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Input into Co-Design of National Skills Commission and Skills Organisations

November 2019



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and Industry

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Executive Summary

The skills package announced by the Federal Government in the April 2019 Budget is a significant and welcome step along the path to improving the vocational education and training (VET) system. At the heart of the proposed new arrangements is the National Skills Commission.

In acknowledgement of focus and progress, the Australian Chamber welcomed the Vision for VET that was agreed by COAG at its August 2019 meeting. It is important now that this vision be validated by consultation with industry, and that industry be involved in the drafting of a roadmap to reform.

One of the key omissions from the Vision statement is a commitment by all jurisdictions to real funding growth for VET and consistency not just between jurisdictions but within them. Other sectors in education take funding growth for granted and focus their advocacy on how big that growth should be. But this situation has eluded VET, which instead has seen funding rise and fall more than once at both State and Federal level over the last two decades.

This funding uncertainty needs to change, and the proposed National Skills Commission will have a critically important role in achieving that change. Its first steps should be to build trust and respect, as well as focus on transparency. The stakeholders and community have a right to know how funding and pricing differ in each jurisdiction so that the costs to the student and employer are clearer. Transparency, and a deeper understanding of the funding models in VET as well as the impact of programs such as VET Student Loans, will provide the platform for greater consistency. These steps are more important than immediate action on a national funding model, as it is not clear that the States and Territories are ready to accept a national funding approach.

The National Skills Commission should report to COAG rather than be a Commonwealth body. Experience over the years has shown that VET works best when all stakeholders are invested and feel they have influence. The Commission itself should have a Board no greater than 5 people drawn from industry. It should provide advice to all jurisdictions on how VET can be strengthened, and develop a workforce development strategy based on labour market analysis and the current investment in skills development. This skills needs analysis should inform decisions about VET policy and funding but care is needed so as to not deliver all VET training subsidies through a skills shortages lens as this, in itself, can create uncertainty and ignore important skill needs.

This submission includes the following recommendations:

Recommendation 1: Validate the vision for VET through industry engagement

As part of the consultations on the National Skills Commission, the Commonwealth should seek to validate the Vision set by COAG through industry consultation so that COAG can consider a vision and roadmap developed with industry at its meeting in 2020.

Recommendation 2: Incorporate into the Vision for VET a commitment to funding certainty and real funding growth in order to meet the skill needs in the economy

Recommendation 3: Objectives of the National Skills Commission

The objectives for the National Skills Commission should be to:

1. Develop and update a national workforce development strategy to identify workforce skill needs based on the provision of an ongoing, robust, evidence-based and independent picture of:
 - Current and future skills needs for Australia at a regional and national level.
 - Investment in and outcomes from tertiary education
2. Provide advice to Australian Governments on options to strengthen the VET system, including funding, to make it easier for students, training providers and employers to understand and access VET and to ensure that workforce skill needs are met.
3. Increase transparency around the VET system.

Recommendation 4: Build Trust and Respect

The most important underlying task of the National Skills Commission in its first year (2020/2021) is to build the trust and respect of all Governments and industry.

Recommendation 5: Skill Needs Analysis should inform not dictate funding

Skills analysis and forecasting should inform policy, not direct it as there is a real danger that skill needs will be left unsatisfied if investment is too targeted, or changes too frequently as this creates uncertainty and system disengagement.

Recommendation 6: National Skills Commission should be an independent industry led body reporting to the COAG Skills Council

The NSC should report to the COAG Skills Council and be led by an industry Board of 3 to 5 people. A national apprenticeship advisory board should be established reporting to the Commission. The AISC should also report to the Commission, which should become the approver of training products. The National Careers Institute and NCVET could also come under the NSC umbrella.

Recommendation 7: Act now to improve Training Product Development process

Action to improve outcomes and industry engagement in the training product development process should be taken now and not wait until the conduct of the skills organisation pilots.

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1 Introduction

The skills package announced by the Federal Government in the April 2019 Budget is a significant and welcome step along the path to improving the vocational education and training (VET) system. At the heart of the proposed new arrangements is the National Skills Commission (NSC). The Australian Chamber appreciates this opportunity to have input into the co-design process for the NSC and the concept of Skills Organisations.

This submission should be read in conjunction with the Australian Chamber's submission on the National Careers Institute.

2 Shared Vision

Although the shared vision for VET is not part of the consultation on the National Skills Commission, it should be at the heart of the work of the NSC and is a worthy starting point for a discussion about VET reform. In the [Australian Chamber's submission to the Joyce Review](#), one of our core recommendations was that the Government should "create a platform for industry and Governments to develop a shared vision and plan for the future of VET." This followed the release of a [SWOT analysis of VET](#) undertaken by the Australian Chamber at the end of 2017 where we identified the opportunity to "set a renewed vision for vocational education and training."

In this context, we welcome the leadership action taken by the Prime Minister to encourage the first Ministers in COAG to agree to a new vision for VET. However, it was disappointing that a path was not identified for this vision to be developed with industry working alongside the jurisdictions.

