

Delivering Skills for NSW

Strategic Plan for Vocational Education and Training 2008-2010





Planning for Skills in NSW

The NSW Government provides foundation and support for economic growth through the NSW State Plan. Challenges include the increase in the average age of the workforce, and fewer young people entering the workforce. We need to ensure that young people are equipped with skills for now and the future, that enterprises develop the right kind of skills and that more people than ever before participate in education and training.

Delivering the training outcomes required will mean some changes to the training system. A responsive and flexible training system can adapt to changing requirements from enterprises and help those enterprises and employees maximise their productivity. It can provide school leavers with skills in areas of demand and establish foundation skills that can be built on as those workers move through different jobs or careers. A better match of training delivery to areas of need will result.

The Vocational Education and Training (VET) Strategic Plan 2008-2010 drives training development in NSW, defining priorities for public investment in training, informing the TAFE NSW Profile, as well as investment in skills by industry and individuals.

- Increasing Workforce Participation
- Building Skills to Support Economic Development
- Increasing Skill Utilisation

Skills, Training and NSW Economic Growth

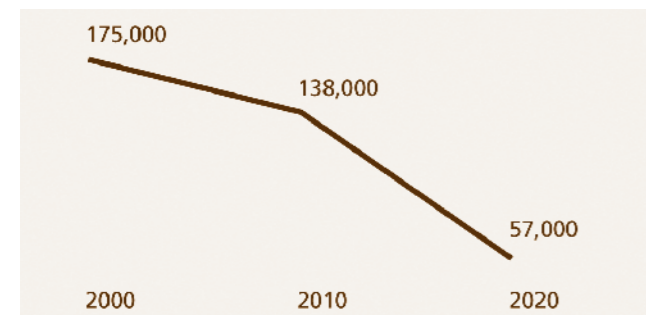
The NSW Economy: Challenges Ahead

Despite economic growth conditions in Australia, competition for high skill industries intensifies as China and India invest heavily in skill development. Our productivity growth is just over one percent a year, which lags behind our international competitors.

Population growth is slowing and the population is ageing, reducing the number of young people coming into the workforce. However, increasing workforce participation will maintain the proportion of those working to those who are not.

Employment growth over the last twenty years has been fastest at higher skill levels and occupational forecasts show a continued growth. Skills gaps, recruitment difficulties and skills shortages are now a feature of the business landscape in a high skill and knowledge based economy.

Annual Increase in Workforce, 2000-2020



Source: Productivity Commission, Economic Implications of an Ageing Australia, 2005.

