

# 1. Introduction

## 1.1 Background

Governments across Australia have committed to an increased investment in skills and reform of the vocational education and training sector to enhance its flexibility and responsiveness, improve access to skills and qualifications and to achieve successful outcomes for all Australians. Skills Australia has completed an extensive analysis of the governance arrangements and system architecture in the interests of ensuring the sector is well positioned to respond quickly and effectively to the skills challenges of rapidly changing global circumstances.

The review process entailed very broad and thorough consultations on a range of matters with industry and tertiary sector stakeholders to ensure their views were considered in our deliberations. Following the release in April 2009 of *Foundations for the Future: Draft proposals for Future Governance, Architecture and Market Design for the National Training System* we met with each State and Territory Minister and also jurisdiction officials. We held two stakeholder roundtables and analysed the contributions from over forty submissions made by a cross section of interest groups and representative stakeholders.

This input has provided diverse and valuable perspectives on National Training System (NTS) issues of the moment and revealed the potential for further synergy and collaboration between the vocational education and training and higher education sectors.

The consultation has broadly affirmed Skills Australia's views on the proposed governance model for future relationships between advisory, regulatory and jurisdictional bodies operating in the National Training System. Stakeholder feedback has provided insights and considerations which we have taken into account in refining our final recommendations, or indicated where further detail was needed to clarify our arguments. It has guided our advice on a renewed approach to governance to complement the development of more integrated tertiary sector.

In the course of our deliberations a number of significant developments have occurred with implications for governance and architecture of the National Training System. Firstly, Skills Australia has developed its response in relation to Ministerial Council agreements in favour of new Ministerial Council arrangements for the tertiary education sector and also the Bradley Review<sup>1</sup> recommendations for higher education.

This position paper supports a governance model for a more interconnected tertiary sector, and acknowledges this as the policy landscape within which our recommendations are made. Our proposals reinforce this direction, but speak largely to the vocational education and training (VET) sector's specific governance requirements to support its distinctive mission and characteristics. Because of the extensive reform platform for higher education already instigated by the Australian Government and related budget announcements, our position paper and recommendations aim to principally highlight VET sector governance matters, but they are fashioned to strengthen the collective future of the two sectors<sup>2</sup>.

Secondly, the global economic downturn has underscored the importance of the inter-relationship of the social inclusion and productivity agendas, to ensure there is no-one left behind on the way to economic recovery. Industry engagement in this period will be most important. It has been a distinguishing feature of the National Training System development over the last 15 years and must play a strong role in future reform.

Lastly, the Deputy Prime Minister requested Skills Australia to provide advice on sustainable market reform of the VET sector and to address any implications for future governance

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1 Australian Government (2008) *Review of Australian Higher Education—Final Report*, chaired by Professor Denise Bradley  
<http://www.deewr.gov.au/HigherEducation/Review/Pages/ReviewofAustralianHigherEducationReport.aspx>

2 Australian Government (2009) *Transforming Australia's Higher Education system*



arrangements. We address management of investment as a key function in system governance integrally aligned to matters of quality, consumer protection and information.

In forming our views on future governance for the system, we have drawn not only on members' intimate knowledge and expertise in various aspects of the vocational education and training sector, but also on the significant jurisdictional and systemic reviews and research at both state and national levels that we have individually undertaken in recent years. We also commissioned research on country comparisons from the National Centre for Vocational Education Research (NCVER)<sup>3</sup> and this was facilitated through an international participant panel.

## 1.2 Objectives for more effective governance

In our September 2009 Discussion Paper we suggested a number of principles and objectives<sup>4</sup> to apply to future governance arrangements of the NTS. We see these as being critical to underpin its capacity to respond to and achieve identified Council of Australian Government (COAG) aspirations<sup>5</sup>.

These objectives are to:

- promote a unified national vision and consistent approach to meeting Australia's skill needs
- position industry and the needs of individuals at the centre of the system, driving its direction and outcomes
- use and develop a robust evidence base for planning, analysis, 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
- drive excellence, consistency, streamlined processes enhancing access to, confidence in and relevance of the national training system, and
- be performance and outcomes oriented with clarity of information to consumers and transparency of outcomes to all stakeholders.

Consultations and submissions following the publication of that Discussion Paper expressed support for these objectives. Consultations also reinforced that in designing the future governance framework for the National Training System, it is most important to address and give priority to the needs of those whom the system is designed to serve—individuals and enterprises<sup>6</sup>—as well as to acknowledge the broader community interests that the education and training system serves.

## 1.3 Positioning for the future—a case for change

Skills Australia is clear that any change to governance arrangements for the National Training System has to be grounded in the collective vision of building Australia's skill base for a more productive, inclusive and sustainable future. Like the Bradley review panel, we believe Australia is at a pivotal point in history where a step change is needed to address our skills challenges. Driving change with a leadership model and complex governance roles and relationships that were designed for another era will not assist.