The agreed COAG vision released in August 2019 states in substance:

Our vision for Australia's VET system is one that:

- a. Provides workforce skills and relevant, up-to-date qualifications that are well-matched to the evolving opportunities and challenges of Australia's modern economy.*
- b. Is flexible in providing skills at all points in an individual's career cycle whether it be foundational training, initial training, upskilling or re-skilling.*
- c. Delivers high-quality education and training for all learners in recognition that VET and higher education are equally valued pathways into employment.*
- d. Provides useful and accessible careers information that enables prospective learners and trainees to make informed decisions about their future.*
- e. Is responsive to the needs of private industry and the public sector, ensuring employers have ready access to a highly skilled and adaptable workforce, while acknowledging industry has shared responsibility for growing a skilled economy.*
- f. Provides VET qualifications to school students that are valued by employers and provides a clear pathway from school to careers that require VET qualifications.*
- g. Delivers positive opportunities and outcomes for all Australians regardless of geographic, social or personal circumstances. This includes access for learners in regional, rural and remote areas, and to foundational skills when individuals need them.*

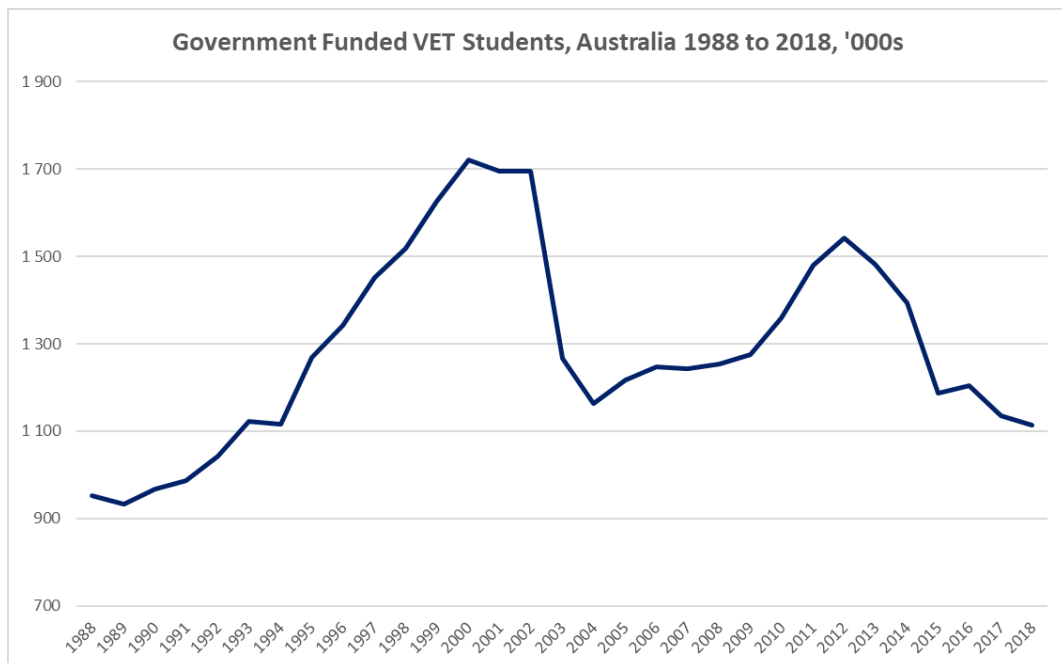
Delivering high quality VET is a shared responsibility across the Commonwealth and states and territories. All jurisdictions acknowledge the importance of a viable and robust system of both public and private providers, and the particular role of states and territories in facilitating the public provision of VET. A focus on national consistency in key areas, such as quality assurance and qualification levels, whilst maintaining flexibility in the system for jurisdictions to meet local needs will ensure VET continues to work for all Australians into the future.

There are very important elements in this Vision that are strongly supported. However, it would be further strengthened if it was tested and validated by industry. There are omissions that are vitally important, including the need for a commitment to:

- VET as a competency-based system built on occupational skill standards developed by industry to meet job requirements; and,
- Real growth in the public funding for VET and greater funding certainty.

Although there is no expectation that the vision discussion should have been burdened by arguments over funding detail, there is a strong need for Governments to commit to long term real VET funding increases that would provide the growth funding necessary to meet needs as well as provide a discipline to achieve funding consistency. This commitment would acknowledge that one of the most important policy challenges facing VET is arresting the decline in overall public funding over the last decade, at a time when public investment in all other education sectors has risen significantly, and at a time when the economy needs skilled workers. As Figure 1 shows, the number of VET students funded by government over the last decade has fallen, and over the last 3 decades has risen, fallen, risen and then fallen again.

