



## Discussion Paper

# Improving industry engagement and reforming qualifications in Vocational Education and Training

### Introduction

Vocational education and training (VET) is central to Australia's economic growth and business productivity and is key part of Australia's economic recovery from COVID-19. The Commonwealth, state and territory governments have agreed to reforming the VET system to ensure it is delivering for learners and employers. This will equip Australians with the skills they need to upskill in current roles or apply to new and emerging jobs.

Improving industry engagement and reforming qualifications in the VET system is vital to these reforms. Feedback provided will be considered by Skills Ministers and inform decisions on future arrangements. You are asked to consider your needs and expectations of the national training system and how you would like a future system to work.

The strength of Australia's VET system is internationally recognised. However, we also need to ensure Australia has a highly skilled workforce that is ready for the job market, now and into the future. The impacts of COVID-19, a rapidly changing economy and widening skills gap are changing the way we work – VET needs to respond to this. Australia needs a responsive and resilient workforce that delivers for businesses and employers. The work undertaken by the Australian Industry and Skills Committee (AISC) and the associated Industry Reference Committees (IRCs) on improving industry engagement will be considered as part of this process.

Reforming qualifications and improving industry engagement is one of many measures Australian governments are taking to improve the national training system and VET sector. The [National Skills Commission](#) and [the National Careers Institute](#) have been established, along with other reforms as set out in the [Heads of Agreement for Skills Reform](#).

### Industry in the national VET system

Industry engagement is a core principle of Australia's VET system. When this discussion paper mentions industry, it is referring to three broad stakeholder groups involved in the national training system:

- **Employers** – small, medium and large businesses
- **Employer associations** – member-based organisations, including peak bodies, licensing associations and other employer advisory bodies
- **Employee representatives** – member-based organisations including unions

## Case for change

Australia's VET system is recognised for its industry engagement, quality and capacity to deliver qualifications that align to jobs. Australia consistently ranks in the top three countries in the Organisation for Economic Co-operation and Development (OECD) for adult participation in VET.<sup>1</sup> Australia is the first choice of the majority of VET international students in studying overseas.<sup>2</sup>

**The current VET system is working well but there is room for improvement.** While employer satisfaction in VET remains strong, it has fallen over the last decade from 86.3 per cent in 2009, to 78.8 per cent in 2019.<sup>3</sup> The VET system must be improved to meet the rapidly changing needs of employers and businesses so they can grow and be internationally competitive, create new jobs and strengthen their labour market resilience.

**The issues are known.** There have been successive reviews of the VET system over the last decade, including the 2019 '[Strengthening Skills: Expert Review of Australia's Vocational Education and Training System](#)' report by the Honourable. Steven Joyce (the Joyce Review). All identified key areas for improvements across the system. These include strengthening industry engagement across the national training system, increased responsiveness to employer needs and skills change, and boosting student outcomes through better qualifications.

The VET system is a **key part of Australia's ability to respond effectively to the COVID-19 pandemic** and will underpin Australia's economic recovery. The COVID-19 pandemic has radically impacted the Australian labour market, with an unprecedented fall in employment and a significant increase in underemployment.<sup>4</sup> The VET system has responded to this, by fast tracking new courses to upskill essential services like frontline health roles and infection control. Training providers and employers shifted to online delivery modes, restructured course content and created innovative assessment models to engage and continue teaching learners. In an unprecedented circumstance, the system responded to the needs of the market. A future system needs to continue to put responsiveness at its forefront.

**Increased responsiveness of the VET system is essential in meeting industry skills needs** and driving economic growth. An efficient and effective system is required to better drive and understand emerging skills needs, qualification development and training delivery. The AISC commissioned a review in 2018 which found the process for qualification development is overly complex and bureaucratic, lacked transparency and is hard to engage with.<sup>5</sup> The average time for the development of a training product (e.g. VET

<sup>1</sup> OECD, 2020. *Education at a Glance 2020*. Paris: OECD.

<sup>2</sup> Department of Education and Training 2017, *International Student Survey Results for VET 2016*, Canberra.

<sup>3</sup> National Centre for Vocational Education Research, 2019. *Employers' use and views of the VET system 2019*. Adelaide: National Centre for Vocational Education Research.

<sup>4</sup> National Skills Commission, 2020. *A snapshot in time: the Australian labour market and COVID-19*. Canberra: National Skills Commission.

<sup>5</sup> Fyusion. (2018). *Training Package Development, Endorsement and Implementation Process: Current State Report*. Fyusion. Retrieved from

qualifications such as a Certificate III in Carpentry) under this system is 18 months, with more than one third taking over two years.

