

Not relevant



610 SKILLS REFORM FOR SOUTH AUSTRALIA (Paul Calca) - **NOTED**

Not relevant



TO: THE PREMIER FOR CABINET TO NOTE

RE: SKILLS REFORM FOR SOUTH AUSTRALIA

1. PROPOSAL

1.1 That Cabinet note the changes to be introduced to the South Australian training and skills sector as endorsed by ExComm at their meeting on 25 February.

2. BACKGROUND

2.1 Reform of the South Australian vocational education and training (VET) sector to meet the rapidly changing skill needs of the South Australian economy is a high priority of the South Australian Government. Late in 2006, the Executive Committee of Cabinet (ExComm) endorsed the establishment of the Skills Reform Reference Group to recommend priorities for reform to ensure that the returns from the State's investment in VET are maximised and to meet the challenges presented by the continuing growth in demand for skilled labour. A three-year timeframe was established for the work of the Reference Group.

2.2 A Progress Report of the Skills Reform Reference Group was presented to ExComm in July 2007. This highlighted the principles and priorities for ongoing reform of the South Australian VET system with recommendations aimed at providing a more dynamic and effective TAPE SA with higher employment participation and improved VET participation. The Progress Report outlined the goals of skills reform should be to improve South Australia's performance against several key indicators:

- SA employment participation;
- SA post-school qualifications;
- SA VET participation;
- SA labour productivity; and
- cost of publicly funded training.

2.3 ExComm provided in-principle endorsement of the recommendations of the July 2007 Progress Report and directed that the Skill Reform Project should proceed to the next stage of the reform process, to be undertaken in two steps:

1. The Progress Report to be used as a basis for consultation with key industry, community and employee groups, to be overseen by the Training and Skills Commission.
2. Further detailed work to be undertaken by DFEEST in the areas relating to contestability and TAFE SA operations, infrastructure and workforce reforms to support the development of a more detailed implementation plan.

2.4 A Cabinet Note on the skills reform process and the actions that were recommended by ExComm was tabled at the 23 July meeting of Cabinet.

3. DISCUSSION

3.1 Following consideration of the Progress Report by ExComm, a small Skills Reform Project Team was established within DFEEST to work with the Skills Reform Reference Group to develop a detailed skills reform package and implementation plan in line with ExComm directions. A comprehensive consultation plan for DFEEST and TAFE SA staff and external stakeholders was developed and implemented over 2007. This included a facilitated series of consultation sessions held across metropolitan and regional South Australia during August 2007 and hosted by the Training and Skills Commission, seeking the views of employers, registered training organisations, industry skill boards and unions on options for VET reform.

3.2 A summary of reforms discussed and agreed with ExComm at their 25 February meeting is presented in Attachment 1. The reform package outlines an integrated approach to skills reform in South Australia, that encompasses and builds upon the recommendations of previous reports and provides a connected approach to reform designed around three core elements of the skills system:

- understanding the Skilling Needs of South Australian Industry, Enterprises and Learners;
- shaping the response of the South Australian VET System to better respond to the Skilling Needs of South Australian employers and learners;

- delivering 21st Century Skills through fundamental changes to the way in which training is delivered in South Australia

3.3 The reforms are at two levels. The first are reforms that will impact the whole VET sector and there are some specific reforms recommended for the public provider, TAFE SA. These changes will bring improvements to:

- ensure the strategic and economic needs of the State drive the decisions around where funding should be directed;
- enable greater industry input;
- improve cost efficiencies.

3.4 The reforms will form a base for the work being undertaken by the Economic Development Board through Dr Michael Keating in reviewing Skills and Workforce Development. Dr Keating has been a key member of the Skills Reform Reference group and is fully supportive of the changes being proposed. As Minister for Employment, Training and Further Education, I am overseeing the work of Dr Keating's skill reform workforce development review

3.5 The reform package is consistent with the changes signaled for the VET sector as part of the Skilling Australia policy to be implemented by the new Commonwealth Government. This provides the opportunity for new partnerships to be established between the Commonwealth and South Australian Governments in addressing skills and training issues in South Australia.

3.6 In supporting the reform package, ExComm agreed to the following recommendations relating to the public funding of the VET system, and changes to equip TAFE SA to operate in a more contestable and competitive environment:

- DFEEST to increase contestability of public funding;
- DFEEST to be accountable on the basis of an agreed net financial outcome (mechanism to be agreed between DTF and DFEEST);
- DFEEST to review options for divestment to enable a fundamental realignment of infrastructure that meets the needs of 21st century training and skills development; and
- Net proceeds raised from divestment may be used to invest in new ICT systems, subject to Cabinet endorsement of individual business cases.

