education and training, both in schools and in the VET sector, with industry needs and to assist transition between school and employment or further education.**

### **Recommendation 40**

**The committee recommends that the MCEETYA should examine VET in schools models, such as the T3 model in New South Wales, and promote their value for traditional apprenticeship and other vocational training, with state and territory education authorities. Industry should also take responsibility for promoting the development and implementation of best practice models.**

### **Recommendation 41**

**The committee also recommends that ANTA develop, in conjunction with TAFE, industry bodies, schools and universities, programs based on the RMIT/Bosch model which combine school and apprenticeship training with an option for simultaneous progression to diploma, and that ANTA provides financial assistance for the national implementation of those programs.**

## Careers advice

5.29 Careers advice plays an important role in helping students to identify career opportunities and preferences, and the education and training pathways that may lead them to their goals. To perform their role effectively, career advisers should have skills in career counselling, access to up-to-date information on career paths and opportunities and associated education and training pathways, and the time to devote to personal guidance and support. Evidence to the inquiry indicates that there is a long way to go before all students have access to careers advice that meets these criteria.

5.30 While there is a wide range of high quality careers information now available to schools, students, and more generally the community, particularly through internet-based products and services provided by the Commonwealth,<sup>25</sup> complaints persist that students, teachers and career counselors often have inaccurate or outdated perceptions of career opportunities in the traditional trades and in industries such as manufacturing and engineering. The need for improved information on careers in these areas was a finding of many of the National Industry Skills Initiative (NISI) working groups, including for the engineering, electrotechnology, automotive and rural industries. Following on from NISI, these industries have developed interactive, multimedia materials to promote contemporary careers in their field, highlighting the increasing use of technology and computerisation within their core occupations.<sup>26</sup>

5.31 While it is probably too early to judge the effect of these initiatives in changing attitudes and perceptions, there appear to be still too many instances where careers advisers consciously or unconsciously dissuade students from careers that rely on vocational education and training pathways, including those in the traditional trades. This may reflect a lack of knowledge or a general bias in favour of a higher education pathway, which is claimed to be the case with graduate teachers. A representative of Group Training Australia told the committee that:

I do not think there is an attitude among careers advisers in schools that enthusiastically promotes the career offered by an apprenticeship as being a noble and honourable profession. That has to change not only among the careers advisers but also in the schools themselves. It also has to change within governments. If we started a marketing campaign directed at careers advisers and schools indicating that an apprenticeship in the traditional trades is a worthy and honourable profession and one that will make you a

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25 See DEST website: [www.dest.gov.au/directory/c\\_and\\_t.htm#Careers](http://www.dest.gov.au/directory/c_and_t.htm#Careers) for access to the main products available including: *My Future* website at [myfuture.edu.au](http://myfuture.edu.au) an interactive, online career exploration service, assisting people to explore skills and interests, career preferences, and education and training pathways; the *Job Guide* distributed by the Australian Government to all Year 10 students, with information about education and training pathways to approximately 1,000 occupations, to help people find out about careers; the 'Real Game' a career education and life skills programme that emphasises the importance of the skills students learn in all subjects to their life after school; and, other career information products.

26 Submission 57, DEST, pp. 33–34

living for a long time, we might start to turn the attitude around; but I think we have a long way to go.<sup>27</sup>

5.32 A similar bias was detected by the TAFE Directors Australia, which claims that schools often convey the impression that vocational pathways are for low achievers.<sup>28</sup> Some witnesses attribute this to a lack of teachers with a vocational background and industry experience.

5.33 Direct links between industry and schools were identified as an important means of improving the currency and relevance of careers information. This requires a commitment from industry as well as schools. One witness told the committee that while industry 'often bleats that the school system is not providing adequate career advice' it seldom engages with the school system to explain career paths and options to students. In contrast, IT companies 'are consistently at schools promoting their firms and their industries'.<sup>29</sup> The Australian Business Ltd submission agreed that industry needs to provide more support to careers advisers in secondary, vocational and tertiary institutions to assist them to identify and deliver timely resources and information on career options and post compulsory learning pathways.<sup>30</sup>

5.34 The inquiry was advised of several approaches to industry engagement with schools. The manufacturing industry in the Macarthur region of NSW has developed an apprenticeship recruitment strategy, including information kits illustrating career opportunities in the local region, and career progression and salary opportunities to target students directly, as well as parents, teachers and career advisers.<sup>31</sup> Local networks of education and training providers, employers, and the community sector, such as those established in Victoria under the Local Learning and Employment Network program and similar networks in Kwinana, Western Australia, also improve mutual understanding between schools and local industry, and better matching of students with local employment opportunities. These developments are all claimed to result in a better understanding among students of the breadth of career options and a higher take up of opportunities in local industry.

5.35 Even with access to industry advice, inadequate resourcing may limit the quality of careers advice. A study found that teachers, students and their parents in north Melbourne are unaware of skill career paths available in the local manufacturing industry and have little time to develop this knowledge:

Of the 45 secondary schools in the north of Melbourne, whilst each school had a careers teacher appointed, the reality was that they were very much

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27 Mr James Barron, CEO, Group Training Australia, *Hansard*, Sydney, 6 May 2003, p. 785

28 Submission 79, TAFE Directors Australia, p. 13

29 Mr Barry Cramond, CEO, Transport, Engineering, and Automotive Training Advisory Council, *Hansard*, Darwin Roundtable, 10 June 2003, p. 962

30 Submission 40, Australian Business Ltd, p. 8

31 Report of committee's visit to meet with Austool group, Campbelltown, NSW



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part time, ranging from two hours per week to 20 hours per week in the majority. There was only one that was full time, and only one of the 45 actually had training in career education qualifications.<sup>32</sup>

5.36 The situation in South Australia appears similar, although with variations across schools and school sectors. Few schools have full-time paid career counsellors, with the responsibility often falling on student counselors or other teachers with the interest or 'spare' time, perhaps amounting to only for two or three lessons a week.<sup>33</sup> Northern Territory witnesses also reported a lack of formal training or professional development for careers advisers and limited opportunities for teachers to develop an understanding of industry requirements.<sup>34</sup>

5.37 There was also a strong message that career advice needs to go beyond brokering information on career opportunities and training pathways. Students need to be encouraged to think more broadly about building skills for careers in an unknown future and to develop the skills and attitudes that underpin life long learning and active career management.<sup>35</sup> This implies the need for appropriate professional training and development for careers advisers.

5.38 According to Mr Jeff Friday of Group Training Australia, as alternative, and perhaps more cost effective approach to developing professional career guidance services in schools is to outsource the function to industry or other specialists. The *Connexions* initiative in the UK,<sup>36</sup> an internet-based service which provides young people aged 13 to 19 years with access to confidential advice, support and information through the website, supported by phone contact, text, e-mail, webchat or access to personal advisers in the region, was suggested as a model.

5.39 A thorough assessment of the quality and availability of Australia's career services and information was recently undertaken by OECD as part of a comparative international study of career information guidance and counseling. The committee was told that the study found that while there were 'pockets of excellence' in career services in Australia, there were few guarantees of access to effective services, even for young people. Career advisers argued that this is not good enough:

...if we are to meet the needs for a highly skilled competitive labour force in Australia we believe that we need to develop a much stronger career

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32 Mr Tony Coppola, Executive Officer, Northern Area Consultative Committee, *Hansard*, Melbourne, 16 April 2003, pp. 590–91

33 Ms Pamela Fletcher, National Executive Committee Member, South Australian Division, Australian Association of Career Counsellors Inc, *Hansard*, Adelaide 12 June 2003, p. 1087

34 Mrs Gillian MacDonald, VET Coordinator, Casuarina Senior College, *Hansard*, Darwin roundtable, 10 June 2003, p. 961

35 Ms Christine Haines, Director Miles Morgan Australia, *Hansard*, Perth, 7 April 2003, p. 206

36 Connexions website: [www.connexions.gov.uk/](http://www.connexions.gov.uk/)

development culture and to make explicit people's entitlement to career development services throughout their lives.<sup>37</sup>

5.40 While the committee has not undertaken an assessment of the quality and availability of career advice services for Australian students, the evidence before it indicates significant gaps in both. The committee believes that all students are entitled to access to professionally trained and well-informed careers advisers (or teachers trained in this area). It commends the decisions by MCEETYA and the Commonwealth to examine ways to improve the quality and availability of career information services but believes that this work needs to be given high priority. The objective should be to ensure that all students have access to well resourced, well trained and well informed careers advisers and up-to-date information on the full range of career opportunities. The committee also supports the value of close links between schools and local industries and the community as part of an effective careers development and youth transition strategy. It calls on industry and schools to follow some of the excellent models around Australia and work more closely and collaboratively to develop a better mutual understanding of needs and opportunities. It also considers that careers development training should be integrated into the teacher training curriculum so that all teachers have some skills in providing careers guidance and all students have access to careers guidance.

#### **Recommendation 42**

**The committee recommends that all students should have access to professionally trained and well informed careers advisers, whether these are located in schools or are accessible through rotation, industry partnerships, or outsourcing arrangements. To facilitate this, MCEETYA should direct the task force examining career counselling issues to develop a set of national set of standards for career development services:**

- **in consultation with the Australian Association of Careers Counsellors and universities and TAFE institutes offering awards in career development;**
- **to require that all career counsellors are educated about the technical sophistication, challenges and career opportunities in industry today, and establish contacts with relevant local industry associations;**
- **to recommend that units in career development should be made available as part of the teacher training curriculum.**

**The committee also calls on employer peak bodies and industry associations to encourage their members to establish closer links with schools and career counsellors in particular, to ensure that they have access to accurate and up-to-date advice on the full range of career opportunities.**

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37 Ms Christine Haines, Director, Miles Morgan Australia, *Hansard*, Perth, 7 April 2003, p. 209

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## Transition between school and work

5.41 The transition from school to employment or further education and training has been the focus of policy attention by Commonwealth and state and territory governments over the past fifteen years. Employers are now seeking new entrants to the workforce with a broad base of generic skills and knowledge, relevant personal attributes and attitudes and the capacity to be quickly productive. To meet these requirements and those of lifelong learning and employability, 'twelve years of worthwhile learning is now the core benchmark society and governments must provide young people to ensure successful entry to active and responsible citizenship and productive work' and to economic and social independence.<sup>38</sup>

5.42 In 1991, the landmark Finn report recommended the following targets for increasing school and post-school participation rates by 2001, to place Australia among the best qualified of OECD countries:

- 95 per cent of 19 year old participating in or having completed year 12 or the equivalent level in vocational education and training; and
- 60 per cent of 22 year olds participating in or having completed education and training programs leading to the level of a trade certificate or higher to diploma or degree levels.<sup>39</sup>

5.43 However, despite a large number of policies, programs and other measures to improve youth transition in the intervening years, the committee was told that only 80 per cent of young Australians are currently estimated to achieve the goal of either completion of year 12 or equivalent VET, 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.<sup>40</sup>

5.44 Those who fail to achieve these targets have significantly less chance of securing sustainable employment over the long term,<sup>41</sup> with significant costs both to them personally and to society: while only 7 per cent of all year 12 leavers are unemployed seven years after leaving school, the comparable figures for year 9 school leavers are 21 per cent for young men and 59 per cent for young women.<sup>42</sup>

5.45 The submissions from the Business Council of Australia and the Dusseldorp Skills Forum identified the need to achieve improved youth transition outcomes as perhaps the most important and pressing of skill formation challenge, for both equity

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38 Submission 44, Dusseldorp Skills Forum, p. 1

39 Allen Consulting Group, *Overview of Transition Programs*, Report prepared for the Business Council of Australia, January 2003, p. 5

40 Submission 44, Dusseldorp Skills Forum, p. 3

41 *ibid.* p. 4

42 Submission 18, Business Council of Australia (BCA), p. 1

and economic reasons.<sup>43</sup> The Dusseldorp Skills Forum argued that early school leaving not only diminishes the future prospects of the individuals concerned, it:

... has direct flow-on effect for the national economy. It deprives us of the foundations for skills formation and development necessary to drive the further productivity growth, increased consumer base and human capital critical to delivering the next phase of economic transformation...The impact on Government is evident in the recent assessment of the intergenerational obligations of taxpayers produced by the Treasurer. That assessment identifies a potential \$87 billion black hole in federal spending by 2041-42. An ageing population, a growing health care and income support bill, and low fertility rates are “likely to impose a higher tax burden on the next generation.”<sup>44</sup>

5.46 The Business Council of Australia made a similar argument.<sup>45</sup>

5.47 Reasons for early school leaving without entry to a vocational education or training program or ‘decent’ sustainable employment include inadequate development of literacy and numeracy skills during the early years of schooling,<sup>46</sup> poor performance or dislike of school,<sup>47</sup> an inflexible range of courses and education styles and family or social problems, particularly for marginalised or disadvantaged youth. A related concern is that some of those currently completing 12 years of schooling are not developing their knowledge and skills during the last two years.<sup>48</sup> Evidence to the inquiry indicated that some young people who are unsuited to the standard school curriculum or environment, and disengage with school, may be less employable by the end of year 12, than they were at the end of year 10, because of poor attitude or behavioural problems.<sup>49</sup> As previously discussed, this underlines the need to focus on the value of a VET qualification as an alternative to school completion for some students. The Dusseldorp Skills Forum also points out that the 12 years of ‘worthwhile learning’ is not only school education, but can include vocational education and training or ‘decent work’, defined by the International Labour

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43 Submission 18, BCA, p. 1; Submission 44, Dusseldorp Skills Forum

44 Submission 44, Dusseldorp Skills Forum, p. 4

45 BCA, *The Cost of Dropping Out: the Economic Impact of Early School Leaving*, January 2003, p. 8

46 Submission 62 Maribyrong/Moonee Valley LLEN, Melbourne’s West ACC and WREDO, p. 7

47 *Young Persons’ Education, Training and Employment Outcomes with Special Reference to Early School Leavers*, A report prepared for the BCA and Dusseldorp Skills Forum, October 2002, p. 28

48 *ibid.*

49 Record of meeting, site visit, Hunter Valley Training Company, 15 July 2003, East Greta Junction, Maitland

Organisation to refer to sustainable, productive work in conditions of freedom, equity, security and human dignity.<sup>50</sup>

### *What is being done*

5.48 A January 2003 study for the Business Council of Australia acknowledged that policy makers and practitioners in Australia are seriously grappling with the issues associated with youth transition<sup>51</sup> and reviewed current initiatives against the criteria established by the OECD and other relevant criteria.

5.49 Initiatives reviewed by the study include:

- the May 2001 report of the Prime Minister's Youth Pathways Action Plan Taskforce *Footprints to the Future*, proposing a policy framework to support young people through school, and to further education, training, work and active citizenship;<sup>52</sup>
- the July 2002 declaration by MCEETYA members, *Stepping Forward – Improving Pathways for All Young People*, acknowledging a shared commitment and a joint responsibility and agreed to work in partnership towards implementing a shared vision for all young people and a set of principles and key areas for action;<sup>53</sup>
- Commonwealth funding of programs with a transitions focus, some of which are in response to *Footprints to the Future*, including the Career and Transition (CAT) pilots of innovative career information and advice for young and the Partnership Outreach Education Model (POEM) pilots for young people disconnected from mainstream schooling, as well as the Jobs Pathway Programme (JPP); the New Apprenticeships Access Programme (NAAP) and Indigenous Transition Initiatives;<sup>54</sup>
- the VET in schools program;<sup>55</sup> and

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50 Evidence from the BCA suggests that part-time and/or casual employment in low skilled jobs does not meet the requirement of providing the sort of decent work that forms an alternative to formal education and training in developing the foundation skills for sustainable employment (Submission 18, BCA, p. 1)

51 Allen Consulting Group, *Overview of Transition Programs*, Report prepared for the Business Council of Australia, January 2003, p. 1

52 Pathways website: [www.youthpathways.gov.au/documents/k154\\_100701.htm](http://www.youthpathways.gov.au/documents/k154_100701.htm)

53 MCEETYA, *Stepping Forward, Improving Pathways for All Young People*, [http://www.curriculum.edu.au/mceetya/stepping\\_forward.htm#action](http://www.curriculum.edu.au/mceetya/stepping_forward.htm#action)

54 DEST website: [www.dest.gov.au/directory/c\\_and\\_t.htm#Transitions](http://www.dest.gov.au/directory/c_and_t.htm#Transitions)

55 Allen Consulting Group, *Overview of Transition Programs, Report Prepared for the Business Council of Australia*, January 2003, p. 11

- the availability in most jurisdictions of some transition programs and a focus on broadening the purpose of post-compulsory years of education and training for those in the fifteen to nineteen year old age group.<sup>56</sup>

### ***What is still needed***

5.50 The BCA study found current programs, while generally worthwhile, fail to address the need for more effective cross-government collaboration, genuine local community accountability, meeting the resource-intensive needs of early school leavers and improved engagement with schooling in the early secondary years.<sup>57</sup> Many current arrangements also rely too heavily on pilots or programs outside mainstream arrangements, ‘thus putting their sustainability and funding at risk.’<sup>58</sup>

5.51 The BCA developed a proposal for a continuing and systematic effort to identifying and assisting young people at risk of leaving school early, lifting the literacy and numeracy skills of those in the early years of school and ensuring that half of all school leavers are able to participate in education and training to year 12 equivalent.<sup>59</sup> Economic modelling reportedly indicates that the proposal, if implemented, would reduce GDP initially but lead to increases of 28 per cent of GDP (\$1.8 billion) by 2020.<sup>60</sup> The committee was told that the BCA raised this proposal with the Commonwealth during the recent budget consultations.<sup>61</sup>

5.52 The Dusseldorp Skills Forum also put a proposal for an improved transition framework to the committee, and to the Commonwealth in the budget context. The Forum urges the Commonwealth government to commit to increasing the ‘year 12 or equivalent’ completion rate from the current 80 per cent to 90 per cent, over the next five years, through a combination of policies to encourage early leavers to stay on at school, assisted by alternative learning programs within and alongside school, and support those who leave school early. The proposal is for a shared Commonwealth-state support for:

- a *first chance strategy* to achieve a Year 12 or equivalent qualification through school or a VET based pathway such as TAFE, Adult & Community Education (ACE) or an apprenticeship;
- a *second chance strategy* to re-engage early leavers in learning to achieve a Year 12 or equivalent qualification, generally through school or VET;

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56 *ibid.*

57 *ibid.* p. 22

58 Submission 18, Business Council of Australia, pp. 2–3

59 *ibid.* p. 2

60 *ibid.* p. 3

61 Mr Eric Sidoti, Senior Consultant, Dusseldorp Skills Forum, *Hansard*, Sydney, 7 May 2003, p. 874

- personal advice and support for each and every early school leaver to enable them to make a successful transition;
- co-ordinated local community partnerships to maximise and better use existing resources; and
- introduction of targeted labour market assistance, mainly employer subsidies, job creation and relevant training, to provide a better start in the labour market for the smaller number of young people remaining outside education or training.<sup>62</sup>

5.53 The Forum acknowledges that this will require a commitment by Commonwealth, state and territory governments to a national strategy backed by the necessary resources and will involve schools, training providers, higher education, employers and employment assistance providers. Bilateral framework agreements will be needed between the Commonwealth and those state or territory governments willing to collaborate in delivering this ‘youth commitment’. Oversight of the agreements could be provided by an independent agency with an appropriate mandate and responsibilities.

5.54 The estimated cost of this proposal over 6 years, with all jurisdictions participating, would be \$2296 million to be shared on a 60:40 basis between the Commonwealth and the states.<sup>63</sup> According to modelling done for the Forum, the benefits to individuals, employers and the rest of society are estimated as being in the range of \$4.6 billion to \$8.2 billion, with the proposal being cost-neutral to governments if 25 per cent of these benefits are captured through taxation.<sup>64</sup>

5.55 In a public hearing, Forum representatives explained why the current government strategies fall short of meeting the required outcomes and why a more structured, systematic and integrated approach, as in their proposal, is needed. First, the current arrangements do not address the jurisdictional problems associated with conflicting or overlapping state/territory and Commonwealth responsibilities. A more joined-up system is required to link Job Network with schools, career counseling, job search training and the Job Pathways program and the Commonwealth needs to provide the policy leadership, negotiation and coordination of the on the ground effort required to achieve outcomes.

5.56 Second, the Forum estimates a shortfall of around \$2.3 billion between current levels of investment and those required to provide the education and training, apprenticeship incentives, intensive support for young people and labour market support that will be required to achieve a 90 per cent target.

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62 Submission 44, Dusseldorp Skills Forum, p. 5

63 *ibid.* p. 5

64 *ibid.* pp. 7–8

5.57 Third, they argue that the current programs and policies do not provide the intensive, structured long term support through and beyond schooling that some young people need to make a successful transition.<sup>65</sup>

5.58 The since disbanded Commonwealth funded Enterprise and Career Education Foundation (ECEEF) also advised the committee that, while many of the key elements of an effective career transition system are in place, ‘there is still more to be done to integrate currently disconnected components into a more holistic system.’<sup>66</sup> Overlap and duplication across the ‘myriad of youth related programs addressing education, social and economic development and justice issues’ is a key issue.<sup>67</sup>

5.59 In response to questions from the committee, DEST advised that the Dusseldorp proposal was drawn to the attention of government in the recent budget context, but the Government decided to revisit the issues in that proposal ‘in the broader context of considerations of what the government’s arrangements for transitions are at the moment.’<sup>68</sup> In DEST’s view, the current policy framework and initiatives represent a coherent strategy for dealing with youth in transition and assisting young people to complete year 12 or an equivalent qualification.<sup>69</sup>

5.60 The committee acknowledges the efforts of the Commonwealth and other jurisdictions to improve youth transitions. However the evidence put before it indicates the need to go further and adopt a more systematic and integrated approach if further progress is to be made in increasing the number of young people completing 12 years of school or equivalent vocational education and training within the next five years. The development of some specific strategies and structures, such as those set out in the work of the Dusseldorp Skills Forum and the Business Council of Australia, is urgently needed. The committee also believes that an entitlement to 12 years of schooling or equivalent vocational education and training should extend to people who have left school, including unemployed young people under the age of 21. In place of a requirement for participation in Work for the Dole or other programs, these young people must have access to education and training programs that will lead to a basic or higher vocational education qualification, or full-time ‘decent’ employment. The evidence to the committee indicates that this will lead to better outcomes for those individuals, and generate significant economic benefits in the longer term.

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65 Dr John Spierings, Research Strategist, Dusseldorp Skills Forum, *Hansard*, Sydney, 7 May 2003, pp. 880–81

66 Submission 77, Enterprise and Career Education Foundation, p. 4

67 *ibid.* p. 11

68 Mr Anthony Greer, Group Manager, Transitions and Indigenous, DEST, *Hansard*, Canberra, 15 August 2003, p. 1202

69 *ibid.* p. 1203



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**Recommendation 43**

**The committee recommends that the Commonwealth and the state and territory governments make a joint commitment to significantly increase the proportion of young people completing year 12 or equivalent vocational education and training, within the next five years. This will require them to adopt formal agreements to implementing a more systematic, integrated and comprehensive approach to youth transition, featuring more intensive support and stronger safety nets and backed up by significantly increased resources.**

**DEST should report each year on the proportion of young people achieving these outcomes.**

**Recommendation 44**

**Consistent with its view that all young people should have a right to 12 years of school education or equivalent VET or decent full-time employment, the committee recommends that all young people under 21 who have not achieved this outcome, should have access to transition arrangements including career counselling to reconnect them with education or into full-time employment consistent with their needs and interests. The entitlement to this form of assistance should over-ride any other policy frameworks relating to unemployment assistance, such as Work for the Dole, or other requirements for certain unemployed people.**

## **Pathways to New Apprenticeships**

5.61 New Apprenticeships potentially provide a valuable pathway between school and sustainable employment, via a combination of vocational education and training and employment. However, some studies have shown that employers consider up to 75 per cent of applicants for New Apprenticeships in the traditional trades as unsuitable,<sup>70</sup> because they lack the employability skills or the capacity to be immediately productive.

5.62 Pre-apprenticeships and pre-vocational programs can help to overcome this barrier by providing a pathway between school and a New Apprenticeship. The AiG and EEASA advised the committee that many of its members in the manufacturing sector support the idea of pre-apprenticeship training, as an effective way of providing a technical and general preparation for work. Pre-apprenticeship training ‘would assist in establishing another pathway to skill formation.’<sup>71</sup>

5.63 The Tiwi Islands Training and Employment Board also identified the value of accredited training which enhances skills and creates pathways to apprenticeships, in a

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70 Dumbrell T, *Pathways to Apprenticeships*, NCVET 2003, p. 5

71 Submission 74, AiG and EESA, p. 32

broad range of fields from child care, health care to welding and small engine mechanics and computer operations. The Northern Territory Government's Flexible Response Fund has funded this type of training in the past but the committee was told that the program has been frozen for several months and 'it is unclear when it will be available again'. As a result, no courses of the type required have been conducted in 2003.<sup>72</sup>

5.64 A recent NCVET study found that pre-apprenticeships can be an important component in a range of policies designed to encourage greater participation in traditional trade training. In particular it found that they have:

the potential to act as quasi-labour market programs for young people who lack educational direction in the academic environment and who are in danger of leaving education and training at too early a stage. Such an approach could be equally effective if applied on a regional basis, targeting areas identified as having persistent youth unemployment problems.<sup>73</sup>

5.65 The study found that there is currently no reliable method of reporting on the number of pre-apprenticeship programs and that they are not widely known in the community or among career advisers, with very limited financial support options for most participants.<sup>74</sup> It also recommended improved national level coordination, consistent definitions and data collection as part of the overall New Apprenticeship strategy and better information for schools and others advising potential applicants.<sup>75</sup>

5.66 The committee notes that evidence cited in the chapter on funding and above, indicating that these sorts of programs have been wound back in recent years, mainly due to funding pressures. Other factors contributing to the demise of pre-apprenticeships are the priority given to funding New Apprenticeships and the introduction of alternative 'bridging' or preparatory programs such as VET in schools. The committee reiterates its view on the importance of additional funding and more diverse accountability measures, which would enable states and territories to increase the range of pre-apprenticeship programs. The committee also considers that states and territories should give appropriate priority to funding pre-apprenticeship training programs.

