



POLICY POSITION PAPER

PATHWAYS TO JOBS – REFORMING THE VET SECTOR



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The Issue

Compared to the rest of Australia, our Vocational, Education and Training (VET) sector is relatively small, with a mix of significant challenges including remoteness and a predominance of smaller employers without the resources of major corporations in southern states.

At the same time, the Northern Territory is facing multiple workforce issues, including a declining local skilled workforce, skills shortage in trades and Industries and competition for jobs on the local market. This is exacerbated by declining employment and training pathways, diminishing delivery of VET from the two major public providers, a disconnect between the governing body and private industry providers, a shortage of school-based careers councilors with VET Industry experience, and a funding model that is not transparent.



At the national level, a recent comprehensive review – the Joyce Review¹ – cites declining employer confidence in the sector and a decrease in the numbers of qualification-seeking students as evidence that the VET system needs an

overhaul to respond to a range of issues such as slow qualification development, complex and confusing funding models, ongoing quality issues, careers education, VET in schools and access for disadvantaged learners.

Similarly, the recently concluded Noonan Review of the Australian Qualifications Framework provides strong indications of the future directions for qualifications into the world of work and is crucially important because “more than 90% of new jobs expected to be created in Australia by 2023 will require a post-school qualification”² and “around half of Australia’s long term unemployed had not attained Year 12 or above as their highest educational attainment”³.

The Policy Response

Territory Alliance believes a high-quality VET sector, working hand-in-hand with industry, is essential for the economic future of the Northern Territory.

As the newly established National Skills Commission states:

Australia’s capacity to grow, compete and thrive in a global economy has become more dependent on employers and all individuals, regardless of background or circumstance, being able to access and use the right skills at the right time.

A strong VET sector is critical to our economy and to helping prepare Australians for the workforce opportunities of today and the future.⁴

1 <https://www.pmc.gov.au/resource-centre/domestic-policy/vet-review/strengthening-skills-expert-review-australias-vocational-education-and-training-system>

2 Department of Jobs and Small Business, [Employment Outlook to May 2023](#), p. 8

3 Australian Bureau of Statistics, [Australian Social Trends, Sep 2011](#), viewed 27 September 2019

4 <https://www.nationalskillscommission.gov.au/about-us/our-journey>



Territory Alliance understands the importance of all Territorians having an opportunity for high quality post-school training, including pathways to employment or higher education, and access to lifelong learning so we can continue to upskill, and adjust to changes in the workplace.

Territory Alliance is committed to supporting the business sector with investment in a skilled workforce through apprenticeships and traineeship pathways, while building business capability and capacity.

Territory Alliance will ensure the responsible management of our \$100+ million VET sector⁵ to ensure transparency, fairness and accountability. To achieve this, we will need:

- » Investment decisions guided by a new independent body – the Territory Skills Commission – which will work closely with industry and be aligned with the Commonwealth’s recently established National Skills Commission.

⁵ \$101.3 million was allocated in the 2019/20 NT budget towards training programs and incentives targeted at building a capable workforce, including \$53.5 million for registered training organisations; \$27 million to support training for apprentices and trainees; \$8.4 million over two years towards Future Skills vouchers and infrastructure support; \$3 million for Aboriginal workforce and development programs; and \$2.1 million for the Employer Apprenticeship and Traineeship Support Scheme.

- » Transparency through financial disclosure and independent business case analysis of investment proposals (including return on investment).

Territory Skills Commission

We will establish a new Territory Skills Commission (TSC) as an independent office to provide VET sector oversight and leadership with the remit to:

- » ensure a fair and accountable public administration
- » decrease skill shortages in trades and industries
- » provide Incentives and business confidence for employers to skill and train Territorians
- » increase our local skilled workforce
- » Increase student transition and pathways into the VET sector.

Led by an independent Territory Skills Commissioner, reporting directly to Parliament, the TSC will have responsibility for:

- » VET investment decisions, including publishing the reasons for those decisions, including independent business case analysis and anticipated return on investment
- » Financial disclosure of all VET funding and expenditure
- » Complaints handling

- » Maintaining a Register of NT based training organisations
- » Developing, monitoring and reporting Key Performance Indicators for VET providers
- » Conducting skills and training audit
- » Oversight of contract compliance
- » Review and recommendation of industry funding and initiatives
- » Research in emerging training solutions for changes in industry and in the national training system.

