

2022 FEDERAL ELECTION POLICY STATEMENTS

SKILLS, EDUCATION AND TRAINING

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Key Points

Greater investment in, and improved approaches to skills development, education and training are fundamental to our further economic and social development.

Skills needs, qualifications and education and training arrangements

- Funding should be provided for detailed, and ongoing analysis of current and future workforce needs.
- The recommendations of the 2019 review of the Australian Qualifications Framework should be implemented as a key step towards a coherent framework of micro and macro credentials that are adaptable by industry and individuals and better connects our tertiary education sectors.
- There should be a clear commitment to micro-credentials together with greater information and access and the removal of barriers to their provision.
- Progress towards improved VET outcomes should continue under the Heads of Agreement for Skills Reform.
- There should be strong commitment to the Industry Clusters Model to improve industry engagement with the VET system which should also be informed by the work of the National Skills Commission.
- VET funding should be increased, and pricing models improved.
- Greater cooperation should be developed between the VET and university sectors to enable the development of a richer range of course offerings and industry partnerships.
- VET, university and industry partnerships that inform approaches to learning and education among universities and industry should be encouraged and should include collaborative regional and metropolitan hubs.

Work-based learning and work-integrated learning

- Australia should engage more fully in work-based and work-integrated learning.
- Broader adoption of work-based learning and work integrated learning programs should be pursued through cadetships and enhanced apprenticeships that reach beyond the traditional Certificate III and IV level qualifications.
- Barriers to broader adoption should be addressed – both in relation to the recognition of work-based and work integrated learning (WIL) within higher education qualifications and by supporting the engagement of employers.
- The connection of research students and graduates with industry through WIL programs such as internships should be scaled up.

- The Apprenticeship wage subsidy and employer incentives at higher levels than proposed and remain available for all apprenticeships and traineeships across the economy
- Greater attention should be given to attracting and retaining a more diverse range of apprentices including female and indigenous people and people with a disability.
- The support for commencements needs to be complemented by appropriate encouragement and support for completion.

Foundation skills

- Ongoing attention should be given to the development of foundation skills both for future and current members of the workforce.
- Appropriate digital skills should be included as foundation skills.
- Workplaces should be supported to engage in a refreshed national language, literacy, numeracy and digital skills strategy.

Policy Approach

Shortages of skilled labour across a growing range of occupations are a clear constraint on business expansion and the provision of goods and services by both the public and private sectors. Skill shortages, including in the important area of skills related to digitisation, are holding back the ability of businesses and other organisations to adopt new technologies and processes. Looking ahead, higher levels of workforce skills and ongoing skills development are essential to the ability of Australia to thrive in the transitions ahead of us in the face of environmental, demographic and technological pressures.

Skills development, education and training are also central elements of our broader social development. They are critical to lifting the economic and social opportunities available to Australians and they are fundamental to improving the resilience of our population and the ability to adapt in the face of ongoing change and ever-emerging challenges.

Ai Group's skills, education and training policy proposals for the 2022 federal election focus on three areas: improving our approach to skills needs, qualifications, education and training; the opportunities presented by work-integrated learning (including apprenticeships); and the importance of developing foundation skills – including in workplaces.

Skills needs, qualifications and education and training arrangements

Our approach to skills development, education and training needs to be informed by current demands both of individuals and employers and by flexible, forward-looking planning. The National Skills Commission (NSC) work on the state of Australia's skills landscape¹ in examining current, emerging and future workforce needs has been an

¹ For example, The state of Australia's skills 2021: now and into the future, National Skills Commission, December 2021.

important development and should be appropriately resourced to continue its work program.

Areas of particular importance highlighted by the NSC's analysis include STEM (science, technology, engineering and mathematics) skills, skills related to data analysis, and a wide range of digital skills as well as the overarching importance of employability skills.

Alongside a strong and evolving knowledge of current and emerging skills needs, Australia also needs a coherent framework of micro and macro credentials, adaptable by industry and individuals and underpinned by a modern qualifications framework, which better connects our tertiary education sectors.

Qualifications need to be able to be designed differently, combined differently and be accessible across contexts in many more varied and timely ways. This questions funding models; the role of our institutions; and the relationship between learning and credentialing.

A good starting point would be implementing the recommendations of the 2019 Australian Qualifications Framework (AQF) Review² which provide an architecture for future qualifications. The reimagined AQF was designed and developed in a way that organises knowledge and skills that enable individuals to gain, retain or build upon meaningful work.