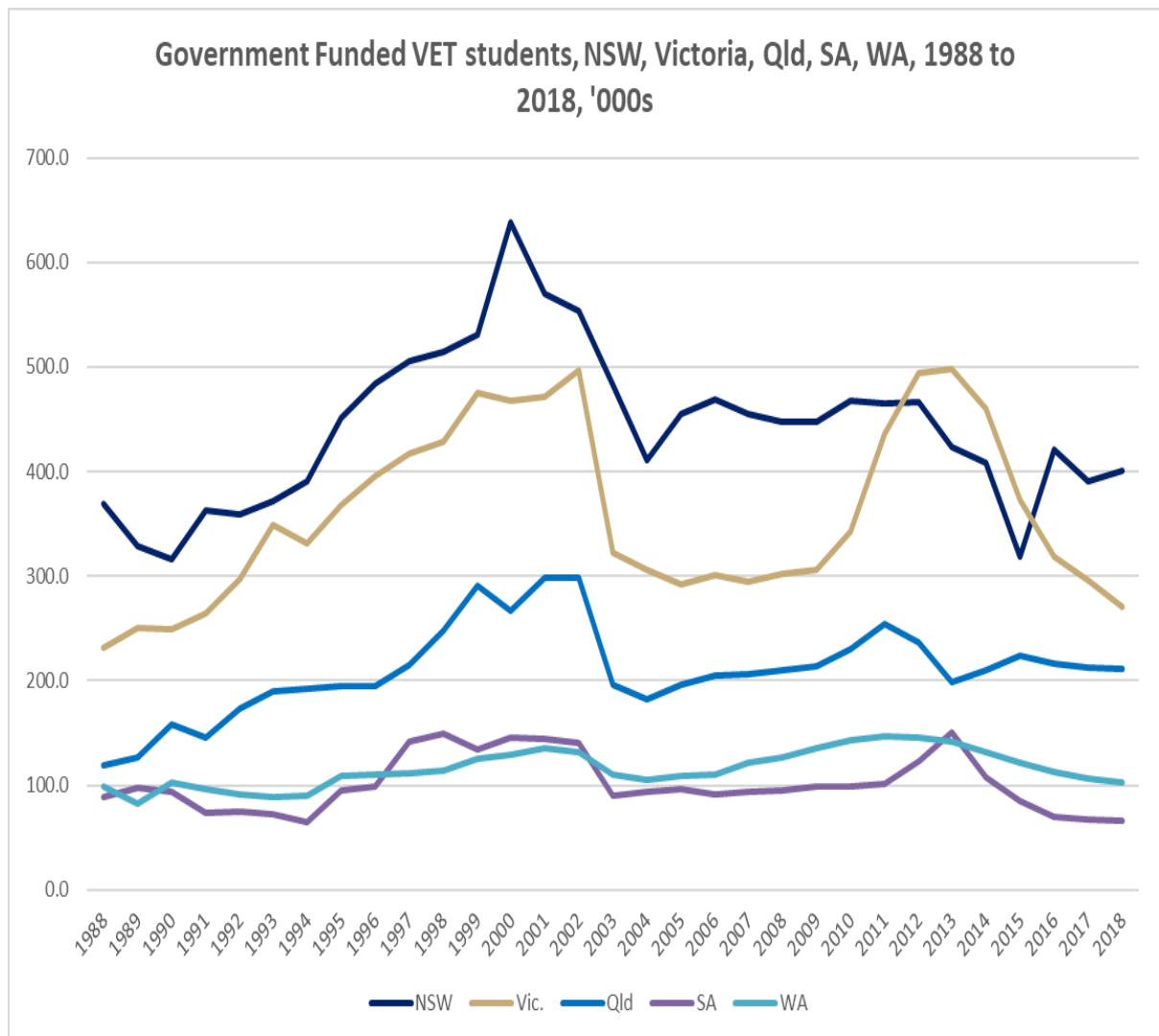
Figure 1: Government Funded VET Students, Australia 1988-2018¹.



¹ NCVER 2019, Government-funded VET students and courses 2018 - Historical time series of government-funded vocational education and training in Australia, from 1981

Funding consistency as mentioned in the vision is not just about consistency between jurisdictions, although that is highly important. It is also about consistency and reliability of funding and policy **within** each jurisdiction. Figures 2 and 3 demonstrate this very clearly, with only ACT and to some extent WA demonstrating at least some consistency, although even in those states there has been a decline (and then some recovery in the case of ACT) in the last few years.

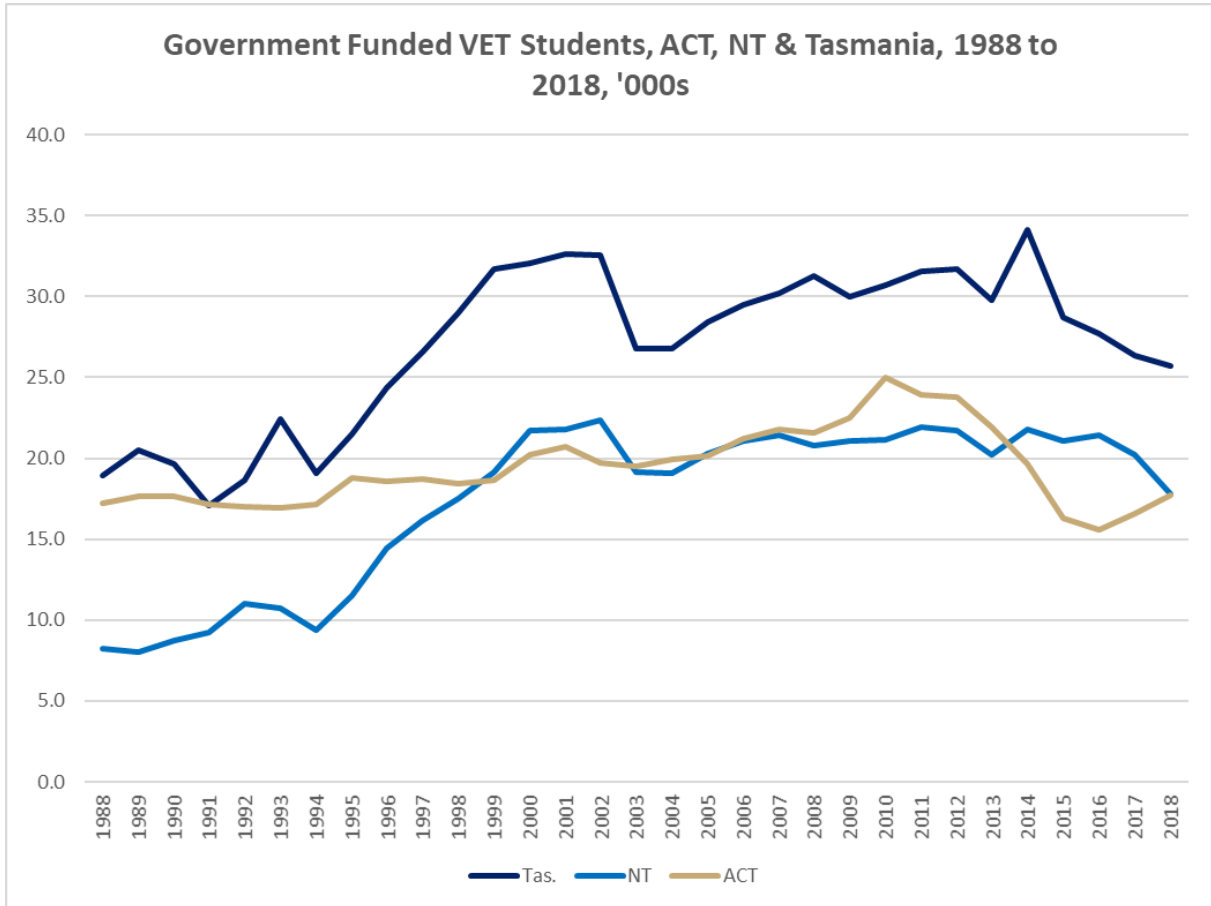
Figure 2: Government Funded VET students in NSW, Victoria, Queensland, SA and WA 1988-2018 ²



The extent to which there are similarities across State and Territory jurisdictions reflects that Commonwealth funding, including the arrangements in national agreements, flow through the system. The trend variances reflect differences in jurisdictional decisions, most strikingly reflected in the difference between NSW and Victoria in the last ten years.