- 3.7 A three year staged implementation plan has been developed for the Skills Reform Project. Implementation of key reforms will commence from March 2008, with all elements of the reform package implemented over a three year timeframe in line with government planning and financial timelines.
- 3.8 As part of the implementation process, a comprehensive Skills Reform Communication and Consultation Plan will be developed to achieve understanding and support for the reform agenda and to stimulate change across the publicly funded VET sector. The focus of this plan will be on DFEEST and TAPE SA staff and external stakeholders including enterprises and learners.

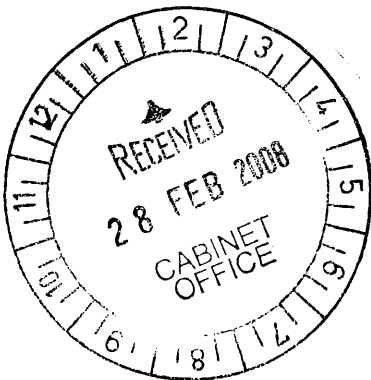
4. RECOMMENDATION

- 4.1 That Cabinet note the changes to be introduced to the South Australian training and skills sector as endorsed by ExComm at their meeting on 25 February and to be introduced from March 2008.



PAUL CAICA
MINISTER FOR EMPLOYMENT, TRAINING AND FURTHER EDUCATION

28 February 2008



In Cabinet

- 3 MAR 2008

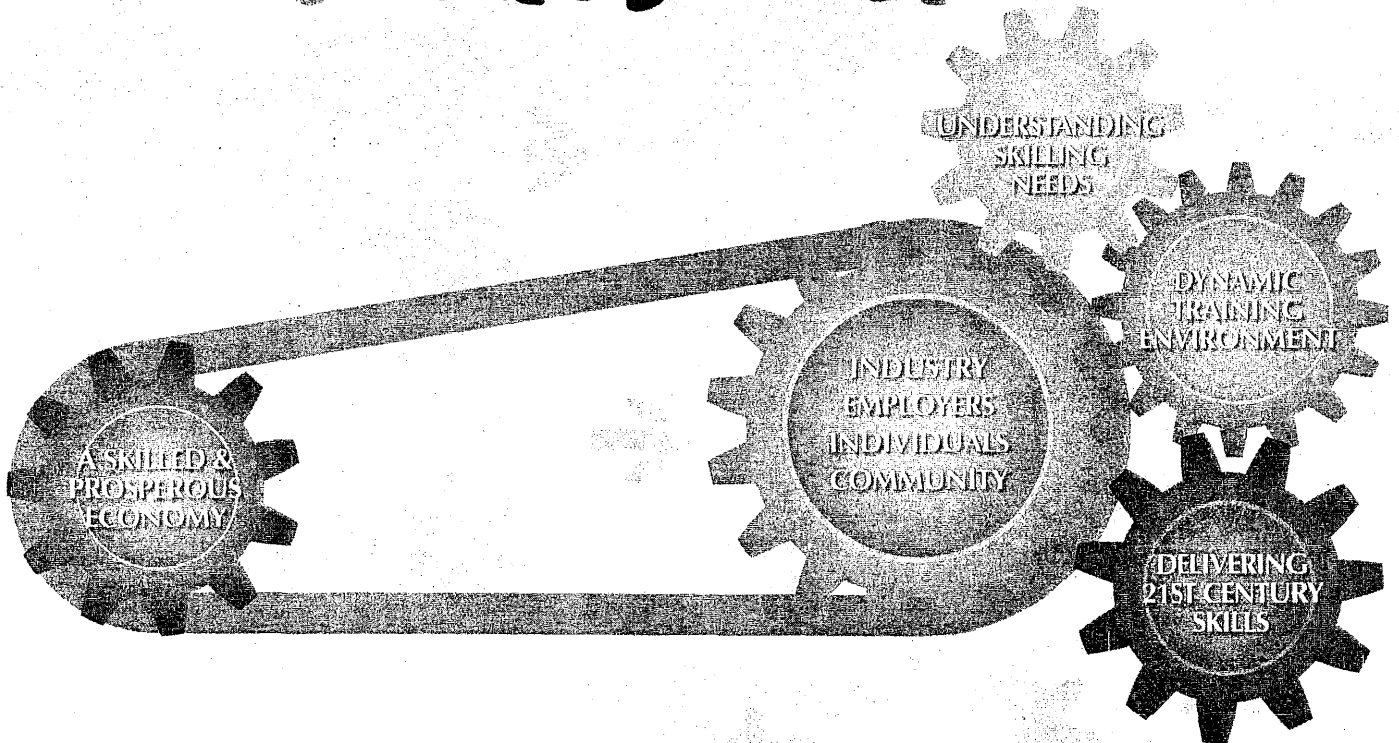


Attachment 1

Skills Reform Summary (the public version 8 pager will be finalised Thursday am)

