Australian Aid

AIS GLOBAL

An industry-led vocational education and training system

A practical guide to the establishment and operation of a world-class model

Table of contents

Introduction

An **industry-led vocational education and training (VET) system** brings together industry and the VET sector with the joint goal of growing the capability and agility of the workforce in line with industry's skill needs. In doing so, an industry-led VET system enhances the productivity of individual enterprises and the global competitiveness of a country's economy.

Done well, an industry led VET-system can serve as the **engine-room of the economy**. Not only is it key to upskilling and reskilling the *existing* workforce, but it also builds the skills of the country's *future* workforce.

At a time when industries throughout the world are **increasingly impacted by digital transformation and job roles augmented by technology**, VET systems can play an ever-increasing and evermore vital role in determining a country's competitiveness.

The purpose of this guide is to **help policymakers understand how the concept of an industry-led VET system works, the key components and policy settings, and the roles of the different stakeholders** in establishing, maintaining and sustaining a model of collaboration.

It includes the **Australian model as a case stud**y. It also sets out the **industry-led model being established in Vietnam for the logistics sector** and outlines possible directions for the future.

For further information on the concept of industry leadership in VET or if you have any queries on the information contained in this guide, please contact **AIS Global** at www.aisglobal.org.au

1. Concept and background

For many, the concept of industry involvement in vocational education and training or 'VET' is simply common sense. Those that ultimately employ the workforce should surely be heavily involved in shaping the system that train its people, if not at the forefront? In reality however, many economies operate a supply-driven system where training providers design qualifications and their content with little or no systematic input from industry.

For those economies with an apprenticeship system[1], particularly those with long history of trade training, the relationship between industry and the training system has been much closer and it is in these countries, such as Australia, where the concept of a broader industry-led VET system has taken hold.

For Australia, the shift to an industry-led VET system was triggered by a broad realisation in the mid-to-late 1980s that the rate of technology adoption and innovative work practice within industry had not kept up with international standards and trends. Persistent skill shortages in certain industries had led to concerns about the adequacy of industry participation in skills formation, particularly for the training of specialists and technicians. Pressure for a stronger industry voice was also driven by the rise of the service industries and newer occupations that had not been seen 'by the system' as needing formal training or qualifications.

In 1992, the Australian government established the Australian National Training Authority (ANTA) to build a national, industry-led vocational education and training system and *'ensure that the skills of the Australian labour force were sufficient to support internationally competitive commerce and industry and to provide individuals with opportunities to maximise their pote*ntial'.

As the central mechanism of an industry-led model, the Authority established 29 Industry Training Advisory Bodies (ITABs) to develop the occupational standards for their respective industries. Led by a board of industry stakeholders, each ITAB represented a major industry sector to ensure that collectively, the skill needs of the Australian workforce were codified into occupational standards. Since that time, and whilst the core objective of industry leadership remains the same, the structures and reporting lines of these bodies have been reviewed and recast a number of times. As testament to the importance of occupational standards, they remain the focus of the present day Skills Service Organisations and the 60+ Industry Reference Committees (IRCs) they serve.

Similar types of organisations have been established across the world with a similar core focus and trend of evolution. Overtime, countries such as the United Kingdom, Canada, New Zealand, India and the Netherlands have all sought to build formal, industry-led arrangements to focus the efforts of their training systems on meeting the skill needs of the workforce. This international element has also facilitated the concept of transnational occupational standards, sharing of best practice, collective research and analysis.

[1] An apprenticeship is a learning pathway that combines paid on-the-job training with an employer and formal study with a training provider. Whilst apprenticeships have their foundations in the Middle Ages of Europe when master craftsmen employed young people, the modern apprenticeship was established in post-war United Kingdom to rebuild the economy and address growing skills shortages.

2. Key principles and benefits

An industry-led VET model typically operates in accordance with a set of key principles that **guide the establishment and operations** of the bodies responsible for occupational standards. These principles also help to **define the culture of cooperation and collaboration** that is the hallmark of the concept and can be categorised as follows.

Bipartisan

A bipartite approach means that **representatives of both employers and employees are involved** in the industry-leadership of VET. In some models, a tripartite approach is used, the third party being government.

The value of a bipartite approach sits at multiple levels:

- **Stability** - Occupational standards agreed by both employer and employee bodies mean that irrespective of changes to the government of the day and philosophical leanings, the system has a stable and supported platform for skills development.
- **Shared value** - A highly skilled workforce confers benefit to the business in terms of productivity and to the individual worker through better job security, career opportunities and remuneration.
- **Responsiveness and impact** - When a common view on skills development is held by both employer and employee representatives, the results are typically achieved in shorter timeframes and with greater impact due to the collective effort.

Representative

Industry is not a homogenous group. Organisations are: varied in scale – micro, small, medium and large; varied in revenue model – for profit or not-for-profit; and are often spread across urban, regional and remote locations. They also differ by their maturity and whether they are in the ascendency or whether they are in decline or undergoing radical transformation.

An industry-led VET system needs to **hear the voices of all stakeholders and across all industry sectors** if it is to build the productivity of the economy as a whole. The benefits of this approach include:

- **Impact** – Industries operate within supply chains and as part of larger ecosystems. Capturing and understanding the views of all types of organisations increases the relevance of occupational standards and therefore the impact of subsequent training.
- **Agility and mobility** – Building the supply of skilled labour based on a common standard, increases skilled labour mobility. It enables individual workers to move more readily between organisations or geographic locations in response to economic shifts. Importantly, building the volume of skills in the workforce helps alleviate skilled labour shortages and the potential for unsustainable wage growth when particular skills are in demand.
- **Inclusivity** – Workers disadvantaged by factors such as a remote geographic location or who are employed in low skilled jobs, are amongst those that can most benefit from an industry-led model. Ensuring the skill needs of the all occupations are captured, irrespective of skill level or job role is essential to building an inclusive society and enabling individuals to fulfil their work potential.

Evidentiary-based

An effective industry-led VET system **relies on quantitative and qualitative workforce** data to ensure decision-making and future planning is informed and accurate. Benefits of this approach include:

- **Veracity** – Qualitative and quantitative data are both important in an industry-led VET system and used together, enable a full understanding of industry's skills development needs, what is driving those needs and the likely impact. Whilst strong and reliable quantitative data helps decision-makers understand the size of a problem or the potential consequences for the VET system, qualitative data gives decision-makers the underlying stories or captures issues that don't translate into quantitative data.
- **Measurement** – Workforce data is one of the key metrics by which an industry-led system can set targets and measure its effectiveness and progress. For example, the share of a particular sector's workforce that engages with the VET system and whether that share increases as the benefit of formal training continues to grow. Understanding the size, shape and location of an industry's workforce helps inform the design of any skills development solution.