² Ibid

Figure 3: Government Funded VET Students – ACT, NT and Tasmania 1988 – 2018³



Overall funding for VET is the missing piece in the language surrounding the Vision and the VET reform priorities arising from the Joyce Review. The position of funding up-front in this submission in response to the co-design discussion paper for the National Skills Commission reflects its importance. Public investment in VET is a fundamental challenge that needs to be confronted as the roadmap for VET reform is drawn up. It is not too late to incorporate this into the Vision, nor indeed too late to validate the Vision and the roadmap through engagement with industry.

Recommendation 1: Validate the vision for VET through industry engagement

As part of the second round of consultations on the National Skills Commission, the Commonwealth should seek to validate the Vision set by COAG through industry consultation so that COAG can consider a vision and roadmap developed with industry at its meeting in 2020.

³ ibid

Recommendation 2: Incorporate into the Vision for VET a commitment to funding certainty and real funding growth in order to meet the skill needs in the economy

3 National Skills Commission

The discussion paper sets out a series of questions grouped into three broad areas: roles and responsibilities of the NSC, organisational capabilities and governance. This submission will now address each of these areas and the questions posed.

3.1 Roles and Responsibilities of the NSC

4. *Are the following objectives for the National Skills Commission right?*
 - 1.1 *That the National Skills Commission provides a robust, evidence-based and independent picture of the current and future skill needs for Australia, at a local, regional and national level.*
 - 1.2 *That the National Skills Commission provides a robust, evidence-based and independent picture of investment in the VET funding system.*
 - 1.3 *The National Skills Commission provides advice to the Australian Government on options to strengthen the VET funding system to make it easier for students, training providers and employers to understand and access VET.*
 - 1.4 *That the National Skills Commission increases transparency around the VET system.*

The evidence arising from the first two suggested roles, if taken together, will form a picture of what the workforce development needs are. It is recommended that they are combined under an overarching objective to produce a workforce development strategy. This needs to embrace the outputs of the higher education system, as an assessment of future skill needs, by definition, is inclusive of an assessment of skilled (ANZSCO levels 1, 2 and 3) and semi-skilled (ANZSCO level 4) occupations. Alternative wording to 1.1 and 1.2 is recommended as follows:

That the National Skills Commission develop and update a national workforce development strategy to identify workforce skill needs based on the provision of an ongoing, robust, evidence-based and independent picture of:

- the current and future skills needs for Australia at a regional and national level.
- Investment in and outcomes from tertiary education

Note that in this alternative objective, the term “local” is dropped from the expectation of the Commission. It is unrealistic to assign the responsibility of local skill needs to a national commission. Experience with consultation around regional migration occupation lists has already demonstrated the limitations of data and evidence at a regional level, let alone local. The term regional does embrace geographic areas below state/territory level which should be sufficient.

Given the proposed national leadership role the NSC will play in VET, the role to provide advice should be broader than just funding, and the recipients of the advice should be all jurisdictions, not just the Commonwealth. Alternative wording for 1.3 is recommended as:

The National Skills Commission provides advice to Australian Governments on options to strengthen the VET system, including funding, to make it easier for students, training providers and employers to understand and access VET and to ensure that workforce skill needs are met.

Proposed objective 1.4 focused on transparency in the VET system is supported.

Recommendation 3: Objectives of the National Skills Commission

The objectives for the National Skills Commission should be to:

1. Develop and update a national workforce development strategy to identify workforce skill needs based on the provision of an ongoing, robust, evidence-based and independent picture of:
 - the current and future skills needs for Australia at a regional and national level.
 - Investment in and outcomes from tertiary education
2. Provide advice to Australian Governments on options to strengthen the VET system, including funding, to make it easier for students, training providers and employers to understand and access VET and to ensure that workforce skill needs are met.
3. Increase transparency around the VET system.

2 Are the right functions for the NSC identified (identified by the Joyce Review and referred to on pages 10 and 11 of discussion paper)? Are there any other functions that should be considered?

Working with states and territories on VET funding and administering all Commonwealth funding to the sector under strategic policy direction of the Minister	Supported
Developing and updating national, state and territory level and regional skills demand forecasts	Supported, with extensive input from industry and State/Territory labour market planning teams.
Determining nationally consistent qualification subsidy levels, in partnership with the states and territories, based on averaged actual costs of delivery for providers nationwide	Sceptical that this can be achieved, at least in the short to medium term. The State and Territory jurisdictions have given no indication they will accept this. A more immediate goal of the NSC should be funding transparency.
Determining an approach to subsidies similar to the Commonwealth Grant Scheme and Student Contributions table used in the university sector, reflecting the different cost structures that are required for different types of qualifications	The same comment to the previous function.

Developing a list of nationally consistent percentage loadings to reflect differential costs for rural and remote areas and disadvantaged groups	Same comment applies.
Developing performance indicators to measure the outcomes and effectiveness of government investment in the VET sector, and to report that information to both the Australian Government and the states and territories	Supported.
Developing a new National Skills Priority List for Apprentices that captures occupations, including those in new and emerging industries and occupations supporting Government priorities.	The concept of the Government having a single, comprehensive approach to the analysis of skill needs and shortages is supported. Incentives and support for apprenticeships is not only about skill shortages. Base incentives are justified on grounds that apprenticeships and traineeships are a valuable model of skills development and employment. Incentives can also apply for disadvantaged groups and a range of other reasons. More extensive comments on the National Skills Needs List review and skill shortage analysis are contained in our NSNL submission.

