

# Submission to Skills for Victoria's Growing Economy Independent Review

June 2020

## About Skills Impact

Skills Impact is a Skills Standards Organisation and is in a unique position to be able to report on primary industry experiences and views on current and future skill development through its work as a skills standards service organisation covering the following industry sectors:

- Agriculture and Production Horticulture
- Amenity Horticulture, Landscaping, and Conservation & Land Management
- Aquaculture and Wild Catch Fishing
- Food and Beverage Manufacturing
- Animal Care and Management
- Forestry, Timber, Wood and Paper Operations and Products
- Meat and Seafood Industries
- Racing and Breeding
- Pharmaceutical manufacturing.

Skills Impact personnel and contractors work daily with people in agricultural, horticultural and allied industries. These stakeholders share with us their views about their industry, the workforce skill challenges and opportunities, what is working regarding training, what needs changing, and possible avenues for improvement.

The observations and suggestions that follow are drawn from these stakeholder interactions.

It is worth noting that Skills Impact is currently undertaking a body of research to further investigate these industry insights, opinions and experiences with VET, and the potential ideas for how VET can be improved. Part of this research is being carried out with Griffith University, with a report due by the end of this year.

Note the term "**industry**" as used in this submission is an inclusive one that covers all sectors, businesses small and large, public and private, that grow or create a set of products or provide services to agriculture and horticulture. Industry includes business owners, investors, staff and customers, and collectives such as cooperatives, industry associations and advocacy groups.

## About this submission

The following paper was not written expressly to address the Review. It is a comprehensive description of VET sector issues and proposed improvements that we have heard from the industry personnel we work with. It addresses some of the questions that the Skills for Victoria's Growing Economy Issues Paper March 2020 posed for industry and these points have been summarised below as follows:

### **How well are training packages working?**

- Our contention is that training packages are not actually about delivery of training. Training Packages describe how work is done properly and what knowledge is needed, they do not describe training or how training is to be carried out and could be better named.

- The basic units of training packages are units of competency and they are developed and updated by Skills Standards Organisations under direction from industry to describe how work is carried out - a better name for these might be occupational or vocational skill standards. These units of competency are grouped together to describe jobs and called qualifications, and these are packaged together and called training packages.
- Training organisations do not use training packages to deliver training. They have to create learning materials to translate the training packages into training.
- If these items were renamed, then they might be more likely to be reclaimed and used by their owners ie industry. Some businesses recognise this very well and use the items to inform their internal training and HR processes. Better engagement by industry in the products that they help to produce will support better dialogue between training providers and industry. There is no doubt that the VET sector needs more incentives for industry people to take an active role in training, on-the-job coaching and assessment.
- Skills Impact is currently working on a project to identify what parts of units of competency can be delivered by training providers, and what parts are more suited to be delivered in the workplace. They will also provide additional materials to illustrate how to better support workplace delivery and practice.

#### **How can VET curriculum and assessment be made more relevant to industry needs?**

- Units of competency and qualification are developed with a very high level of input from industry. SSOs work closely with industry to develop fit for purpose units of competency and to package these in ways that reflect the job market. Once these are endorsed and uploaded onto training.gov.au industry has very little say in the VET system.
- Government talks about the VET sector being industry-led, but this is not the case when it comes to delivery.
- Like any business, RTOs deliver what they need to deliver to keep themselves compliant and viable. Industry have very few mechanisms by which to influence what training takes place and where and when.
- At the same time, VET sector training hours represent less than 0.001% of the estimated time spent learning in workplaces across the country and the economy.
- Given the discussion above about the mis-representation and training packages and their components, they should not just be seen only as tools to be used by RTOs, as they are not training products. Where required these instruments can be used to develop **National Skills and Training Materials** for training providers and these would quite rightly be called training products.
- Units of competency should be properly seen as the working IP of all Australian industries and available for use by industry in a supported manner.

