

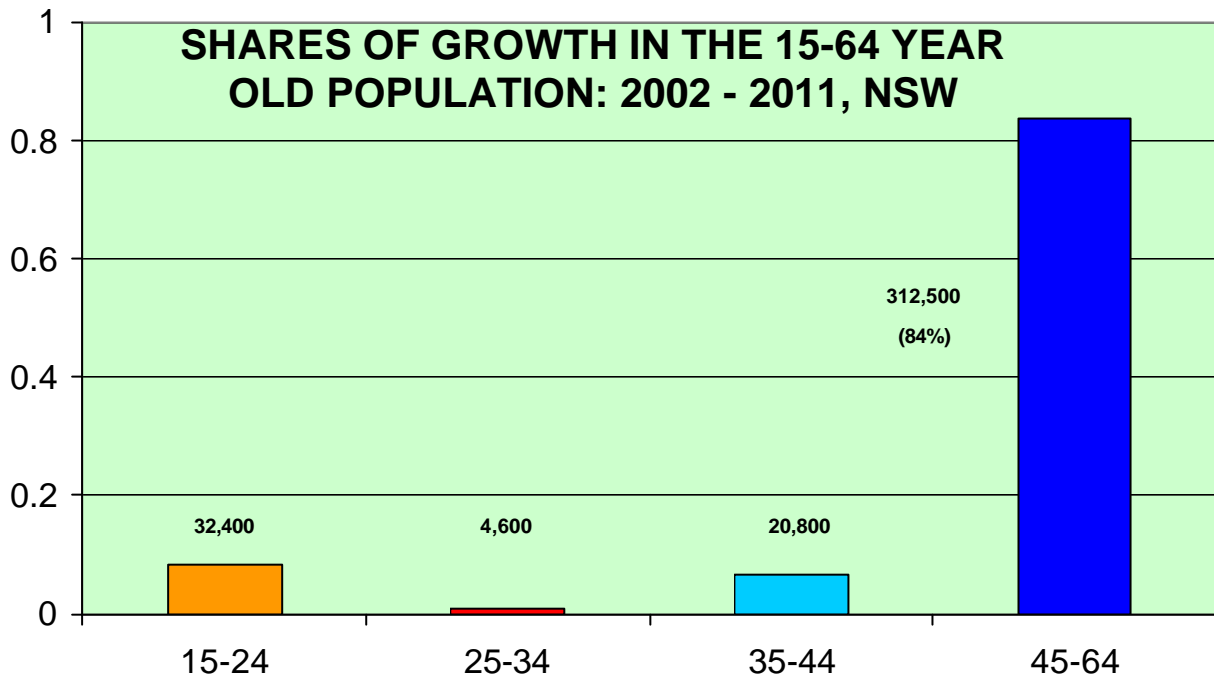
**CONSULTATION PAPER
FOR
THE DEVELOPMENT
OF
THE NSW STRATEGIC PLAN FOR
VOCATIONAL EDUCATION AND TRAINING
2005 -2007**

Context of Discussions

Australian industries face significant labour market challenges over the next three years.

Emerging from sustained low levels of unemployment and high labour force participation rates are persistent skills shortages that threaten to undermine the capacity of some industries to remain competitive and viable.

Over the longer term, Australia's workforce will continue to age. Those aged 45-64 will contribute the greatest share of growth of the working population (aged 15-64) over the next decade. As increasing numbers retire, economic growth is expected to fall significantly as the labour force grows more slowly than the population.



Source: ABS Population projections 2002-2101 (Cat no. 3222.0) Table 5.17

Table supplied by the federal Department of Employment and Workplace Relations

Employment patterns are also changing. Full-time employment is decreasing whilst part-time, casual and contract work is increasing. Other trends include more teleworking, multiple job holding and volunteer work.

There are also other issues that impact on businesses and their labour force needs – challenges brought on by globalisation, increasing competition from new markets, advances in technology and structural change within industries.

The workforce of the future will need more than just technical competence. Individuals will also need well-developed employability and generic skills and have the capability for on-going skill development to remain relevant to the workplace and to have access to employment in an increasingly casualised labour market.

The *NSW Strategic Plan for Vocational Education and Training 2002-2004*¹ and the recently released discussion paper by the NSW Department of Education and Training *Excellence and Innovation*², each recognise the important role VET will play in developing future workforce capabilities to improve outcomes for industry and the individual.

¹ NSW Board of Vocational Education and Training *The NSW Strategic Plan for Vocational Education and Training, 2002-2004*

² NSW Department of Education and Training *Excellence and Innovation*: A consultation with the community of NSW on public education and training

They also acknowledge the emerging role of training providers as partners and leaders in innovation and community development, over and beyond their role as suppliers of training. Throughout NSW there are many examples of successful partnerships between enterprises, local communities and training providers that demonstrate what can be achieved by a proactive vocational education and training sector.