## **Recommendations                      45**

**The committee recommends that the Commonwealth and states and territories recognise the special role that pre-apprenticeship training can play as another pathway between school and further education and training, and employment for young people and make funding available to support such training. The**

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72 Submission 97, Tiwi Islands Training and Employment Board, Attachment

73 Dumbrell, *Pathways to Apprenticeships*, NCVET 2003, p. 6

74 *ibid.*

75 *ibid.*

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**committee also recommends that the Commonwealth and states and territories should consider the availability of pre-apprenticeship training as part of a VET in schools program.**

## **Pathways between VET and higher education – and back again**

5.67 Improving the pathways between schools, VET and higher education is a priority for the national strategy for VET for 2004. It also emerged as an important issue during the inquiry from a range of perspectives and for a range of reasons. These include:

- enhancing the appeal of VET by providing greater opportunities to gain credit for skills and qualifications gained in that sector, towards higher education;
- recognition that an increasing number of careers or occupations require a mixture of ‘head and hand’ or vocational, academic and general skills;
- expanding access to higher education in recognition of the significant benefits that it can confer on graduates and the projected increase in demand for higher level skills in a knowledge economy;
- providing the skills continuum that many occupations, industries and professions require;
- providing better outcomes for the significant number of university students that do not complete their courses; and
- providing a foundation for lifelong learning consistent with the rhetoric of seamless pathways and the scope inherent in the Australian Qualifications Framework.

### **Issues**

5.68 Evidence to the inquiry suggests that the current prevailing emphasis on higher education, combined with limited articulation arrangements between VET and higher education, is adversely affecting interest in careers with vocational pathways, including some careers in the traditional trades. There is a perception that choosing a vocational pathway effectively closes off a higher education pathway at a later date because of the limited credit given for VET studies.<sup>76</sup> Thus in high school, students who are interested in a VET pathway but also wish to retain the option a higher education pathway may be forced to make a ‘fork in the road’ choice: to either focus on subjects with the best chance of securing university entry<sup>77</sup> or to follow a VET pathway and possibly compromise their chances of gaining university entrance. Those who pursue the academic pathway but are unsuccessful in gaining entry to university, often lose the opportunity for an accelerated pathway to VET qualifications.

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76 Submission 40, Australian Business Limited, p. 8

77 Mr Colin Allen-Walters, Principal, Atherton High School, *Hansard*, Mareeba Roundtable, 3 April 2003, p. 188

5.69 The committee considers that the lack of clear pathways between VET and higher education is helping to drive many capable students away from the traditional trades (along with outdated images of the trades as ‘dirty and dangerous’). DEST’s view, however, is that the strong representation of teenagers in VET (362,500 people or 21.4 per cent of all students in 2002) is evidence that young people are not being deterred from a VET pathway because of limited articulation options.<sup>78</sup> DEST also argued that students’ post-secondary education choices are influenced more by available subjects and courses than by sectoral considerations.<sup>79</sup>

5.70 More generally, ANTA representatives acknowledge that limited and patchy articulation arrangements act as a barrier to lifelong learning,<sup>80</sup> leading to a view within ANTA that the absence of seamless articulation across the sectors is ‘holding us back as a country’.<sup>81</sup> ANTA representatives have, however, subsequently qualified this statement by indicating that the problem is only ‘at the margins’.<sup>82</sup>

5.71 Ms Kaye Schofield, while supporting the need for improved articulation, also considers that the need for this is ‘deeply exaggerated’ because only a very small proportion of TAFE students wish to move into higher education. Employers are not particularly concerned with whether a person’s qualifications are from the VET or higher education sectors. Their focus is on the person’s set of skills with an increasing requirement for a combination of practical and other skills. According to Ms Schofield, the problem is better framed as one of ‘dual sector qualifications’ rather than articulation:

Instead of TAFE VET level qualifications being viewed as five years of VET equalling seven days of university—that sort of articulation debate—it is much more useful to say, ‘These do different things and both are needed.’ Increasingly, VET has to stop imagining itself as the industrial model, the manual labouring entity, and to develop critical thinking. Equally, universities have to understand why it is that so many university graduates are now going in postgraduation. It is because the hand and the head are connected.<sup>83</sup>

5.72 More seamless pathways between VET and higher education and back again are important for industry as well as individuals, because the skill development strategies of many industries depend on a mixture of vocational, generic and academic

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78 Mr Colin Walters, Group Manager Science, former Group Manager VET, DEST, *Hansard*, Canberra, 15 August 2003, p. 1225

79 *ibid.*

80 Mr Stephen MacDonald, General Manager, Australian National Training Authority (ANTA), *Hansard*, Brisbane, 31 March 2003, pp. 3–4

81 Ms Kareena Arthy, Director, Research, Planning and Reporting, ANTA, *Hansard*, Brisbane, 31 March 2003, p. 21

82 *ibid.* p. 22

83 Ms Kaye Schofield, *Hansard*, Sydney, 6 May 2003, p. 837

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skills and the scope for employees to build a portfolio of these skills over their career. This is a particular issue in the engineering profession. The Institution of Engineers Australia told the committee that industry has a regular need for trade qualified people with practical experience to move into professional engineering design and supervision functions. However there is a declining pool of people with trade qualifications willing and able to undertake higher education because the great majority of those with the interest and ability are being 'pushed' to go direct into higher education from school. The lack of engineers with a trade background will become a problem when many of the current senior engineers with practical experience retire over the next ten years.<sup>84</sup>

5.73 The transport, distribution and logistics industry has also identified a growing need for skills sets which combine vocational and higher education but argues that a lack of both career planning and clear pathways between the VET and higher education sector is limiting the scope for this development.<sup>85</sup>

5.74 Some companies are tackling this issue through partnerships with RTOs and the development of career and training pathways, which can be used as a recruitment and development tool. Bosch and RMIT have jointly developed a career and training pathways model to meet Bosch's needs to develop a corps of managers through a pathway that stems from the trades.<sup>86</sup>

5.75 The Cast Metals CRC advised the committee about a national integrated light metals education model that it has developed, embracing both VET and higher education programs. The program involves dovetailing courses from both post-school education sectors to meet the small, but critically important, demand for metallurgical training. A national approach and funding model is needed to allow this program to be implemented. The CAST CRC suggests that, once developed for light metals, this model could be extended to other areas of low student numbers.<sup>87</sup>

5.76 Joint VET/HE qualifications including nested or embedded courses which proceed from vocational or para-professional to professional qualifications, with multiple entry and exit points were also promoted as providing more seamless pathways and more efficient outcomes. Early certification of students allows them to work in their field while continuing to study and can also minimise the waste associated with high attrition rates in early years of university study. Ms Leesa Wheelahan referred the committee to the example of the paramedic course at Victoria

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84 Mr Athol Yates, Associate Director, Public Policy Unit, Institute of Engineers Australia, *Hansard*, Canberra 20 June 2003, p. 1160

85 Mr Neil Chambers, Chief Executive, Victorian Sea Freight Industry Council and Member, Victorian Transport, Distribution and Logistics Industry Round Table, *Hansard*, Melbourne Roundtable, 16 April 2003, p. 613

86 Submission 47, Bosch/RMIT University

87 Submission 99, Cast Metals CRC

University, where students begin with patient care attendance and can then progress through the full range of skills, with four exit points along the pathway.<sup>88</sup>

5.77 Another model or approach which can maximise the opportunities for articulation, is co-location of VET and higher education, and sometimes schools, in the one campus. Physical co-location can help to break down the mystique attaching to further education in communities with limited past experience of it (as the committee was told by representatives of schools, TAFE and the University of Western Sydney in Blacktown) and assist students to follow dual sector pathway by eliminating the need for travel. To obtain maximum benefit from co-location, the management of each institution needs to have a strong commitment to developing flexible pathways, joint programs and recognizing skills learnt in each sector, and sharing infrastructure and resources. Financial support for matters such as development of joint programs can help to ensure that the full potential is realised.

5.78 Questions of articulation and joint programs raise the issue of the different missions or roles of VET and higher education. In Australia, particularly since the training reform agenda, the main mission of VET is seen to be vocational, skills-based education and training (although it also provides a level of general post-secondary education) with higher education more concerned with theoretical understanding, the mastery of a body of knowledge and the development of cognitive skills and critical thinking. In practice, these distinctions have become blurred over recent years, with the introduction of courses with a significant practical component, such as nursing and teaching, into higher education. The provision under the Australian Qualification Framework (AQF) for award of diplomas and advanced diplomas in either the VET sector or the higher education sector is another instance. The recent decision to include associate degrees, as a Higher Education qualification under the Australian Qualification Framework, complicates the issue further, as does the Victorian government decision to allow TAFEs to offer technical degrees in niche areas.

5.79 The MCEETYA decision to approve the inclusion of an Associate Degree under the AQF occurred during the life of the inquiry and the implications of this decision for pathways between VET and higher education and the separate missions of VET and higher education are unclear. One possibility is that Associate Degrees can play a role in providing a combination of general and practical or vocational education and act as a stepping stone to higher education for those who do not qualify for university entry based on school results.<sup>89</sup> This could have significant equity benefits and contribute to meeting the increasing demand for higher level skills, while in the meantime meeting the need for more intermediate skills. Access to higher education will be further increased if VET sector institutions are able to offer these degrees, because more TAFE campuses than universities are located outside metropolitan

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88 Ms Leesa Wheelahan, *Hansard*, Brisbane, 31 March 2003, p. 26

89 Submission 2, Griffith University, p. 8

areas.<sup>90</sup> However at the time of this report the role that Associate Degrees will play in Australian post-secondary education is still emerging.

5.80 The introduction of joint and embedded programs and other arrangements that provide combinations of vocational and higher education or appear to straddle the boundaries between the two, raises the issue of the different funding arrangements applying to higher education and VET courses, with HECS available at the university level, but upfront fees (albeit often minimal and with options for needs-based concessions) at the VET level.<sup>91</sup>

5.81 In this context, some private providers<sup>92</sup> and commentators have suggested the need to consider a HECS-type arrangement for VET courses. Private providers and some commentators see a HECS system as expanding access to VET by providing an alternative to upfront fees, which may be a barrier for some eligible applicants. The committee observes that the HECS proposal raises a number of complex issues, including valid concerns based on experience with the higher education sector, that an income-contingent loan scheme will inevitably provide the scope for significant fee increases and cost-shifting from the public sector to the individual student. Notwithstanding the possible benefits of an alternative to upfront fees for some VET applicants, the possibility, or indeed, probability of this cost shifting occurring, is a significant concern given VET's key role in providing education and training for equity groups. Nevertheless, the TAFE Association of Victoria considers that the state government's decision allow TAFE Institutes to offer degree courses, while facilitating pathways to new skills for new and existing workers, will increase the pressure to resolve anomalies between the two systems.<sup>93</sup>

5.82 The committee notes that the Government has failed to include in its *Backing Australia's Future* package any reference to the inter-relationship between VET and higher education and this has provoked criticism in some quarters.

5.83 The committee also observes that there are a number of important issues relating to the pathway between VET and higher education and that the pressure to consider these will mount over the next few years. Many of these issues were raised in the Government's document on the interface between VET and Higher Education, *Varieties of Learning*. The committee agrees that the absence of a coordinated policy framework for dealing with cross-sectoral post-secondary issues<sup>94</sup> makes

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90 Dr Geoffrey Wood, Executive Director, Office of VET, Department of Further Education, Employment, Science and Technology, South Australia, *Hansard*, Adelaide, 12 June 2003, p. 1062

91 Mr Norman Buchan, CEO, Tiwi Islands Training and Employment Board, *Hansard*, Darwin Roundtable, 10 June 2003, p. 965

92 See Submission 8, Australian Council for Private Education and Training, pp. 7–8

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

94 Department of Education, Science and Training, Crossroads Review, *Varieties of Learning*, p. ix

consideration of these issues more difficult. In the meantime there are a number of specific issues and proposals that are worth further consideration in terms of reducing the barriers to articulation.

### **Barriers to articulation**

5.84 There are a number of barriers to overcome before the current recorded rate of entry to higher education on the basis of VET qualifications of 7 per cent,<sup>95</sup> is increased (although the committee recognises that the official transfer rate probably under-states actual transfers).

5.85 The current training package emphasis on assessment of competency as demonstrated in the workplace, was identified as perhaps the single greatest barrier to more widespread articulation arrangements. According to a number of witnesses, the assessments based on performance in the workplace lack information on outcomes in terms of underpinning knowledge, cognitive skills and the capacity to learn how to learn.<sup>96</sup> This creates problems for universities attempting to form judgements about students' capacity for higher education, because:

Performance in workplace skills is not at all relevant to the ability to study in higher education. What we want to know about is the study skills: literacy, numeracy. [But] it is not in the transcript. It is not in the syllabus statement. It is not in the training package. We can only infer it from ... one-to-one relations...[between institutions].<sup>97</sup>

5.86 Ms Kaye Schofield also contends that while universities have been 'recalcitrant, pompous and elitist in their treatment of vocational education and training', their suspicion of VET qualifications may be partly justified by the removal of much critical thinking from VET programs in recent years.<sup>98</sup>

5.87 ANTA advised the committee that it is expected that the next 'generation' of training packages will consider the need for greater articulation from VET qualifications to university qualifications,<sup>99</sup> and presumably address concerns such as training and assessment practices which restrict the scope for articulation. The committee considers that this review must address the concerns raised during this inquiry about the need for a greater emphasis on, and assessment of, underpinning knowledge, the development of cognitive skills, critical thinking, learning skills and literacy and numeracy skills. This would not only address one of the barriers to

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95 *ibid.*

96 Submission 79, TAFE Directors Australia, pp. 8–10

97 Mr Gavin Moodie, Principal Policy Adviser, Office of the Vice-Chancellor, Griffith University, *Hansard*, Brisbane, 31 March 2003, p. 32

98 Ms Kaye Schofield, *Hansard*, Sydney, 6 May 2003, p. 837

99 Mr Steven Macdonald, General Manager, ANTA, *Hansard*, Brisbane, 31 March 2003, p. 9



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articulation, it would also provide VET graduates with a base of skills and knowledge that will enhance their capacity for lifelong employability and lifelong learning.

5.88 As noted in the previous chapter's consideration of training packages, graded assessment may help to promote articulation, by providing more information than the current VET assessment practices.

5.89 Although there were some strong perceptions that VET authorities have seen graded assessment as incompatible with the competency-based approach to VET, the committee observes a growing recognition that graded assessment can help to improve the standing of VET qualifications and further education and employment prospects for VET graduates:

- Southbank Institute in Brisbane is beginning to use graded assessment to promote articulation with local universities, but supplements this with information on the assessing authority's standards;
- The Australian Aviation Centre in Brisbane uses graded assessment where students agree, again as an aid to articulation to university; and
- The Western Australian authorities are trialling a system of graded assessment in response to demands from Registered Training Organisations, employers, industry and learners for greater recognition of learner achievement.

5.90 More information on VET graduates' underpinning knowledge and capacity for higher education could also be provided through greater use of support materials in training packages. Mr Gavin Moodie suggested that materials which provide a brief statement of course content and context, and outline knowledge and study skills as well as workplace skills, could maximise VET student's scope for credit transfer.<sup>100</sup> The committee observes that there are more general reasons in favour of such a development, discussed in the previous chapter on Training Packages.

5.91 The different assessment practices in VET and higher education can also be a roadblock on the pathway from higher education to VET. Under current arrangements, the 30 to 40 per cent of students who do not complete their university degrees do not obtain any recognition or credit towards a VET award.<sup>101</sup> The VET sector insistence on competency as assessed in the workplace is blamed for this poor record, notwithstanding the fact that not all institutions adhere to this requirement.<sup>102</sup> The University of Newcastle together with the Hunter Institute,<sup>103</sup> and Southbank Institute in Brisbane together with local Queensland universities are working on ways to overcome this problem.

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100 Submission 2, Griffith University, p. 7; p. 28

101 Ms Leesa Wheelahan, *Hansard*, Brisbane 31 March 2003, p. 26

102 *ibid*, p. 28

103 Professor Linda Connor, President, Academic Senate, University of Newcastle, *Hansard*, Newcastle, 5 May 2003, p. 695

5.92 Attitudinal barriers in the form of elitism, are also said to be significant. The committee was told that the rate of entry on the basis of VET qualifications for the Group of Eight universities is only half that of other universities.<sup>104</sup>

5.93 Funding and regulatory requirements may act as a disincentive to ‘one-off’ articulation arrangements, whereby individual students are granted credit for their TAFE qualifications outside of an institution-institution arrangement. An academic at the University of Central Queensland claims that universities might be more willing to grant credit for VET qualifications if they are able to charge for the cost of the time involved in assessing qualifications, but current DEST regulations prevent them from applying such charges. According to Professor Prater of Central Queensland University, transfer rates from VET to higher education are higher in New Zealand than Australia, partly because New Zealand universities are able to charge for the costs associated with assessing VET qualifications as a basis for university entry.<sup>105</sup>

5.94 While the committee was told of many instances where the VET sector and universities in a region are negotiating bilateral arrangements for articulation, there are no systemic pathways. Most arrangements are one-off, negotiated bilaterally between institutions or, more often, between individual departments or faculties within institutions and are very labour intensive.<sup>106</sup> As a result, arrangements are ‘inconsistent, patchy and lack certainty for the student’.<sup>107</sup> This suggests the need to consider the benefits of more systemic approaches.

5.95 Representatives from Southbank Institute were, however, sceptical about the need for, or feasibility of, a systemic approach to improving articulation, given the likely timeframes and numerous obstacles. They took the view that locally developed educational partnerships could meet much of the need, within the current policy framework, given the right commitment. They noted that, while initial models may be labour intensive, once fundamental issues have been resolved subsequent models can be developed more quickly, although they may need regular review as training packages change.

5.96 One jurisdiction, Western Australia, is tackling the need for a more consistent and transparent approach to articulation through a formal agreement between all Vice Chancellors and the Minister for Education. This commits the parties to a phased program, starting with documentation and publication of the existing qualification linkages, articulation and credit transfer arrangements within the state. The next stage is state-wide guidelines for credit transfer and articulation arrangements between universities and TAFE colleges, consistent with the national guidelines for cross

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104 Mr Gavin Moodie, Principal Policy Adviser, Office of the Vice-Chancellor, Griffith University, *Hansard*, Brisbane, 31 March 2003, pp. 33–34

105 Professor Bob Prater, *Hansard*, Gladstone Roundtable, 1 April 2003, pp. 102–03

106 Submission 2, Griffith University, p. 7

107 Submission 79, TAFE Directors Australia, p. 7

sectoral linkages. Progress appears to have stalled, however, due to two impediments. One is the ultimate need to address national issues relating to policy and funding for the two sectors.<sup>108</sup> The other is the expected shortage of university places and the uncertainty about funding in the current environment.<sup>109</sup>

5.97 Another way of promoting articulation is by tackling some of the current barriers and providing a policy and reporting framework that encourages higher transfer rates. Measures which could be considered in consultation with stakeholders include greater use of support materials, graded assessments in relevant cases and measures for tracking student's education progress from year 7 onwards, as well as financial incentives for the development of joint VET/Higher Education programs, articulation arrangements and recognition of prior learning.

5.98 As noted, increased pathways between VET and higher education is now a priority under the national strategy. The committee was therefore interested to hear how the Commonwealth is progressing with this issue. ANTA reported that there is a 'substantial amount of work being done with the AVCC through the Australian Quality Framework Advisory Board' to promote a more systemic approach to articulation.<sup>110</sup> Similarly, DEST told the committee that the Commonwealth is making progress in this area, if not as quickly as hoped. The need to take account of the views of independent Vice-Chancellors can lead to some delays.<sup>111</sup> However, the committee was also told that while the AVCC and ANTA have agreed on joint guidelines for credit transfer, the guidelines are 'honoured more in the breach than they are in the implementation'.<sup>112</sup>

## Comment

5.99 The issue of articulation between VET and higher education has been on the public policy agenda for the past few years and, as noted, features as a priority in the current national strategy for VET. It does not appear to have the same priority for the higher education sector. Nevertheless the committee notes many initiatives at the level of individual institutions provide models which could be adopted more widely. The Commonwealth could play a role in collecting information on these various models, identifying best practice principles and disseminating the information them more broadly throughout the VET and higher education sectors.

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108 Western Australia Department of Education and Training: Statement of Intent 'Towards More Effective Linkages and Opportunities for Student Movement between Higher Education and Vocational Education and Training Sectors', Additional information provided to the Committee

109 *TAFEWA–University Pathways: Progress Report to Joint VET–University Committee* (August 2003) by Jane Lorrimar

110 Mr Steven MacDonald, General Manager, ANTA, *Hansard*, Brisbane, 31 March 2003, p. 3

111 Mr Colin Walters, Group Manager, Science, former Group Manager Vocational Education and Training, DEST, *Hansard*, Canberra, 15 August 2003, p. 1225

112 Ms Leesa Wheelahan, *Hansard*, Brisbane, 31 March 2003, p.34

5.100 The committee also notes the labour-intensive nature of such arrangements and the need for them to be supported by a framework that facilitates articulation in both directions. It also recognises the obstacles to developing a more systemic approach, including the lack of a policy framework beyond MCEETYA for considering cross-sectoral issues and financial pressures in both VET and higher education. The committee considers that ANTA, in the meantime, should therefore give consideration to proposals which may be more easily implemented.

5.101 The committee also considers that the Commonwealth should consider the development of a policy framework for considering cross-sectoral post-secondary education issues once the higher education funding arrangements have been settled.

**Recommendation 46**

**The committee recommends that ANTA undertake extensive consultation and research towards developing a model that allows for graded assessments to be provided within the competency-based system, where students require this for articulation to higher education.**

**The committee recommends that ANTA should require that all training packages include support materials which outline basic content and knowledge as well as competencies; include study skills as well as workplace skills; and accept the classroom as well as the workplace as a legitimate site for assessment.**

**Recommendation 47**

**The committee recommends that ANTA, in conjunction with the AVCC, evaluate the Cast CRC model for a national integrated education program, as a possible model for other disciplines or industry areas with low student numbers and a need for skill sets from both VET and higher education. The committee also recommends that ANTA and the AVCC consider possible funding arrangements to promote the development and implementation of such models.**

**Recommendation 48**

**The committee also considers that MCEETYA should examine the feasibility and merits of introducing a system for tracking students' education and training from year 7 onwards. This examination should include consideration of the skills passport concept for recording the full range of VET outcomes.**

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## Pathways for skills development for existing workers

5.102 The need for a new policy focus on the skills development needs of existing workers was one of the dominant themes of the inquiry,<sup>113</sup> although a number of submissions and witnesses also cautioned the need to retain a strong focus on the training needs of new entrants and young people in particular. There were also divergent views on whether there is a case for public support for training of existing workers and any conditions or requirements that should attach to such support.

5.103 According to DEST, the debate about the need for more government support for existing workers is not new and:

...has been a fascinating issue to track over the years because the opinion that we do too much for existing workers and the opinion that we do too little seem to be equally held. I have heard the same people expressing opposite views within a fairly short period of time.<sup>114</sup>

5.104 The current wave of interest in training of the existing workforce is prompted by a number of factors. The National Industry Skills Initiative (NISI) working groups investigating skill shortages identified training of the existing workforce as a key strategy for overcoming skill shortages and skill gaps.<sup>115</sup> Australian Business Ltd cited research by Access Economics estimating that the total number of new entrants into the workplace during the decade 2010 to 2020 will be the same as in a single year in the early 2000s.<sup>116</sup> Employers will thus need to rely more heavily on existing workers for new skills, implying the need for continued skills development as technology, business processes and knowledge change.

5.105 The ACTU asserted that training of the existing workforce and retention of existing skills is an imperative if Australia is not to miss the next innovation cycle because of a widespread skills deficit:

Over half of the population will be 45 and over by 2010. We need to recognise that, in terms of the innovation cycles I referred to, it takes from four to seven years to train trades and professional workers. Then there are

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113 See submission 40, Australian Business Ltd; Submission 100, Australian Chamber of Commerce and Industry (ACCI); Submission 23, Australian Council of Trade Unions (ACTU); Submission 24, Australian Manufacturing Workers Union (AMWU)

114 Mr Colin Walters, Group Manager, Science, former Group Manager Vocational Education and Training, DEST, *Hansard*, Canberra, 15 August 2003, p. 1218

115 Mr Steve Balzary, Director, Employment and Training, ACCI, *Hansard*, Canberra, 20 June 2003, p. 1122

116 Ms Kathy Rankin, Policy Adviser, Education and Training, Australian Business Ltd, *Hansard*, Sydney, 6 May 2003, pp. 809-810

the ongoing skills shortages in trades professions emerging now in some service sector jobs—the growth sector of the economy.<sup>117</sup>

5.106 There were also numerous examples cited, from the trucking industry,<sup>118</sup> to the health and community care sector, including the child care area, where regulatory changes and/or industry's professionalisation are generating an increased requirement for skilled and qualified staff.<sup>119</sup> The overarching message is that there are fewer and fewer areas of industry or public service which can operate effectively without a skilled workforce, which is also engaged in regular skills development. The 'cliché' of lifelong learning will need to become a reality.

