



**Industry Skills Councils' collective submission to the
Productivity Commission's Issues Paper on the *Vocational Education Training Workforce***

July 2010

Introduction

The Industry Skill Councils (ISCs)¹ are pleased to provide a collective response to the Productivity Commission's Issues Paper on the *Vocational Education and Training Workforce*.

It should be noted that while this submission is from the collective, ISCs will be making separate representation to the Commission on matters specific to their industry coverage and experience.

This response focuses on a number of threshold issues which we believe will impact considerably on the shape of the future VET workforce and therefore warrant consideration at the outset of the study. The response is based on the assumptions that:

1. The overriding context within which the VET system and its workforce must operate is Australia's need to lift productivity and workforce participation rates to world class levels;
2. The VET system needs to be about more than increasing the competence of the individual; it is as much about building the productivity of the enterprise through effective workforce planning, development and skills utilisation;
3. Industry is a *major* co-investor in the development of skills – be it through formal, non-formal and informal learning. It is ultimately responsible for converting skills acquired into skills used, and it is that point at which government obtains a substantive return on investment;

Context

While Australia has weathered the global financial crisis better than most of its OECD counterparts, general consensus is that our economic 'rebound' will be slower than many of our key competitors unless we can dramatically lift the nation's productivity levels.

The challenge is clear, and cannot be overstated - those countries that out skill us today, will out compete us tomorrow.

We need a workforce with world class skills, and a tertiary system that supports it to consistently stay at the very forefront of global practice. It is not a system that will be achieved through tinkering at the margins of existing policy. Industry, thought leaders and academics are converging in their belief that a fundamental re-conceiving of our system is needed, its scope and purpose, investment models and services. This shift in the thinking is already reflected in key documents such as Skills Australia's national workforce development strategy – *Australian Workforce Futures* – and ISCs' *Environmental Scans* over the last three years.

While the traditional VET workforce will undoubtedly continue to play a role, there is increasing demand for a more hybrid model of practitioner. Combined with longstanding calls to recognise the central role industry plays in skills formation, and how this can be better leveraged, the scope and profile of what was once the 'VET workforce' is rapidly evolving.

¹ Australia's 11 Industry Skills Councils are independent not-for-profit companies, recognised and funded by the Australian Government, governed by industry led boards.

Key points

- Australia's National Training System comprises two pillars – the *Australian Quality Training Framework* (AQTF) and nationally endorsed *Training Packages*. The AQTF is the set of standards which assures nationally consistent, high-quality training and assessment services for the system's clients. Training packages – or more accurately the qualifications and units of competency they comprise – are the nationally agreed codification of skills and knowledge required in the workplace. These two elements represent the 'what' and 'how' of the system. The effectiveness of both, and therefore industry's confidence in the system, rests largely on the capability and capacity of the VET workforce.
- Training and assessment – even in accordance with the AQTF and national qualifications – is increasingly recognised as only one of the interventions needed to raise productivity and workforce participation levels. Without addressing the critical issues of skills utilisation, workforce planning and development - a singular focus on training and qualifications will not in itself deliver against the major challenges facing Australia. Recognition of this broader continuum of activities is now seeing industry and policymakers with expanding expectations of the VET system – and as a consequence, exploring the composition and profile of the 'VET workforce'.
- Only when the skills acquired by an individual are used, and used productively, do governments and industry see a tangible return on their investment. Australia's system stops considerably short of supporting this critical step, focussing more on acquisition of skills than how they are optimised. Only in the last two years has the phrase 'skills utilisation' entered the general VET lexicon. ISCs have long advocated a more sophisticated funding model which also invests public funds² in critical activities other than training and which lay foundations for a more sustainable model to skills development. ISCs have spent the last 18 months working directly with enterprises under the *Enterprise Based Productivity Places Program*, from which it is clear that building capability of enterprises to identify and respond to their own skills needs will significantly reduce under-utilisation of skills and the current lag times in meeting skill shortages.
- As it stands, the definition³ of the 'VET workforce' is limiting and outdated when looking at who will ultimately be responsible for delivering against Australia's challenges around productivity and building the country's human capital. To Australia's detriment, there is little recognition in formal policy of the criticality of on-the-job trainers, supervisors, assessors and workplace managers – all of whom play a major role in development or subsequent utilisation of skills. It is this group that will largely drive the 'step change' required in productivity – through better work organisation, job design and innovative practice. Without definition and understanding of their worth, they will remain excluded from public policy settings and their inherent value remain unharnessed.
- The OECD recognises three distinct areas of learning - formal learning (structured and endorsed/ accredited), non-formal learning (structured but not endorsed/accredited) and informal learning (non-structured and non-endorsed/accredited). The latter two modes - non-formal and informal learning - are particularly important for adults as they represent the means by which workers typically maintain currency or deepen their skills and knowledge in a changing workplace. Workplaces in their own right are critical sites of learning – particularly in those industries subject to rapid technological change or high cost plant and infrastructure. Those VET practitioners able to work within this 'mixed'

