

**Vocational Education and Training Workforce  
Productivity Commission Issues Paper  
Submission**

Australian Industry Group

30 July 2010



## **Introduction**

The Australian Industry Group is pleased to have this opportunity to provide a submission to the Productivity Commission on the Vocational Education and Training Workforce. We commend the Productivity Commission on the development of an Issues Paper which comprehensively and cogently covers the main issues facing the Australian vocational education and training workforce.

## **About the Australian Industry Group**

The Australian Industry Group (Ai Group) is a leading industry association in Australia. Ai Group member businesses employ around 750,000 staff in an expanding range of industry sectors including: manufacturing; engineering; construction; automotive; food; transport; information technology; telecommunications; call centres; labour hire; printing; defence; mining equipment and supplies; airlines; and other related service industries.

In preparing this submission Ai Group has drawn on the expertise of its Education and Training Policy team and also its member advisors located in Queensland, New South Wales, Victoria and South Australia who are dealing directly with member companies on a day-to-day basis on skilling issues.

This submission makes reference to a number of recent Ai Group research reports all of which can be accessed through the website [www.aigroup.com.au](http://www.aigroup.com.au)

In developing this response Ai Group has sought to address the issues and questions identified in the Issues Paper as they concern industry. As will be clear from our response, Ai Group is firmly of the view that the success of the VET workforce is tied closely with its capacity to engage with and meet the needs of industry and primarily industry is interested in skilling in the context of how it can improve productivity and competitiveness. For industry skilling is not an end in itself. New entrants and existing workers undertake vocational education and training to improve their work prospects and outcomes and these expectations will not be met without a deep engagement with industry.

## VET in the education sector and the economy

The Issues Paper is right to identify that the VET sector is one of great diversity. Its workforce operates across a wide range of courses and qualifications, within a variety of ownership structures, under a complex mix of funding sources and delivers services to individual students across the population and organisations across the economy.

The VET sector is inextricably linked to the organisations which make up the economy and just as the Australian economy has undergone enormous change in recent years, so too has the VET sector. It is our expectation that change will continue to be a feature of the economy and the VET sector.

Ai Group research consistently shows that enterprises are turning to their existing workforce as the source of new skills and that increasingly the skills they need are at higher levels.<sup>1</sup> These developments pose challenges for the VET workforce which needs to respond by working more flexibly and with a greater concurrent range of people. The reduced availability of low skilled work will mean people who had not previously undertaken training will now need to and many of them will require additional support, particularly in relation to literacy and numeracy.

It is understood that parameters need to be placed around this study and we agree that the focus should be on training which is nationally recognised. But it must be noted that informal training has a significant place in the Australian workplace. Ai Group research demonstrates the importance of informal and non-formal training. The *World Class Skills for World Class Industries Report*<sup>2</sup> found that 89% of firms used informal coaching and 88% used informal instruction. The *Skilling for Innovation survey*<sup>3</sup> indicated that more than three-quarters of the almost 500 companies surveyed used informal training to introduce new skills to their existing workforces. Mentoring and vendor training, were also popular (45% and 25% of firms respectively). None of this important training directly results in nationally recognised qualifications.

The NCVET also reminds us of the importance of unaccredited training.

*“Although not part of the nationally recognised VET system, unaccredited training is an important type of formal structured training utilised by employers to meet their skill needs. This training does not lead to a nationally recognised qualification but must have a specified content or predetermined plan designed to develop employment-related skills and competencies.”<sup>4</sup>*

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<sup>1</sup> *Skilling the Existing Workforce Report*, Australian Industry Group, December 2008.

<sup>2</sup> *World Class Skills for World Class Industries*, Australian Industry Group, May 2006.

<sup>3</sup> *Skilling for Innovation*, Australian Industry Group, April 2008.

<sup>4</sup> Australian vocational education and training statistics: Employers' use and views of the VET system, NCVET, 2005.

The Issues Paper advises that the focus will be on the VET workforce that provides VET courses leading to 'accredited qualifications'. Our assumption is that this includes the VET workforce providing skill set training and individual or small groups of units of competency and also that it covers VET in schools delivery. In our view it would be a significant omission if any of these categories of delivery was not included, particularly VET in Schools as this area of delivery has long been the subject of quality concerns and given that VET in Schools teachers need to be qualified as both teachers and VET trainers this distinct and growing segment of the VET workforce deserves focused attention.

It is important to note that there are various ways in which VET in Schools programs can be delivered. This includes the situation of schools becoming Registered Training Organisations to deliver VET programs to their own students, and in some cases to students from a cluster of schools. The National Training Information Service identifies 368 schools as RTOs and many of these are secondary schools.<sup>5</sup> Accordingly, such VET in Schools trainers are an important part of the VET workforce. They form a particular group as they deliver school-based curriculum, usually criterion-referenced, as well as National Training Packages and State accredited VET courses which are competency based. This component of the VET workforce then straddles two differing teaching and training methodologies. This tendency will be strengthened by the introduction and progressive implementation of the Commonwealth Government's *Trade Training Centres in Schools* initiative. There are long standing industry concerns about the quality of VET in Schools pathways where they are not associated with workplace experience<sup>6</sup> and where school VET teachers have limited industry experience. It is important that this sub-group of the VET workforce has access to support to bolster their experience.

