

**ACPET submission to
“Towards a Contestable Model”
Discussion Paper**

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Industry Engagement in Training Package Development – Discussion Paper – “Towards a Contestable Model”

Introduction

The Australian Council for Private Education and Training (ACPET) welcomes the opportunity to provide a response to the *‘Industry Engagement in Training Package Development Discussion Paper – Towards a Contestable Model’* (Discussion Paper).

Industry engagement sits at the heart of the vocational education and training sector. In that regard while there is impetus for reform, proposed changes do need to be fully considered to appreciate the implications of changes in this important element of the sector.

Established in 1992, ACPET is the national industry association for private providers of post-compulsory education and training. ACPET has over 1,000 members nationally who deliver a range of Higher Education, VET and English language courses across all States and Territories and internationally.

ACPET’s mission is to enhance quality, greater choice and innovation in Australian education and skills training. ACPET members include commercial and not-for-profit entities, community groups, industry providers and enterprise-based organisations. ACPET works with governments, industries, and community organisations to ensure Higher Education and VET services are well targeted, accessible, and delivered to a high standard.

ACPET members were consulted in the development of this submission.

Currently ACPET plays a significant role in the provision of industry advice, particularly in relation to the development of qualifications in the training and education sector. ACPET has a long term relationship with Innovation and Business Skills Australia (IBSA) – as a founding member of IBSA’s Training and Education Sector Advisory Committee in 2004, and a member of the IBSA Company formed at that time. ACPET’s members benefit from stable and responsive industry engagement which ensures qualifications are appropriate, contemporary and relevant to industry requirements.

Given its broad membership, ACPET represents providers who cover a wide range of industries and provide education and training from almost all training packages emanating from all Industry Skills Councils (ISCs). Feedback from our members suggest that views about ISCs vary, however most favour some changes to the current arrangements.

ACPET is eager to promote strong linkages between industry and the VET sector, with clear delineation of roles. In this context ACPET would see industry, through a formal arrangement, clearly articulating the competencies and Registered Training Organisations (RTOs) designing and delivering qualifications.

Significant debate is common in the sector about the readiness of graduates for work. Regardless of the industry engagement model, the completion of a VET qualification should be seen as a solid foundation for graduates, upon which they can then gain formal workplace experience.

ACPET in principle supports the adoption of Model Three. Model Three provides the Government and industry with insights and awareness of cross-industry issues and the broader focus of VET. Fewer number of VET advisory bodies means they will need to work with a number of different industries and training packages. The model's ability to achieve this outcome will be enhanced by the potential existence of a lead VET body where RTOs should have input at every step. This is vital as RTOs have a range of industry expertise, strong relationships with industry, and a workforce that that is current and competent within their chosen field of education.

ACPET is committed to promoting improvement in the quality of providers in the sector. ACPET members are required to comply with a comprehensive and stringent Code of Ethics as a condition of their membership. This approach, where ACPET can and has terminated memberships for non-compliance, is consistent with ensuring that competency requirements are clearly articulated by industry and that qualifications are well designed and implemented by RTOs to meet the needs of industry. A strong symbiotic relation between industry and VET providers is key to ensuring quality in the sector. The provision of high quality course provided by high quality providers will ensure high quality workers for industry. ACPET is committed to such an outcome.

ACPET and its members are pleased to work with Government to implement sustainable changes in this crucial part of the VET sector.

Response to Discussion Paper Questions – “Towards a Contestable Model”

1. *One of the primary aims of this review is to ensure more direct industry involvement in the development and review of training packages. What are important features of the development and maintenance processes for industry defined qualifications that need to be retained in any new model?*

ACPET has identified ‘industry’ as meaning those employers who employ students who are currently studying or have completed a VET qualification or a specified skill set.

Industry needs to play a critical role in the anticipation of skills needed both now and into the future. This ‘anticipation’ is represented through competency design. Formal engagement strategies are needed to ensure qualifications remain fit for purpose. These mechanisms must engage direct with employers to reflect the views of industry.

In this regard, the design of basic and advanced VET qualifications needs to be focussed on the skills and knowledge required for the current and future world of work. This comprises developing specific occupational knowledge, skills and competences, as well as more generic skills that can be transferred to different contexts. However, increasingly there also needs to be a focus on communication, technology, team work and problem-solving skills. The portability of qualifications across national and international boundaries to facilitate the mobility of workers and students is an important feature.

There also needs to be a formal mechanism which facilitates government, industry and RTO engagement. Option Three of the Discussion Paper is a vehicle for achieving such engagement. Industry needs the opportunity to articulate what competencies it requires for their present and future workforces.

However, for packages to ultimately be best practice, a broader view of industry is necessary. The engagement process needs to engage closely with the supply arm of the industry: RTOs. Educators can ensure that the design of packages encompass the critical features required for quality outcomes.