5.107 Professor Sue Richardson of National Institute of Labour Studies at Flinders University argued that lifelong learning is already being realised in Australia where the level of participation of mature age people in further education is higher than in almost any other country.<sup>120</sup> But according to ACCI, participation levels in VET can create a misleading impression because many existing workers studying at TAFE are undertaking individual modules of training which may not lead to a qualification.<sup>121</sup>

5.108 A threshold issue is whether the government has any responsibility for training existing workers, and, if so, the nature of that responsibility. Ms Kaye Schofield argued that training of the existing workforce is the responsibility of employers, rather than government.<sup>122</sup> However a number of other witnesses argue that government must have a role and responsibility:

As long as the Commonwealth government promotes public policy around lifelong learning, education for all and improving the qualifications and skill base of the country, then it has a responsibility to contribute to that in the same way that industry and individuals have a responsibility to contribute... the Commonwealth government should not resile from some form of injecting funds into the system to encourage training, because that supports its own public policy and a broader public benefit.<sup>123</sup>

5.109 One of the major barriers to lifelong learning is the lack of initial formal training and qualifications: those without formal qualifications are seen to be less

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117 Ms Sharan Burrow, President, ACTU, *Hansard*, Melbourne, 16 April 2003, p. 600

118 Mr Gerard Langes, Chief Executive Officer, Transport and Distribution Training Australia, *Hansard*, Melbourne, 16 April 2003, p. 624

119 See for example, *Hansard*, Adelaide, 12 June 2003, p. 1108

120 Professor Sue Richardson, Director, National Institute of Labour Studies, Flinders University, *Hansard*, Adelaide Roundtable, 12 June 2003, p. 1130

121 Mr Steve Balzary, Director, Employment and Training, ACCI, *Hansard*, Canberra, 20 June 2003, p. 1122

122 Submission 96, Ms Kaye Schofield, p. 1

123 Ms Pam Jonas, Manager, Policy and Research, Group Training Australia, Victoria, *Hansard*, Melbourne Roundtable, 16 April 2003, p. 628

willing to engage in structured learning. Recognition of Prior Learning (RPL), or the Recognition of Current Competence (RCC), can therefore provide the necessary platform and catalyst for further skills development.<sup>124</sup> This is a particular issue in industries where many people entered as semi-skilled or unskilled and now need either certification or top-up of skills; in other cases re-skilling is needed to meet the changing requirements of the industry. The expectation that acquisition of formal qualifications will promote subsequent learning has been borne out by the experience in the transport industry, which has undergone a major phase of training of the existing workforce.<sup>125</sup> Yet expenditure on RPL currently accounts for only 2 per cent of national training effort.<sup>126</sup>

5.110 The health and community care sector also identified the need for publicly-funded support for RPL and subsequent upskilling. Up to 50 per cent of the workforce in some areas of the sector lack qualifications,<sup>127</sup> yet recent regulatory changes in areas such as child care tie accreditation to the availability of qualified staff.<sup>128</sup> Health and community care, as a poorly-funded sector, is almost completely reliant on government-funded training programs to recognise and develop the skills of the workforce. For those with disabilities, RPL and subsequent skills development can also be the key to improving their labour market prospects, by providing formal certification and supplementation of skills developed on the job. Representatives of the health and community care sector are therefore opposed to state government policies and practices which limit their support for training existing workers, whether through New Apprenticeships or other schemes.<sup>129</sup>

5.111 While most submissions and witnesses support increased government assistance to training of the existing workforce, opinions differ on the most appropriate form of support. While some submissions, and evidence from the Commonwealth, favour the New Apprenticeships program for this purpose, a greater number argued the need for a different approach.

5.112 The ACTU argues for a dual system of structured training, with the New Apprenticeship system to focus only on entry level training, in particular for young people, and 'a second training strategy for the development of skills for the existing

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124 Ms Kathy Rankin, Policy Adviser, Education and Training, Australian Business Ltd, *Hansard*, Sydney, 6 May 2003, pp. 809–10

125 Ms Robyn Archer, Head of Department, Victoria University of Technology, *Hansard*, Melbourne Roundtable, 16 April 2003, p. 626

126 Mr Julius Roe, National President, AMWU, *Hansard*, Sydney, 6 May 2003, p. 814

127 Ms Diane Lawson, CEO, National Industry Training Advisory Board, Community Services and Health Training Australia, *Hansard*, Adelaide 12 June 2003, p. 1105

128 Mr Craig Harrison, ACROD, National Employment and Training Committee Ltd, *Hansard*, Adelaide 12 June 2003, p. 1110

129 Mr Craig Harrison, ACROD, National Employment and Training Committee Ltd, *Hansard*, Adelaide 12 June 2003, p. 1106

workforce within the context of national Training Packages and workplace training strategies.<sup>130</sup> A key aim is to increase the current low proportion of employer investment in structured training leading to national qualifications.

5.113 One rationale for a separate strategy for existing workers is to enable better targeting of government support within the framework of an industry or enterprise skills development strategy. The ACTU proposes a program of government grants to assist with the cost of training the current workforce, provided the following criteria are met:

- matched or greater funding by the employer;
- training to be delivered by registered training organisations;
- training is structured and leads national qualifications;
- recognition of current competencies and prior learning is provided;
- investment is in agreed target areas, that is, in important areas of the economy where identified skills shortages exist; and
- training is undertaken in accordance with an agreed workplace plan.

5.114 According to the ACTU, the \$357 million currently allocated towards training of existing workers under the New Apprenticeship program should be channelled into a separate program for this purpose.<sup>131</sup>

5.115 The AMWU also argues for a separate program to support training of the existing workforce, with a focus on the development of portable skills and qualifications.<sup>132</sup> It agrees that RPL must be a key element of any such strategy and supports additional public funding for this purpose. The ideal arrangement, from the AMWU perspective, is for government funding for RPL to be contingent upon further employer-funded training leading to nationally recognised qualifications. The AMWU also identifies the need for a new approach to RPL, with greater emphasis on a thorough skills analysis in the workplace, undertaken in a partnership between the training provider and enterprise.<sup>133</sup> This would have the added benefit of updating the industry experience and understanding of RTOs.

5.116 There were a range of other suggestions for encouraging and supporting additional employer investment in training. The AiG and EEASA suggested tax credits; others suggested some weighting or requirement in government tenders to support training, whether in general or for special categories of people such as Indigenous people or people from local communities.

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130 Submission 23, ACTU, p. 4

131 Ms Sharan Burrow, President, ACTU, *Hansard*, Melbourne, 16 April 2003, p. 600

132 Mr Julius Roe, National President, AMWU, *Hansard*, Sydney, 6 May 2003, p. 814

133 *ibid.* p. 814



5.117 Like the ACTU and AMWU, the ACCI advocates separate programs of government support for new and existing workers. Mr Steve Balzary of ACCI stated that:

...governments need two clear strategies to tackle workplace issues. The first is an entry-level training strategy, which I think New Apprenticeships meets very well. The next strategy is a strategy for existing workers, and I think that is where we need to do a lot more work right across governments on the training system.<sup>134</sup>

5.118 ACCI and Australian Business Ltd suggested a learning bonus or incentive payment for employers, to be used flexibly to offset some of the costs of RPL or other training interventions for the existing workforce. Relevant interventions could include mentorship training to enable mature workers provide more support to new entrants.<sup>135</sup> The proposed bonus is seen to be particularly useful in industries which have previously lacked a commitment to formal training, but need not be linked to training relevant to the current workplace, provided the training contributes to workers' employability skills.<sup>136</sup> Implicit in the ACCI/ABL proposal, and the comments cited above, is that upskilling the existing workforce requires support for a greater diversity of activities than can be catered for under the New Apprenticeship program.

5.119 The Victorian Government also argues against the use of the New Apprenticeships program for existing workers. According to Victoria, the administrative overheads and costs associated with New Apprenticeships, including fee-for-service payments to New Apprenticeship Centres and audit and monitoring costs, are an unnecessary impost when training is for those who are already employed, or transferring from one job to another.<sup>137</sup>

5.120 A major theme in these submissions was the need for specific funding and support for RPL, which is a neglected element of the training system. One barrier to greater use of RPL is the high cost, due to its labour-intensive, one-on-one nature. For this reason, the Commonwealth and ANTA have been investigating options to streamline the process, such 'group classes,' where individuals are trained to collecting evidence about their prior learning and current competence.<sup>138</sup> Notwithstanding the high costs of one-on-one RPL, the committee notes that it is still likely to be more cost-effective than the use of a New Apprenticeship arrangement for

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134 Mr Steve Balzary, Director, Employment and Training, ACCI, *Hansard*, Canberra, 20 June 2003, p. 1122

135 Submission 40, Australian Business Ltd, pp. 10–11

136 Ms Kathy Rankin, Policy Adviser, Education and Training, Australian Business Ltd, *Hansard*, Sydney, 6 May 2003, p. 812

137 Submission 94, Victorian Government, pp. 23–24

138 Mr Colin Walters, Group Manager Science, former Group Manager VET, Department of Education, Science and Training, *Hansard*, Canberra, 15 August 2003, p. 1221

this purpose.<sup>139</sup> ANTA advised the committee that it has been tasked with developing an action plan for implementing strategies to promote greater use of RPL, in line with the emphasis in the new national strategy.<sup>140</sup>

5.121 DEST acknowledged the arguments in favour of a dual system of support for training new and existing workers. However it questioned the proposition that alternative mechanisms would provide a better outcome. Any new scheme would require the establishment of an administrative and legal framework for allocation of funds and audit and monitoring of outcomes, with attendant increased costs.<sup>141</sup> The ACTU also identifies the need for an accountability framework for training existing workers but suggests that this could involve industry or enterprise training plans.<sup>142</sup>

5.122 DEST also reported that the recent review of the Commonwealth incentives for New Apprenticeships revealed broad (although presumably not unanimous) support for maintaining the current level of support for existing workers.<sup>143</sup> ANTA also provided the committee subsequently with information indicating that the great majority of existing workers on New Apprenticeships trained at Certificate 3 (79 per cent) or Certificate 4 (16 per cent) levels,<sup>144</sup> and the majority of these also had no previous post-school qualifications.<sup>145</sup> In this context DEST questioned that whether the proposal for the learning bonus would deliver substantially better outcomes.<sup>146</sup>

5.123 The level of the qualification is not, however, necessarily a guarantee of quality and relevance of the training: ACPET submitted that its members report instances of employers engaging existing workers as trainees under 'two year' Certificate 3 programs, with a 'limited correlation' between the traineeship and the skill requirements of the person's job.<sup>147</sup> ACPET therefore also favours other approaches to supporting the skills development of existing workers and the re-skilling of older workers, including the provision of targeted tax relief measures.<sup>148</sup>

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139 Submission 3, Shop Distributive and Allied Employees Association, p. 21

140 Mr Adrian Stephens, Director, Client Relationships, Australian National Training Authority (ANTA), *Hansard*, Canberra, 15 August 2003 p. 1218

141 Mr Colin Walters, Group Manager Science, former Group Manager VET, DEST, *Hansard*, Canberra, 15 August 2003, p. 1218

142 Ms Sharan Burrow, President, ACTU, *Hansard*, Melbourne, 16 April 2003, p. 600

143 Mr Colin Walters, Group Manager Science, former Group Manager VET, DEST, *Hansard*, Canberra, 15 August 2003, p. 1218

144 Mr Adrian Stephens, Director, Client Relationships, ANTA, *Hansard*, Canberra, 15 August 2003, pp. 1218-19

145 ANTA, Response to Question On Notice (tabled papers)

146 Mr Colin Walters, Group Manager Science, former Group Manager VET, DEST, *Hansard*, Canberra, 15 August 2003, p. 1218

147 Submission 8, Australian Council for Private Education and Training (ACPET), p. 6

148 *ibid.* p. 2

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## Measures that promote upskilling and cross-skilling

5.124 While many elements of the current training framework, including competency-based assessment and training packages arguably provide the platform for upskilling, retraining and cross-training of the existing workforce, this potential is not yet fully realised.

5.125 One issue is the need for RTOs to be more responsive in meeting industry's needs for training existing workers. According to one witness:

The No. 1 issues are improving access to the training system, from the small business point of view, and also flexibility and workplace based delivery. That means two things: firstly, a more responsive training system in terms of flexible delivery and workplace delivery; and, secondly, different funding models to those that are in place now, to allow for thin markets...<sup>149</sup>

5.126 Mr David Graham made a similar point, arguing the need for TAFEs to work with enterprises to develop more targeted short courses tailored to the needs of a workplace, for delivery in the workplace. However this is a labour-intensive, and therefore expensive, approach and not able to be absorbed within current TAFE funding levels and arrangements. On the other hand, few small firms are able to pay the full costs of this service.<sup>150</sup> The implication is that an increase in small business investment in the skills development of its existing workforce will require the public sector to subsidise this investment in some form.

5.127 The argument that 'a standard training service will no longer suffice' to meet the training needs associated with the existing workforce was made in many submissions. In many cases this will require long-term partnerships between VET providers and industry, with a particular focus on innovative companies and industry sectors. Once again, the main constraint is funding.

5.128 As indicated in the previous section, an important mechanism to promote lifelong learning is the capacity to record and monitor in the one database (or linked databases) and report on the full range of learning and qualifications gained in all of the post-compulsory school sectors. This is commonly known as a 'skills passport', and should have the capacity to record education and training outcomes that do not result in grant of a qualification, for example the completion of VET modules or university units. As well as being an aid to further education and training, skills passports can also be an aid to employment in the rural and construction industries

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149 Ms Susan Woodward, General Manager, Light Manufacturing Training Australia, *Hansard*, Melbourne Roundtable, 16 April 2003, p. 626

150 Mr David Graham, Learning and Development Manager, Huntsman Chemical Co. Pty Ltd; Chair, Manufacturing Learning Australia and Chair, Manufacturing Learning Victoria, *Hansard*, Melbourne, 17 April 2003, p. 665

characterised by contract or seasonal work and multi-skilling,<sup>151</sup> by providing employers with a record of the skills obtained in related industries or occupations.

5.129 ANTA reports that a skills passport has been under consideration over the last decade and remains on its agenda.<sup>152</sup>

5.130 Other measures that would facilitate cross-skilling and upskilling include training packages that facilitate the combination of skills sets across packages.<sup>153</sup>

5.131 An important principle identified during the course of the inquiry is the need to ensure equitable access to training opportunities for casual and contract staff and staff without post-secondary education.

### **Comment**

5.132 The committee considers that a good case has been made for a separate government program to assist enterprises with the training of the existing workforce. It acknowledges the points made by DEST about the administrative advantages associated with the use of existing mechanisms such as New Apprenticeships for this purpose, but considers that the problems associated with this approach outweigh the benefits. It therefore believes that DEST should examine the merits and feasibility of undertaking introducing a separate scheme to promote employer investment in training the existing workforce, in place of continued use of the New Apprenticeship scheme. In examining this issue, DEST should consider the appropriate eligibility criteria including: any priority areas of industry development; equitable access to training for casual and contract staff and for those without post-secondary education; provision for RPL; and the need for employers to match or exceed any government contribution.

### **Recommendation 49**

**The committee recommends that the Commonwealth consider introducing a separate scheme to support the training of existing workers, in place of the incentives under the New Apprenticeship scheme. The National Industry Skills Forum should provide advice on the key features of a new scheme which would better focus on the career development needs of workers, including casual employees, and on training which supports enterprise and industry skills development strategies and national skill priorities.**

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151 Submission 10a, Rural Skills Australia. See also Mr Geoffrey Bloom, Executive Director, Rural Skills Australia, *Hansard*, Canberra, 20 June 2003, p. 1134

152 Submission 35, ANTA, p. 3; Ms Kareena Arthy, Director, Research, Planning and Reporting ANTA, *Hansard*, Brisbane, 31 March 2003, p. 11

153 Submission 11, Business Skills Victoria, p. 7

**Recommendation            50**

**The committee also recommends that the Commonwealth provide funding to enable mature workers who are unemployed or at risk of being retrenched, to have a formal Recognition of Prior Learning, career counselling and access to training to develop new skill sets which will enhance their future employment prospects.**



## Chapter 6

### The Role of Industry and Other Stakeholders

#### Introduction

6.1 This chapter examines the role of industry in identifying its current and future skill needs and in developing the skills of its workforce. It also briefly examines the role of other stakeholders in contributing to skills formation policy development. The primary focus is, however, on recent and proposed changes to industry advisory arrangements, which emerged as a major issue for some stakeholders during the inquiry. Many details of the industry advisory arrangements were either unfinalised or not well understood during the life of the inquiry and at the time of the report. Thus, while some submissions and evidence commented on the likely effect of recent or proposed changes, this was often necessarily based on incomplete information. This has complicated the committee's task in forming an assessment of the new arrangements.

6.2 A number of submissions and witnesses raised the need to involve a broader range of stakeholders in the planning and delivery of the national training system. The committee observes an increasing recognition, including by ANTA, of the important role of partnerships between communities, industry and education and training providers in meeting the skills needs of industry, communities and individuals. This may reflect an increased understanding of the importance of skill ecosystems, which often have an industry-regional dimension, in the patterns of skill supply and demand. There is a growing body of opinion that the consultation arrangements for skills planning need to better reflect this new, or at least heightened, focus. However the evidence suggests that to date, this has been slow to percolate through into changes in policy structures and processes at the national level.

#### The role of industry

6.3 As Chapter Three explains, the context for skills formation has changed dramatically since the 1980s, with the need for higher skill levels across much more of the workforce and constant change and innovation creating new skill requirements and the need for regular upskilling of the existing workforce. Responsibility for on-the-job training of new entrants to the workforce has shifted from a few major public or private sector employers to industry as a whole. Australia's training arrangements have been altered to better accommodate the demands of this new environment, in particular the need for information on evolving skill needs, and to support a broader range of employers in training of new entrants and the existing workforce.

6.4 During the 1980s and early 1990s, the Commonwealth's approach to increasing industry engagement in training in this new environment could be characterised one of 'carrots and sticks.' The training reform agenda of the late 1980s and early 1990s was aimed at adjusting the arrangements for the 'supply' of skills to provide a more responsive, flexible training system, reflecting industry's needs and circumstances (the 'carrot').<sup>1</sup> The Training Guarantee Act, requiring enterprises above a certain size to either invest a certain amount in training their workforce or pay a levy, was aimed at increasing the 'demand' for training ('the stick'). The training guarantee, introduced in 1990, was suspended in 1994 and abolished in 1996.

6.5 With the abolition of the training guarantee, national skills formation policy has concentrated predominantly on further reform to the supply of skills, more recently through initiatives such as training packages, the extension of the New Apprenticeships scheme to include adults, the introduction of user choice funding and the development of the training market. The focus is on being as responsive as possible to industry's demand by broadening the range of training options and the sources of the supply of skilled people and overcoming identified or perceived barriers to greater employer engagement in training.<sup>2</sup> This model could be characterised as one where the pattern of demand from industry is assumed to be 'given, optimal and perfectly informed' and the role of policy is to ensure that training adjusts to the meet industry demands.<sup>3</sup> Industry advisory arrangements, and the partnership between industry and government manifest in the national training system, are designed to assist the training system to adjust to industry's needs.

6.6 Submissions and evidence from several quarters, discussed in more detail Chapter Three, challenged the premise that this reliance on a supply-side model of skills development provides an adequate basis for ensuring a sustainable skills base for industry. There was even greater concern that the current policy direction is unlikely to ensure that Australia pursues the 'high skills' path to economic development, a balanced path of high skills and intermediate skills development or equitable access to opportunities for training and employment. Australia's relatively poor record in creating high skill jobs, persistent skill shortages in some critical industries and growing inequities in access to training and employment opportunities, are presented as evidence of the need for national skills policy to re-instate a focus on strategies to increase industry's demand for, and utilisation of, skills.

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- 1 Fraser D, Evaluation and Monitoring Branch, DETYA, *The Training Guarantee: Its Impact and Legacy 1990–1994*, Main report, September 1996, EMB Report 5/96, Chapters 2 and 3
  - 2 ANTA, Meta-analysis: Encouraging a commitment to learning at ANTA website: [www.anta.gov.au/search.asp?qsScope=1&search=go&qsQuery=meta-analysis&x=20&y=2](http://www.anta.gov.au/search.asp?qsScope=1&search=go&qsQuery=meta-analysis&x=20&y=2)
  - 3 Fraser D, Evaluation and Monitoring Branch, DETYA, *The Training Guarantee: Its Impact and Legacy 1990–1994*, Main report, September 1996, EMB Report 5/96, p. 123



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## Industry consultation and advisory arrangements

6.7 Australia's system of vocational education and training is based on the principle of partnerships between the key stakeholders, principally Commonwealth and state and territory governments, and employers and employees. A fundamental principle underpinning the introduction of the national training system in 1992 was that it would reflect the needs of industry, represented by both employers and unions, working in cooperation with the Commonwealth and state and territory governments. Consultation and advisory arrangements are among the main mechanisms for identifying and communicating industry needs and engaging industry with the VET sector. The ANTA Board and the industry advisory bodies and the various committees and councils within ANTA tasked with examining, advising and reporting on aspects of the training system, provide the main vehicles for consultation and advice.

6.8 This section will examine issues raised during the inquiry about the recent and proposed changes to industry advisory arrangements, against the background of the previous arrangements. Issues to be examined include:

- the implications for the effective operation of a national system;
- whether the revised arrangements and other developments signal a significant shift from the principles on which industry advisory arrangements were established, that is a partnership between employers and employees; and
- the capacity of the new arrangements to provide advice on and engage with the full spectrum of industry interests, including small and medium enterprises, industry in smaller states and territories and new and emerging industry sectors.

### *Past arrangements and proposed new arrangements*

6.9 The role of the ANTA Board in providing advice to ANTA and supporting it in all its functions was discussed in some detail in *Aspiring to Excellence*, the Committee's report on the quality of vocational education and training (2000). Evidence during this inquiry on the ANTA board was limited to a recognition that the recent ex-officio appointment of an education sector representative to the Board was a welcome development, but one that needs to be complemented by education sector representation on the various committees and advisory bodies within ANTA.<sup>4</sup> Union representatives also raised a concern at their exclusion from some of the working parties within ANTA. The underlying message was that the principles on which the national system was based and the importance of a genuine partnership between employers–employees and industry should be reflected in a cooperative and collaborative approach to all aspects of policy development.

6.10 Until recently, ANTA has been advised by a group of 29 national industry training advisory boards (previously known as ITABs). Membership of the boards is

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4 Ms Margaret Fanning, Executive Director, TAFE Directors Australia, *Hansard*, Canberra, 15 August 2003, p. 1189

drawn from employer and union associations in the relevant industry area. The role of the national ITABs was to:

- provide advice on industry needs to ANTA, including the preparation of national industry VET plans;
- develop and revise the national training packages for the industry sector; and
- promote investment and engagement in training within the industry sector.

### **State industry advisory arrangements**

6.11 These arrangements have some parallels at the state and territory level where a series of state ITABs, some in effect since the 1970s, have provided an interface between governments and industry. To varying degrees, state ITABs have also had a relationship with their national counterparts, providing some form of network of ITABs for the sector, although industry coverage does not always align. Roles for state ITABs have varied across jurisdictions but included:

- advice to government on industry needs (including in the context of the preparation of state VET plans);
- promotion of training packages and training pathways; and
- depending on the ITAB, a range of related training services, possibly on a fee-for-service basis.

6.12 ITABs have also had a role in accreditation and assessment of RTOs in some jurisdictions.<sup>5</sup>

6.13 These roles span both the needs of the state and territory governments and of the national training system. Some evidence indicates that the promotion of training packages and development of training pathways, in support of the national training system, appear to have consumed most of the resources of many state ITABs over recent years, often at the expense of their capacity to provide sound advice on industry training requirements, in support of state and territory governments.<sup>6</sup>

6.14 Until 2002, the Commonwealth made a significant financial contribution to ITABs in all states and territories, presumably in recognition of their role in supporting the national training system. Most, but not all, state and territory governments also contributed financial support to their local ITABs, presumably in recognition of their support to state and territory VET planning. As a general rule, Commonwealth funding exceeded state and territory contributions, at times to a significant extent. In the 2002–03 budget, the Commonwealth announced its decision, apparently taken without advance consultation with the states and territories, to ‘rationalise funding for state and territory ITABs’ by reducing funding in 2002–03 and

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5 Saunders, S and Philip G, *Report on Industry Training Advice in the ACT*, 6 September 2002, p. 5

6 *ibid.* pp. 4–5; 12; 17

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ceasing it entirely in 2003–04.<sup>7</sup> This will translate into an annual saving to the Commonwealth of \$10 million and has led to significant restructuring and rationalisations of ITABS in most states and territories, with some reviews still underway at the time of this report.

6.15 States have adopted different approaches to establishing revised industry advisory arrangements:

- Victoria has restructured its network of ITABS to provide advice on the directions in its skills strategy, established a small advisory committee of key stakeholders to report to the Victorian Learning and Employment Skills Commission on future advisory arrangements and on training and funding priorities, and tasked the Office of Training and Tertiary Education (OTTE), with identifying skill shortages and forecasting future skill needs, with ITABS to validate that information;<sup>8</sup>
- the Tasmanian government, while recognising that state ITABS had provided a valuable role in advising it on industry skill needs and promoting training packages, withdrew its ITAB funding following the Commonwealth cuts, reportedly because it could not afford to make up the funding shortfall. An independent industry strategic advisory group now advises the state training authority on strategic issues, with a number of dedicated industry liaison officers for outreach purposes and specialist services purchased as required;<sup>9</sup>
- the ACT government is also restructuring and streamlining its arrangements; and
- the Western Australian government has increased its funding to state ITABS to help offset the loss of Commonwealth support.

