

Submission

to

Senate Employment, Workplace Relations and Education
Legislation Committee

Inquiry into the provisions of the Skilling Australia's Workforce Bill 2005

Submitter: Ms Aurora Andruska
Group Manager, National Training Direction Group

Organisation: Department of Education, Science and Training

Address: 16 Mort St
GPO Box 9880
CANBERRA ACT 2601

Phone: 02 6240 8820

Fax: 02 6240 8070

Email: aurora.andruska@dest.gov.au



Australian Government

Department of Education, Science and Training

**Submission to the Senate Employment, Workplace Relations and
Education Legislation Committee**

**Inquiry into the provisions of the Skilling Australia's Workforce Bill
2005**

National Training Direction Group
16 Mort Street
GPO Box 9880
Canberra ACT 2601

July 2005

Introduction

The purpose of this submission is to provide information on the Skilling Australia's Workforce Bill 2005 (section 1) and the proposed arrangements for new national training system (section 2).

The Australian National Training Authority (ANTA) was established in 1992 to coordinate levels of government in establishing a national vocational education and training system. As a measure of ANTA's success the foundations of a national industry led system are now largely in place.

On 22 October 2004, the Prime Minister announced the closure of ANTA and the transfer of ANTA functions to the Department of Education, Science and Training from 1 July 2005. As a result of the Prime Minister's announcement, a new national training system has been proposed. This proposal has been based on consultations with key stakeholders following the release of the Skilling Australia: New Directions for Vocational Education and Training paper.

The vocational and technical education system makes a significant contribution to Australia's economic success by providing the highly skilled and productive workers business needs to compete in the global market. When ANTA was established in 1992, Australia faced unemployment of 10%, now with unemployment at 5.1% there is a greater challenge in meeting demand for skilled workers. In addition, the new system must respond to the changing needs of industry, patterns in employment and the needs of existing and mature-aged workers and society more generally. Responsibility for training is shared between State Governments and the Australian Government with States having primary responsibility for the government funding and delivery of training.

The national training system needs to deliver high quality outcomes and be flexible and responsive to industry, employers and individuals if we are to ensure Australia's continued economic and social growth and our ability to compete effectively on the global stage. The training system must be flexible enough to respond rapidly to new technologies and work practices and evolving economic and social priorities. Some of the challenges that our training system must respond to in the 21st century include increasing demand for skills development, our ageing population, advances in technology and innovation, and changing work and employment patterns.

The new national training system will provide more appropriate governance, accountability and operational arrangements, which will focus on current and future skills needs and will reinvigorate the leadership role of business and industry.

The Australian Government is committed to maintaining national collaborative arrangements with the States and Territories. Since the Australian Government offer was conveyed to the States and Territories on 30 March 2005, Ministers and officials have worked together in a spirit of cooperation to reach agreement on issues surrounding the funding offer and the national training system.

Section 1: The Skilling Australia's Workforce Bill 2005

Purpose

The Skilling Australia's Workforce Bill 2005 will establish the new national training arrangements for the funding period 1 July 2005 - 31 December 2008, following the closure of the ANTA and the transfer of its functions and responsibilities to the Department of Education, Science and Training (DEST).

The new national training system will build on the achievements of ANTA and the training sector in entrenching the foundations of an industry led, national, high quality training system. The key elements of the current arrangements, such as a national approach and industry leadership, will be strengthened.

The Bill appropriates and distributes funds to States and Territories supported by multi-lateral and bi-lateral agreements. The multilateral agreement will maintain a strong focus on national collaboration, while bilateral agreements will allow States and Territories to negotiate individual outputs and targets to address local diversity and meet regional needs.

The purpose of the priorities and conditions in the Bill is to further strengthen the training system to allow flexibility and responsiveness to industry needs and to deliver genuine competency based qualifications as opposed to time-based qualifications.

The Bill will provide the basis for a national training system that will:

- strengthen Australia's economic base through providing a highly skilled workforce that will meet the future needs of Australian businesses, industries, communities and individuals;
- promote a national approach to the delivery of training through collaboration and cooperation between the Commonwealth, States and Territories and industry; and
- support a national training system that:
 - is responsive to the needs of industry and employers and in which industry and employers drive the policies, priorities and delivery of vocational education and training;
 - ensures high quality and nationally consistent vocational education and training, including through providing flexible and accelerated training delivery; and
 - operates through streamlined arrangements, is simple to access, and encourages more Australians to prefer vocational education and training options when making career choices.

The **Skilling Australia's Workforce (Repeal and Transitional Provisions) Bill 2005**, which has been introduced with the Skilling Australia's Workforce Bill, will repeal the *Australian National Training Authority Act 1992* and the *Vocational Education and Training Funding Act 1992*.

It will also provide for the transitional arrangements for the transfer of functions and responsibilities from ANTA to the Department of Education, Science and Training, including arrangements for the transfer of assets, liabilities and custody of records to the Commonwealth.

Funding

The Bill will appropriate \$4.4 billion as the Australian Government's contribution to the States and Territories for vocational and technical education for the period July 2005- December 2008.

