Speech | Mr John Pollaers | Velg Training 2015 National VET Conference

Date: Thursday, 17 September 2015

Topic: The Australian Industry and Skills Committee – navigating the role of this new committee and the challenges and opportunities for enhancing training products for industry

Audience: Registered Training Organisation staff (executives, training managers, trainers, administrators, human resource managers, quality assurers), auditors, Industry Skills Councils

Reading time: Approximately 35-40 minutes

Word count: Approximately 4,600
Introduction

Good morning.

I would like to acknowledge the traditional custodians of the land upon which we meet today, the Kaurna (pronounced KI-AR-NA) people.

It is a privilege to join you today at the 2015 National VET Conference, to speak about the vocational education and training (VET) system and the Australian Industry and Skills Committee.

My name is John Pollaers, and I am chair of this new Committee.

The Australian Industry and Skills committee was established to build on one of the great strengths of the Australian VET system - industry leadership. In particular, industry leadership in the development of training that will prepare graduates for the jobs that are out there in our economy.

I think it is safe to say that everyone here today, whether you are from a registered training organisation, an industry body, or a government officials, we are all committed to ensuring that the training we deliver in the VET system is meeting the needs of industry and the needs of our learners.
And, I acknowledge that each of you has committed time and energy to ensure that Australia’s VET system is delivering on this objective.

I would like to harness this commitment by inviting you all, together, to step up and maintain our momentum toward this common goal.

Because, by doing so, by striving to meet industry’s needs, by focusing on the quality of training and trainers and doing the right thing by students, we will ensure that the VET system continues to be held in high regard and continues to make its contribution to enhancing Australia’s competitiveness into the future.

I’m going to begin by providing an overview of the important role the VET system plays in ensuring a productive Australian economy and competitive Australian businesses as part of the Australian Government’s Industry Innovation and Competitiveness Agenda.

I’ll show you some key data that demonstrates the strength of the VET system, and explore in some detail the challenges and opportunities we face in meeting emerging skills demand and ensuring Australia continues to be internationally competitive.
I will then discuss the new arrangements for training product development and the role of the Australian Industry and Skills Committee.

I will also discuss the Committee’s important role in strengthening industry participation and improving efficiency in the development of high quality, relevant training products.

*Industry Innovation and Competitiveness Agenda*

Australia has a strong economy, which measured 12th in the world in terms of gross domestic product (GDP) in 2014.

While growth in GDP over the last few years has been between 2-3% per annum, comparing well in international terms, economic forecasts for slower growth into the future pose some risks.

It is essential that we keep Australia competitive in the global economy and that’s why the Australian Government released its Industry Innovation and Competitiveness Agenda.

The Agenda supports industry and business with sector-wide reforms aimed at boosting Australia’s competitiveness and productivity and reducing red tape.
The Agenda identifies four overarching ambitions that Australia must pursue:

1. a more skilled labour force;
2. better economic infrastructure;
3. industry policy that fosters innovation and entrepreneurship; and
4. a lower cost, business friendly environment with less regulation, lower taxes and more competitive markets.

Boosting Australia’s productivity is dependent on the delivery of business-relevant, high quality education and training.

It is also dependent on Australian businesses having access to the skilled workforce they need to remain innovative and internationally competitive.

A high quality VET system is a critical element of the Competitiveness Agenda.

In its December 2013 Survey of Employers’ Use and Views of the VET System, the National Centre for Vocational Education Research (NCVER), found the proportion of employer satisfaction as follows:

- 52% of employers used the VET system;
- 78% of employers said that the VET system provided employees with the skills required to do their jobs;
- 79% of employers are satisfied apprentices and trainees receive the skills required for their jobs; and
- Further, 83% of employers believe nationally recognised training provides employees with the required skills\(^1\).

So, there is no doubt that the VET system is generally well regarded by employers.

I recently travelled to China and Korea, which reinforced my understanding of the respect that people overseas have for the Australian training system and the way it engages with industry.

It also emphasised the skills challenges that unite Australia with our South East Asian neighbours, including:

- Concerns about the focus on higher education in preference to quality skills training;
- The need to elevate the status of VET qualifications (for example, the language around Craftsman and Master Craftsman is powerful when compared to Certificate III or Certificate IV); and

\(^1\) NCVER, Australian vocational education and training statistics: Employers’ use and views of the VET system, 2013, NCVER, p. 8.
• Ensuring consistently high quality in Australian VET qualifications.