**Employers have an important and varied role in the VET system.** Employers interact with the VET system in diverse and complex ways. These include, hiring VET graduates; engaging and supporting structured training for apprentices and trainees, training their own employees, providing input to the development of qualifications, and in some cases, working with Registered Training Organisations (RTOs) to develop organisation-specific training, including tailored training to meet workforce development needs. There are opportunities to leverage these interactions. There is strong stakeholder support, including from RTOs, for employers to have a greater role in identifying and forecasting skills needs and contributing to the development of learning resources for training delivery to learners.<sup>6</sup>

At a national level, the Joyce Review found the current arrangements for industry engagement in VET was overly centralised. The review found the actual voice of employers was too weak and proposed recommendations to create a “true industry-owned approach”.<sup>7</sup> To be fit for the future, employers need to have a greater role across all areas of VET. This includes supporting RTOs, providing work placement for learners and ensuring quality through workplace assessment. To drive outcomes, there needs to be a **strong and coordinated voice for employers** in VET.

**Better qualifications could support greater employee mobility to boost student and labour outcomes.** Stakeholders have provided feedback that the current arrangements are creating silos and preventing collaboration across different industry groups. This leads to specialised qualifications with limited career paths for graduates, and limits the workforce available to employers.

There are more than 1,300 qualifications in the current national training system, 13 per cent of which have zero enrolments and 50 per cent having less than 222 enrolments between 2016-2018.<sup>8</sup> The complexity of the national training system hinders employers and learners from readily identifying the qualifications and skillsets they need to gain the right skills and build their workforce. Stronger employer collaboration is needed to foster cross-sector career pathways and maximise mobility for workers.

*For a summary of current industry engagement arrangements, please see [“Factsheet: Overview of Current Industry Leadership Arrangements in VET”](#).*

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<https://www.aisc.net.au/sites/default/files/documents/Training%20Package%20Development%2C%20Endorsement%20and%20Implementation%20Process.pdf>

<sup>6</sup> Department of Education, Skills and Employment. (2020, May 7). *“This is what we heard”: Skills Organisations co-design consultations*. Retrieved from Department of Education, Skills and Employment:

<https://docs.employment.gov.au/documents/so-what-we-heard>

<sup>7</sup> Commonwealth of Australia, Department of the Prime Minister and Cabinet, 2019. *Strengthening Skills*

<sup>8</sup> NCVET VET Program enrolments 2016-2018. Police and Defence training qualifications are excluded from the analysis. New qualifications in 2018 were excluded from the analysis. Total number of qualifications analysed is 1,360.

## Submissions

This discussion paper includes a number of questions that have been framed to gather your views and feedback on industry engagement across the VET system.

You are invited to respond to all of the questions or just those of most relevance of interest to you.

## Submission questions

1. **Does the role of industry need to be strengthened or expanded across the VET system? Why/why not?** Please consider the following prompts in your response (max 600 words)
  - 1.1. What does industry engagement mean to you?
  - 1.2. How can industry be encouraged to connect with and use the VET system? What does this look like?
  - 1.3. Are there any roles for industry in the VET system that are not covered or outlined in the case for change?
2. **Are you aware of the current industry engagement arrangements that are in place to design and develop VET qualifications i.e. the Australian Industry and Skills Committee and the Industry Reference Committees?** (Selected Response Yes/No)
3. **(If yes to Question 2) How effective are the current industry engagement arrangements in VET in meeting your needs?** Please consider the following prompts in your response (max 600 words)
  - 3.1. What works well and what could be improved? How could it be improved?
  - 3.2. How well are you (or your organisation) represented by these arrangements?
  - 3.3. How well do current arrangements allow collaboration across industry sectors on common workforce and skills needs?
4. **What can be done to drive greater collaboration across industries to broaden career pathways for VET graduates and maximise the workforce available to employers?** Please consider the following prompts in your response (max 600 words)
  - 4.1. How can workers be equipped with skills that can be applied across different jobs? How can industry support this through the VET system?
  - 4.2. How can we break down silos and improve collaboration across industry groups?
5. **Are qualifications fit-for-purpose in meeting the needs of industry and learners now and into the future? Why/why not?** Please consider the following prompts in your response (max 600 words)
  - 5.1. Are the different needs of industry and learners effectively considered in designing qualifications in the current system? What works well and why?
  - 5.2. Are there issues or challenges with the way qualifications are currently designed? What are they and what could be done to address these?

6. Are there any further issues in relation to improving industry engagement in the VET sector that you would like to provide feedback on? (max 600 words)

### Making a submission

Submissions are to be made through the [online submission form](#). For more information on the immediate reforms, please visit the website: [www.skillsreform.gov.au](http://www.skillsreform.gov.au).

Submissions will close at 12:00 pm (AEDT), Monday, 1 March 2021.