Labour Force Participation and Vacancies in NSW 2001-07



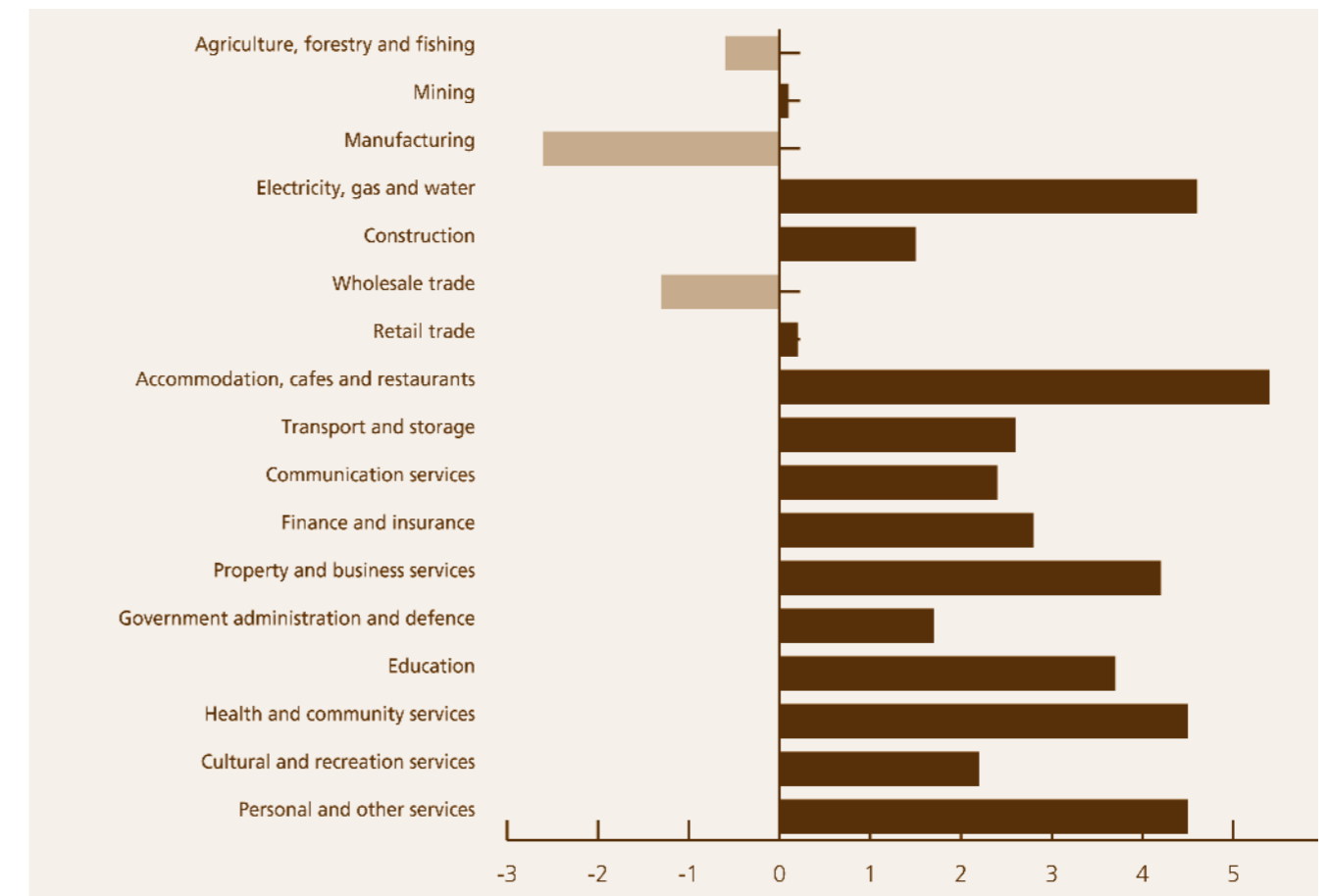
Source: ABS Labour Force Catalogue 6202.0, 2007

Work patterns have changed with more than one third of total employment now part time or casual. Part time work is growing at a faster rate than full time work however part time workers are less likely to access training.

Unemployment is historically low; however more than 400,000 people who are not working, want to work.

Industry demand has changed, with a higher level of employment demand in the service industries of hospitality, business, property, community and recreation and a reduction in demand from agriculture, manufacturing and wholesale trade.

Average Employment Growth Rates, NSW, 2006-2010



Source: National Institute of Economic and Industry Research Employment Projections for NSW 2005-2010

Skills for Growth: What Skills are Needed?

Growth in training is critical to meet the need for a more skilled workforce and to counter the impact of the aging population. An Independent Pricing and Review Tribunal inquiry into skills development in NSW projected a necessary increase in training participation of 2.5 percent annually over the next 20 years.

The State Plan aims to increase the number of working age people in NSW participating in education and training through their life to 16 percent of the population. A redistribution of training effort into the higher vocational levels is also needed to meet the increasing skill demand at higher levels occupations.

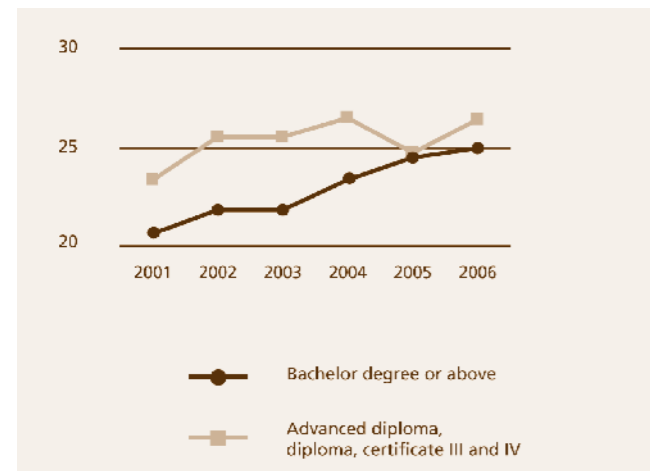
Not only will more trained people be required, employers will need to train more effectively, ensuring that workers use the skills they have and build upon them.