It is vital that we address each of these issues to maximise the significant opportunities for Australian training providers in overseas markets.

Reforms in the VET sector will provide real industry leadership, less red tape for providers and more targeted and demand driven funding.

*The challenges and opportunities for the training and skills system and the Australian Industry and Skills Committee*

The NCVER report into the five growth sectors of advanced manufacturing; food and agribusiness; medical technologies and pharmaceutical; mining equipment, technology and services; and oil, gas and energy resources; found the gap between knowledge generated by the training system and the skills demanded by employers and individuals is widening.²

That report found there is a need for ‘a significant cultural shift in thinking about the ways skills are generated and deployed’ and that the role of employers is crucial to this³.

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³ Ibid., p. 4.
This finding is not new – as many of you working in the sector would know.

For example, we know that:

- Training is not keeping up with emerging industries and technologies;
- Some sectors are experiencing a constant ‘churn’ of changes to training packages;
- On the other hand, critical changes are taking too long to identify, develop and implement;
- There is inadequate industry representation for new growth areas;
- Employers find either the skills that are delivered or the way that students are trained result in graduates that are not meeting industry’s needs; and
- There are inconsistencies in how industry intelligence is collected and how workforce planning is undertaken – in some sectors this is done well and in others not at all.

The recent Foundation for Young Australians report titled ‘The New Work Order’ describes the three forces shaping the future of work, including:
1. Automation – where we see increasingly smarter machines take over more tasks previously performed by humans;

2. Globalisation – where we see our workforce going global and the global workforce coming to us; and

3. Collaboration – where there is recognition of the need for and benefits of collaboration including between businesses, which previously would have been competitors.  

Again, this is not news – these forces have been at play for some time.

The report also identifies some of the opportunities presented by this new world of work, including lower barriers, more flexibility, wider markets and more specialisation.

It talks about the jobs of the future where, over the next 10 to 15 years:

- 70% of the jobs currently undertaken by young people will be radically affected by automation;
- 60% of students are currently being trained in jobs that will be radically changed by automation; and
- more than half of Australian workers will need a level of digital literacy high enough to enable them not only to use, but also to configure or build digital systems in the next 2-3 years. 

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4 Foundation for Young Australians, The New Work Order, Alpha Beta, 2015, p. 11.
While there may be arguments one way or the other about the data, the message is for the VET system is very clear.

Additionally, the last 25 years has seen a rise of skilled workers from 47% to 66% of the labour force, and the exit of 28% of the labour force who are unskilled males.

Workforce participation is the key to increased productivity and economic growth, and while Australia’s population will increase over the next 40 years, it is estimated that workforce participation will decline.

Even now, Australia’s current workforce participation rate, defined as the population of people aged 15 years and over who are actively engaged in the workforce, is just under 65%.

While worrying, I see these figures as a window of opportunity for Australian industry, Australian training providers, and Australian workers.

However, it is vital that we take action now to ensure that Australia’s economy and industries have both the quality and quantity of skills in new entrants to the workforce, as well as through up-skilling existing

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1 ibid, p. 4.
2 ibid, p. 6.
3 ibid, p. 6.
workers to support a future for industry to meet productivity and growth targets.

The Australian Industry and Skills Committee is focussed on ensuring our work will assist you in your work towards this goal.

We need to make sure that the skills that we are imparting to our learners, whether they are new entrants to the workforce or existing workers, are the ones that industry is seeking when they offer employment.

I believe that we can achieve this by ensuring training package qualifications are consistently well targeted to industry expectations and needs.

A second and critical challenge is ensuring the supply of a skilled workforce that is sufficiently diverse, adaptable and innovative to meet the demands of Australian industries undergoing technological change and restructuring in their search to engage more effectively in international markets and global supply chains.

As industries and business become increasingly global, it is more and more important to develop appropriate language, literacy and numeracy
skills as well as specific interpersonal skills to allow effective and appropriate relationships with stakeholders domestically and globally.

These skills include self-awareness, initiative, collaboration, cultural awareness and technological literacy.

Asia literacy and Asia relevant capabilities are seen by industry to be crucial in supporting effective engagement with global supply chains.

Skills for employability are becoming more complex.

