



Skills Australia

Discussion Paper

**Future Governance of the
National Vocational Education and Training System**



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Chairman's Foreword

Evidence is clear that increased investment in skills boosts workforce participation and productivity and has benefits for quality of life. All Australian governments have expressed their commitments to develop a responsive national training system to deliver the higher level skills necessary for Australia's long term growth.

Vocational education and training is operating in a new environment. It is not sufficient to simply train and produce skills or qualifications. Skills have to be used. This requires a reinvigorated compact between governments and industry, and increased and more diverse partnerships between firms and training providers. It also means a more intense focus on getting those on the margins of the workforce into sustainable employment.

The challenges for the vocational education and training system cannot be over-stated.

It is timely then for governments and industry together to look afresh at the institutional and governance arrangements that are currently in place to ensure the investment in vocational education and training is targeted where it is really needed and that the results of this investment are in line with what industry is demanding.

Skills Australia has been established to provide planning advice to government to align skills development planning and training delivery with industry priorities. The Board is also providing advice that will position the training system to better meet the needs of individuals and industry.

In its role, Skills Australia is to develop and maintain relationships with relevant state bodies and authorities to inform its advice on current and future demand for skills, ongoing reforms to the education and training sector and to facilitate the alignment of priorities to skills needs.

Skills Australia is seeking the views of a wide range of stakeholders on the most appropriate governance arrangements for the VET sector, guided by international best practice, to meet the challenges of the future.

The Board will use this advice to provide recommendations to the Minister in the lead up to determinations by the Council of Australian Governments on new models of co-operation between Australian governments and with industry for the national training system.

Philip Bullock

Philip Bullock
Chair
Skills Australia
17 September 2008



1. Purpose of the Discussion Paper

Skills Australia has prepared this Discussion Paper to consult with stakeholders in the vocational education and training system across Australia on the:

- most effective governance relationships within the national training system and
- appropriate areas of change to current governance arrangements for further development of the national training system to ensure its smooth operation and an effective national response to the development of a highly skilled workforce.

The Board of Skills Australia acknowledges the extensive network of current advisory, regulatory and jurisdictional bodies currently operating in the national training system and wishes to investigate how best to collaborate with these entities and where there may be opportunity to consolidate and/or reshape and strengthen linkages and relationships.

The Council of Australian Governments has committed to reform of the vocational education and training sector to enhance its flexibility and responsiveness, improve access to skills and qualifications for all Australians and strengthen the performance of the national training system.

The recommendations arising from this consultation process will assist Skills Australia in informing the Deputy Prime Minister, and through her, the Council of Australian Governments (COAG) and the Ministerial Council on Vocational Education and Training (MCVTE) of the best future arrangements for effective management of the national training system to deliver on its agenda.

2. Principles and proposed outcomes for the National Training System

The fundamental objective of a national training system is the adequate supply of skills and qualifications and that these skills are useful and used.

Aspirations and outcomes expressed by Ministers¹ for the future directions of the vocational education and training system were:

Aspirations

- *All working aged Australians have the opportunity to develop the skills and qualifications needed, including through a responsive training system, to enable them to be effective participants in and contributors to the modern labour market.*
- *Individuals are assisted to overcome barriers to education, training and employment, and are motivated to acquire and utilise new skills.*
- *Australian industry and businesses develop, harness and utilise the skills and abilities of the workforce.*

Outcomes

- *The working age population has gaps in foundation skills levels reduced to enable effective educational, labour market and social participation*
- *The working age population has the depth and breadth of skills and capabilities required for the 21st century labour market*
- *The supply of skills provided by the national training system responds to meet changing labour market demand*
- *Skills are used effectively to increase labour market efficiency, productivity, innovation, and ensure increased utilisation of human capital.*

¹ Joint MCEETYA/MCVTE Meeting 17 April 2008, Melbourne Communiqué, 17 April 2008

Skills Australia suggests the training system is best positioned to achieve these aspirations and outcomes if the following principles apply to its future governance:

- it is industry led and demand driven, responding flexibly to current and emerging needs of industries, firms and individuals, so skills can be used;
- it provides for optimum workforce participation and supports social inclusion by targeting the needs of job seekers, potential job seekers and those existing employees whose future employment, and industry's productive capacity, is at risk without refreshing their skills;
- there is a national training market, where qualifications are common and recognised across the country;
- it fosters an entrepreneurial training culture, based on workforce planning that supports and encourages innovation and productivity through a combination of devolution of decision making and contestable funding;
- it delivers high quality education outcomes for users of the system; and
- the system is accountable and responsive.

3. A governance framework fit for purpose

The design of an effective governance framework needs to suit the aspirations it aims to achieve. In order to meet the expressed outcomes and directions agreed by governments, Skills Australia proposes the following objectives against which to assess current arrangements and to investigate and outline future governance of the national training system.

Suggested objectives for good governance of the national training system would:

- promote a unified national vision/consistent approach to meeting Australia's skill needs;
- position industry and the needs of individuals at the centre of the system, driving directions;
- use and develop a robust evidence base for planning, analysis and incisive policy leadership and strategic positioning to address emerging needs and challenges;
- utilise funding to drive changes in Australia's skill culture, provider performance, stakeholder commitment and further investment in and utilisation of skills;
- maximise strategic developments and partnerships to achieve lifelong learning;
- be performance and outcomes oriented with clarity of information to consumers and transparency of outcomes to all stakeholders;
- drive excellence, consistency, streamlined processes enhancing access to, confidence in and relevance of the national training system; and
- the development of a 5-year rolling skills plan for Australia which would be prepared in collaboration with the states and territories.

