



Member Driven Policy Leadership
Independent Tertiary Education Council Australia

ITECA Submission

Jobs and Skills Australia Amendment Bill 2023 (Cth)

Inquiry Undertaken By The
Senate Education & Employment Legislation Committee

April 2023

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Jobs & Skills Australia Amendment Bill 2023 (Cth)

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Executive Summary

Part i ■ Jobs & Skills Australia Amendment Bill 2023 (Cth)

The Independent Tertiary Education Council Australia (ITECA) is the peak body representing independent providers in the skills training, higher education, and international education sectors. It welcomes the opportunity to support the Australian Senate Education and Employment Legislation Committee as it reviews the *Jobs and Skills Amendment Bill 2023 (Cth)*.

“ The effectiveness of JSA will be judged, in no small part, by its engagement with the independent tertiary education sector. ”

From the outset, ITECA has been a strong supporter for the establishment of Jobs and Skills Australia (JSA). It offers the opportunity to bring national coordination and a coherent approach to the national challenge of ensuring that the workforce can support a sustainable and growing economy.

It is recognised that the Bill before the parliament is the second tranche of legislation associated with this agency. ITECA believes that this legislation should deliver a fully independent agency that's responsive to the needs of employers and that's able to work collaboratively with the business community, state and territory governments, unions and the tertiary education sector. This ambition is delivered in part by this legislation.

Governance —

A Partnership of Employers, Unions, Skills Training Providers & Government

The bill provides for JSA's permanent governance arrangements and functions. ITECA is recommending a stronger and more inclusive governance structure to ensure JSA's effective decision-making, transparency, and accountability. The framework recommended by ITECA will also promote diversity, equity, and inclusion, leading to better outcomes for all stakeholders and building trust in the agency's operations.

In order to tackle skills shortages and position Australia to face future economic headwinds, the effectiveness of JSA will be judged, in no small part, by its engagement with the independent tertiary education sector.

Engagement —

Permanent Intergovernmental Structures

All skills needs are local, often unique not just to a state or territory but within specific regions. In this context, the ability for JSA to fully discharge its task will require the advice, guidance and collaborative participation of state and territory governments. The Bill before the Australian Parliament should be amended to create permanent intergovernmental consultative mechanisms.

In order to tackle skills shortages and position Australia to face future economic headwinds, the effectiveness of JSA will be judged, in no small part, by its engagement with the independent tertiary education sector.

Key Observation —

JSA Needs A Formal Relationship With The Skills Training Sector

The independent skills training sector will be critical to JSA's work. These providers support over 87% of the 4.3 million students in skills training, including more than half of all apprentices and trainees. Further, independent providers support around 10% of

the 1.6 million students in higher education. ITECA's unique position, representing and supporting members across both the skills training and higher education sectors, allows JSA to leverage the experience and expertise of the entire independent tertiary education sector. In that context, it is recommended that JSA formalise a relationship with ITECA and also its public sector counterpart, TAFE Directors Australia.

The involvement of independent RTOs in JSA's governance architecture is critical to the task of creating workforce skills development plans that can be delivered. Without the input of these ITECA members, the workforce skills development plan may not meet the needs of industry and learners, may lack critical feedback on its effectiveness, may struggle to deliver high-quality skills training programs, the very programs required to support workforce skilling, reskilling and upskilling.

ITECA seeks to strengthen JSA by implementing formal arrangements to promote transparency and accountability. These include the mandatory requirement to report to the Australian Parliament, publish recommendations made to the JSA Commissioner, and formalise engagement through ITECA with independent skills training and higher education providers.

As the peak body representing independent skills training and higher education providers, ITECA welcomes the opportunity to further engage with the Australian Senate Education and Employment Legislation Committee on the issues set out in this paper.

Troy Williams
ITECA Chief Executive
Canberra, April 2023

Felix Pirie
ITECA Deputy Chief Executive – Policy & Research

Recommendations For A Stronger & Engaged Agency

Part ii ■ Jobs & Skills Australia Amendment Bill 2023 (Cth)

The following recommendations have been developed following extensive consultation with independent providers in both the higher education and skills training sector. They seek to ensure that JSA can provide independent advice on the current, emerging, and future workforce, skills, and training needs.

Recommendation – Structure & Governance

R1.1 That the JSA Advisory Board comprise: 1 Chair; 3 representing states and territories; 3 representing employee associations; 3 representing employer associations; 3 representing tertiary education providers; the Commonwealth Regional Education Commissioner; and not than 2 other members.