² Commonwealth, state and territory governments spend nearly \$5.16 billion on the provision of VET in Australia

³ ANTA, 2004

environment, and who possess a hybrid of education and business skills are highly prized by industry, but again, the lack of definition around the profile of such ‘savvy’ professionals has resulted in no public policy to underpin their continued and widespread development.

- Nationally endorsed qualifications and units of competency developed and continuously maintained by the ISCs now cover 85 per cent of job roles in the Australian economy. In 2009, over 1.1 million students³ were enrolled in publicly funded Training Package qualifications and remain the primary currency of the VET system. These products set out what a competent person must be able to do – they do not stipulate the process by which the learner should acquire those skills, that remains the domain of a skilled practitioner and empowers he/she to design a customised learning program that suits the client’s needs.
- The level of flexibility also confers significant responsibility on the individual trainer and assessor. It requires strong pedagogical skills, necessitates current vocational competence and compliance with the AQTF. Some practitioners have struggled with the responsibility and see units of competency as ‘imperfect curriculum’ because the outcome (as distinct from process) is detailed. Despite many well intentioned national and state based initiatives to support the VET practitioners work in a competency based training system, those without strong teaching *and* vocational skills struggle, an issue that can be exacerbated by the increasing casual and part-time nature of the VET workforce.
- Consultation with industry and training providers undertaken by the National Quality Council/ COAG Joint Steering Committee’s into future products for the VET system, found overwhelming support for Training Packages. As codification of skills and knowledge in the workplace, they are after all a statement of fact, evidenced by their growing usage in job design, workforce planning, skills audits and career path design. That the Commission raises the question around their future validity - when the concept has been tested and supported by two major reviews⁴ - suggests the real issue is the motive of those that would have the system revert to one where training providers determined the outcomes of the learning process.
- By virtue of the breadth of stakeholder interests and clients that exist in the VET sector, the capacity to measure the efficiency and effectiveness of the VET workforce is fraught and complex. While it has been suggested that current COAG targets for educational attainment provide a clear cut statement, it is important that the study consider other, more client specific data sets, most especially those on employer satisfaction available through the National Centre for Vocational Education Research. The notion of this study identifying and gaining agreement on deeper, more client focussed measures, is strongly supported.
- While we have a relatively clear focus on the role played by skills in productivity and social inclusion agendas, Australia has been slow to recognise the learning process as a pro-active means of diffusing new knowledge and practice across industry. To do so will start to lay the formative linkages between innovation, skills and productivity, and goes to the very heart of building a sustainable model for innovation across industry. It necessitates the much lauded ‘interconnectedness’ with the higher education sector and affiliated research bodies, such as cooperative research centres, and with it a new type of VET professional capable of transcending the cultures, idiosyncrasies and frameworks of the two sectors.

This response is provided as an initial input to the Commission’s Study. ISCs will look forward to participating in the roundtables scheduled for December and will be providing a further, detailed response to the draft report.

⁴ *High Level Review of Training Packages*, ANTA, 2003 and *VET Products for the 21st Century*, NQC/ COAG Joint Steering Committee, 2009



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