Industry Engagement in Training Package Development –

Discussion Paper
Towards a Contestable Model

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COAG – Council of Australian Governments
AQF – Australian Qualifications Framework
VET – vocational education and training
Introduction

The Government is considering new approaches to the development and maintenance of training packages which will be underpinned by the implementation of a contestability framework to ensure employers, the training sector, graduates and the public are provided with the best possible outcomes at the best possible price and quality. Stakeholder feedback is crucial to the design of the final model.

The purpose of this discussion paper is to receive views and suggestions about contestable approaches to the development of training packages which guide industry directed vocational education and training (VET) in Australia. The Government anticipates the introduction of a new contestable model from July 2015.

The contestable model is being considered as a mechanism to ensure representatives of industry have avenues to contribute to the development of vocational education and training qualifications. This includes employers as they have direct experience of the skills needed for their industry. The Government’s vision is to enable growth and productivity for globally competitive industries.

The new contestable approach to training package development and maintenance will improve the responsiveness of qualifications to industry needs. Engagement with businesses during the development cycle will ensure that qualifications reflect the real competencies required at work. Contemporary qualifications assure VET students that their training leads to real work opportunities. National qualifications mean that their skills are recognised by industry Australia wide.

Australia’s economy is evolving and moving away from the traditional sectors of heavy manufacturing and commodity-based production into higher value-added advanced industries that are based on innovation, research and the sophisticated skills base of its workforce. Australia is also experiencing a shift in demographics with an ageing population which will require a high rate of economic output to support the aged and more workers in the aged-care sector.

The impact of advances in digital technology on production processes and services is displacing processing jobs and requires advanced skills in the application of technology.

The rapid change in economic conditions and the impact on the skills needed in the workforce must be underpinned by the best quality training standards.

Employers are demanding workers who are skilled to a world standard. Many companies engage in global supply chains and require their workers to have internationally equivalent skills in order to engage with others around the world. As global citizens, Australian consumers are demanding high quality local goods and services, again requiring skills equivalent to the best in the world.

VET has a key role to play to help industry capitalise on new and emerging global markets, particularly in Asia, by contributing to the competitiveness of Australian industry.

The process for the development of VET training, therefore, needs to be reviewed to ensure the sector can meet these challenges.
Objective of a contestable model

Examination of the approach to the development and maintenance of industry-defined qualifications and units of competency is directed at ensuring:

- all of industry has avenues to contribute to the development of the qualifications;
- feedback from employers is taken into account in the development process;
- qualifications retain their national character and offer maximum benefit for qualification holders in pursuing their career objectives;
- that qualifications meet relevant quality standards; and
- the process represents value for money for VET stakeholders and governments through streamlined processes.

Background

Reform in VET

Australia’s VET system needs reform. The Australian Government is overhauling the skills and training system, with a package of reforms that elevates trades and vocational education to the centre of Australia’s economy putting the focus squarely on ensuring Australian workers are highly skilled and job-ready. To achieve this, the COAG Industry and Skills Council (the Council) has set the following objectives for reform of the VET sector:

1. a national VET system which is governed effectively with clear roles and responsibilities for industry, the Commonwealth and the states and territories;
2. a national system of streamlined industry-defined qualifications that are able to respond flexibly to major national and state priorities and emerging areas of skills needed;
3. trade apprenticeships that are appropriately valued and utilised as a career pathway;
4. a modern and responsive national regulatory system that applies a risk-management approach and supports a competitive and well-functioning market;
5. informed consumers who have access to the information that they need to make choices about providers and training that meets their needs; and
6. targeted and efficient government funding that considers inconsistencies between jurisdictions or disruption to the fee-for-service market.

Ministers also agreed on the following three priorities:

1. to examine the standards for providers and regulators to ensure they better recognise the different levels of risk posed by different providers, enable the regulators to deal more effectively with poor quality in the sector to improve confidence, and meet the Government’s deregulation objectives;
2. to reduce the burden on the VET sector arising from the constant updates to training packages; and

3. to ensure that industry is involved in policy development and oversight of the performance of the VET sector and to streamline governance arrangements and committees.

**Review of training packages and accredited courses**

This paper accompanies the Review of Training Packages and Accredited Courses discussion paper which is seeking views on the approach to training packages and accredited courses.