Recommendation – JSA Advisory Board Reporting

R2.1 That JSA report to the Australian Parliament in accordance with the provisions of the *Public Governance, Performance and Accountability Act 2013 (Cth)* and the *Public Governance, Performance and Accountability Rule 2014*.

R2.2 That the JSA Advisory Board publish on its website the advice provided to the JSA Commissioner.

R2.3 That the Bill be amended to so that a review of JSA's operations be completed within two years of the amendments in Bill commencing.

Recommendation – Stakeholder Engagement

R3.1 ITECA would takes this opportunity to suggest that the Australian Government consider a formal engagement mechanism with students.

R3.2 That JSA incorporate the National Careers Institute within its structure in order to provide a coordinated provision of information to students on skills training and career options.

Recommendation – Intergovernmental Engagement

R4.1 That JSA has a State & Territory Advisory Group to provide a nationally coordinated approach to workforce planning and skills training matters, having regards for regional needs.

R4.2 That JSA has a Commonwealth Advisory Group to ensure that there is a whole-of-government approach to workforce planning and skills training matters.

Recommendation – Core Functions

R5.1 That JSA has direct oversight of, and responsibility for, the work of the Jobs and Skills Councils.

R5.2 That JSA has a specific remit to advise the Australian Government on the international education sector's relationship to, and interaction with, Australian workforce structure.

R5.3 That the recommendations from the Productivity Commission's review of *the National Agreement for Skills and Workforce Development* be utilised as the broad overlay in which recommendations concerning skills funding are made.

R5.4 That JSA review and publish an annual report, consistent with *ASAE 3500 Performance Engagements*, that details government-funded student outcomes (by provider type) associated with the Australian Government's investment in skills training.

JSA Structure and Governance

Part 1 ■ Jobs & Skills Australia Amendment Bill 2023 (Cth)

The governance arrangements for JSA need to be further strengthened to reflect the Australian Governments election commitment for JSA to be a partnership to drive skills training and strengthen workforce planning by working together with employers, unions and the training and education sector.

ITECA notes the structure of JSA as set out in the Bill. While the proposed establishment of the full JSA will be as a statutory agency with the portfolio of the Department of Education and Workplace Relations, there is a lack of detail. As a result, ITECA has made several assumptions about the structure and governance of JSA as a Commonwealth agency.

A Stronger Independent Agency

The initial commitment from the Prime Minister was to “create a new and independent agency to be called Jobs and Skills Australia which will research workforce trends and provide impartial advice about what skills are needed now and what skills will be sought after in the future. Jobs and Skills Australia will be modelled on Infrastructure Australia ...”^[1] In that context, ITECA's expectation was that Jobs and Skills Australia would be an independent statutory body, as is the case of Infrastructure Australia.

The further commitment from the Prime Minister was that “Jobs and Skills Australia would be a genuine partnership across all sectors – business leaders, both large and small; State and Territory governments; unions; education providers; and those who understand particular regions ... our model of Jobs and Skills Australia is for a genuine partnership.”^[2] ITECA recommends that the Bill be strengthened to achieve that outcome.

ITECA believes that JSA needs a stronger and more inclusive governance structure to ensure effective decision-making, transparency, and accountability. This will promote diversity, equity, and inclusion, leading to better outcomes for all stakeholders and building trust in the agency's operations.

Governance That Provides Leadership & Consensus

ITECA recommends enhancements to JSA's governance structure to ensure that the agency has the advice and guidance necessary to promote transparency and accountability, and to enhance the JSA's effectiveness in achieving its objectives while serving the best interests of the public.

The proposed formation of the JSA Advisory Board is welcomed; however, ITECA believes that a stronger arrangement is needed. After extensive consultation across the independent tertiary education sector, the advisory Board should be constituted as follows:

“ By working with training providers, governments can support the development of high-quality and accessible education and training programs that meet the needs of students and employers. ”

[1] PM opinion piece in the Herald Sun (12 Nov 2021)

[2] PM address to the Committee for Economic Development of Australia, Perth (29 Oct 2019)

- Chair;
- Three members representing the states and territories;
- Three members representing employee associations / unions;
- Three members representing employer associations;
- Three members representing tertiary education providers;
- The Commonwealth Regional Education Commissioner; and
- Not more than two other members.

As can be expected, thought has been given by tertiary education stakeholders to the three representatives representing tertiary education providers. Logically these would be ITECA and TAFE Directors Australia (both organisations have a predominately with a skills training membership but also represent dual sector providers) and Universities Australia.

