

1 March 2021

Secretariat  
Department of Education, Skills and Employment  
GPO Box 9880  
Canberra ACT 260  
Australia

Via email: [vet-reforms-engagement@dese.gov.au](mailto:vet-reforms-engagement@dese.gov.au)

Dear Secretariat,

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

Swinburne University of Technology is pleased to make a submission to the Improving industry engagement and reforming qualifications in Vocational Education and Training discussion paper.

Ensuring that VET students graduate with skills relevant to industry is a core mission of the sector. To achieve this, meaningful collaboration with stakeholders from industry is vital. This extends to the design of qualifications themselves, as the purpose and outcomes of training packages must reflect the roles and capabilities required in the workplace. Therefore, we commend the Commonwealth for beginning new rounds of consultation to seek the best ways of incorporating industry views and expertise.

At Swinburne, we view partnerships with industry as central to innovation in training. We actively pursue new collaborative opportunities while fostering our existing relationships. An example that reflects our leadership in this area is our Associate Degree of Applied Technologies - Advanced Manufacturing program. Developed in partnership with Siemens and the Australian Industry Group, students gain work experience in Industry 4.0 technologies such as artificial intelligence and the Internet of Things. Industry is heavily involved in all aspects of the qualification, from design to training to employment outcomes. We see courses like this as the ideal model for all training. However to achieve the rapid development of this course, we utilized delegated authority to establish a HE Associate Degree. Unfortunately, the current VET qualification system is unable to respond as rapidly as industry requires or in step with technological developments. Therefore, the sector must become more dynamic if it is to be an efficient pipeline to business.

### **Background**

Despite the fact that increasing industry engagement has been a key focus of many VET reform initiatives in recent years, declining employer satisfaction suggests improvement is still necessary. As cited in the discussion paper, confidence from employers that VET provides graduates with skills required for their prospective occupation has fallen by 8%<sup>1</sup>. Therefore, governments and stakeholders must regroup and rethink the most effective ways to include industry in the design and implementation of future-focused training.

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<sup>1</sup> National Centre for Vocational Education Research, *Employers' use and views of the VET system 2019*, 2019

Fortunately, there are some federal initiatives that have great potential. For example, the Skills Organisation pilot projects are pioneering new approaches to industry integration in course development and identifying skill needs. However, there is still scope for further innovation, as shall be explored in this submission.

A few priority areas stand out for attention. In relation to qualifications, there is a strong argument for streamlining current offerings. Large numbers of training packages have no or very few enrolments<sup>2</sup>, indicating duplication and obsolescence. There is also widespread feedback from industry that competencies assessed in many training packages are overly prescriptive and do not assess the transferable skills required in modern workplaces. Therefore, it is imperative that reforms are made that take into account these challenges.

Additionally, for vocational training to be most effective industry needs to be part of the implementation of training, not just it's design. Workplace experience should become a greater component of VET to ensure a more seamless connection between education and employment and greater efficacy of training. This has already been formally acknowledged in the Joyce review, which recommended that work-based elements eventually be made a formal requirement of all funded VET<sup>3</sup>. However, currently most courses do not feature on-the-job experience as a core element of training, and there can be great difficulties in arranging placements for students that may hinder any attempt to make work-experience compulsory. Therefore, the Commonwealth and state governments must seek to build the necessary connections before moving to such a model.

In order to make further progress in the above areas, we recommend the following measures.

## **Improving industry engagement**

### *Expanding Skills Organisation Pilots*

Given the Joyce review found widespread dissatisfaction from industry with their level of involvement in the development of qualifications<sup>4</sup>, the response from the Commonwealth in developing Skills Organisations is a strong step towards rectifying this situation.

As SOs provide dedicated monitoring of industry-specific skill needs, which they can then use to adjust and develop qualifications accordingly, businesses can have confidence that the circumstances relating to their particular market are being closely watched. They also have greater reassurance that the training provided through these qualifications is relevant and useful. This is essential to ensuring the industry 'buy-in' that is a prerequisite to an effective VET sector. Therefore, after appropriate review and adjustments based on performance of the current pilots the government should strongly consider expanding the program.

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<sup>2</sup> Skills Reform, *Improving industry engagement and reforming qualifications in Vocational Education and Training*, 2020

<sup>3</sup> Joyce, S, *Strengthening Skills: Expert Review of Australia's Vocational Education and Training System*, 2019

<sup>4</sup> Ibid

However, it is imperative that new Skills Organisations have adequate input from VET trainers. While industry contribution is essential to ensure relevancy, so is training expertise to maintain pedagogical standards and innovation in teaching and learning.

