



‘This is what we heard’

Skills Organisations co-design consultations

The Australian Government committed to establish pilots of Skills Organisations (SOs) as part of the \$585 million [Skills Package – delivering skills for today and tomorrow](#). The Skills Package will help train highly skilled and qualified workers, including in regional areas, to meet the needs of businesses and advances the building blocks for improvements identified in the [Expert review of Australia's vocational education and training system](#) (the Joyce Review). The Skills Package will strengthen Australia's vocational education and training (VET) system to ensure it remains responsive, respected and flexible, providing Australians with the skills they need to succeed in the modern workplace and providing business with the workers they need to grow a strong economy.

The SO pilots will drive innovative ‘end-to-end’ training solutions and enhance the role and leadership of industry in the national training system. The Joyce Review proposed SOs be owned by industry and take a leadership role to support the VET system better meet the needs of employers, the economy and learners.

To help inform improvements across the skills pipeline, the Australian Government undertook extensive co-design consultations with stakeholders across Australia. Consultations were held concurrently with the National Skills Commission (NSC) and National Careers Institute (NCI).

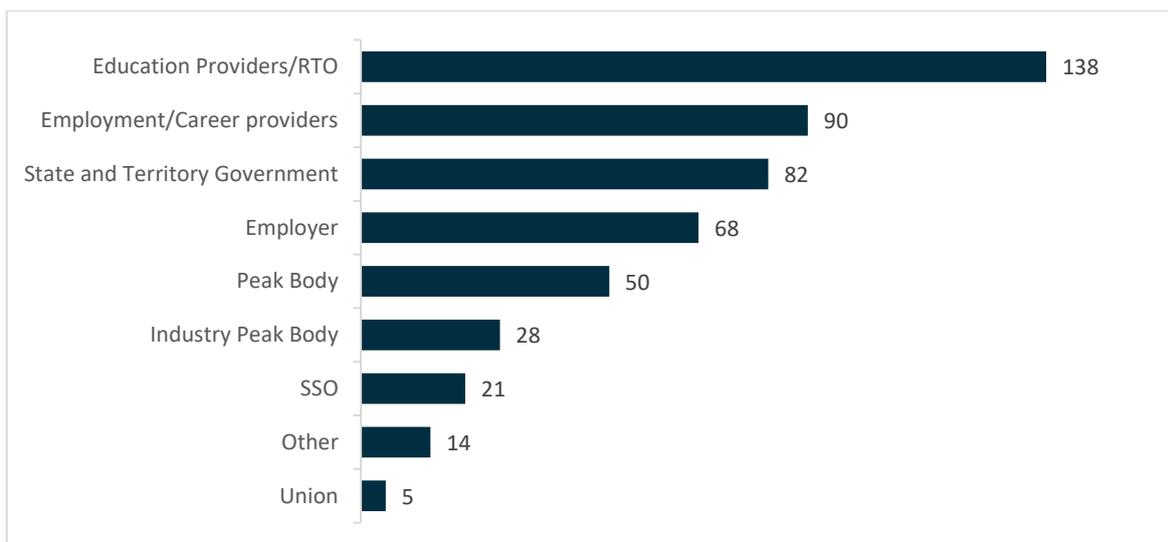
The co-design approach was far reaching

A discussion paper was published on 26 September 2019 to inform the consultation process. More than 500 people took part in the SO co-design consultations, which included two SME employer roundtables, 35 interviews and 13 workshops in all capital cities as well as in Bendigo, Orange, Cairns, Mt Isa and Karratha. A total of 40 submissions were also made to the discussion paper.

These stakeholders shared their views on what is working well, current challenges and how the system can be improved. Consultations sought stakeholder views on:

- challenges for the national training system in terms of responsiveness, relevance and promoting quality
- opportunities for system improvements (new approaches) that SOs could deliver to support a responsive, relevant and high-quality VET system.

The figure below shows the diversity of stakeholders who attended the workshops.



Stakeholder representation at the workshops and roundtables.

Opportunities for system improvements

Nearly all stakeholders articulated their commitment to a national VET system and emphasised that while there were genuine opportunities for improvement, any changes needed to be carefully considered prior to implementation. Many stakeholders who have been in the VET system for some time stressed there had already been many major changes to the system over the past decade. These stakeholders noted that the current training product development program had only been in operation for three years, and believed the opportunity should be taken to improve the current model, rather than starting again and losing momentum.