To ensure NSW continues to plan for and address the vocational education and training needs of industry in the future, the NSW Board of Vocational Education and Training (BVET) is developing a strategic plan for vocational education and training in NSW for 2005-2007. The Board is seeking contributions from interested parties to the development of the plan and will be conducting a series of consultation forums in February and March 2005 to generate discussions about VET's priorities and potential strategies for the next three years.

The following paper has been written to facilitate discussions around four key themes:

- 1. Skills – building workforce capabilities.**
- 2. Participation – encouraging participation in employment and training.**
- 3. Sustainability – business in partnership with communities.**
- 4. Quality – ensuring outcomes meet expectations.**

SKILLS - BUILDING WORKFORCE CAPABILITIES

A responsibility of industry, in partnership with the vocational education and training sector, is to build a workforce equipped with the skills and knowledge required for businesses to remain competitive. One of the challenges facing the VET sector is balancing the need to provide skilled workers for the state's traditional industries (many of which are experiencing skills shortages) as well as preparing people for new and emerging areas of work.

Skills Shortages

Peak industry bodies such as the Australian Industry Group, the Business Council of Australia and the Australian Chamber of Commerce have each identified skills shortages as an issue requiring priority attention from governments and industries.

In 2004 shortages were most acute amongst professionals, para-professionals and tradespeople. In the professions, shortages are occurring across a range of occupations, from civil engineers to accountants to health care workers such as registered and enrolled nurses, dentists, pharmacists and radiographers. Trade shortages are reported in the traditional areas of manufacturing, building and construction and cooking and in the personal services sector (hairdressing).

Despite an increase of 28% in apprenticeship commencements in 2004, shortages are expected to continue as older workers leave the workforce in numbers greater than the new entrants replacing them. The VET sector will need to consider a range of training options (particularly for older workers) to address the skills gaps that exist in trade occupations.

Employment Growth

Between 2003-2008 employment growth in NSW is likely to be concentrated in high and low skill areas, with turnover contributing to openings in industries such as hospitality and transport. In higher skilled occupations, computing

professionals and para-professionals (shop managers, project and program administrators, financial investment advisors and computing support technicians) are projected to have the highest growth in number.

Employment growth in part-time jobs is anticipated to be more than 2.5 times the growth rate for full-time jobs. Training to meet job growth will also have to take account of the part-time and casual nature of work of these employees.

New Skills

The NSW workforce will need to develop new skills in fast-growing areas such as biotechnology, nanotechnology, environmental technologies, advanced electronics and information and communications technologies. It is estimated that 1.5 million jobs with new functions will appear nationally in the decade ahead.

Skills for Innovation

The creation and commercial deployment of new knowledge is considered the key source of comparative advantage for an individual, enterprise, region or state. What people know and can do, their creativity, their ability to change and to innovate is seen as the key to success.

Discussion Questions

- *What is the most appropriate way to skill/re-skill older workers?*
- *Should VET approach training in areas of skill shortages any differently to training for new industries?*
- *What skills are needed to support innovation in the workplace? What is VET's role in developing these skills?*
- *What should be the priorities for public expenditure in targeting skill shortages and gaps, supporting emerging industries and addressing the needs of equity groups?*

PARTICIPATION - ENCOURAGING PARTICIPATION IN EMPLOYMENT AND TRAINING

Increasing labour market participation has been identified as “one of Australia’s key economic challenges”.³ Organisations will need to consider where their future workforce is coming from and what skills that workforce will need in light of major demographic and work pattern shifts anticipated over the next decade.

There is no question that participation in learning has increased amongst young people entering the workforce and in certain sectors of the existing workforce⁴. However participation in learning will need to extend beyond new entrants to include the existing workforce who will require continual skills upgrading to sustain employment and industry competitiveness.

Retaining and Retraining the Older Workforce

With more people planning on exiting the labour force than entering it, older workers contemplating retirement will be encouraged to remain in the workforce and upgrade their skills. With older clients becoming a larger segment of the VET market (TAFE NSW experienced a 114% increase in mature aged students between 1995 and 2003), the vocational education and training sector will need to find a balance between training young people for work with the retraining needs of older workers.

Creating Equitable Outcomes

Not every one has equal access to employment and learning opportunities, nor do they experience equal outcomes from participation in training. Special consideration needs to be given to those groups who are disadvantaged by their circumstances. These groups include the long-term unemployed, young people, mature aged workers, casual workers, Aboriginal and Torres Strait Islander peoples, people with disabilities, people from non-English speaking language backgrounds, people in rural and remote communities and people with low literacy and numeracy skills. Despite the gains made in NSW for disadvantaged groups, there is still much to

³ ANTA *Shaping Our Future*, Australia’s National Strategy for vocational education and training 2004-2010.

