

03 August 2020

Productivity Commission  
4 National Circuit  
Barton ACT 2600

### **Submission: Skills and Workforce Development Agreement Interim Report**

Committee for Melbourne (Committee) commends the Productivity Commission's interim report on the National Agreement for Skills and Workforce Development and welcomes its call for further public consultation and feedback.

This submission will address the impact of COVID-19 on the education sector and the wider economy, including the implications for the VET sector.

COVID-19 has disrupted the status quo and had a dramatic impact on Australia's society and economy, including the education sector.

The impacts of COVID-19 will be far-reaching. Education institutions, their employees and students will emerge on the other side of the pandemic in a significantly different environment. For example, the enforcement of social distancing measures has seen a substantial increase in the uptake of digitally delivered courses and people working from home. These developments are expected to be a legacy of this period even if the extent of this acceleration is still to be determined.

The economy will change in unforeseen ways following the crisis. Economic recovery will depend on the return of the consumer – individual and business – but shopping may be different, both in terms of the means and what is considered valuable. In this environment, a large proportion of the existing workforce may require upskilling, while younger individuals will require access to new courses and training over the course of their lives. Even before the pandemic, individuals, businesses and organisations were being asked to consider what training was required to succeed in the new economy; COVID-19 has heightened this imperative.

COVID-19 has triggered a fundamental re-think of global networks and supply chains. Resilience is now front-of-mind for policy-makers and government officials, especially regarding food, medical supplies and essential services. Changes to supply chains and logistics will affect the future of jobs in the economy.

These developments present both challenges and opportunities for the VET sector. Many VET courses necessarily provide learning programs with in-person delivery components. However, providers will likely need to consider ways to combine virtual and hands-on learning components. In a world where people are learning to collaborate virtually across organisations and time zones, VET providers may need to ensure they are developing students' capacities to do this.

As individuals, businesses and organisations attempt to adapt quickly to shifting economic and consumer demands, many require the services of education providers to develop and fast-track the courses available to deliver the required skills. VET providers could deliver a range of shorter courses, including micro-credentials, that enhance individuals' digital and 'soft' skills. The development of new courses, along with deepening industry links to capitalise on the expansion of workplace training programs in existing and growth sectors like cyber-security, health and agri-business, would be greatly beneficial to VET providers.

The capacity for VET providers to be flexible and responsive to individual and industry needs is critical. Understanding that lifelong learning is essential for individuals and organisations, micro-credential qualifications are a means of providing essential skills at a given point in time.

The Committee notes a statement made in the interim report regarding lifelong learning:

*Lifelong learning is mainly non-formal and about 85 per cent is funded by employers. This training is an important contributor to the incremental attainment of skills, sometimes a substitute for accredited training, and has implications for assessing the effectiveness and direction of the formal VET system. Government policies are largely silent about this part of the VET system, and the information about it is limited (pgs. 3-4).*

Recognition of the importance of lifelong learning and creating an environment in which it can be pursued is very important. The Committee encourages the Productivity Commission to explore how lifelong learning could be facilitated via micro-credentials through the VET sector.

The Committee would like to draw the Productivity Commission's attention to our original submission (attached), which recommended:

1. Micro-credentials are recognised, or aligned, to the AQF and therefore accredited.
2. Micro-credentials have access to government subsidies or loan schemes, similar to other VET courses.

The Committee thanks the Productivity Commission for providing the opportunity to provide feedback on the interim report on the National Agreement for Skills and Workforce Development.

Yours sincerely,

Martine Letts  
CEO