#### *Incentivising industry to provide work-placements*

Ensuring industry confidence in VET is essential, but engagement must go in both directions. RTOs need strong industry partners so they can provide the work-integrated learning that makes training most effective. While many companies are already heavily involved in this regard, there is certainly scope to expand these arrangements.

Due to the fact that many businesses may see providing placements as a drain on their resources, the Commonwealth should consider making grants available as an incentive. Currently, a trial is underway in the UK to test this very proposition<sup>5</sup>. The Commonwealth could fund a similar pilot program in Australia in order to evaluate the suitability and effectiveness of grants as a measure to increase involvement by industry in on-the-job training. If such a program was successful, it could help generate a pipeline of workers for industry, inform training design, and increase the attractiveness of VET to learners and industry alike. As an alternative or complement to grants, the Commonwealth could also consider using tax benefits to stimulate the provision of work placements.

#### **Qualifications reform**

In addition to the measures outlined above, reforming qualifications to ensure they are fit-for-purpose is another key factor in increasing industry engagement with VET. If employers see training packages as delivering the skills they need, they are far more likely to invest in the sector and contribute to maintaining its relevancy. Therefore, there are a variety of options the Commonwealth should consider to future-proof VET courses. To establish a strong base to do this from, it is first necessary to gain an understanding of what current needs are and what future needs are likely to be.

#### *Refining use of skill-needs data in qualification design*

Collecting extensive and accurate data on industry requirements is of the utmost importance. However, two recent reviews of VET have identified this as a key area for improvement. In their review, the Productivity Commission found that current methods for identifying skills shortages are inaccurate and overly static<sup>6</sup>. The Macklin review of the Victorian skills system also recommended that a dedicated body be created to collect and share data on skill needs<sup>7</sup>. Appreciating that assessing skills shortages is a complex task, and that invalid or poorly interpreted data can lead to poor policy decisions, the Commonwealth should consider further investigating innovative techniques to identify skills needs and demand. For example, methods harnessing Big Data, such as that developed by AlphaBeta, could help

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<sup>5</sup> England Department of Education, *Employer support fund for industry placements pilot*, 2020

<sup>6</sup> Productivity Commission, *National Agreement for Skills and Workforce Development Review*, 2020

<sup>7</sup> Macklin J., 2020, *Future Skills for Victoria, Driving collaboration and innovation in post-secondary education and training*, 2021

Australia develop a more dynamic and responsive approach to qualifications design<sup>8</sup>. If approaches like these are successfully implemented, it could help enhance VET's reputation with industry due to greater alignment with skill requirements.

### *Rationalising VET qualifications*

It is also necessary to survey what courses are currently on offer. In 2015, 12% of qualifications accounted for 85% of all enrolments<sup>9</sup>. While it is true that quantity of enrolment is not a direct proxy for the importance and relevance of training, it does indicate that a significant number of qualifications may be obsolete or duplicates. This may result in learners undertaking courses that are not well-aligned to employment outcomes and thus less relevant to industry needs, which would affect their job opportunities and usefulness to industry subsequent to graduation. In turn, industry and student perception of VET may also suffer. Therefore, as identified in the discussion paper, a thorough audit of current qualifications is necessary.

There is international precedent for rationalising training packages. Nations that have elected to streamline qualifications have been able to remove a huge proportion of under or unutilised courses. For example, New Zealand was able to reduce the number of qualifications from 4610 to 909<sup>10</sup>. If Australia followed a similar approach, unnecessary and confusing clutter could be removed from the sector, increasing ease of access for students and decreasing the likelihood of poor employment outcomes. However, the criteria for removing qualifications should be created with great care, and the process through which they are formally abolished must also be transparent and highly consultative. Industry must obviously play a key role in the process. If an audit reveals that some qualifications are actually underutilised relative to industry skill needs rather than simply redundant, then other measures must be taken to ensure that uptake of these courses becomes commensurate to their level of importance to the economy.