The role and functions of the NSC should also encompass leadership of the VET system, including the provision of advice to Government and overseeing consultation mechanisms with industry and key VET stakeholders such as providers. In addition, it should have management oversight over the development of training products and be the approver of training packages and accredited courses.

The most important underlying task of the NSC in its first year is to build the trust and respect of all of the jurisdictions and industry. VET policy and outcomes have been seriously impacted by a lack of trust, which has developed particularly in the last decade. This has resulted in poor outcomes from the last three national partnership agreements and an inability to achieve funding and policy consistency. The need to build trust strengthens the reason why developing a national training subsidy model should not be the highest priority. If there is insufficient support for this approach, at least initially, then the NSC spending considerable time on it may not only be wasteful but counterproductive. The work of the Commission must move forward only with the support of the key stakeholders.

Recommendation 4: Build Trust and Respect

The most important underlying task of the National Skills Commission in its first year (2020/2021) is to build the trust and respect of all Governments and industry.

3 In addition to training solutions, should the Commission focus on identifying national, state and regional skills priorities for other pathways such as skilled migration?

Yes, over time, the NSC should be responsible for overseeing labour market analysis, skills forecasting and skill shortage lists used for all government purposes.

4 Should the National Skills Commission play a role in supporting industry to conduct workforce planning?

Yes, the NSC should undertake a workplace development strategy and the ongoing release of data will assist industry in their own workforce planning. Initiating capability building in workforce planning for stakeholders including industry would also be highly valuable.

5 What will be the best way to achieve the Commission's functions in relation to:

- a) conducting skills demand assessments?*
- b) developing options to establish a national approach that simplifies VET funding while allowing for state, regional and local variations based on skills needs?*
- c) monitoring the performance of the VET system nationally? How should the performance of the VET system be reported?*

The current process of providing input to the methodology of the NSNL should be the most appropriate mechanism to obtain ideas on how the NSC should undertake its function of assessing the skills needed. In summary, the process would involve a wide range of data and evidence, and capture significant industry input. It is also important to note that while the development of a robust skills forecast process is highly valuable, it should not dictate government investment. Skill needs exist across the economy and a skill does not have to be in "national shortage" to be needed by businesses in particular locations at a given time.

In summary, skills analysis and forecasting should inform policy, not direct it as there is a real danger that skill needs will be left unsatisfied if investment is too targeted. This has been one of the key policy failings in VET to date – particularly at the State/Territory level, where funding shifts significantly according to an assessment of skill priorities to the detriment of certainty. This is not the approach taken in higher education or schools (eg Commonwealth subsidies for law degrees are not changed according to assessments on how many lawyers are needed), and it is questionable as to why it is so prevalent in VET. There needs to be a better balance between certainty in base funding, and targeted spend for skill priorities within a frame that funding is finite.

As a matter of priority, the NSC should deliver funding transparency, starting with the top 50 or so qualifications that dominate delivery. Transparency about the subsidy provided (and if it varies

according to provider type), the cost to student and employer (price), and the use and limitations of VET Student Loans (where applicable) is the key mechanism to shifting towards a national approach. Once stakeholders, governments, and the community see and understand the differentials, and how funding changes over time, there will be greater momentum in moving towards greater consistency. This transparency will also demonstrate the average subsidy and price, thus providing a mechanism for benchmarking.

In relation to reporting, the NSC should develop a dashboard of key data including as a minimum:

- number of publicly funded VET students
- qualifications delivered
- apprenticeships commenced
- student satisfaction
- employer engagement and satisfaction
- changes over time in skill shortages and needs
- VET funding
- VSL use
- The extent to which qualifications are updated (eg. a report on the percentage of qualifications that have been updated in the last 1 year, 3 years, 5 years and over 5 years)

6 Should the Commission set both subsidy and student contribution levels like the Higher Education Commonwealth Supported Places?

For reasons previously explained, this is not a first order issue as it presumes that jurisdictions will accept a national approach to funding and pricing.

7 How could the Commission best support the work of others in the VET system and inform a national picture?

By being consultative and transparent, including effective ways of presenting data and reviewing how the system operates.

8 How can the Commission work most effectively with industry?

The Commission should be appointed from industry and be seen as an industry-led entity. As the governance section will explain in more detail, it needs to be independent of the Government department and incorporate under its umbrella a range of advisory and consultative mechanisms that best capture the industry perspective.

9 How does the Commission best measure and evaluate its success?

The dashboard approach to the performance of VET will be the most important measure, but there will also be less tangible measures such as relationship building and support for initiatives.

Recommendation 5: Skill Needs Analysis should inform not dictate funding

Skills analysis and forecasting should inform policy, not direct it as there is a real danger that skill needs will be left unsatisfied if investment is too targeted, or changes too frequently as this creates uncertainty and system disengagement.

3.2 NSC Organisational Capabilities

10 What capabilities will the Commission need to perform its role effectively?

The likely key capabilities will be:

- strong labour market analytics
- deep understanding of VET
- ability to build strong relationships
- deep industry links
- an understanding of training subsidy and pricing models
- digital capabilities to present data in a useful and accessible way
- negotiating and leadership skills

11 What can the Commission learn from the successes and failures of the Australian National Training Authority, Australian Workforce and Productivity Agency and other previous bodies?