2. *Are there any other features necessary for an industry led training package development and maintenance process?*

The link between VET and occupational outcomes is actually quite variable, with qualifications relating to technicians and trades workers having the strongest overall link. Overall, NCVER reports that only 42% of graduates go on to a job in the industry they have studied. This research is significant for both the determination of qualification priorities and in the design of qualifications, in that it highlights the importance of general education in VET, as well as outcomes from the more specific occupational pathways

There has been a tendency, under the notion of an industry led system, to overdesign qualifications. The solution is a balanced system with differing responsibilities. Responsibility for delivering training should rest with the RTOs. Industry must play a role in the development of training packages to identify competencies for the sector. However, as

training package design is not the core business of industry, their involvement should be focused on advice about skills and training needed for particular jobs.

Broad stakeholder consultation and involvement in the development of qualifications and qualification frameworks is common across the OECD. Such consultations are generally driven by government and involve a range of regulatory agencies, industry peak bodies, trade unions (including students), professional associations, public and private VET providers, school and higher education sectors (including practitioners), experts in the field, and research agencies. As an example, Sector Skills Councils in the United Kingdom, Chambers of Commerce and Chambers of Crafts in Germany, formalise the participation of industry in the training system.

In that regard the current Australian system already has the majority of the elements evident in other advanced nations. It is about further building on our strong base. Importantly, the industry-led elements of our sector, including training package development processes are envied in many parts of the world.

Feedback mechanisms also need to incorporate intelligence from students to better understand their experiences and integrate this knowledge into training package development. Their views are vital to training package development through a 360 degree assessment.

Having data on the employment outcomes of students is also a key to identifying the success of the training they undertook. This would require engagement with employers to provide a clear picture of outcomes.

A final element to build on the current system relates to deploying skills. Improving productivity requires more than a modern skills framework. Industry needs support in the deployment of vocational skills to ensure graduates meet the requirement of the workplace. This is a role that can be delivered by RTOs, subject to formal inclusion in training packages.

3. Are there other attributes or skills that are important to support efficient and effective training package development processes? Provide an explanation.

Qualification integrity is not only dependent on the skills and attributes articulated within the qualification, but also the capacity of teachers and trainers and also quality facilities and equipment. Therefore the package development process needs to incorporate feedback from a wide range of sources and incorporate strategies for how the qualification might be delivered. Industry standard learning resources are best developed during the package development process itself. This would not be the responsibility of the industry body, but through a partnership with RTO representatives.

Professional development of teachers and trainers must underpin approaches to improve skills outcomes.

Another element that requires consideration is cultural context. Qualification systems must reflect the industry traditions in which they are located. In that regard Australia cannot simply import models from elsewhere, particularly when our system already encompasses the key features of international systems.

Qualifications must be credible for both students and industry. Substantial labour market intelligence is a necessary precursor to provide information on the types of jobs, occupations and skills that are in demand, which in turn identifies the need for qualifications.

4. *In your view what are the key attributes required for individuals or organisations developing training packages?*

Involving stakeholders in the design and assessment of qualifications is critical. However, stakeholder involvement is dependent upon the ability and availability of stakeholders to meaningfully engage. Identifying the type and extent of involvement that can be reasonably expected from industry, providers, and community or student stakeholders is important to ensure valuable input.

ACPET agrees with the attributes listed in the discussion paper, which include:

- Industry experience and connection
- Technical Competence
- National Coverage
- Responsiveness to national policy
- Independence
- Cross-industry understanding
- Minimising duplication
- Leverage Co-contribution.

However, the industry credibility of the organisations developing qualifications is also critical. Australia's qualifications structures are complex largely because the labour market is complex. Therefore industry consultation processes can't simply be generic or 'light'. In that regard the quality of outcomes from any model will be judged by the engagement strategies of the organisation. Currently ISCs have comprehensive, and perhaps overly complex engagement arrangements. However, this is what is required to engage across industry and its sub-elements.

RTOs maintain they're abreast of emerging trends in industry, including the industry currency of their trainers and changes in technology. RTOs also need to stay up-to-date on changing demands from industry in terms of quality, productivity, safety and environmental issues.

This challenge can be significantly informed by the organisations operating under model 3.

In today's global education environment, thought must be applied to the adaptability and international transferability of students. Industry is more global than ever in regards to how they manage their workforce; so it is important to have a training system in-line with international context.

5. *How might your industry/sector contribute to the development and maintenance of training packages?*

VET is inherently vocational as it is designed to focus on acquiring the skills to be used at work. However, there is a simplistic view that students studying a specific qualification will go on to work in that specific occupation. This is a 'test' that is not applied to the higher education sector.

This view has often resulted in RTOs not being seen as playing an important role in the engagement process. Providers and educators have an important role to ensure qualifications are deliverable.