Strategic

One of the most powerful principles of an industry-led VET system is that it enables the skills of the workforce to be grown as a **strategic asset for the nation** and creates a value over and above that conferred on the individual worker or organisation:

- **Innovation** – In some of the more sophisticated models, research and development bodies work closely with the bodies that develop occupational standards to ensure that the requisite skills to optimise new technologies or practices are being developed in the workforce. Building the skills of the workforce to enable early adoption of new technologies is critical to extracting the maximum value of company investment in those technologies and ensuring a country's global competitiveness.

- **Collaboration** – A key structural component of industry-led VET systems are the individual committees which each represent the skill needs of a discrete industry. Whilst they deliver expert advice into the system and develop high quality occupational standards, the granular nature of separate committees can limit the strategic nature of advice. The more sophisticated models for industry leadership therefore pull together these bodies using both formal and informal means, to build 'whole of economy' advice and to undertake work on cross-industry priorities for skills development.
- **Policy roll out** – Government policy imperatives or regulatory changes can often have a skills implication within or across industry. An industry-led VET system provides a structured and responsive mechanism to help prepare the workforce for changes, for example, upskilling a workforce in response to new regulations in compliance or increasing the size of a workforce to support large scale infrastructure projects.

3. Australia in practice

Current model

Contemporary industry-led VET systems are now positioned as a **lifelong learning opportunity for the existing workforce to upskill and reskill** as the world of work continues to rapidly change. In Australia, over 22% of the working age population were enrolled in one or more VET qualifications in 2018.

The central element of Australia's industry-led VET model are the occupational standards (also known as Training Packages) developed through a process of national consultation with industry. Importantly and despite their name, **Training Packages do not specify *how* to train learners**. Instead they define the skills and knowledge needed to perform in the workplace. It is the responsibility of trainers to develop the most effective learning strategy for their particular learner cohort.

This approach of industry setting the outcome rather than the learning process, acknowledges that people learn in different ways and in different contexts. It also recognises that **pedagogical expertise is the realm of VET practitioners**, while industry is best placed to define the skills needed in the workplace.

The key bodies

Australia's industry-led VET system has evolved over many decades. Under the current model, industry leadership is enabled through a number of bodies (Figure 1).

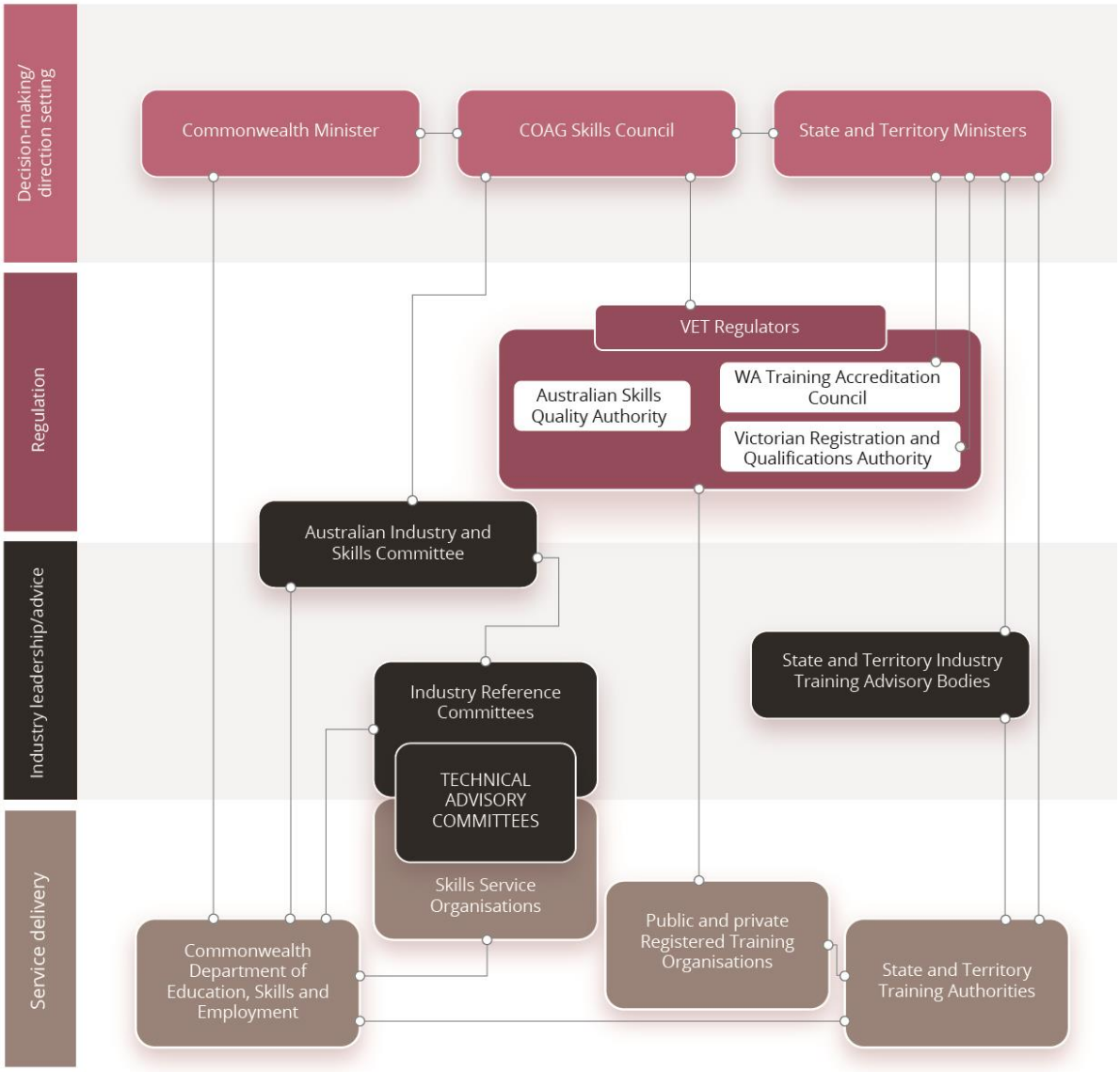
- The **Australian Industry and Skills Committee** (AISC) - Established in 2015 by the then COAG Skills Council, the AISC is the industry-led body that provides advice on the implementation of national VET policies. The Committee's role is to ensure that directions taken by the Council are informed by an industry-based perspective focused on the quality and relevance of the national training system.

  The AISC recommends national Training Packages (occupational standards) to the Skills Council for endorsement. Endorsed products are then listed on the National Register (training.gov.au) for implementation by Registered Training Organisations.

