



# *‘This is what we heard’*

## **National Skills Commission co-design consultations**

The Australian Government announced the establishment of the National Skills Commission (NSC) as part of the \$585 million [Skills Package – delivering skills for today and tomorrow](#). The Skills Package lays the building blocks for improvements identified in the [Expert review of Australia's vocational education and training system](#) (the Joyce Review). The Skills Package will strengthen Australia's vocational education and training (VET) system to ensure it remains responsive, respected and flexible, providing Australians with the skills they need to succeed in the modern workplace and providing businesses with the workers they need to grow a strong economy.

As a key element of the reform, the Australian Government has committed \$48.3 million to establish a NSC to provide national leadership for the VET system by overseeing the Australian Government's investment in VET and driving long-term improvements to the system. The establishment of the NSC is a once in a generation opportunity to improve the VET sector.

To ensure the NSC is able to most effectively support the VET system, the Australian Government undertook an extensive co-design consultation process with stakeholders across Australia.

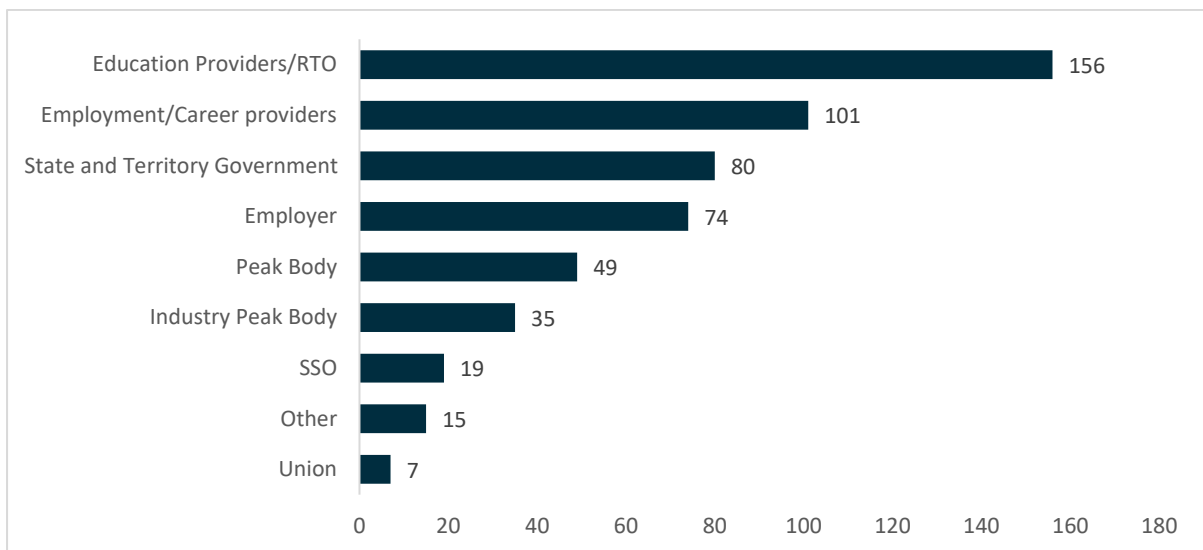
## **The co-design approach was wide-reaching**

The consultation approach focused on identifying how the NSC can best deliver value to the VET sector. This was informed by the Joyce Review.

A discussion paper was published on 26 September 2019 to inform the consultation process. This paper outlined three key questions that were used to structure all consultations and submissions:

- What are the roles and responsibilities of the NSC?
- What organisational capabilities will the NSC need?
- What governance is needed to give the NSC the legitimacy and support it needs?

536 people attended 13 workshops in all capital cities (eight in total) and an additional five regional locations (Bendigo, Cairns, Orange, Karratha, and Mount Isa) between 3 October 2019 and 26 November 2019. The workshops were complemented by 35 individual consultations with senior thought leaders from across the sector, including senior VET officials from each state and territory (except Tasmania). Two roundtables were held with small and medium employers. A total of 58 submissions were made to the discussion paper.



*Stakeholder representation at the workshops and round tables*

As was expected in such a diverse sector, there was some variation in views. However, a range of consistent themes and ideas did emerge.

## What are the roles and responsibilities of the NSC?

There was widespread and consistent support across stakeholder groups for a mechanism that would revitalise leadership of VET. Different stakeholders proposed that the NSC provide strategic leadership across a broad range of areas, including VET policy, standards, funding and pricing, and improving linkages with other education sectors.

The preferred approach among many stakeholders was to establish a NSC whose purpose stood above the operational details of VET. This would ensure consistency of direction and outcomes and make it resilient to changes of government policy. While an explicit purpose statement was not tested with all stakeholders, the input from stakeholders could best be summarised as:

### **The NSC should lead skills and workforce development to meet the needs of Australia's economy**

This was preferred among many stakeholders compared with a traditional focus on qualifications which would limit capacity to consider other learning approaches such as micro-credentials, non-accredited training and informal learning. The focus on skills was also identified as the enabler to address the long-standing challenges in the sector including quality, training products, apprenticeship regulation and overall investment.