Ai Group is concerned that the Commission does not intend to examine the VET workforce providing training that is on-the-job as increasingly this is the form of training companies prefer and this training can be formal and can lead to national qualifications – as is the case with apprenticeships and traineeships. In the Ai Group survey mentioned above, more than half of the respondents used formal training to introduce new skills; 61% utilised externally delivered training and 55% had the training delivered in-house. This may just be an issue of the language used in the paper but it will be important to this work that on-the-job training is within the scope of the review.

The Issues Paper asks 'What are the particular features of the VET sector that need to be taken into account?' From an industry perspective our advice is:

- Industry engagement is vital and the capacity to work with enterprises to understand their business needs and design skilling solutions is crucial
- Industry skill currency is paramount

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<sup>5</sup> [www.ntis.gov.au](http://www.ntis.gov.au)

<sup>6</sup> This was noted in *Adolescent overload?*, Report of the inquiry into combining school and work, House of Representatives, Standing Committee on Education and Training, October 2009, Canberra.

- Responsiveness and flexibility must become essential elements of VET sector operations
- The diversity of participants will deepen as demographic and economic pressures build and the sector must be able to respond to their needs
- The VET sector must be able to deliver higher level skilling solutions, to more people, across more areas, than previously
- VET sector reforms need to be embraced and implemented across all VET providers.

Clearly the VET workforce needs to be defined and the Issues Paper's suggested option to define the VET workforce as all employees of VET providers, including managerial and administrative staff, self-employed people and independent contractors is a practical approach. The paper notes that this excludes government and peak industry body employees working in VET.

The working definition also excludes some other significant VET workforce groups for example the staff of national Industry Skills Councils and State Industry Training Advisory Board staff and group training staff. Many of these bodies face real difficulties finding staff with the appropriate skills and knowledge to undertake their significant VET work but including these entities may make an already large study too broad.

The other group not covered by the definition includes people employed by companies to manage, deliver and administer training. Ai Group has had a long involvement in vocational education and training and we have seen the importance companies attach to skilling issues raised considerably in recent years. This has resulted in companies increasingly employing or retaining people to manage or undertake directly the skills function and so these people are an important part of training workforce. It is acknowledged that data on this group would be very difficult to capture and there will be at least partial capture through those companies that are enterprise-based Registered Training Organisations.

As the Issues Paper outlines, the objectives and outcomes of the National Agreement for Skills and Workforce Development translate into a very significant set of expectations for the VET workforce. This workforce must be innovative, flexible, fully aware of the latest policy and practice developments, and in a position to deliver quality vocational training which meets industry needs. For many this will present a significant challenge. The sector's capacity to meet this challenge should be measured and a variety of quantitative and qualitative measures should be developed, in consultation with industry. The issue of training quality is a key one for industry and delivering on this largely, though not solely, rests with the VET workforce. Elements of the industry-developed and tested Institute for Trade Skills Excellence Star Rating Scheme provide a good starting point for the development of appropriate metrics.

## **An overview of the VET workforce**

The Issues Paper is right to identify that the lack of comprehensive, reliable, current data on the VET workforce is problematic and while there is not an easily identifiable solution to this lack of data, we encourage the Commission in this aspect of its work as the inability to access a macro picture of the VET workforce must be resolved if we are to make headway on improving the VET workforce.

## **Demand influences on the VET sector**

Australia experienced a long period of skills shortages which were alleviated, but not resolved, by the global financial crisis. The re-emergence of growth has seen the strong return of skills shortages across the economy as shown in Ai Group's July 2010 National CEO survey<sup>7</sup>. The findings demonstrate the current significant shortfall which the VET workforce must play a large role in addressing through its training of both new entrants and existing workers. Industry is facing skills shortages now: future demographic and economic change, we agree, will exacerbate these trends with more people staying in the workplace longer resulting in an increasing need to upskill and reskill and, the shift to the use of increasingly sophisticated technologies placing further demands on the VET workforce.

The section of the Issues Paper which considers demand states 'Demand for the VET workforce derives from the demand for VET from industry and individuals.' The specification of this general demand for skills is found in Training Packages. The Commission should be aware that significant work has recently been undertaken by a Joint NQC and COAG sub group which was responsible for ensuring that nationally recognised training products within the VET sector are flexible and responsive to changing industry, business and individual needs and work practices. Improving outcomes for clients included work on improving the design of units of competency, Training Packages, VET qualifications, accredited courses, credit systems, and recognition arrangements to support reform for a more client and demand driven system<sup>8</sup>. Over 500 people attended workshops and consultations around Australia. Businesses and industry expressed strong support for the continuation of Training Packages and accredited courses as a single national framework. The increasing flexibility of the latest Training Packages is also highly valued and accredited courses are seen as having the capacity to meet the needs of niche markets and emerging and converging industries or technologies. Our firm view is that a comprehensive consideration of issues around Training Packages has been undertaken and that this issue falls well outside the remit of the VET Workforce review.