### **National industry advisory arrangements**

6.16 In addition, over the past year ANTA has embarked on a project to restructure and rationalise the national industry advisory arrangements, with the aim of reducing the current 29 bodies to 10 national skill councils, with revised funding and accountability arrangements. In conjunction with these new arrangements a National Industry Skills Forum of stakeholders will be established, comprising representatives of peak employer bodies and the ACTU, chairs of the new skill councils, chairs of the state training agencies and the ANTA Board members, to provide ANTA with strategic advice on VET directions.

6.17 The decision to establish new national advisory arrangements follows a series of reviews of those arrangements. The report of the most recent review by Allen Consulting Group in October 2002 has not, however, been made public as the ANTA Reference Group overseeing the evaluation failed to reach consensus on its status and

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7 House *Hansard*, 16 October 2002, pp. 7702–03

8 Submission 94, Victorian Government, p. 30

9 Submission 48, Tasmanian Government, p. 26

release.<sup>10</sup> The committee is surprised that submissions and evidence during the inquiry revealed a reasonable degree of uncertainty and suspicion among many stakeholders on the purpose and some details of the new arrangements, as well as of changes to Commonwealth support for state-based arrangements. The committee considers that this is a regrettable situation, given that one of the main purposes of advisory arrangements is to provide an avenue for engaging stakeholders in the formulation of policies and programs.

### ***Effect of the new industry advisory arrangements***

6.18 The committee received extensive evidence commenting on the withdrawal of Commonwealth funding for state ITABs and the changes to national industry advisory arrangements now in progress. Most submissions and witnesses acknowledged the variable performance of ITABs both at the state and national level, due in part to their varied roles, antecedents, performance requirements and personnel, but differed in their view on the most appropriate response to tackling this issue, and the effect of the funding cuts. There were also varying views on the merits of the new model for national advisory arrangements, but a more common concern that the proposed funding is likely to be inadequate to support the work of the councils.

### **Changes at state and territory level**

6.19 At the outset, the committee observes that the varying views about the effect of the loss of Commonwealth funding on state industry advisory arrangements, indicate a lack of consensus among some stakeholders on the role of state advisory arrangements in the national system. They also suggest the need for improved dialogue and communication between partners on these matters.

6.20 Some partners in the national system clearly regard the state industry advisory structures as an integral part of the national system. The ACTU thus expressed concern that the withdrawal of Commonwealth funding for state ITABs will affect the implementation of training.<sup>11</sup> The Victorian Government contended that the withdrawal of Commonwealth funding has ‘damaged collaborative approaches to industry advisory arrangements’ and ‘undermined the ANTA Agreement, which is underpinned by the provision of robust industry advice to inform State and national planning.’<sup>12</sup> Victoria further commented that ‘it is not clear why the Commonwealth has changed its policy position and funding.’ The Tasmanian Government also expressed concern that linkages between the new national industry advisory arrangements and states/territories on labour market skill issues and training packages remained unclear, hampering its capacity to strategically plan for effective alignment

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10 Australian National Training Authority (ANTA) Response to Additional Question on Notice from the committee, response dated 3 September 2003

11 Ms Sharan Burrow, President, Australian Council of Trade Unions (ACTU), *Hansard*, Melbourne, 16 April 2003, p. 603

12 Submission 94, Victorian Government, p. 30

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of state and national industry advisory arrangements. It called for a better communication on these and related issues.

6.21 The Pharmacy Guild of Australia also expressed concern, as an industry or professional body, that the changes have reduced its capacity to contribute to the formulation of policy on vocational education and training needs. According to the Guild, the Wholesale Retail and Personal Services ITAB, with which it is associated, has had a strong network and sound relationships between national and state bodies and the Guild is concerned that this ‘successful and productive network’ is now threatened by the cuts to state ITAB funding, and by the recent ANTA review of national ITABs. The Guild expresses the concern that the ‘beneficial results produced by some ITABs are [being] lost due to the poor performance of others’.<sup>13</sup>

6.22 The role of state ITABs in the national system included advising their national counterparts on the needs and circumstances of industry in their jurisdictions so that these could be taken into account in the development of training packages. As noted, state ITABs have also played an important role in promoting training packages in many jurisdictions. The committee acknowledges that these functions were clearly not always effectively discharged. For example, the committee was told that some training packages fail to reflect the circumstances of industries in Tasmania, where there is limited specialisation,<sup>14</sup> or the needs of industry outside the state capitals.<sup>15</sup> The committee considers, however, that the overall reduced resourcing of industry advisory arrangements is likely to result in a reduced capacity to promote packages at the local level. A particular concern is that there will be a reduced capacity to engage with small and medium enterprises at state level, given that some of the smaller states such as Tasmania, which have significantly streamlined their industry advisory arrangements, have a high proportion of small business.

6.23 In response to a question from the committee, ANTA acknowledged that the reduced funding to state and territory ITABs might affect their individual capacity to promote training packages, but advised the committee that it understands that jurisdictions remain as committed as ever to the marketing and promotion of these products.<sup>16</sup> Dr Erica Smith, however, advised the committee that the most likely outcome is that the marketing of training packages at the local level will now be undertaken primarily by RTOs, Group Training Companies (GTCs) and New Apprenticeship Centres (NACs) ‘which of course have their own interests to pursue, income to generate and targets to meet, which might not necessarily coincide with the

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13 Submission 1, Pharmacy Guild, p. 7

14 Submission 48, Tasmanian Government, p. 15

15 Mr Dale Anderson, Institute Director, Tropical North Queensland Institute of Technical and Further Education, *Hansard*, Cairns, 2 April 2003, p. 141

16 ANTA Response to Additional Questions on Notice from the committee, 3 September 2003

needs of industry or national skill development needs.’<sup>17</sup> The committee agrees that this is a matter of concern.

6.24 The need for a clear, logical and stable framework for relationships between national and state ITABs was taken up in comments from the Australian Industry Group and the Engineering Employers Association of South Australia which recommended a harmonisation of reviews of the Commonwealth and state industry advisory arrangements to ensure a consistent approach and for state legislation to enshrine the revised state arrangements.<sup>18</sup>

6.25 Another major employer group, the ACCI, put a different point of view, implying that it does not regard the state advisory arrangements as an integral part of the national system. ACCI contends that there was no coherent network of state and national ITABs to dismantle, because industry arrangements varied significantly with industry grouping and also jurisdiction. It also refers to instances of unproductive conflict between the national ITAB and some state counterparts.<sup>19</sup>

6.26 ACCI also challenged the view that state ITABs should have an important role in informing VET planning at state level, suggesting that they rarely have this capacity, and that planning is better undertaken by government departments and agencies in each jurisdiction, with an ‘adequately resourced validation process conducted by relevant employer and employee bodies at a State/Territory level’. In ACCI’s view, each jurisdiction should decide on their own arrangements for seeking industry advice on skills development, but the preferable approach is for governments to engage with relevant employer organisations, and employee organisations, directly, supported by adequate resourcing as required.<sup>20</sup> ACCI’s view was echoed by some industry groups appearing before the committee in Western Australia.<sup>21</sup>

6.27 A different view was put by some ITAB representatives and state governments. The Victorian Government takes the view that the work that ITABs will undertake to progress its economic and skill formation agenda ‘is essential.’ According to official statements, ITABs will play a key role in supporting industry and the VET system to move to an innovation economy. Specific roles include: development, maintenance and extension of industry networks to support the identification of priorities for VET, promote training, link training providers and enterprises and involvement in innovation initiatives and Specialist Centres; support

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17 Submission 33, Dr Erica Smith, p. 2

18 Submission 74, Australian Industry Group (AiG) and Engineering Employers Association of South Australia (EESA), p. 22

19 Mr Steve Balzary, Director, Employment and Training, Australian Chamber of Commerce and Industry (ACCI), *Hansard*, Canberra, 20 June 2003, p. 1128

20 Submission 100, ACCI, pp. 48–49

21 Mr Laurie Kruize, Executive Director, Training and Professional Development, Housing Industry Association, *Hansard*, Perth, 7 April 2003, p. 221; Submission 51, Western Australian Chamber of Commerce and Industry, pp. 4–5

for national and state training policy directions including training product development (Training Packages and local curriculum); and validation of research prepared through the Research Program through information from their industry networks.<sup>22</sup>

6.28 The Western Australian Government advised the committee that it considers the development of a joint employer-union view on training issues as a fundamental contribution of the ITAB structure, and important in ensuring ‘industry advice is seen to be ‘independent’ or ‘disinterested’.<sup>23</sup> A number of other witnesses put a similar view,<sup>24</sup> including Dr Erica Smith who considers that ITABs, with links to all stakeholders in the VET system, perform a valuable role by taking a broader view of skill formation needs that transcends the views of any one group.<sup>25</sup> As noted, however, it is this very aspect of ITABs – that is the mediation or moderation of individual stakeholder views – which appears to be least supported by some employer and industry associations.

6.29 ANTA’s official position on the role of state industry advisory arrangements in the national system could be characterised as somewhat ambiguous. It advised the committee that, following the removal of Commonwealth funding ‘the roles and structures of the state and territory industry advisory arrangements are now at the sole discretion of the respective jurisdiction,’<sup>26</sup> implying that the exact nature of the arrangements is not relevant to the national system. At the same time, in the following exchange, it acknowledges that industry input at the state level is fundamental to a national training system with a strong focus on industry needs:

**Senator SANTORO**—In terms of the ANTA board’s view of the strategic position of industry within the VET system, particularly a state VET framework and performance, what does ANTA think of industry input into VET particularly at a state level?

**Mr Stephens**—It is fundamental. It is certainly the vision that we were espousing. Our national strategy has industry at the centre providing advice and leadership to the system, a focus on the individual and a focus on communities. Certainly with industry it is way out there in front leading. There have been a whole range of changes that have happened at the state level...there was a meeting between the people in our organisation working

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22 *Victoria’s Industry Training Advisory System: A Statement by the Hon. Lynne Kosky, MP Minister for Education and Training* at website: [www.vlesc.vic.gov.au/vlesc/docs/VITAS-statement.doc](http://www.vlesc.vic.gov.au/vlesc/docs/VITAS-statement.doc)

23 Mr Nigel Haywood, Director, Systems Planning and Industry Analysis, Western Australian Department of Education and Training, *Hansard*, Perth Roundtable, 7 May 2003, p. 269

24 Mr Ian Curry, National Project Officer, Australian Manufacturing Workers Union (AMWU), *Hansard*, Port Augusta, 9 April 2003, p. 348; Submission 11, Business Skills Victoria, pp. 8–9; Dr Erica Smith (private capacity), *Hansard*, Sydney, 6 May 2003 pp. 765; 772

25 Submission 33, Dr Erica Smith, p. 2

26 ANTA Response to Additional Questions on Notice from the committee, 3 September 2003

on the industry skills councils and those in states and territories to try to make sure that we can establish complementary structures that knit together advice that might come from state industry advisory arrangements into these national councils as well. So we are very keen to make sure that it works at all levels.<sup>27</sup>

6.30 ANTA subsequently confirmed to the committee that it is committed to working with each jurisdiction to ensure that the new national industry advisory arrangements work to complement and optimise those at a state level.<sup>28</sup>

6.31 An effective partnership between the Commonwealth and states and territories and industry, based on a partnership between employers and employees, is at the heart of the national training system. The committee considers that state industry advisory arrangements are an integral part of the national training system. It is therefore concerned that the changes to Commonwealth support for state industry advisory arrangements were taken on a unilateral basis, without apparent consultation with those most affected. The committee agrees that there was a case for review and undoubtedly reform of the previous state industry advisory arrangements to establish clear objectives and performance indicators and ensure representative membership and coherent relationships with national counterparts. Despite the widespread support for the state ITAB 'model', there is also clear evidence that ITABs have varied significantly in the extent to which they effectively represented the interests of their industry sectors and contributed to training package development and implementation.<sup>29</sup> However the committee considers that the issue of funding for state ITABs has fundamental implications for an important element of the national system, and as such, should have been discussed with ANTA MINCO, prior to any Commonwealth decision, consistent with the spirit of cooperative federalism.

6.32 The committee also considers that state industry advisory bodies have a useful role to play as 'honest brokers' in establishing partnerships between industry, training providers and communities and assisting industry and the community to navigate the extremely complex landscape of the national training system. The committee considers that a better way to address the perceived and no doubt real problems with some state ITABs would have been through an open review to establish the appropriate roles, structures, industry coverage and relationship with the national system.

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27 Ms Karen Arthy, Director, Research, Planning and Reporting, ANTA, *Hansard*, Canberra, 15 August 2003, p. 1130

28 ANTA Response to Additional Questions on Notice from the committee, 3 September, 2003

29 Saunders, S and Philip G, *Report on Industry Training Advice in the ACT*, 6 September 2002, p.17; Mr Steve Balzary, Director, Employment and Training, ACCI, *Hansard*, Canberra, 20 June 2003, p. 1128; Mr John Winsor, Chief Executive Officer, Cairns Region Group Apprentices, *Hansard*, Cairns Roundtable, 2 April 2003, p. 139



## **New national industry advisory arrangements**

6.33 ANTA has provided a spectrum of reasons for the proposed new national industry advisory arrangements. Performance of ITABs is said to have been variable, with a general failure to engage small and medium enterprises in training. The amalgamation of ITABs and reduced number of bodies will reportedly break down industry 'silos', reset boundaries to more accurately reflect contemporary industry and occupational groupings and promote a broader, cross-sectoral approach, as well as fortuitously reducing total infrastructure costs. The total annual funding available for the new arrangements will be \$15 million annually, subject to Commonwealth allocations each year. ANTA has also called for the new arrangements to have a more focused and strategic role, with a stronger emphasis on new and emerging industries, stronger links with the national innovation system, including Cooperative Research Centres, and with industry action and skill shortage agendas, and a greater capacity to engage with industry including SMEs. At various points ANTA also notes that the new arrangements (perhaps in conjunction with the National Industry Skill Forum) should also be able to address skill shortages before they become a problem.

6.34 Funding and reporting arrangements for the new national bodies are also aimed at increasing flexibility and strengthening performance and accountability, by replacing the current mix of project and general funding, with a single line of funding based on a performance targets against a three year strategic plan. Funds will be disbursed over the year, on the basis of achieved performance targets. Allocations will depend on factors such as the importance of the industries covered, in terms of employment and economic significance, the size of the task in terms of package development and maintenance and the geographic spread.<sup>30</sup>

6.35 The new arrangements raise a number of issues and questions. Chief among these is the practicality of having councils represent a large and sometimes diverse range of industries and occupations. While ANTA's agreed framework for the new skill councils provides for a range of several different structural arrangements such as industry specific sub-committees, formal standing committees or subsidiary boards, ensuring an adequate focus on the needs of all sectors or sub-sectors will be a significant challenge. Even with the recent suite of 29 national ITABs, some industry sectors, such as the health and community services sector<sup>31</sup> and the leisure craft sector in Queensland complained of struggling to have their voices heard. At the same time, some smaller industry groups, which have been neglected under the current structure, see the new groupings as providing a more natural fit with their needs and concerns.

6.36 The enforced nature of the amalgamations was a concern to union and some employer groups. Mr Steve Balzary of ACCI told the committee that while ACCI

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30 ANTA, *National Strategic Planning and Industry Advisory Arrangements for Vocational Education and Training*, Discussion Paper, 20 August 2003

31 Ms Diane Lawson, Chief Executive Officer, National Industry Training Advisory Board, Community Services and Health Training Australia, *Hansard*, Adelaide, 12 June 2003, p. 1101

supports amalgamations as providing for some synergies, it does not support forced amalgamations or the policy of setting a limit of 10 bodies. Indeed ACCI members consider that it may be more appropriate at this time to have 13, rather than 10, councils. In any case, ACCI's members consider that it is inappropriate and undesirable for government to force amalgamations as 'these are industry advisory arrangements, not government advisory arrangements, and therefore industry has to own them.'<sup>32</sup>

6.37 The AiG advised the committee that it supports the new streamlined skill council arrangements as a means of providing a more sophisticated national forecasting system and overcoming the narrow demarcations between advisory bodies, and consequently training packages, which currently reflect 'traditional occupational award arrangements which are now breaking down significantly'. Overall AiG considers the skill councils as 'a move forward in the maturation of the advisory system in this country'. Unlike ACCI, the AiG did not express any concerns about the proposed number of councils or the possibility of forced amalgamations but did express 'great concerns' about the membership of the councils. The concern related to suggestions that industry associations will not be able to nominate members for the boards of skill councils, on the same basis as unions.<sup>33</sup>

6.38 While it is not opposed to some amalgamations and a new framework for advisory bodies to reflect industry shifts and provide a better focus on common skill sets across training packages, the ACTU views the forced reduction from 29 to 10 bodies with 'grave concern.' The nub of the concern is that some, if not many, of the resultant bodies will have extremely broad industry coverage, raising difficulties for smaller groups, perhaps in critical or niche market areas, in having their voices heard.<sup>34</sup>

6.39 Both the ACTU and the AiG raised concerns that the \$15 million available for the new skill councils is far from adequate for the work they will be required to undertake.<sup>35</sup>

6.40 A more fundamental concern for the ACTU and some industry advisory bodies is whether the funding cuts to state ITABs and revised national advisory arrangements reflect a withdrawal from the principle of industry leadership, through a partnership between unions and employers, which has underpinned the national training system. Other developments reinforce this concern, including the reference in the new national strategy to 'employers and individuals', rather than 'industry and

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32 Mr Steve Balzary, Director, Employment and Training, ACCI, *Hansard*, Canberra, 20 June 2003, p. 1127

33 Mr Stephen Ghost, General Manager, Education and Training, AiG, *Hansard*, Sydney, 6 May 2003, p. 799

34 Ms Sharan Burrow, President, ACTU, *Hansard*, Melbourne, 16 April 2003, pp. 602-605

35 Mr Stephen Ghost, General Manager, Education and Training, AiG, *Hansard*, Sydney, 6 May 2003, p. 799

individuals’,<sup>36</sup> the lack of union representation on ANTA’s ‘red tape committee reviewing training contracts and probationary issues, despite employers and unions having joint ‘ownership’ of the training contract,<sup>37</sup> and the Commonwealth’s purported opposition to the CEOs or presidents of some peak employer and union groups being represented at the highest levels on the ANTA board. Ms Sharan Burrow, the President of the ACTU, summarised the concerns this way:

If you are restructuring ITABs and defunding them or reducing funding, if you are not serious about asking employer groups and unions as the industry partners to put very senior people on to the ANTA board as a symbol of the importance of this work, then what you are actually saying is that somehow or other the national nature of an industry led system is not as important as it once might have been.<sup>38</sup>

6.41 The ACTU submission also pointed to the National Industry Skills Initiative, where employers worked with government to explore and resolve skill shortages in some industries, as evidence of a sidelining of the bipartite industry advisory bodies.<sup>39</sup>

6.42 The submission from the Business Skills Victoria (BSV) also expressed concern that the decision to cut funding to state ITABs and to ‘rely on advice from key stakeholders such as ACCI, AIG, BCA and NFF’ suggests that the industry-led system, which requires that the interests of workers and employers are fairly balanced and that public policy is not skewed to serve any particular private interests, is under attack. According to the BSV:

...industry-led does not mean employer led, or union led...[but] there is a growing view within industry that while the rhetoric says that the VET system is industry-led, the training agenda is now driven by government policy and industry is, in practice, frozen out...Whilst we support the need to be constantly fine-tuning industry advisory mechanisms, the Board is concerned that the proposed changes will result in an eventual dismantling of the national system through inadequate industry consultation and ownership of the system.<sup>40</sup>

6.43 The committee considers that these concerns are understandable. They could be dispelled by ANTA issuing a clear statement of its commitment to an industry-led

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36 Ms Sharan Burrow, President, ACTU, *Hansard*, Melbourne, 16 April 2003, pp. 602–05

37 However, DEST advised in a response to an Additional Question on Notice from the committee that the working group established in May 2002 to examine ways of reducing red tape and bureaucracy in the administration of New Apprenticeships and look at aspects such as the national implementation of the standard training agreement, User Choice applications and simplifying and standardising arrangements for training plans, includes ANTA, States and Territories, and the ACCI and ‘union representation’.

38 Ms Sharan Burrow, President, ACTU, *Hansard*, Melbourne, 16 April 2003, p. 604

39 Submission 23, ACTU, p. 45

40 Submission 11, Business Skills Victoria, pp. 8–9

national training system, spelling out how this commitment will be reflected in the consultation structures and processes of the national system.

6.44 The committee agrees that there appears to have been a case for some review of the national industry advisory bodies to better reflect contemporary industry skill profiles, ensure that membership is representative, and provide clearer roles and performance indicators. The committee also supports the proposal to rationalise the current suite of training packages so as to better reflect contemporary industry skill profiles and identify common and cross-cutting competencies, or sets of competencies. A more streamlined set of training packages has the potential to provide a stronger foundation for recognition of skills gained in other industries and occupations, and thus facilitate cross skilling and upskilling. The committee does not consider, however, that this necessarily dictates ten skill councils. The number of skill councils should be based on a set of clear principles for effective industry groupings, reflecting industry skill profiles and training needs and the agreement of industry members, rather than an arbitrary figure, possibly reflecting financial considerations. Commonwealth funding should then reflect the amount required to perform those functions effectively, again rather than an arbitrary figure, unrelated to need.

6.45 While those aspects of the new industry advisory arrangements discussed above give rise to some concerns, the committee also acknowledges some positive features of the proposed new industry advisory model. The proposed links between the new skill councils and the Cooperative Research Centres (CRCs) will be an important advance, and significantly enhance the capacity of the councils to identify the skill needs associated with emerging industries and technologies. The National Industry Skills Forum and the proposed new national planning process offer the prospect of a more strategic approach to identifying current and future skill needs. The establishment of clear performance indicators and funding arrangements also offer the potential for improved performance and operation of the new bodies.

### ***The role of industry advisory bodies***

6.46 There are differing views among stakeholders on the appropriate roles for the new skill councils. ANTA states that the skills councils will have two main roles, being to:

- actively support the development, implementation and continuous improvement of high quality, nationally recognised training products and services, including enhancing innovation, rationalising materials where there are cross-industry synergies, and improving efficiency; and
- assist industries, enterprises and their workforce to integrate skill development with business goals and support accurate industry intelligence on future

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directions - including provision of strategic advice on industry skills and training needs to the National Industry Skills Forum.<sup>41</sup>

6.47 Elsewhere ANTA has indicated that the skill councils, working in partnership with ANTA, will provide a more strategic and forward-looking approach to identifying current and future skill needs, apparently in line with the vision articulated by the Australian Industry Group. More specifically, ANTA sees the roles of the skill councils as providing 'market intelligence' on the needs and trends within their industries. Councils will not, however, be resourced or expected to undertake research, such as employment forecasts, which will instead be the responsibility of ANTA.<sup>42</sup>

6.48 While the committee supports an integrated and co-ordinated approach to labour market and skills forecasting, and agrees that it is more efficient for occupational training needs based on employment forecasts to be undertaken by a single agency, it also considers that skills councils should retain a major role in identifying the skills requirements for their industry sectors. This goes beyond simple market intelligence to include analysis and advice, not only on the drivers of skills supply and demand, but also issues such as access to skills development across regions and segments of the workforce.

6.49 In stark contrast to the minimalist role for skill councils preferred by some employer groups, union representatives called for a broader and more active role for skill councils, including in stimulating increased employer demand for and contribution to training. Among the proposed additional roles for skill councils are:

- promoting the implementation of training packages through a stronger role in the assessment and delivery of training;
- promoting greater recognition of prior learning and training of the existing workforce, in partnerships with RTOs;
- developing cooperative arrangements between firms and with training providers to deal with the limitations of exposure to skills in particular enterprises and with casual and contract labour mobility;
- the development of mechanisms to achieve greater and more equitable employer contribution to training effort through the administration of a training levy, industry training funds or tax credit schemes;
- developing training plans to deal with industry restructuring and pending redundancy;<sup>43</sup> and

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41 ANTA Response to Additional Question on Notice from the committee, response dated 3 September 2003

42 Ms Kareena Arthy, Director, Research, Planning and Reporting, ANTA, *Hansard*, Canberra, 15 August 2003, p. 1227

43 Submission 23, ACTU, pp. 47–48; Submission 24, AMWU, p. 9

- contributing to whole-of-government processes for industry, economic and social development.<sup>44</sup>

6.50 Union representatives indicate that additional resources would be required to support some, but not all, of these activities.

6.51 These proposed roles echo to some extent the broader skills formation agenda of the new sector skill councils in the United Kingdom (UK). Under the UK model, skills councils will have a broad responsibility for advancing skills formation in their industry sectors, with the capacity to consider issues such as improving productivity within the industry and the adaptability of the workforce, and ways of leveraging additional employer investment in skills development.<sup>45</sup>

6.52 The union proposals, and to some extent the UK model, reflect a recognition that effective skills development policies cannot be developed in isolation from broader industry and labour market considerations. As discussed in previous chapters of this report, there is clear evidence that the current policy direction is not adequate to provide a sustainable skills base to meet current and future needs in some industries, sectors or regions, or to move industry further towards a high skill equilibrium. As the outcomes of the National Industry Skills Initiative demonstrate, strategies to address skill shortages and to develop a sustainable skills base must take account of the broad range of factors which influence the supply and demand for skills within a region or industry, including working conditions and career paths and the pattern of market incentives within the industry which either promote or discourage investment in skills development.