That discussion paper will investigate how the system can be improved to ensure that VET qualifications and accredited courses are fit-for-purpose in the modern economy.

**Features of Industry-Defined Qualifications**

The Government is interested to understand from stakeholders those features it considers important in the development of industry-defined qualifications (in training packages) in considering models for contestable approaches to training package development.

These features, described below, distinguish training package qualifications from accredited courses.

**Industry-wide national competency based standards**

Industry-defined qualifications (training packages) outline the skills, in the form of competencies, expected of an individual to operate in the workplace to an accepted industry-wide standard. This presents benefits to employers as workers operate to an accepted minimum standard and bring new and contemporary skills to the workplace as a result of the training. VET participants benefit from knowing they have industry accepted skills and that they can move through the industry across the nation.

**Future focused**

Scanning of industry developments and ongoing contact with key stakeholders in sectors reveals trends in technology and work practices that require changes in skills. Capturing these trends is key to ensuring qualifications remain contemporary. The ongoing function of e-scans in informing training package enhancements needs to be considered in the new model.

**External impacts on qualifications content**

National training package qualifications take into account a range of external factors that impact on the content and form of the qualification. This includes licensing requirements for specific occupations, such as the trades and other nationally and

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1 Accreditation of a course is confirmation that the course:
   - meets national quality assurance requirements,
   - meets an established industry, enterprise, educational, legislative or community need, and
   - provides appropriate competency outcomes and a basis for assessment.
internationally regulated occupations. The qualification content includes work practices mandated by regulatory requirements such as occupational health and safety, safe handling of chemicals and working with children.

**Ensuring public benefit**

Formal industry-defined VET qualifications deliver benefits beyond industry itself. Individuals need to acquire a range of skills and knowledge that extends beyond those required within a particular firm to ensure they have job mobility and can build a career. These broader industry skills are particularly important in times of rapid economic restructuring to support workers to transition into new jobs. Enhancement of language, literacy and numeracy skills and the knowledge underpinning skills that raise the general capability of the Australian labour force is crucial and is the rationale for public funding for the development of qualifications and for delivery of training.

**Cross-industry skills**

Many occupations operate across industry sectors and many competencies and underpinning knowledge are common across many occupations. Minimising duplication between qualifications and units of competency enhances cross industry skills recognition and mobility between and within sectors.

**Efficiency**

Training packages represent a logical grouping of qualifications within related industry sectors. Training package qualifications take account of broad developments in the relevant industry sectors as well as national policies and broader external trends. Review and redevelopment of training packages as a whole, therefore, deliver efficiencies in the process.

**Consistent contact point for industry**

There may also be practical considerations for industry representatives who may prefer a consistent point of contact to provide feedback on qualifications to contribute to their continuous improvement.

**Discussion questions**

1. One of the primary aims of this review is to ensure more direct industry involvement in the development and review of training packages. What are important features of the development and maintenance processes for industry defined qualifications that need to be retained in any new model?

2. Are there any other features necessary for an industry led training package development and maintenance process?
Attributes for Training Package Development

In order to ensure the most efficient and effective delivery of training package development under a contestable model, organisations or individuals would require key skills and attributes. The skills and attributes outlined below may be pre-requisites for taking on the task.

**Industry experience and connection**

Developers need a deep understanding of the workforce and occupation needs of industry sectors, or experience in dealing with industry representatives and businesses to develop and write the competencies. They would also need to scan the industry both nationally and internationally for best practice in skills required for each sector. This is particularly important if the VET sector is to deliver skills to support Australia’s Industry, Innovation and Competitiveness agenda.

**Technical competence**

Developing and refining competencies entails technical and inter-personal skills and an understanding of how skills are utilised in the workplace. The developer needs to undertake analysis of job roles in the workplace and draw out from workers and supervisors the range of skills that need to be applied, as well as understanding the current work context, supervision and health and safety aspects of being an effective worker.

**National coverage**

Training packages, by their very nature, have national application and therefore any organisation developing the content would need to be able to engage with industry representatives across the nation and would need to ensure all businesses across the country have an avenue for providing input.

**Responsiveness to national policy**

Training packages need to meet minimum quality standards in order to service industry and the training system. Training package content also needs to align with changes in national policy. Developers would need to be able to demonstrate capacity to meet those expectations.

