



Skills
Australia

Workforce Futures:

Towards an Australian Workforce Development Strategy

Skills Australia would like to hear your views on *Workforce Futures* and welcomes your written submission by **6 November 2009**.

To assist with the analysis of submissions received, we request that feedback is provided using this template. Your co-operation is appreciated.

Submissions received may be published by Skills Australia or quoted. Please indicate in the space provided below if you would like your submission to remain confidential.

Please email submissions to secretariat@skillsaustralia.gov.au

Submission information

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Workforce Futures:

Background Paper One

What does the future hold? Meeting Australia's skill needs

The *Workforce Futures Overview* paper raised a number of questions relating to Skills Australia's proposed approach to developing an Australian Workforce Development Strategy. In this section, we seek your feedback on questions relevant to meeting Australia's skill needs. *Background Paper One* at www.skillsaustralia.gov.au/Publications_and_Resources highlights a number of issues for discussion which are relevant to your response.

Please provide feedback to these questions in the boxes below. A space has been provided at the end of the section to provide feedback on other issues you wish to raise.

Future skill needs and projections

- Q1. Are Skills Australia's interpretations of our future skill needs reasonable? Are there other evidence or analyses that should be considered?

TAFE NSW supports the analysis of training by Skills Australia. TAFE supports the view that multifaceted demands are made on training to deliver the skills which will increase productivity and employment and retention outcomes for all Australians.

TAFE NSW also supports the proposal to provide high quality data to inform planning at the State and regional level. Advice on risk occupations would be particularly useful and further work in this area is certainly warranted. The approach outlined in the paper is supported by TAFE NSW and would inform and possibly be used as a model by the States and certainly has resonance with TAFE NSW.

As recognised in the papers, States contribute the majority of funding and planning for VET is essentially a State issue and different models of planning and funding have been developed by the different states in response to issues of demography, geography and industry.

The Commonwealth does provide significant funding for the sector and has shown a strong desire to influence policy directions. Historically, this has at times been a collaborative process and at times a more directive one.

For these reasons, it is important that planning takes account of the full complexity of training needs and that the States' role in this area is maintained. TAFE NSW is also

firmly of the view that the principle of subsidiarity should apply and this is discussed further below.

TAFE NSW supports the approaches proposed in Background Paper One. They are strategic and operate well at the National level. However, the proposed approaches do not take sufficient account of local and regional differences and while these differences are discussed in Background Paper Two, implementation would require further consideration of this area.

In the policy position outlined by the new CEO of Skills Australia, Robin Shreeve, (*Campus Review*, 20 October 2009), the importance of strategic planning at the national level for critical skills is emphasised and the need for planning for other demand is also recognised:

It's not a question of not planning for the 80 per cent of occupations. It's about where planning can be most effective at the national level - making sure we're getting the criteria right so that we identify the most high risk occupations.

TAFE NSW agrees that, strategically, at the national level, the focus is best placed on higher level qualifications in high risk occupations to prevent 'bottle necks' in the economy. However, it should be recognised that there are groups of people for whom higher level study must be preceded entry level qualifications. (This is discussed further below.)

It is also recognised that, for many people and industry areas, there is a high degree of transferability of skills, so that the risk factor in delivering Government-funded training may be lower.

However, there is another picture to consider which takes into account not only the needs of the economy but also the inter-related needs of the people who undertake training and their different purposes for doing so.

TAFE NSW students, for example, include:

- people entering the workforce for the first time
- people in work needing to upgrade their skills
- people changing their occupations
- people re-entering the workforce, often after a prolonged absence.

While these groups share many immediate needs from training, their needs can be diverse, particularly in terms of their aspirations, their specific training goals and their preferred modes of delivery.

In the same way, industry is dependent on the strategic provision of the right training for the right context. Industry should not be seen as an amorphous whole but a diverse group of enterprises with equally diverse needs and training must be fit for purpose. Strategic

approaches must also recognise that enterprises are in competition with one another, locally, nationally and globally.

For those who face disadvantage and find it most difficult to get into the workforce, the importance of qualifications aligned to employment is extremely significant. These groups include young people, people from linguistically diverse backgrounds, Aboriginal people and people from rural and regional Australia.

The importance of the first job or a job after a long period of unemployment is crucial. Entry level qualifications and particularly apprenticeships and traineeships continue to be important pathways to success. The student may need to gain lower level qualifications on the journey to higher level competence and literacy and numeracy deficits must be addressed at this point in the training process.