Around 78% of graduates and 75% of module completers are employed following training (NCVER 2012) so the vocational link is unquestionably important.

However, as previously identified the majority of graduates do not go on to work in the industry of their study. Occupations with strict licensing requirements (such as the trades) or regulations (such as carers and education professionals) have the strongest matches, as do apprentices and trainees.

On the other hand, in areas such as management, training is more general and designed to lead to a range of occupations. Therefore, these areas tend to have a lower match between intended and destination occupations

Qualifications therefore need to be a mix of occupational and generic skills and engagement with the 'delivery arm' is important. Consultation with RTOs is needed to identify competency criteria, vocational context and industry relevance, all of which must be generic and transferable. Federal and State Government financial assistance should be provided to support any training package development.

As a final point, there is no doubt that RTOs are an important element of the sector. Advisory groups and committees provide comments and feedback on specific phases, however RTOs are engaged at all stages of the learning process, have a vast array of experience including staffing expertise and industry relationships and they rely on this experience to remain (and grow) in the market.

6. *What are your views on the proposed streamlined approach to industry engagement in the qualification development?*

The removal of unnecessary 'red tape' in developing training packages is welcomed. Current arrangements do provide a solid foundation for qualification development. However, greater assistance for RTOs to clarify processes and workable timelines for the delivery of qualification development is required to achieve the desired outcome.

While the introduction of contestability must be seen as a positive in education, there is a risk of inappropriate behaviour in the delivery of qualifications. Any propensity to deliver 'short courses' below what is required is a key risk to the integrity of the sector. Guidelines for the delivery of qualifications should feature in training packages.

However, there remains a risk of overly simplifying this process. A best practice skills framework requires four elements:

- anticipating the skills needs of industry (building competencies for the future);
- supporting industry and workers to deploy skills and adjust to market changes and the impact of technology;
- matching training to the needs to industry; and
- ensuring maximum access to high quality training providers¹

The new streamlined approach must incorporate all of these elements.

7. How might economic analysis or industry trends be accessed in the future?

According to European Centre for the Development of Vocational Training (CEDEFOP) (2010):

‘Qualifications signal [an individual’s] personal, social and professional status. Employers and recruiters generally use qualifications as proxies for knowledge, skills and wider competence and particularly value initial qualifications with labour market currency awarded at the outset of a person’s career. To an extent the labour market interacts with education and training through the medium of qualifications. Providers of education and training use qualifications as a measure of output and as a measure of the quality of institutional performance. Increasingly, policymakers are viewing qualifications and qualifications systems as tools for wider reforms’.

Therefore to ensure that qualifications are relevant to the needs of industry, and to identify emerging industries or occupations it is essential that comprehensive labour market analyses is conducted. Labour market data on skill shortages and emerging needs is imperative to a future focussed skills system.

The imperative of partnerships between stakeholders to ensure labour market understanding underpins competency development is recommended by the European Ministers for Vocational Education and Training, European Social Partners & European Commission (Bruges Communiqué 2010)

ISC eScans are the current cornerstone of economic and labour market analysis. The current approach sees the ISCs developing their economic data independently.

It would streamline the system if a single body, such as NCVER, performed this analysis across all industries, to then be ‘road-tested’ through the engagement process.

¹ A skilled Workforce for Strong, Sustainable and Balanced Growth: A G20 Training Strategy, International Labour Office, November 2010

8. Which is your preferred approach? How would your chosen approach support your business' engagement in the development and codification of skills in training packages? What are the advantages and disadvantages of this approach from your point of view? Do you have any comments about the other approaches?

The Discussion Paper provides 3 separate models for discussion. Each model has a varying capacity to deliver the Government's stated objectives for the contestable model:

- all of industry has avenues to contribute to the development of the qualifications;
- feedback from employers is taken into account in the development process;
- qualifications retain their national character and offer maximum benefit for qualification holders in pursuing their career objectives;
- qualifications meet relevant quality standards; and
- the process represents value for money for VET stakeholders and governments through streamlined processes.

Following assessment of the three models against these identified outcomes, Model Three is believed to be the strongest option. This model will provide Government with ongoing, formal infrastructure to obtain industry's advice on Australia's skills' needs. Model Two will also provide the Government with a number of these outcomes, with Model One delivering the fewest number of benefits.

The efficiencies that Model Three could provide to Government and VET stakeholders include:

- consistent and effective liaison points for industry and other stakeholder engagement;
- opportunities to identify and manage cross-sectoral issues across a number of industries and training packages – including through the establishment of a lead VET Sector Body; and
- one contact point for Government and departmental liaison on training issues – through the lead VET Sector Body.

The establishment of designated VET Sector Bodies (Model Three) will provide industry with consistent and ongoing contact points in which to input advice on skills' and training package needs.