It is important that independent Registered Training Organisations (RTOs) play a role in JSA's governance as the latter looks at skills shortages and solutions. ITECA members have the have firsthand knowledge and expertise in the delivery of skills training needed to address these shortages. Independent RTOs play a critical role in training and upskilling the Australian workforce and can provide valuable insights into the delivery challenges of skills and qualifications required in different industries. Including RTOs in this fundamental conversation ensures that the perspectives of those on the front lines of training and education are heard and considered in shaping policies and strategies to address skills shortages.

Recommendation/s

R1.1 That the JSA Advisory Board comprise: 1 Chair; 3 representing states and territories; 3 representing employee associations; 3 representing employer associations; 3 representing tertiary education providers; the Commonwealth Regional Education Commissioner; and not than 2 other members.

“Independent RTOs play a critical role in training and upskilling the Australian workforce and can provide valuable insights into the delivery challenges of skills and qualifications required in different industries.”

JSA Transparency & Accountability

Part 2 ■ Jobs & Skills Australia Amendment Bill 2023 (Cth)

For stakeholders across the business community, the skills training sector plus state and territory governments to have confidence in the work of JSA, there needs to be a high degree of transparency and accountability in the recommendations it provides to the Australian Government.

ITECA is recommending that accountability and transparency be strengthened to encompass standard minimum requirements for a Commonwealth agency that will reflect those of other Australian Government agencies.

JSA Parliamentary Reporting

The Australian Government has a reporting framework that, through legislative underpinnings, provides for an integrated system that promotes high standards of governance, performance and public accountability.

In this context, ITECA recommends that JSA provide an annual report to the Australian Parliament consistent with the requirements set out in the *Public Governance, Performance and Accountability Act 2013 (Cth)* and the *Public Governance, Performance and Accountability Rule 2014*.

This ensures that JSA will have an unambiguously clear framework for the effective and efficient use of public resources, one that promotes transparency and accountability in the management of public funds and establishes clear standards for the performance of JSA and its officers. There are benefits in this approach as the Act sets out the duties and responsibilities of officials in managing public resources and requires entities to report on their performance and financial management to ensure that they are meeting their obligations.

ITECA's recommendations promote good governance and sound financial management, thus helping to build stakeholders' trust and confidence in JSA and its operations

It is appreciated that JSA is not designed as a decision-making body. At the same time, however, the capacity, indeed, the requirement, for JSA to provide advice that will lead directly or indirectly to significant decisions will lead to calls for more accountable and transparent arrangements than might otherwise be the case.

In order for the business community, skills training sector, plus state and territory governments to have confidence in JSA, it is appropriate that there be a high level of accountability for the advice provided to the Minister.

JSA Advisory Board Reporting

In order for stakeholders to have confidence in the JSA, there needs to be a high degree of accountability on the advice that it gives to the Minister. In this context, the work of the JSA Advisory Board needs to be open in order to build a sense of trust across the broad range of stakeholders with whom the JSA is engaged.

“ Over the long-term, by reporting to the Parliament JSA can help to inform and improve policymaking, as it provides a platform to share its expertise and insights with Members of Parliament and the public. ”

ITECA recommends that the JSA Advisory Board provide written advice to the JSA Commissioner in the context of critical issues specified by the Minister and that this advice be published on the JSA website. Written advice from the Advisory Body would likely be focussed on matters such as: The context of the annual JSA workplan; matters related to the migration program; and other specific programs JSA is directed to undertake by the Minister and which Advisory Body advice is sought.

Creating a new government agency such as JSA is a significant undertaking that requires a considerable amount of resources and investment. It is important to ensure that the Australian Parliament verifies that this investment is being put to good use, and that JSA is performing as intended. A performance review after two years can help to identify any inefficiencies or areas where improvements can be made, allowing for corrective action to be taken in a timely manner.

Parliamentary Review Of Performance

The Bill as presently before the parliament requires the Minister to commence a review into Jobs and Skills Australia within two years of the amendments in Bill commencing, with the review must subsequently be tabled in both Houses of Parliament.

ITECA notes an opposition amendment that proposes the review commence within twelve months.

Balancing the need for a timely review of JSA against the timelines required for JSA to become fully operational, ITECA recommends that the review be completed within two years of the amendments in Bill commencing. The requirement that the review to be subsequently be tabled in both Houses of Parliament would remain.

Through direct reporting to the Parliament and the mandatory publication of JSA Advisory Board recommendations, JSA will develop a culture in which the organisation is accountable and responsive to Government and stakeholders.