⁴ Refer to Supporting Statistics on page 7

⁵ Refer to Supporting Statistics on page 7

be done before equitable outcomes are achieved.ⁱⁱ

Establishing Patterns of Lifelong Learning

The importance of lifelong learning will need to be re-enforced as the nature of work and the patterns of work are altered. Traditional career pathways are breaking down and employees have several career shifts in their working lives. Those that stay in one area of work will need to constantly update their skills to cope with changing technology and work practices.

With increasing numbers of the workforce lacking traditional job-security and employment stability within the one organisation, responsibility for career-management and skill development is falling more with individuals rather than employers. Encouraging the growing numbers of self-employed workers to pay for and participate in learning is another challenge faced by VET and the higher education sectors.

Encouraging Personalised Learning

A personalised learning approach to education and training whereby learning is structured around the personal needs of each individual is gaining increasing attention in Australia. Personalised learning is based on the underlying understanding that all students should receive close attention to their specific needs in their lifelong path of learning. If widely adopted by training providers, personalised learning may encourage increased participation in and outcomes from vocational education and training.

Discussion Questions

- *What innovative strategies can be adopted to encourage industry to take more responsibility for training its workforce?*
- *What strategies can be used to encourage existing workers (particularly those employed in casual or contract roles) to participate in vocational education and training?*
- *How do we encourage industry to retain and retrain their older workers?*
- *How can the various partners in the VET sector work towards achieving better learning and employment outcomes for people who face barriers to employment and training?*



SUSTAINABILITY - BUSINESS IN PARTNERSHIP WITH COMMUNITIES

Governments and communities are placing increasing pressure on industry to become more accountable for the environmental, social and economic impacts of business decisions. Workforce skills will be needed to ensure that responsible business models and practices are developed to maintain resources (environmental, human and financial) for current and future generations.

One of the consequences of the shift to a global economy is that enterprises no longer operate by themselves. They are part of a network of production where relationships, knowledge and integration are the key features of success, both economically and socially.⁴

Role of VET

These broad trends toward sustainable and collaborative business practices are having an impact on the kinds of skills needed for the future. In many regions in NSW the VET institutions are at the centre of the knowledge community and the quality of the VET institution will determine the ability of a region to remain competitive.⁵

Standard training services are no longer enough – VET providers need to ensure their staff have the skills and knowledge to contribute in specialised areas and at the highest levels.

Factors that will contribute to successful partnerships between VET and the community include the provision of:

- courses which combine technical skills with commercial/business skills and generic skills so that employees are adaptable and open to multiple entry and exit from VET
- specifically designed modules/short courses which generate pathways to lifelong learning
- customised enterprise specific modules
- constantly revised course structures and content to take into account developments with technology, modes of operation
- course content that allows for emerging technologies (biotechnology, microtechnology etc) which are impacting across a whole range of industries
- leadership in social and community development projects where skill is important

There are many models in NSW of successful partnerships forged between VET providers and enterprises to the economic and social benefit of local communities. For example:

- *The Northern Rivers Regional Development Project – Bringing Vocational Education and Training to Cellulose Valley – Lismore*
Some of the practical outcomes from the project included the provision of workforce planning and recruitment advice to 13 businesses, resulting in traineeships for mature-aged women and school leavers; specialised training brokered for 12 businesses, provision of prevocational training for 6 organisations and specialised on the job training for 3 businesses. Collaboration with local Job Network agencies and RTOs also led to a one-stop shop service and the development of marketing materials to assist businesses relocating to the area.

Discussion Questions

- *What are the essential skills required to support sustainable business practice?*
- *Do VET providers have a role in long term community development?*
- *How do VET providers develop more collaborative arrangements with their potential business and community partners?*

⁴ ANTA National Industry Skills Report, 15 April 2004

⁵ National Economics (2004) VET and innovation driven economy, A report for the NSW Department of Education and Training, Draft, May 2004.

QUALITY - ENSURING OUTCOMES MEET EXPECTATIONS

For employers, employees, students, training providers and administrators, quality is critical because vocational education and training will only be taken up if it is relevant, efficient, cost-effective and valued by users.

One of the continuing challenges for NSW operating under a national quality system is to ensure that high quality outcomes are being achieved and this challenge only grows as the scale of the state's overall training effort increases. Participation in VET by suppliers of VET services has grown significantly over the last decade which has seen the number of Registered Training Organisations (RTOs) registered in NSW increase from 175 in 1995 to 852 in 2004, with another 691 interstate-RTOs now operating in NSW under recognition arrangements⁶.