Australian National Training Authority (ANTA): This was a widely respected body with strong support from stakeholders for much of its time overseeing VET. It reported within the COAG framework so embraced all jurisdictions as well as industry. The Board of 3 was seen as an industry board – small enough to be nimble and yet not just focused on one individual. A small board also provides no opportunity for each jurisdiction to push for their own nominee, which was a failing in the setup of the AISC where each state and territory government insisted on its own nominee – turning the AISC away from the concept of it as an industry body.

Australian Workforce and Productivity Agency (AWPA - formerly Skills Australia): Its strengths were its mixture of skills and industry representatives including unions. It also developed strong labour market and forecasting capabilities, including scenario setting to inform its workforce development strategies. It was also proactive in embracing labour market planning expertise from the state and territory government as well as industry. On the downside, it was not sufficiently transparent and, as an example, did not release performance information on the National Workforce Development Fund, which it oversaw. Because it was an agency that reported only to the Commonwealth, its recommendations in its strategies and reports were not fully embraced by all jurisdictions. Given that it existed at the commencement of a decade where we have seen arguably the most damaging series of decisions at both state and federal level (including the major

changes to apprenticeship incentives, poor implementation of entitlement models, inconsistent funding approaches and system integrity issues, its lack of influence in these areas reinforces a view that a commonwealth-only authority will have limited impact on VET policy.

12 What challenges must the Commission address to deliver its objectives? How can they ensure their skills demand assessments meet national, state, regional and local needs?

The biggest challenge will be finalising and implementing a roadmap for genuine change and ensuring that all jurisdictions and industry are aligned on the path ahead. Another significant challenge will be to focus on those issues that have the highest priority for change. There is no doubt issues such as quality of training delivery and ensuring that the training packages are able to adapt to the changing needs of the workplace are important and need ongoing attention. However, it is the structural challenges of funding and policy inconsistency, the duplication and inefficiency that is in need of urgent attention, as it creates delivery uncertainty and an environment where employers and participants will disengage. The evidence of this disengagement has been seen since 2012 in the apprenticeship system, and now we are seeing it most recently in the latest NCVET employer engagement data. The NCVET *Employers' use and views of the VET system survey results for 2019* showed that only 50.9 percent of employers used the VET system, down 3.5 percentage points (pp) from 2017. 19.9 percent of employers used nationally recognised training (that was not part of an apprenticeship or traineeship), down 2.5 pp from 2017. Every state and territory saw a drop in employer engagement between 2017 and 2019. Small, medium and large businesses also recorded lesser employer engagement in 2019, compared to 2017.

In relation to the specific question around assessments meeting needs, we note that the assessments alone won't do anything to meet the needs – knowing the scope of the problem does not provide its solution. Again, it is through cooperation and commitment from all governments acting with industry that VET reform will translate to the skills needs for the economy being met.

3.3 NSC Governance

13 Who should the Commission be responsible to? Should it report to the Australian Government, the Skills Council or somewhere else?

As the diagram included at Appendix A indicates, it is recommended that the NSC reports to the COAG Skills Council (CISC). In reviewing both the ANTA and the AWPA experience, effective outcomes were best achieved in VET when all jurisdictions working alongside industry consider themselves as influencers of change and masters of the system.

14 What kind of organisation should the Commission be (for example, a statutory authority)? Should it have a board?

There are no strong views within the Australian Chamber on the legal entity status of the NSC, but its Board should be three or at most 5 Board members, one of which would be the full time head of the Commission (or alternatively the CEO could be separate from the Board). If it was a three-member board, all members could be appointed from or connected to industry sectors that have a strong interest in VET. With a five-member board, there is an opportunity to appoint two members who would add value in other ways – such as labour market analysis or deep knowledge of VET or

may be helpful in the negotiation with jurisdictions. In this five-person model, the chair of the Board should always be someone from industry.

15 What role do states and territories have in the Commission?

With the NSC reporting to the COAG Skills Ministers, they would have a shared oversight role. It is also hoped that their labour market analysis expertise will contribute to

16 What role should industry have in the Commission?

The Commission's Board should consist of industry connected individuals with strong knowledge of VET, and the Commission should set up various consultation mechanisms to ensure it is capturing the view of industry.

17 How should the Commission relate to other national and state and territory bodies (including the new National Careers Institute, NCVER, ASQA, state regulators)?

If it is accepted that the organisation reports to COAG Skills Council, this has the advantage that the NCVER can come under its umbrella (possibly in the medium to long term) so that the data and evidence activities can be coordinated. Potentially, the Careers Institute would also come under the NSC, with this being further explored in our separate submission. ASQA as the VET sector regulator should remain separate, as should TEQSA. There would be some value in the current process of ASQA strategic reviews being jointly undertaken between the NSC and ASQA.

18 Should the Commission's work be publicly available? If so, what type of information would be beneficial for you to have access to? What would be the best way for you to access that information?

Yes, all of the data and evidence should be publicly available including the skills forecasts and workforce development strategies. Industry bodies would find all of this of benefit and all of this information would most conveniently be available on a digital platform in both summary reports and data files.

3.4 The System Holistically

Looking at the recommended system more holistically, and adding comment that the questions from the background paper did not draw out, the role of the Commission could include:

- Review and provide advice to the Commonwealth on federal funding arrangements, including apprenticeships, VSL, and HE sub bachelor degrees. The sub-bachelor degree advice is to acknowledge that there are important points of intersection between the two sectors and the Commission's informed advice about labour market needs and pathways should be very useful in determining the future direction of sub-bachelor higher ed funding policy.
- For all VET qualification levels monitor funding and policy consistency, identify opportunities for greater articulation, and provide a summary to CISC as well as in the public domain. This transparency could lead to a reference price or benchmarking of public subsidy and pricing.
- Make recommendations to the Ministers on changes to training provider and training product standards, the latter on advice from the AISC.

