

Skills for all Australians

May 2012

On 19 March 2012, Prime Minister Julia Gillard announced a suite of reforms in Vocational Education and Training (VET) known as “Skills for all Australians.” When implemented, the proposed reforms will mean every working age Australian is entitled to a taxpayer-funded training place to obtain a qualification up to and including Certificate III, language and literacy courses. The Prime Minister’s announcement is available [here](#).

Background

The reforms are designed to improve the overall quality of the workforce and encouraging higher workforce participation, through increased VET provision and greater flexibility in courses offered. The proposed reforms come as a part of the Government’s broader response to Australia’s skills shortage. Australia faces an ongoing skills shortage across a range of industries and employment sectors. The Department of Education, Employment and Workplace Relations (DEEWR) monitors Australia’s skills shortage and an up-to-date list of employment sectors facing a shortage is available on their [website](#).

The Australian Industry Group had released a series of reports in recent years in response to the skills shortage in Australia. These have included the 2006 report [World Class Skills for World Class industries](#); the 2007 report on youth participation in the workforce [It’s Crunch Time](#); the 2008 [Skilling the Existing Workforce](#); and the 2012 report on adult literacy, [When Words Fail](#).

In 2008, the Government announced a series of targets for skilling Australians, under the COAG [National Agreement for Skills and Workforce Development](#):

- Doubling the number of qualification completions at diploma and advanced diploma levels;
- Halving the proportion of Australians of working age without a Certificate III qualification or higher by 2020; and
- Increasing the proportion of young Australians aged 20 to 24 attaining Year 12 or Certificate II to 90 per cent by 2015.

The proposed reforms under “Skills for All Australians” will contribute to meeting these targets.

The “Skills for all Australians” Reforms

“Skills for all Australians” includes reforms across the VET sector, including:

1. The National Training Entitlement:

The National Training Entitlement will provide access for all Australians to a government subsidised training place up to their first Certificate III.

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2. VET FEE-HELP:

Expanded access to interest-free loans for students in the VET system, enabling up to 60,000 students per year to defer the upfront cost of tuition. Loans will be available to all students studying publicly-subsidised diplomas and advanced diplomas at approved VET providers. Students will begin gradual repayments of the loans once they have reached the income threshold (currently an income of \$47,196 per year).

3. Improving the quality of VET:

The Government announced that it would work with the states and territories to ensure the qualifications delivered by the VET sector are independently assessed over the next two years. The Commonwealth will require all jurisdictions to ensure only quality providers with an established record can access public funding. The Government has offered \$1.75 billion in funding to deliver the following reforms to their VET system:

- Working with the states and territories to ensure courses delivered by the VET sector are subject to independent quality assessment.
- States and territories will be required to implement these independent checks over the next two years.
- States and territories will have to set strict criteria to ensure only quality providers with an established record can access public funding.
- States and territories will be required to provide strategies that will continue to support and strengthen the public providers of vocational education and training (TAFE) over the next five years.
- Each state and territory will be required to implement strategies to improve the quality of VET teaching.

4. *My Skills* website

The *My Skills* website will be launched later in 2012, and will provide consistent and authoritative data on VET providers. The *My Skills* website will eventually provide data on areas such as fees, outcomes of satisfaction surveys, employment outcomes, course options, audit reports and availability of student services.

5. Unique Student Identifier:

A new Unique Student Identifier will also be introduced so students will be able to access information about their training record from a single authoritative source. The aim of the Unique Student Identifier is to help students keep track of their qualification and training, as they up-skill and re-skill throughout their career.

Implementation

Recognising that the VET sector is the primary responsibility of the states and territories, the proposed reforms required COAG endorsement before their implementation. Prime Minister Gillard presented the “Skills for all Australians” proposal to the First Ministers at the COAG meeting on 13



April 2012. At this meeting, the States and Territories signed up to the \$1.75 billion package, and in doing so they agreed to a revised [National Agreement for Skills and Workforce Development](#) and a new [National Partnership Agreement on Skills Reform](#).

To see the Prime Minister's announcement on the agreement by the States and Territories, [click here](#).

Response

Various business and industry groups, together with VET providers, have welcomed the proposed reforms. These include the Australian Industry Group; Tafe directors Australia; Australian Chamber of Commerce and Industry; Group Training Australia; and the Australian Council for Private Education and Training. The National Farmers' Federation welcomed the announcement of "Skills for All Australians," however asked that there be a particular focus on skills in the agricultural sector included in the reforms.

Productivity Commission Report

The Gillard Government has asked the Productivity Commission to report every two to three years on the 'impacts and benefits' of specified elements of the COAG reform agenda. For its first substantive report in this series, the Government directed the Commission to focus on regulatory reforms under the 'seamless national economy' stream, and on vocational education and training reforms. This report, entitled "Impacts of COAG Reforms: Business Regulation and VET", was released on Tuesday 15 May 2012.

As most of the VET reforms being assessed by the Productivity Commission have only just been implemented or are to be implemented, most benefits are yet to occur. The Commission therefore used forward looking (*ex ante*) assessments of potential changes.

The Report's key findings were that if the targets in Government's proposed VET reform agenda are met, the reforms could potentially raise GDP by two per cent. It also found that the reforms could raise output and income in all jurisdictions, and would assist in achieving COAG's broader social inclusion goals.

The report further found that there remained a number of areas that offer opportunities for even better outcomes. In particular:

- initiatives to increase VET completion rates
- ensuring VET reforms are sequenced so that the building blocks are in place for the successful transition to more contestable markets including:
 - strengthening quality control through cost-effective independent validation and auditing of training organisations' assessment practices, as well as
 - making information available to students on the costs of training, quality and labour market outcomes for individual training organisations

The Productivity Commissions report is available [here](#).