Skills Reform for South Australia

SUMMARY



Minister's Foreword



Skills supply to the South Australian economy for the coming years is one of the most critical issues that faces government, industry and enterprises today. In late 2006, the Executive Committee of Cabinet (ExComm) confirmed an approach to reform Vocational Education Training and TAFE in South Australia.

The Skills Reform Project was established to address this challenge and follows on from the base established by the Kirby report in 2002, the Schofield report in 2003 and the resulting reforms of the Positioning TAFE project of 2004/05.

The Project considered the South Australian employment and training environment in terms of the complex drivers of demand for and supply of skills. In addition, the responses of other jurisdictions to similar dilemmas and challenges contributed to the rationale underpinning the reform process.

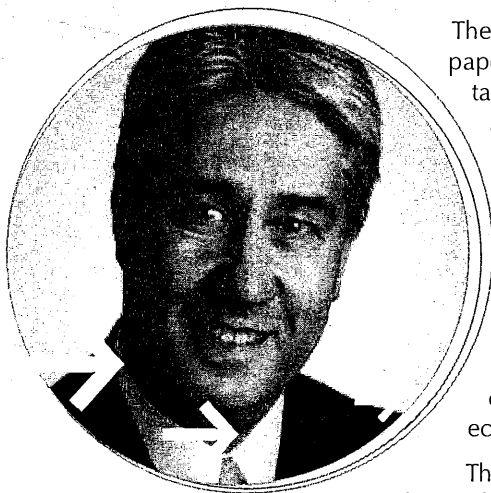
From this analysis a series of actions have been developed which collectively, when implemented, will achieve the goals set by ExComm. There are challenges inherent in the proposed way forward but these will be managed through a commitment to a connected and early implementation. Consultation with key stakeholders will be undertaken to promote understanding and support of the reform agenda and stimulate the required changes to meet the skills needs of the state.

The proposed reforms will also provide a platform for the Skills and Workforce Development Review lead by reference group member Dr Michael Keating and Chaired by me on behalf of the Economic Development Board.

The *New Ways and New Engagement* outlined in this paper will deliver on the South Australian Government's commitment to meet the skills supply challenges we are facing and transform the way we provide VET in the future.

Hon Paul Caica MP
Minister for Employment,
Training and Further Education

Chief Executive's Foreword



The reforms presented in this paper will enable us to meet the targets of the South Australian Strategic Plan through the creation of a highly skilled workforce that will underpin the State's economic growth and increase employment participation, enhance equity, promote innovation and shape the international competitiveness of our economy.

The reforms are the results of carefully considered work in this complex area - offering the promise of reducing the cost per hour of VET training in South Australia while at the same time increasing participation in VET, increasing employment outcomes and increasing the number of people with post school qualifications.

Implementation of these reforms will result in an invigorated, dynamic VET system for South Australia that is highly valued by industry and community. Action needs to be swift and decisive.

The reforms need to be implemented holistically to achieve the goals set by ExComm.

I am excited about the future and confident in our ability to deliver improved VET outcomes for South Australia.

Brian Cunningham
Chief Executive
Department of Further Education,
Employment, Science and Technology

The Blueprint for Reform

The Blueprint for Reform proposes a skills system that is driven by the needs of the State in terms of economic development and social inclusion. The figure below outlines the process for improving the outcomes of increased employment participation, increased VET participation, higher labour productivity, a higher skilled workforce and lower costs per hour, by ensuring the supply of training and skills is more aligned to demand.