Importantly, a good governance model for the national training system should articulate clear roles and accountabilities and promote the confidence of all levels of government and stakeholders. Relationships in the governance framework should assist agile decision-making and responsiveness and provide capacity to comprehensively address issues of policy. Lines of communication and advice should be simple and transparent.

The following key functions for governance of the national training system can be distinguished:

- setting a co-ordinated national vision and policy direction;
- analysing demand for training as the basis of allocating funds;
- allocating and administering funds;
- using information and research to interrogate performance, and provide the evidence for system developments or reform;
- monitoring performance with high quality information
- regulating of the quality of training; and
- providing training.

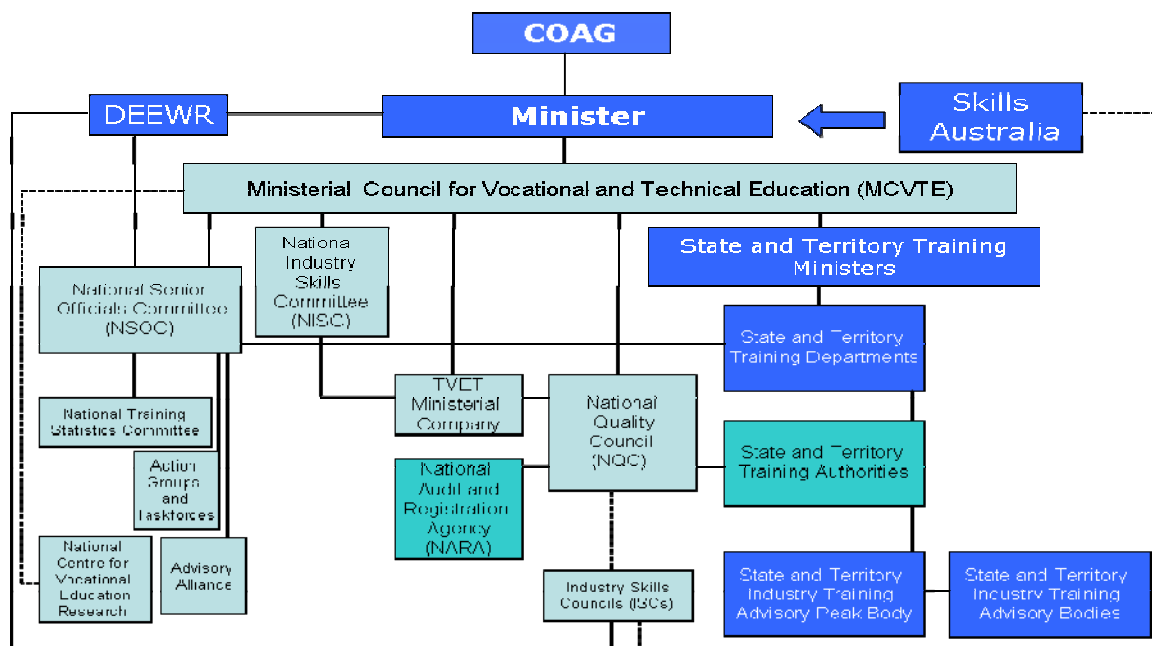


The Skills Australia Board envisages the desired outcome of a review of governance should be a national training system that meets the needs of industry and consumers and ensures the quality, consistency and transferability of skills. It should be based on decision making shared between the Australian Government and States and Territories allowing an appropriate degree of devolution and flexibility to the States.



4. Current National Training System Governance Framework

The following diagram² outlines the principal relationships in the current National Training System governance arrangements.



Attachment 3 describes the principal bodies at national and state levels with strategic decision making roles and responsibilities in the domains of policy, planning, funding, industry and labour market advice, regulation, quality, performance, information and research.

The Skills Australia Board observes that there is an extensive array of advisory and regulatory bodies, at both Commonwealth and State levels. It is also clear that a number of these bodies, hierarchies and relationships derive from the period of the Australian National Training Authority and were established to undertake roles originally required under those inter-governmental agreements. Other bodies were created as part of the former *Skilling Australia's Workforce Agreements*.

In many cases, roles of bodies, such as Industry Skills Councils, have changed over time to adjust to new requirements. New bodies such as the National Audit and Registration Agency have also originated to address opportunities for rationalisation.

Arguably, national and state/territory governance arrangements could currently be considered congested. It is also arguable they carry the heritage of intergovernmental relationships or priorities which have been overtaken by new developments.

² Source: Department of Education, Employment and Workplace Relations. Industry Skills Councils are funded by DEEWR. Dotted lines indicate indirect contractual obligation to work with other bodies.

Skills Australia is most keen to ensure that there is a clearly articulated view of the role of industry and a central place for its advice and leadership in the national system. Industry, through employer and worker representatives, encompassing businesses both large and small, needs to have leadership of key aspects of the system. Industry defines the skills that people need for work, and advises about the products and services it requires. Industry also promotes workforce development and the integration of higher level skills with organisational strategy and innovation. Industry assists increased workforce participation through entry level training and work placements for people preparing for work or re-entering the workforce. At the strategic level, industry's advice is required to contribute to policy design, funding strategies, investment and promotion of training.