This is why one aspect of the papers is of concern. The scenarios presented in the papers and the data provided from Access Economics in their paper *Economic modelling of skills demand* do not include the skill needs of the unemployed or those currently not in the workforce. Australian productivity cannot be fully progressed without these groups of people being taken into consideration. Further consideration of those who are not working as many hours as they would like to would also be advantageous.

Moreover, the skill needs of the Indigenous population and those in rural and regional locations are also not specifically examined in the data modelling. To improve workforce productivity, TAFE NSW advocates that the skill needs of these groups be taken into account.

TAFE NSW believes it is crucial to:

- plan provision rigorously, based on strong data and economic predictions and in consultation with stakeholders. This supports the workforce to gain initial and continuing qualifications, provides skill sets for those who have skill gaps and wrap around services (which may include literacy and numeracy support and employability skills)
- work closely with industry and employers to deliver workforce development services, including training and assessment services and skills analysis services, aimed at growing the productivity and market position of firms and supporting innovation
- undertake consultation at the local level with employers and other agencies to ensure planning and training options meet the needs of local communities so they can prosper.

For this reason, TAFE NSW agrees on the need for a broader workforce development focus and believes this should be one of a range of approaches adopted.

A risk-based approach

Q2. What is your response to our proposal that governments should adopt a risk-based approach to skills planning? What do you see as the respective roles of industry, governments, education and training organisations and individuals in planning?

The risk occupations methodology outlined appears to be a useful tool for identifying demand for crucial skills at the national level. It would provide the solid underpinning necessary for State and regional approaches to identify training to meet employment demand within the local context. It also provides a good model of where the principle of subsidiarity can be effectively applied.

The process of identifying occupations that, if in short supply, are at risk of damaging the economy needs overtly to include analysis of whether factors such as job design, career pathways and salary levels are driving the 'high-risk' status of an occupation.

TAFE NSW would welcome the opportunity to utilise the at-risk methodology and other relevant data from DEEWR.

TAFE NSW would greatly value access to high level data and analysis based on the methodology outlined on predicted demand for at-risk occupations, while recognising that any list of at-risk occupations at the national level may not include all the occupations which are required in NSW. TAFE NSW's process would be to adapt and apply the model at the State and regional level.

Other approaches are also very important: TAFE NSW values the Industry Skills Councils' advice on industry demand for training and sees this as an important aspect of identifying skills to be purchased. The NSW Department of State and Regional Development also plays a significant role in identifying regional occupational trends and skill needs.

TAFE NSW Institutes manage their own planning using their close links with employers and agencies within their catchment areas. This intelligence is vital in identifying local at risk occupations. Institutes' close links with employers are essential in supporting apprentices and, where necessary, finding new employers to take on apprentices who have lost their employment.

The TAFE NSW purchasing process involves economic projections and advice from all the key stakeholders outlined above, including the Institutes' own local and regional knowledge.

TAFE NSW would also like to see the concept of risk extended in terms of:

- changing economic circumstances, from global to local
- the geography of enterprises, for example the impact on a town of the closure of the significant employer and the resultant skill need of the displaced workforce
- industry restructuring

- mapping the business profile of the economy to identify sectors at risk of collapse
- risk in terms of worker safety, including dangerous occupations, employment practices and sustainable businesses.

In addition, TAFE NSW is becoming increasingly aware of industry demand for training resulting from the ageing of the population, particularly in the health sector. Aged care is a well-recognised example, but the impact is also being felt in other allied health areas such as dental prosthetics and mortuary practice.

In terms of the ageing population and the need to keep people involved in work for longer, research conducted by Lyubomirsky, King and Diener (2005) shows that people who are positive show superior performance and productivity than their less satisfied colleagues. Effective workforce planning should therefore aim to deliver benefits both to enterprises and to individual staff and these should be complementary.

Investment to support workforce demands

Q3. How can we best use current investments to support our emerging workforce demands? What types of interventions may this require from governments, education and training organisations, industry and others?

Skills Australia has identified the need for employability skills and literacy and numeracy skills as foundations for employment. TAFE NSW supports this approach. Language, literacy and numeracy are vital skills for workers to gain a first job, retain employment and to be able to adapt to new technologies and changing workplace practices. Without these skills, workers are unable to build on current competency and build resilience to stay in the workforce.

TAFE NSW proposes that funding for training includes a range of support training services for students who face disadvantage. Successful vocational outcomes from training require students to have or to learn, a range of underpinning skills.