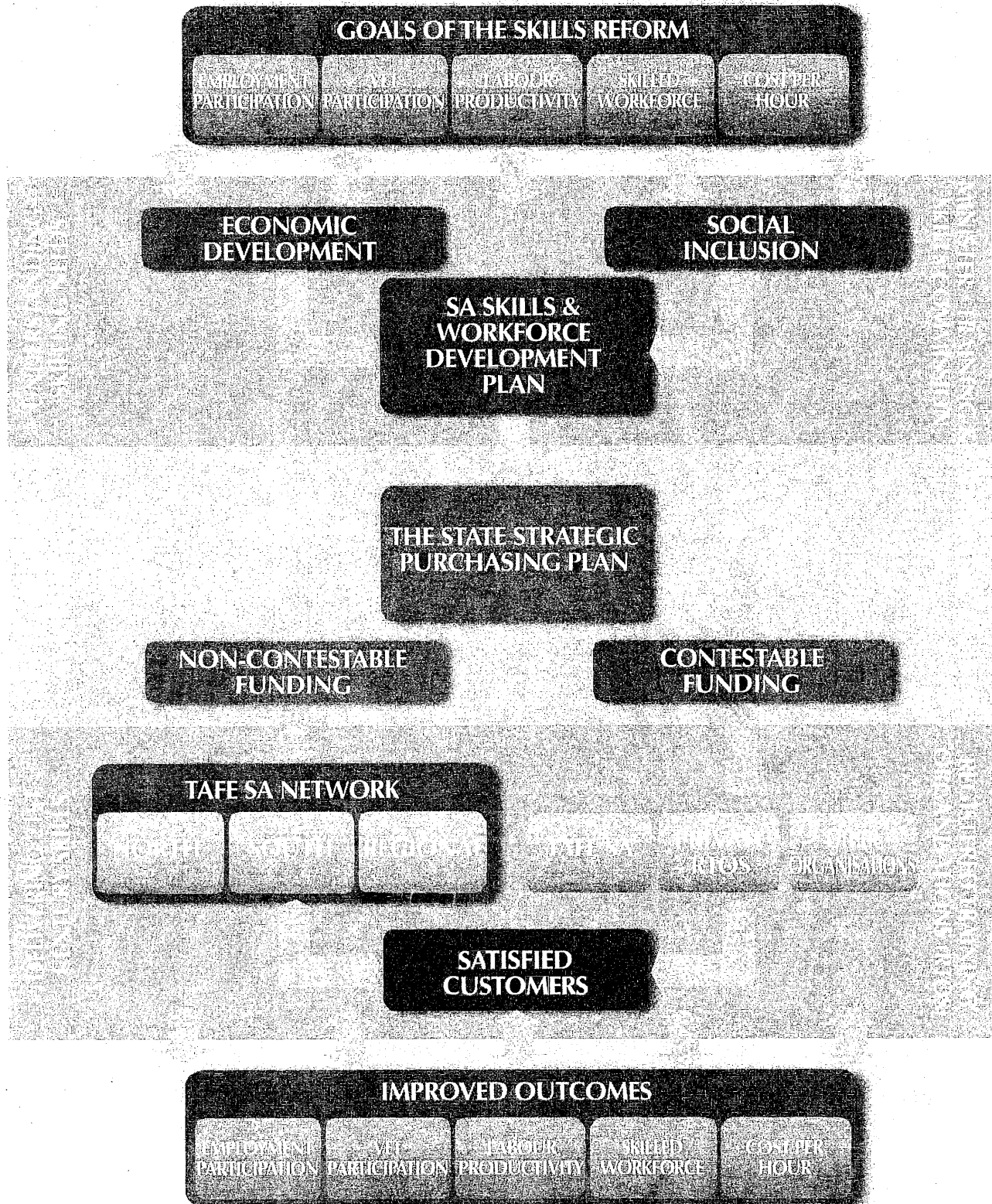


Figure 1: Blueprint for Reform

Understanding Skilling Needs

Understanding and capturing industry skills and workforce needs and translating them into training options that best meet the needs of industry, enterprises and individuals lies at the core of a demand-driven, responsive and flexible system for skills and workforce development. A key element of the changes is the provision of clearly articulated networks and pathways for industry and enterprise. Individual information on skills will be channelled into a single collection point to inform government planning decisions on workforce development and training priorities for the State, in-line with the Government's economic development and social inclusion priorities. This planning framework will be supplemented and reinforced by an enhanced capacity to respond quickly to unplanned and unexpected events impacting on the workforce.

What will be different?