When asked, many employers supported the need for greater change, seeing genuine opportunities to make meaningful improvements and create a new approach through industry owned SOs, built on an understanding of why some Skills Service Organisations (SSOs) were considered successful and industry relevant whereas others were not.

Regardless, there was a view across different stakeholder groups that now was the time to identify and address the current gaps of the VET system and harness the opportunities of an industry driven approach.

Skills Organisations could create a modern, high quality VET system

Workshops discussed the importance of industry taking responsibility for engaging with the VET system. However, the roles of other key participants were also identified. While many employers saw an industry driven approach as critical to ensuring the system produced the right skills and a robust future workforce, the involvement of students, RTOs, unions and regulators was seen by many as important.

Training product development was identified by many stakeholders as the priority focus of SOs, as they were considered a key to quality and innovation. In considering the skills pipeline (Attachment A) there was strong support for SOs playing a role not just in developing training product standards, but also working with the NSC on skills forecasts and developing learning resources for RTOs. SOs could contribute industry specific knowledge to NSC skills forecasts,

including potentially conducting detailed consultation, to improve the industry relevance of both skills forecasts and qualifications. Many RTOs commented that standardised resources development would help maintain a high standard quality of delivery and help to develop trainers, as well as making it easier for providers to be confident that their approach is consistent and compliant.

Some stakeholders also supported learning from successful SSOs by ensuring that SOs focused on high quality and wide-reaching industry engagement. This should underpin all functions they deliver, as it is the best way to improve the industry relevance of training products.

Many stakeholders noted that regardless of any other reforms to this architecture, there would be merit in overall responsibility for standards of training packages and their design sitting with the NSC. There was a view that this would provide a clear point of authority and responsibility to give direction to SOs and resolve any disputes. Stakeholders were divided on whether this would mean that the Australian Industry and Skills Committee (AISC) would be folded into the NSC, or if it should continue to address the detail of training product development while the NSC operates in establishing standards and point of escalation. SOs were seen by some stakeholders as a potential industry engagement arm for the NSC.

Due to the importance of developing modern training products, many stakeholders asserted that SOs should initially prioritise industry engagement and training package development rather than the additional functions proposed by the Joyce review. Marketing to potential students was largely seen as a role for providers rather than industry. Some employers did see the introduction of proficiency and risk based independent assessment as a positive move for improving the quality of training. Many employers also expressed frustration at a lack of transparency of RTO performance and recognised the potential advantage of industry identifying the best providers for their industry. However, these were not necessarily considered a priority for SOs, particularly in the early stages of their development. Stakeholders largely supported the role and function of the current Australian Apprenticeship Support Network.

VET could become more industry relevant

A number of stakeholders emphasised that to accommodate the changes and flexibility needed to meet the needs of a fast-changing economy, the training package development rules needed fundamental change.

Employers largely called for wholesale re-design of the system, including modernising apprenticeships so they allowed for greater flexibility, enabling more time for on the job learning. There was also a view among many stakeholders that the current system was not sufficiently industry-led, with some Industry Reference Committee (IRC) members and SSOs too removed from the realities of the modern workplace, especially the challenges faced by SMEs.

Employers also generally identified a lack of understanding on how the current VET system works. Employers also saw an opportunity to revitalise the process to ensure industry was able to drive the development of packages to ensure that they genuinely represented industry needs and practice. Most employers who employed apprentices also felt that the content and approach to qualifications was outdated and did not suit their workplaces.

While some believed the system needed to be redesigned, others suggested there were relatively simple opportunities for change that would yield significant improvement. These suggestions would help to improve the flexibility of training products, reduce the complexity of the system, and speed up the development process. Suggestions included:

- enabling the recognition of emerging skills and micro credentials by allowing orphan units that are not attached to a qualification
- enabling quality providers to self-accredit micro credentials while the training package process works concurrently
- introducing new concepts and agile approaches for different types of training products that do not equate to a full training package or qualification
- matching the level of prescription in training packages to industry need, as some qualifications require greater prescription than others
- introducing a shorter process for minor modifications to training packages rather than having to go through a full update process every time a relatively minor change is needed
- ensuring training packages only defined occupational standards
- strengthening industry engagement in training package development through either education on the significance of training package design or through financial incentives.