This position is reflected in the AiGroup National CEO Survey *Skilling Business in Tough Times*, which highlights the importance of literacy and numeracy skills and employability skills.

In the survey, a quarter of employers reported a shortage of literacy skills, 22.5 per cent of enterprises reported numeracy skills shortages and 34.7 per cent indicated shortages in IT skills. Over one third of enterprises considered employability skills to be an important factor when recruiting graduates.

The paper is largely silent on the importance of schooling in providing people with

foundation skills and this area warrants future consideration. Schools have an essential role in improving the literacy and numeracy standards of all Australians. It is hoped that raising the school leaving age and increasing the participation requirement of young people will have a positive impact on the essential core skills of young people. The NSW VET in Schools Program, Trade Schools and Commonwealth initiatives have resulted in important outcomes for many young people at school, including increased retention.

As outlined above, pathways to success need often to come as stepping stones through entry level qualifications. Assisting young people to transition successfully from school to work or further education through workforce development strategies warrant further exploration.

The NSW Government has made a significant investment in TAFE NSW. TAFE NSW has developed the industry and business links, market intelligence, wide reach, discipline expertise, scope, access to graduates and understanding of business and industry needs to enhance workforce development.

Enterprises work in partnership with TAFE NSW to build their productivity and competitiveness over the longer term. TAFE NSW deploys a wide range of industry and teaching specialists with the expertise, practical experience and industry/business-specific knowledge to effectively link skills to production in workplaces.

Workforce development solutions for small and medium size enterprises present a particular challenge. Australian Bureau of Statistics data indicate that 90 per cent of businesses that employ staff have fewer than 20 people, with 70 per cent employing between one and four people and 30 per cent between five and 19 people. Small and medium size enterprises may not have the financial or human resources to sustain workforce development without support. This is an area where additional funding for lighthouse projects could be considered.

As identified in the papers, some public training funds can be sourced for workplace learning and assessment. TAFE Institutes also work hard with industry to determine legitimate sources of funding for other types of enterprise-based delivery, for example using funding for existing worker training.

However, the principal source of funding for upfront consultation or the ongoing costs entailed in providing systemic workforce development is fee for service from the firm. This is clearly a barrier to implementation of workforce development, particularly for small enterprises. One possible example of a new approach would be for funding from government for recognition of prior learning, with identified gap training funded by the enterprise.

The issue of the impact of incentives for enterprises to undertake more workplace development, in partnership with registered training organisations, warrants further investigation.

Proposed actions

- Q4. Do you have any comments about any of the specific actions suggested in Section 4.3 of Background Paper One?

Discussed below in the response to Question 11.

Impact and ways to improve Skills Australia's proposed approach

- Q5. How might our suggestions impact on your organisation/industry? Can you see advantages or disadvantages to our proposals? What could we do about it? What else should we be considering to make our future planning even better?

The analysis of predicted employment and occupational growth at the national level is very helpful. TAFE NSW's experience confirms the comments of the OECD (cited in Background Paper Two) of the need to "*translate and customise national labour policy to the local level*".

TAFE NSW has found that the limitations of forecasting outlined by OECD occur when the data are not tested with Industry specialists and local stakeholders. The role of the Industry Skills Councils and the Department of State and Regional Development are essential inputs to the TAFE NSW planning processes and this is complemented by local and regional knowledge from the TAFE Institutes themselves.

TAFE NSW uses a regionally based planning process to identify training needs linked to occupational opportunities and high risk skills. To respond to employment growth, changing demographics and industry demand, TAFE NSW training provision is underpinned by an industry profile planning process for each region of NSW.

Independent research and projections of employment growth by industry from Access Economics form the basis of training priorities. As outlined above, these priorities are validated through a process of consultation with key stakeholders including Industry Skills Councils, the NSW Department of State and Regional Development and TAFE NSW Institutes. This validation tests whether training is the solution to skill needs or whether other workforce development solutions are required. When it is shown to be the appropriate solution, training is purchased in industry areas so that the varying needs of different employers and enterprises as well as State and Commonwealth priorities can be taken into account.

TAFE NSW Institutes monitor local growth and changing patterns of demand. They respond to these changes through both their core provision and their capacity to make customised training and related services available through fee for service.

To meet changes in the NSW economy, shifts in provision can be achieved within very short timeframes. For example, from 2007 to 2008 TAFE Institutes experienced a significantly increased demand in a number of skill shortage areas and responded with:

- 30 per cent increase in enrolments in the Certificate IV in Engineering
- 38 per cent increase in enrolments in the Certificate III in Automotive and Mechanical Technology
- 16 per cent increase in enrolments in the Certificate III in Plumbing.