- a structured process will enable a wide range of stakeholders to feed into the development of a 5 year SA Skills and Workforce Development Plan by the Training and Skills Commission
- the SA Skills and Workforce Development Plan will outline what the State should invest in and why
- this process, and the resulting Plan, will be publicly available to provide greater transparency. There will be an annual review of the Plan, which will allow the State to respond to changing circumstances (for example skills needs resulting from major business growth or environmental challenges such as drought)
- the Plan will focus on gaining better linkages between Commonwealth and State skills and workforce development investments
- these changes will maximise the benefit from the draft bill for the Training and Skills Development Act

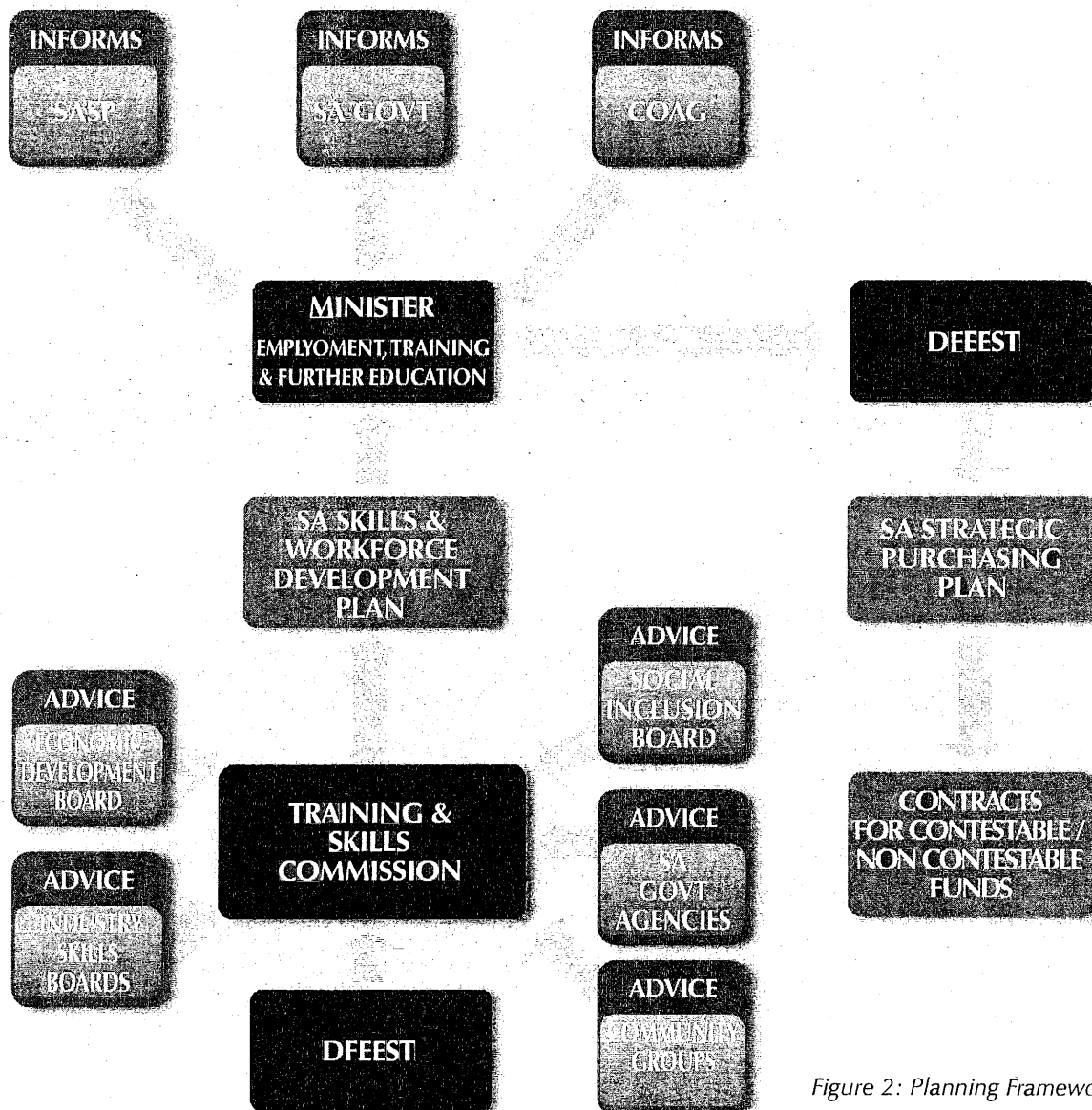
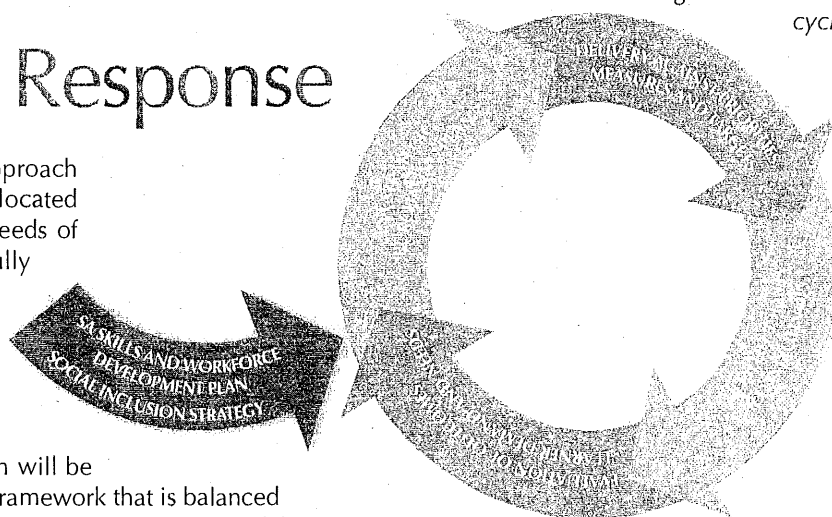