### *Broadening qualifications*

As well as reducing duplication and removing packages with poor relevancy, creating broader qualifications is another measure that should be considered. Courses that have applications in multiple occupations across an industry may be more useful than more specialised programs designed for a specific occupation that becomes obsolete or demands new requirements. These more general courses would still have the capability of including specialisations, but students would graduate with a qualification with greater application across their industry. Development to this effect is already underway in England, where over 20 'T Level' courses have been introduced which combine core-theory and general subjects with the opportunity to specialise in particular occupations<sup>11</sup>. The Commonwealth should strongly consider piloting a similar program.

### *Reducing prescription in competency descriptions*

In addition to broadening qualifications, reducing the level of prescription connected to specific competencies is another measure that should be considered. It should be noted that this has wide

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<sup>8</sup> AlphaBeta, *Hidden Links, New Opportunities*, 2018

<sup>9</sup> Korbel & Misko, *Uptake and utility of VET qualifications*, 2016

<sup>10</sup> Wibrow and Waugh, *Rationalising VET qualifications: selected international approaches*, 2020

<sup>11</sup> Ibid

support and is also a recommendation of the Joyce Review<sup>12</sup>. The chief reason for adopting this suggestion is it would ensure learners have the higher-level skills desired by industry, not merely narrow applications that may be easily rote-learned or which may not reflect development of the parent skill. It would also protect against training obsolescence in rapidly changing industries. Therefore, through expanding Skills Organisations, the Commonwealth could further empower the rapid redesign of training packages to focus on more general skills in consultation with industry.

Even if a level of prescription is necessary to ensure competence for some specific occupations, it is still possible to include more generic skills within training packages to ensure transferability and future relevance. This is an approach advocated by the Australian Industry Group<sup>13</sup>.

Overly specific units of competency also tend to increase time and resources devoted to ensuring compliance, which can detract from RTO efforts on improving quality.

#### *Accelerating timeframes for redesign*

As the skills required for many occupations can change rapidly, it is essential that the qualifications students undertake reflect these shifts. Currently, the long delay in rolling-out new courses can mean that occupational requirements have already evolved by the time they are implemented. Thus, any new qualification design process must include speed as a priority. While there must also be quality assurance and review processes, resources should be allocated to ensure these can occur in a time-efficient manner.

#### *Incorporating digital skills across VET qualifications*

The design of qualifications must also respond to the reality that digital skills are now a requirement in almost all industries. Therefore, care must be taken to include units of competency that ensure graduating students have the technological proficiency to meet the demands of their prospective sector and the future workforce.

#### *Funding TAFEs to update infrastructure to meet modern qualification requirements*

TAFEs also need more assistance in developing the facilities required to provide training that incorporates digital skills. The associated technology is expensive and the current funding model has not evolved to ensure adequate investment. Therefore, we urge the Commonwealth to consider factoring the cost of digital technology provision into a new financing mechanism. The government could also consider making arrangements with industry for TAFEs to conduct training in the workplace. This might help save costs if industry partners already have the infrastructure TAFEs lack.

### **Recommendations**

- 1. The Commonwealth should consider further development of Skills Organisations, after review of current pilots.**

<sup>12</sup> Joyce, S, *Strengthening Skills: Expert Review of Australia's Vocational Education and Training System*, 2019

<sup>13</sup> Ai Group, *Reimagining vocational qualifications*, 2020

- 2. The Commonwealth should consider providing grants or tax benefits to businesses in order to incentivise the provision of work-based learning.**
- 3. To inform redesign of qualifications, the Commonwealth should investigate innovative techniques for gathering and interpreting data on skills needs.**
- 4. In consultation with industry and RTOs, the Commonwealth should conduct an audit of current training packages to remove duplicates and obsolete courses.**
- 5. The Commonwealth should consider creating a pilot program of broad VET qualifications (with capacity for specialisation) to create a focus on core skills and transferability.**
- 6. The Commonwealth should empower expanded Skills Organisations to reduce prescription in units of competency where appropriate, in consultation with industry and training experts.**
- 7. The Commonwealth should allocate the necessary resources to ensure that training packages are updated/created at a pace that reflects the speed of change within industry.**
- 8. Units of competency that assess relevant digital skills should be included in training packages, except in rare instances where they are not required.**
- 9. The Commonwealth should investigate funding mechanisms for TAFEs that reflect the equipment costs of training students in digital skills, and also consider making arrangements with industry for TAFEs to conduct training in the workplace if such facilities exist there.**

Thank you for your consideration of this submission, and should you require further information, Mr Chris Hennessy, Director, Government Relations, can be reached at [chennessy@swin.edu.au](mailto:chennessy@swin.edu.au).