Registered Training Organisations can play an important role in assisting industries focused on export markets.

A third challenge lies in the fact that Australia is slipping behind in our overall competitiveness in the international environment.

Our businesses currently have difficulty participating in regional and global value chains.

Our training focus needs to be informed by sound evidence, and if that evidence is not available, then I believe we must look to commission it.

The NCVER report I mentioned earlier also provides invaluable insights into five key industries.
These include the value in relation to Australia’s GDP, workforce demographics, earnings, a picture of the industry’s apprentice and training component of its overall workforce, migration, and most importantly, educational attainment.

One of the defining features of educational attainment across these industries is the diversity of qualifications.

However, the significant number of workers who do not hold any post-school qualification at all eclipses this!

For example:

- 60% of workers in food agriculture,
- 48% in advanced manufacturing,
- 38% in mining, and
- 21% in oil and gas extraction,

are without a post-school qualification⁹.

And, as I mentioned earlier, across all of those that do hold a post-school qualification, even those with higher qualifications, there is opportunity for upskilling and diversification to meet the needs of the economy of the future.

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⁹ Beddie, Creaser, Hargreaves, & Ong, op. cit., Appendix, pp. 1-5.
Again, more opportunities:

- for Australian industry,
- for you as training providers, and
- for Australian workers.

*Industry Growth Centres - complementary to the work of the AISC*

As part of the Industry Innovation and Competitiveness Agenda, the Australian Government has recently identified five Industry Growth Centres to drive growth, productivity and competitiveness.

These Centres will focus around lifting innovation and entrepreneurship through collaboration between industry and research organisations.

The initial Industry Growth Centres include advanced manufacturing, food and agribusiness, medical technologies and pharmaceuticals, mining equipment, technology and services (METS) and oil, gas and energy resources.

These industry sectors represent about one third of the research and development intensity in the Australian economy and about 17% of the gross value add to the Australian economy. Approximately 56,000 businesses employ 1.4 million workers in these sectors.
Many of these industry sectors are experiencing increased automation and are keen to unlock the potential from what is currently called the fourth industrial revolution.

They want to encourage greater participation in science, technology, engineering and mathematics (STEM) courses of study across all levels of our educational sectors.

However, this will be a challenge for employers and training organisations as these industries represent those where, as I mentioned earlier, a large proportion of employees do not hold a post-school qualification.

Many workers will need substantial re-training and up-skilling to manage their skill gaps in an increasingly technological world of work.

For example, disruptive technologies are expected to have a major impact for the future of the advanced manufacturing industry. Digitalisation of work practices means that a different set of skills will be required for workers.

The Advanced Manufacturing Growth Centre will also be working with other countries to agreed international standards for new technologies.
This example raises the question for us – what skills will people need to work in this increasingly digitalised and continually changing globalised industry?

Technical skills at a point in time are essential but the ability to learn and adapt quickly to new technologies and interact with people from many other countries with different cultural expectations is also important.

The Australian Industry and Skills Committee is working with each Growth Centre to develop sector-specific actions that will inform both the strategic priorities of the Committee and the development of Growth Centre competitiveness plans.

The Growth Centres will also identify and provide advice to the Committee on information gaps that could impact decision making about priority skills issues and priority training and strategies for addressing those information gaps.

We are working together to ensure the key opportunities for growth are embraced and optimised.

*The new arrangements for developing training packages*

It is vital that government and industry and training providers work closely together to ensure that new entrants to the workforce, as well as
existing workers, have the skills that industry needs now and into the future and that skills training is delivered effectively, efficiently, flexibly and appropriately to the standard required by industry.

If graduates are skilled enough to meet the needs of industry, then industry will have increasing confidence in the sector.

This will mean more businesses using the vocational education system to skill and up-skill their staff.

The diagram that I have on the screen will assist in describing the new arrangements.

As with any such diagram, it has been simplified to help explain the key elements of the new system.

It is not intended to be all encompassing.

You may notice some elements or titles that are new to you; for example Industry Reference Committees (or IRCs) and Skills Service Organisations.

One of the key responsibilities of the Committee I chair is the scheduling and commissioning of training product development through IRCs.
These IRCs are comprised of people with experience, skills and knowledge of their particular industry sector to ensure that industry is driving the development and maintenance of training products, ensuring that training outcomes match employer expectations and are delivered to an accepted industry standard.