  Each member of the AISC is nominated by the Australian Government or the state and territory ministers responsible for skills and training. Members are appointed to the AISC because of their industry-based leadership, expertise and unique perspectives on the current and emerging needs of the national training system.

  The AISC also has a rotating member from Australia's key peak industry associations, currently the Business Council of Australia, as well as two ex-officio members, currently senior Australian Government officials. This combination of skills, leadership and expertise ensures the AISC operates with strong partnerships, bringing together the diverse range of stakeholders that makes up Australia's VET sector.

Figure 1. Australian industry-led VET system



- **Industry Reference Committees** (IRCs) - IRCs are the formal mechanism through which industry requirements for skills and knowledge are considered and codified into Training Packages. They also serve as a conduit for industry feedback to government on industry trends and skilled labour shortages and have a role in the promotion of VET to employers.

  There are 64 IRCs in Australia each of which is responsible for a different industry sector. They represent industries such as aviation, health, construction, manufacturing, transport, energy and public safety. Each IRC comprises individuals with experience, skills and knowledge of their particular industry sector. Members are formally approved and appointed by the AISC.

  Participation on IRCs is voluntary and represents a part of industry's 'in-kind contribution' to the operation of a robust VET system that build's Australia's skilled and productive workforce.

Each IRC produces an Industry Skills Forecast. The Forecasts produced by all IRCs are then aggregated by the AISC into a single, high-level analysis known as the National Industry Insights Report.

- **Industry Skills Forecasts** are produced once every three years by each IRC and report on the outlook for their industry, new and emerging skills and associated training needs. They are the culmination of an extensive nationwide consultation and review process led by each IRC. A brief Annual Update is provided in the intervening years.
- **National Industry Insights Report** is prepared by the AISC. It combines the qualitative data and industry intelligence from each of the Skills Forecasts with broader labour market and training data to develop a profile of each industry (it includes economic and employment trends, skills projections and the factors that affect the demand for skills). The Report also provides the 'National Skills Overview' which provides insights into trends and factors driving the demand for skills, cross-industry priorities and priority skills.

- **Skills Service Organisations** (SSOs) are independent, professional service organisations that support Industry Reference Committees develop and review occupational standards. In addition to expertise in industry consultation, they hold deep technical expertise in occupational standards development, qualification design, data collection and analysis. SSOs also provide secretariat services to the IRCs which involves preparation of meeting agendas and minutes, meeting organisation and actioning decisions of the Committee.
- **Technical Advisory Committees** (TACs) – To ensure occupational standards accurately reflect the contemporary knowledge and skills needed by the workforce, an IRC may, through its SSO, establish one or more Technical Advisory Committees (TACs).

  Members of a TAC will hold the deep technical expertise on the specific occupational standard/s being developed or which are under review. One IRC may establish multiple TACs, each focussing on different job roles or different areas of expertise. TACs are not subject to the approval of the AISC. They may be established and disbanded as the IRC sees fit.
- **State and territory industry training advisory bodies** (ITABs) – Australia is a federated country which comprises eight states and territories. VET is a shared responsibility between the Federal Government and the state and territory governments with investment contributed by all parties.

  The approach to shared investment also recognises that Australia is a vast nation and has discrete industry profiles and differing skill needs depending upon location, population and infrastructure. A number of states and territories therefore have their own versions of IRCs and SSOs to drive local industry leadership of VET.

  In some instances, states and territories also have a local version of the AISC, sometimes referred to as a 'state training board'. Similar to the AISC, a state training board will appoint esteemed members of industry to serve for a designated period and provide strategic advice to the respective minister for skills and training.

Relationships between state and national counterparts depend upon whether the relationship is formally recognised in the respective bodies funding agreements and whether there is a logical and beneficial alignment of roles.

Over the last 30 years, Australia's industry-led model has been complemented by a shift at the delivery-face with Registered Training Organisations (RTOs) also forging **closer relationships with local industry** and delivering training in workplaces and the business community.

The development of national occupational standards has also enabled easy recognition of skills that are **common between different jobs and industries**. This recognition enables **skilled labour mobility** which is critical as industries continue to evolve or major structural change occurs within an economy.

This national portability of skills has given Australia a powerful tool in situations where **agility and responsiveness** is essential, for example, people that have lost their job as a result of COVID-19 can quickly pursue other employment options that capitalise on their existing skills. This is best evidenced through 'Skills Match' an online tool developed by the Australian Government which helps people identify their existing skills and different job roles where those skills are also found, many of which may be outside of their existing industry.

The policy pillars

Within Australia, there are nearly 4000 Registered Training Organisations. Until recent years, the country had one of the highest ratios of post-school training organisations to population as a result of successive governments opening up the VET market to competition in the belief that a **greater number of training providers in the market would trigger improved quality**, greater responsiveness and lower costs. This now means that private providers (often for-profit organisations) can compete with public TAFE colleges (not-for-profit) for government funds.

Whilst moves to a competitive market started in the late 1980s, Australia continues to be tested on many policy fronts to find the balance between encouraging competition, creating value for money and maintaining high quality outcomes. Reforms are still underway to ensure users of the system have **sufficient information to make an informed choice when selecting a training provider** and that market forces can eliminate poor quality providers.

Australia's VET Quality Framework is critical to this balance and ensures national consistency in the way RTOs are registered and monitored and in how standards in the VET sector are enforced. The VET Quality Framework includes the four key pillars of:

- **Australian Qualifications Framework** is the national policy for regulated qualifications in Australia. It incorporates the qualifications from the three sectors - school, VET and higher - into a single comprehensive national qualifications framework. The framework provides relativity, the requirements for student pathways and the learning outcomes for each AQF level and qualification type.
- **Standards for Training Packages** set out the structure and templates for Training Packages and the components they comprise - Units of Competency, Qualifications, Assessment Guidelines.
- **Standards for Registered Training Organisations** describe the requirements that an organisation must meet in order to be an RTO in Australia.

- **Standards for VET Regulators** ensure accountability and transparency of the VET regulators' role in registering and auditing RTOs in accordance with the Standards for RTOs.

An additional and critical element to ensuring quality, is the VET system's specification of the **minimum qualification for trainers and assessors**. Certificate IV in Training and Assessment includes:

- Using training packages and accredited courses to meet client needs
- Addressing adult language, literacy and numeracy skills
- Designing and develop assessment tools
- Facilitating e-learning

Key support mechanisms

In support of the key bodies and policy pillars, Australia has established and evolved a number of support mechanisms to help **assure quality and assist prospective learners to make an informed choice**:

- **www.training.gov.au** – TGA as it is commonly known, is the National Register on Vocational Education and Training (VET) in Australia. It is the authoritative and detailed repository of:
    - All Training Packages and nationally accredited courses
    - All Registered Training Organisations

  Whilst fully accessible to the public, the intended audience is RTOs, policymakers and bodies responsible for the funding and audit of VET.