6.53 The evidence to this inquiry, as outlined in previous chapters also supports the need for cooperative approaches between employers, unions and governments to address issues such as the retraining of the existing workforce and workers displaced by technological change or industry restructuring. The committee considers that the skills councils, representing the key stakeholders in these processes, are the appropriate forums to consider these matters. Consideration should therefore be given to expanding the charter for skills councils to require them to advise on strategies for developing a sustainable skills base for their industries and promoting the development of a range of high and intermediate skill levels and equitable access to training opportunities. This leads on to a discussion on the issue of industry investment in training, to which we now turn.

## **Industry investment in training**

6.54 The need for additional public investment in vocational education and training was discussed in Chapter Four on the Framework for Vocational Education and

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44 Submission 24, AMWU, p. 9

45 UK Department for Education and Skills, *Meeting the Sector Skills and Productivity Challenge*, 2001, p. 19; website: [www.ssda.org.uk/ssc/sscouncil.html](http://www.ssda.org.uk/ssc/sscouncil.html)

Training. The committee also received submissions and evidence in support of the need for increased industry investment in training.

6.55 There is mounting concern about the adequacy of industry investment in training of its workforce and unequal access to training opportunities, particularly for the increasing corps of casual and contract employees and older workers with limited or no post-secondary education. As discussed in previous chapters, the projected declines in the cohort of new workforce entrants, along with rapid technological and workplace change, will require a new policy focus on measures to retain people in employment for longer and on regular retraining and upskilling of the existing workforce. This is arguably primarily the responsibility of industry although there is a case for the government to support industry investments in training with social and economic benefits beyond those accruing to the individual employer. Evidence of structural barriers to industry training for new workforce entrants in some industries and a ‘draining of the pool’ of skilled people, also indicate the need for additional investment and more collaborative approaches to skill formation.

6.56 For Dr John Buchanan, the key measure of industry’s investment in training is expenditure on training as a proportion of payroll, with expenditure on structured training (that is more likely to lead to portable skills) as another important variable. From this perspective, Dr Buchanan sees the static nature of employer expenditure on training as a proportion of payroll (1.3 per cent) between 1996 and 2003 as a concern, given Australia’s poor record in creating high skill jobs, and the large increase in participation in VET (a quarter of a million apprentices and trainees) over the same period. The reduction in employer expenditure on structured training as a proportion of payroll, from 1.7 per cent of payroll to 1.5 per cent, is seen as another indicator of a declining commitment to train. Commenting on this combination of trends, Dr Buchanan concludes that:

...whilst there is the rhetoric of a national training market being put in place, the reality is that there is massive cost shifting going on where employers are accessing cheap labour with government support.<sup>46</sup>

6.57 His specific concern is that the current set of programs and incentives in the national training system is encouraging too many employers to take the ‘low cost, low skills path characteristic of low skill ecosystems’, where productivity and profit is achieved through work intensification and lower pay rates. He explained that the challenge then is to change the regime that underpins current arrangements.<sup>47</sup>

6.58 Dr Buchanan suggests that a skills levy, or similar mandatory system of guaranteeing a minimum employer contribution to training, can be one means of generating a new training regime and a high skills dynamic, because employers who invest in training are more likely to value the skills that result, and use those skills to

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46 Dr John Buchanan (private capacity), *Hansard*, Sydney Roundtable, 7 May 2003, p. 901

47 Submission 44, Dusseldorp Skills Forum, p. 10

productive ends.<sup>48</sup> A discussion on the merits of levies and other measures to increase training will follow in a later section of this chapter, after considering other assessments of Australian industry's training performance.

6.59 A number of witnesses took the view that employer investment in training is either increasing or satisfactory by other measures. The ACCI submission rejects the need to introduce compulsory training levies, a view it argues is supported the findings of the same ABS survey cited by Dr Buchanan. These include that:

- 81 per cent of all employers provided some training to their employees in the 12 months to June 2002, a 20 per cent increase in participation since 1997; and
- net expenditure on structured training by employers has increased by 52 per cent since 1996.<sup>49</sup>

6.60 The committee notes, however, that as identified in Chapter Three, only about 40 per cent of private sector employers provided training: the overall figure is inflated by high public sector training rates. It also notes that net expenditure alone is a poor comparative measure, as it may simply reflect increases in the number of employees and the costs of training.

6.61 Like ACCI, Dr Andy Smith, an academic, made a positive assessment of Australian employers' contribution to training. He noted that the proportion of Australian workers undertaking work-related training increased from 30 per cent in 1993 to 45 per cent in 2001, and concluded that the majority of Australian workers are receiving some form of training from their employers and many are undertaking formal, off-the-job training in their firms.<sup>50</sup> Despite the notorious difficulty in making valid international comparisons, he also considers that these are more favourable to Australia than commonly supposed, particularly if the focus is on training of existing workers. He presents a comparison of employers' expenditure on training existing workers as a proportion of wages and salaries in Australia and some other OCED countries, as showing that Australia lies towards the 'upper end of the normal range' of between 1 and 3 per cent of payroll costs.<sup>51</sup> The committee observes, however, that a similar comparison made in 1996 gave the caveat that most Australian figures generally include expenditure on entry level training (through New Apprenticeships for example) while European figures generally exclude such expenditure (which is generally undertaken in institutions in those countries).<sup>52</sup>

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48 Submission 44, Dusseldorp Skills Forum, pp. 10–12

49 Submission 100, Australian Chamber of Commerce and Industry (ACCI), pp. 32–33

50 Submission 46, Professor Andy Smith, pp. 2–3

51 *ibid.* pp. 3–5

52 Fraser D, *The Training Guarantee: Its Impact and Legacy 1990–1994*, Main report, September 1996, EMB Report 5/96; p. 31



6.62 The committee notes the limitations of using comparisons of expenditure on training over time or across countries as the sole measure of the adequacy of investment in training. The quality of training, level and type of skills, and access to skill development opportunities are equally, if not more important. That said, the committee considers that the significant skill challenges facing Australia and the key role that skills play in maintaining a competitive economy, and the long way to go before Australians have ‘world-class skills and knowledge’, as envisaged by the new national strategy, suggest that training as a proportion of payroll could be expected to increase, rather than decrease over time.

6.63 In this context, the committee notes that the submission from ANTA itemised some of the skills development challenges facing Australian industry in the immediate future. These include:

- the relentless pressure on costs, quality and productivity produced by globalisation and competition which is increasing the demand for high quality and skilled labour;
- the relationship between the introduction of new technology, new work processes and the rapid evolution of new products and services requiring new approaches to learning and skill development, with a much greater premium on ongoing and “just in time” training;
- an increasing emphasis on the skills required to operate in global markets, including international business skills;
- an increasing need for integrated approaches to skill enhancement encompassing the development of a learning culture within firms and across industries and more effective approaches to employee recruitment, retention and retraining;
- retraining the existing workforce is rapidly emerging as a priority issue, given demographic changes, changing work processes and job requirements, technological change and the difficulty some industries have in attracting young people or retaining existing workers;
- the need to address skill shortages; and
- the training implications of emerging regulatory, health and safety and environmental requirements and international standards.<sup>53</sup>

6.64 An issue not raised by ANTA in this context, but of concern to a significant number of stakeholders, is the increasingly inequitable access to training opportunities. ABS data indicate that, while the overall absolute levels of employer sponsorship of training had grown between 1997 and 2002, the level of training provided to non-standard workers remained low: employers were less likely to provide training to workers who were not permanent employees, such as contractors,

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53 Submission 35, ANTA, pp. 5–6

temporary agency workers and volunteers.<sup>54</sup> The nature of the training provided is also likely to disadvantage casual employees. Qualitative research undertaken by Hall in 2000 also found that non-standard employees were likely to be provided with only induction and ‘near fit’ training but not foundation skills.<sup>55</sup> Apart from the serious equity implications of this trend, in particular the effect that it has on casual workers’ future employment prospects, there are also concerns about the long-term effect on the skills base of industries with significant proportions of casual workers. The need to ensure a more equitable access to training for casual and contract workers, was an important issue raised during the inquiry. A study for the Victorian Government found that the limited investment by employers in training of casual and contract workers raises pressure for public intervention, particularly in areas of significance to the economy or communities.<sup>56</sup>

6.65 Elsewhere ANTA has also recognised the need for skills formation policy to stimulate Small and Medium Enterprises (SMEs) to increase their investment in training both new entrants and existing workers. As noted in previous chapters, there are several impediments to SME investment in training of apprentices in the traditional trades, including the low cost-effectiveness of traditional apprentices in the initial years of training and the pressures of work intensification which mean that some small employers have little, if any, scope to provide the supervision required for on-the-job training. Above all there is the risk of poaching, which means that the employer who bears the cost of training cannot be sure of obtaining the benefits. In these circumstances no amount of information and exhortation is likely to persuade an individual employer to increase their training effort. Collective approaches which share the costs and benefits of training may be the only solution.

6.66 This gives rise to discussion about the merits of a levy, the most common means of sharing the costs and benefits of training. Ms Kaye Schofield argued that as skilled workers in strategically critical areas such as metal trades become scarcer, the poaching problem (and associated wage spirals) will become more apparent. She concluded that the approach to training based on employer voluntarism in areas of strategic importance to Australia, such as manufacturing, is simply not working. An alternative approach, based on the various state-based building and construction industry training funds, was suggested as likely to solve the free-rider problem, especially at entry-level. Ms Schofield suggested that the Commonwealth and state and territory governments need to actively support industries/regions to introduce training levies, closely modelled on those in the building and construction industry, acknowledging that this will require widespread consultation and debate and a high degree of consensus.

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54 Victorian Learning and Employment Skills Commission (VLESC), ‘Part Four—Training Needs across Industry Sectors’, *Assessing Demand and Establishing Priorities for VET*, Research Program Reports, Cross industry issues, p. 18

55 *ibid.* p. 20

56 *ibid.* p. 3

6.67 As noted ACCI, and many other industry representatives, including the Australian Industry Group, are strongly opposed to a levy. The Engineering Employers Association South Australia told the committee that they oppose the proposed training levy on manufacturing in that state, because it would reduce the competitive position of those companies that manufacture in South Australia and are forced to compete against imported products.<sup>57</sup> On the other hand, there appears to be a general consensus that the levies operating in the construction industry have been very effective in overcoming the poaching and free rider problem and increasing the level of training. For example, Mr Kruize of the HIA told the committee that while the Association originally opposed compulsory state levies for the industry, it now supports them, with the caveat that money that is raised in one part of the industry should remain in that part of the industry.<sup>58</sup> The committee was also told that the arts industry in South Australia had considered such an approach as a means of funding the training required in their industry.<sup>59</sup>

6.68 There was less support for more universal levies, similar to the approach adopted under the Training Guarantee Act. Mr Peter Laver, Chair of the Victorian Learning and Employment Skills Commission told the committee that his organisation has been researching strategies to increase employer investment in training. While they had not formed a final view at the time of his appearance before the committee, the preliminary view was that it would not be appropriate to revisit or re-instate the training guarantee levy.<sup>60</sup> Mr Mark Cully of the NCVET told the committee that France's general levy system is regarded as 'largely dysfunctional', but that Germany's training system, which is regulated by collective bargaining, rather than by statute, achieves very high rates of apprenticeship.<sup>61</sup>

6.69 The committee agrees that the evidence suggests that the training guarantee levy, while having achieved important benefits during the time it was in place,<sup>62</sup> may not be an appropriate model to increase employer investment in training and the development of a higher skills rather than low wage path to further productivity, at this time. Mechanisms to leverage additional employer investment in training need to take account of the circumstances of the industry, including the proportion of large

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57 Mr Stephen Myatt, Director, Engineering Employers Association South Australia, *Hansard*, Adelaide Roundtable, 12 June 2003, p. 1129

58 Mr Laurie Kruize, Executive Director, Training and Professional Development, Housing Industry Association, *Hansard*, Perth, 7 April 2003, p. 220

59 Dr Geoffrey Wood, Executive Director, Office of Vocational Education and Training, Department of Further Education, Employment, Science and Technology, South Australia, *Hansard*, Adelaide, 12 June 2003, p. 1059

60 Mr Peter Laver, Chair, VLESC, *Hansard*, Melbourne, 16 April 2003, pp. 588–89

61 Mr Mark Cully, General Manager, National Centre for Vocational Education Research (NCVER), *Hansard*, Darwin, 10 June 2003, p. 1002

62 Fraser D, *The Training Guarantee: Its Impact and Legacy 1990–1994*, Main report, September 1996, EMB Report 5/96, p. 31

and small companies, the relative importance of skills and training for the industries' sustainability and the barriers to and benefits of training, suggesting carefully targeted strategies rather than blunt instruments. This suggests industry-specific and possibly industry-region-specific arrangements, which can address the specific needs and circumstances of the skills 'micro-systems'. Collective bargaining arrangements or voluntary contributions to collective approaches, may in some cases, be as or more effective than levies. And as the evaluation of the Training Guarantee Act found, effective strategies, will also need to consider the broader range of labour market and industry factors that impinge on skills formation and utilisation.<sup>63</sup>

6.70 As discussed in the previous chapter, employers argued for appropriately structured incentives from government, to help leverage or stimulate the necessary investment from industry in training of the existing workforce.

6.71 The committee also notes, in this context, the evidence from Ms Kaye Schofield, which highlighted the importance of ensuring that skills formation strategies are set within the broader context of workforce development, to ensure the effective utilisation for skills. More broadly, it was put to the committee that a limitation of Australia's current policy on skill formation is its failure to recognise that skills formation is not a stand alone issue, but must be addressed as part of an integrated suite of industry, social and taxation policy. Ireland's 'whole of government' vision of regional industry clustering, IT revolution and niche market development supported by long term planning in education, taxation and labour policy was raised as a model of what could be achieved with the necessary vision and commitment.<sup>64</sup> In this context, Australia's current reliance on the demands of the individual enterprise as the 'cue for the supply system' is said to be at odds with the dynamics of the knowledge economy, which works through inter-firm collaboration, clusters, networks, supply chains and distribution chains.<sup>65</sup> The committee notes that ANTA's submission acknowledges the need for 'integrated approaches to skill enhancement encompassing the development of a learning culture within firms and across industries' as one of the major skill challenges facing Australian industry. From the evidence put to the committee, however, there is no indication of the priority that is accorded to this issue and how ANTA proposes to progress it.

6.72 The committee is convinced of the need for skills formation to be placed within a broader policy framework which takes account of the environment in which skills are formed and utilised and the economic and social development objectives. Ideally this should be a key issue to be addressed by the National Industry Skills Forum.

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63 idid. p. 24

64 See for example Mr Jason Kuchel, Executive Director, Electronics Industry Association, *Hansard*, Adelaide 12 June 2003, pp. 1126–27

65 Ms Kaye Schofield, *Hansard*, Sydney, 6 May 2003, p. 833

6.73 More specifically, the committee is also convinced of the need to significantly increase employer investment in training of the existing workforce, and for more equitable access to such training, including for casual, contract and labour hire employees. The committee notes the disparate evidence and claims concerning the relative merits of the different mechanisms and is aware that ANTA is conducting research on the future resourcing of VET. However it considers that ANTA should specifically commission independent research on the merits of the full range of approaches to increasing employer investment in training of new entrants and the existing workforce, including: incentive arrangements; employment based contracts and various levy models, such as the levy operating in the construction industry in many jurisdictions; the Singapore levy on the wages of the lowest paid (and presumably lowest-skilled) workers; the inclusion of training targets in collective bargaining agreements; the use of government tenders to promote training; and, any other relevant measures. The research should consider factors such as the circumstances in which these various measures are most effective, the problems that they best address and effective operating principles. The national skills councils should then draw on this research in examining the most appropriate strategies for developing a sustainable skills base for their industries, promoting a high skills equilibrium, equitable access to training opportunities, and a broader program of workforce development.

#### **Recommendation 51**

**The committee recommends that ANTA should:**

- **review, at the end of 2004, the effect of reduced funding of state and territory industry advisory arrangements on their capacity to support the national advisory arrangements, and the national system;**
- **consider expanding the roles of the national skills councils to include developing skills formation and workforce development strategies for their industries and supporting this with appropriate funding; and**
- **announce its commitment to the continuing, central importance of the bipartite approach (based on a partnership between employers and unions) to industry advice, to be reflected throughout all of ANTA's advisory bodies and working groups.**

#### **Recommendation 52**

**The committee also considers ANTA should commission independent research on the full range of strategies that can contribute to increased and more effective and targeted employer investment in training and more equitable access to training for the casual and contract workers. The research should include consideration of collective bargaining arrangements, levies, incentive arrangements, taxation arrangements, industry training plans and workforce development strategies.**

## Consultation with other stakeholders

6.74 The committee notes that the main stakeholders in issues of skills development are employers, employees, education and training providers and communities. Consultative arrangements at all levels of the VET policy and planning and delivery frameworks should reflect the need to take account of this diversity of interests, in appropriate ways. As noted, this implies appropriate representation of employers, unions and education and training providers in the consultative structures for policy and planning for the national training system. The committee strongly supports the inclusion of education and training provider interests and union interests on the ANTA board and on the advisory committees or working groups within ANTA.

6.75 As discussed, there is also increasing recognition of the important role of VET in community capacity building and the consequent need to involve the community in VET policy, planning and delivery. This can be manifest in different ways, including at the national, state government and local level.

6.76 At the national level, the new national strategy gives more prominent recognition of the role of VET in meeting the skill needs of individuals and communities. ANTA advised the committee that the new national strategy for VET was developed through ‘an unprecedented level of consultation with thousands of Australians’:

...regional forums were held in 25 communities across Australia, about 100 targeted consultations were held and 120 public submissions were received, many from individuals and organisations representing individuals. This has set a new standard for inclusive consultative arrangements and one that the ANTA Board has committed to continue as the strategy is implemented.<sup>66</sup>

6.77 ANTA also advised the committee that industry and community representatives and individuals are currently being consulted on the development of an action plan for the national strategy, through round table around key issues and posting of ‘ideas for action’ papers on the ANTA website for public comment. ANTA also envisages an (unspecified) process for all strategy partners and stakeholders to monitor progress in implementation of the strategy.<sup>67</sup> The committee strongly endorses this approach.

6.78 There has also been an increased focus on consultation with the community, at the state level. In Victoria, for example, the state training board has been replaced with a Victorian Learning and Employment Skills Commission, with responsibility for a ‘quality, balanced and sustainable post compulsory education and training system that responds to stakeholder needs and contributes to Victoria’s economic and social

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66 ANTA Response to Question on Notice, 3 September 2003

67 *ibid.*

development'.<sup>68</sup> Members of the commission have experience in vocational education, training and community development, and reflect the diversity of the community, as well as metropolitan and country interests. The committee was also told that the Department of Education and Training and the State Training Board in Western Australia, are now engaging with a far wider spectrum of stakeholders and discussing skill related issues with broader elements of the community. The Western Australian Chamber of Commerce and Industry welcomed this more extensive approach to consultation.<sup>69</sup>

6.79 The committee was also advised of the diverse arrangements for consultation at the regional level and the increasing importance of these, both for community economic and social development objectives and addressing industry's skill needs. Research on skill ecosystems, which identifies a regional as well as industry dimension to skills profiles, also supports the value of a regional approach to skills development.

6.80 Regional approaches appear particularly advanced in Victoria, which has established a series of local learning and employment networks, comprising local employers and education and training providers to share information about local industry employment opportunities, skill needs and pathways into employment, with the aim of minimising skill mismatches, evident in the persistence of high unemployment, especially of youth, alongside skill shortages and skill gaps. A major focus of the networks is to assist young people in the transition from school to work through better information sharing, linking with available opportunities and assistance with skills upgrading where necessary. An underlying assumption of networks of this kind is that there is often a local or regionalised dimension to labour markets, particularly for skills outside the professions and for areas outside the main metropolitan centres. Structures which bring all of the key local stakeholders together provide an opportunity to minimise skill mismatches by sharing information on needs and opportunities and developing strategies to provide a better fit between local skill needs and supply. At the same time, some networks have identified a large proportion of employment being taken up by people resident in other localities, suggesting the potential to reduce unemployment if more local people are able to provide the skills required by local employers.<sup>70</sup>

6.81 A similar point was made by the Northern Area Consultative Committee. It referred the committee to the benefits that had been achieved through the work of the Northern Stainless Steel Skills Development Group (NSSSDG) comprising regional representatives from the stainless steel industry, schools, training providers, government and recruitment agencies. The Group's aim has been to identify and resolve skill shortages in the stainless steel industry by linking students, teachers, the

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68 VLESC website: [www.vlesc.vic.gov.au/vlesc/about/mission.htm](http://www.vlesc.vic.gov.au/vlesc/about/mission.htm)

69 Submission 51, Chamber of Commerce and Industry of Western Australia (inc), p. 5

70 Submission 62, Maribynong/Moonee Valley LLEN, Melbourne West ACC, and WREDO, p. 5

community and industry members in the region. This has led to some more concrete initiatives such as the establishment of metal engineering programs and facilities at local schools, and other assistance. The strategies to date have resulted in a four fold increase in the intake of apprentices, and promise of more increases to come. The NACC concluded that:

The experience with NSSSDG has proven that the organisation of industry sectors on a regional basis can provide many benefits to key stakeholders and can readily facilitate the development of strong linkages between industry, schools and the community.<sup>71</sup>

6.82 More generally submissions from the City of Greater Dandenong and South East Development and the SELLEN argued that international experience, particularly in Europe, points to the success of collaborative, ‘bottom up’, regionally based approaches with three main components: promoting an understanding of the issues across sectors (education of stakeholders); facilitating cooperation across sectors (development of relationships between stakeholders); and encouraging industry involvement (stakeholders accepting responsibility).<sup>72</sup>

6.83 Community and education consultation and input into industry planning at the state level can also be strengthened if state-based industry advisory bodies also establish linkages with community-based organisations and education and training providers. The committee heard that an ITAB in Victoria has TAFEs attending board meetings as participants and is considering involving the chairs of community organisations on a similar basis. This sort of approach provides another opportunity to promote more informed planning which takes account of the interests of all stakeholders.<sup>73</sup>

6.84 The committee strongly endorses the need for appropriate inclusion of all stakeholders in the identification of skill needs and the development of skills strategies at the national, state and local level. Evidence to the committee suggests that local networks such as those operating through the LLENs in Victoria, the ‘youth commitment’ group in the Macarthur district of Sydney, and in Kwinana in Western Australia, demonstrate the value of partnerships of local stakeholders in improving youth transition and addressing local skill needs. The committee believes state and territory governments should seriously consider the value and potential of supporting the expansion of these partnerships throughout their jurisdictions, backed by appropriate state government assistance and support. It also calls upon industry and employer associations to encourage their members to participate in such partnerships.

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71 Submission 72, Northern Area Consultative Committee, p. 4

72 Submission 63, City of Greater Dandenong and South East Development, p. 2; Submission 70, South East Local Learning and Employment Network Inc (SELLEN), p. 3

73 Mr David Graham, Learning and Development Manager, Huntsman Chemical Co. Pty Ltd; Chair, Manufacturing Learning Australia; and Chair, Manufacturing Learning Victoria, *Hansard*, Melbourne, 17 April 2003, p. 666



## GOVERNMENT SENATORS' REPORT

1.1 During the course of this inquiry the committee has travelled widely across Australia and heard from many people with an interest in current and future skill needs, including representatives of industry, unions, the Commonwealth and state and territory governments and professional organisations, school teachers and students, apprentices, VET teachers and administrators, and academics and other experts. While there were many interesting and useful suggestions for change and improvements to the current system for identifying and meeting current and future skill needs, few witnesses, apart from one or two unions and academics, argued for radical departure from current policy settings or frameworks, except perhaps in relation to aspects of the New Apprenticeship scheme.

1.2 Most of the proposals, including many of those taken up in this report, were consistent with the broad direction of current Government policy and activity. These include refinements to the ASCO system, a more integrated national database, action on career counselling, improved recognition of the value of vocational education and training and careers in the traditional trades, the VET in schools programs, recognition of prior learning, articulation between vocational education and higher education and partnerships between all three education sectors, industry and the community. As well, Government senators note that ANTA has embarked on an ambitious program of research and policy and program development in the context of the new national strategy for VET. Many of the suggestions put to this committee are likely to be considered as part of that process.

1.3 Some other proposals and recommendations in the report, however, reflect the different policy stances of the Government and the Opposition on matters such as more flexible workplace relations and the role of the market, including mechanisms such as user choice, in improving choice and competition. The Government's policy recognises that the complexity of contemporary society and economy and the pace of change, call for a training system and workplace relations arrangements which allow for diverse response to diverse needs and circumstances. The Opposition, in contrast, is seeking, through some of its proposals, to reclaim union control over matters such as determining enterprises' training strategies and the wages and conditions of New Apprentices on Australian Workplace Agreements and to insulate the public provider, TAFE, from the competition it needs to remain a responsive and flexible training system. Government senators see some of the calls for greater union control and regulation as an opportunistic attempt to reclaim for unions, including the education unions, some of the influence that their waning membership has cost them.

1.4 As a general comment, Government senators also believe that the report, while acknowledging the wide range of Government policy and program reviews relating to skill needs, often fails to give adequate recognition to the many significant Government achievements in these areas. These comments also seek to redress the balance and place the report's main findings and recommendations in

context, by highlighting some of the main policy achievements which are either downplayed or ignored in the main report. For ease of reference, these are listed under the relevant chapters.