The most effective manner of marrying state and national objectives is another priority, as is achieving this with simplicity. States and Territories have developed their own generally robust institutional arrangements for involving industry in skills analyses and formation, regulation, accreditation and quality developments. The Board is concerned that this expertise and knowledge is effectively utilised with its own advice to provide coherent and comprehensive advice to governments.

The Board is also interested to ascertain views of where future rationalisation might be called for. However, there is no need for change for the sake of change and what is working well should continue.

Q1. Are the objectives expressed in section 3 for the future governance of the National Training System comprehensive and appropriate?
Q2: Is the current governance framework of continuing relevance?
Q3: What are the strengths and weaknesses in the current governance arrangements in relationship to the objectives for good governance?
Q4: What is the best means of placing industry at the centre of the governance system?
Q5: What changes are needed to ensure that Skills Australia provides integrated and comprehensive advice to governments and what is the simplest way to achieve this?
Q6: How does the governance system identify and ensure the training system responds to the needs of individuals?

5. Consideration of recent developments for NTS governance

COAG developments

The landscape for the national training system has changed substantially since the Council of Australian Governments (COAG) meeting of 20 December 2007 and the establishment of the Productivity Agenda Working Group, chaired by the Commonwealth Minister for Education, Employment and Workplace Relations and Deputy Prime Minister with membership drawn from Premiers' Departments, Treasuries and relevant line agencies from the Commonwealth and States and Territories.

Alongside the productivity reform agenda COAG also agreed to begin changing the nature of Commonwealth-State funding arrangements and the character of Commonwealth specific purpose payments to the states, reducing the number of overall funding agreements, focusing more on outcomes, building in incentives for reform and reducing conditionality in the terms of current arrangements.

Funding has traditionally been one of the key levers for policy implementation in the national training system, hence the COAG funding reform process will have a major impact on the ongoing evolution of the national training system. Similarly, the COAG presence in the governance environment and the possible extent of its future ongoing engagement has implications for future institutional relationships.



Skills Australia

Skills Australia has been tasked with providing the Commonwealth Minister with advice on current and emerging skills needs, skill formation and reforms to the training system utilising relationships with Industry Skills Councils and relevant state bodies and authorities to inform its advice.

There is presently no formal link between state-based and national advisory arrangements. There may be benefits to industry and all governments of a more consistent and streamlined advisory approach, information gathering and data presentation as this information will be used by the Commonwealth for a number of purposes including the identification of national priority areas for the *Productivity Places Program*.

A key priority for Skills Australia will be to signal important changes of direction required by VET services. In this context Skills Australia might play a role in outlining strategic directions that support all governments in terms of priorities for public investment in training. The implications for Skills Australia's future relationship to COAG and the Ministerial Council responsible for the national training system need to be considered in this context.

Inter-sectoral relationships and Australian Higher Education Review

COAG decisions to address the forecast shortfall in higher level qualifications to meet future workforce needs and recent Australian government decisions to expand eligibility of FEE-HELP to Diploma and above VET qualifications have heightened the need for more coherent interface between the VET and higher education sectors and more tangible outcomes from this relationship.

The Australian higher education review has included vocational education and training in its terms of reference to investigate the potential for building more integrated relationships between the sectors. It is clear that more can be achieved in terms of effective pathways and greater collaboration between the sectors and their joint contributions to national productivity and responses to the needs of industry.

The 2008 Commonwealth Budget commitment to create a new \$11 billion Education Investment Fund aimed to provide capital funding for investment in the higher education and VET sectors also suggests the need for effective working arrangements between both sectors, and in partnership with industry, to achieve the most strategic investment.

The recommendations and government's response to the review will have implications for vocational education and training and higher education relationships.

6. Indications / lessons from international best practice in VET governance

The Skills Australia Board is concerned to base proposals for future NTS governance arrangements on comprehensive understanding of the advantages and disadvantages of international practices and their applicability to the Australian VET context. The Board wishes to ensure governance arrangements for the system are informed by world's best practice developments, and is pursuing further information regarding overseas best practice.

Q7: Can stakeholders advise on the efficacy of international VET system governance precedents and lessons for Australia?



7. Issues for discussion regarding governance functions

The following discussion points outline issues for consideration in effectively developing appropriate governance to ensure a comprehensive national response to current skills challenges.

7.1 Setting a national vision and policy leadership

Vocational education and training is operating in a competitive, global environment as an intrinsic part of Australia's productive capacity, working with industry on whole of enterprise approaches to embed innovation skills and capabilities.

To meet this challenge requires a strengthened collective national vision with national standards, workforce planning, a renewed compact with industry, and co-ordinated approaches across jurisdictions.

COAG has put forward an extensive reform program for the national training system and will play a continuing formative role in the current context of co-operative federalism. However, in this change environment there is a risk of blurred roles and accountabilities, as well a preoccupation with intergovernmental relationships and arrangements, potentially overshadowing stakeholders' perspectives and avenues for communication.

Industry engagement and advice has been a hallmark of national VET system ideals and processes. This needs to be effectively embedded in any new governance arrangements to ensure industry's input to strategic leadership, consumer relevance and longer term use of skills.

Industry leadership of the system is most likely to occur when industry is in a position to contribute and shape policy on funding allocation and influence the direction of funding towards their skills priorities. Industry involvement in the design and delivery of training is also essential. But most importantly industry engagement is generally best achieved, not at the national or even state level, but by individual training organisations (RTOs) working directly with individual enterprises.

The Board notes that on expiry of the current Commonwealth – State agreement, the current industry advisory arrangements to Ministerial Council will terminate. This provides an opportunity to review the issue of industry – governmental strategic relationships.