For these reasons, TAFE NSW welcomes the approach outlined but would need to have the flexibility to respond to local business and community demand in determining the training to be delivered. Involvement of employers in planning and workforce development solutions is a critical step as it ensures the training provided meets the needs of the employer, resulting in better outcomes for industry, employers and the workforce.

Other comments

Q6. Do you have any other comments in relation to meeting Australia's skill needs or issues raised in *Background Paper One*?

TAFE NSW notes and supports the focus on language, literacy, numeracy and employability skills. As noted above, these are essential to providing people with the adaptability to manage workplace and workforce changes.

TAFE NSW would welcome an exploration of the incorporation of:

- cultural competencies: many people now work for international companies, including companies largely situated outside Australia and cultural competencies provide workers with valuable skills for this context. In the same way, there is an increasing awareness of the importance of Aboriginal cultural competencies and these, too, should be incorporated.
- green skills and sustainability competencies to enable sustainable workplaces and sustainable industries: these skills should not be seen as an add-on or a unique area of effort but are now central to our workforce and workplaces. There is a strong awareness of the need to new skills but retro-fitting old skills is equally important.

Identifying specific job skills for green jobs in priority target industries provide a means of 'seeding' this endeavour while Australia build sustainability principles in to all training. The significance of skills for sustainability has been recognised in the National training Awards this year for the first time. Two TAFE NSW Institutes are finalists.



Skills
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Workforce Futures:

Background Paper Two

Powering the workplace Realising Australia's skill potential

The *Workforce Futures Overview* paper raised a number of questions relating to Skills Australia's proposed approach to developing an Australian Workforce Development Strategy. In this section, we seek your feedback on questions relevant to realising Australia's skill potential by powering the workplace. *Background Paper Two* at www.skillsaustralia.gov.au/Publications_and_Resources highlights a number of issues for discussion which are relevant to your response.

Please provide feedback to these questions in the boxes below. A space has been provided at the end of the section to provide feedback on other issues you wish to raise.

Time for the next step in progressing Australian workforce development?

Q7. Is it timely to adopt an innovative approach to skills that includes a focus on how skills are used and is linked to the way work is organised? How relevant do you find the definition of workforce development offered by Skills Australia (see Paper Two, Section 1.1)? How could it be improved?

TAFE NSW considers the definition would be enhanced through explicit reference to productivity and suggests "positive **and productive** outcomes" in the third dot point. If workforce development approaches as outlined in this response are to be implemented, governments and industry will need to be convinced both that it will provide economic benefits and that these will be measurable.

Encouraging workforce participation and improving productivity

Q8. How can we link education and community-based strategies to build the level of workforce participation in Australia? How can we ensure our workplaces make effective use of people's skills and knowledge? What do you think are the pluses and minuses of localised, regional or industry-based approaches?

TAFE NSW Institutes includes specific support services for students facing disadvantage in areas of language, literacy, numeracy and employability skills. Pre apprenticeship training is provided to assist people build employability skills to move into employment

based training. School based apprenticeships and traineeships are another opportunity to bring young people into the workforce as part of more flexible working arrangements.

There need also to develop strategies to offer appropriate workers opportunities to work more hours, although it is recognised that, in some instances, unemployment in Australia has been managed during the economic downturn by lowering working hours rather than making workers redundant.

A critical question to consider for improving participation and productivity is how to remove the barriers that exist for those workers who wish to work more flexible hours, particularly for the ageing workforce. Examples of flexibility in the workplace include introduction of job share, or reduction of hours (transition to retirement schemes). Workforce planning strategies often identify the underlying problems and issues. Once these problems are resolved improved outputs are achieved.

Introducing more flexibility in the workforce is one way to increase efficiency and productivity. Training for managers may be required to assist them to find productive ways of utilising part time and flexible staff hours.

The necessity of regional planning with enterprise involvement has been addressed above.

(See also the response to question 1, Background Paper One)

A national approach

Q9. Do we need a shared national workforce development framework to link and coordinate the range of activities being undertaken across Australia? What elements should it contain? What might be a good outcome from having a shared framework?

TAFE NSW proposes that Skills Australia seek to identify an agreed set of measures, principles and activities that could support public funding of workforce development.