Statutory Conditions

Through the Statutory Conditions in the Bill, the Australian Government is seeking to increase the flexibility and responsiveness of the training sector including by:

- maximising choice for employers and new apprentices, to enable them to select the most suitable training provider for their needs;
- implementing workplace reform in TAFE, by offering more flexible employment arrangements including AWAs and performance pay to staff, so that it is more responsive to local employer and industry needs;
- removing impediments in State awards so that training qualifications are based on competence, rather than on length of time; and
- increasing the utilisation of fully publicly funded training infrastructure, by providing third party access to that infrastructure on a commercial basis.

Maximising Choice for employers and new apprentices

The user choice provision creates a system which maximises choice for employers and New Apprentices, where they select the most suitable training provider for their needs. The introduction of choice in training provider and delivery method leads to improvements in training outcomes and increases flexibility for employers and employees.

States and Territories, however, cap access to user choice by mechanisms such as restricting the number of qualifications, the level of qualifications and the categories of New Apprentices such as existing workers open to user choice funding or, in some cases, limiting access to public providers.

This measure in the Bill is designed to increase the flexibility and responsiveness of the user choice system to more readily meet the training needs of industry, particularly in areas of skills needs. More information on the performance of training providers will be made publicly available, so people can make informed choices about which provider best meets their skills needs.

Workplace reforms for TAFE institutions

The Australian Government does not fund TAFE institutions directly. The Government provides money to the States and Territories, some of which they choose to use to fund TAFE institutions. The Skilling Australia's Workforce Bill requires States to introduce a range of workplace reforms in TAFE Institutions, which deliver 85 per cent of publicly funded training. These reforms will help create a more flexible and responsive training system that will benefit industry, students and the community.

The national training system needs to be flexible and responsive to the needs of industry to ensure that it has the capacity to respond to emerging pressures on the Australian economy such as skills needs, demographic change and changing employment patterns and industry structures.

The Australian Government cannot make the training sector more flexible and responsive to industry needs, without reforming TAFE, a point supported by the former head of NSW TAFE prior to his departure in June 2005.

Implementing workplace reform in TAFE, through more flexible employment arrangements including Australian Workplace Agreements and performance pay, will improve its responsiveness to local employer and industry needs.

Implementing a fair and transparent performance management scheme in TAFE Institutions will ensure that high performing employees are rewarded. It will allow TAFE directors to attract and retain quality staff and will give them the capacity to manage underperformance more effectively.

The Skilling Australia's Workforce Bill only requires that TAFE staff be offered AWAs. Whether staff chose to work under individual or collective arrangements will be a matter for each staff member to decide. The priority for the Australian Government is that TAFE staff be given a choice of working arrangements.

Competency-based Training

The Bill will require the States and Territories to take action to remove impediments in State awards so that training qualifications are based on competence as a matter of course, rather than on length of time, which will offer more flexible options for students and employers. In the current arrangement many New Apprentices take up to four years to complete (and in some cases, even longer), rather than having access to accelerated or more relevant, competency-based pathways. Rigid time-based approaches cannot meet the needs of employers or individuals in the rapidly changing economy.

Increased utilisation of publicly funded training infrastructure

The Bill requires States and Territories to improve the utilisation of publicly funded training infrastructure. Increasing the utilisation of fully publicly funded training infrastructure, by providing third party access to that infrastructure on a commercial basis will enable more efficient use of public funded facilities by providing access to a wider range of people undertaking training while allowing TAFE institutions to raise additional revenue.

Section 2: National Training System Framework

The national training system will be built around:

- a *National Governance and Accountability Framework*, which establishes the decision making processes and bodies responsible for training, as well as planning and performance monitoring arrangements to guide the operation and growth of the training system; and
- a *National Skills Framework*, which sets out the system's requirements for quality and national consistency in terms of qualifications and the delivery of training.

Industry leadership and engagement will be injected into all aspects of the new training system.

Guiding Principles

The Guiding Principles for the national training system will be:

- Industry and business needs, both now and for the future, drive training policies, priorities and delivery.
- Better quality training and outcomes for clients, through more flexible and accelerated pathways, are assured.
- Processes are simplified and streamlined and enhance national consistency.
- Young people have opportunities to gain a wide range of lasting skills that provide a strong foundation for their working lives.
- Training opportunities are expanded in areas of current and expected skill shortage.

National Governance and Accountability Framework

Legislation

The Australian Government is establishing new Commonwealth legislation, *Skilling Australia's Workforce Bill 2005*, to reflect its commitment to the new national training system.

Multilateral and Bilateral Funding Agreements

The multilateral agreement recognises that cooperation and collaboration between the Australian and State Governments are essential to maintain an effective national training system.

It will establish:

- a shared commitment to support national goals and objectives for vocational education and training;
- guiding principles for the national training system;
- the responsibilities of each party to the Agreement;
- national priorities that are to be achieved in the medium term;
- national policies to support the effective operation of the training system;
- national planning arrangements to support improved training outcomes;
- national targets that reflect Australian and State Government policy objectives;
- national outcomes-focussed performance measures that are focused on reducing skill shortages and improving outcomes for key clients;

- national initiatives to advance the training system;
- mechanisms for the release of funds to the States; and
- agreed sanctions for non-achievement of performance measures or other requirements in the Training Funding Agreement.

The bilateral agreements provide an avenue for addressing local diversity within the framework of national consistency. They provide flexibility to implement national priorities and establish performance levels that are relevant to each jurisdiction.

Bilateral agreements include:

- State planning requirements and funding priorities;
- performance reporting; and
- State-specific initiatives, particularly those which are supported by Australian Government funding.