Figure 2: Planning Framework

Figure 3: Planning cycle

Shaping the Response

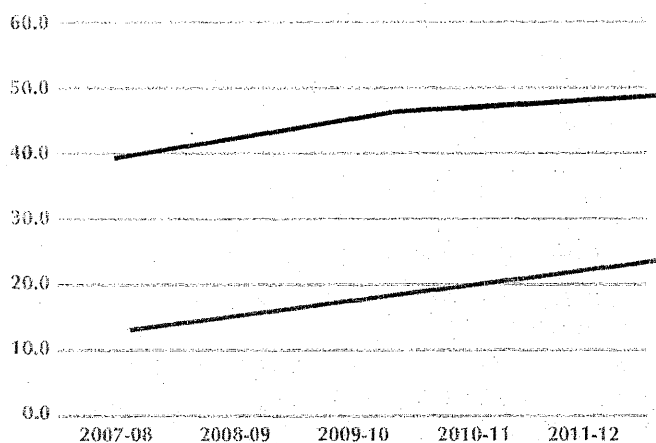
A more transparent and strategic approach to the way public training funds are allocated will be introduced so that the skills needs of industry and learners are successfully translated into high quality, outcomes-focused, flexible and responsive training solutions, supported by a framework that promotes innovation and efficiency.



The publicly funded training system will be supported by a more flexible funding framework that is balanced by the need to preserve the underlying stability and strength of the VET system. Within carefully considered boundaries, this will be achieved by introducing an increasing level of competition into the publicly funded training market and introducing an outcomes oriented approach to the way those funds are managed.

What will be different?

- responding to the SA Skills and Workforce Development Plan, DFEEST will prepare and publish an annual South Australian Strategic Purchasing Plan endorsed by the Minister. The Strategic Purchasing Plan will determine how the State should best arrange purchase of the required training
- this Plan will detail how much of the required training delivery should be by the public provider, TAFE SA, and how much (and in what areas) will be put to tender in an increasingly more competitive training market
- the 5 year Strategic Purchasing Plan will give training providers the opportunity to make adjustments to workforce, infrastructure etc in line with the Government planned future directions (difficult to achieve on the current one year planning cycle)
- there will be a significant increase in the level of State Government funding available on a contestable basis. This will be complemented by changes occurring as part of the new Commonwealth policies and will see an increase from 25% of total funding being contestable to close to 50% by 2012
- there will be greater opportunities for all Registered Training Organisations (RTOs)
- in planning to significantly increase the level of contestability, it is critically important to position TAFE SA to operate in this more commercial, dynamic business environment. This includes a revised financial management framework with a focus on encouraging external revenue generation, investment of surpluses, and a more commercial accountability and incentive approach.