The National Industry Skills Committee has functions in common with Skills Australia, providing advice on matters relating to workforce planning, future training priorities and other related issues. Its membership is drawn from a cross-section of peak employer and employee representative associations. It does not however, give specific advice on projections or labour market trends, skill needs or funding priorities. It is a representative advisory Committee reporting to Ministerial Council and Skills Australia is a statutory body reporting to the Commonwealth Minister.

In relation to the development of a co-ordinated national focus on higher level skills, encouragement of lifelong learning and skills pathways, Skills Australia is interested in exploring the advantages and potential for more integrated and cohesive strategic development and decision making, taking account of the operation of the VET, higher education and employment participation sectors.



The Board appreciates the ongoing distinctive missions and roles of the sectors. However, in respect to national governance, the responsibility for higher education, the Australian Qualifications Framework and employment is the domain of the Ministerial Council for Education, Employment, Training and Youth Affairs. The Board notes that the Ministerial Council for Vocational Education and Training has sought advice on the potential for a tertiary sector Ministerial Council as a means of more effective policy interface and cross-sectoral governance.

Skills Australia is interested in the views of VET stakeholders of the advantages or otherwise of such a development and its implications for the future governance framework for the sector.

Q8: What are the most appropriate industry advisory mechanisms to Ministerial Council and to COAG?

Q9: What is the potential for more integrated, strategic cross- sectoral development and decision making? What would be the appropriate mechanism to achieve this?

7.2 Analysing demand and skill needs to inform allocations of funds

In *Skilling Australia for the Future*, the Commonwealth outlined a major role for Industry Skills Council (ISCs) at the centre of the training system, working closely with Skills Australia. Skills Australia needs to ensure industry's views and priorities are articulated and include perspectives of other consumers of VET services – individuals, communities and regions.

As part of this new system, it was envisaged that ISCs would ensure that training delivery was central to the demands of industry. ISCs supply environmental scans to Skills Australia and to the National Quality Council. As part of their funding arrangement ISCs are required to engage with State and Territory Governments, State and Territory industry advisory bodies and peak representative bodies in their area of industry coverage. However the linkages and industry coverage of the state ITABS and the national ISCs are not necessarily congruent and engagement between them can be variable.

Skills Australia has already taken steps to engage with the ISCs through consultations and a template for seeking their input into the Board's advice is being developed. The ISCs have led forums with their state industry stakeholders to identify immediate skill needs and to begin the process of workforce planning. This advice through the ISCs provides a second complementary channel for informing the advice provided to Skills Australia of regional differences in skills demands and the consequences for the amount of training. The governance framework for longer term interrelationships between Skills Australia, ISCs and state industry advisory areas remains to be formalised.

Nearly all states have established statutory authorities or peak advisory bodies to advise on the allocation of state government funding using broad-based inputs from industry, communities, regions, consumer intelligence and consultative processes. In some cases, these authorities act as purchasers of training. At present there is no mechanism to channel these holistic state perspectives to Skills Australia so it can have regard for state and regional differences in priorities for funding allocations to certain occupations and industries. This is a linkage that could potentially be addressed in a revised governance framework with this advice also being utilised by Skills Australia to inform governments.

The principle to ensure future enhanced industry engagement and leadership in the NTS is comprehensive and coherent advice, based on clear roles and lines of communication.

Q10: How can ISCs improve their links with state industry advisory bodies and best take account of state concerns in their provision of industry intelligence to Skills Australia?

Q11: What is the most effective and consistent way for Skills Australia to utilise the advice and data of state authorities in informing governments' decisions about priorities for investment in training and development of the training system?

7.3 Allocating and administering public funds

A critical objective for NTS governance is ensuring the allocation of training funds is responsive to industry need and used effectively to deliver desired outcomes, most particularly the use of skills at work.

A central issue is that national companies are able to purchase training in a way that meets their requirements across the country without undue administrative burden.

A co-ordinated focus in the overall investment of state and national funds is desirable in terms of achieving longer term results.

COAG agreements in 2007 to develop a new model of co-operative federalism and to overhaul Commonwealth – State funding agreements (Specific Purpose Payments) have opened a new chapter in the shared directions and funding arrangements of states and the Australian Government in the national training system.

Governments are currently negotiating agreed outcomes, outputs and performance measures and reporting arrangements for the next phase of Commonwealth – State funding arrangements. These will overtake previous strategic direction setting and accountability arrangements for funding VET as framed through earlier intergovernmental statutory agreements, national strategies, goals and related documents.

With this transition comes the need to secure the advice of industry partners in the strategic direction of the resourcing process, the priorities for investment and the means of achieving longer term outcomes from the utilisation of skills and increased workforce participation.

Through its relationships with Industry Skills Councils, and state authorities, arises the potential for a body such as Skills Australia to act as a catalyst to facilitate the channelling of comprehensive industry and consumer advice to all governments on the prioritisation of funding allocations in relation to total public investment. The Board suggests it would be desirable for the outcomes of the system to be set as a whole. This might occur through a notional 'pooling' of all public funds, allowing collaboration of all State and Territory skills authorities (e.g. Skills Tasmania) together with Skills Australia, advising on the priorities and quantum of skills and qualifications required through the combination of States/Territories and Australian governments funding capacity.

This advice could accordingly be provided to COAG, or the Ministerial Council with responsibility for determining the final allocation of training places in conjunction with states and territories.