**Independence**

Training packages set standards for outcomes of training to meet national industry workforce needs and often involve a negotiated settlement across industries. Developers would need to be independent and have no conflict of interest in order to retain the confidence of all relevant industries.

**Cross-industry understanding**

Some of the core qualifications in operation in the VET sector, such as those in trade related areas, serve many industry sectors. Developers of these qualifications would need an understanding of the full extent of application of the qualification across sectors.
Minimising duplication

A priority for VET reform is to streamline qualifications to ensure they meet the job needs of industry and business. Industry groups, for example, would not simply be engaged to develop training packages or qualifications for their sector but could be commissioned to develop the qualifications for a range of industry sub-sectors.

Leveraging co-contribution

Financial contribution to the development of qualifications is a strong signal of industry commitment to formalising the skills needed for the sector. The capacity to leverage industry and business contributions to the process could be a consideration in the allocation of responsibility for development of qualifications.

Discussion questions

3. Are there other attributes or skills that are important to support efficient and effective training package development processes? Provide an explanation.

4. In your view what are the key attributes required for individuals or organisations developing training packages?

5. How might your industry/sector contribute to the development and maintenance of training packages?
   - Financial,
   - In-kind (eg allocation of resources to provide technical expertise)
   - Other

Industry Driving Training Package Qualifications

The Government is committed to ensuring that industry decides the direction of training to ensure graduates of the sector, including apprentices and trainees, are job ready. In support of this principle, Australian training ministers have agreed to establish the Australian Industry Skills Committee (the Committee) as the channel for formal industry advice on training in Australia. The Committee will advise ministers on the model for industry defined qualifications and training that meets industry needs.

The Committee will consist of up to 11 members drawn from industry and nominated by the Commonwealth and states and territories. The Committee will provide advice to ministers on training issues, including setting priorities for an oversight of the development and maintenance of industry-defined competencies in the form of training package qualifications and skills sets. The Committee is expected to be operational by the end of the year.

Industry input early in the development process

Early industry input in training package development will ensure qualifications and other content is consistent with industry’s needs. To do this, the new model would entail more direct and industry input to determine the qualifications that are required for the system. This would involve direct engagement of industry with the Committee.
to determine the skills needed for an industry sector and if this is best met as a specific skill set or a qualification. This may take the form of a business case setting out the rationale and economic and industry need for the change. The Committee would make a determination and possibly select the best body to undertake the task. This provides a transparent standardised process through which industry can have its skills needs considered and recognised.

**Streamlined industry-endorsement processes**

To support the reduction in red tape, the endorsement process is anticipated to be significantly simplified. A risk based approach for endorsement would be implemented. Where the final delivered product aligns with the initial industry business case, the scope of work prescribed by the Committee, quality standards and industry support is evident, endorsement would be automatic. Only where industry stakeholders are unable to reach agreement would the qualifications need to be referred to the Committee for further development work or specific endorsement.

In parallel with this, the *Review of Training Packages and Accredited Courses Discussion Paper* is canvassing options for a more risk based and proportionate approach to the regulation of qualifications, including more flexible arrangements for some industries.

**Making more use of industry-based research and feedback**

As the Committee will oversight the suite of industry-defined qualifications it will need access to economic and industry specific analysis, to help it schedule its program of work. The source of this information is to be determined.

**Red-tape reduction**

Reducing needless process and streamlining training package development and endorsement are important objectives in this new approach. The current model for qualification development or review requires extensive engagement and sign-off across many stakeholders and imposes a significant regulatory burden or red-tape cost on industry. Industry skills councils coordinate this work but are still required to submit a case for endorsement detailing compliance with the policy processes and quality frameworks, and often further dialogue and engagement with sector representatives is required.

Industry engagement from the start of the qualification development cycle is expected to reduce red-tape.

### Discussion questions

6. What are your views on the proposed streamlined approach to industry engagement in the qualification development?

7. How might economic analysis or industry trends be accessed in the future?

**Approaches to procuring qualifications development**

There are a range of approaches that could support enhanced industry engagement in training package development. Some possible approaches are outlined below;
these are illustrative and designed to generate stakeholder feedback on the approaches outlined below or any alternatives.

Under these approaches existing and new training packages would be retained and remain available for delivery on a national register. The Commonwealth would retain the intellectual property rights for training package qualifications and these would be made available under an open access licence such as Creative Commons.