#### **Accessibility: If you are outside a major city, tell us about education and training your area. What would make learning more accessible?**

- Skills Impact provides services to a portfolio of industries with a predominance of regional, rural and remote locations. These areas are generally high cost training environments with student numbers spread over a broad geographic range, leading to lower potential enrolment numbers for RTOs working in any particular region. In addition, regulatory requirements for providers in these thin markets are the same as for those in urban areas.
- The viability of delivery under these conditions is often not sustainable, resulting in the failure to offer training solutions to regions or in specific skill areas and/or a significant compromise in quality of delivery.
- This challenge has resulted in a lack of delivery options for many skills, occupations and areas in Australia.
- The lack of delivery against any specific group of units or qualifications should not be a signal that these units or qualifications are unwanted and not relevant. It is a signal that identifies that certain sectors and regions are too challenging for RTOs and RTOs have withdrawn from delivery in these areas.
- Simply put, it is not possible for RTOs to deliver quality in areas where funding is low and capacity of students or industry to pay is low. This is the reality of the training situation in rural, regional and remote locations. It is a clear example of market failure in a government supported market where funding does not reflect the additional costs associated with high quality delivery

We would also like to address the questions “**How is the changing world of work affecting your industry or workforce? What do you expect will be different in 10 years’ time?**” by pointing to a body of work developing an *Agricultural workforce digital capability framework that can be found at <https://www.crdc.com.au/growing-digital-future>*. There are three meta trends that indicate that the agricultural workforce will need to develop and up-skill their digital capabilities being Workforce shortages; Increasing farm management complexity and skills requirements; and Rapid change of the capabilities required due to changing technological environment.

Last year Skills Impact worked with KPMG developing an *Agricultural workforce digital capability framework* and a *Training and curricula handbook for education and training providers*. Other outcomes of the project were a self-assessment tool for individuals and businesses to assess their own learning needs.

There is plenty of material in these documents to support upskilling programs and VET is well placed to provide this.

# VET sector issues and possible solutions

Skills Impact

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## Industry leadership

**Industry leadership is required at all stages of the VET sector, but is currently concentrated on describing training outcomes via training packages**

Under the current AISC/IRC/SSO system, industry plays a key role in identifying the skills requirements of their sectors. They are involved in the development of units of competency (possibly better described as vocational skill standards) and the packaging of these into qualifications, but industry has limited influence over what, how and when training is delivered, and how it is funded. A truly industry-led system would have industry involved at all stages of the system, not only the beginning.

We recommend the system be reformed to involve industry participation across each part of the skills pipeline of the VET sector, not just through the training package development process. A reformed system would ensure that enterprises have a role to play in the development of competency for learners and on deeming a person as proficient. This improved system would support RTOs to do what they do best. It would also support enterprises, and where appropriate industry, to contribute to the development and assessment of competency.

Below is the image of the Skills Pipeline published in the *Skills Organisations National co-design Discussion Paper – September 2019*. It shows the stages under the current VET system to develop a competent workforce. Currently, industry is only involved in stages one and partially in stage two. I.e. industry is involved in the work to identify and forecast skills (stage 1) and in one of the three areas in stage two – ‘Skills Standards Development’. There are degrees of engagement with industry in the other stages, but these have not resulted in industry having significant influence over the delivery of training or how it is assessed. As a result, the VET sector has huge accessibility issues where industry and learners cannot get the training they need, but only get the training they are offered by RTOs, on terms acceptable to the business performance of RTOs.



A first step would be to recognise that training packages are a collection of occupational standards, not a package of training. The units of competency, skill sets and qualifications that make up training packages do not describe how training is to be carried out. In fact, they describe the occupational standards for how work is done properly and what knowledge is needed. For training packages to become a complete package, they would require training and assessment support materials for RTOs/enterprises.

We recommend retitling training packages to something more accurate, such as occupational or vocational skill standards. This change would clearly communicate to industry their direct connection to the VET sector. Industry engagement will immediately be lifted if training packages were correctly titled by what they contain. Occupational or vocational skill standards are of interest to a wide range of industry practitioners, but packages of training are largely of interest to training providers.

## Developing proficiency is a journey

**Developing proficiency is a journey. A staged approach to competency development is recommended to lift the quality and consistency of skill acquisition across industry, supported by VET delivery.**

**Industry and training providers each play a part in developing competency and this is not recognised under the current configuration of the VET system.**

True competency or proficiency is built over time, in the workplace, in employment and with supervised and ongoing practice. The current system has a definition of competency (<https://www.asqa.gov.au/standards-vac/definitions>), that clearly requires these factors, but most VET courses are delivered without the capacity to deliver supervised workplace practice.