Recommendation/s

- R2.1 That JSA report to the Australian Parliament in accordance with the provisions of the *Public Governance, Performance and Accountability Act 2013 (Cth)* and the *Public Governance, Performance and Accountability Rule 2014*.
- R2.2 That the JSA Advisory Board publish on its website the advice to the JSA Commissioner.
- R2.3 That the Bill be amended to so that a review of JSA's operations be completed within two years of the amendments in Bill commencing.

“ Through direct reporting to the parliament and the mandatory publication of JSA Advisory Board recommendations, JSA will develop a culture in which the organisation is accountable and responsive to government and stakeholders. ”

JSA Stakeholder Engagement

Part 3 ■ Jobs & Skills Australia Amendment Bill 2023 (Cth)

In exercising its functions, JSA will be required to be inclusive and to genuinely consult and to work with state and territory governments and other key stakeholders. This was the Australian Government’s commitment made when the *Jobs and Skills Australia Bill 2022 (Cth)* was introduced into the Australian Parliament.

Closely allied to the issues raised above in the context of the structure and governance arrangements for JSA are the mechanisms for engagement that are set out in the Bill.

Stakeholder engagement is critical for ensuring that JSA’s policies and programs are aligned with the needs and priorities of key stakeholders, including employers, industry groups, trade unions, and skills training providers. By engaging with these stakeholders, JSA can gain valuable insights into the skills and workforce development needs of different industries and sectors, which can inform the design and delivery of a workforce skills plan and the subsequent skills training programs.

Skills Training Sector Engagement

As is set out, it is critical that the skills training sector play an active role in JSA’s governance. A failure to imbed the skills training sector – and particularly the independent skills training sector that supports more than 87% of the 4.3 million students in skills training – in the governance architecture of JSA would present several challenges in delivering an effective workforce skills plan.

Firstly, independent RTOs bring a wealth of expertise and knowledge to the development of workforce skills plans. ITECA members have experience in delivering training and education programs to a wide range of learners, and understand the specific skills and knowledge required by different industries and sectors. Without their involvement, the JSA will struggle to access to the same level of expertise, making it difficult to design a plan that meets the needs of industry and learners.

Secondly, independent RTOs can provide valuable feedback on the effectiveness of workforce skills plans. By engaging with learners and employers, ITECA members can identify areas where the plan is working well and where improvements can be made. JSA will not have access to this critical feedback, making it difficult to refine and improve the plan over time without the contribution of ITECA members.

Thirdly, independent RTOs can play a key role in delivering training and education programs under the workforce skills plan. ITECA members have the infrastructure, expertise, and resources to deliver high-quality training to learners, which is essential for ensuring that the plan is successful. A failure to cement the voice of independent RTOs in JSA’s governance structure will compromise the integrity of JSA’s work as it will not have the capacity to deliver training and education programs, making it difficult to implement effective workforce skills plan.

“ By incorporating the existing functions of the National Careers Institute, ITECA is optimistic JSA will be able to facilitate the delivery of constructive and tailored information on skills training and career options. ”

Finally, independent RTOs can provide a level of transparency and accountability in the development and delivery of workforce skills plans. They are subject to rigorous quality assurance processes set by ASQA, the VRQA and TAC-WA, plus state and territory government funding bodies, which ensures that the skills training they deliver are of a high standard. Without the involvement of ITECA members, JSA will not have the same level of accountability, which could lead to a lack of trust and confidence in the plan from all stakeholders.

A strong commitment on the part of JSA to stakeholder engagement can help to identify and address potential barriers or challenges to the successful implementation of JSA's policies and programs. By engaging with stakeholders, JSA can identify potential roadblocks or issues that may arise, and work collaboratively with stakeholders to find solutions or workarounds.

Student Engagement

It is noteworthy that there is no explicit representation at the Advisory Body level for students in the context of the choices that students are making and the information before them. ITECA views this as a major missed opportunity to embrace students in an Australian Government agency that affects this cohort of Australians possibly more than any other. ITECA would take this opportunity to suggest that the Australian Government consider a formal engagement mechanism with student. Year13 commends itself as an obvious stakeholder.

The review of skills training undertaken for the Australian Government over 2018-19 identified that the biggest gaps to be filled in the sector were the provision and marketing of timely, accurate and helpful information that would help students and their families choose vocational pathways. The establishment of the National Careers Institute has partially addressed this; however, JSA has the opportunity to further the Australian Government's commitment in this area.

National Careers Institute

ITECA suggests that the formal establishment of JSA presents the Government with an opportunity to formally incorporate the current activities of the National Careers Institute as the primary mechanism to inform current and potential students and their support networks in relation to possible future study and career options. Simultaneously, there is an opportunity for a similar information-based initiative for businesses on the skills and workforce opportunities at a workforce and national level. Ideally, this would have strongly articulated involvement from skills training providers as well as the Jobs and Skills Councils and critically, the state and territory jurisdictions as the majority investors in training.

