

## **Foundations for the Future**

### **ForestWorks Response to Draft Proposals for Future Governance, Architecture and Market Design for the National Training System**

A transparent and accessible governance framework for the vocational training and education sector is vital to the capacity of the sector to support and build a skilled and engaged workforce for this century's demands and opportunities.

Any proposals to improve the current governance framework must do so on the basis of strengthening and encouraging industry leadership and participation. This is a critical foundation to the success and capacity of the vocational education and training sector to meet the needs of industry, where the vast majority of skills gained in the sector will be used.

Of the sixteen recommendations, ForestWorks, in principle, supports all of them.

For recommendation 2:

- the proposed peak industry advisory group and ISCs representatives from industry need to work together on developing views from across all industries
- we recommend that the Peak Industry Group includes direct membership and interaction with ISCs

For recommendation 5:

- counting the cost of training (or the investment in training) must be broadened from primarily institutional government funded activity to capture non government funded activity and industry funded activity in both accredited and broader skill development activity.
- however the size of this task should not be underestimated as most enterprises do not tally the cost of training and development skills, so much of that information does not exist at this point of time.

For recommendations 2 and 16:

- to meet the volume based targets of COAG and Bradley Review along with the ambition to have deeper and broader skills will require new and major resource commitments. We can have higher volume, or broader and deeper but we can't have both without substantial additional expenditure.
- trying to achieve the COAG targets without increasing expenditure will lead to shallow, narrow skills, not the skills we need for the future

*Improving industry's capacity to develop and maintain a skilled workforce*

### SUMMARY TABLE

ForestWorks Response	Recommendations (total of 16)	ForestWorks - Comment
<b><i>Setting a unified national vision</i></b>		
Yes we support	<p><b>1:</b> the Council of Australian Governments establishes a realigned Ministerial Council for Tertiary Education for training, higher education and employment participation</p>	Tertiary Education should support the interaction and interconnections of VET and Higher Education but not aim for an integration of the two sectors
Yes we support	<p><b>2:</b> the Ministerial Council for Tertiary Education formalises new arrangements for industry advice as a central feature of the governance framework including:</p> <ul style="list-style-type: none"> <li>• establishment of a Peak Industry Advisory Group of employer and employee representatives to meet biannually with Ministerial Council to represent their views on ways to promote skill development and utilisation,</li> <li>• independent evidence and advice on strategic policy, planning and investment, decisions for the tertiary education sector drawn from a national network of industry advice and co-ordinated through Skills Australia.</li> </ul>	<p>ForestWorks is of the view that a stronger explanation of the relationship between the Peak Industry Advisory Group (PIAG) and ISCs needs to be made. We would suggest that the PIAG and ISCs must be closely engaged via the inclusion of ISC representatives in the membership and ongoing dialogue with the broader ISC group on a regular basis:</p> <ul style="list-style-type: none"> <li>• It is critical that industry led means recognition of diverse responses to meet diverse industry demands</li> <li>• The PIAG could meet formally with ISCs</li> <li>• ISC representation on the PIAG</li> <li>• Industry leadership of VET is not necessarily achieved by industry having just an advisory capacity so delegations or decision making role of industry leadership needs to be strengthened</li> </ul> <p>Note: The Peak Industry Advisory Group membership is described inconsistently—one (page 19) refers to employers and peak industry representatives and (page 20) refers to membership drawn from employer and employee</p>

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		representative associations.
Yes we support	<b>3:</b> Australian Governments agree to establish national statutory arrangements for VET regulation and quality led by an independent board with the expectation that over time these regulatory arrangements align and eventually integrate with those for higher education.	
<b><i>Providing the evidence base for policy and reform</i></b>		
Yes we support	<b>4:</b> A nation-wide network of skills planning and industry advisory arrangements be formalised in the new governance framework. This network will reflect the relationship between Industry Skills Councils, their state counterparts, and state training authorities. The network will provide the evidence and advisory base through Skills Australia to Ministerial Council for skills planning and investment decisions	<p>ForestWorks supports ISC and state relationships and is of the view that this support does not require complete state ITAB and ISC alignment on an industry by industry basis. Forced restructuring of ITABs or ISCs to suit constructed models is not conducive to positive relationships.</p> <p>Note: ForestWorks continues to strongly support the view that ISCs and state and territory training advisory bodies provide 'critical conduits' for industry's voice:</p> <ul style="list-style-type: none"> <li>• We would go further than this and say that they offer critical conduits for industry leadership to reflect the diversity across industries and within industries</li> <li>• ForestWorks does not support the diminishing of state based industry structures which are vital to a federated national VET system.</li> <li>• This richness of advice and leadership fundamentally ensures that policy is developed and funding is allocated that recognises the depth and difference across workplaces and gets us to the outcome of effective local responses.</li> </ul>