NSW Workforce: What Skills Do We Have?

The NSW population has a higher rate of post school qualification than the national rate. The qualification rate has steadily increased over the last ten years; however higher education qualifications have increased faster than vocational qualifications¹.

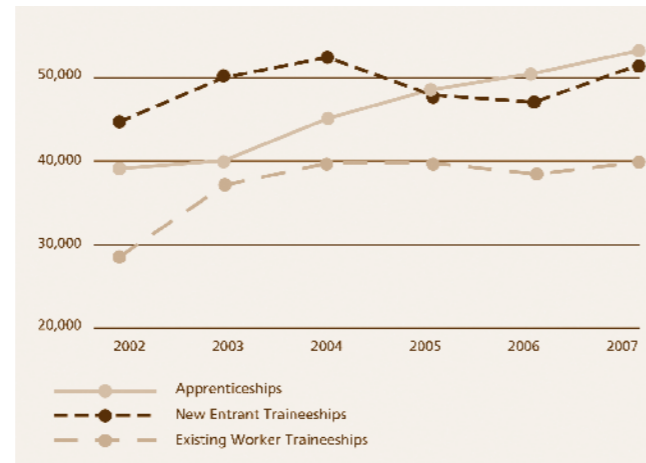
The rate of skills growth has been substantially faster than the rate of employment growth. Employment increased by 20 percent between 1995 and 2005, but those with qualifications increased by 45 percent².

Non-school qualifications, 25-64 year olds, NSW, percent



Student numbers are increasing with more than 528,000 students in publicly funded vocational training in NSW in 2006. More vocational options within school have been a priority for NSW and in 2006 more than 53,000 (37 percent) government and non-government students in Years 11 and 12 undertook a vocational course.

NSW Apprentices and Trainees in Training 2002-2007



Source: NSW Department of Education and Training

Apprentices and trainees in training have increased over the last 4 years by 5.7 percent. Apprenticeship completions range from 60 percent in some trades to 35 percent in others. More than 21 percent of apprentices now achieve competency base completion and this area is targeted for further improvement.

¹ ABS Catalogue 6227.0 Education and Work

² CEET Monash University 2006

NSW Qualification Profile: Who Needs Higher Skills?

New skills were traditionally brought into the workforce by young people however there are not going to be enough young people to provide all the skills needed. People can be expected to change jobs several times over their working life, and increased skill development needs to be undertaken by people at all ages. Changes to the economy will continue to displace workers who lack qualifications.

Those who did not complete Year 12 experience more unemployment than those who completed Year 12. Year 12 completion rates are lowest for those from low socio-economic status. Indigenous retention rates have improved but more remains to be done. Those who have a Year 12 education are in turn more at risk of unemployment than those who have a vocational or higher education qualification.

Indigenous employment rates have increased, but this community continues to suffer from high persistent unemployment – 14 percent in 2006. Intergenerational unemployment has a very negative impact on families and lessens the chance of future generations moving into jobs.

Those with lower level qualifications, particularly women, are also more likely to be working part-time, often wanting to work more hours. Investment in skills development prepares people for higher skilled work, increases the likelihood of employment and reduces the social costs of long term unemployment for themselves and their families.

Many can potentially move up the skill continuum to higher level skill qualifications. Some regions are in need of more assistance than others because of a training or skills deficit. Harder-to-employ population groups need vocational training linked to local business needs, with work placement and post-placement support.

Industry Training: Where are the Priorities?