The Department recognises that each of these approaches would require additional resources to assist the Committee in overseeing this work and co-ordinating and commissioning activity.

The approaches that are included in the paper are considered to be the most feasible and draw on the two key elements for the development of qualifications:

- the actual writing of standards; and
- gathering industry intelligence.

Other approaches such as enabling all existing industry bodies with national coverage the opportunity to undertake the role of development of training packages and gathering industry intelligence poses significant management and co-ordination challenges and are not considered to be viable.
Approach 1: Purchase training package development as the need arises – Training Development Panel

This approach presents opportunities to streamline industry engagement in the development of training packages and provides industry training coordinators for industry when they want to initiate change. The industry training coordinator provides the contract management, market research and coordination point that supports the operation of this model.

How training packages would be written under this model

A training development panel of technical writers would be formed through an open competitive tender process. To be eligible to tender for this role an individual would need to demonstrate that they were independent, have no vested interest and have no real or perceived conflicts of interest. As a training package, or set of qualifications, requires redevelopment, or new qualifications are required a panel member would be contracted by the Department of Industry to undertake the specific
pieces of work. Membership of the panel would be based on demonstrated technical skills and a close working relationship with particular industries.

*How industry and stakeholders would participate in development under this model*

Technical writers would not be expected to have the capacity to undertake all aspects of the development cycle. Co-ordination, contract management and market research would be a function of the industry training coordinators in the Department of Industry. An industry training coordinator would liaise with industry representatives for the sectors. The coordinators would be expected to be people with VET and industry experience.

The level of industry support and the potential for private financial contribution would be an important criterion for determining priorities for development and review of training packages.

The panel could also be accessed on a cost recovery basis by other VET sector stakeholders to undertake development that they require, particularly if there is an urgent need for qualifications.

*How this model would be governed*

Oversight of this approach would be the responsibility of the Committee which would determine the priorities for development and review of training packages. The Committee would schedule work based on the business cases brought forward by industry. The case would need to outline the imperative for change, including the productivity dividends expected, the relevant costs and benefits and stakeholder views. Preferably, industry would develop and submit the business case but this could extend to other stakeholders such as regulators, developers of training packages or jurisdictions.

The Committee may decide that the development or review of training packages was a priority and would be funded by the Government. Alternatively, the Committee may decide that the development or review process was a priority but would not attract Government funding but could be developed with industry funds and submitted for national endorsement.

To ensure direct industry input to the development of training packages a fundamental criterion underpinning all the approaches, is the requirement for proponents developers to demonstrate broad industry support and established industry connections.
**Approach 2: Industry assigns responsibilities to preferred organisations**

This approach offers industry the opportunity to form industry sector committees (from existing bodies and/or new bodies) to represent their skills needs and to develop and maintain industry defined qualifications. Industry sector committees would provide the management and coordination to support the operation of this approach.

*How training packages would be written under this model*

The Committee would invite proposals from industry groups to identify the qualifications or industry sectors to be covered by the industry sector committees. The level of industry support, public good and the potential for private financial contribution would be important criteria for selection as an industry sector committee.
How industry and stakeholders would participate in development under this model

The industry sector committees would engage with industry to identify skills and training needs and would access the training development panel to codify them into standards in training packages.

The panel could also be accessed on a cost recovery basis by other VET sector stakeholders to undertake development that they require, particularly if there is an urgent need for qualifications.

How this model would be governed

The industry sector committees could be funded by the Government for four or five years in order to give them sufficient time to establish and operate. The committees could be funded via a co-contribution between industry and government. The committees would need to demonstrate ongoing broad industry commitment and effective industry networks through their governance models. The committees would be expected to service the whole sector.
Approach 3: Government contracts for Designated VET Sector Bodies

This approach improves on the current development model for training packages with the roles and responsibilities for the development and maintenance being determined through an approach to the market. The designated VET sector bodies would undertake the roles of gathering industry intelligence and development of qualifications to support industry need, and provide the management for this approach.

**How training packages would be written under this model**

The successful tenderer(s) would have the exclusive right to develop and maintain the training package(s) assigned to it for a designated contract period.

This approach would see a limited number of bodies, approximately six, assigned the responsibility for the development and maintenance of the training package and associated products with the possibility of a lead industry skills body.

The level of industry support and the potential for industry financial contribution would be important criteria for determining the organisations awarded this role.