The definition of competency used by ASQA is ‘the consistent application of knowledge and skill to the standard of performance required in the workplace’, which is an unrealistic expectation and cannot be delivered by RTOs in institutionalised training in most circumstances. Most competency assessment can only be based on evidence of work performance as carried out in a workplace. Unfortunately, the current system places 100% responsibility on RTOs to deliver competency outcomes and assessments and RTOs are often poorly positioned to do so.

As a result, the VET sector has shifted over time, to a system largely based on institutionalised learning approaches that cannot deliver to the current definition of competency in a consistent fashion. This situation has now resulted in the understanding of competency shifting significantly to represent what a person can be expected to do as a result of institutionalised learning and not as a result of learning plus supervised practice in a workplace (i.e. real competency). The end result is that competency now has a new meaning, which has moved a long way from the definition cited above. Most participants exit the VET sector with basic skills and up to date knowledge, but they are not competent or proficient in job roles to workplace standards. A “qualified” learner from the VET sector is knowledgeable and safe to start practicing in a workplace. The skills and knowledge they have gained support them to safely continue the journey of developing proficiency over time, providing they receive coaching and supervision in a workplace with good standards of work.

The system should be reconfigured to identify what parts of skill proficiency RTOs are able to deliver and what parts enterprises need to deliver. The outcomes that need to be delivered by RTOs need to be identified under a revised definition of competency and then supplemented by identified outcomes (mainly supervised practice) delivered by enterprises.

Competency or proficiency that is assessed in real work settings, through a collective delivery outcome between RTOs and enterprises would better meet enterprise and employers’ expectations. Apprenticeship and traineeship systems are proof that this model works well, but they only represent a small part of the VET sector.

### **Share the effort, support the effort**

RTOs should be supported to deliver learning and basic skill outcomes that contribute to the work outcomes described in units of competency rather than attempt to deliver final or endpoint proficiency. Enterprises should be supported to work with learners to develop their workplace proficiency and provide evidence of their successful work practice. Units of competency could be reinterpreted to identify the areas RTOs can deliver and assess and the parts enterprises can deliver and assess, to produce supporting materials for both training delivery and workplace practice and evidence. **National Skills and Training Materials** could be created to help define what an RTO is responsible for delivering, while offering a range of options to meet local requirements. **Industry Work Skill Standards** could be created to provide enterprises with guidance on delivering relevant workplace practice and evidence of competency.

To assess learners, RTOs would draw on the delivery standards outlined in the **National Skills and Training Materials** (based on units of competency) to determine whether a learner is 'safe to work'. In turn, workplace assessors or supervisors would use simplified versions of competency standards called **Industry Work Skill Standards** to provide practice and evidence guidance and to assess whether somebody is proficient.

Under this model, RTOs deliver in collaboration with enterprises a minimum acceptable standard of vocational training. Industry would be aware of the difference between the **Industry Work Skill Standards** and the RTO delivery standard, as outlined in **National Skills and Training Materials** and recognise that the final components of proficiency need to be gained by people learning in workplace situations with supervised work practice.

In this way, we can address the fundamental policy issue about what RTOs are responsible for and what industry is responsible for. Until we do this, we will continue to experience significant quality issues combined with a lack of industry engagement in skill development to consistent high-quality national standards.

In summary, it is industry's view that most proficiency assessment can only be carried out following workplace-based practice and based on real evidence of work being performed. Unfortunately, the current system places 100% responsibility on RTOs to deliver these outcomes and assessments and RTOs are generally poorly positioned to do so. It is prohibitively expensive and inefficient to continue to maintain a system where RTOs are responsible for performing accurate industry-based assessment of competency, when they cannot afford the resources to do so and therefore rarely do this with quality or relevance. We recommend a system where RTOs deliver skills, capabilities and knowledge to the degree possible within learning institutions and simulated worksites, and industry are responsible for delivering proficiency through workplace practice and supervision.

### Supporting Training Delivery, Fewer Units with Contextualisation

The system now consists of more than 18,000 units, despite policy efforts over the last 10 years to reduce the numbers. Training providers collectively struggle to deliver and be audited against 18,000 discrete units. Many units end up never being delivered, despite identified industry need.

We contend this is because of two issues:

- As work methodologies change, new units of competency are developed to meet new ways for working, but at the same time it is almost impossible to delete existing units of competency that describe older methods of work that are still in use. For this reason, multiple units of competency exist that deal with similar subject matter, each applicable to specific industries.
- When units are written broadly enough to apply across multiple industries, they lack contextualisation and become meaningless for each industry. Hence, under the current system units with the same subject matter exist across many industries as separate units.