These could include:

- the nature and timing of instruments designed to measure and report progress
- principles for combining Commonwealth program funding (such as for WELL and State strategic industry programs) with mainstream training funds
- guidelines around the use of skill sets
- guidelines in relation to the pricing of an enterprise's financial contribution, based on the number of employees, towards the management and customisation costs involved in workforce development

- and, as mentioned above, joint models such as funding from government for recognition of prior learning, with identified gap training funded by the enterprise.

It should also be acknowledged that the VET Sector is a competitive training market and any framework must take this into account.

Impact of workforce development

Q10. What impact would a workforce development approach have for your organisation and/or industry? How might governments support or facilitate change, thinking about both the productivity and the workforce participation aspects?

Significant companies such as Franklins, BlueScope Steel, Cochlear, Country Energy, Norco, the RAAF and the Rural Fire Service are among the businesses for which TAFE NSW has provided workforce development services.

Our experience shows that successful workforce development approaches result in more partnerships with industry and employers and greater connectivity between skills and employment.

Successful workforce development supports better engagement between employers and provides solutions to employment needs, including training and assessment. What needs to be developed, as stated above, are tools to measure and communicate improved outputs for business, as well as outcomes for employees and the employer.

Depending on the situation, the benefits include the up-skilling of new employees, long-term connectedness to the workforce and to the community, enhanced organisational performance and improved profit margins.

The kinds of services that are provided under the 'workforce development' banner include:

- fast tracked employee skill development
- identifying future training needs
- recruiting trained staff for the business
- tailoring training programs to the firm's needs
- identifying and helping the company access funding programs for training.

One business which commissioned TAFE NSW – Western Sydney Institute to conduct an analysis of its skill needs, matched to the skills and talents already within the organisation, is the manufacturing firm Baker and Provan. Skill gaps were identified and training methods devised to address these gaps.

Flexibility in training is also paramount for many businesses, which cannot afford to have staff off-site for long periods for training. One such company, Country Energy, values the

flexibility offered by TAFE NSW and its wide footprint which reduces travel and accommodation costs and the amount of downtime should a plant failure occur while training is being carried out, as people are available on site to deal immediately with problems or emergencies, rather than at off-site training venues.

Further information on workforce development services and their benefits to businesses is provided in *Improving the bottom line: Why industry values partnerships with TAFE NSW* (see www.tafensw.edu.au/employerservices).

TAFE NSW South Western Sydney Institute has developed delivery options for QANTAS Defence Services, which maintains aircraft and avionics for a number of major clients including the Royal Australian Air Force. These options cover traineeships, workplace-based training, and recognition and gap training. This flexibility allows employees to have their current skills recognised and develop the new skills needed in this fast-changing industry.

Strategic priorities and leadership

Q11. What is your response to our proposed strategic priorities? What are the implications for your organisation/industry? Who might take leadership responsibility for these different elements?

TAFE NSW supports the four strategic priorities for conceptualising a concerted national approach at the national, industry and enterprise level.

1. Identify Australia's skill and workforce demands

TAFE NSW supports a national risk-based approach to skills and workforce planning to guide action by governments, provided it is high level and strategic and not prescriptive. TAFE NSW would be concerned if it became the sole means of determining funding priorities by government as this would expose niche industries and remote delivery to market failure.

Priorities must take account of the needs of all students and a review of training packages may be required to take account of employability, green and cultural competencies and, in some cases, literacy and numeracy. Cross portfolio solutions are required to address some of the risks to productivity. Vocational training can only assist other efforts in solving the problems facing the economy.

2. Establishing a shared agenda on the development of Australia's future workforce

Leading the impetus for change – TAFE NSW supports the increased focus on workforce development. The proposed body to guide national reform on workforce development is supported and TAFE NSW Institutes welcome the opportunity to engage in lighthouse projects. To achieve this we need investment from

Government, industry and individuals. This work must not be at the cost of the current provision. As Background Paper Two states, this approach will not address the needs of those on the margins of the workforce who need more holistic support.

3. *Focusing on workforce participation*

TAFE NSW supports strategies to improve workforce engagement and participation. In summary, TAFE NSW supports:

- connecting with Jobs Australia providers
- working with all key stakeholders to increase participation and productivity for all Australians
- working with organisations for a more integrated approach to their workforce development and flexible funding models to support this
- working with organisations to integrate training into work activities
- developing programs to 'pipeline' potential employees with entry level skills
- an increased focus on outputs and outcomes.

4. *Promoting demand for and the full use of high skills in workplaces*

TAFE NSW agrees that the skilled ecosystem approach has been valuable in dealing with intractable problems and it has been a catalyst for innovation. What is required is further research on how innovation can be translated into workforce development and training and how this approach can be expanded.