- Provide advice to State and Territory Ministers as well as the Commonwealth on the performance of the VET system.
- Develop and update (no less frequent than every two years) a workforce development strategy and oversee a process of labour market analysis, forecasting and the assessment of skill needs and shortages with the involvement of the Careers Institute, NCVET and state workforce planning agencies..
- Direct research, data gathering and analysis undertaken by NCVET.
- Advise on appropriate qualifications to be delivered to VET in Schools and as pre-apprenticeships.
- With the delegated authority from CISC, endorse training products after consideration of recommendations from the AISC, with the option to refer matters to CISC only where there are unresolved issues.

It is also recommended that a **National Apprenticeship Board** be established reporting to the Commission to oversee a national approach to apprenticeship qualifications and consider new industry requests for qualifications to be recognised for delivery as apprenticeships and traineeships. This may eventually replace the role of all State apprenticeship boards although this would be a decision for each jurisdiction.

The AISC would remain as a body of industry representatives reporting to the Commission. As the expertise and resources in the NSC builds, the role of AISC would be more confined to the training product development process including package and accredited course consideration with recommendations for approval to the NSC. To ensure that the process of approving accredited courses is no slower than the current mechanism through ASQA, it may be that the AISC is the approver of those courses and in doing so is charged with the responsibility to ensure that the relevant IRC is taking into consideration the reason and potential broader applicability for accredited courses.

It is important to note that setting out a recommended final picture does not negate the value of transitioning to the new system. We support the concept in Joyce, and reinforced in the co-design consultations, that a transitional approach is appropriate.

Recommendation 6: National Skills Commission should be an independent industry led body reporting to the COAG Skills Council

The NSC should report to the COAG Skills Council and be led by an industry Board of 3 to 5 people. A national apprenticeship advisory board should be established reporting to the Commission. The AISC should also report to the Commission which should become the approver of training products. The National Careers Institute and NCVET could also come under the NSC umbrella.

4 Skills Organisations

The proposed Skills Organisations element of the skills package is, at present, the least well defined. With work commencing to establish pilots in three industry sectors, input on the skills organisation construct should be ongoing. The following comments are offered in this context, and with the proviso that views may change once the role of the NSC and NCI become clearer, and the pilots commence. In the meantime, there is great value in the Government acting on recommendations to improve the current process of training package development, in advance of any change in structures.

4.1 Improvements in current training package development process

The concept outlined in the Joyce report of reducing the steps in approval processes to speed up the time for approval is supported. However, reform of the training package development process is not just about speeding up. For some packages, the pace of change is satisfactory and at times too quick. Some recommendations for immediate action to improve the process include:

- The AISC Chair should establish a stronger industry network, strengthening the linkages between the Committee and Industry beyond the IRC Chairs to industry bodies and unions directly.
- Improvement in the industry voice is needed from the top down. Industry bodies must have greater say as to who sits on IRCs; there are too many complaints about IRCs being dominated by self-interested suppliers or providers.
- Better information flow to IRCs about how the qualifications in their packages are being used, including issues identified by ASQA of quality and misuse.
- Cases for change are only required if the IRC seeks to update the package within 3 years of the last update.
- Minor amendments (to be defined) need not require cases for change but would then not be subject to compulsory adoption by Training Providers. These minor amendments could be provisionally approved by the IRC itself after consultation and exposure circulation.
- All cases for change and cases for endorsement coming from IRCs must clearly set out the analysis of the existing and emerging jobs in the industry and are mapped against the proposed qualifications that face them.
- Capability building for IRC members, and strong and clear guidance to the IRCs from the AISC/NSC about:
 - Ensuring that the job roles are identified in advance of qualification review
 - how to approach simplification within the packages,
 - the bundling of units into qualifications and the common units earmarked for development, which are or will be available for use within packages.
- Clear and unequivocal reinforcement that the IRCs direct the work of the SSOs and not the other way around, and that the IRCs have sufficient resources to undertake their roles.

Many IRCs have been seeking more financial resources to support face to face meetings as well as to undertake and inform their work.

- Better resourcing of the work of the IRCs can in part address the issue of timeliness of the delivery of up to date packages.
- Improved responsiveness from the SSOs to the concerns raised by the IRCs. Although the Department is the contract holder, the SSOs serve the IRCs, and their success should be measured by IRC satisfaction as well as timeliness and quality of work. SSOs are not industry bodies in their capacity as SSOs. The IRCs, industry bodies and employers are “industry”.
- A continued focus on improving the quality of provision. Much of the concerns about training outcomes arise from the quality of training rather than concerns about the relevance of what is in the training product.
- Making it clearer that IRCs can request to be serviced by another SSO, if they believe the relationship is not working for them as it should. The SSO model was a competitive one but it can only work in this way if the customer has choice.

Recommendation 7: Act now to improve Training Product Development process

Action to improve outcomes and industry engagement in the training product development process should be taken now and not wait until the conduct of the skills organisation pilots.

4.2 Initial comments on Skills Organisation concept

The term organisation implies an entity. One of the challenges will be, in setting up industry owned entities, how will the new model be any different than the ITAB model that existing until 2006, or the Industry Skills Council model that operated for 8 to 10 years after that. These models worked for some industries more than others, and in looking at “new” models it is important to acknowledge that the barriers that have existed to updating training packages in some industries may relate to the nature of the industries rather than the structure of the skills entities.

This leads to two important conclusions:

- It is unlikely that the entity solution for each industry will be the same for every industry
- For some if not all industries, the new construct should embrace higher level strategic roles in workforce planning and development that engage industry leadership which can oversee the role of the IRC and ensure progress is made in training package development.

Initially, to avoid the stereotype that the term Skills Organisation may suggest, we have recommended that the term cluster is more appropriate particularly during the pilot phase. This will assist in not presupposing industry boundaries that may not conform to a view of what is a manageable number of skills entities.