## **Chapter 2 Skill Shortfall and Future Skill Needs**

1.5 Employers and industry groups appearing before the committee are understandably concerned that governments take appropriate corrective action to address persistent skill shortages, particularly in key areas of the trades and professions. They, like Government senators, broadly support the Government's initiatives to deal with these shortages, including the industry-led National Industry Skills Initiative in relation to the trades and the marketing campaign in relation to New Apprenticeships in the traditional trades. But while the Government has acted on industry concerns, and has taken action, discussed below, to address shortages in some of the professions, it is important to remember that skill shortages are often a normal feature of the labour market and do not usually signal a policy failure by government. All too often they are the unfortunate side-effect of a strongly growing economy and labour market. Thus, while there were relatively few skill shortages in many of the traditional trades during the recession of the early 1990s, shortages became more apparent as the economy recovered and productivity surged in the mid-late 1990s.<sup>1</sup>

1.6 Since that time, under the capable management of the current government, Australia's economy has continued to perform strongly. GDP has continued to grow by three and a half per cent a year, exceeding the strong growth rate of the United States and the economy has performed one third better than that of the OECD, taken as a whole. Even the damage to Asian markets in the late nineties appears to have made little impact on Australia's now robust economy.<sup>2</sup> While this strong economic growth combined with relatively low unemployment levels bring significant benefits for industry and individuals, they can add to the demand for skilled labour and make it more difficult than usual to resolve skill shortages.

1.7 The development of a flexible, responsive training system has been a high priority for the current Government and can play an important role in assisting industry to take corrective action when skill shortages arise. But, as VET expert Ms Kaye Schofield told the committee, the current skills shortages do not (with perhaps one exception) reflect a failure of the training system:

Rarely can the training system be blamed for skill imbalances nor will more vocational education and training necessarily reduce the gap between employees and the skills demanded of the market. Many of the skill

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1 DEWR, *Shortage History Trades, Attachment D*, Information supplied to the committee.

2 See 'Australia's Economic "Miracle"', Gary Banks, Chairman, Productivity Commission, 'welcome dinner' for the Forum on Postgraduate Economics hosted by the ANU in Canberra, On 1 August 2003, p. 1

imbalances currently being experienced by employers should be viewed as a normal part of the business cycle. Sustained growth in some industries and, conversely, industry downturns will impact on the demand for skills, as will one-off and unpredictable events such as bushfires, hailstorms, introduction of a new technology or new regulations and the effects of structural/evolutionary changes in specific industries. Equally importantly, imbalances between demand and supply may simply be the result of low pay and unattractive working conditions.

Skill imbalances should not be interpreted as evidence of systemic market failure. In most cases, the market will adjust although there will be some lag time before it does so. Governments need to resist urgings and the urge to 'do something about them.'<sup>3</sup>

1.8 In this context, it is worth noting that, while the main report makes much of the skill shortages in the traditional trades, training in these areas remains strong: New Apprenticeships in trades related occupations accounted for 35 per cent of all New Apprenticeships, despite the fact these occupations account for only 13 per cent of the workforce. There has also been strong growth in New Apprenticeships in areas of the economy that are growing most strongly, including the services area, such as business services, helping to ward off the possibility of skill shortages emerging in these areas.

1.9 The main focus of the report, while focusing on traditional trades, also provides some discussion of shortages in the professions. Unfortunately, this is not balanced by a recognition of the action being taken by the Commonwealth to provide extra training places. Government senators note that the government's reform package for higher education, *Our Universities: Backing Australia's Future*, has the potential to make significant inroads into skill shortages in the professions through the additional funding provided for:

- an additional 210 nurse places over next four years in regional university campuses, rising to 574 places by 2007, at a total cost of \$17.1 million;<sup>4</sup>
- additional teacher education places totalling \$18.4 million over 3 years, with teaching remaining at HECS Band 1; and
- \$121 million in additional funding to support the practical component of teaching and nursing programs.<sup>5</sup>

1.10 The Government has also announced an additional 234 new university medical places in 2004 based on advice to the Australian Health Ministers in

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3 Submission 96, Ms Kaye Schofield, pp. 6-7

4 *Media Release*, Minister the Hon Brendan Nelson MP, MIN 466/03, Extra Places for Nursing across Australia, 19 September 2003

5 *ibid.*, p. 2

November 2002 from the Australian Medical Workforce Advisory Committee (AMWAC).<sup>6</sup>

1.11 Government senators believe that these actions, and other actions such as the Government's work with employers and the education sector on employability skills will go a long way to improving the supply of suitably skilled people.

### **Chapter 3: Skills Formation and the Labour Market**

1.12 Government senators do not consider that current training and related employment policy settings neglect industry needs. The vocational education and training framework, and training mechanisms such as New Apprenticeships, aim to provide maximum flexibility to the employer and to the trainee to meet the training needs of both. The expansion of student participation in VET reported by DEST at hearings, with numbers doubling over the last decade to the point where there are now 1.7 million students a year are a measure of the Government's success in meeting client needs.<sup>7</sup> New Apprenticeships have given an ever growing number of people throughout the community the opportunity to find employment that suits their needs, whether it be entry or re-entry into the workforce, and to gain qualifications on which they can build secure futures. Both of these developments assist businesses meet the challenges they face in gaining and training the skilled people they need to grow, in an environment of increased competitive pressure and technological change.

1.13 Government senators stand by the proven versatility of New Apprenticeships in companion with the flexibility offered under Work Place Agreements; they also support the continued provision of training wages and incentives for entry level and existing workers as a means of maximising training opportunities for the New Apprentice and the employer. Government senators are somewhat surprised that the report is critical of these arrangements, given that the training wage itself was originally a Labor government initiative, designed to expand training opportunities. The current policy framework for New Apprenticeships provides a more coherent and successful set of arrangements, for the benefit of a broader and more diverse group of people, than the more fragmented and poorly integrated arrangements for traineeships under the most recent Labor governments.

1.14 Given these achievements, Government senators reiterate their support for the view that skill shortages are not an indicator of systemic failure in the supply or training framework set up by the Government.<sup>8</sup> Instead, the causes of shortages are attributable to a wide range of market factors, as the National Industry Skills Initiative (NISI) found. In this regard, Government senators also dispute the report's finding that Commonwealth incentives for New Apprenticeships are not adequately

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6 DEST response to Question on Notice. Additional question number 2.

7 Mr Colin Walters, DEST, *Hansard*, Canberra 15 August 2003, p. 1199.

8 Ms Kaye Schofield, noted above.

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countering disincentives to training in trade areas, and may be skewing growth into lower skill areas.

1.15 Consistent with the findings of the NISI, much of the evidence to the inquiry indicated that lack of interest by young people in apprenticeships in the traditional trades is one of the main constraints in increasing take up of training in these areas. Too often, the committee heard that the trades are considered ‘dirty, difficult and dangerous’ often by those teachers or career counselors either biased in favour of higher education or out of touch with the significant technological changes that have taken place in the automotive, manufacturing and other industries over the past decade. The Government’s marketing campaign for the traditional trades and other actions through the NISI, are intended to break down some of these myths and stereotypes. Television commercials on New Apprenticeships advertise career opportunities in areas diverse as agriculture, hairdressing and automotive mechanics and are reaching children before they have formed any preconceptions about particular career options. The new website on traditional trades is opening a window on the challenges and opportunities available to all young people with a technical aptitude - male and female - and breaking down outdated ideas about trades careers. Government senators understand that while this campaign is yet to be formally evaluated, initial responses are very promising.

1.16 At the same time, Government senators acknowledge that the decline in interest in the traditional trades contributes to the impression that training in these areas has reduced. As noted above, much of the recent growth in New Apprenticeships has been in new occupational areas, where employment is growing strongly, the submission from the Department of Education, Science and Training (DEST) quoting NCVER statistics, shows that this has not been at the expense of training in traditional apprenticeships. Between 1995 and 2002, there was a 22 per cent growth in ‘traditional apprenticeship’ training from 97,610 to 119,340 and that ‘trades and related workers’ are still the biggest occupational group in New Apprenticeships, comprising nearly 36 per cent of those in training compared with only some 13 per cent of the workforce. NCVER also show that the number of young people taking up traditional apprenticeships in the trades is as great as ever, with a 9.5 per cent increase between 1995 and 2002.<sup>9</sup> And these increases in training have taken place at a time when employment in many of the traditional trades is growing slowly if at all.

1.17 Government senators also note that the Commonwealth incentive scheme has recently been reviewed, in consultation with major stakeholders and a simplified and more targeted set of incentives, with a greater emphasis on completions, training in emerging industries, and support for mature workers, has been introduced.

1.18 The Job Network, too, has undergone a rigorous process of review in recent years, with Productivity Commission’s *Independent Review*, presented in June 2002,

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9 Submission 57, Department of Education, Science and Training (DEST), p.19

providing a guide for adjustment over the last year. Government senators are confident that the new arrangements under the Active Participation Model, introduced on 1 July 2003, will resolve training-related and other concerns about the capacity for skilled job matching raised during the inquiry process. Changes under the Employment Services Contract 3 will allow Job Network members refer their job seekers to complementary programmes, such as the New Apprenticeships Access Programme (NAAP), Literacy and Numeracy Programme (LLNP) and Career Counselling. This co-operative cross-agency and cross-programme arrangement will enhance the Commonwealth's capacity to provide more effective responses to skills needs across the full range of industries.

1.19 As the report acknowledges, these major new developments are supported by a suite of companion initiatives designed to target the young, indigenous, disadvantaged or mature age job seeker. Additional funding to support these programs is available through the new Job Seeker account, which will be used to purchase training. In the case of mature age and indigenous jobseekers, the Job Seeker account will be available in addition to funds provided through the Training Account and where appropriate a Training Credit, to meet the costs of employment-related training, included that provided by employers.

1.20 In the case of young job seekers, Intensive Support job search training will provide targeted assistance for early school leavers. This allows for recognition of different education outcomes. Jobseekers aged 16 to 24 will also be required to participate in Intensive Job support job search training. The focus here is on providing young people with a better idea about what employers want, and what is necessary to find, obtain and maintain employment. The Government will make an additional 21,000 Intensive Support Job Search training places available over three years at a cost of \$12.5 million to support these young people make the difficult transition from school to work. Other initiatives, such as a new website for young people entering the job market, will build the link between Job Network, schools and employers. The important link between education and employment is also being bridged by Department of Education Workplace Relations (DEWR) and Department of Education Science and Training (DEST) in a joint working group looking at ways to improve school to work transitions.

1.21 Finally, Government senators contend that the current policy approach to addressing training and employment needs is already strategically targeted to yield the best value for money. While youth training and the skilling of the unemployed is and must be a key concern, the Government considers that the magnitude and diversity of client needs warrants a carefully integrated plan, which it has evolved and is constantly refining. Government senators note that important issues, such as the potential implementation of Recognition of Prior Learning (RPL), are now being closely examined, with some draft guidelines and policy directions on RPL being expected by March 2004.

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## Chapter 4: The Vocational Education and Training Framework

1.22 The first part of this chapter is mainly concerned with funding and calls for increases in Commonwealth and state funding for vocational education and training. Once again, Government senators believe that these claims need to be set in context.

1.23 It is a truism, of course, that there is never enough money to do all the things that need to be done, and to the standard desired. Government senators do not doubt that additional and perhaps unlimited Commonwealth and state funding would translate into some improvements in the availability of places and the quality of services in the VET sector. But responsible government is not about writing blank cheques, but rather about priorities, choices between competing needs and prudent expenditure of taxpayer funds. Having said that, Government senators are concerned that the report paints a misleadingly negative impression of growing Commonwealth contribution to VET, particularly over the life of the last ANTA Agreement and the generosity of the current offer. During 2003, the Commonwealth provided about \$1.1 billion to the states and territories for implementing VET goals including addressing identified industry skill shortages.<sup>10</sup> It has offered to increase this by 12.5 per cent or an additional \$218.7 million, over the life of the next ANTA Agreement in 2004-06, providing a total of \$3.6 billion for the life of the next Agreement. This will fund more places and improved quality and responsiveness. Industry supports the Commonwealth's offer and has called on states to provide matching funding.<sup>11</sup>

1.24 As to the adequacy of this offer, Government senators note that a recent report on the long term demand for VET by Access Economics estimates that the rate of growth in demand for VET over the period 2002-2010 will be approximately half of that experienced over the period 1991 to 2001 (2.7 per cent compared with 5.9 per cent).<sup>12</sup> Calls for even more funding need to be seen in that context.

1.25 Finally, Government senators observe that Australia's national training system is a partnership between the Commonwealth and states, with the latter often quick to call for increased Commonwealth funding, while pulling back from their own commitments. The New South Wales government, for example, in its 2003-04 budget introduced fee increases of up to 300 per cent for some TAFE courses, affecting at least 40 per cent of NSW TAFE students and abolished some fee exemptions for disadvantaged students. While the decision on fee exemptions for unemployed and youth at risk has been reversed, other measures remain in force.<sup>13</sup> Government senators remain deeply disturbed that the states are apparently unwilling to support the training demands of industry in the traditional trades. In late

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10 Media Release , Commonwealth submission to skills inquiry, 11 April 2003, Min 331/03

11 Media release, Commonwealth offers \$3.6 billion for training, 13 June, 2003 Min 373/03

12 Access Economics, *Future Demand for Vocational Education and Training*, Final Draft of 26 May 2003, prepared for ANTA, p. 7

13 Media Release, Minister The Hon Dr Brendan Nelson MP, NSW Government Backflip on some TAFE Fees – but 300% increases remain, 24 September 2003, MIN 468/03

2002, for example, VET plans submitted by New South Wales, Victoria, Tasmania and South Australia all indicated that training places in the key trades at TAFE and among private providers would be reduced. This means places in building and construction, engineering, mining and automotive would be lost while providers continue to offer courses in a range of 'soft' subjects from craft courses to belly dancing.<sup>14</sup>

1.26 Government senators also believe that the section of this chapter on the training policy and framework, including user choice policies and the VET in schools program, should be read against the background that many of these features were introduced as a result industry demands for greater responsiveness, flexibility and national consistency in the training system and criticism of the previously cumbersome training regulatory arrangements, as well as to expand training opportunities, including for new industries. Readers also need to be aware that, while the Commonwealth can show leadership, the impact of the reforms can vary with the level of commitment of the state and territory training agencies. Without cooperation, the cooperative federal system of VET will not function as intended.

1.27 A key point of concern for Government senators is the main report's presumption that the public provider, TAFE, should be accorded a privileged role within the VET system, to the extent that the choice available to employers and employees should be seriously curtailed simply in order to protect the position of TAFE. The underlying message is that the main focus of the vocational education system should be the needs and interests of the providers, rather than those of the clients, that is the students and employers who pay for the education and training and who have most to gain or lose from the training provided. Government senators are completely opposed to this position and regard it as a very poor basis for formulating public policy.

1.28 The weight of the evidence to this inquiry indicates the need for more, not less, user choice, if Australian employers and employees are to engage in training to the extent that will clearly be needed to meet increasing skill formation challenges over the next decade. Time and time again, the committee heard of instances where TAFEs are failing to respond to the needs of employers, particularly small businesses, and remote communities where TAFEs may be reluctant to travel at times convenient to the local community. Witnesses from the Gulf area told the committee that they prefer to have a choice of the RTO that will provide their government funded training.<sup>15</sup> Among the advantages of private RTOs is an ability to specialise in niche areas, service remote or specialised clients and service clients with a national reach, thus catering for the diversity of training needs. Following the introduction of user choice, Australia now has a vibrant, diversified training market in which private RTOs, are playing an increasingly important role. Major employer

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14 House Hansard: 18 June 2003, The Hon Dr Nelson MP, p. 16945

15 Ms Kathryn Sutcliffe, CEO, Gulf Savannah Corporation, *Hansard*, Cairns Roundtable, 2 April 2003, p. 136



groups such as the ACCI see user choice of training provider as fundamental to increasing employer investment in training, and the current inflexibilities in the training system as one of the main barriers to this investment. Government senators therefore believe that further progress in implementing user choice is essential if we are to resolve current skill shortages and pre-empt further shortages arising in future.

1.29 The VET in schools program, discussed in the report, provides a good illustration of the soundness of the Government's policy framework for skills formation. While there were earlier versions of this program before 1996, the program's expansion and development stems from a decision by the MINCO in 1996 to allocate \$20 million of VET funds to state and territory authorities for each of the calendar years 1997 to 2000. The Commonwealth provided additional support, and the result has been a substantial growth in participation in VET in schools and in the range of programs offered.<sup>16</sup> While there are many suggestions for improvements or change to the program in this report, there are few, if any, who do not support the general concept of the program. The Government is well aware of industry and other calls for some changes to the way the program operates and, in order to consider these further, the Minister for Education, Science and Training, asked the House of Representatives standing committee on education and training in July 2002 to conduct an inquiry into the program and recommend improvements.

## **Chapter 5: Education and Training Pathways**

1.30 Many of the suggestions and proposals in this chapter, while consistent with the broad direction of Commonwealth policy, either seek commitment to some specific initiatives or models brought to the committee's attention during the inquiry, or, as in the case of Government support for training existing workers, take up some arguments made to the inquiry for a different approach.

1.31 Government senators generally support the recommendations relating to issues such as improving the capacity of schools to prepare students for further VET studies, collaborative partnerships, articulation between VET and higher education, and exploring the broader applicability of models such as the T3 program and the Cast CRC program. These are useful suggestions made during the course of the inquiry which may merit further examination and could lead to some practical improvements in the areas such as the preparation of students for further vocational education and training. Government senators note, however, that the Commonwealth is already laying firm foundations for the development of more collaborative approaches through its support for universities. For example, the Collaboration and Structural Reform (CASR) Fund, under *Our Universities: Backing Australia's Future*, with \$36.6 million over 3 years commencing in 2005, will provide competitive funds to foster collaboration and structural reform in the higher education sector, including course provision to be shared between two or more

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16 Senate Employment, Workplace Relations and Education References Committee, *Aspiring to excellence*, November 2000, p. 224

institutions in order to ensure the most effective use of resources. The proposal, to fund universities from 2005 on the basis of number of places and discipline mix, will also allow for more consideration of ways of supporting courses with small numbers<sup>17</sup> but high public value, such as in cast metals related engineering or the RMIT/Bosch model.

1.32 Government senators are also convinced that the foundations for engaging students in these pathways are already laid down. There is potential to build on current Job Network and New Apprenticeship arrangements to support participation in the Cast CRC, RMI/ Bosch, and also Illawarra Skill centre proposals as referred to in the report. In this regard, Government senators find some value in recommendation 20 in Chapter 3, which commends the potential to combine New Apprenticeship Incentives with Job Network assistance to support training and employment in skill shortages areas.

1.33 But there are other recommendations that government senators consider unnecessary, largely because they propose actions or policies that are already being implemented by Government. For example, the Commonwealth government through its VET in Schools and Youth transition policies, is already active in promoting partnerships between the three education sectors, industry and the local community. There is, in any event, limitations on the Commonwealth in facilitating and promoting these partnerships which are best handled at state level. Similarly, Government senators, while not dissenting from the recommendation in relation to career counseling, believe that the work currently being undertaken by MCEETYA and the Commonwealth, will provide a sound basis for future arrangements for career advice in schools.

1.34 Government senators, while supporting the principle and the thinking behind the recommendation on Youth Transition, consider it premature, at this time to introduce a complex, resource intensive set of bureaucratic arrangements when the results of some recent significant initiatives in this area are not yet available. The recent review of Youth Transition programs by Allen Consulting Group for the Business Council of Australia, found that there is 'recent and widespread activity in education and training sectors around Australia to improve the transition of young people from initial education to further education and training and employment'.<sup>18</sup> In particular, several states and territories, including Victoria and Queensland, have recently introduced programs or mechanisms which have the potential to translate into improved education and training and employment outcomes for young school leavers. Government senators consider that there should be time to evaluate the outcome of these initiatives and other developments, before a commitment is made to further action.

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17 DEST Response to Additional Question on Notice from the Committee, Additional Question No.3

18 Allen Consulting Group for the Business Council of Australia, *Overview of Transition Programs*, January 2003. p. 1

1.35 Finally, government senators are not convinced, for the moment, of the need for a separate program to support employers in training current workers. Government senators note that a separate approach has the broad support of industry and employers, although this may partly reflect the current impediments to broad use of New Apprenticeships as an avenue for training existing workers, through state and territory government limitations on user choice and funding of the associated training. As DEST representatives explained at the hearing on 15 August 2003, the significant costs of establishing, administering and monitoring a separate scheme, need to be weighed against the likely benefits. The committee heard some compelling arguments that any scheme for training existing workers would need to be carefully targeted to those most in need, such as mature workers lacking post-secondary education and training, and/or priority areas of skill development. In this context, we note from information supplied by ANTA that the New Apprenticeships scheme and Commonwealth incentives for existing workers appear to be well targeted to the needs of disadvantaged workers: of the estimated 72,244 existing workers who commenced New Apprenticeships in 2002, 61,773 (85.5 per cent) had no post-school qualification and were obtaining their first vocational qualification, 5,055 (7.0 per cent) were upgrading from a lower VET qualification and 1,260 (1.7 per cent) supplied no data on past education.

## **Chapter 6 : The Role of Industry and other Stakeholders**

1.36 The bulk of this chapter deals with the recent changes to industry consultation arrangements, although there is also a discussion of industry's role and responsibilities for training its workforce. Government senators note that the revised national industry arrangements are matters for ANTA. Since ANTA appears to be satisfied with the new arrangements, then there would appear to be little point in outside observers suggesting that other arrangements would be preferable.

1.37 Government senators note the loud complaints from unions and some state governments and ITAB members about the withdrawal of Commonwealth funding for state ITABs but find some of the responses disingenuous. After all, if it is true that 'you value what you pay for' as one academic has argued in support of a training levy for industry, then it is clear that few state and territory governments valued their industry advisory arrangements highly enough to make a significant contribution to their operations. Government senators agree with the Commonwealth Government that the arrangements for and funding of these bodies, is a matter for state and territory governments. Claims that they are an integral part of the national system, as made in this report, are, in the view of Government senators, simply opportunistic attempts to preserve the previous status quo for its beneficiaries.

1.38 Government senators note that there are varying views on whether industry's investment in training is static, increasing or decreasing, depending on what measures are used. The ABS Media Release earlier this year on its survey of employer investment in training reported that employers spent 52 per cent more on

structured training for their employees in 2001-02 than in 1996.<sup>19</sup> Despite this, and our general view that the main barrier to greater employer investment in training is greater flexibility and responsiveness, government senators see no objection to ANTA being asked to investigate the range of options for increasing industry investment in training their workforce. We note, however, that ANTA has undertaken a project to assess the relative contribution for VET of individuals, industry and government.

**Senator John Tierney**  
**Deputy Chair**

**Senator Guy Barnett**

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19 ABS, Media Release, 2 April 2003, Employers spend more on training, 6362.0

# Appendix 1

## List of Submissions

### Submission No.

- 1 The Pharmacy Guild of Australia
- 2 Griffith University
- 3 Shop Distributive & Allied Employees' Association
- 4 Mr Ray Manley, Vic (contact details withheld)
- 5 Housing Industry Association
- 6 National Mining Industry Training Advisory Body Ltd
- 7 Mr Kenneth Manley, Vic (contact details withheld)
- 8 Australian Council for Private Education and Training (ACPET)
- 9 STIHL Pty Ltd
- 10 Rural Skills Australia
- 11 Business Skills Victoria
- 12 Australian Human Resources Institute
- 13 NSW Public Sector Industry Training Advisory Body
- 14 Australian National Science and Training Organisation (ANSTO)
- 15 Queensland Nurses' Union
- 16 Defence Personnel
- 17 Victorian Automobile Chamber of Commerce
- 18 Business Council Australia
- 19 Dr Ian Cornford
- 20 Recruitment and Consulting Services Association
- 21 Manufacturing Learning Victoria
- 22 National Electrical and Communications Association (NECA)
- 23 Australian Council of Trade Unions (ACTU)
- 24, 24A Australian Manufacturing Worker's Union (AMWU)

- 25 Minerals Council of Australia
- 26 Dr David Brunckhorst (UNE)
- 27 A/Pr Clive Chappell and Mr Geof Hawke,
- 28 Victorian ITAB Association
- 29 Group Training Australia Ltd
- 30 TRANZNET, Tas
- 31 Tasmanian Food Industry Training Board Inc
- 32 Institution of Engineers Australia
- 33 Dr Erica Smith, NSW
- 34 Ms Leesa Wheelahan
- 35 Australian National Training Authority (ANTA)
- 36 Mr David Graham, Huntsman Chemical Company Australia
- 37 The Australian Drilling Industry Association Limited (ADIA)
- 38 Associate Professor Stephen Billett
- 39 Western Australian Department of Education and Training
- 40 Australian Business Ltd
- 41 Employment Studies Centre (University of Newcastle)
- 42 Rural Enterprises, WA
- 43 PGA Personnel, WA
- 44 Dusseldorp Skills Forum
- 45 Australian Maritime College
- 46 Associate Professor Andy Smith
- 47 Bosch/RMIT
- 48 Tasmanian Government
- 49 National Employment Services Association (NESA)
- 50 Fishing Industries Training Board of Tasmania
- 51 Chamber of Commerce and Industry of Western Australia
- 52 MEGT (Australia) Ltd
- 53 Tasmanian Building and Construction Industry Training Board

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- 54 GlaxoSmithKline
- 55 ACER Centre for the Economics of Education and Training (CEET)
- 56 Chisholm Institute, Vic
- 57 Commonwealth Department of Education, Science and Training
- 58 Jobs Australia
- 59 Academy of Technological Sciences and Engineering
- 60 Northern Group Training Limited (NGT)
- 61 Victorian TAFE Association
- 62 Maribyronong/Moonee Valley Local Learning and Employment  
Network, Melbourne's West Area Consultative Committee and  
Western Region Economic Development Organisation
- 63 City of Greater Dandenong & South East Development
- 64 Victorian Learning and Employment Skills Commission
- 65 Forest & Forest Products Employment Skills Company (FAFPESC)  
(TAS)
- 66 National Centre for Vocational Education Research (NCVER)
- 67 Australian Education Union
- 68 Light Manufacturing Training Australia
- 69 Catholic Education Office, Parramatta
- 70 South East Local Learning & Employment Network Inc (SELLEN),  
Vic
- 71 Automotive Centre of Excellence, Vic
- 72 Northern Area Consultative Committee
- 73 TAFE Teachers Association of the NSW Teachers Federation
- 74 Australian Industry Group and the Engineering Employers Association  
of South Australia
- 75 University of Newcastle
- 76 Cessnock City Council
- 77 Enterprise and Career Education Foundation (ECEP)
- 78 Hunter Area Consultative Committee and Hunter Economic  
Development Corporation

- 79 TAFE Directors Australia
- 80 Cradle Coast Authority, Tasmania
- 81 National Wholesale, Retail and Personal Services Industry Training Council, (WRAPS), NSW
- 82 Jolly Frog Kindergarten, NSW
- 83 Fairfield Migrant Resources Centre, NSW
- 84 Ms Arien Triggs
- 85 Master Builders Australia
- 86 Construction Industry Training Board, SA
- 87 Redlands Shire Council
- 88 Gulf Savannah Development
- 89 Ecofish TNQ Ltd
- 90 Cairns Region Group Apprentices Ltd
- 91 Council of Small Business Organisations of Australia Ltd (COSBOA)
- 92 Quality Industry Training and Employment (QiTE)
- 93 Australian Association of Career Counsellors Inc
- 94 Victorian Government
- 95 Commonwealth Department of Employment and Workplace Relations
- 96 Ms Kaye Schofield, Independent Researcher and Consultant
- 97 Tiwi Islands Training and Employment Board
- 98 Northern Territory Government
- 99 CAST CRC (Cooperative Research Centre for Cast Metals Manufacturing)
- 100 The Australian Chamber of Commerce and Industry (ACCI)
- 101 Curtain Consulting, Vic
- 102 Hunter Plant Operator Training School Ltd (HPOTS Training)
- 103 Australian Mathematical Science Institute



## **Appendix 2**

### **Hearing and Witnesses**

#### **Brisbane, Monday, 31 March 2003**

##### **Australian National Training Authority**

Mr Steven McDonald, General Manager

Ms Kareena Arthy, Director, Research, Planning and Reporting

**Mr Gavin Moodie** (Principal Policy Adviser, Griffith University)

**Ms Elizabeth Wheelahan** (Southern Cross University)

##### **Construction Training Queensland**

Mr Gregory Shannon, General Manager

#### **Brisbane, Monday, 31 March 2003 – roundtable**

Dr Stephen Billett, Associate Professor of Adult and Vocational Education and  
Director of Adult and Vocational Education Studies, Faculty of Education,  
Griffith University

Mr David Brown, General Manager, Manufacturing Industries Group Apprenticeship  
Scheme (MIGAS Inc.)