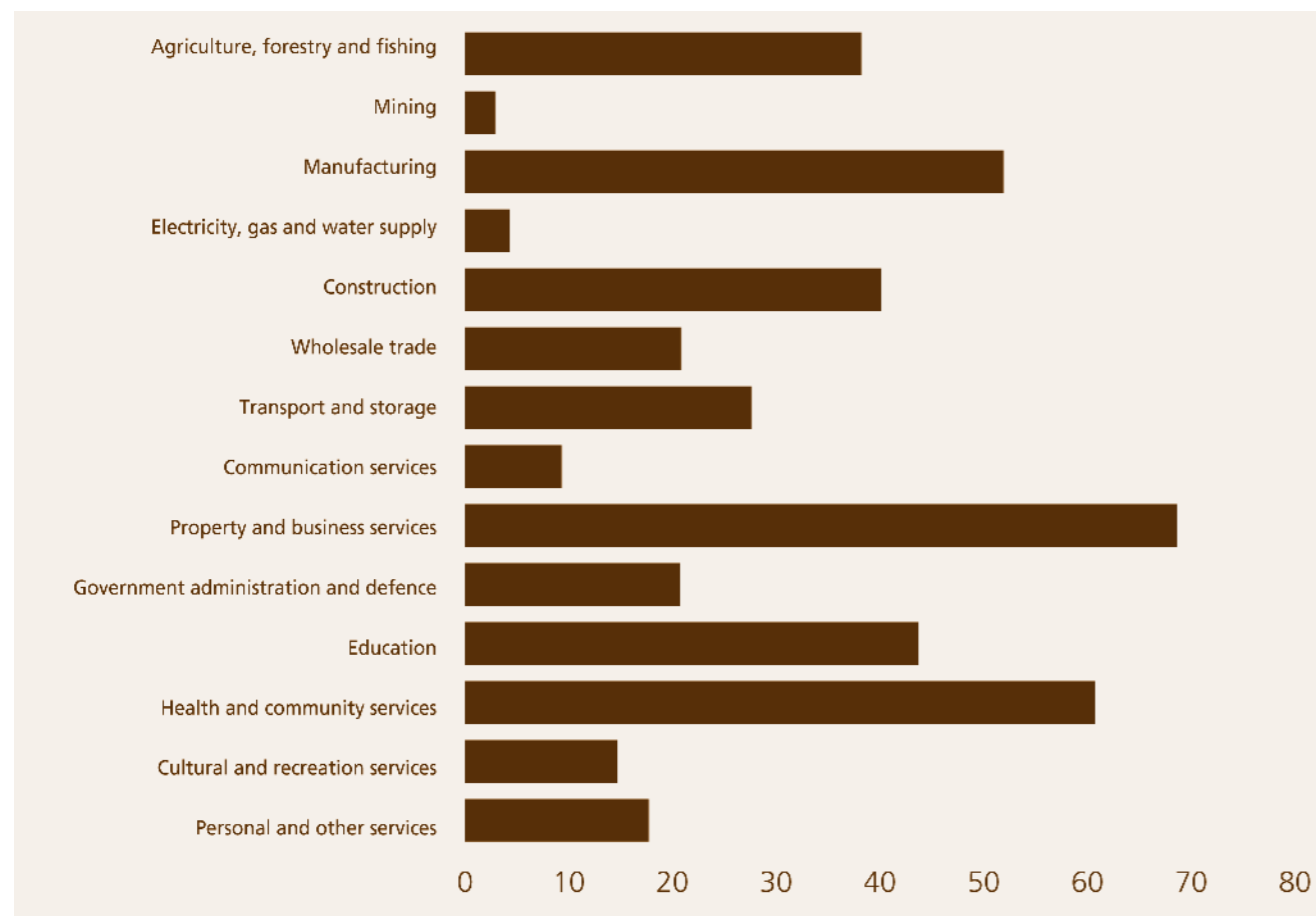
Publicly funded training cannot meet all the skill needs in the economy. Limited funds need to be distributed to the areas that will produce the highest benefit for the state.

Beyond industry growth rates, industry skill needs have two facets – the ageing of the workforce and the existing qualification profile and the opportunity for industry skill level adjustments.

NSW has 467,000 workers over 55 years who are likely to be leaving the workforce soon. Property and business services, health and community services, manufacturing, education and construction account for a large share.

Health, community services, property and business services are high employing growth industries with a low number of vocational qualification holders. Increasing higher level vocational qualifications will create higher skill levels as older workers are replaced.

Employed persons over 55, NSW, 2007 ('000s)



Source: ABS Labour Force Detailed, Quarterly August 2007

Future Directions for VET

The training sector in NSW will be driven by three policy principles:

- Public investment must be highly targeted to areas of greatest need and impact – industries, population groups and sub-regions
- Industry and individual investment must be built up through partnerships
- New models must deliver the right skills to the right people at the right time

Major Target Groups

1. People not in the labour force or unemployed: making training link to jobs
2. Young people undertaking apprentices and traineeships: higher numbers finishing, and finishing earlier
3. Older people with marginal attachment to the workforce: encouraging employment for those who want to work more.
4. Older people in the workforce: maintain relevant skills



Future Industry Training Prioritisation

Industries that play a critical role in NSW through economic growth, employment, or regional development will be prioritised to receive publicly funded training support.