A massive reduction in the number of units of competency could be achieved if the system recognised national contextualisation statements and materials for each industry dealing with new and old methods of work. This process in work has recently been demonstrated by the development of contextualisation materials for the new infection control units of competency as part of the COVID19 response.

Nationally recognised IRC-supported contextualisation materials are the missing pieces of a coherent VET sector. Their wide-spread development and use would allow for the archiving of many thousands of units of competency in the system. The smaller number of units that remain will be able to be used by multiple industry sectors by virtue of having resources to support contextualisation of training for each sector.

## Skills are not being delivered where and when needed

**Skills are not being delivered to vital industry and occupational areas due to the challenges faced by RTOs. This is a critical accessibility and relevance issue. There are solutions.**

The training delivery market fails to operate in high cost and thin markets. The training market needs to be supported to function in thin markets to achieve the aim of a highly skilled productive workforce in all areas of Australia. High costs per learner are generated when there are:

- Low ratios of student to trainer, access and safety issues
- Highly technical skills and or skills requiring access to expensive materials and machinery
- Learners spread across large geographical areas in low numbers in any one area

Some of the skills most critical to our future are highly technical and therefore high cost to deliver. Skills Impact provides services to a portfolio of industries with a predominance of operations in regional, rural and remote locations. These areas are generally high cost training environments with student numbers spread over a broad geographic range, leading to lower potential enrolment numbers for RTOs working in any region. In addition, regulatory requirements for providers in these thin markets are the same as for those in urban areas. The viability of delivery under these conditions is often not sustainable, resulting in the failure to offer training solutions to regions or in specific skill areas and/or a significant compromise in quality of delivery. This challenge has resulted in a lack of delivery options for many skills, occupations and areas in Australia.

The lack of delivery against any specific group of units or qualifications should not be a signal that these units or qualifications are unwanted and not relevant. It is a signal that identifies certain sectors and regions are too challenging (including high cost with low revenue) for RTOs and RTOs have withdrawn from delivery in these areas.

We proposed a review of the operation of the VET marketplace, particularly in rural, regional and remote areas and the introduction of a range of initiatives to support the operation of the training market in areas of market failure.

### **Training delivery is consolidating in areas where delivery is viable and not in areas of greatest industry need**

RTOs now focus on delivery in areas that they are best able to meet demand under the current regulatory and funding settings. It is therefore not surprising that most training delivery is now against a small number of training packages focused on work that attracts high student numbers and simple delivery environments i.e. lower technical skills. These are in areas where training can be carried out in classrooms and simulated work environments or driven by regulation guaranteeing a supply of students who need a “ticket” to perform a work function.

### **Cost and visibility of student numbers are key determinants of decisions made by RTOs whether to deliver a course, and not industry need**

Quality of delivery is a huge issue in the VET sector. There are many instances of poor quality in the system. Poor quality is defined by a person receiving certification that describes a qualification or unit outcome and that person not being able to perform in a real workplace, to the standards described in the unit.

The current framework places unreasonable quality demands on RTOs. It is impossible to deliver quality without enough resources. RTOs are now moving away from areas of high unit costs and low student numbers to focus on delivery in areas of higher student numbers and low cost. This is a rational move by RTOs to improve their viability, reduce risk and improve quality.

Simply put, it is not possible for RTOs to deliver quality in areas where funding is low and capacity of students or industry to pay is low. This is the reality of the training situation in rural, regional and remote locations. It is a clear example of market failure in a government supported market where funding does not reflect the additional costs associated with high quality delivery in rural, regional and remote areas. This also applies to delivery of complex technical skills that are more expensive to deliver relative to other skills.

### **RTO delivery decisions are driven just as much by regulatory risk as they are by cost factors**

RTOs are becoming more and more reluctant to take on new areas of scope due to the demanding level of regulation in the sector and the likelihood of low enrolment numbers until markets build. If an enterprise requires training outside the existing scope of training, an RTO needs to be fully compliant in all areas of new delivery before a single student can be enrolled or before a course can even be advertised. Traditionally RTOs would work with enterprises over time to develop capability for delivery and to learn how to deliver in new skill areas. Such an approach under the current regulatory approach would result in a risk of deregistration. A thriving, useful RTO business can be put at risk by attempting to meet industry needs. The result is that RTOs are being forced to stick with what they know best and avoid offering new services. It has now become too challenging for them to deliver into new areas and it is not worth the risk. The result is that industry misses out on much needed training and perceptions are formed that due to low or no enrolments, a qualification or unit is not needed.