The types of functions that a skills organisation with a broader remit can encompass could include:

- industry external assessment validation,
- provider quality review by industry,
- training package development
- industry wide workforce planning
- skilled migration outcomes for industry,
- careers planning/information (which can then feed into the Careers Institute)

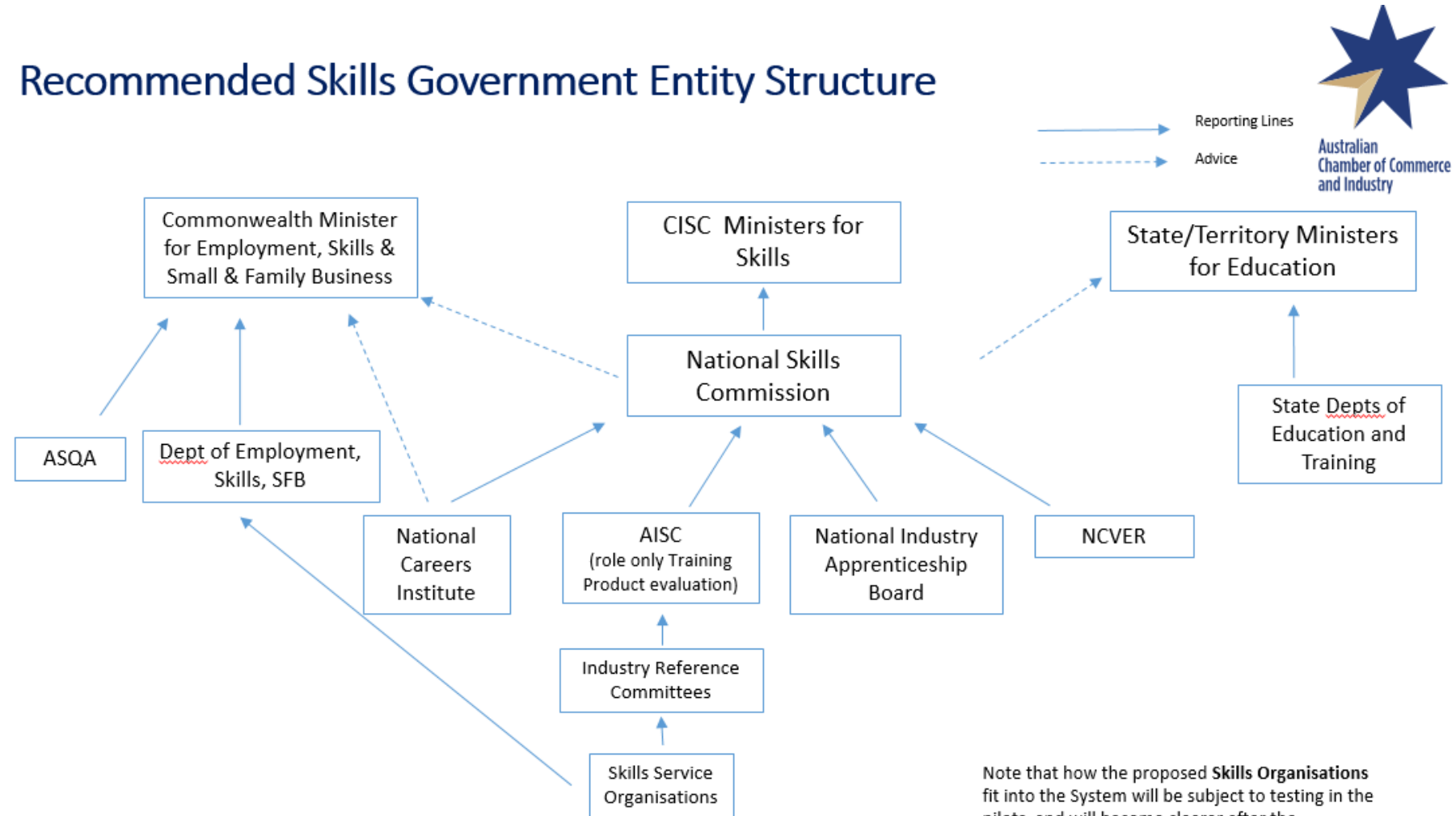
It is expected that the industry view on skills organisations will evolve as the remainder of the reforms are implemented. Industry views will vary according to each sector, as the structure and challenges are different for each sector. Very few industries will be in a position to make a co-contribution to the establishment of Skills Organisations beyond their own industry bodies. It is also highly unlikely that any industry would support a levy approach that was in place in New Zealand and was envisaged by the concept outlined in the Joyce Report.

The Australian Chamber looks forward to continuing to provide input into the Skills Organisation concept, and in the meantime is keen to engage in improving the current system.

5 National Careers Institute

This submission should be read in combination with the separate submission made by the Australian Chamber on the National Careers Institute. The importance of data and evidence on skills needs and the labour market will be critical to both the NCI and the NSC.

Recommended Skills Government Entity Structure



6 About the Australian Chamber

The Australian Chamber represents hundreds of thousands of businesses in every state and territory and across all industries. Ranging from small and medium enterprises to the largest companies, our network employs millions of people.

The Australian Chamber strives to make Australia the best place in the world to do business – so that Australians have the jobs, living standards and opportunities to which they aspire.

We seek to create an environment in which businesspeople, employees and independent contractors can achieve their potential as part of a dynamic private sector. We encourage entrepreneurship and innovation to achieve prosperity, economic growth and jobs.

We focus on issues that impact on business, including economics, trade, workplace relations, work health and safety, and employment, education and training.

We advocate for Australian business in public debate and to policy decision-makers, including ministers, shadow ministers, other members of parliament, ministerial policy advisors, public servants, regulators and other national agencies. We represent Australian business in international forums.

We represent the broad interests of the private sector rather than individual clients or a narrow sectional interest.

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