Economic contribution/challenge	Industries
Strategic importance	<i>Innovation sectors:</i> transactions and logistics; finance; media and entertainment; advanced manufacturing and resources (coal)
High growth and emerging	<i>High Growth sectors</i> – health and community services and utilities <i>Emerging sectors</i> – manufacturing in pharmaceutical and biomedical; avionics and defence; environmental services
Industries facing change	Manufacturing (automotive and process manufacturing); primary industries; construction, transport, utilities, retail and personal services
Facing intense competition	Forest harvesting and processing; TCF; automotive (after market) food and meat processing; heavy manufacturing.
Regional growth industries	Health and community services, personal services, recreation; tourism and hospitality and other identified local industries



The VET Strategic Plan 2008-10

If NSW is to have a high skill, high value economy, investment in the skills and qualifications of the workforce will need to complement business investment in physical capital, research and development and innovative market strategies. The NSW Strategic Plan for VET provides the strategic direction to not only achieve this, but to shape training to most effectively meet the needs of individuals, regions and the economy.

The NSW State Plan requires an increasing level of training participation to support future economic growth. The strategy to increase training participation in NSW targets the working age population while focussing on supporting training development in priority industries, at higher skill levels and in regional areas:

- **Training for all ages.** The pace of economic change and the importance of innovation mean we need to develop our skills throughout our working life. NSW will encourage early entry into training for school students and school leavers. Skills will be provided to those who are currently not in the workforce. Focus on higher level skills encourages workers who need to upgrade their skills, or those who want to rejoin the labour force.
- **Training in all regions.** Skill development is a pre-condition for economic growth. More training places will be available in Sydney and in regional areas.

- **Training in priority areas.** Public investment in skill will focus on priority industries and groups.
- **Training for now and the future.** When training provides a solid basis for employability, people can use their training to move into the jobs they want, and build on that training in the future.
- **Training is more flexible and accessible.** Navigation of the training system will be easier as more information is available to students, parents, workers and employers. Linkages in the training system will be improved to make it easier for people to enter training, to have their existing skill recognised, or to move on to other training. Employers will find it easier to build partnerships with training providers to develop skills in the workplace.
- **More resources for training.** The NSW government will increase the number of publicly funded places, and greater investment by business in training will also play an increasing role in training the NSW workforce.

VET Strategic Plan: Skilling NSW

Goal 1: To increase training participation

- Build training demand in priority industries for state and regional development
- Promote early engagement with training
- Build higher level skills
- Increase flexibility in training entry and training options

Goal 2: To improve training quality and relevance

- Greater engagement with industry by training providers
- Increase skill development in priority areas
- Apply skills more effectively in the workplace
- Promote quality assurance within vocational education and training

Goal 3: To achieve effective training management

- Embed skill development into NSW economic growth strategy
- Management of vocational education and training through results
- Promote growth of the vocational education and training sector

Goal 1: To Increase Training Participation

The NSW skills strategy builds more skills by increasing training participation. More places will be provided in priority areas, making it easier to train and increasing business and individual training investment.

NSW vocational education and training providers will work with employers to develop the labour force suited to their needs. Supporting and encouraging additional business investment in skills will increase the overall training effort.

1. Increase training participation in priority industries for state and regional development

Training in the most strategically significant industries for economic and employment growth in NSW is the highest priority. The NSW government will fund an extra 33,000 training places over the next four years.

Training places will be available for:

- Young people by encouraging early training entry to gain the qualifications needed to the beginning of their career
- Older workers who want to upskill and increase their productivity
- Those wanting to re-enter the workforce by providing them with skills that will get them a job

Pathways into training and on to further study and employment will be enhanced for the unemployed, women and indigenous students. Improving the mix of career and job advice, training, and workplace experience will lead to successful entry or re-entry to the workplace.

2. Promote early engagement with training

- Support for young people in education or training
- Strengthen entry level training

Entry level training remains core business for the training system. The NSW government has guaranteed a training place to all those up to 18 years of age who did not complete Year 12 and who have not yet got a job. Nearly 13,000 new places will be created in entry level training over four years.