FUNDING CHANGES 2007-08 TO 2011-12

— User Choice funds
 — Competitive tendering funds

2011-2012

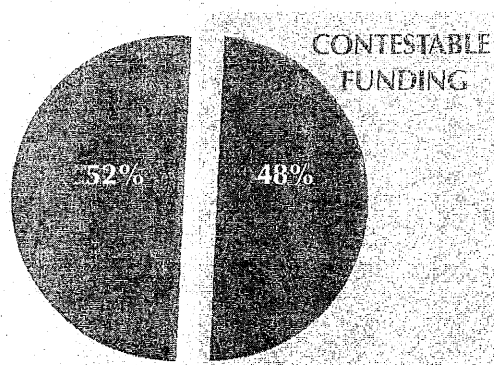


Figure 4: Allocation of Contestable Funding

Delivering 21st Century Skills

In the future TAFE wants to see itself as a facilitator of workforce skills development rather than just the deliverer of training – working with companies on strategies to develop workforce skills and bringing companies together to help them solve issues together.
Skilling the Australian Workforce 2007 (ALP)

Industry and stakeholder consultations undertaken as part of the Skills Reform Project have highlighted the need for fundamental changes to the type of training provided in South Australia and the way in which it is delivered if it is to satisfy the diverse needs of customers. Representing almost 80% of publicly funded training in South Australia, major reform of the way TAFE SA plans and delivers training is critical to the VET reform process.

As part of its role in improving training and employment outcomes for South Australians and enhancing the efficiency of public expenditure on training, TAFE SA will find new ways of engaging with industry and communities to deliver training responses that are relevant to the skill needs of the 21st Century. This will require devolution of decision making processes and structures to enable TAFE SA to operate more successfully in an increasingly competitive training market.



Figure 5:
TAFE SA Network

What will be different?

- a TAFE SA Network of three devolved yet connected Institutes, each with RTO status. Institutes will have the dexterity to respond swiftly to clients while harnessing the benefits of being part of a wider network
- a customer driven Service Delivery Strategy will be implemented
- revised structures and approaches will change the way that TAFE SA engages with industry. These changes include:
 - a lead Institute model to provide a single entry point for industry
 - the establishment of a "Business TAFE" strategy and a 1300 number with direct links to account managers
 - significantly increased work based delivery (with a target set that 25% of delivery will be in the workplace by 2012)
 - enterprise advisory groups to provide a direct link with employers who can provide feedback on graduate skill level, employment demand, training methodologies etc.
- an integration of contemporary teaching and learning practices. These changes include:
 - increasing the use of e-learning (with a target to build on a strong SA base and increase e-learning use by 100% by 2012)
 - increasing and embedding Recognition of Prior Learning (RPL) approaches in line with GOAG targets. In TAFE SA RPL will comprise 20% of learning achievement (by 2012).
 - embedding case management to support learners from disadvantaged groups

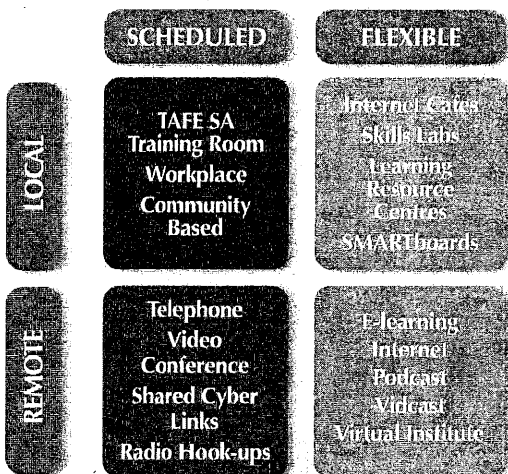


Figure 6:
Contemporary Teaching and Learning

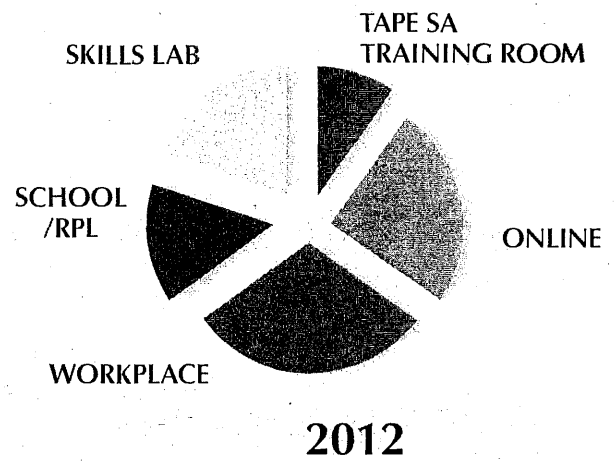
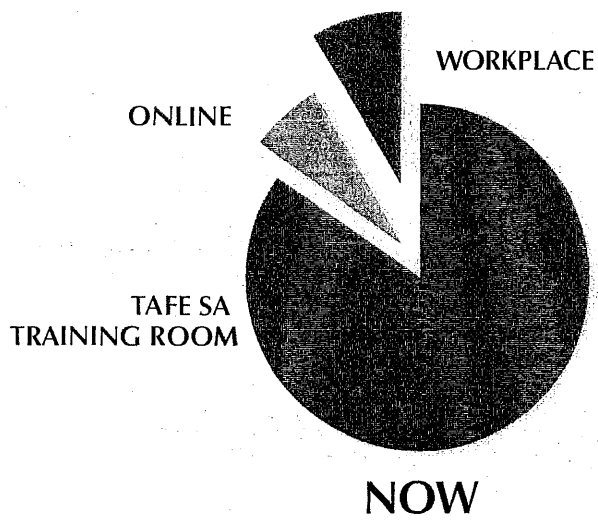