### **Reduce costs to RTOs, improve quality and increase access to skills**

Following the training package endorsement process, the revised components are uploaded onto the National Register training.gov.au. If the revision has been significant, RTOs across the nation are now faced with the challenge of revising all their training, learning and assessment strategies for each unit of competency, and any related materials, including where necessary, improving trainer skills. This is an expensive and time-consuming process for RTOs.

Even though each RTO participates as part of a national system, each RTO has to carry out this work independently, for delivery at a regional or state level. There is no mandated approach for ensuring national consistency for RTOs as they go about this work.

For example, for a training package qualification that is delivered by 100 RTOs, each RTO will go through this process individually, developing and delivering materials, outcomes and processes that are unique to that RTO. This leads to three issues:

1. The expense is born by each training provider
2. Duplication of effort
3. A lack of national consistency in this approach by shifting the development responsibilities for delivery materials to the part of the system with the largest number of organisations, namely RTOs.

While the current approach removes these costs from the government and pushes them down the system to RTOs, the costs are magnified many times over, and greatly increase the risk to quality and national consistency. Instead we suggest that this work could be done once, nationally, in consultation with RTOs and held on a nationally accessible repository.

We recommend a national approach to the development of training materials i.e. **National Skills and Training Materials** to support RTO delivery, including national materials for enterprises to support workplace practice and evidence gathering via simplified units of competency, renamed **Industry Work Skill Standards**.

## Skills acquisition largely occurs (unrecognised) in workplaces

**Skills acquisition is a national economic/social imperative delivered largely by workplaces, not solely a VET sector outcome. Attempts to improve the VET sector need to consider industry wide skilling efforts and outcomes**

There is ongoing confusion about skills in the economy and the VET sector's role in skill development/acquisition.

It is important that any system to improve Australia's bank of skills across society should look at skills across the economy, as distinct from focusing solely on VET sector provision. VET sector provision is driven by RTO viability and not industry need or productivity.

2017 statistics show that industry works more than 20,000 billion hours each year while the VET sector delivers less than 1 billion hours of training each year (closer to 750 million). If you conservatively estimate that 5% of hours worked in industry are worked by people learning or developing skills in their job role, i.e. being shown what to do and then practicing the activity with feedback and supervision until a new skill or level of is developed, then this equates to 1000 billion hours of worktime in industry being spent on learning and skills development each year. This is 1,000 times greater than the output of the VET sector and highlights the importance of learning in industry.

It is critical that Australia's skills system recognises the quality and extent of that learning, and ways to capture data about it. We either need to change the scope of the VET sector so that it applies to industry learning activities or ensure that the VET sector is seen as a small but important contributor to the skills development capacity that exists within and around industry. By way of example, please see below media from government clearly confusing the role of the VET sector with the needs of the economy and ignoring the engine room of skills development, workplaces and on the job or experiential learning.

### ***Skills for Victoria's Growing Economy***

*The Victorian Government will undertake a significant review into Victoria's post-secondary education and training system to **ensure Victoria has the skills we need for our growing economy**.*

*The review will be focused on **developing a system that meets the needs of both industry and government**, while supporting individual students to get the skills and education they need.*

The post-secondary education and training system can certainly be an important contributor to developing skills, but it can hardly ensure that a state has the skills it needs. This sort of thinking appears to ignore the role that enterprises play in developing skills through on the job learning, with or without support from the VET sector.

Units of competency are developed to describe all work carried out in Australia, except work supported by university qualifications. A large waste of resources follows if these units are then only recognised as applying to the operation of the VET sector when their role could be so much more given VET sector training hours represent less than 0.002% of the estimated time spent learning in workplaces across the country and the economy.

We recommend that units of competency are properly seen as the working IP of all Australian industries and available for use by industry in a supported manner. They should not only be used by RTOs, and they should not be called training products. Where required these instruments can be used to develop **National Skills and Training Materials** for training providers and these would quite rightly be called training products.

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