A key part of a modern qualifications framework is the need for a broad range of shorter form 'micro-credentials' that align with growing and regular re-skilling needs of individuals and industries.

Central to this is the need for access to information on credential offerings for industry and the public; for coherence in offerings; and for information on where credentials sit/how they stack up in relation to specific qualifications. Ai Group supports the Review of University-Industry Collaboration in Teaching and Learning³ in its call for 'responsive, industry-focused micro-credentials that offer rapid skilling into defined workplace roles'.

Improved access to micro-credentials, particularly when they are developed in conjunction with industry requires a greater commitment by government to system-wide support for micro-credentials frameworks.

Coupled with this, the Australian Skills Classification has the potential to provide refreshed sets of skill descriptors that help identify transferrable skills between jobs, workforce skills gaps, and training package update requirements.

Barriers to the provision of micro-credentials by education and training providers should be uncovered and removed to ensure that education and training offerings are relevant.

² Final Report of the Expert Panel for the Review of the Australian Qualifications Framework, December 2019.

³ Review of University-Industry Collaboration in Teaching and Learning, Bean, M. and Dawkins, P., Department of Education, Skills and Employment, 2021.

VET skills reform

Australia's performances against the indicators for vocational education and training remain mediocre.⁴ This reflects a number of system-wide VET issues identified in major reviews commissioned over the past few years. Major skills reforms driven by the *Heads of Agreement for Skills Reform*, have promised to address the issues by strengthening VET qualifications and the quality of training.

The newly released Industry Clusters model to improve industry engagement with the VET system presents a much-needed leadership role through which deep and meaningful engagement across providers and users of the VET system will occur. Importantly the engagement incorporates collaboration with the National Skills Commission, National Careers Institute and the Australian Skills Quality Authority (ASQA). A broad range of functions, including workforce planning and labour market analysis, will ensure better and more responsive implementation of changes.

The effectiveness of this new model will be crucial for Australia in meeting its future skill needs. The new system must embed skills alignment, quality, speed to market, responsiveness and innovation. The National Skills Commission is a critical component in the revised architecture for VET. It must continue to provide data-led advice on workforce skill needs, the state of labour markets and the performance of the VET system.

Continued commitment to addressing long-term declines in VET funding by all levels of government is also necessary. This requires real investment in VET along with the revised funding model for national consistency and efficient pricing.

Breaking down barriers between VET and universities

Industry increasingly requires skills development that straddles both the VET and higher education sectors as combinations of skill sets shift and incorporate higher level skills.

At present, barriers arise because of the entrenched divisions inherent in our tertiary education sector.

As closer partnerships are forged between industry and education and training sectors, so too should closer partnerships exist between the VET and higher education sectors. This should include the exploration of innovative tertiary education institutes that mix vocational and higher education, such as the recently established NSW Institute of Applied Technology, which aims to fully integrate VET and higher education in a cohesive tertiary curriculum that has access to industry representatives and that can accommodate employers involved in the delivery of their own proprietary training.

VET, university and industry partnerships

The decreasing shelf life of skills means new paradigms must be created for partnerships between industry and higher education providers. Embedding collaborative cultures for skills development will assist Australia's future success. In this

⁴ Productivity Commission, Performance Reporting Dashboard, updated in 2020/2021.

regard the release of the Review of University-Industry Collaboration in Teaching and Learning⁵ is timely.

There are several examples of mainly larger companies forming strategic alliances with universities to develop and deliver new programs that align with their future business requirements. As a leader, BAE Systems Australia has recently circulated a Request for Information to other companies to collaborate on innovative education and training initiatives to nurture talent for their industry. The company is similarly working with universities and TAFEs to achieve these ends. Such collaborative activity now needs to be widespread, including with support provided to smaller sized companies to recognise the benefit of, and establish relationships with, larger employers and providers. These alliances would guide the learning at universities, explore new skilling models, and help to build learning into the everyday business of companies.

With regional skill pressures exacerbated during COVID-19, regional universities will strongly benefit from support to establish greater cultures of collaboration with local industries and other education and training sectors that co-create skill ecosystems. Australia would benefit from a system of collaborative metropolitan and regional hubs, learning from the Centres of Vocational Excellence model in Europe by developing strategies to meet local skill needs and assist large and small employers create innovative solutions to skill challenges.

While initiatives already exist in Australia, more are needed. Funding and support for these initiatives can range from financial incentives, education vouchers, training grants and scholarships and general tax deductions.