In a broader context, ITECA sees a significant opportunity for JSA. By incorporating the existing functions of the National Careers Institute, using diverse and tailored messages to the range of potential cohorts and engaging key relevant stakeholders, ITECA is optimistic JSA will be able to facilitate the delivery of constructive and tailored information on skills training and career options.

The aforementioned review of the skills training system led to the formation of the (now named) Jobs and Skills Councils. The JSCs have a remit broader than qualifications development and also have roles in assessing skills needs for their industries,

marketing their industry to prospective trainees and school students, managing apprenticeships support and endorsing RTOs to deliver their training packages.

Jobs & Skills Councils

While it is very well appreciated that the Bill is not prescriptive or fully detailed in terms of the structure or workflow arrangements for JSA, ITECA believes it is essential that a number of aspects to these are established and agreed at the outset. Among these from a structural perspective, is the need to formally include each of the Jobs and Skills Councils (JSCs) in the structural advisory arrangements for JSA.

The formal inclusion of the JSCs through the Advisory Body is an important step. More importantly, however, is to note that the JSCs will have a distinctive and uniquely focussed view of the skills training sector that can assist the work of JSA. Formally incorporating the JSCs and their work into the activities of JSA will minimise the likelihood of JSA developing advice at odds with that developed by the JSCs for critical skill and workforce areas.

Allied to initiatives to engage with students and the JSCs, is the strategic imperative that JSA engages in a formal and purposeful way, through ITECA, with the independent skills training and higher education providers.

Recommendation/s

- R3.1 ITECA would takes this opportunity to suggest that the Australian Government consider a formal engagement mechanism with students.
- R3.2 That JSA incorporate the National Careers Institute in order to provide a coordinated provision of information to students on skills training and career options.

“ Australia's skills training system cannot function without the strategic vision, financial contribution, and delivery of state and territory governments. ITECA therefore welcomes the strong voice that these jurisdictions have been afforded in the proposed structure. ”

JSA Intergovernmental Engagement

Part 4 ■ Jobs & Skills Australia Amendment Bill 2023 (Cth)

All skills needs are local, often unique not just to a state or territory but within specific regions. In this context, the ability for JSA to fully discharge its task will require the advice, guidance and collaborative participation of state and territory governments. The Bill before the Australian Parliament should be amended to create a permanent intergovernmental consultative mechanism.

ITECA believes that it is of fundamental importance that JSA has strong relationships with state and territory governments. This is critical in reflecting the shared nature of the skills system overall and the delivery of skills training programs between these levels of government. Experience has shown that collaboration and coordination are essential in delivering effective and efficient labour market and skills training programs.

State and territory governments play a critical role in coordinating the skills training sector, which involves working with multiple stakeholders, including employers, industry associations, and independent RTOs. They have the necessary networks and relationships to ensure effective collaboration and coordination across the system. Significantly, state and territory governments are responsible for administering most funded skills training. They work with independent RTOs and public TAFE colleges to deliver the training programs, and they have the experience and knowledge to ensure that the training meets the needs of the industry and the learners.

State & Territory Advisory Group

ITECA recommends that the engagement of the state and territory governments be embedded within JSA's governance arrangements. This would take the form of a State & Territory Advisory Group as a subcommittee to the JSA Advisory Board.

The representation from the state and territories may include two representatives. The first would come from a labour market background and the second with a skills training background. With respect to the latter, the established Skills Senior Officials Network (SSON) commends itself as a body from which to draw experience.

State and territory governments are major funders of the skills training sector. They provide the majority of the funding for training programs and infrastructure, and they have the ability to direct funding to where it is needed most. They can also leverage their funding to encourage collaboration and innovation in the sector. Government data from the National Centre for Vocational Education Research (NCVER) demonstrates that of the more than \$5.93 billion spent on skills training delivery in 2021, more than 65% of this investment was by state and territory governments, with the remainder of the funding coming from the Australian Government. As a significant contributor to the administration of skills training programs, it is important that state and territory governments are able to provide meaningful advice to the deliberations of JSA.

A strong relationship between JSA, and with the state and territory governments will act as an enabler, facilitating the sharing of information, expertise, and resources, which can lead to better policy development and service delivery by JSA.

“ ITECA recommends that the engagement of the state and territory governments be embedded within JSA's governance arrangements. ”

Across the Australian Government, close relationships with other Departments and agencies will help to ensure that the activities of JSA are aligned with other Australian Government priorities, particularly in the skilled migration context.