- **www.myskills.gov.au** is an Australian Government initiative to ensure training consumers have access to current, straightforward, independent and trustworthy information to help them make choices about RTOs and training programs by giving users the ability to search for, and compare, VET courses and training providers. Myskills continues to be evolved to increase the currency and usefulness of information for users.

- **National Centre for Vocational Education Research** - NCVER is the body responsible for collecting, managing, analysing and communicating research and statistics on the Australian VET sector. The work of NCVER is vital in understanding the performance of the VET sector, informing policy and funding decisions and identifying any systemic issues. VOCEDplus is NCVER's free international research database which is accessible to the public. Its content relates primarily to workforce needs, skills development, and social inclusion.

The benefits

The **benefits of an industry-led VET system** as realised through the Australian model are numerous and include:

- Graduates with **contemporary skills and knowledge** that reflect world-class practice within each industry
- A national system which **focussed on common goals** even though it is jointly governed and funded by the Commonwealth and eight jurisdictional governments
- Nationally endorsed Training Packages **developed by industry for industry** which are the result of consultation and validation by both employer and union representatives throughout Australia
- Increased **pathways between the schools, VET and higher education** sectors, and between education and employment
- A robust training market comprising public, private and community providers which offers real choice and competition that drives **high quality, cost-effective and client-focussed** delivery
- Flexible delivery methods that **focus on meeting the individual needs of employers and learners** and which embrace workplace delivery and the use of new learning technologies
- VET programs are **more accessible to learners** and available throughout Australia using face-to- face learning, self-directed learning or distance learning including e-learning.

4. Architecture of an industry-led VET system

Industry-led models for VET have been established across the world and are growing in popularity, all with a similar core focus of occupational standards. Countries such as the United Kingdom, Canada, New Zealand, India, Germany and the Netherlands have all sought to build formal, high quality industry-led arrangements to focus the efforts of their training system on meeting the skill needs of the workforce and their economy.

An **effective industry-led system is underpinned by a national quality framework**, the components of which work together to ensure high quality outcomes regardless of occupational standard or training provider. This is **particularly important where there are a range of training organisations or the concept of occupational standards is new to the VET system**. Key elements of a quality framework include:

- **Qualifications framework.** A qualifications framework sets out qualification levels, their nomenclature and an agreed taxonomy. It describes the expected learning outcomes from each qualification level, the application requirements and education pathways. An effective qualifications framework spans school, VET and higher education qualifications to enable the mobility of students between qualification levels.
- **Standards for training providers**. Industry and the community must have confidence in the currency and quality of the training and assessment being delivered. Standards for training providers describe the requirements that the organisation must meet in order to be initially registered to deliver vocational training. They are also the standards against which providers are then audited on a regular basis to ensure ongoing compliance.

  To ensure the currency of skills being delivered through VET, the standards for training providers should cite the **minimum qualification and experience required for trainers and assessors** in the VET sector. This should be a qualification focussed on the delivery of training and assessment using occupational standards and in the VET context.

  In many countries VET practitioners come from a professional teaching background, that is, a schools or higher education environment where the learning process is highly structured. By contrast, industry-led VET is highly flexible and requires practitioners to have a unique set of skills that include translation of occupational standards into learning strategies, and delivery and assessment of training in a workplace. VET practitioners also need to hold current industry knowledge and skills so the Standards for Training Providers should also include a statement on professional currency and how that might be attained.
- **Standards for development of occupational standards**. These define the structure of occupational standards through one or more templates. They set out the information to be included in an occupational standard: the skills and knowledge requirements, the evidence and required conditions for assessment.

  Whilst the standards set out the structure, there should also be underpinning policy which:
  - Unpacks the templates for occupational standards into a series of design rules for each component, for example, coding and titling, pre-requisites;

- Specifies the actual process by which occupational standards are developed, maintained and endorsed to ensure that regardless of job role or industry, they are subject to a consistent level of consultation, validation and overall rigour.

5. Stakeholder roles

In establishing an effective industry-led model, it is **important to recognise the range of organisations that have a role to play in ensuring its effectiveness**. Guided by the principles of shared responsibility and mutual benefit, each party's role helps drive higher quality outcomes, greater industry relevance of skills development and more targeted investment. This section sets out each of the stakeholders' key roles.

Government

Government plays a pivotal role in creating the **enabling environment** for the effective operation of an industry-led VET model. This includes:

- designing and implementing the policy and regulatory framework:
    - national qualifications framework
    - the standards for training providers
    - standards for occupational standards
    - integrated reporting framework to measure performance of the system
- funding of the occupational standards development and industry skills bodies
- registering and subsequently auditing training providers
- endorsing occupational standards
- conducting a research program to drive good practice.

Industry committees

Industry committees are the **key advisory mechanism** in an industry-led VET model and act as the formal conduit between industry and the VET system on the skills needs of their industry. This includes:

- Identifying industry's current and emerging skill needs, occupations in demand, changing technologies
- Codifying the skills and knowledge needed for individual job roles into occupational standards so that delivery of training is focussed on the precise skill needs of the workforce
- Reviewing and updating occupational standards as job roles evolve, new processes or technologies are introduced
- Promoting the benefits of skills development to industry and how enterprises and individuals can access industry-led vocational training.

Industry committees are typically **referenced in policy to ensure that they have legitimate recognition in policy** and that they and their work are appropriately funded. The committees should comprise industry representatives with expertise from a cross-section of the particular industry and small, medium and large operations. Membership may be approved by the relevant government agency to ensure there is a suitable balance and representation of the industry.

Participation on industry committees is voluntary and represents a part of industry's 'in-kind contribution' to the operation of a robust VET system that underpins skilled and productive workforces.

Industry skills bodies

Industry skills bodies are the **technical experts in the industry-led model** and work to the direction of the industry committees. They are typically organisations in their own right to ensure independence from government and the training system.

The work of the industry skills bodies, although directed by the industry committees, is funded by government. The funding is **viewed by most governments as a strategic investment to ensure their VET system produces highly skilled workers to power a competitive economy**.

The expertise and professionalism of an industry skills body has a direct bearing on the success of its industry committee. The role of industry skills bodies typically includes:

- Gathering intelligence on industry's skill needs through research and consultation with a full cross-section of industry and and translating that information into formal advice for governments
- Technical drafting of new occupational standards and continuous improvement of existing occupational standards (which may include working with technical working groups and subject matter experts)
- Supporting the industry committee/s through professional secretariat support including the organisation of meetings
- Promoting the industry as a career destination, the varied job opportunities, career pathways and training options.