In relation to the administration of public funding, current governance arrangements are consistent with States and territories being the purchasers of training for the most part, and in particular for the training that they fund.

However, industry and enterprises' opportunity to influence the strategic direction of training can also be maximised through the increased devolution of purchasing decisions to industry and consumers, so there is a more direct market relationship with providers. Skills Australia is interested in the views of VET stakeholders of some funds for training places being allocated at the national level by the Australian Government.



This Discussion Paper does not explore the possible future characteristics of the market relationships between providers and VET consumers, as these are currently being developed through the COAG negotiations. However, the outcomes of the market design needs to be factored into the development of future governance arrangements.

It is clear to Skills Australia that industry, enterprises and other consumers must be able to influence the resourcing of skills at both the strategic and delivery levels.

Q 12: What is the most effective mechanism to ensure industry and consumers have strategic input into the public investment in skills priorities?
Q13: Is it desirable for the Australian Government to administer a proportion of funding for purchase of training by national employers?

7.4 Using information coherently for system development and reform

A strong evidence base to planning, policy development and assessment of the national training system's performance is a central plank for robust governance arrangements and future development of the national training system.

Skills Australia has been established as part of the Australian Government's emphasis on evidence based reform to provide analysis of needs, identify priorities, policy advice and to determine the allocation of training funds. In her second reading speech, the Deputy Prime Minister indicated Skills Australia's functions included "assessing evidence...to inform Australia's workforce development needs, help inform decisions to encourage skills formation and drive ongoing reforms to the education and training sectorand facilitate alignment of priorities for responses to skill needs". To this end, Skills Australia is expected to establish relationships to engage with relevant state bodies and authorities to inform its advice.

In relation to information input, a number of organisations are involved in developing and providing data, analyses of trends, research, environmental scans, and insights on future demand for skills at the national and state levels. The key organisations influencing the analysis of the strategic direction and policy agenda of the system include:

- Industry Skills Councils;
- Department of Education, Employment and Workplace Relations;
- State Departments and authorities;
- National Centre for Vocational Education and Research; and
- the National Industry Skills Committee also has a role in providing research and policy advice to Ministers.

An observation of Skills Australia is the opportunity for improved co-ordination of comprehensive and coherent information - particularly the alignment of quantitative and qualitative information, and top-down /bottom- up advice. There is also the need to marry data and research from sources that sit outside the publicly funded training system. Industry currently makes a substantial investment in informal and unaccredited training. Better understanding and potentially leveraging this investment has significant potential for effective skills outcomes and lifelong learning.

The output and focus of Skills Australia's advice is the federal Minister. An issue for Skills Australia is how it might engage effectively with all jurisdictions and Ministerial Council to harness advice for a comprehensive strategic response to skills issues across Australia.

7.5 Monitoring performance through a high quality national data base to inform decision making

Timely and high quality data is crucial to assessing the use of training and the demands of industry and individuals.



The availability of real time data is important to Skills Australia in terms of analysing future demand, and monitoring and evaluating the effectiveness of training and in particular the training effort under the Productivity Places Program.

Data that is available in real time will allow decision makers to assess the performance of the system, particularly in terms of the outcomes achieved, and to make strategic interventions in a timely manner.

Good quality data is required by the users (consumers) of the training system to assist those users to make informed choices about training. This is particularly important in a demand driven system.

Q14: What is the best way to co-ordinate planning, policy, research and performance advice to governments for a comprehensive strategic response to Australia's skills issues?

7.6 Fostering excellence, consistency and seamless regulatory arrangements

Industry and consumer engagement with regulatory bodies and training providers is fundamental to ensuring the national training system achieves excellence, consistency, streamlined processes enhancing access to, confidence in and relevance of services.

The National Quality Council (NQC) has the pre-eminent national role in bringing together industry, national and state government, equity group and VET provider representatives to oversee and support the quality and relevance of vocational education across Australia.

It oversees quality assurance and ensures national consistency in the application of the Australian Quality Training Framework (AQTF) standards for the audit and registration of training providers. It has specific decision-making powers as a committee of Ministerial Council in relation to the endorsement of Training Packages and other aspects of the quality assurance under the National Skills Framework. The NQC contains a number of industry representatives itself and ensures appropriate industry involvement in the development of training packages and the quality and excellence processes of the National Skills Framework.

TVET Australia, the Ministerial Council for Vocational Training and Education company established in 2005, provides secretariat functions for the National Training System including National Audit and Registration Agency, the National Quality Council and the National Industry Skills Committee as well as managing the sales and licensing of all Australian training products. It also has interim responsibility for managing assessment at the "Excellence" level with the Australian Quality Training Framework.

The Skills Australia Board observes that on the whole, arrangements for industry engagement in the quality of training seem to be working adequately and ongoing quality and regulatory enhancements are progressing. The current mechanisms seem to be an effective vehicle for industry views to be represented in the development of quality systems.

However, a number of observations can be made:

- There is a multiplicity of VET authorities involved in industry advice and regulation at both state and national levels. In most states, the registering and accrediting bodies exist together with state training boards or their equivalents. In some cases the regulation of apprenticeships and traineeships is carried out under further separate statutory and licensing arrangements. Whilst these are matters for the discretion of states, it raises potential issues for the overall simplicity and transparency of VET institutional architecture for consumers.



- The take up of delegation by states and territories to the National Audit and Registration Agency (NARA) for provision of registration services for RTOs operating across jurisdictions has been limited. To date three states have agreed delegations to NARA.
- Agility and innovation in response to consumers' training requirements or emerging directions can be compromised by regulatory complexity.