Challenges for the national training system

While there was a strong commitment and passion for Australia's national VET system across consultations, most stakeholders were mindful of the need to address some of its long-standing challenges, particularly relating to enhancing responsiveness, relevance and quality. To be relevant to employers, there is a need to improve the system's responsiveness to current and emerging skills through the recognition of micro credentials and non-accredited training. Generally, a majority of stakeholders wanted a simpler system that was easier to navigate. Many suggested that the system should be rebuilt with fewer training products that were more flexible and transferable. Stakeholders identified that the VET sector could also use simpler language that was more accessible to both students and employers.

Slow speed to market reduces relevance of training

Almost all stakeholders spoke about the slowness of the current system and their frustration with training packages not keeping up with the modern workplace. It was not uncommon for a training package to take three years to be updated, and by this time it was already out of date. As a result, many employers reported an increasing trend of working outside the national training system by developing their own in-house training.

Stakeholders from IRCs, SSOs and the AISC identified several causes for this slowness. It was considered partly to be due to the current processes, which requires significant consultation on all potential changes, without clear standards on how to update training packages. This process results in multiple revisions and rounds of consultation. There was also no effective mechanism to break deadlocks when stakeholders disagree, meaning that updates can stall for potentially years. Some stakeholders also noted that COAG Skills Council endorsement of qualifications appeared to be an

unnecessary step with no practical benefit, as RTOs begin delivery of training packages after AISC approval.

Training does not consistently meet industry needs

While some stakeholders were supportive of the approach of some SSOs and IRCs, both employers and RTOs were largely concerned that in many cases, packages were not producing skills relevant to the workplace. This related to both technical skills, which most employers felt had to be trained on the job, and softer enterprise and employability skills which many graduates did not possess. Employers consulted did not feel any ownership of the outcomes of the Training Product Development process and reported that they would not use a qualification as the sole reason to hire a candidate as the quality and consistency of graduates was too variable.

Inflexibility and complexity inhibit quality training

Training packages were consistently identified as too detailed, which ultimately impeded flexibility, quality and innovation in delivery. Training packages were originally envisaged as occupational standards but have become more detailed and prescriptive over time. Some stakeholders suggested this was an attempt to improve quality by controlling training inputs.

The process was also slowed by features of training package structures. The level of detail within each qualification leads to a faster expiry for the relevance of the content as well as an increase in work required to maintain relevance through updates. The large number of training packages (61), qualifications (~1,400) and units of competency (~17,000) also reduce the frequency with which each can be reviewed and updated. It also makes the system difficult for providers, employers and students to navigate.

This detail in units of competency, combined with a prescriptive approach to compliance from ASQA, was seen as preventing providers from adapting or innovating. Many training providers identified that the quality of training they provide was significantly reduced by an inability to adapt to modern employer needs, adjust for local context, or deliver in culturally appropriate ways. Some stakeholders did note that some occupations such as nursing and some trades need this level of detail. However, others such as digital skills need to be more flexible so that they can adapt to the rapidly changing needs of employers.

The structures of accredited training, including the current focus on full qualifications rather than competencies, was identified as out of date. Employers engaged through the workshops and roundtables acknowledged the importance of a recognised national training system, however did identify the need for the system to address the rapid changes occurring in the workplace. A new approach to identifying and recognising skills is needed due to the increasing rate of change, particularly relating to technology.

Employers were increasingly training staff internally through non-accredited training and micro credentials. Some stakeholders suggested that the training system could better recognise emerging skills by introducing new concepts and agile approaches for different types of training products that do not equate to a full training package or qualification. Some stakeholders were in favour of self-accreditation of micro credentials for quality providers, allowing this to happen concurrently with the training package process.

Where to now?

The Australian Government has committed to establish pilots of SOs that will drive innovative 'end-to-end' training solutions and enhance the role and leadership of industry in the national training system. The SOs pilots will be held in the human service care, digital technologies and mining industries. These pilots provide an opportunity for industry to trial new ways of working within the current national training system, while looking for new opportunities to make sure training is able to meet the needs of employers, the workforce and the economy.

We have heard clear messages that training products, the Training Package Development process and system architecture can be improved. The Commonwealth will continue to work with the sector to improve the Training Package Development process and leverage the outcomes from the SO pilots to ensure we have a high quality, accessible system that delivers strong outcomes for users and employers.

Many thanks to everyone who gave their time, spoke up and shared their ideas on how we can improve our VET system. Updates on the co-design process and outcomes will be available at [the Skills Organisations website](#).

Attachment A

Skills Pipeline