The IRCs are the consultative mechanism that will ensure industry (in the broad definition of that word) can provide advice about the skills and competencies they need to operate effectively and contribute towards a productive Australian economy.

Advice gathered through the IRCs will inform the development of timely, high quality, industry-relevant training packages and other products that deliver the training outcomes required by industry.

In the new arrangements, IRCs will become a focal point for gathering stakeholder views about the need for changes to training products. IRCs will act as forums for exchanges between industry and employers, and key players such as licensing bodies and training organisations.

Industry advisory groups currently active within Industry Skills Councils will transition to these new roles from the beginning of 2016.
We recognise that many of the members of ISCs act in a voluntary capacity providing, in many cases, in kind industry support for the system.

I would like to formally acknowledge the critical contribution these committees, and the individuals who have been members of them, have made over time.

I have recently written to all the members of these committees to invite them to continue in this role and will shortly be meeting with the committee chairs to talk to them about the support they will need under the new arrangements.

To support IRCs in all aspects of their work Skills Service Organisations (or SSOs for short), are being established.

 Governed by professional boards, SSOs will provide administrative, technical and operational support to the IRCs.

The IRCs will convene on an ‘as needed’ basis, in response to industry identified need and priority.

One of the key differences between the old and the new system is that IRCs will drive the process supported by SSOs rather than ISCs driving the process supported IRCs.
Another key difference is that instead of Training Package development work being siloed in ISCs, the AISC will be prioritising changes to Training Packages across industry sectors and on the basis of robust evidence of a need for change.

Proposals for change will be considered through a national lens, while also considering local contextual issues.

The implementation of this new model is underway.

The grant funding round for SSOs closed on 24 August and the assessment of applicants is currently taking place.

It is expected that the first SSOs will begin their work later this year.

A key focus of the Committee’s current work includes monitoring the smooth transition from the current Industry Skills Councils to the new model, which is progressing well.

Plans are in place for the majority of remaining training packages to be updated to the new standards by the end of the year.

These challenges include that:

- ISCs will submit a large number of training packages in November 2015;
• It will be important to ensure a rigorous quality assurance process is applied; and

• Downstream implementation issues are considered and strategies put in place to minimise the impact.

To provide a central point for all training package news and events and ensure complete transparency around all policy and processes, a comprehensive website is currently being developed.

With the level of change being experienced in the system, it is my priority to ensure that the work of the Committee is open and transparent.

The Committee website will provide a single entry point that will enable stakeholders from industry and the training sector to access information concerning individual training package proposals, official documentation, information regarding Committee forward work programs and decisions, policy advice to support interpretation of training package standards, and a formal complaints mechanism.

It is our intention that the website should become a vitally important component of this particular element of the VET reform agenda.
Stakeholders can access this website as it evolves at www.education.gov.au/AISC, noting that it is due for completion by the end of this year.

The Australian Industry and Skills Committee

I've talked a bit about the work of the Committee but you might be asking yourself who are we? And what do we bring to this role?

As you are probably aware, the Australian Industry and Skills Committee was announced in 2014 through the COAG Industry and Skills Council.

The Committee is a significant element of the skills ministers’ agenda to reform our vocational education and training (VET) sector.

The Committee ensures that industry remains at the heart of the system and is tasked to provide advice to ministers on the implementation of national VET policies to ensure that the directions taken by ministers are informed by an industry-based perspective and focussed on quality and relevance.

As part of these responsibilities, the Australian Industry and Skills Committee will have the critical role of overseeing qualifications and training package development.
It will ensure the system focusses squarely on industry needs and that Australian workers are provided with industry-relevant skills that meet the future needs of employers.

I know you too will agree that we want to see Australian workers highly skilled and job-ready.

The Committee has twelve members who are leaders of industry – the majority of whom were nominated by Commonwealth, state and territory ministers, with an industry peak-body representative that rotates on a 12 monthly basis.

Committee members bring experience from a wide range of industries, including aged care, construction, commerce, education and training, information technology, manufacturing, agriculture, mining, defence and entertainment.

Two government representatives also participate in an ex-officio capacity, including one from the Commonwealth and one representing the states and territories.

Having such broad industry representation on the Committee means that ministers will receive the views and comments of industry sectors that employ millions of Australians.
This will ensure that concerns around current and future skills needs are heard and considered throughout the process of developing policies, qualifications and training products.