Figure 7: Customised and flexible delivery will be available in TAFE SA in 2012

- the unit cost of publicly funded training will be 10% lower by 2012. This will be achieved through a series of integrated reforms including:
 - improved utilisation of public training assets and increased access by private providers to public facilities
 - program consolidation across TAFE SA
 - revised governance structures that embed a collaborative model using shared services
 - better utilisation of ICT systems
- introducing Training and Assessment Centres in public locations to remove barriers to training and increase the focus on lifelong learning
- a more integrated approach to the management and use of hard infrastructure and ICT systems to meet the needs of contemporary teaching and learning. This will be assisted by:
 - divestment of facilities after a detailed analysis that considers social criteria and economic impacts
 - reinvestment of funds made available as a result of divestments into enabling systems and processes

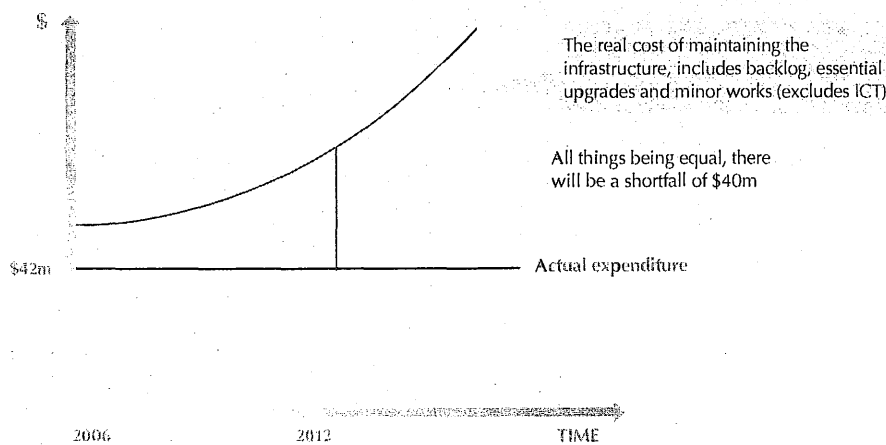
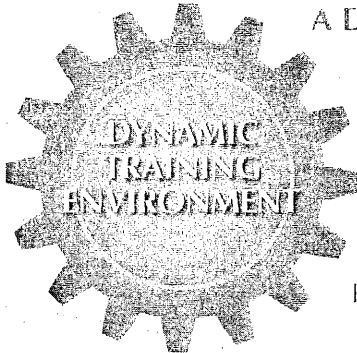


Figure 8: Infrastructure that is financially unsustainable

Recommendations

It was recommended that the Executive Committee of Cabinet endorse the package of reforms for the South Australian VET system as contained within the report. In addition, specific ExComm endorsement was sought for the following recommendations:



A Dynamic Training Environment

Recommendation DFEEST seeks approval from the Executive Committee of Cabinet to increase contestability of public funding.

Recommendation DFEEST seeks approval from the Executive Committee of Cabinet to be accountable on the basis of an agreed net financial outcome (mechanism to be agreed between DTF and DFEEST)

Delivering 21st Century Skills

Recommendation That Executive Committee of Cabinet agree that DFEEST will review options for divestment to enable a fundamental realignment of infrastructure that meets the needs of contemporary training and skills development.

Recommendation That the Executive Committee of Cabinet note that the capital raised from divestment will be used to invest in the reform. This may require a redefinition of investing capital to include ICT systems.



The Way Forward

The first step in the way forward was the endorsement by Executive Committee of Cabinet to the above recommendations and the overall reform package. The three year staged implementation plan will be implemented from March 2008, in line with government planning and financial timelines. A comprehensive consultation and communications plan will be implemented to ensure broad understanding, support and commitment to the reform package from DFEEST and TAFE SA staff and external stakeholders.