In terms of cross-sectoral regulatory interface, the Australian Qualifications Framework (AQF) describes qualifications and related sectoral 'boundaries'. However, with increasing diversity of RTO business, the growth of the global education market and the need for improved lifelong learning pathways, it may be timely to strengthen the framework and reflect on the suitability and robustness of cross –sectoral arrangements for a more seamless and easily navigable tertiary sector. A particular focus for this discussion is the limited student articulation between the VET and higher education sectors and the degree to which this might be assisted by more integrated policy frameworks that assist easier transition between sectors and facilitate acquisition of higher level skills.

Q15: Is there sufficient flexibility and responsiveness in quality and regulatory/licensing governance?

Q16: Are there opportunities for improving or streamlining the governance of VET quality and regulatory arrangements to benefit consumers?

Q17: What are future options for more seamless VET and higher education quality and regulatory arrangements?

Next steps

Skills Australia is providing this Discussion Paper to key stakeholders in the National Training System governance framework. Board members will be holding consultation discussions across States and Territories and at the national level to seek opinions on the matters raised and to explore opportunities to develop and strengthen governance arrangements. Stakeholders may wish to supplement their advice on the Discussion Paper with a written submission which can be sent to secretariat@skillsaustralia.gov.au by 10 October 2008.

Skills Australia is currently researching international best practice examples of vocational education and training governance and will integrate these findings with the outcomes of consultations in advice to the Deputy Prime Minister.



Excerpt from *Skills Australia Act 2008***4. Objects**

The object of this Act is to provide for expert and independent advice in relation to Australia's workforce skills needs and workforce development needs, in order to:

- (a) identify training priorities to respond to those needs; and
- (b) increase workforce participation; and
- (c) improve productivity and competitiveness; and
- (d) identify and address skills shortages; and
- (e) promote the development of a highly skilled workforce.

6. Functions

Primary function—providing advice to the Minister

(1) Skills Australia has the primary function of providing advice to the Minister on matters relating to the following:

- (a) Australia's current, emerging and future workforce development needs;
- (b) Australia's current, emerging and future workforce skills needs.

(2) Skills Australia is to provide advice under subsection (1) as it thinks fit and on request by the Minister.

Additional functions

(3) For the purposes of providing that advice, Skills Australia has the following additional functions:

- (a) analysing current, emerging and future workforce skills needs across industry sectors;
- (b) assessing:
 - (i) research relating to workforce development needs; and
 - (ii) information from persons and bodies with an interest in workforce development needs;
- (c) developing and maintaining relationships with:
 - (i) the States and Territories, and relevant authorities of the States and Territories; and
 - (ii) other persons and bodies with an interest in workforce development needs or workforce skills needs.

(4) Skills Australia also has:

- (a) the function of informing the public about matters relating to Australia's workforce development needs and workforce skills needs; and
- (b) any functions that the Minister, by writing, directs Skills Australia to perform; and
- (c) any other functions conferred on it by this Act or any other law.

Excerpt from Minister Gillard's Second Reading Speech 14 February 2008

Skills Australia will:

- analyse current and emerging skills needs in the Australian economy – both in the broader economy and demands across industry sectors;
- assess evidence from commissioned research and industry stakeholders to inform Australia's workforce development needs;
- widely distribute information from research and consultations with stakeholders to enable entrepreneurs, businesses and workers to have the necessary information to inform their training and employment decisions;
- provide the Government with recommendations on current and future skills needs to help inform decisions to encourage skills formation and drive ongoing reforms to the education and training sector, including on priorities for the investment of public funds; and
- establish and maintain relationships with relevant state bodies and authorities to inform its advice on current and future demand for skills and facilitate alignment of priorities for responses to skills needs.

National Ministerial and jurisdictional framework

Ministerial Council for Vocational and Technical Education (MCVTE): is the key decision-making body, and has overall responsibility for the National Training System, including strategic policy, priority setting, planning and performance. The Council is chaired by the Australian Government Minister for Vocational and Further Education and consists of state and territory government ministers responsible for training. It is supported by a National Industry Skills Committee (NISC) and the National Quality Council (NQC).

National Senior Officials Committee (NSOC): NSOC officials support MCVTE and membership consists of the chief executive officers of the Australian and state government departments responsible for training. The Committee is chaired by the Secretary of the Australian Government Department of Education, Employment and Workplace Relations. An Advisory Alliance provides advice to NSOC on barriers in the VET sector for particular client groups.

Ministerial Council on Education, Employment Training and Youth Affairs (MCEETYA): The areas of responsibility covered by the Council are pre-primary education, primary and secondary education, vocational education and training, higher education, employment and linkages between employment/labour market programs and education and training, adult and community education, youth policy programs and cross-sectoral matters. This work takes place in interaction with the (MCVTE). Membership of the Council comprises State, Territory, Australian Government and New Zealand Ministers with responsibility for the portfolios of education, employment, training and youth affairs. Papua New Guinea, Norfolk Island and East Timor have observer status. Chairing rotates annually.

AESOC: MCEETYA is supported by a group of senior officials who meet regularly as the Australian Education Systems Officials Committee (AESOC). Chairing of meetings rotates across jurisdictions following the Ministerial Council's chairing cycle.