The potential benefit of these bodies is that, although they are intended to represent industry, the requirement for them to provide 'whole-of-sector' coverage is likely to result in some level of independence from industry (or particular pockets of industry). These models are conducive to providing all industry voices, including small business, with an opportunity to be heard through the creation of a separate, more neutral body who may also arbitrate compromised outcomes across an industry (where this is necessary during the development of revised or new training packages).

In comparison, it is not clear how Model One provides 'all of industry' with the opportunity to contribute to the development of qualifications. It is also possible that this model's emphasis on industry-led business cases will result in the needs of particularly strong industry voices overriding smaller ones, who do not have an equivalent capacity to support business case development.

The retention of a national VET system, including national qualifications, will rely on consistent engagement with all Australian states and territories. The establishment of Industry Sector Committees or VET Sector Bodies (Models Two and Three, respectively) will provide all Australian VET stakeholders with an ongoing and stable forum in which to raise, discuss and address training issues. However, Model Two by design may allow larger enterprises having the dominance over smaller enterprises, as well as local and regional economies. It is not clear how Model One will provide such an opportunity for state and territory consultations and whether this will be a role for individual Industry Training Coordinators to manage.

Industry is not a simple homogenous group. Therefore Model 3 will need to be supplemented by sectoral committees and strategies.

While all three models have the capacity to deliver quality standards, the proposed contractual management of the VET Sector Bodies (Model Three) provides the Government with the strongest mechanism to achieve this aim. Additionally, the proposed lead VET Sector Body will assist in meeting this objective if this body is tasked to perform a preliminary quality assurance role, including by the establishment of consistent quality policies and procedures, across all VET Sector Bodies.

All three models could provide the Government with different ways to streamline current processes. However, unlike Model Three, Models One and Two may be perceived as shifting the burden for training package development more directly upon industry. Although this discussion paper seeks input on the potential for financial co-contributions from industry, it is believed unlikely given the significant in-kind contribution and assistance that industry already provides for the development of training packages. As Models One and Two appear to propose a significant increase in industry's direct involvement in this process, it is unclear how industry will perceive these models as 'value for money', particularly when those who initiate changes (including via a business case) may then be required to compromise on the outcome to satisfy whole-of-industry views. There is a risk, particularly with Model One, that these high 'costs' may result in some industry groups leaving the national VET system to instead develop their own in-house training courses.

Areas of potential weakness relate for Model 3 include the capacity to respond to external impacts on a qualification's content or provide a consistent contact point for industry (this will be reliant on the bodies' ultimate composition).

9. What are the sectoral coverage options that could best support your industry needs now and into the future e.g. cross sectoral, broad sectors or other?

ACPET's industry is the RTOs which deliver nationally recognised qualifications.

Model Three is most likely to provide the Government, industry and RTOs with an awareness of cross-sectoral issues as the broader focus and fewer number of VET sector bodies suggests that these bodies will need to work with a number of different industries and training packages. This model's ability to achieve this outcome will be enhanced by the potential existence of a lead VET Sector Body. In comparison to Model Three, it is not clear how cross-sectoral understanding or coverage will occur in Models One and Two as the

proposed individuals/bodies within these models appear more closely and narrowly focused on specific industry groupings.

10. In your view, which of the approaches represents the best involvement of industry in this process? Are there other approaches or models that should be considered?

Industry needs to take ownership of what outcomes it is looking for and the opportunity for industry to provide input on training package development at all stages to a VET designated body is the key mechanism of achieving this. ACPET supports a system which will provide industry (as well as government and training providers) with an on-going formal infrastructure for training package development and maintenance. ACPET sees Model Three as satisfying this requirement and being most able to deliver the Government's features and attributes described in this discussion paper, particularly national and cross-industry relevance, future proofing and consistent points of consultation.

Model Three will allow industry with a consistent and ongoing opportunity to provide valuable input and advice on skills development and training package design. Also, the potential benefit of VET sector bodies will allow engagement across the sector and take an overview of being able to balance different sized industry groups.

Model Three is conducive to providing all industry voices, including small business, with an opportunity to be heard through the creation of a separate, more neutral body who may also arbitrate compromised outcomes across an industry (where this is necessary during the development of revised or new training packages).

11. What are the opportunities and challenges to the approaches for: industry, employers and students?

No matter how qualifications are designed, approved or maintained their integrity depends on the capacity of teachers, trainers, assessors, verifiers and quality auditors to perform their specific roles to desired and expected standards. This must feature in any new approach.

12. Do you have any other comments?

The responsiveness to business cases may be an issue. For example, working with an industry that needs to introduce new and emerging technologies need to react quickly to training needs. The process of writing a business case that requires approval before development can commence will require a timely response. This may not meet industry timelines and therefore there is the risk that industry will circumvent training packages and develop their own non-accredited learning materials which do not have the same rigour of a nationally accredited training package.