Work-based learning and work-integrated learning

Work-based learning and work-integrated learning (WIL) models suit today's workplaces. They allow students to be immersed in real work environments and assist in developing work and career readiness. The latest national Graduate Outcomes Survey⁶ (GOS) cemented the benefit of work-based WIL for students as they engage with industry and community partners on real-life tasks and projects and gain valuable insights combining theory and practice.

While there are examples of employers partnering in a variety of WIL activities, and there is recognition among employers of the benefits, there are significant barriers from the employer point of view. These include costs, a lack of time, limited resources and their capacity to supervise students.

To date, governments have introduced limited cadetship and advanced apprenticeship pilots. Broader action could involve national take up of the cadetship proposal for VET and university students developed by the Mitchell Institute.⁷ The proposal puts forward a framework and funding sources for apprenticeship-style support for employers to take on students at scale using existing system infrastructure.

⁵ Review of University-Industry Collaboration in Teaching and Learning, Bean, M. and Dawkins, P., Department of Education, Skills and Employment, 2021.

⁶ See <https://www.gilt.edu.au/surveys/graduate-outcomes-survey-gos/#anchor-2>.

⁷ Dawkins, P., Hurley, P., & Lloyd, D. (2020) Averting and Escalating Labour Market Crisis for Young People in Australia; A Proposed National Job Cadet Program, Mitchell Institute, Victoria University, Melbourne.

The 2015 National Strategy on Work Integrated Learning in University Education⁸ remains a key document from which further strategies and actions can be developed. Employers' increased engagement needs to be supported by access to innovative WIL models that expose students to contemporary practices.

Attention needs to be given to ensuring there is appropriate recognition of work-based and work integrated learning within higher education qualifications.

Support for up-scaled WIL connections between employers and research graduates is also needed to assist with research and development collaboration. Further investment in programs that connect PhD students with industry through short-term internships across all sectors, disciplines and universities will link businesses with fresh ideas to innovate and provide pathways for universities to expand research collaborations. The APR.Intern program⁹ provides a successful example of this model.

The apprenticeship model

As Australia's longstanding approach to work integrated learning, the apprenticeship model, is becoming an even more important lever in Australia's future growth as rapidly changing work environments benefit from work-based learners who experience change first-hand. The model is an effective vehicle for young people to enter or re-join the labour market.

The Boosting Apprentice Commencements (BAC) wage subsidy has been remarkably successful, and is helping lay the foundations for the development of an enduring skills pipeline. The need for trade and related skills will continue for many years to come and wage subsidies and other employer incentives should continue at higher than planned levels for the foreseeable future. These wages subsidies and incentives should be available across all traineeship and apprenticeship occupations across the economy.

In addition, we need to ensure a high level of completions. Apprentice supervisor mentoring programs should be developed and made available – particularly for small businesses employing or engaging apprentices. An incentive payment to individuals towards the end of their apprenticeship would also assist.

The apprenticeship system must be supported to increase the diversity of apprentices including in relation to females, indigenous people and people with a disability.

Targeted funding for Group Training Organisations would also assist the participation of SMEs and disadvantaged groups.

Foundation skills

As the economy moves out of the COVID-19 crisis, there remains an urgent need to address the foundational skill levels of the existing Australian workforce as well as those seeking to enter it. Almost all employers experience low levels of literacy and numeracy that impact on their business. People without adequate foundation skills

⁸ See [National strategy on work integrated learning in university education](#).

⁹ See <https://aprintern.org.au/>.

are at greater risk of disengaging from learning and from fully participating in the workforce.

Poor language, literacy and numeracy will continue to constrain productivity, labour mobility and the capacity of the economy to achieve the higher levels of skills needed for the increasingly knowledge-based economy. Digital literacy is now an additional foundation skill. As industry continues to transform, it requires greater numbers of individuals with well-developed foundation skills.

An updated National Foundation Skills Strategy for Adults¹⁰ should recognise the impact that digital transformation is having on the workforce, especially on low skilled workers performing tasks in jobs, occupations and industries impacted by digital disruption. Workplaces need support under a refreshed national language, literacy, numeracy and digital (LLND) skills strategy that includes tangible and realistic KPIs, to ensure state and federal government accountability against universal standards. In support of this there needs to be a greater capacity for data collection on LLND to provide more real-time data to inform the reviewing and reporting against the strategy.

Additionally, an expansion of national Foundation Skills program initiatives will provide the level of support required for companies to deliver the LLND training required to up-skill and re-skill employees.

¹⁰ See <https://www.dese.gov.au/skills-information-training-providers/national-foundation-skills-strategy-adults>