The Committee has met three times this year and is currently overseeing a range of initiatives in preparation for the introduction of all elements of the new arrangements on 1 January 2016.

*What the Australian Industry and Skills Committee will deliver*

The role of the Australian Industry and Skills Committee is broad, and includes

- Providing industry leadership in ensuring that competencies, skill sets and qualifications identified in training packages evolve and adapt with the changing nature of jobs;
- Providing advice on the implementation of national training policies;
- Providing quality assurance and approval of training packages for implementation;
- Overseeing the process for development and approval of accredited training;
- Providing direction on national VET research priorities; and
Coordinating industry engagement for the Council of Australian Governments Industry and Skills Council.

We will maintain a strategic focus and progress the new arrangements for training product development in a way that:

- Creates an environment that enables Australian industry to take the lead;
- Is responsive to issues raised by stakeholders;
- Places a stronger focus on prioritising and scheduling training product development work based on industry need;
- Ensures proposals are considered on merit, through a national lens, and while taking account of local contextual issues;
- Establishes a number of Service Skills Organisations allocated to existing Industry Reference Committees, to enable provision of expert advice on training package development across specific industry sectors; and
- Provides support to enable IRCs to operate effectively as the drivers of training package reform.

The Committee is working to ensure that training products are robust and future focused.
We are working to ensure that RTOs are provided with the occupational standards and guidance required to underpin the design and delivery of training and assessment programmes that will provide the appropriately qualified and skilled workers.

My vision for the Australian Industry and Skills Committee is that it:

- Fully exploits this historic opportunity for industry to assume a leadership role in skills training;
- Brings about lasting systemic change that ensures that VET graduates have the skills that industry needs; and
- Embeds the necessary cultural change to ensure training keeps up with emerging industries and technologies.

In terms of achievements to date, the Australian Industry and Skills Committee has:

- Approved seven training packages for implementation;
- Requested a review to decommission nearly 100 qualifications from nine Enterprise Training Packages that do not appear to be in use; and
- Consulted widely, including with Industry Growth Centre Chairs, State Government Ministers and many other key stakeholders.
Conclusion

Australia has a strong and respected VET system.

It will continue to be strengthened by industry leadership, high quality training and flexible delivery models.

While these strengths have been present for a long time, the reforms introduced over the past 18 months will make it even stronger.

These changes bring industry directly into the processes around training policies, qualifications and standards, allowing industry and employers to take the lead in the delivery of a training system that will contribute to an increase in productivity, business growth and employment outcomes.

We need to continually move forward, find efficiencies, make improvements and try new things.

The introduction of the Australian Industry and Skills Committee together with the elevation of the Industry Reference Committees to decision making roles, are the next important step for the strengthening and reform of Australia’s VET sector to help us all identify and address the skills needs of the future.
We need to inspire learners to partake in quality, flexibly delivered training that will secure their individual futures, giving them confidence and abilities in a range of vital and growing industry sectors.

Together, we all need to take responsibility for the status of VET—by ensuring the quality of our training and our trainers and by placing student outcomes and industry requirements at the forefront of our thinking and planning.

This in turn will build respect amongst Australian school leavers, those workers wishing to up-skill, industry and the public, ensuring VET maintains its rightful place as both an individual capacity builder and nation builder.

And when we’ve succeeded in doing these things we need to market our success—both domestically and internationally.

These actions will place Australia in good stead for the challenges and needs of the future.

To quote the Assistant Minister for Education and Training, Simon Birmingham, “skills must be relevant to job outcomes” and as employers of current and future workers, industry, again broadly defined, is best
placed to decide the skills levels needed in the workplace, and when and how training packages are developed and updated.

One of the important roles of the Australian Industry and Skills Committee is to provide industry leadership in ensuring that competencies, skill sets and qualifications identified in training packages evolve and adapt with the changing nature of jobs.

As RTOs focussed on positive outcomes for your learners and your local industries, I trust that we can work together to meet the challenges I have outlined today through the opportunities provided by industry leadership in training development.

I’d like to finish today with a short but inspiring video clip from the Australian Training Awards library. I know you will agree that this young man’s story demonstrates:

1. The quality outcomes we all see from Australian VET, including school based apprenticeships; and
2. The viability and desirability of VET as a career enabler for young Australians.

Thank you.