Jurisdictional authorities for vocational education and training

Australian Government: Department of Education, Employment and Workplace Relations

Australian Capital Territory: Department of Education and Training

New South Wales: Department of Education and Training

Northern Territory: Department of Employment, Education and Training

Queensland: Department of Education, Training and the Arts

South Australia: Department of Further Education, Employment, Science and Technology

Tasmania: Skills Tasmania

Victoria: Skills Victoria

Western Australia: Department of Education and Training

National and state policy and industry advisory arrangements

National

Skills Australia: is an independent statutory body which provides recommendations and advice to the Australian government Minister on the investment of public funds in training, current and future demand for skills, workforce development and training system reform.

Industry Skills Councils (ISCs): The 11 national ISCs are privately registered companies funded and declared by the Australian government to provide advice to Skills Australia, government, enterprises and the vocational education and training sector on skills and workforce development needs. They collaborate through the ISCs Forum on issues with wider implications for Australian industry generally. The ISCs are: Agri-Food Industry Skills Council, Construction and Property Services Industry Skills Council, Community Services and Health Industry Skills Council, EE-Oz Training Standards, ForestWorks, Government Skills Australia, Innovation & Business Skills Australia, Manufacturing Skills Australia, Resources and Infrastructure Industry Skills Council, Service Industries Skills Council, and Transport and Logistics Industry Skills Council Australia.

The National Industry Skills Committee: is an advisory committee to the Ministerial Council and provides high-level, evidence-based advice on workforce planning, future training priorities and other critical issues facing the training sector. NISC is a representative organisation and has nine members from a cross-section of employers, industries, small, medium and large enterprises from diverse geography. The Australian Government Minister approves appointments and determines their term. NISC meets with Ministerial Council ahead of council meetings, and has joint meetings with the National Senior Officials Committee during each year.

State and territory training authorities

Australian Capital Territory

The ACT does not have a statutory representative industry authority. The Chief Executive of ACT Department of Education and Training has authority through the *Training and Tertiary Education Act (2003)* to oversight the provision of vocational education and training in the ACT, and provide advice directly to the Minister on training issues. The Department of Education and Training prepares the ACT VET Plan.

New South Wales

NSW Board of Vocational Education and Training (BVET): is a statutory body established in 1994 under the Act to provide Government and the Minister for Education and Training with strategic advice about the NSW vocational education and training system.

Northern Territory

Minister's Round Table on Employment and Training: The NT does not have a statutory representative industry authority. The Employment and Training Round Table is a mechanism for providing employment and training advice direct to the Minister for Employment and Training. It facilitates discussion between Government and industry stakeholders about employment and training issues. The membership of the Round Table is through open invitation to industry, the community, unions, employer associations and training providers.

Queensland

Training and Employment Recognition Council: The *Vocational Education, Training and Employment Act 2000* establishes the Council to provide strategic advice to the Minister on current vocational education and training issues and advise on policy and guidelines for the registration and regulation of training organisations and qualifications, the accreditation of courses, and regulation of apprenticeships and traineeships. To help the Council provide information to the Minister, it consults with industry and regional communities.

South Australia

Training and Skills Commission: The new *Training and Skills Development Act 2008* establishes the Commission to prepare a 5 year Skills and Workforce Plan that is the basis for allocating State training funds in the future. The Commission is charged with promoting quality, protecting apprentices and trainees and providing industry and community advice to Government about workforce development. It makes recommendations to the Minister for Employment, Training and Further Education on matters relating to higher education, vocational education and training and adult community education. The Commission is also the state accreditation agency, responsible for accrediting courses and providers with its functions delegated to the Quality Directorate within the Department.

Tasmania

Skills Tasmania: is a statutory authority (established under the *Tasmanian Vocational Education and Training Act 1994*, amended in 2007) responsible for the administration of the Tasmanian VET system including planning, purchasing training delivery; development of policy advice for skills development; promotion of industry investment in training; and the development, regulation and of the system in Tasmania.

Victoria

The Victorian Skills Commission: is a statutory authority established in the *Education and Training Reform Act 2006* responsible for allocating funding and provide policy advice to Government on post compulsory education and training. It is accountable to the Minister for Skills and Workforce Participation.

Western Australia

The *State Training Board:* is a statutory authority established under the *Vocational Education and Training Act 1996* as the peak industry training advisory body to the Minister for Education and Training in Western Australia. The role of the Board is to provide high level advice to the Minister on the supply and demand for skills, particularly those industries that are experiencing skills shortages. Functions of the Board include the preparation of the State Training Profile that provides a three year outlook into Western Australia's skills needs and priorities for publicly funded vocational and education training.

State and territory industry advisory arrangements

Australian Capital Territory

Vocational Education and Training Advisory Group

The Vocational Education and Training Advisory Group (VETAG) is a high level advisory group established to give strategic advice to the Chief Executive of the Department of Education and Training (in her role under the [Training and Tertiary Education Act 2003](#)) based on qualitative data received through consultation with industry and VET stakeholder groups. Members are invited by the Chief Executive to join VETAG on account of their broad and differing areas of experience and expertise across the VET sector, and their capacity to provide independent expert advice.

New South Wales

Industry Skills Forum: The Industry Skills Forum provides strategic advice to the Minister, through BVET, on labour market trends, industry skills needs and strategies for gaining detailed industry advice to enhance the relevance and responsiveness of the vocational education and training system in New South Wales. The BVET Chairman chairs the Industry Skills Forum and members are drawn from bodies that represent a broad cross-section of industry, including small business.