Technical working groups

From time to time, an industry committee may establish one or more technical working groups to provide the necessary **content expertise** to develop or review occupational standards. These groups bring deep subject matter knowledge and experience of the relevant job role and may include technical experts, enterprise representatives, industry associations or industry regulators. The work of these groups is coordinated and supported by the industry skills bodies.

VET regulator

VET regulators have a crucial role to play in an industry-led VET system by ensuring that **the quality of delivery and assessment by registered training providers** meets the requirements of both the occupational standards and the standards for training providers. The responsibilities of VET regulators typically include:

- reviewing initial applications from organisations seeking to become a registered training provider against the standards for training providers, and granting registration where those standards are met
- regularly auditing existing 'registered' training providers to ensure they continue to meet those standards
- undertaking strategic audits on systemic issues of concern across the system and recommending solutions to government, training providers and industry committees
- providing ongoing information and education to registered training providers on how to comply with the standards.

Best practice regulators take a **'risk-based' approach** which recognises the likelihood and significance of risk. Within vocational education and training, the risks sit at two levels: systemic risk which might impact the whole sector or a significant number of providers; and operational risk which sits at the individual provider level. Systemic risk is typically addressed through policy

change and increased information. Operational risk is dealt with through the audit process of individual training providers and in the worst case may involve suspension or de-registration.

VET regulators are funded by government. Part cost-recovery may form an income stream although this can sometime cause tension when changes to regulation incurs greater cost to the individual training provider.

Employers and unions

Employers and unions are critical to informing the development of occupational standards, either as **part of the consultation and validation process** or as actual members of an industry committee or technical advisory group. They also play an important role during the intelligence gathering process by articulating skills development needs, providing insights and intelligence on the changing nature of work roles and innovation occurring in the workplace.

Employees

Employees have a role to play in **identifying and articulating skills development needs** in collaboration with employers and unions, and in driving demand for access to training.

Employees' feedback on the relevancy of occupational standards is an exceptionally valuable quality control mechanism in assessing and maintaining the utility, relevance and quality of the knowledge and skills set out in the standards.

Industry regulators

Industry regulators are bodies responsible for administering industry-specific or whole-of-industry regulation. For example, an industry regulator in the aviation sector may be responsible for issuing pilot licences and enforcing safety requirements. Industry regulators are most common in high-risk industries where issues of occupational and public safety are paramount.

Industry regulators are considered significant stakeholders in decisions about the content, delivery and assessment of occupational standards for industry and/or their specific industry sector.

Industry regulators are key stakeholders in the harmonisation of occupational standards with relevant licensing requirements for the industry or occupation. The rationale of 'harmonisation' is that training aligned to an occupational standard should not then require the learner to undergo further training to get the license to operate in that occupation. The goal is about **reducing the risk associated with differing/contradictory requirements and the waste of funds spent on training** for a qualification and then training for a license.

Vocational training providers

Vocational training providers are **organisations registered with the VET regulator to deliver and assess training against occupational standards**. The markets for training providers differ considerably across the world. Some countries only have training providers that are government run and funded, whilst other countries have a mixed market where public and private organisations compete and collaborate. Regardless of structure and funding model, and to ensure quality and industry confidence in the system, all registered training providers should be subject to the same standards for training providers and the same requirements for currency of VET practitioners (see below).

VET trainers and assessors

VET trainers and assessors or 'practitioners' as they are often called, are responsible for the **delivery and assessment of training to students**. Practitioners may struggle with the introduction of an industry-led system if the concept of industry determining the outcomes of training is at odds how the VET system has typically operated. This is particularly the case if VET practitioners have come from a school or higher education background.

Industry-led systems often establish a unique qualification designed specifically for VET trainers and assessors that they are required to hold. Practitioners should also hold the specific vocational competencies at the level to which they themselves are teaching or assessing. These requirements should be specified in the standards for training providers.

All trainers and assessors are expected to undertake periodic professional development to maintain their pedagogical skills and to maintain their currency in industry.

6. Industry committees – operations

Industry committees are the mechanism that bring industry's voice into the VET system. They are the formal point through which industry requirements for skills are considered and codified into occupational standards, they provide the conduit for industry feedback to government on industry skills needs and actively promote the value of skills development to employers.

As committees recognised by government, it is important that they have a **clear operating framework** to ensure they carry out their role to a professional and transparent standard. The following section sets out the key aspects that should be included within a framework.

Membership

Ideally, membership of **industry committees should be bipartite** - employer and union - and representative of the diversity of industry in the sector. In some countries, vocational training providers may have observer status although their inclusion is controversial given the 'industry-led' focus of the system. Where they are included, representation should ensure equitable representation, for example, public, private and any other form of training providers active in the sector. Care should be taken to maintain the industry focus so that if equitable representation makes training providers too dominant, consideration is given to a rotating position whereby different providers take the position on a fixed term, say 12 months, and then on expiry the next provider takes the position. If VET providers are not included in the membership, the industry committee should seek to engage the provider network through other means, for example, a community of practice to build knowledge of the industry's requirements and work underway on occupational standards.

All participation on industry committees is voluntary and considered part of industry's 'in-kind contribution' to the operation of a robust VET system that underpins a skilled and productive workforce.

Industry committees are expert bodies. It is therefore important that a balance of expertise be sought. Members should have **experience in the industry and be respected within the sector to speak with authority on sectoral issues**. VET sector representatives need to be active in providing training relevant to the sector and respected by industry.

Governance

Observing good governance is essential to maintaining the integrity and authority of the industry committees. Key elements of good governance practice within IRCs are set out below.

Elected positions

An industry committee should have a Chair and Deputy Chair as elected positions drawn from the committee membership. Both are elected by the membership of the industry committee. The tenure of the Chair/Deputy would normally be for two years but an individual may be re-elected for a further two year term. It is not expected that the Chair/Deputy would serve for more than two consecutive terms in their role.

In the election of the Chair/Deputy, industry committee members should make efforts in good faith to select nominees by consensus. Where consensus cannot be achieved, the Chair/Deputy must be elected by a fully constituted vote where a two-thirds majority. The role of the Deputy will be to perform the role of the Chair on occasions when the Chair is not available.

Chairs have an important role providing leadership to the industry committee, building constructive, respectful and productive working relationships among committee members and resolving disagreements should they occur. A chair may also serve as the out-of-session point of contact for the industry skills body.