It is important to address skill development directly at the enterprise level. However, it is also necessary to investigate how the social inclusion agenda can be reinforced through employment participation and skills development in the workforce. This is important as the ageing workforce issue requires the Australian community to develop and utilise new thinking on the effective utilisation of the workforce and potential workforce.

Linking framework and funding

Q12. How can we strengthen the linkages between government agencies and organisations responsible for education and skills on the one hand, and business development and innovation on the other? Can you envisage different program arrangements or funding flows?

Governments need to recognise and support TAFE systems as agents that already have demonstrated the capability to link these elements at the local level.

One way of strengthening the link between business development and innovation, and the education and training required to enable these, would be by identifying an agreed set of measures, principles and activities to enable Australian employers, and particularly small to medium enterprises, to develop their businesses in partnership with an RTO.

TAFE NSW Western Sydney Institute conducted research with 100 enterprises in Western Sydney to determine what their needs in terms of workforce development services. The results had a common theme: employers are looking for *anything that improves productivity and efficiency and ultimately the bottom line*.

The TAFE NSW experience demonstrates that workforce development innovations and improvements in enterprises fall into three general categories:

1. improvements focused on people (training needs analysis, skill development and literacy improvement)
2. improvements focused on systems and processes (better equipment, removal of bottlenecks, process redesign, job design and lean thinking)
3. improvements focused on customers and stakeholders (supply chain issues, customer service, customer loyalty, sales and marketing).

The Background Papers focus heavily on *improvements focused on people* and pay some attention to *improvements focused on systems and processes* but there should be increased emphasis on *improvements focused on customers and stakeholders*. In practice, all three areas are interrelated and essential for enterprises to be more productive. For example, an enterprise can produce a world class widget in a cost effective manner but will still have a poor result if the marketing and business development is not appropriate.

Improvements around systems and processes, and improvements around customers and stakeholders usually involve some form of consultancy. That is review, analysis and advice which is highly customised to the context of the particular enterprise. From a Training Provider perspective, this consultancy is usually the starting point for engaging with a company. While TAFE NSW is usually able to access funding to assist with on-the-job assessment, delivery of training services, skill development programs etc, it is much more difficult to attract funds to assist with the consultancy roles associated with the other categories. Any serious workforce development approach requires consideration of all

three categories.

To achieve this goal, funding models designed to assist enterprises should not be narrowly focussed on training outcomes alone but incorporate the ability to apply funds across all three categories. Suitable measures would need to be developed to reflect funding being allocated to achieve a broader range of outcomes.

Funding arrangements need to promote a stronger relationship between university research, workplace innovation and workforce development. In this respect, funds need to be made available for projects that involve:

- universities researching and developing technical innovations that can be applied in the workplace
- employers seeing the potential for such innovations
- VET providers supporting new workplace practices through the delivery of customised workforce development programs.

VET funding arrangements also need to be changed as the continuing focus in funding agreements and performance measures on completing qualifications is limiting the relevance of the Australian training system to Australian employers.

Other comments

Q13. Do you have any other comments in relation to realising Australia's skill potential or issues raised in *Background Paper Two*?

One area of concern is the risk of developing a single approach when the VET sector and its customers are characterised by their diversity.

The proposed framework must be sufficiently flexible to provide for a variety of tailored approaches which accommodate the needs of industry, community, employers and individuals to be met. Only this will provide for an increase in productivity.

Workforce development approaches lead to the need for training providers to develop new skills, as TAFE NSW has done through its industry and community partnerships. This response has raised the issue of new models of funding which support enterprise and training provider partnerships. At the same time, TAFE NSW would not want to see a shift in funding to address only nationally identified high priority areas or only the training needs of people already in work.

The NSW managed market model allows for local input to tailor provision to locally-identified high priority areas: our outcomes demonstrate the success of this model, for example with apprenticeships.

While national input is vital to the process, it is our belief that a three-tiered approach, which takes national, state and regional data into account, and incorporates advice from stakeholders including industry, employers and the community, will deliver the best results to increase Australia's productivity and enhance the well-being of its citizens.

Finally, further increasing the focus on outcomes and outputs from training and workforce development will not only increase its effectiveness but also its intrinsic value to industry. Where enterprises can see the results of workforce development for their bottom line and the overall productivity of the workforce, they invest their own capital. This above all will impact on the systematic adoption of workforce development strategies.