Mr Anthony Christinson, TAFE Organiser, Queensland Teachers Union

Mr Peter de Medici, Executive Officer, Group Training Association, Queensland and  
Northern Territory Inc

Mr Siyavash Doostkhah, Director, Youth Affairs Network of Queensland (YANQ)

Ms Grace Grace, General Secretary, Queensland Council of Unions

Mr Christopher Hoey, Executive Committee Member, Queensland Industry Training  
Council Inc

Mr Brett Lee, State Coordinator, Manufacturing, Engineering and Related Service  
Industry Training Advisory Body, Queensland

Mr Craig McKenzie, Queensland Branch Manager, Stowe Australia Pty Ltd

Mr Brett Stone, Economic Development Coordinator, Redland Shire Council

Mr David Walker, Training Support Manager, Motor Traders Association of  
Queensland

Mr Robert Young, Project Officer, Queensland Mining Industry Training Advisory  
Body

#### **Brisbane, Monday 31 March 2003 – apprentices roundtable**

Mr Michael Bessell

Mr Robert Cameron, Training Supervisor, Construction, Forestry, Mining and Energy  
Union

Mr Dane Eden Andrew, Member, Australian Metal Workers Union

Mr Matthew Harris, Member, Australian Metal Workers Union

Mr Andrew Meikle, Group Training Australia

Mr Dave Nagel, Third-Year Apprentice Diesel Fitter, Australian Metal Workers Union

Mr Peter Ong

Mr Drew Roscrow, Apprentice Carpenter, Construction, Forestry, Mining and Energy Union

Mr Peter Shooter, State Organiser, Australian Metal Workers Union

### **Gladstone, Tuesday, 1 April 2003 - roundtable**

Mr John Abbott, General Manager, Operations, Southern Pacific Petroleum (Management) Pty Ltd

Mr Roger Atkins, Principal, Toolooa State High School

Mr David Burns, Manager, Gladstone Area Group Apprentices Ltd

Mr Andrew Clegg, Skills Development Coordinator, Bechtel, Comalco Alumina Refinery

Mr William Fry, Institute Director, Central Queensland Institute of TAFE

Mr Phillip Joyce, Manager, Support Services, Aldoga Aluminium Smelter Pty Ltd

Mr Ian Mitchell, Chairman, Gladstone Council, Queensland Council of Unions

Associate Professor Robert Prater, Head, Gladstone Campus, Central Queensland University

Ms Tracey Winters, Director, State Development Centre Gladstone

Mr Noel Wootton, General Manager, Gladstone Area Promotion and Development Ltd

### **Cairns, Wednesday, 2 April 2003 - roundtable**

Mr Dale Anderson, Institute Director, Tropical North Queensland Institute of Technical and Further Education

Mr Darren Cleland, Executive Officer, Ecofish Tropical North Queensland Ltd

Ms Jacqueline Hunt, Market Development Manager, Superyacht Group, Great Barrier Reef (Cairns Region Economic Development Corporation)

Mr Murray Ireland, Director, Cairns Aviation Skill Centre Ltd

Ms Susan Mason-Mitchell, Director, Super Yachts Australia Pty Ltd

Ms Bobby May, Manager, Vocational Partnerships Group Inc

Ms Kathryn Sutcliffe, Chief Executive Officer, Gulf Savannah Development

Mr Tomas Vieira, Executive Officer, Far North Queensland Area Consultative Committee

Mr Sandy Whyte, Executive Officer, Cairns Chamber of Commerce Inc

Mr John Winsor, Chief Executive Officer, Cairns Region Group Apprentices Ltd

### **Cairns, Wednesday, 2 April 2003 – roundtable on Indigenous issues**

Mr Brian Benham, Chief Executive Officer, Far North Queensland Training

Mr Chris Bradley, Regional Adviser Far North Queensland, Ariginisle Ltd

Ms Cindy Hales, Project Officer, Aboriginal and Torres Strait Islander Education Unit, Education Queensland Alliance of Cape York Schools  
 Councillor Alfred Lacey, Deputy Chairman, Aboriginal Coordinating Council  
 Ms Wendy Ludwig, Acting Director, Indigenous Education and Training, Tropical North Queensland Institute of TAFE  
 Mr Darren Miller, Executive Member, Aboriginal Coordinating Council  
 Mr Peter Opio-otim, Executive Director, Aboriginal Coordinating Council  
 Mr Gerhardt Pearson, Executive Director, Balkanu Cape York Development Corporation Pty Ltd  
 Mr Cosmo Petrich, Chief Executive Officer, Cape York Peninsula Development Association; Chair, Cairns Regional Economic Development Corporation; Chair, Cape York Regional Advisory Group; and Director, FNQ Area Consultative Committee

### **Mareeba, Thursday, 3 April 2003**

Mr Colin Allen-Waters, Principal, Atherton State High School  
 Ms Colleen Hallmond, District Manager, Tablelands Region, Tropical North Queensland TAFE  
 Mrs Mary Lyle, Community Participation Officer, Education Queensland  
 Ms Katrina Mellick, Executive Officer, Quality Industry Training and Employment  
 Mr Joe Moro, Chairman, Tableland Economic Development Corporation  
 Mr Ivan Searston, Director, Tropical Tablelands Tourism; and Deputy Mayor, Herberton Shire Council  
 Ms Eve Stafford, Founding Chair, Arts Nexus Inc  
 Ms Angela Toppin, Principal, Mareeba State High School

### **Perth, Monday, 7 April 2003**

#### **Career Consultants and Counsellors**

Ms Judith Denham, Lecturer, School of Education, Edith Cowan University  
 Ms Christine Haines, Director, Miles Morgan Australia  
 Ms Catherine Moore, Secretary, Australian Association of Careers Counsellors (WA Division)

#### **Housing Industry Association**

Mr Laurie Kruize, Executive Director, Training and Professional Development,  
 Mr Peter Nolan, Manager, HIA Apprentices

#### **Western Australian Department of Education and Training**

Mr Malcolm Goff, Deputy Director General, Training  
 Mr Nigel Haywood, Director, System Planning and Industry Analysis  
 Mr Richard Strickland, Executive Director, Policy and Evaluation

#### **Rural Enterprises Employment Agency**

Mr Robert Shadbolt, Owner-Manager

#### **Pastoralists and Graziers Association of Western Australia (Inc)**

Ms Jennifer Stawell, Director

**Perth, Monday, 7 April 2003 - roundtable**

Mr Fred Chambers, Education and Training Advisor, Rural Skills Australia  
Mr Walter Cohn, Consultant, Business Development, Worley Group Ltd  
Mr Gary Collins, Divisional Director, Commercial Services and Business  
Development, Chamber of Commerce and Industry of Western Australia (Inc)  
Mr Nigel Haywood, Director, System Planning and Industry Analysis, Western  
Australian Department of Education and Training  
Dr Irene Ioannakis, General Manager, Caterpillar Institute (WA) Pty Ltd  
Mr Norman Marlborough, MLA, Parliamentary Secretary to the Minister for  
Consumer and Employment Protection  
Ms Stephanie Mayman, Secretary, UnionsWA  
Mr Peter Nolan, Manager, HIA Apprentices, Housing Industry Association  
Mr Gregory Philip, Director, Miles Morgan Australia Pty Ltd  
Mr Dave Robinson, Assistant Secretary, UnionsWA  
Ms Jo-Anne Robinson, Teacher, Career and Vocational Education, Ballajura  
Community College

**Kwinana, Tuesday, 8 April 2003**

Mr Geoffrey Botting, Economic Development Officer, Town of Kwinana  
Ms Kaye Butler, Member, Western Australian State Training Board; and Human  
Resource Manager, Western Australian Operations, Alcoa World Alumina  
Australia  
Mr Kevin Dorotich, Economic Development and Promotion, City of Rockingham  
Mr Patrick Gallagher, Executive Officer, Peel Area Consultative Committee  
Mr Robert Guest, Acting Head of Learning Area, Kwinana Senior High School  
Mr Douglas Lievense, Maritime Vocational Education and Training Coordinator,  
Rockingham Senior High School  
Professor Kateryna Longley, Pro-Vice-Chancellor Regional Development,  
Rockingham and Peel Campuses, Murdoch University  
Mrs Mary Margetts, Acting Principal, Rockingham Senior High School; and  
Foundation Member, KIEP  
Mr John McIlhone, Director, South West Group  
Mr Frederick Osborne, Director, Engineering and Construction, Challenger TAFE;  
and Director, Western Australian Applied Engineering and Shipbuilding  
Training Centre  
Mr Philip Reinhardt, Regional Employment Coordinator, Western Australian Office  
of Training

**Port Augusta, Wednesday, 9 April 2003****Upper Spencer Common Purpose Group**

Mr Andrew EASTICK, Chief Executive Officer, Northern Regional Development  
Board; and Secretary, Upper Spencer Gulf Common Purpose Group  
Mr Michael Fetherstonhaugh, Business Adviser, Port Pirie Regional Development  
Board

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Mr Ronald Wilson, Chief Executive Officer, Whyalla Economic Development Board

**Manufacturing, Engineering and Related Services ITAB**

Mr Gary Andrew, Executive Officer, IICF

Mr Ian Curry, National Project Officer, Australian Manufacturing Workers Union

**Port Augusta, Wednesday, 9 April 2003 - roundtable**

Mr Gary Andrew, Executive Officer, IICF

Mrs Barbara Cox, Field Officer, Statewide Group Training

Mr Stuart Marcus, Training Manager, WMC Olympic Dam

Dr Christopher McQuade, Manager Business Support, Pasminco Port Pirie Smelter

Mr Bruce Muhlhan, Training and Learning Manager, OneSteel Whyalla Steelworks

Mr Mark Nelson, Manager Human Resources, WMC Olympic Dam

Mr Stephen Richter, Managing Director, SJ Cheesman

Mr Jack Velthuizen, Executive Manager Manufacturing, Construction and Transport Program, Spencer TAFE

Ms Rae Watson, Student Counsellor and Manager, Pre-industry Course, Edward John Eyre High School

Mr Richard Yeeles, Group Manager Corporate Affairs, WMC Resources

**Launceston, Monday 14 April 2003**

**Training panel**

Mr Craig Glennon, Chief Executive Officer, Work and Training Ltd

Mr Bruce Grant, Chief Executive Officer, Northern Group Training

Mr Bruce Lipscombe, Manager, Business Development, Work and Training Ltd

**Australian Maritime College**

Dr Neil Otway, Chief Executive Officer/Principal

Mr Robert Jones, General Manager, Academic and Student Services, and Registrar

**Tasmanian Building and Construction Training Industry Development Board**

Mr Peter Coad, Executive Director

Mr Fred Lijauco, Research and Development Manager

**Department of Education, Government of Tasmania**

Mr Michael Stevens, Deputy Secretary, VET Strategies

Mr Nicholas Evans, Director, Strategic Planning and Development

**Regional development authorities**

Mr Derek Bendall, Executive Officer, Tasmanian Forest Industries Training Board Inc

Mr Roger Jaensch, Chief Executive Officer/Executive Chairman, Cradle Coast Authority

Mr Richard Millen, Executive Director, Australian School of Fine Furniture

Mr Russell Reid, Chief Executive Officer, Northern Tasmanian Regional Development Board

## **Launceston, Monday 14 April 2003 - roundtable**

- Mr Philip Baker, State Secretary, Australian Manufacturing Workers Union;  
and Vice President, Unions Tasmania
- Mr Derek Bendall, Executive Officer, Tasmanian Forest Industry Training Board Inc
- Mr Andrew Benson, Chairman, Manufacturing Industry Council; and State  
Development Manager, Skilled Engineering
- Ms Helen Bound, Junior Research Fellow, Centre for Research and Learning  
in Regional Australia, University of Tasmania
- Mr Rory Byrne, Executive Officer, Fishing Industry Training Board of Tasmania Inc
- Mr Peter Coad, Executive Director, Tasmanian Building and Construction Industry  
Training Board
- Mr Kenneth Dobbie, Executive Officer, Tasmanian Food Industry Training Board
- Mr Donald Howe, Owner Operator, Don J. Howe and Sons Engineering
- Mr Fred Lijauco, Research and Development Manager, Tasmanian Building  
and Construction Industry Training Board
- Mr David Milne, Lecturer, National Training Co-ordinator (VET), Australian  
Maritime College
- Captain John Milward, Senior Lecturer, Course Coordinator for Advanced Diploma  
of Applied Science (Shipmaster) (Master Class 1, Certificates of Competency),  
Australian Maritime College
- Mr Robert Mulcahy, Chief Executive Officer, TRANZNET Association Inc; and  
Company Secretary, TDT Tasmania Ltd
- Ms Gayle Walduck, Manager, New Apprenticeships Centre, JobNet Tasmania Inc.
- Mr John Withers, Education and Training Advisor, Tasmanian Chamber  
of Commerce and Industry
- Mr Stanislaus Zichy-Woinarski, Executive Officer, Rural Industry Training and  
Education (Tasmania) Inc

## **Dandenong, Tuesday, 15 April 2003**

### **City of Greater Dandenong**

- Ms Anita Buczkowsky, Project Manager, South East Development
- Mrs Sandra George, Business Networking Coordinator, South East Networks

### **South East Local Learning and Employment Network**

- Mr Paul Di-Masi, Chief Executive Officer, South East Local Learning and  
Employment Network Inc
- Mr Dave Glazebrook, General Manager, Youth Assist Inc
- Ms Aleta Kane, Chief Executive Officer, Southport Engineering

### **Chisholm Institute of TAFE**

- Mr Patrick Jones Francis, Director, School of Manufacturing and Engineering
- Ms Virginia Simmons, Director and Chief Executive Officer

**GlaxoSmithKline**

Mr Ian Finlay, Vice-President, Global Manufacturing and Supply,  
 Mr Paul Lefebvre, Human Resources Manager, Global Manufacturing  
 and Supply, Australia  
 Miss Catherine McGovern, Government Affairs Manager

**Australian Drilling Industry Association Ltd**

Mr Ross Alexander, President  
 Mr Graeme Wakeling, Chief Executive Officer

**Dandenong, Tuesday, 15 April 2003 - roundtable**

Ms Judith Brown, Manager, Adult Community Education, Living and Learning  
 in Cardinia  
 Ms Anne Marie Deschepper, Manager, Educational Development Services,  
 Chisholm Institute of TAFE  
 Mr Paul Di-Masi, CEO, South-East Local Learning and Employment Network  
 Mr Ronald Holderness, Public Officer, Trainer Level IV, Work Focus Inc  
 Mr David Ivens, Supervisor, First Aid and OH&S, Work Focus Inc  
 Ms Sue Kent, Industry Employment Manager, MEGT (Australia) Limited  
 Mr Douglas Maxwell, National President, Australian Foundry Institute  
 Ms Helen McNamara, Manager, Strategic Planning, Chisholm Institute of TAFE  
 Mr Brian O'Dwyer, Executive Director, Melbourne Eastern Region  
 Area Consultative Committee  
 Mr Andrew Stephens, Investment Manager, Latrobe City Council  
 Mr Rod Styles, Regional Manager, Apprenticeships Australia

**Melbourne, Wednesday, 16 April 2003****National Employment Services Association (NESA) and Jobs Australia**

Mr David Thompson, Chair, National Employment Services Association; and  
 Chief Executive Officer, Jobs Australia  
 Ms Sally Sinclair, Chief Executive Officer, National Employment Services  
 Association  
 Ms Annette Gill, Project Coordinator, Police and Consultation, National Employment  
 Services Association

**TAFE/RMIT University and Robert Bosch Australia**

Mr Allan Ballagh, Acting Director (RMIT)  
 Mr Alan Montague, Manager, Apprenticeships and Traineeships (RMIT)  
 Mr Christian Klopfer, Production Group Leader, Chassis Sensors (Bosch)

**Victorian TAFE Association Chief Executive Officers Council**

Mr Robert Smillie, Council Member and Representative

**Victorian Learning and Employment Skills Commission**

Mr Peter Laver, Chair  
 Mr Keith Gove, Manager, VLESC Secretariat

**Area Consultative Committees**

Mr Noel Benton, Chairman, Northern Stainless Steel Skills Development Group

Mr Tony Coppola, Executive Officer, Northern Area Consultative Committee

Mr Michael Iaccarino, Executive Officer, Melbourne's West Area Consultative Committee

Ms Justine Linley, Project Manager, Western Melbourne Regional Economic Development Organisation (WREDO)

Ms Sue Fowler, Executive Officer, Maribyrnong and Moonee Valley Local Learning and Employment Network

**Australian Council of Trade Unions**

Ms Sharan Burrow, President

Ms Jacqueline King, Industrial Officer

**Melbourne, Wednesday, 16 April 2003 - roundtable**

Ms Robyn Archer, Head of Department, Industrial Skills Training, Victoria University of Technology

Ms Linda Baron, Executive Officer, Career Education Association of Victoria

Ms Sharan Burrow, President, Australian Council of Trade Unions

Mr Neil Chambers, Chief Executive, Victorian Sea Freight Industry Council; Member, Victorian Transport, Distribution and Logistics Industry Round Table

Mr David Doherty, Chairman, Victorian Transport, Distribution and Logistics Industry Round Table

Ms Annette Gill, Policy and Consultation, National Employment Services Association

Mr Geoff Gwilym, Manager, Employment, Education and Training, Victorian Automobile Chamber of Commerce

Ms Pam Jonas, Manager, Policy and Research, Group Training Australia, Victoria

Ms Jacqueline King, Industrial Officer, Australian Council of Trade Unions

Dr May Lam, Policy Manager, Jobs Australia

Mr Gerard Langes, Chief Executive Officer, Transport and Distribution Training Australia

Ms Julie Mills, Chief Executive Officer, Recruitment and Consulting Services Association Ltd

Mr Andrew Rimington, Manager, Education, Employment and Training Division, Victorian Employers Chamber of Commerce and Industry

Ms Susan Woodward, General Manager, Light Manufacturing Training Australia

Mrs Leyla Yilmaz, Manager, Industrial and Employee Relations, Victorian Automobile Chamber of Commerce

**Melbourne, Thursday, 17 April 2003****Automotive Centre of Excellence—Kangan Batman TAFE and Victorian Automobile Chamber of Commerce (VACC)**

Mr Phillip Murphy, General Manager—Automotive, Kangan Batman Institute of TAFE



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Mr Geoffrey Gwilym, Manager, Employment, Education and Training, Victorian  
Automobile Chamber of Commerce

Mrs Leyla Yilmaz, Manager, Industrial and Employee Relations, Victorian  
Automobile Chamber of Commerce

**Centre for Economics and Education Training (CEET), Faculty of Education,  
Monash University**

Professor Gerald Burke, Executive Director

**Mr Peter Kirby**

**Huntsman Chemical Company**

Mr David Graham, Learning and Development Manager, Huntsman Chemical Co Pty  
Ltd; Chair, Manufacturing Learning Australia; and Chair, Manufacturing  
Learning Victoria

**Victorian Industry Training Advisory Board Association**

Mr Brian Spencer, Deputy Chair

Ms Mary Faraone, Executive Director, Business Skills Victoria; and Chair, Victorian  
Industry Training Advisory Board Association

**Newcastle, Monday, 5 May 2003 - roundtable**

Mr Jeffrey Aiken, General Manager, Labour Cooperative

Professor Linda Connor, President of Academic Senate, University of Newcastle

Mr John Coyle, Chief Executive, HunterNet Cooperative Ltd

Mr Rodney Doherty, Manager, Lower Hunter Business Enterprise Centre

Mr Jan Dupont, Chairman, Hunter Ednet

Mr David Harrison, Business Development Manager, Newcastle, ADI Ltd

Dr Gaye Hart, Institute Director, New South Wales College of Technical  
and Further Education—Hunter Institute

Mr Roy Hill, Faculty Director, Information Technology, Hunter Institute  
of Technology

Mr Gary Kennedy, Secretary, Newcastle Trades Hall Council

Mr Paul Leaver, Group Employee Relations Manager, ADI Ltd

Professor John Lester, Professor of Aboriginal Studies; Head of Wollotuka School of  
Aboriginal Studies; Director, U Mulliko Indigenous Higher Education  
Research Centre

Mr James Marshall, Community Development Planner, Cessnock City Council

Mr Gerry Mohan, Union Organiser, Australian Manufacturing Workers Union

Mr Peter O'Malley, Company Secretary and Business Development Manager,  
HunterTech

Mr John Stanton, Manager, Newcastle and Northern New South Wales, Australian  
Industry Group—Hunter Manufacturing Council

Ms Arien Triggs, Chairperson, Hunter Trainers and Assessors Network

## **Newcastle, Monday, 5 May 2003**

### **Apprentice Issues**

Mr Robert Alexander, Organiser, Electrical Trade Union

Mr Travis Dowling, Third-Year Apprentice Formwork Carpenter, Oakdale

Mr Gary Kennedy, Secretary, Newcastle Trades Hall Council

Mr Stephen Lobb, State Organiser, Construction, Forestry, Mining and Energy Union

Mr Dale Martin, First-Year Apprentice (Electrical), Hunter Valley Training Company

Mr Gerry Mohan, Union Organiser, Australian Manufacturing Workers Union

Ms Janine Moylan, Manager, Hunter Valley Training Company

Mr Chris Pike, First-Year Fitter Machinist Apprentice, Hunter Valley Training Company

Mr Heath Simpson, Electrical Apprentice, Downer

Mr Brendan Sullivan, Electrical Apprentice, OneSteel Pipe and Tube

Mr Nathan Thompson, First-Year Electrical Apprentice, Hunter Valley Training Company

### **Employment Studies Centre, University of Newcastle**

Professor Mark Bray, Co-Director

Mr Nic Croce, Consultant Researcher

Dr Duncan MacDonald, Research Associate

### **Hunter Area Consultative Committee**

Mrs Kath Elliott, Executive Officer

### **Hunter Economic Development Corporation**

Ms Gillian Summers, Chief Executive Officer

## **Sydney, Tuesday, 6 May 2003**

**Dr Ian Cornford**

**Dr Erica Smith**

### **Group Training Australia Ltd**

Mr James Barron, Chief Executive Officer

Mr Jeffrey Priday, National Development Officer

### **Australian Industry Group**

Mr Stephen Ghost, General Manager, Education and Training

### **Australian Business Ltd**

Mr Paul Orton, General Manager, Policy

Ms Kathy Rankin, Policy Adviser, Education and Training

### **Australian Manufacturing Workers Union**

Mr Julius Roe, National President

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**Enterprise and Career Education Foundation**