<sup>3</sup> M Cully et al (2008) *Governance and architecture of Australia's VET sector: Country Comparisons* Report prepared for Skills Australia, NCVER unpublished draft December 2008

<sup>4</sup> Skills Australia (2008) *Future governance arrangements for the National Training System* [http://www.skillsaustralia.gov.au/Publications\\_and\\_Resources/#Skills\\_Australia\\_Governance\\_Discussion\\_Paper\\_-\\_September/October\\_2008](http://www.skillsaustralia.gov.au/Publications_and_Resources/#Skills_Australia_Governance_Discussion_Paper_-_September/October_2008)

<sup>5</sup> Joint MCEETYA/MCVTE Meeting 17 April 2008, Melbourne Communiqué, 17 April 2008

<sup>6</sup> The Australian Chamber of Commerce and Industry (ACCI) submission (September 2008) for instance also pointed out that given the current economic conditions and potential for increasing unemployment, it will be important for the NTS to respond to the social inclusion and workforce participation agenda as well as meet the needs of industry



*We need a workforce built on world class skills, and a tertiary system that supports it to consistently stay at the very forefront of global practice. It is not a system that will be achieved through tinkering at the margins of existing policy; what we are talking about requires a fundamental re-conceiving of our system, its scope and purpose, investment models and services<sup>7</sup>.*

Skills Australia, based on research and advice received in submissions and consultations, has also focused on opportunities to streamline and simplify the governance framework. It is important for various parties involved in shaping the future of the tertiary sector to have an appropriate role and voice in transforming it to achieve the ambitious vision for a high level of skills that are used in more productive and internationally competitive industries. At the same time, we have been concerned to balance the tensions between representation of stakeholders' interests and effective decision making processes.

## **1.4 The framework for governance proposals**

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.

Our vision for the National Training System is to *'build Australia's skill base for a more productive, inclusive and sustainable future'*.

To realise the vision Skills Australia sees there are six underpinning functions that support development of the governance framework and provide a platform to foster more integrated tertiary sector arrangements. These functions are:

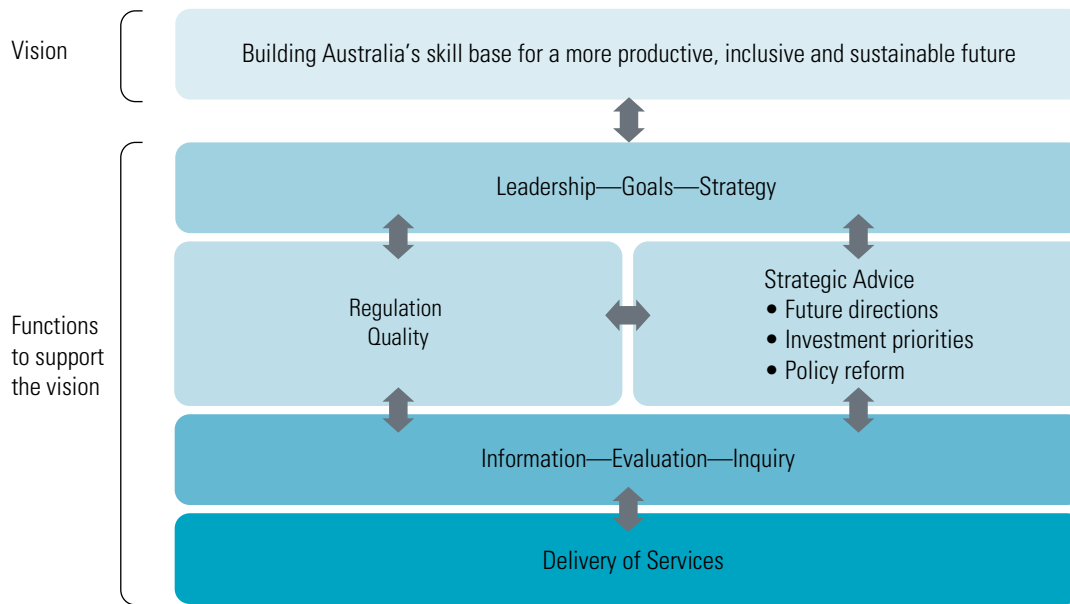
1. *Leading a unified vision for skills to support a national economy*
2. *Providing the evidence base for policy and reform*
3. *Investing wisely and effectively in skills and workforce development*
4. *Regulating and ensuring quality services and products*
5. *Using information to inform decision making, quality and client choice*
6. *Providing training services that meet needs.*

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<sup>7</sup> Joint submission from national Industry Skills Councils



## Key Functions of the Governance Framework



This framework is used to elaborate the governance functions discussed below and the proposed operational arrangements to support it.

The discussion in sections 3–8 outlines the more detailed proposals for governance and decision making arrangements. The sections also describe proposed improvements for National Training System architecture which are the policies, mechanisms and processes through which the system operates.

This includes observations about vocational education and higher education sector relationships and areas for improved advice and policy co-ordination across the sectors, particularly opportunities for collaboration on Australia's future workforce development.