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<sup>7</sup> *Skills Shortages: A high risk business*, National CEO Survey, Australian Industry Group and Deloitte, July 2010.

<sup>8</sup> *VET Products for the 21<sup>st</sup> Century*, Final Report of the Joint Steering Committee of the NQC and the COAG Skills and Workforce Development Subgroup, June 2009

A further issue concerns the section of the VET workforce involved in language, literacy and numeracy (LLN) training. Recent Ai Group research<sup>9</sup> has highlighted concerns about low levels of language, literacy and numeracy in the workforce and accordingly the increased need for LLN specialists to provide this training. The current profile of LLN trainers suggests that this is essentially a casualised and ageing section of the VET workforce without a clearly defined career pathway. These issues need to be addressed as a priority if the Australian workforce is to significantly improve its level of literacy and numeracy skills.

In recent years Ai Group has undertaken a series of research projects looking at the skilling implications of emerging technologies. Our research identified the need for the VET sector to improve its engagement with emerging technologies and – given the pace of change, diversity of emerging technologies and their convergent nature – this engagement must be continuous, multi-disciplinary and cross-industry. Given the demand-driven nature of the VET sector, some emerging technologies skilling opportunities could be missed because demand is not yet at sufficiently high levels to warrant a commercial response from VET. Planning and preparation for emerging technology delivery needs to take place ahead of identified demand and communication needs to be improved between emerging technology researchers, VET and those industries involved in the early commercialization of emerging technologies<sup>10</sup>.

Emerging technologies are one example of the need to engage with industry. If it is to be well placed to respond to demographic and economic challenges, VET providers must commit to working with industry broadly. Our experience is that the VET sector's engagement with industry is highly variable within and between providers. Some public and private providers engage effectively and some levels of staff or sections of providers engage well but for others contact is minimal. It is often the case that senior staff recognise and value industry engagement and 'coal face' delivery staff do not. The increased emphasis at both the National and State and Territory level of demand driven funding will further heighten the need to engage with industry.

### **Supply of the VET workforce**

VET providers often struggle to recruit suitably qualified and skilled trainers, this is particularly an issue in emerging technology areas. Periods of skills shortages and the strong demand for skills from the mining and construction sectors means that VET providers with their limited capacity to pay have difficulty attracting and retaining staff. The extent of flexibility public VET providers have over pay levels varies enormously even within States and Territories so this is more an issue for some than others. The VET workforce also suffers from an image problem – as does teaching more broadly.

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<sup>9</sup> National Workforce Literacy Project, *Report on Employers Views on Workplace Literacy and Numeracy Skills*, Australian Industry Group, May 2010.

<sup>10</sup> *Emerging Technologies Project Report*, Australian Industry Group, February 2010, p38.

Once in the workforce, VET teachers must possess current industry skills and contemporary educational skills. This isn't an either/or proposition and there must not be a trade off between industry capability and currency and educational effectiveness. This should also extend to the maintenance of a deep understanding of VET policy; too often VET teachers' attitudes to VET policy changes are that it is something completely divorced from how they do their work and this has the effect of stymieing reform.

The link made in the Issues Paper of apprentice completion rates to the future supply of VET practitioners raises an important point that should not be ignored. The paper suggests that falling completion rates indicate that people are instead being trained on-the-job, and that these informally trained 'tradespeople' could be the VET practitioners of the future. Ai Group is most concerned that future teaching standards could be lowered to allow for unqualified people to train future apprentices. At the very minimum, we believe that VET practitioners must hold formal technical qualifications in their discipline, at the level they are teaching, and preferably at a higher level.

Under the AQTF VET teachers must hold at least a Certificate IV in training and assessment and have industry competency at least to the level they are delivering. Our view is that this is the minimum and that this should be the base on which industry and educational skills are built. Another recent Ai Group project *Faster, Smarter, Higher Trade Outcomes*<sup>11</sup> which looked at a range of options for the acceleration of apprentice and higher level training found that training quality needed to be improved through improved trainer skills and training resources. The project found examples of good training but too often participants spoke of very poor training where, for example, the trainer was not across the subject and the course participants were reliant on web searches for technical information. Individual RTOs had professional development practices in place but a more systemic approach needs to be taken. A national vocational education and training professional workforce strategy must be developed as a priority to provide national direction and to explicitly set out the expectations of stakeholders across both technical currency and educational expertise. Our view is that the development and resourcing of a national strategy to lift the capability of the VET teaching profession is overdue. Under a national strategy the many good examples of VET practitioner development could be brought together in a systematic way and rolled out for the benefit of the sector, rather than the somewhat piecemeal approach to workforce development which we currently see.

Ai Group remains very concerned that the overall quality of skilling delivered by the VET sector is not sufficiently high to lead to the development of the skills needed for Australian companies to be globally competitive. A building of the quality of the VET workforce – of trainers, managers and administrators – will make a major contribution to improving skills levels and business outcomes.

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<sup>11</sup> *Faster, Smarter, Higher Trade Outcomes*, Australian Industry Group February 2010