Industry Training Advisory Bodies

Approximately 15 Industry Training Advisory Bodies (ITABs) are funded by the NSW Government and contracted by the NSW Department of Education and Training to support critical operational areas of the NSW VET system. This advice assists DET in its strategic planning and policy implementation for future workforce training needs.

Northern Territory

Training Advisory Councils

The six Training Advisory Councils (TACs) are autonomous organisations funded to assist the Department of Education, Employment and Training as a conduit between enterprises, industry and government on vocational education and training planning, policy and practice. They undertake labour market surveys within their respective industry sectors and contribute data to the *Workforce NT* Report.

Queensland

Centres of Excellence/Industry Skills Alliances

Queensland has three Centres of Excellence (CoEs) and five industry alliances. The Centres of Excellence are for Construction, Energy and Manufacturing. The Skills Alliances cover the automotive, community services and health, hospitality and tourism, sport and recreation and creative industries. They are autonomous organisations made up of major industry stakeholders, training organisations, unions and employers. The CoEs and Alliances are funded by the Department to provide industry leadership and strategic advice to government regarding the skills needs of industry, including identification of new skills pathways and mobilisation of investment.

Industry Skills Forums

The Queensland Government holds an annual industry skills forum, hosted by the Minister for Employment, Training and Industrial Relations. Industry skills forums are also held across the state, bringing together local and regional employers, industry bodies and stakeholders to evaluate skilling and workforce management strategies and collaborate on skilling and training solutions.

Victoria

Industry Training Advisory Bodies

Victoria has a network of 16 Industry Training Advisory Bodies (ITABs) which are a key component of the State's industry advisory arrangements providing advice to Skills Victoria and to the Victorian Skills Commission.

South Australia

Industry Skills Boards

Nine ISBs are funded to provide government with industry advice, partnership networks and provide industry with workforce information and planning advice. In 2008, substantial additional funding over five years has been committed to ISBs by government boost its partnership with industry in jointly developing the State's future workforce.

Tasmania

Industry Liaison Officers

Skills Tasmania engages directly with industry and business. Industry advisory arrangements comprise Industry Liaison Officers, purchasing industry advice, convening industry forums and sponsoring various projects. Three geographically based Industry Liaison Officers analyse industry intelligence on training demand by industry or region.

Western Australia

Industry Training Advisory Body Network

Following a recent review of the network of 14 Industry Training Advisory Bodies conducted by the State Training Board, the ITAB network is being restructured into 10 Training Councils, which will include high level industry representatives from both employer and employee groups to drive reforms and solutions to address current and emerging skill issues.

Quality advisory arrangements

National Quality Council: oversees quality assurance and ensures national consistency in the application of Australian Quality Training Framework standards for the registration and audit of training providers. It also oversees the endorsement of training packages. The NQC includes fourteen members for three year terms. Membership includes industry and union representatives, state and Australian government officials, equity group representatives and provider representatives. Under the Skilling Australia's Workforce Agreement 2005- 2008, MCVTE approves the NQC's work plan and funds the work plan on a three year basis from the Strategic National Initiatives fund.

Technical and Vocational Education and Training (TVET) Australia Limited: is a ministerial company owned by the Commonwealth, State and Territory Ministers responsible for training. It was established to provide responsive and high quality services to support the national training system.

Regulatory

Australian Qualifications Framework Council: In May 2008 Ministers agreed to establish the Council, replacing the Australian Qualifications Framework Advisory Board. The object of the Council is to provide advice to Ministers (MCEETYA and MCVTE) on the Australian Qualifications Framework (AQF)³ to ensure it is nationally and internationally robust and supports flexible cross-sectoral linkages and pathways.

National Audit and Registration Agency: provides audit and registration services for registered training organisations that operate in more than one Australian state or territory.

State and territory registering and accrediting bodies

Australian Capital Territory: Accreditation and Registration Council

New South Wales: Vocational Education Training Accreditation Board

Northern Territory: Department of Employment, Education and Training

Queensland: Training and Employment Recognition Council

South Australia: Department of Further Education, Employment, Science and Technology

Tasmania: Tasmanian Qualifications Authority

Victoria: Victorian Registration and Qualifications Authority

Western Australia: Training Accreditation Council

Information and research

NCVER: The National Centre for Vocational Education Research is a not-for-profit company owned by the federal, state and territory ministers responsible for training. It is responsible for collecting, managing, analysing, evaluating and communicating research and statistics about vocational education and training.

DEEWR & State Departments: DEEWR prepares *industry employment projections* and *occupation based employment projections* which are updated annually. These are based in part on the model developed by the Centre of Policy Studies at Monash University, but also take into consideration the previous DEEWR projections, recent employment growth for each industry and occupations, prospective industry developments and the views of other economic forecasters. DEEWR does not publish industry and occupation employment projections below the national level.

State Departments and peak bodies: A range of analyses are conducted by State government departments or VET peak bodies, either on an ad hoc or regular basis, to inform State VET Plans or related frameworks. Large public TAFE systems also conduct strategic analyses of labour market and other developments as a focus for program and resource planning.

National Training Statistics Committee: advises NSOC on the provision of a comprehensive and high quality information base to support policy development, research and evaluation in VET; the use of the information base to underscore public accountability and measurement of the national VET system, including the key performance measures; and the opportunity for the information base to be analysed, by exploiting data linkages and making the data more widely available in a variety of formats.

³ The Australian Qualifications Framework (AQF) was introduced by MCEETYA in 1995 as the primary policy instrument which underpins the national system of qualifications in Australia.