Terms

Individual committee members are generally appointed for an initial term of three years but may be re-appointed for a further one year. It is not expected that any individual member would serve more than four consecutive years. This is to ensure that there is renewal in the composition of industry committees and new ideas are introduced to committee deliberations.

Quorum

An industry committee is a decision-making forum. As such, a quorum of members must be present for the business of the meeting to commence. A quorum is considered to be half the IRC members plus one.

Attendance via teleconference or videoconference qualifies as attendance for the purposes of a quorum.

Sitting fees

Sitting fees are not generally paid to committee members. As stated earlier, participation is considered to be part of industry's 'in-kind contribution' to the operation of a robust VET system and appointment viewed as a privilege.

Costs associated with travel and accommodation may be paid to members required to attend meetings out of their area, particularly where they are from small or micro businesses or are from a not-for-profit organisation.

Meetings, agendas, motions and minutes

The industry committee and the industry skills body will determine the requirements for facilitating committee meetings through the development of a Memorandum of Understanding (MoU) between the parties. The MoU will specify the roles and responsibilities of each party in relation to the organisation and administration of industry committees meetings.

Frequency

It is expected that an industry committee would meet at least twice per year, subject to the initial review of industry priorities and the approval of funding to develop or review occupational standards and capture industry intelligence into formal advice to government on industry skill needs.

Use of technology

Meetings should be held face-to-face wherever possible to enable full and inclusive conversation. However, in order to minimise operational costs, committees may use teleconference, videoconference or other electronic format where appropriate.

Lead time of papers

Agendas and meeting papers should be distributed at least 10 working days before a committee meeting. Meeting papers may comprise reports, presentations, workplans and budget information. All agenda and meeting papers should be circulated via email or an online platform.

Recording of meetings

The industry skill body, in its role as secretariat to the committee, should have at least one person present at an industry committee meeting for the purpose of taking minutes and answering questions from members about agenda papers and/or the status of work being undertaken on behalf of the committee.

Full minutes of each meeting should be taken, including the attendance, an outline of substantive discussions and decisions made along with any agreed actions. Minutes should be made available to all IRC members, present or absent, within five business days of the meeting.

Attendance

All members should attend committee meetings or give sufficient notice of their intention not to attend (for example within five working days before the meeting). Committees should agree on the use of proxies by members. If proxy attendance is permitted, the nominated proxy must be advised to the Chair at least two days prior to the meeting. If a member fails to attend consecutive meetings without the approval of the Chair, the committee may consider terminating that individual's membership and have a new member appointed. These elements should be agreed in operating document.

Decision-making process

Committees must agree on a decision-making process that suits the circumstances and scope of the committee. Decisions made according to the established process must be recorded in the minutes. Decisions should be taken by an orderly and formal process:

(i) A motion should be clearly put to the meeting and have a seconder

(ii) All members should be given the opportunity to speak for or against the motion

(iii) Where possible, members should in good faith aim to achieve consensus. Where consensus cannot be achieved and a vote is taken, an agreed majority of those in attendance should be regarded as the minimum requirement unless extenuating circumstances apply.

Out of session meetings

Items may be circulated to committee members out-of-session between meetings, where required. This may include information for noting, or on occasion, where a decision is urgent or is not considered contentious. This process will be managed by the industry skills body in its role as secretariat to the committee.

Conflict of interest

Conflict of interest is defined as any matter, circumstance, interest or activity affecting a committee member which may impair, or may appear to impair, the ability of the member to make a decision diligently, independently and without bias.

The role of an industry skills committee makes it likely that from time-to-time, **potential conflicts of interest will arise**. As a group chosen for its capacity to engage and represent industry, members' organisations or companies may stand to either avoid or incur an additional cost (directly or indirectly) depending on the outcome of committee deliberations. This is particularly the case where training providers are on a committee and why their participation may sometimes be contentious and their appointment should only be as observers.

The committee must therefore **deal with conflict of interest proactively, appropriately and transparently**, to ensure outcomes and decisions of any committee meeting meet the needs of the industry or sector as a whole.

The committee must establish (in consultation with its industry skills body) an ongoing process for the disclosure and management of conflicts of interest. All interests that may lead to an actual or perceived conflict must be declared and recorded in a **Register of Interests** maintained by the industry skills body. The Chair is responsible for ensuring this is kept up to date and available for examination.

On joining the committee, a member must declare all actual or perceived conflicts of interest. Committee members with an actual or perceived conflict of interest, or who may receive a financial benefit or incur a financial cost from a decision, must declare this and **clearly demonstrate how they will separate these interests from their role on the committee**.

A member who has declared a conflict of interest may nevertheless be able to add value to the debate. A quorum of the committee is to decide if the declared conflict of interest should or should not preclude the member from staying in the room, noting that the member would not be allowed to vote on the issue.

Confidentiality

Committee meetings will include broad and in-depth discussions on industry practice. This may include information about the use of specific technologies or operations in the workplace.

To ensure that there is no perceived or actual misuse of confidential information, each committee will decide what content is confidential. Members can ask that specific information be treated as confidential. This agreement should be **documented in the relevant meeting minutes**, and may also be included in the standard operating procedures as agreed in the MoU between the industry committee and the industry skills body.

7. Industry skills bodies (secretariat) – operations

An **industry skills body operates as the secretariat to the industry committee**. It shall remain independent from industry and the training sector and is essential to maintaining the integrity of the model.

The industry skills body should be an **independent, technically-expert organisation** or independent sectoral body that engages the necessary technical support. In addition to its technical expertise in the development and drafting of occupational standards, the industry skill body needs to be particularly adept at: stakeholder consultation and engagement; research, data analysis and analytics; and professional secretariat services such as the organisation of meetings. As part of its secretariat role, it will undertake formal reporting to the funding body, annual work plans and budget preparation.

This section sets out three functions considered core to an industry skills body by many of the industry-led models around the world.

Collecting and analysing industry intelligence on skills needs of the workforce

Industry intelligence is the 'map' for an industry-led VET system and informs where governments might invest their funds in response to the changing nature of work, right through to which occupational standards should be developed or how existing occupational standards should be updated.

These bodies **consult broadly with industry stakeholders** to ensure a whole-of-industry view. Such stakeholders include: industry associations, unions, employers, industry regulators and industry experts.

Industry intelligence can be captured through the use of survey tools, desktop reviews of existing reports and research, and face-to-face meetings with industry to ensure the **underlying stories to the data are being captured and understood**. Ideally the same survey instrument is used by every industry skill body with every industry so that the data can be aggregated by the funding body or government and a whole of economy picture developed.