Commonwealth Advisory Group

ITECA recommends that it would be beneficial for the Australian Government to consider the benefit of formally establishing a Commonwealth Advisory Group as a Sub Committee to the Advisory Body. Such a Group would comprise membership drawn from across selected Commonwealth agencies with specific expertise relevant to JSA.

Key agencies for consideration would be: The Treasury; Australian Government Actuary; Department of Home Affairs; Department of Education; Department of Employment and Workplace Relations; Department of Industry; and Department of Social Services.

Ultimately, strong relationships between JSA and state and territory governments are critical to achieving the best outcomes for all Australian businesses.

Recommendation/s

- R4.1 That JSA has a State & Territory Advisory Group to provide a nationally coordinated approach to workforce planning and skills training matters, having regards for regional needs.
- R4.2 That JSA has a Commonwealth Advisory Group to ensure that there is a whole-of-government approach to workforce planning and skills training matters.

JSA Core Functions

Part 5 ■ Jobs & Skills Australia Amendment Bill 2023 (Cth)

The Australian Government's commitment is for JSA to build on the work started by the National Skills Commission, but with a much broader remit to address issues in the skills and training sector, while forging closer partnerships with key stakeholders. Further, tasked with playing an active role in workforce planning to look at future trends, the organisation will have a powerful remit.

In the broad context, ITECA is somewhat comfortable with the proposed functions of JSA as they mirror, to a large extent, those of the National Skills Commission (NSC), which has been effective in its role since its inception and has delivered some very sound work. The caveat here is that the needs to be an increased degree of transparency and accountability in JSA's governance arrangements.

Based on the proposed functions outlined in the explanatory memorandum associated with the Bill and other Australian Government statements, there are a number of suggestions and observations that ITECA makes in relation to how JSA might be able to most effectively fulfil its intended remit. A number of these relate to the earlier comments on engagement and formal networks actor the sector.

A key issue to strengthen the licence for JSA in the sector and to develop support for it, will be to strongly articulate what it is that JSA will do that is not already being done, and how the independent skills training sector has contributed to this work.

For many ITECA members, a key role for JSA will be oversight of the JSCs, specifically their qualifications development remit. This is a critical issue also for employers that are looking to the Australian Government for outcomes that builds a more agile qualifications development and revision framework.

JSC Qualifications Development Oversight

There is a need to ensure that the JSCs remain accountable to both employers and the RTOs that deliver the qualifications. In this context, JSA should have direct oversight of the JSCs and put in place the checks and balances needed for the JSCs to be responsive and accountable to the sector.

A priority for JSC should be to ensure that qualifications development processes ensure that the skills and knowledge of workers match the needs of employers, which can improve job prospects and economic outcomes. This approach will ensure that when it comes to the Australian Government's investment in skills training, taxpayers are getting the best return on their investment in terms of improved workforce skills and increased economic competitiveness.

It is proposed that JSA will be able to deliver 'improved identification of skills and labour imbalances across the economy through the development of a national skills supply and demand model.' While this is a substantial piece of work, there has been no detail articulated to stakeholders on what it will involve and that is concerning.

At the very least, this work would necessarily involve skills training and higher education providers, the international education sector, business groups, regional

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businesses and community groups, in addition to state and territory governments and most certainly the Jobs and Skills Councils as well as a number of relevant Commonwealth agencies. However, a number of existing bodies such as the National Centre for Social and Economic Modelling, already undertake activity of this nature and duplication should be avoided.

The International Education And Skills Need Nexus

While neither the Bill nor the accompanying explanatory memorandum cover it in any detail, the Bill makes a passing reference to migration as an additional function for analysis. However, this is not a function that is expanded upon among those in Explanatory Memorandum, and it would be a significant benefit if it were so. This would enable a description clear an explicit and robust function related to analysis and advice on the nexus between the labour market, future skill needs and the migration program. This is a complex area requiring collaborative engagement from JSA with sector participants – notably the independent skills training sector that supports around 97% of international student enrolments in the skills sector – as well as business groups, relevant Commonwealth agencies, JSCs, employee representatives, as well as state and territory jurisdictions.

The Explanatory Memorandum and Minister's second reading speech highlight the need for the Australian Government to make evidence-based decisions on priority investment. In this context, it is appropriate that JSA provide recommendations to the Australian Government on the return to taxpayers for their investment in skills training, and that there be a high degree of transparency associated with this advice.

Recent assessments of the investment by the Australian, state, and territory governments have identified opportunities to achieve a better outcome on the taxpayer's investment in skills training.