Apprenticeships and traineeships are being expanded, with those in skill shortage areas expanding at the fastest rate. A whole-of-government approach to apprenticeships

will result in NSW government agencies increasing their employment of apprentices by over 400 each year. Accelerated completions of apprenticeships will become commonplace, while preserving the quality and integrity of the training. Additional support to apprentices will assist with the costs of providing and gearing up for the apprenticeship.

Students can enter vocational training at an earlier point in their schooling and an increasing level of work placements will be available. NSW will expand to 25 the network of Trade Schools that provide vocational training to students as part of their school education.

Improving the transition from school to further study and work for indigenous people requires increasing their participation in vocational training. An Aboriginal Teaching and Learning Framework will guide the training delivery to Indigenous students across NSW.

3. Focus on higher level skills

- Growth in high level qualifications
- Customised training produces flexible skill sets

Higher level skills for new and existing workers are increasingly important as NSW evolves into a high skill economy. More qualifications each year will be at Certificate III level or above. Those who have a low level of qualification and are not working will be provided with opportunities to gain a qualification.

Better partnerships between training providers and employers will increase the demand for training in higher level skills.

4. Increase flexibility of training entry and training options

- Improve navigation of training options
- Increase availability of Recognition of Prior Learning
- Strengthen credit transfer between school education, training and higher education

Skill Centres in ten locations throughout NSW will allow people to talk to advisers about the training options available.

Recognition of Prior Learning (RPL) acknowledges existing skills in a prospective trainee and provides credit in training for those skills. Using RPL, those seeking training will be able to use their existing skills to help them in the development of a new set of skills or higher skills.

A better linking of the different components of the education system allows the matching of skills from school, or TAFE NSW or another provider, or higher education into a skill set that the individual wants and that is needed in the workplace.

Goal 1: To Increase Training Participation

Priorities	Activity	Outcome
1. Increase training participation in priority industries for state and rural and regional development	Increase training places available in areas of skill and industry priority	Increased training participation
	Increase access to training in rural and regional NSW	Training leads to better employment outcomes
	Improved training and employment linkages for unemployed	
2. Promote early engagement with training	All young people will be guaranteed an education or training place until they are 18	Higher participation rate in education and training for 15-24 yr olds
	More support for apprenticeships and traineeships	
	Supporting the provision of vocational options in school	
3. Build higher level skills	Focus on higher level training	More qualifications at higher skill level
4. Increase flexibility in training entry and training options	Increase availability of RPL especially for higher level skills and areas of skills shortage	Increased numbers use RPL to upgrade skills to higher level
	Improve information flow on training options	Training options easily navigated by individuals and employers
	Strengthen credit transfer between school education, vocational training and higher education	Higher level of early completions
	Increased training efficiency	

Goal 2: To Improve Training Responsiveness and Relevance

In a high growth economy, skills shortages can be avoided if the training system responds to the needs of industry and learners in a flexible and relevant way. Provision of the right mix of training where it is needed and can be used more effectively is the objective.

1. Greater engagement with industry by the training sector

- Enhanced industry role to identify skill requirements and promote workforce development
- Supplement state level training priorities with local level information regarding skills shortages

The NSW training system needs to meet industry training and skills demand and to do this it will engage more with industry. The NSW Skills Council and Industry Skills Forum will provide input from the highest level, through government, peak industry and employer bodies, as well as from employee associations. Industry Training Advisory Bodies will provide industry specific training advice.

Responsiveness to industry means gathering local information as businesses grow or change. Local information will flow into the training system through training provider relationships with employers, and through industry consultation at the local level by the Department of Education and Training and by TAFE NSW.

TAFE NSW Institutes deliver vocational education and training services to meet skill shortages and local training needs which are identified through industry profiles. Institutes leverage training and provide workforce development services to meet enterprise needs and to meet State Plan targets through commercial delivery.

2. Increase skill development in priority areas

- Publicly funded training to prioritise strategic skills and industries
- Build training provider capacity through strengthened management and design capacity

Skill development is required in all industries, but government funding for training will be concentrated in the industries that drive growth and employment in NSW.