The TSC will work closely with the Commonwealth National Skills Commission, which has recently been established to oversee the Australian Government’s investment in VET and drive long-term improvements to the VET sector. This was a key recommendation of the Joyce Review: “Establishing a new National Skills Commission to start working with the States and Territories to develop a new nationally-consistent funding model based on a shared understanding of skills needs”⁶.

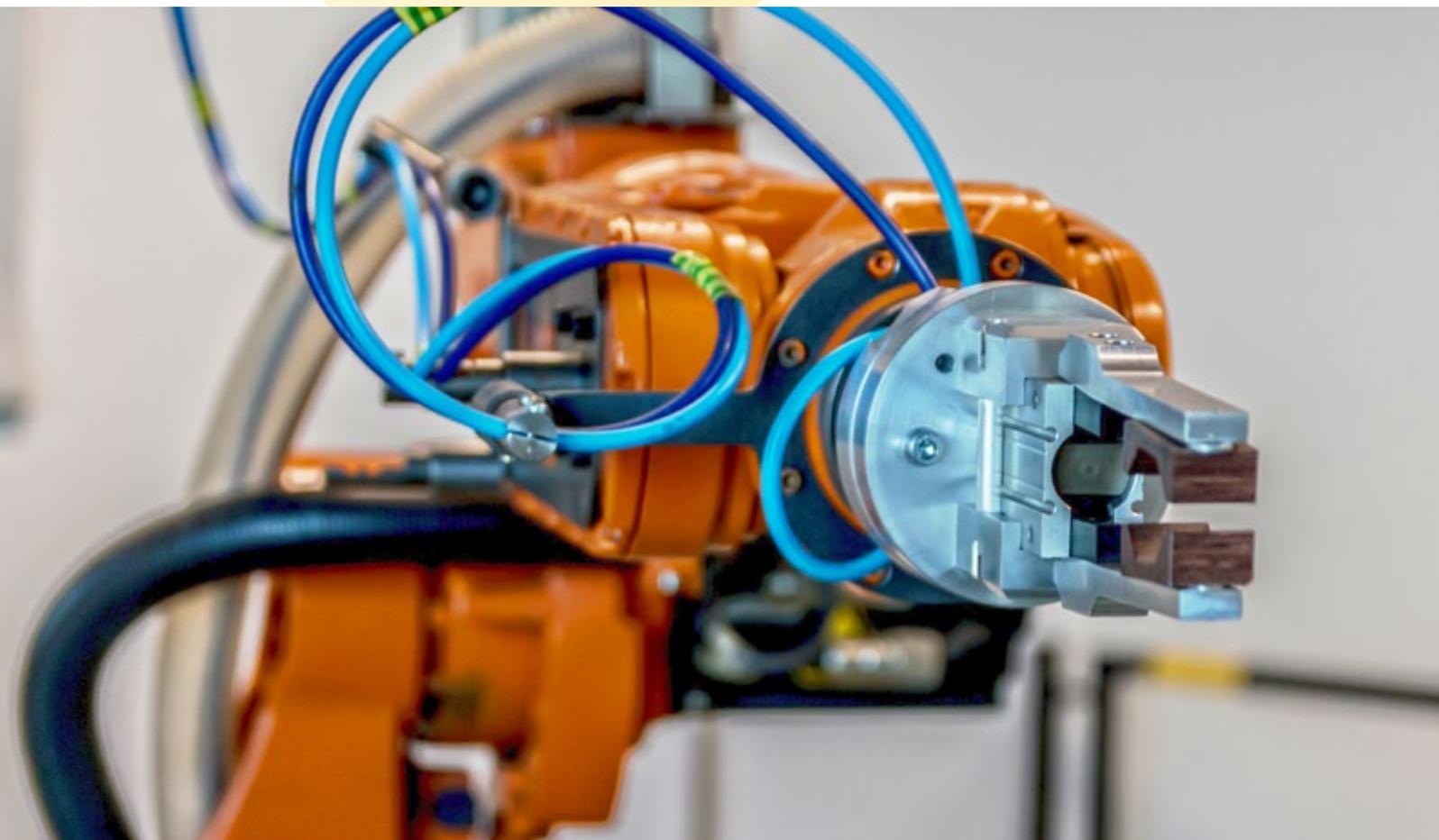
The TSC will be tasked with working with the National Skills Commission, relevant Commonwealth and Territory Departments, industry and community representatives, and public and private providers to make recommendations for sector reform to enable the vision of the Noonan Review for a “joined up and accessible post-secondary education and training system ... with clear and flexible entry and exit points, including pathways within and between VET and higher education; and from senior secondary to post-secondary education and training”⁷.