Industry intelligence is most valuable when translated into a simple but evidentiary based report so that policymakers, training providers and industry can better understand the skills based challenges facing the workforce. Capturing this **information on a regular basis is particularly helpful because it allows trends to be monitored** and is increasingly useful as industries undergo digital transformation and experience the effects of automation. Such reports can be prepared every 1-3 years depending upon the methodology applied and the rate of change that industry is experiencing. The intervening years can be used to develop 'deep dive' analyses into topics such as the impact of digital transformation on the workforce.

Codifying the skills and knowledge of jobs into occupational standards

Development of occupational standards is a core task and function of an industry skills body and includes helping industry committees to identify which job roles are in need of occupational standards. It involves researching into the **trajectory of a job role in terms of growth, how quickly the skills and knowledge involved in the job are changing, and the overall**

numbers in the workforce. Industry skills bodies should provide the industry committee a robust bank of quantitative and qualitative data to inform their decisions.

Once an industry committee has established its priorities, industry skills bodies commence work to develop the occupational standard/s (Figure 2). The **industry committee maintains oversight** to ensure that the appropriate stakeholders are being consulted, any significant sensitivities are managed, and that they are ultimately fit for purpose and meet industry's needs.

Periodic review of existing occupational standards is undertaken at the direction of the industry committee and is generally **triggered by industry intelligence that indicates the job role is evolving**. This then results in a formal review process whereby the industry skills bodies consult with industry to confirm the nature of any likely change and the required modifications to existing occupational standards.

Because **changes to occupational standards can have a downstream impact on training providers** and the realignment of the learning programs they have developed to support the standards, the approval to make a change may need to be authorised through government. This can become a point of tension whereby the concept of an industry-led system which needs to be responsive to industry's skill needs is at odds with the realities of a training system where resources to implement change may be tight. To lessen the impact, changes to occupational standards might be grouped into major or minor categories with minor having a period of adjustment, or multiple changes could be grouped into a single revision which is only released when there is a major change of significance to industry.

The technical drafting process for development of occupational standards is undertaken by the industry skill body although they may be supported in this role by technical experts or a technical advisory committee. Depending upon the complexity of the job role, the necessary breadth of consultation and the authorising environment to endorse occupational standards, the **development of an occupational standard takes approximately 6-18 months**.

Figure 2. Development of occupational standards – step by step

1. Identification of priority job roles for occupational standards development
    - Analysis of labour market information
    - Consultation with industry and VET sector stakeholders through the industry committee
    - Research and analysis of current and future labour market trends
2. Analysis of job functions
    - Observation of people working in the job role
    - Interviewing of employees in job roles
    - Collation of documented job descriptions
    - Identification of related job roles with which interaction occurs
    - Consultation with a range of employers and enterprise types
    - Research of legislative, regulatory and licensing requirements
3. Drafting of occupational standards
    - Identification of tasks, skills and underpinning knowledge critical to the job role
    - Research of employability skills (soft skills) and how these should be reflected in the occupational standard
    - Consideration of equity and access principles so that occupational standards are accessible to all equity groups
    - Quality assurance of draft occupational standards against relevant policy/standards
4. Validation of occupational standards with key stakeholders
    - Identification of key stakeholders to provide feedback, ensuring wide representation of views and needs
    - Consultation on draft occupational standards to reach consensus on core tasks, skills and knowledge
    - Synthesis of feedback and redrafting of occupational standards.
    - Facilitation of workshops to validate occupational standards by individuals or groups
5. Submission to authorising body for endorsement.

Promoting careers

In many countries, industry skills bodies also have a role in **promoting the industry as a career destination, the range of job opportunities, career pathways and training options**.

This may extend to **working with schools, promotion at job fairs, and development of careers collateral**. Some industry skills bodies may work in collaboration with industry associations and use **trade fairs, industry magazines and industry conferences** to promote the enterprise value of skills development and the opportunities for employers to become involved.

Identifying and defining career pathways within an industry is an important contribution to attracting the best and brightest talent. As part of developing occupational standards, specifically when analysing the job role, intelligence is gathered on how a how a job links to other related job roles, its transferable or common skills with other jobs, and popular pathways into and from the job role. This information, when captured in a systematic fashion helps the industry skill body start to map out the full range of career pathways and opportunities available to the workforce.

8. Industry skills bodies (secretariat) – funding, reporting and contractual arrangements

Industry skills bodies must be appropriately funded to enable them to **undertake their functions effectively and with independence**. Industry skills bodies typically receive an annual budget allocation from government that reflects the three roles of:

- Collecting and analysing industry intelligence on skills needs of the workforce
- Codifying the skills and knowledge of jobs into occupational standards
- Promoting careers and formal skills development

The funding allocation **must also reflect the costs of running the secretariat operations**, such as, the running of meetings, day-to-day business and reporting obligations.

Funding Model Options

There are **many different models used to fund industry skills bodies** and the work undertaken on behalf of the industry committees. These include:

- Whether the funding source is purely government, or a mix of government and private investment, or solely funded through the private sector.
- Whether the funding is a single global amount for a given period, and the industry skills body and industry committee work together to determine what can be achieved within that time period for the set amount
- Whether the funding model is split between a base amount (for the secretariat function, industry intelligence and careers promotion) plus additional activity-based funding for occupational standards development evaluated and approved by the funding body on its individual merit
- Whether the funding period is over a longer term, for example, three years to ensure industry can take a strategic approach to workforce development, or whether it is year-by-year in which case planning will take a short term perspective
- Whether industry skills bodies may engage in work outside of their role to generate further revenue or whether there needs to be both structural and operational separation of interests to any other activity
- Whether commercial activities, complementary to the roles, may be undertaken, for example, the development of learning resources to support training against the occupational standards but which are sold to generate revenue ploughed back into the organisation
- Whether a differential funding model is applied to industry skills bodies based on relevant factors that impact on workload or whether all industry skills bodies should be funded at the same level.

Within Australia, there has been much deliberation about the most effective funding model. Over the three decades of evolution of its industry-led system and following many reviews of how to ensure independence, responsiveness and professionalism, there are important lessons:

- A **strategic funding** model that provides a single sum over an extended period (three years appears optimum), ensures that industry can take a more integrated and strategic

approach to workforce development. It also enables industry committees to quickly respond to industry needs rather than longer lead-times incurred with activity based submission/approval processes. It also enables economies of scale where similar projects/consultation processes can be run simultaneously thereby saving on time/travel and personnel costs.

A pre-requisite to any strategic funding model is that the industry committee submit a detailed workplan prior to entering into the funding agreement. The workplan enables the funding body to judge 'value for money' and when finally negotiated, forms the basis for the funding agreement.