More comprehensive engagement with industry will allow training providers to meet emerging training demand at

an earlier point. TAFE NSW is responding to changing customer needs and expectations.

The provision of accredited training opportunities will drive the conversion of much fragmented, unaccredited training into more efficient and effective skills development. This will provide employers with quality assured skills development for their enterprise and individuals with a recognised skills base for development in the future.

3. Apply skills more effectively in the workplace

- Use workplace development to increase training demand and a better use of skill

Key industry skill development strategies will make it easier for employers to know what training is available in their industry and who provides it. Employers can build their competitiveness using skill development. The result: increased business investment in training both now and in the long term.

Training providers will increase their capacity to apply workforce development principles to training delivery. Training management, design and delivery will develop, increasing in flexibility. TAFE NSW Institutes are implementing workforce development solutions which increase productivity and meet both the needs of enterprises and the particular training needs of employees in the workplace.

4. Improving quality across the training system

- Improving quality assurance within the training system
- Improvement of training packages

Application of quality systems for training providers, and supporting the development of their capacity in critical areas of industry skill or training design, will build a better training system for all in NSW.

Reform of the training packages will ensure that they meet industry needs by maintaining training relevance and quality.

Goal 2: To Improve Training Responsiveness and Relevance

Priorities	Activity	Outcome
1. Greater engagement with industry by VET sector	Greater NSW Skills Council role to identify industry skill requirements and promote workforce development	Planning more attuned to current industry requirements
	Supplement state level VET direction with local level information regarding skills shortages	Local intelligence drives priority definition at local level
2. Increase skill development in priority areas	Publicly funded VET to prioritise strategic skills and industries	Industry and skill priorities adequately funded
3. Apply skills more effectively in the workplace	Use workplace development to increase training demand and better use of skill	Training providers establish industry/ employer partnerships that produce better skill utilisation and increase demand
	Build training provider capacity through strengthened management and design capacity	Providers design and manage customised training
4. Promote quality assurance within VET	Improve quality standards in VET	Individuals and employers satisfied with training outcomes



Goal 3: To Achieve Effective Training Management

A well managed, efficient and effective training system in NSW will deliver a higher skilled population.

1. Embed skill development into NSW economic growth strategy

- Better coordination for skill development across NSW economic development strategies

Skill development underpins all components of economic development through the cooperation of NSW government agencies, through the promotion of business investment in regional areas by the Department of State and Regional Development or through rural industries with the Department of Primary Industries.

2. Management of training through results

- Implementation of results based management for purchasing arrangements
- Review training delivery annually using NSW Training Report

The training system will be managed on results. The training purchase priorities for both TAFE NSW and the Department of Education and Training for 2008-2010 include industries of strategic economic priority and those with an ageing workforce, particular target groups and regions. These priorities will meet to meet the complex skill development and socio-economic requirements of NSW.

TAFE NSW Institutes' Purchasing Agreement identifies performance and training delivery targets. These targets are monitored and reviewed annually to align to industry demand.

An annual Vocational Training report will deliver analysis on training provision at a state level and by industry, showing the progress of the system towards goals.

3. Promote growth of the training sector

- Increase amount of training delivered through increasing competition and leverage of public funds
- Increase employer investment in accredited training
- Cooperation with Commonwealth government over training investment in NSW

Cooperation between training providers, employers and the NSW government is the best method to increase the level of training in NSW. These partnerships will be used to leverage additional industry contribution to training, and to increase the overall training effort in NSW.

Effective linkages between the NSW and Commonwealth government mechanisms for determining skills priorities are critical to ensure the efficient allocation of training funds. Better coordination with the Commonwealth over the training provided for the unemployed will increase the effectiveness of these funds by increasing the rate of re-entry to the workforce and providing disadvantaged people with the skills they need for long term participation in work.

Goal 3: To Achieve Effective Training Management

Priorities	Activity	Outcome
1. Embed skill development into NSW economic growth strategy	Better coordination for skill development across NSW government economic development strategies	Skills development supports strategies across all areas of government
2. Management of training through results	Implementation of results based management for purchasing arrangements Review training delivery annually using NSW Training Report	Training result influences purchasing arrangements leading to improved training outcomes
3. Promote growth of the training sector	Increase amount of training delivered through increasing competition, leverage of public funds and greater employer contribution	Increased training participation rate

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