There were a range of different views about what functions the NSC should undertake. Those most commonly discussed are below.

### Provide centralised VET information and skills forecasts

Many stakeholders thought that the NSC should be a centralised source of truth for the sector on how the economy is changing and what skills are needed. This could include centralised VET data linked to other Commonwealth datasets. This would improve information for students, improve

policy and set up the NSC to conduct effective skills forecasting at the national, jurisdictional and regional level.

## Developing an approach to VET pricing that balances consistency with local flexibility

There was general support from many providers and employers for greater pricing consistency. There was a recurring view from stakeholders that eight different approaches to pricing across jurisdictions undermined the value and recognition of VET, particularly when compared to the Commonwealth Grants Scheme for higher education. These stakeholders also noted difficulties with dealing with the complexity of different systems across the country.

Some stakeholders noted that consistent pricing might be difficult to implement as a single price across all contexts and jurisdictions. These stakeholders stressed the importance of flexibility to recognise different costs (e.g. from thin markets with limited competition) and State and Territory priorities. It was generally agreed among most stakeholders that while a national benchmark approach would add value, this function would require detailed consideration and further work on standards for the sector.

## Defining standards for high quality in VET and monitoring system performance

Quality was also raised by many stakeholders. Some stakeholders suggested that the NSC could help improve quality by setting national standards for RTOs, training products (including content), apprenticeships and developing the VET workforce to articulate quality beyond compliance. Monitoring performance and effectiveness of the sector was identified as a core function to assess return on investment and drive increased funding for the sector.

## A strategic approach to industry engagement

There was widespread support for a new, strategic approach to engaging with industry and other stakeholders. Stakeholders spoke of meaningful and trusted industry engagement at the right levels. This includes relevant identification of skills needs at the local level. There was also interest from stakeholders in regional locations in engagement on a regional or local level, recognising that training is part of a broader community ecosystem.

## Promoting the VET sector

Many stakeholders identified a need for an entity to promote the value of VET, and to define VET's place in the current landscape of education and skills. This was frequently phrased in terms of creating parity in the public perception between higher education and VET and highlighting the many career paths that VET can provide.

## Providing oversight to a more effective training product development process

While there was recognition of the current Australian Industry and Skills Committee (AISC) and Industry Reference Committee (IRC) architecture and of the Joyce Review's recommendations regarding Skills Organisations (SO), some stakeholders thought that the NSC could have responsibility for the content of training products and oversight over of this process. These stakeholders recognised that such a function would extend the NSC's proposed leadership role and

some were concerned that the volume and complexity of training package development work would overwhelm the other NSC functions.

## **What organisational capabilities will the NSC need?**

All stakeholder groups noted that the NSC would need a range of organisational capabilities to deliver on the purpose, roles and responsibilities identified above. Not all stakeholders identified the same needs, but across all consultations the capabilities identified most commonly were: leadership, data analysis, research and stakeholder engagement.

A well-respected and well-connected Commissioner was considered essential. Stakeholders thought it was important that the NSC be an enduring institution to support stability in the VET sector. There was a strong stakeholder view across consultations that the NSC needs influence and gravitas over an extended period to drive change and monitor performance of skills development.

Partnerships across the VET sector are seen by most stakeholders as essential for the NSC to work effectively. This includes relationships with State and Territory governments, and across the breadth of the sector including providers and employers, and with key VET bodies like the National Careers Institute (NCI), NCVER, ASQA and the AISC. Many stakeholders identified that the system could only be effective if all voices were heard. The exact nature of these relationships will vary based on the NSC's final purpose and functions. There was a strong emphasis from stakeholder groups on the need for the NSC to engage in an ongoing way with employers across Australia to fully understand skill needs and emerging technologies.

Some stakeholders also raised a number of related reforms that could enable an effective NSC. These included increased funding across the VET sector, reforms to the training package system, and reforms to the ANZSCO and ANZSIC taxonomies.

## **What governance is needed to give the NSC the legitimacy and support it needs?**

Governance was seen by many stakeholders as an important design element to give the NSC authority and longevity. There was a diversity of views across and within the workshops and no consensus emerged around a preferred governance model.

The majority of stakeholders saw a need for the NSC to be an enduring institution and for the governance model to reinforce this. Many stakeholder discussions noted that in designing the governance structure, and particularly who the NSC should be accountable to, the NSC needed to:

1. be able to work efficiently and not be slowed down by multiple levels of reporting and accountability
2. recognise the shared nature of the VET system, including the roles that States and Territories play in the delivery of VET.
3. have a close relationship with industry, to ensure skills analysis work reflects the changing labour market.

## **Where to now?**

We have heard clear messages from this consultation process about what the sector needs from the NSC. There has been a wide range of views from across Australia, predominately in support. The Australian Government has committed to establishing the NSC on 1 July 2020.

Many thanks to everyone who gave their time, spoke up and shared their ideas on how we can improve our VET system. Updates on the co-design process and outcomes will be available on the [NSC webpage](#).