An Improved Framework for Funding Skills Training

In its 2020 review of the *National Agreement for Skills and Workforce Development*, the previous framework through which the Australian states, and territory governments, invested in skills training, the Productivity Commission noted that:

"There is a manifest capacity for governments to achieve a better return on the \$6.4 billion spent on VET..."

To achieve this, the Productivity Commission recommended the efficient costs and loadings currently being estimated by the (former) National Skills Commission as a common basis for setting and simplifying course subsidies; that there be the introduction of modest minimum student fees for Certificate III and above courses with exemptions for disadvantaged students; and applying more contestability and transparency to public funding of TAFEs and enhancing the operational autonomy of public providers.

As the Productivity Commission noted, there is a need for a revised performance reporting framework, with a broader set of performance indicators that better capture the contribution of government activity in the skills training system to skills and workforce development.

"Recent assessments of the investment by the Australian, state, and territory governments have identified opportunities to achieve a better outcome on the taxpayer's investment in skills training."

Skills Training Investment & Accountability

The Australian Government spends around \$2 billion each year on skills training and related programs, with the skills training component transferred to states and territories. Although the National Centre for Vocational Research (NCVER) publishes data on the outcomes of this expenditure, rarely does this data drive decision making.

JSA should have a role to play to match the taxpayers' investment in skills with skills demand, with a focus on ensuring that the skills and knowledge of workers match the needs of employers in high-demand industries, which can improve job prospects and economic outcomes.

In order to ensure that the taxpayers derive the best outcomes from its investment in skills training, it is appropriate that JSA base its recommendations on outcomes for students, without a specific reference to provider type (e.g. private, public TAFE, et cetera). This transparency will provide confidence that taxpayer funds are being used in a way that delivers the best outcomes for students and employers, particularly if the rigour of appropriate standards such as *ASAE 3500 Performance Engagements* (issued by the Auditing and Assurance Standards Board) is applied.

In considering the remit of JSA, ITECA has been mindful of the need to avoid creating a monolithic bureaucracy that lacks the ability to focus on the key areas critical to workforce planning and the skills training sector. If JSA's remit is too broad, there is the risk that the agency may become plagued by inefficiency and bureaucracy, which can result in slow decision-making, waste, and a lack of accountability.

Recommendation/s

- R5.1 That has direct oversight of, and responsibility for, the work of the Jobs and Skills Councils.
- R5.2 That JSA has a specific remit to provide advice to the Australian Government on the international education sector's relationship to, and interaction with, Australian workforce structure.
- R5.3 That the recommendations from the Productivity Commission's review into the National Agreement for Skills and Workforce Development be utilised as the broad overlay in which recommendations concerning skills funding are made.
- R5.4 That JSA review and publish an annual report, consistent with *ASAE 3500 Performance Engagements*, that details government funded student outcomes (by provider type) associated with the the Australian Government's investment in skills training.

“ In order to ensure that the taxpayers derive the best outcomes from its investment in skills training, it is appropriate that JSA base its recommendations on outcomes for students, without a specific reference to provider type.”

An Introduction To Independent Tertiary Education

Appendix A ■ Jobs & Skills Australia Amendment Bill 2023 (Cth)

As businesses and governments tackle skills shortages across the Australian economy, they can look with confidence at the contribution of the nation's independent skills training and higher education providers. Collectively, these providers support around 66% of the 5.9 million tertiary education students with extraordinary employer and student satisfaction levels.

The data from the National Centre for Vocational Education and Research (NCVER) demonstrates that it is independent Registered Training Organisations (RTOs) that are the mainstay of the nation's skills training sector. They are the primary providers of quality skills training and support 87.1% of all students in skills training.

Skills training is the pathway to work and here, independent RTOs do the heavy lifting supporting Indigenous Australians (75.7% of students), students with disabilities (70.0% of students) and students from low-income and disadvantaged backgrounds (84.7% of students). Similarly, independent RTOs offer a diverse range of students across remote, rural and regional areas to gain critical qualifications (85.4% of students).

The NCVER data shows that it is a sound use of taxpayer funds to back a student's decision to study with independent RTOs. Across the board, qualification completion rates are higher with independent RTOs than they are with public TAFE colleges. That's not to diminish the training delivered by TAFE colleges, but in terms of completion independent RTOs achieve better outcomes for Government funded students.

Australians can also look with confidence at the contribution of independent higher education providers too. These enjoyed an 18.2% increase in enrolments over the four years covered in this report (2017 to 2020), compared to 6.1% for public providers.