**How industry and stakeholders would participate in development under this model**

The designated VET sector bodies would be responsible for industry engagement and their performance would be assessed during the period of the contract based on technical competence in the development process and satisfaction levels from the
relevant client industry sectors. To ensure there is a streamlined approach to development work, the bodies would still seek endorsement from the Committee of proposed changes to qualifications before the work commences.

How this model would be governed

The bodies would be contracted by the Department through a service agreement for, say, a four or five year term.

Through this approach the current sectoral coverage for industry skills councils could be broadened and or realigned. This would be subject to industry feedback.

Discussion questions

8. Which is your preferred approach? How would your chosen approach support your business’s engagement in the development and codification of skills in training packages? What are the advantages and disadvantages of this approach from your point of view? Do you have any comments about the other approaches?

9. What are the sectoral coverage options that could best support your industry needs now and into the future eg cross sectoral, broad sectors or other?

10. In your view, which of the approaches represents the best involvement of industry in this process? Are there other approaches or models that should be considered?

11. What are the opportunities and challenges of the approaches for: industry, employers and students?

12. Do you have any other comments?

Transition Issues

Given the current approach to industry advice and training package development has been in place for a considerable time a range of transition issues arise. The issues of importance for this paper are described below and views from stakeholders on possible responses are welcome.

Establishing purchasing arrangements

All of the changes outlined in this paper will require detailed purchasing and contracting arrangements which have significant lead times. The priority will be to have up to date training packages in place before the new arrangements are implemented. This will allow for a managed ramp-up of the new approach and minimise disruption to the sector and stakeholders.

Transition of existing training packages to the Standards for Training Packages

Under the 2012 Standards for Training Package all existing training packages should be compliant with the new Standards by 31 December 2015. This involves reviewing all units of competency and qualifications, rewriting them to conform to the new template, recoding and identifying mandated assessment criteria and standards.
It is anticipated that a significant number of training packages will not be ready for endorsement under the new model until the latter part of 2015 after the funding agreement with industry skills councils concludes on 30 June 2015.

Options include: holding all development work against the new standards; completing the training packages with current industry skills councils; or transition the responsibility of completing the remaining packages under the new arrangements.

**Review of architecture and product design of training products**

The architecture and product design of training products (training packages and accredited courses) are under review and it is possible that the design and content of training packages may change. Implementation and transition to a new model for development and maintenance of training packages will need to reflect the outcomes of the review.

**Feedback**

The Government wishes to consider new approaches to the development and maintenance of training packages. Stakeholder feedback is crucial to the design of the final system.

Views are welcome on all aspects of this discussion paper. The Government is particularly interested in receiving feedback on:

- the relative merits of the approaches outlined in this paper;
- the importance of features of industry-defined qualifications and attributes of training package development outlined in the paper, and any other aspects in determining the new model; and
- possible approaches to dealing with the transition issues, particularly in completing the 2012 Standards for Training Package process for all existing training packages.

**Consultation and opportunity for further comment**

Comments on this paper by submission are encouraged by all stakeholders.

To assist with analysing feedback the following information is of particular interest.

- Information about your organisation
- Contact details

To assist the department in compiling and analysing the views of all stakeholders, respondents are encouraged to provide their feedback through the Department of Industry’s Consultation Hub – consult.industry.gov.au

The Department can be contacted via email - VETTaskforce@industry.gov.au or phone 13 38 73.

The period for providing submissions will be open from 31 October to 24 December 2014.
The Department will be holding consultation sessions late in 2014. Further information will be available at Industry Engagement in Training Package Development – Towards a Contestable Model.

Stakeholders can also register to receive notifications on the VET Reform website – register for VET Reform updates register for VET Reform updates.
Appendix A

Industry Skills Councils

Training package development is currently undertaken by twelve industry skills councils funded on an annual rate under a three-year contract with the Commonwealth. Currently industry skills councils have an exclusive mandate to codify the skills and training needs into the training package format. This model will cease from 30 June 2015.

The sectoral coverage of industry skills councils has changed only marginally since they were established. Broadly the current sectoral coverage is:

- Agriculture
- Automotive
- Construction and Property Services
- Community Services and Health
- Energy
- Forestry and Forest Products
- Government
- Business Skills, Creative, Training and Assessment
- Manufacturing
- Resources and Civil Construction
- Service Industry
- Transport and Logistics