A range of initiatives has been introduced to improve the quality of VET services and outcomes in NSW. Some of these initiatives include:

- Reforms to the Apprenticeship and Traineeship Training Program (ATTP) which strengthened the accountability of participating RTOs.
- E-lodgement of training contracts to facilitate the processing of apprenticeships and traineeships
- Conduct of strategic industry audits in a small number of industries
- The implementation of a customer service strategy across areas of the Department of Education and Training responsible for funding and regulating the VET system.
- The establishment of a new VET portal, *Skilling NSW* for students, employers, industry bodies and RTOs to improve access to information, including apprenticeships and traineeships.
- The introduction by VETAB of new quality assurance processes, customer service standards and fees. The proposed changes are designed to improve services to VETAB clients and to enhance the quality of vocational education and training in NSW.

- A Review of the Traineeship system was undertaken in 2004 to address areas of risk to quality and to establish a stronger basis to allocate training resources. Between 1998 and 2002, approvals of new entrants had grown by 121%, with demand exceeding available resources. The aim of the review was to establish a funding model for traineeships that will enable NSW to target areas of strategic importance and to improve quality.
- The introduction of licensing in many sectors of industry, whereby certification is required for workers to be employed in particular roles.

Results from the latest Student Outcomes Survey indicate increasing high levels of satisfaction with the overall quality of training received by graduates of VET qualifications in the TAFE system. In 2004 86% of graduates from TAFE NSW rated satisfaction with the overall quality of training as 4 or 5 on a 5-point scale. However of some concern is that employment outcomes following training have eased slightly over this time.

Discussion Questions

- *How can the VET system better accommodate the views of users (employers, employees and students) in determining the quality of training delivery?*
- *What non-regulatory approaches can be used to ensure quality outcomes for participants in VET?*
- *What are the priorities over the next three years for ensuring the VET system delivers high quality, relevant training outcomes?*

⁶ NSW Vocational Education and Training Accreditation Board Annual Report 2003-2004

Supporting Statistics

Participation - encouraging participation in employment and training

- 78% of teenagers in NSW aged 15-19 attended school or a tertiary institution in 2003 compared with 70% in 1990; and 38% of 20-24 years olds attended a tertiary institution in 2003 compared with 26% in 1990.ⁱ
- Around 40% of year 11 and 12 students nationally now do vocational education and training as part of their schooling, representing a 62% growth over 10 years
- Over the past five years, the number of apprenticeship and traineeship completions in NSW has increased from 15,880 to 34,580 – an increase of 118%.ⁱ

Equity - Creating Equitable Outcomes

Over recent years NSW has made progress towards improving access to, participation in and outcomes from VET for equity groups. For example, between 1999 and 2003:

- Enrolments by Aboriginal and Torres Strait Islander people in TAFE NSW rose by 25.0% to 19,632
- Enrolments by people with disabilities in TAFE NSW increased by 60.5% to 47,252
- The number of Aboriginal and Torres Strait Islander people completing apprenticeships and traineeships rose by 138% to 690
- The number of people with a disability completing apprenticeships and traineeships increased by 240% to 420.

Despite these improvements in VET participation, employment outcomes for some disadvantaged groups remain below those of the general population. For example in 2003,

- 60% of indigenous students, 51% of students with a disability and 61% of students who speak a language other than English at home were employed after completion of a VET qualification compared with all graduates (75%)ⁱⁱ

The benefits of economic and employment growth are also not yet equally distributed amongst communities, regions and their people. For instance:

- Over 70% of employment opportunities between 2003-2008 are anticipated to occur in the Sydney metropolitan region
- Outside of Sydney, the Illawarra and Hunter regions will have the highest share of employment growth over 2003-2008, whilst in other regions, the growth will be relatively negligible.
- The proportion of young people (aged 15-24) who were unemployed was around 8% in 2003 compared to 3% for persons aged 25 and overⁱⁱ.

ⁱ Department of Employment and Workplace Relations Youth Labour Market Trends in NSW, June 2004.

ⁱⁱ ANTA Shaping our Future, Australia's National Strategy for vocational education and training 2004-2010, p8.

ⁱⁱⁱ NSW Department of Education and Training Annual Report 2003, p23.

^{iv} NSW Department of Education and Training Annual Report 2003, p24.

^v NCVER Student Outcomes 2004

^{vi} Report to NSW Industry Skills Forum, Item 7 – Employment Projections for NSW and Consolidated Report on Skills Needs for NSW 2004-2008, 24 February 2004.

^{vii} Department of Employment and Workplace Relations Youth Labour Market Trends in NSW, June 2004.

This paper has been produced as a guide for discussion during the consultative forums which are to be conducted around the State by the NSW Board of Vocational Education and Training throughout February and March 2005.