Collaboration with industry

To boost apprenticeships, which rely on the capacity and willingness of local industry to take on a four year commitment, we will need to build a culture of collaboration between Government, VET providers and industry – both at the Chamber or sector representative level and with individual businesses. This is the key lesson from the success of best-case international models such as Germany, where the collaborative

6 <https://www.pmc.gov.au/resource-centre/domestic-policy/vet-review/strengthening-skills-expert-review-australias-vocational-education-and-training-system>

7 <https://www.education.gov.au/australian-qualifications-framework-review-0>



culture of industry engagement is key to strong participation and high quality outcomes that serve the interests of apprentices, employers and the wider economy.

It is critical that in our comparatively small jurisdiction, we build local capability and capacity and tailor our programs to industry-specific needs, including, for example, making best use of models such as group training to share the burden of managing apprenticeships, rather than this being the sole responsibility of a small business, which may also be struggling with challenges associated with COVID-19.

The Education System and the Changing Nature of Work

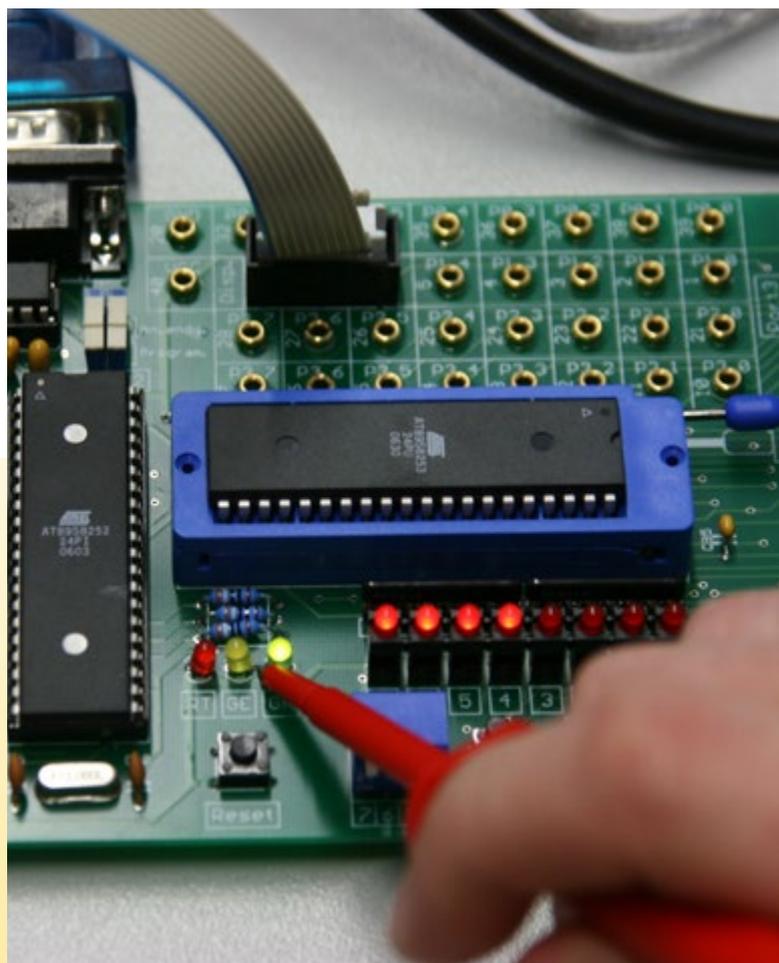
The Joyce review paints a clear picture of the importance of VET:

For decades, vocational education and training (VET) has been one of the key pillars of Australia's economic success story. Generations of tradespeople and skilled workers have successfully developed their skills and knowledge in a practical work-based learning environment.