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<b><i>Investing wisely and effectively in skills and workforce development</i></b>		
Yes we support	<p><b>5:</b> Australian Governments develop an investment framework for the tertiary sector to optimise the effective use of public and private expenditure on skills, which plans for and ensures this investment meets national priorities. This framework should be based on more comprehensive and consistent data on the scale and nature of employers' expenditure on training.</p>	<p>Continue to have statistical collection of government activity, however we must investigate how we count the cost of training that reflects:</p> <ul style="list-style-type: none"> <li>• RTO activity that is not government funded (workplace and non workplace based)</li> <li>• Industry funded skill development that is not within the accredited national framework</li> <li>• The actual cost to an enterprise that takes employees through learning processes, with or without the support of the NTS.</li> </ul> <p>Note: There is oversight at times of employees/learners contribution in the system:</p> <ul style="list-style-type: none"> <li>• page 2 'country comparisons....' recognises employers engagement in workplace training' (omits reference to employees/learners)</li> <li>• page 5 recommendation section 5.2 describes the need to improve knowledge of expenditure and refers to employer's expenditure, when it could refer to employees/learners contributions as well.</li> </ul>
Yes we support	<p><b>6.</b> Australian Governments adopt a purchasing approach as the preferred model for market reforms in VET and future investment in skills</p>	

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Yes we support	<p><b>7:</b> Australian Governments agree to the proposed managed market reform approach to achieve greater choice and contestability as the basis for intergovernmental agreement together with:</p> <ul style="list-style-type: none"> <li>• implementation of a new national regulatory framework through an independent statutory body</li> <li>• continuing to ensure the ongoing role of public providers and their agency in regional economic development, particularly in thin markets</li> <li>• greater industry engagement in States' skills investment decisions with governance arrangements to reflect this, and</li> <li>• improved consumer information to assist choice.</li> </ul>	<p>The managed market must ensure that safety nets are included to meet the skill depth and demands where industry based thin markets occur. The attainment of these "more expensive" skills should not be put at risks via a market that seeks to deliver lower costs via, high throughput qualifications driven by student demand and institutional ease of delivery.</p> <p>The referencing of thin markets in the document link regional economic development (see page 6 recommendation 5.3) or community service obligations (page 30).</p> <p>In the forest, wood, paper and timber products industry, thin markets are part of the nature of the industry created by multiple factors. This is discussed extensively in the ForestWorks 2008 and 2009 Industry Environmental Scan.</p> <p>Skills Australia reference (page 19) in regard to the overall responsiveness of the system to be matched with a 'flexible and responsive funding for service delivery arrangements' is to be celebrated.</p> <p>The current funding model based on student contact hours continues to place public and private providers into a supply driven approach and restricts the industry led, local and skill demand approach that is being sought.</p>
<b><i>Regulating and ensuring quality services and products</i></b>		
Yes we support	<p><b>8:</b> Australian Governments undertake legislative reform to establish an independent national regulatory body, absorbing the functions of State and Territory regulatory authorities and reporting to Ministerial Council</p>	
Yes we support	<p><b>9:</b> Australian Governments agree the national VET regulatory body be responsible for the registration and audit of VET providers,</p>	<p>The separation of roles between the regulatory and enforcement role of a regulatory body, the 'the registration and</p>

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	final endorsement of training products and dissemination of provider performance information on service quality and outcomes to assist users	audit of VET providers' and the skills setting, endorsement role with industry involvement has not been described – we would argue these to be considered in terms of regular practice of separation of powers.  Note: the final endorsement of 'training product' in this current process relates to the skill standards, assessment and qualifications, not to training delivery products
Yes we support	<b>10:</b> Australian Governments agree in principle that the national VET and higher education regulatory bodies and the Australian Qualifications Framework Council would merge as the alignment of the new regulatory arrangements mature and become more stable.	
Yes we support	<b>11:</b> The proposed national VET regulator, as a priority, strengthens AQTF risk management protocols, scope for interventions and treatment of sanctions to enable rapid national response to poor RTO performance	This is strongly supported
Yes we support	<b>12:</b> Australian governments introduce a more consistent national framework for purchasing contracts with agreed core standards– focusing on RTO performance requirements and evidence samples, while recognising States/Territories' need for unique contractual specifications	
Yes we support	<b>13:</b> Australian Governments introduce a consistent national approach to checking the financial viability and track record of RTOs as quality providers, as a standard requirement for their eligibility for public funding	
Yes we support	<b>14:</b> The proposed national VET regulator work with States and Territories: <ul style="list-style-type: none"> <li>• to develop a national framework and agreed core standards for purchasing contracts</li> <li>• to advise on consistency of purchasing and performance standards and mechanisms for integrated AQTF compliance and purchasing auditing approaches to be</li> </ul>	

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	implemented by States.	
<b><i>Using information for system performance and client choice</i></b>		
Yes we support	<b>15:</b> The proposed national VET regulator, working closely with the National Centre for Vocational Education Research, undertakes the role of system performance evaluator and makes provider performance and outcomes information publicly available to assist users and inform quality reforms	
<b><i>Providing training services that meet needs</i></b>		
Yes we support	<b>16:</b> State Governments undertake appropriate governance reforms to increase the operational flexibility and business autonomy of public providers to stimulate greater diversity in service provision, and to ensure they are strongly positioned in an increasingly competitive market to contribute to COAG and Bradley targets.	Note discussion at Recommendation 7