- **Differential funding** models are cost-effective if calculated on factors that most impact on the cost of performing the key activities of an industry skills body. These factors are typically considered to be:
    - number of occupations within the sector
    - complexity of stakeholder environment
    - geographic spread of the industry
    - prevalence of occupational and regulatory licencing
    - cycle of change that the sector is subject to because of factors such as technology

  Funding can be either tiered/banded (high, medium, low) or calculated on a case by case basis.

- Government should be the **sole funding source** to a sufficient level that prevents industry skills bodies from needing to source additional revenue and risk diluting effort or potentially drifting into activities that pose a conflict of interest. Where commercial work is undertaken there should be structural and operational separation in place to ensure any perceived or actual conflict of interest is clearly managed.

  Shared-investment models which introduce industry contributions or sponsorship can be problematic by:
    - penalising those industries which are either in the ascendency or decline and where cashflow is limited;
    - favouring those industries where there are large corporates or government entities and can most afford the investment, and at the same time penalising those industries that comprise small business;
    - raising the spectre of conflict of interest if large donors use their investment to exert undue influence on decision-making.

- Governments should expect to invest marginally more in the first 12-24 months of operation to support the **start-up costs** of the industry skills body. These may be lessened if multiple industry skills bodies are set up and template documentation, operating policies and procedures are developed for adoption and adaption across the board.

Workplan and funding agreement

Every industry skills body should operate in accordance with a Funding Agreement that defines the terms and conditions under which both the funding body and the industry skills body have entered into the agreement.

The agreement should be premised on an **agreed workplan which sets out the objectives, key activities and milestones, outputs and timeframes** for the work.

The industry skills body and industry committee should execute a separate MoU that enables the outputs of the agreement to be achieved on time and on budget.

Reporting

Industry skills bodies and industry committees must be **accountable to both their funding body and their stakeholder base to demonstrate return on investment and overall impact**. This is particularly important when funded by government or if there has been a financial contribution from industry.

Regardless of whether the workplan (and funding agreement) is for a one, three or five year term, the **workplan should be subject to annual review** so that changing industry environments and economic factors can be taken into account and if necessary, the workplan be recalibrated.

In the interests of transparency and demonstrating results and impact, all products and **documentation produced by the industry skills committee should be published and made publicly available** through a website, social media or other publicly accessible means. This helps generate interest and potential involvement in the activities and demonstrates the public good being produced by Industry skills bodies and industry committees.

With the assistance of the industry skills body, **the industry committee should prepare an annual report** as a mechanism by which it reports against the deliverables in its workplan and demonstrates the impact of its work. It should report against expenditure of budget. Importantly, it should include analysis of its impact and any positive change that has been created by its work over the reporting period. The annual report should be published and made publicly available to enable all stakeholders to review and assess the outputs, performance and impact of the industry skills bodies and industry committees' work.

9. Evaluation

Evaluation of the industry led model is crucial. On one front, it informs continuous improvement and ensures that where necessary, the model can be **recalibrated in response to changes to the operating environment**. On another, it means that industry and government get to understand the return on investment and the impact of industry committees and industry skills bodies.

There are typically **two key inputs to any evaluation** of these bodies:

- The funding agreement between the funding body and the industry skills body; and
- The program requirements as set out by the funding body.

These two documents should provide the framework for any evaluation because they articulate both the activity specific outputs and outcomes, and the high level objectives.

If not already set out in the funding agreement, good practice is that as soon as the agreement is signed, each industry skills body should design a monitoring and evaluation framework. **Mapped to the funding agreement**, it should set performance goals and key performance indicators (KPIs), identify an appropriate evaluation method and define a timeline to assess and report findings.

The KPIs must be measurable. Once identified, **processes to capture the relevant quantitative data are built into activities** and this becomes an engrained aspect of the industry skills bodies' operations.

The results should be monitored by the industry skills body and the industry committee on a regular basis and **inform any periodic reporting obligations** required in the funding agreement.

Being **proactive in measuring performance delivers several benefits**:

- Eliminates retrospective and incomplete searching for evidence when an evaluation is commenced by the funding body
- Operates as an early warning for areas of concern or inefficiencies to enable the industry skills body to address
- Builds a progressive bank of evidence that demonstrates positive outcomes and impact to both the funding body and industry to increasingly build third party support
- Enables the funding body to monitor the effectiveness of the broader program settings.

Several evaluation methodologies can be used to assess the performance and impact of an industry committee including:

- Surveys of membership and the broader industry to capture the awareness of the industry committee's work, the impact and effect the work is having on the member and perceptions of performance of the industry committee and industry skills body
- Key stakeholder interviews of industry, government and training provider representatives can help provide deeper insights into the functionality of the industry committee and industry skills body. Further interviews with beneficiary groups – students and learners, workers and enterprise management – can help assess the quality of the industry committee's work, particularly in relation to the development of occupational standards.

- Governance self-assessment checklists are useful tools to assess industry committee functioning against issues of culture, management, decision-making and organisational effectiveness.

A range of **possible metrics** by which the Committee can measure impact are set out in Figure 3.

Figure 3. Metrics to measure impact

There are a number of metrics for performance against which the work and outputs of the industry committee and the industry skills body can be evaluated for impact.

Measures of **impact at the enterprise level** may include:

- Productivity improvements - what productivity improvements can be attributed to the use of occupational standards?
- Process efficiency - are work processes more efficient as a result of the occupational standards?
- Work environment - has the working environment improved as a result of training based on occupational standards?

Measures of **impact on individuals** from skills development may include:

- Employment - has training been useful to find a job?
- Competencies - have competencies demanded at work been developed?
- Income - has income improved as a result of the newly acquired competencies?
- Working conditions - have working conditions improved?

Measure of the **social good** derived from skills development at the community level may include:

- Quality of skills development - has the quality of skills development programs in which public funds are invested improved?
- Diversity and inclusion - have populations vulnerable to unemployment, youth, women, people with disabilities or ethnic minorities had more opportunities to access training?
- Return on investment - what is the return on investment for each unit invested in skills development?

The International Labour Office publishes a range of skills development impact evaluation methodologies that can be used to assess the sector-wide impact of skills development programs including suggested management, output, outcome and impact indicators[1].

Promotion of impact and achievements

Like all models of cooperation that operate under the principles of shared responsibility and mutual benefit, **demonstrating value and impact is essential** to sustaining the commitment of stakeholders to their roles and obligations to operating the model.

Industry skills bodies must be pro-active in publishing their achievements and the results of their work. As a minimum this should consist of:

- An **interactive website** which both explains the role of the organisation, demonstrates impact of past work and explains how individuals and organisations can become involved
- Establishing a regular, **short and sharp e-newsletter** to industry and other key stakeholders.

A good communications and stakeholder engagement plan is important.