Vocational education today remains an effective and efficient way of imparting the skills needed for employment. If anything it's likely that work-based learning models will be more important in the future as technology-driven changes to the 'way we do things' need to be quickly transmitted across industries and around workplaces. Our fast-moving world will need flexible and applied ways of learning, so people can lay strong foundations for their careers and then build further skills and knowledge in order to participate in new and changing industries.

The Joyce Review also charts the changing nature of work:

... Alongside the shift towards services, there has been a steady shift towards higher skilled occupations. The share of employment in skill level 1 occupations (generally requiring a bachelor degree or higher qualification) has increased from 23 per cent in 1988



to 32 per cent in 2018, while the share of employment at skill level 5 (generally requiring Year 12 or below) has fallen from 21 per cent to 17 per cent.⁸ These trends are expected to continue.

New digital technologies are changing the way Australians live and work. Emerging technologies such as the internet of things, artificial intelligence, automation and robotics will affect the nature and type of jobs available and the skills and capabilities required to perform both new and existing jobs.⁹ While it is difficult to anticipate precisely the scale and impact of these changes, we can be reasonably

⁸ Australian Bureau of Statistics 2018, *Labour Force Australia – Quarterly, November 2018*, cat. no. 6291.0.55.003, Canberra (Department of Jobs and Small Business trend).

⁹ World Bank 2019, *World Development Report 2019: The Changing Nature of Work*, Washington, DC: World Bank.



confident that the jobs of tomorrow will require new skills, and some existing skills will become obsolete.¹⁰

The Joyce Review then raises concerns about “whether the current VET systems and processes can deliver the sort of flexible work-based learning models that would help Australians obtain the necessary skills for the future of work” and then argues that “there needs to be a significant upgrade to the architecture of the VET sector so it can successfully deliver the skills needed for Australia’s future.”

10 International Labour Organisation (ILO) 2019, *Work for a brighter future – Global Commission on the Future of Work*, Geneva: ILO.

It proposes “a new vision for vocational education in Australia as a modern, applied and fastpaced alternative to classroom-based learning” and recommends a “six point plan to deliver a stronger skills sector which is a positive choice for many more Australians, whether they are starting their working lives or need new skills to advance their career”:

- » Strengthening quality assurance,
- » Speeding up qualification development,
- » Simpler funding and skills matching,
- » Better careers information,
- » Clearer secondary school pathways, and
- » Greater access for disadvantaged Australians.

The Joyce Review argues that “These reforms will set up a system of skills education that delivers more successfully for industry today and is ready to respond dynamically to the demands of tomorrow. Most importantly, it will ensure millions more Australians are ready and able to take advantage of new opportunities for skilled work whenever and wherever they arise.”

As a result of this review, and the establishment of the National Skills Commission, it is essential that the NT steps up to engage at a comparable level of professionalism and commitment so we can achieve constructive and productive reform that can be tailored to the unique needs and requirements of the NT.





The new Territory Skills Commission will perform this role and help bring our VET sector into a productive and collaborative model that delivers for our trainees, our apprentices, our employers, and the wider NT economy.

Territory Alliance “Paradigm shift for better education” Policy Position Paper

This policy paper should be read in association with the policy position paper on education, “Paradigm shift for better education”.

Specifically, the “Paradigm shift for better education” paper acknowledges the changing world of work and business expectations, noting the Productivity Commission’s view that skills variously referred to as future skills, 21s century skills, enterprise skills, or enabling skills will be needed as part of core competencies; and the Business Council of Australia (BCA) observation that employers are looking for workers with a mixture of skills, values and behaviours required for work readiness¹¹.

The Foundation for Young Australians conclude from their research that “We need to invest in redesigning learning pathways from education to work to ensure young Australians are equipped and empowered with the skills, mindset and confidence they urgently need”.¹²

The Noonan Review of the Australian Qualifications Framework envisages a “joined up and accessible post-secondary education and training system ... with clear and flexible entry and exit points, including pathways within and between VET and higher education; and from senior secondary to post-secondary education and training” and support for increasing access to tertiary education in regional areas, including support for students and raising their aspirations.

11 Business Council of Australia, Future-Proof: Protecting Australians Through Education and Skills, 2017

12 https://www.fya.org.au/wp-content/uploads/2017/07/NWO_ReportSeriesSummary-1.pdf