Mr Jim Syrmas, Director, Policy

Mr Peter Watts, Director, Business Relations

**Ms Kaye Schofield****TAFE Teachers Association of the NSW Teachers Federation**

Ms Linda Simon, Secretary

**National Wholesale Retail and Personal Services Industry Training Council**

Mrs Jeanette Allen, Executive Director

**NSW Utilities and Electrotechnology Industry Training Advisory Body**

Mr Norman Cahill, Executive Officer

**National Electrical and Communications Association**

Ms Jennifer Callahan

**National Mining Industry Training Advisory Body Ltd**

Mr Desmond Caulfield, Executive Officer

**Sydney, Wednesday, 7 May 2003****Dusseldorp Skills Forum**

Dr John Spierings, Research Strategist

Mr Eric Sidoti, Senior Consultant

**Australian Council for Private Education and Training**

Mr Timothy Smith, National Executive Officer, Australian Council for Private  
Education and Training

Mr David Windridge, Director

Ms Julie Moss, Deputy National Chair

**General roundtable**

Mr Ian Blandthorn, National Assistant Secretary, Shop Distributive and Allied  
Employees Association

Mr Phillip Bradley, Assistant General Secretary, Post School Education,  
New South Wales Teachers Federation

Dr John Buchanan, ACIRRT

Mr Bert Evans, Chairman, New South Wales Board of Vocational Education  
and Training

Ms Louise Godwin, President, TAFE New South Wales Managers Association Inc

Mr Paul Goodwin, Chief Executive Officer, GROW Employment Council Inc

Mr Michel Hedley, National ICT Workforce Manager, Australian Information  
Industry Association

Miss Jacinta Rowe, Director, J2S Pty Ltd

Professor Andrew Smith, Acting Director, Centre for Enhancing Learning and Teaching, Charles Sturt University

Professor Irene Stein, Clinical Services Consultant, Baptist Community Service, and Professor of Nursing, School of Nursing and Midwifery, Victoria University

Dr Phillip Toner, Senior Research Fellow, Australian Expert Group in Industry Studies, University of Western Sydney

### **Darwin, Tuesday, 10 June 2003 - roundtable**

Mr Denis Kuhl, Darwin Operation, Centralian College

Mr Paul McConnell, Business Development Management, Group Training, Northern Territory

Mrs Gillian McDonald, VET Coordinator, Casuarina Senior College

Mrs Lea Pennicott, Training Coordinator, Darwin Skills Development Scheme

Professor Kathryn Roberts, Professor of Nursing, Northern Territory University

Dr Stephen Shanahan, Dean of Faculty of Technology and Industrial Education, Northern Territory University

Mr Gary Shipp, Head of School, Workplace and Initial Training, Northern Territory University

Captain Richard Teo, General Manager/Chief Executive Officer, Seafood and Maritime Industries Training Ltd; Chair, Industry Advisory Group, TEATAC

Ms Georgina Wilson, Projects Officer, CHARTTES Training Advisory Council

### **Darwin, Tuesday, 10 June 2003**

#### **National Centre for Vocational Education Research**

Dr Tom Karmel, Managing Director

Mr Mark Cully, General Manager

### **Darwin, Wednesday, 11 June 2003**

#### **Northern Territory Department of Employment, Education and Training**

Mr Peter Plummer, Chief Executive Officer

Mr Kim Jenkinson, General Manager, Employment and Training

### **Darwin, Wednesday, 11 June 2003 - roundtable**

Mr Duncan Beggs, Community Relations Manager, ADrail

Mr John Berto, Deputy Chief Executive Officer, Northern Land Council

Mr Graeme Bevis, Executive Director, Motor Trades Association Northern Territory Inc

Mrs Anna Commons-Fidge, Council Member, Northern Territory Manufacturers Council

Mr Konrad Drogemoller, Consultant, Northern Territory Industry Search and Opportunity

Mrs Carole Frost, Chief Executive Officer, Northern Territory Chamber of Commerce and Industry

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Mr Michael Kilgariff, Chief Executive Officer, Territory Construction Association  
Mr Harry Maschke, Managing Director, Action Sheetmetal Pty Ltd  
Mr Steven Tiley, Managing Director, Universal Engineering Northern Territory

### **Adelaide, Thursday, 12 June 2003**

#### **Department of Further Education, Employment, Science and Technology**

Dr Geoffrey Wood, Executive Director, Office of Vocational Education and Training  
Ms Sally Jeremic, Senior Policy Adviser, Office of Vocational Education and Training

#### **Construction Industry Training Board**

Mr John O'Connor, Acting Chief Executive Officer  
Mr Marcus d'Assumpcao, Manager, Research and Planning  
Mr Richard McKay, Presiding Member

#### **Australian Association of Career Counsellors Inc**

Ms Pamela Fletcher, National Executive Committee Member, South Australian Division  
Mrs Judith Leeson, National President  
Ms Linda Polomka, Member  
Mr Frederick Stokes-Thompson, Member (Fellow)

#### **Health Industry Representatives**

Ms Elizabeth Clare, Executive Manager Corporate Development, Masonic Homes Inc  
Ms Anne Clark, President, Association of Child Care Centres  
Mr Warrick Dillon, Manager, Corporate Services, Community Accommodation and Respite Agency Incorporated (CARA)  
Ms Teresa Harnett, Chairperson, OSHC (SA) Association  
Mr Craig Harrison, ACROD National Employment and Training Committee Ltd  
Ms Diane Lawson, Chief Executive Officer, National Industry Training Advisory Board, Community Services and Health Training Australia  
Ms Denice Wharldall, Chief Executive Officer, Leveda Inc, and Chairperson, ANGOSA

### **Adelaide, Thursday, 12 June 2003 - roundtable**

Ms Katrina Ball, Manager, New Apprenticeships Collection and Analysis Branch, National Centre for Vocational Education Research  
Mr Steve Barrett, General Manager, Human Resources, Mitsubishi Motors Australia Ltd  
Ms Virginia Batty, Director, Torrens Valley Institute of TAFE  
Professor Ross Bensley, Executive Director, Australian Manufacturing Centre of Excellence  
Mr Derek Cupp, Training Advisor, Engineering Employers Association South Australia  
Mr Robert Katern, Operations Manger, AUTO-CONNECT (Brien Investments)

Mr Jason Kuchel, Executive Director, Electronics Industry Association  
Ms Nadeya Maystrenko, Project Officer, Agriculture and Horticulture Training  
Council of SA Inc.

Mr Stephen Myatt, Director, Engineering Employers Association South Australia  
Professor Sue Richardson, Director, National Institute of Labour Studies,  
Flinders University

Mr Colin Shearing, Secretary, Retail, Wholesale and Personal Services Training  
Advisory Group Inc.

Dr Lincoln Wood, Director of Engineering and Product Assurance, BAE Systems

## **Canberra, Friday, 20 June 2003**

### **Australian Chamber of Commerce and Industry**

Mr Stephen Balzary, Director, Employment and Training  
Ms Tanya George, Adviser, Employment and Training

### **Rural Skills Australia**

Mr Geoff Bloom, Executive Director

### **Master Builders Australia Inc**

Mr Wilhelm Harnisch, Chief Executive Officer  
Mr Richard Calver, National Director, Industrial Relations and Legal Counsel  
Mr Denis Wilson, National Director, Training

### **Engineers Australia**

Mr Athol Yates, Associate Director, Public Policy Unit  
Ms Kathryn Hurford, Policy Analyst, Public Policy Unit

### **Australian Nursing Federation**

Mr Victoria Gilmore, Acting Assistant Federal Secretary

### **Cooperative Research Centre for Cast Metals Manufacturing**

Professor David St John, Chief Executive Officer  
Mr Michael Lee, Manager, Technology Transfer and Education

### **Australian Die Casting Association**

Mr Geoffrey Mitchell, National Secretary

## **Canberra, Friday, 15 August 2003**

### **TAFE Directors Australia**

Ms Margaret Fanning, Executive Director  
Mr Darrell Cain, Member

### **Australian National Training Authority**

Ms Kareena Arthy, Director, Research, Planning and Reporting  
Mr Adrian Stephens, Director, Client Relationships

**Department of Education, Science and Training**

Mr Colin Walters, Group Manager, Science Group; formerly Group Manager,  
Vocational Education and Training Group

Mr Anthony Greer, Group Manager, Transitions and Indigenous Group

**Department of Employment and Workplace Relations**

Ms Alison Durbin, Assistant Secretary, Intensive Support Operations Branch,  
Intensive Support Group

Mr Denis Hart, Team Leader, Occupational and Skills Analysis Section, Economic  
and Labour Market Analysis Branch

Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation  
Group





## Appendix 3

### Tabled Documents

- Hearing: Perth, 7 April 2003**  
 Department of Employment and Training WA (Mr Richard Strickland):  
 Skills Needs Planning Process [EWRE 230]
- Hearing: Port Augusta, 9 April 2003**  
 Port Pirie Regional Development Board (Mr Michael Fetherstonhaugh):  
 SAMAG: Pre-Construction Training [EWRE 340-41]  
 SAMAG: Strategic Training and Recruitment Process 2001-2003  
 [EWRE 340-41]
- Hearing: Launceston, 14 April 2003**  
 Tasmanian Building and Construction Industry Training Board (TBCITB):  
 Australian French Marine Technology Park proposal
- Letter dated 22 April 2002:* the Hon Bob Cheek MAH, Member for Denison, House of Assembly, Tas. to Mr Peter Coad, Executive Director, TBCITB, with attached letter from the Hon Brendan Nelson, Minister for Science, Education and Technology to Mr Cheek, dated 9 April 2002
- Letter dated 4 April 2002:* Dr Andrew Forbes Program Leader. Marine Technology and Information, CSIRO Marine Research to Mr Peter Coad, TBCITB
- Letter dated 10 January 2002:* M. Pierre Viaux, Ambassador of France, French Embassy, Canberra to Mr Peter Coad, TBCITB
- Hearing: Melbourne, 16 April 2003**  
 Australian Council of Trade Unions (Ms Burrow):  
 Senate Inquiry into Current and Future Skills: Case Scenarios, received as additional information [EWRE 600]
- Roundtable: Darwin, 11 June 2003**  
 Territory Construction Association (Mr Michael Kilgariff CEO):  
 Wickham Point LNG Plant: skill needs [EWRE 1042]  
 Action Sheetmetal Pty Ltd (Mr Maschke)
- Letter dated 10 June 2003* from Action Sheetmetal CEO, Mr Harry Maschke, to Committee [EWRE 1049]
- Hearing: Adelaide, 12 June 2003**  
 Australian Association of Career Counsellors Inc (Ms Judith Leeson, National President):  
*The Australian Career Development Industry: Proposal for Developing Quality Standards*, prepared by Mary McMahon, Wendy Patton and Peter Tatham for the Australian Association of Career Counsellors Inc [EWRE 1088]

**Hearing****Canberra, 15 August 2003**

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The learning and Skills Council (Mr Walters):

*Further Education and Work Based Learning for Young People  
-Learner Outcomes in England 2001/02 [EWRE 1200]*

Commonwealth Department of Education Science &amp; Training (Mr Greer):

*The Cost of VET in Schools: An Analysis of the Costs of Delivering  
VET in Schools including an Analysis of Cost Efficiencies, prepared  
by The Allen Consulting Group Pty Ltd [EWRE 1204]*

## Appendix 4

### Answers to Questions on Notice

- Hearing:** **Brisbane, 31 March 2003**
- Received:** **Australian National Training Authority:**  
**14 August 2003**
- (a) Market research on industry perception of the VET sector  
 National Strategy for VET 2004-2010 Report on focus group research December 2002  
 Initial Scoping Interview with 10 Industry leaders
- (b) Uphill systems modelling  
 Meta-analysis: new approaches to identifying the training needs of new and emerging industries and occupations  
 Supporting information: New Approaches to identifying training needs of new and emerging industries and occupations  
 Meta-analysis: making VET more conveniently accessible, especially for small business  
 Supporting information: making VET more conveniently accessible, especially for small business
- Hearing:** **Kwinana, 8 April 2003**
- Received:** **Kwinana Industries Education Partnership**  
**8 April 2003**  
 Ms Maryanne Hughes, Executive Officer
- Hearing:** **Launceston, 14 April 2003**
- Received:** **Australian School of Fine Furniture**  
**24 April 2003**  
 Mr Richard Millen, ASFF Executive Director
- Received:** **Tasmanian Building and Construction Industry Training Board:** M Peter Coad, Executive Director  
**28 April 2003**
- Provide a copy of a memorandum of understanding, partnering agreement underpinning the Building and Construction VET in Schools Program [EWRE p. 424]
- Received:** **Cradle Coast Authority:**  
**29 April 2003**  
 Mr Roger Jaensch, Chief Executive Officer
- Sustainable Regions 'Pathways' projects; articulation to higher education; identifying emerging industries; upskilling and reskilling of local people to address skill shortages

**Received:**  
**10 July 2003**

**Department of Education:**  
Office of Post Compulsory Education and Training

User choice: list of traditional trade areas quarantined from RTO delivery for TAFE, [EWRE p. 429]; Articulation strategies for mature entry pp. 430–32; Quality of assessment under the AQTF, [EWRE p. 433]

**Hearing:**

**Dandenong, 15 April 2003**

**Received:**  
**15 April 2003**

**Youth Assist Inc:** Mr Dave Glazebrook, Chief Executive Officer  
Young Mum's Project—Design and objectives. Assistance program for very young mothers and their children planned by Youth Assist Inc for delivery at the Visy Cares Centre, Dandenong

**Hearing:**

**Melbourne, 17 April 2003**

**Received:**  
**22 May 2003**

**Victorian Automobile Chamber of Commerce:**  
Mrs Leyla Yilmaz, Manager Industrial & Employee Relations  
Skills attrition in rural areas due to drought: limitations on access to incentive payments for drought declared areas

**Hearing:**

**Sydney, 6 May 2003**

**Received:**  
**8 May 2003**

**Group Training Australia:**  
Mr Jim Barron  
Address of UK website for careers connection:  
<http://www.connexions.gov.uk>;  
Copy of best practice statement for GTA

**Received:**  
**22 May 2003**

**NECA:**  
Industry skills needs in electrotechnology industry – National Industry Skills Initiative, Careers Program, Upskilling Program, Innovative Pathways Program, Electrocomms Contracting Program, Vision 2007

**Received:**  
**29 July 2003**

**Australian Business:** Ms Kathy Rankin,  
Learning Bonus Scheme and the bureaucratisation of the training process

**Hearing**

**Darwin, 11 June 2003**

**Received:**  
**24 July 2003**

**Department of Employment, Education and Training, NT:**  
Dr Peter Plummer, Chief Executive

Provide information on articulation, remote area training, funding of RTOs, literacy and numeracy and labour market analysis

- Hearing** **Adelaide, 12 June 2003**
- Received:** **Department of Further Education, Employment, Science and Technology:** Ms Sally Jeremic, Senior Policy Officer, Office of Vocational Education and Training  
**29 July 2003**
- Roundtable:** **Adelaide, 12 June 2003**
- Received:** **Professor Sue Richardson**, Institute of Labour Studies, Flinders University: provide study identifying the reasons for the high attrition rate of skilled employees  
**2 July 2003**
- Mark Cully and Richard Curtain**, *Reasons for New Apprentice Non Completion*, Final Report, 2001
- Hearing** **Canberra, 20 June 2003**
- Received:** **CAST CRC:** Mr Michael Lee, Manager Technology Transfer and Education, to provide graphical presentation of the proposed funding model for a nationally delivered TAFE program to be managed by CAST CRC, [EWRE p. 1177]  
**24 July 2003**
- Hearing** **Canberra, 15 August 2003**
- Received:** **Department of Education Science and Training:** 12 Questions on issues such as use of Centrelink career services, career and transition pilots, careers development, Cost of VET in schools, RPL, nursing shortages, Workplace English Language and Literacy program, RPL, national training system, medical practitioner, universities, models to estimate apprentice intakes intake rates over time, mature age workers, NISI implementation, plan for NISI, NISI and skill Councils, transition from school to work, early childhood program, skill shortages in child care, DEST information on supply  
**24 September 2003**
- Received:** **Australian National Training Authority:** Data on existing workers and New Apprenticeships; Graded assessment in WA; Withdrawal of Commonwealth funding of state ITABs; Role of new skill councils; report on industry advisory arrangements; forecasting of future skill needs; NISI and ANTA; Appointments to the Board; Consultative arrangements to ensure that the system meets needs of individuals; review of group training; Standards for assessors  
**26 September 2003**
- Received:** **Department of Employment and Workplace Relations:** Work for the dole outcomes; drought assistance; AWAs and apprentices; ASCO revision; Labour market trends; NISI; Labour market information; Job Network payments for training placements  
**21 October 2003**



## Appendix 5

### Additional Information

#### Received at hearings:

<p><b>Hearing:</b> Perth 7 April 2003</p>	<p><b>PGA Personnel:</b> Pastoral Industry Training: A Guide for Station Hands</p> <p><b>Career consultants and counsellors (Miles Morgan):</b> Managing Life, Learning and Work in the 21<sup>st</sup> Century—Issues Informing the Design of an Australian Blueprint for Career Development</p> <p><b>Western Australia Department of Education and Training:</b> Statement of Intent ‘Towards More Effective Linkages and Opportunities for Student Movement between Higher Education and Vocational Education and Training Sectors’</p> <p>TAFEWA- University Pathways: Progress report to Joint VET-University Committee by Jane Lorrimar</p>
<p><b>Kwinana</b> 8 April 2003</p>	<p><b>Murdoch University:</b> Programs with TAFE and University preparation</p> <p><b>CCI WA:</b> CCI Kwinana Skills Centre</p>
<p><b>Launceston</b> 14 April 2003</p>	<p><b>Australian School of Fine Furniture:</b> Furniture Design and Making—Summary of Points</p>
<p><b>Launceston</b> 14 April 2003</p>	<p><b>Tasmanian Forestry Industry Training Board:</b> Background information: forestry training issues</p>
<p><b>Dandenong</b> 15 April 2003</p>	<p><b>Greater City of Dandenong and South East Development:</b> Area profile Profile of delegates</p>
<p><b>Dandenong</b> 15 April 2003</p>	<p><b>Australian Drilling Industry Association:</b> Corporate profile</p>
<p><b>Melbourne</b> 16 April 2003</p>	<p><b>Mr Alan Montague, RMIT University:</b> ‘Investing in Australia’s Skills—the Potential of an Expanded Apprenticeship System as a National Vocational Education and Training Strategy for 2004–2010 and Beyond’ draft paper</p>

**Melbourne**  
**17 April 2003**

**Kangan Batman TAFE:**

*Automotive Centre of Excellence: Globally Positioning Victoria Facilities Development Financial Feasibility Project*, Allen Consulting Group, Report to the Kangan Batman TAFE, August 2001

‘Auto Training Centres on Excellence’, article, December 2002

**Melbourne**  
**17 April 2003**

**Professor Gerald Burke, CEET Director, Centre for Economics and Education Training (CEET), Faculty of Education, Monash University:**

‘Future Job Openings: Victoria’, overview with table sourced from C. Sha, M. Long, G. Burke and J. Fischer, *Demand for Training: Labour Force Changes, Projected Job Openings for New Entrants and Workplace Developments*, Report to the Office of Training and Tertiary Education, Department of Education and Training, Victoria, 2002.

*A Stocktake of the Economics of Vocational Education and Training in Australia: Some Implications for Career Development*, Chris Selby Smith, Faculty of Business and Economics, Monash University

**Melbourne**  
**17 April 2003**

**Mr Peter Kirby, Chair:**

Ministerial Review of Post Compulsory Education and Training Pathways in Victoria, Final Report, Department of Education, Employment and Training, State Government of Victoria

**Sydney,**  
**6 May 2003**

**Mr Norm Cahill, Utilities and Electrotechnology ITAB:**

CD ROM Power Up: Your Careers in Utilities and Electrotechnology

**Sydney,**  
**7 May 2003**

**Dr Eric Sidoti, Senior Consultant, Dusseldorp Skills Forum:**

*Honouring Our Commitment, A policy paper about Realising Australia’s Commitment to Young People*, November 2002

“You value what you pay for” Enhancing Employers’ Contributions to Skill Formation and Use, A discussion paper for the Dusseldorp Skills Forum, June 2002

**Adelaide**  
**12 June 2003**

**Construction Industry Training Board:**

Construction Industry Training Board Annual Report 1 July 2002 to 30 June 2002

**Skills South Australia:**

Skills for the Future, Final Report of the Ministerial Inquiry, May 2003



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- Australian Association of Career Counsellors, Ms Judith Leeson, National President:**  
Introducing the Blueprint for Life/Work Designs, National Life/Work Centre, pamphlet
- Roundtable: Launceston 14 April 2003**      **Andrew Benson, Chairman, Manufacturing Industry Council; State Development Manager, Skilled Engineering:**  
Senate Current and Future Skills Shortage Inquiry: A Perspective
- Public hearing Newcastle, 5 May 2003**      **HunterNet Group Training Company (HNGTC):**  
Innovative Training Now and in the Future, A proposal in response to a critical shortage in the small to medium size engineering and manufacturing workforce in the Hunter Region of New South Wales, February 2003
- Sydney 6 May 2003, site visit**      **University of Western Sydney:**  
some comments on how they work with high schools and TAFE  
**UWS Bachelor of Housing:**  
information pamphlet
- Public hearing and roundtable on the skills needs of emerging industries**
- Sydney, 7 May 2003**      **Ms Elizabeth Elenius, Manager, Australian Photonics, CRCs**  
Australian Photonics, CRC Annual Report, 2000–2001 (Hard copy and CD Rom)  
**Ms Karen Whittingham:**  
Power point presentation on VET sector adding value to an emerging industry
- Public Hearing Canberra, 20 June 2003**      **Australian Chamber of Commerce and Industry (ACCI):**  
Employability Skills – and Employer’s Perspective Availability of Suitably Qualified Employees to July 2003 (Chart)  
Northern Australia Skills Shortages report 1997  
**Master Builders Australia:**  
Submission on the Cole Royal Commission Final Report – Part Two: Master Builders Australia –  
Master Builders Australia – recommendations of Cole Royal Commission – pp127-130  
**Institution of Engineers Australia –**  
2003 Professional Indemnity Insurance Survey Report, 20 March 2003
- Campbelltown 14 July 2003, site visit**      **Austool:**  
slides of presentation ‘Saving Australian Manufacturing Industry’

	<b>Australian Industry Group:</b> Macarthur Apprenticeship Recruitment Strategy; Zoom CD: Engineer Your Career in Manufacturing
<b>Port Kembla 14 July 2003, site visit</b>	<b>University of Ballarat:</b> Press clippings on Steelhaven Skills Centre; information on Steelhaven Skills centre team; TAFE 2003 Information Guide; Enterprise connections, Issue No 10, May 2003
<b>Wollongong 14 July 2003, site visit</b>	<b>Illawara Apprenticeship Pilot:</b> – handout from Jennie George <b>Illawara Regional Proposal Growing the Region:</b> A Pilot Scheme to Create Apprenticeships within Small Business – to Address Chronic Regional Skills Shortages and Youth Unemployment, prepared Australian Business Limited by Judith Stubbs & Associates July 2001
<b>Maitland 15 July 2003, site visit</b>	<b>Hunter-V-Tec:</b> diagram showing programs of the scheme
<b>Cessnock 15 July 2003, site visit</b>	<b>Hunter Plant Operator Training School, HPots Training:</b> Course information; Submission; Review of Heavy Plant Operator Training in New South Wales <b>Two Bishops Trust:</b> Muswellbrook Employment Service paper; Cessnock Employment Resource Centre: Business Plan; project Brief <b>Two Bishops Trust: University of Newcastle :</b> Two Bishops Trust Muswellbrook Project Evaluation: Stage 1 summary <b>Ms Payall, Cessnock City Council:</b> Community Development – Job Guarantee proposal

### **Additional information subsequently received**

<b>23 April 2003</b>	<b>Queensland Government, Minister for Employment, Training and Youth, Matt Foley:</b> Skilling Queensland: A Strategy for Vocational Education and Training 2001-2004; Education and Training Reforms for the Future; Central Queensland Training and Employment Strategy; Cape York Employment and Training Strategy; Aviation Australia; Breaking the Unemployment Cycle.
<b>22 May 2003</b>	<b>Victorian Automobile Chamber of Commerce: Mrs Leyla Yilmaz, Manager Industrial &amp; Employee Relations:</b> Table with extracted rates from ABS unpublished data showing pay scales for apprentices in the automotive industry compared with those in other industries

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- 10 July 2003**      **Mr Jim Barron, Managing Director, Group Training Australia:**  
Facsimile dated 10 July 2003 attaching copy of letter sent to all State and Territory Ministers
- 14 July 2003**      **Ms Margaret Cummins, T3 Curriculum Coordinator, Toyota Corporation Australia Limited:**  
Information package on T3 training program, including CD, The T3 Advantage
- 29 July 2003**      **Ms Ruby Morconi, Principal, Helensvale State High School:**  
Letter dated 4 July 2003 sent to all Principals from Debbie Best, Assistant Director-General, Curriculum, Learning and Development  
Information regarding Helensvale State High School's School-based Apprentices and Trainees
- July 2003**            **Australian National Training Authority (ANTA)**  
National Strategic Planning and Industry Advisory Arrangements for Vocational Education and Training, Discussion Papers  
New national industry advisory arrangements: proposed transition arrangements  
Skill Councils: Declaration criteria and Guidance  
Nicholas Clark and Associates: Review of Industry based skill centres, skill centres for school students and ATSI facilities for VET
- 5 September 2003**    **WA Department of Education and Training:**  
Pamphlet: Graded Performance Assessment – an explanation August 2002  
**TAFEWA-University Pathways:**  
Progress report to Joint VET-University Committee (August) by Jane Lorrimar  
A statement of intent
- 11 September 2003**    **Department of Employment and Workplace Relations**  
Shortage History Trades  
Shortage History Professions  
NSW Professional Assessments  
NSW Trades Assessments

Note: Information in these lists is held on file at the Australia Archives.