Students with independent higher education providers also expressed high levels of satisfaction that lead on key measures including skills development, learner engagement, teaching quality, plus the quality of their entire education experience. Notably, independent higher education providers lead on the key metric of overall employer satisfaction.

The Independent Tertiary Education Council Australia (ITECA) is the peak body representing independent skills training and higher education providers. Active in each state and territory, ITECA's commitment is to empower our members with the information to make sound business decisions. We also empower our and influence to our members work collaboratively with Government to achieve lasting reforms that support students and the provision of quality tertiary education programs by independent providers.

A statistical analysis of independent tertiary education can be found in the *ITECA State Of The Sector Report* that can be downloaded from the internet at:

www.iteca.edu.au/state-of-sector.

“ The NCVER data demonstrates it is independent Registered Training Organisations (RTOs) that are the mainstay of the nation's skills training sector. They are the primary providers of quality skills training and support 87.1% of all students in skills training. ”

National Skills Training Data Snapshot

Appendix B ■ Jobs & Skills Australia Amendment Bill 2023 (Cth)

The following data from the National Centre for Vocational Education Research (NCVER) builds an understanding of the significant contribution that independent Registered Training Organisations (RTOs) make to workforceskilling, reskilling and upskilling of the Australian workforce. To build a comparative understanding, the comparative data for public TAFE colleges is also provided.

| Skills Training Enrolments – All funding Types | Independent RTO | TAFE |
|---|-----------------|-------|
| Certificate I & II | 44.1% | 32.6% |
| Certificate III | 61.2% | 35.0% |
| Certificate IV | 69.4% | 30.2% |
| Diploma (and above) | 70.9% | 30.0% |
| All enrolments - Qualifications, skill sets, unaccredited | 87.1% | 19.9% |

| Government Funded Student Satisfaction | Private RTO | TAFE |
|--|-------------|-------|
| Satisfied with support services | 81.5% | 77.5% |
| Satisfied with teaching | 88.9% | 87.2% |
| Satisfied with the facilities | 85.0% | 84.2% |
| Satisfied with the learning resources | 85.4% | 81.6% |
| Satisfied with the training overall | 90.7% | 88.9% |

| Government Funded Student Completion Rates | Private RTO | TAFE |
|--|-------------|-------|
| Certificate I | 39.5% | 22.4% |
| Certificate II | 56.6% | 33.4% |
| Certificate III | 57.1% | 50.9% |
| Certificate IV | 53.3% | 44.5% |
| Diploma (and above) | 52.6% | 52.1% |
| All qualification levels | 55.2% | 42.4% |

In its 2020 review of the *National Agreement for Skills and Workforce Development*, the productivity commission noted that “while some claim that the quality of training is superior at TAFEs, the evidence suggests that at least some outcomes (satisfaction and labour force outcomes) are similar across provider types.” The data above reflects the Commission's assessment.

— Note

Percentages may exceed 100% as a student may enrol with both an independent RTO and TAFE.

Percentages may exceed/not reach 100% due to the exclusion of VET in schools students.

— References

NCVER Databuilder (2022)

Common Tertiary Education Abbreviations

Part C ■ Jobs & Skills Australia Amendment Bill 2023 (Cth)

| | |
|----------|--|
| AQF | Australian Qualifications Framework |
| AVETMISS | Australian Vocational Education and Training Management Information Statistical Standard |
| ASQA | Australian Skills Quality Authority |
| ITECA | Independent Tertiary Education Council Australia |
| HEPPP | Higher Education Participation and Partnerships Program |
| ISSP | Indigenous Student Support Program |
| JSA | Jobs and Skills Australia |
| JSC | Jobs and Skills Councils |
| NCVER | National Centre for Vocational Education Research |
| PRISMS | Provider Registration and International Student Management System |
| RTO | Registered Training Organisation |
| TAC-WA | Training Accreditation Council Western Australia |
| TAFE | Technical and Further Education |
| TCSI | Tertiary Collection of Student Information |
| TEQSA | Tertiary Education Quality & Standards Agency |
| VET | Vocational Education & Training |
| VRQA | Victorian Registration & Qualifications Authority |
| VSL | VET Student Loans |

[ITECA Reference: N4.8.8]



The Independent Tertiary Education Council Australia (ITECA) is the peak body representing independent providers and stakeholders in the skills training, higher education, and international education sectors.

ITECA members are united, informed and influential.

Members come together, through ITECA, to create an environment in which providers can offer students and their employers the quality outcomes they are looking for.

If you're interested in working with others that share your commitment to quality in order to improve the reputation of the independent tertiary education sector, get involved in ITECA today.

www.iteca.edu.au

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