

A response to the Skills Australia discussion paper:

‘Creating a future direction for Australian vocational education and training’

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(ERTOA agrees to Skills Australia posting this submission and/or attributing quotes.)

General comments:

ERTO A applauds the Skills Australia initiative to develop the paper and invite comments from all stakeholders. There are a number of general comments ERTOA wishes to make on the paper before addressing the specific issues and questions raised in the feedback template.

1. The 'Challenge', outlined in Part 1 of the paper, makes a compelling argument for change. There are a number of innovative ideas discussed and ERTOA agrees that the '*sector is strong. However the further development of the system is at a pivotal point*' (page 6). ERTOA also agrees that future development requires a '*new vision*' and would very much welcome this discussion.
2. Whilst Part 1 makes a strong argument for the need to look at new and innovative VET models it is disappointing to the Association that much of the rest of the Discussion Paper deals with issues and ideas that appear to build upon 'more of the same' rather than a new and truly innovative vision.
3. It is also very disappointing to members that the paper makes no reference to the now well established enterprise RTO model for VET providers. Part 2, and the rest of the paper, assumes a clear cut divide between the delivery sector and the stakeholders it serves. The successful operations of enterprise RTOs (ERTOs) are based upon models where the business needs of the enterprise and the role of the RTOs are fully integrated. ERTOs meet business and workforce development needs while operating within the AQTF and issuing qualifications. It is of concern that best practice models of industry and RTO cooperation cited in the paper do not reference ERTOs.
4. Most of the perceived problems identified in the paper are not the typical experience of enterprise RTOs. Relevance, completion rates, assessment validity, trainer industry knowledge and experience and confidence in the value and outcomes of training are not seen as significant problem areas within the ERTO community. Nor are there real concerns about an ageing workforce.
5. The contribution of ERTOs to the skills development of the Australian workforce is considerable and the ERTO models of workforce development should have been included in the Discussion Paper. ERTOs offer a viable new vision for Australian VET. In a 2009 DEEWR funded ERTOA research paper it is reported that:

"The total number of enterprise RTOs registered in Australia in July 2009 was 256. They represent 5.2% of Australian registered RTOs, but potentially generate at least 20% of annual VET qualification completions across Australia."¹

Later in the same report it was noted that the ERTO sector was responsible for issuing over 90,000 full qualifications (2008 data) and over 1,000,000 competency completions. By comparison NCVET reported in 2007 335,000 qualification completions within the publically funded VET sector.

6. There are also no references to the published research work by ERTOA on models to assist in skilling Australia. This is particularly disappointing as ERTOA drew Skills Australia's attention to completion rates in ERTOs and research conducted by the Association in our response to the *Workforce Futures* paper in November last year.

¹ See *Profiling the Australian ERTO, ERTOA 2009* at: <http://www.ertoa.org.au/publications.htm>

We would like to draw your attention to the ERTOA paper proposing a series of recommendation to assist in up-skilling Australia's workforce. You can find the paper under 'Publications' at www.ertoa.org.au/library

7. ERTOA argues that the majority of the paper's discussion will only resonate in the context of institutional providers and their models of operation. This ignores some of the most exciting and industry-aligned training and assessment in Australia. ERTOA would welcome the opportunity to present these models to Skills Australia.
8. ERTOA argues that the relationship between the operation of an RTO and workforce capability development is mature and effective in ERTO models. An RTO operating in an embedded manner within an enterprise, provides highly effective pathways to initial skill development, skills upgrades and to expanding the percentage of the Australian population with qualifications - an effectiveness not readily available to stand alone RTOs with their emphasis on institutional pathways.
9. ERTOA members feel that it is now time to look at an innovative model of RTO operation in Australia where pre-employment skills and qualifications are developed within traditional institutions, while specific work related skills and the assessment of competence occur in the workplace. This model addresses many of the issues raised in the Discussion Paper.
10. ERTOA is of the view that Australia is a leader in industry-focussed work force training and assessment, and that the ERTO model, or a similar partnership model with innovative RTOs, is at the cutting edge of workforce development internationally. We agree that Australian VET is at a pivot point and argue that future development should incorporate the successful ERTO experiences rather than limit its vision and scope to what is seen by many as an outdated, cumbersome and inward looking institutional provider model.

Comments on the key points:

The Association provides the following specific comments and recommendations on the 'Key points' appearing on pages 4 and 5 of the discussion paper.

- The recently agreed COAG targets could be met by collecting and acknowledging the competency completion figures of non-public funded RTOs. An expansion of ERTO models to more businesses with a commitment to training their staff would substantially raise the enrolment and completion figures at little cost to governments.

1. ERTOA recommends research into options for providing assistance to encourage enterprises to register as ERTOs and to conduct their training and assessment within the AQTF. Current ERTO members would be excellent case studies, showing other enterprises the benefits of engaging with the AQF and AQTF. ERTOA would like to be a partner in this research.

- Reforms over the past 15 years have indeed created a strong foundation for the VET sector. A 'fresh look' at the sector needs to build on and reflect the positive experiences and outcomes of workplace training and assessment models, including the ERTO model.
- The ERTO model, and similar ones with innovative and flexible RTOs, already involves enterprise, industry and government partners. In most ERTO models the cost of skills development is met by the enterprise.

2. ERTOA recommends seed and maintenance funding to encourage enterprises to set up as ERTOs. This funding would be to assist the enterprise to meet initial and on-going compliance costs. The funding could be linked to qualification completions

- Differences between the development of 'broad based skills and knowledge' and the development and demonstration of 'work specific skills and competencies' need to be defined and clearly delineated.

3. ERTOA recommends that the development of broad based skills in pre-employment areas be the role of institutional providers such as TAFE, whilst the development and assessment of job specific skills and competencies be managed by RTOs in the workplace.

- ERTOA supports asking the question 'how in touch VET practitioners are with the 'real world' of work' (Page 4), but points out that the comment only applies in practice to institutional-based VET practitioners. The comment reflects a narrow view of the scope of VET professionals and discounts the work done by workplace trainers and assessors and by the thousands of supervisors and team leaders who daily work to develop and assess the skills of their employees. The recent L.H. Martin Institute for Higher Education Leadership and Management paper; 'The quality of teaching in VET: Options paper', is a good example of this narrow view.

4. ERTOA recommends developing a real understanding of the Australian VET 'professional' workforce rather than the usual survey of institution based staff. We argue that a team leader working in an enterprise committed to accredited outcomes from training, who engages in the development and assessment of employee skills and competencies, is as much a VET 'professional' as a TAFE lecturer.

- ERTOA is delighted to see discussion on the sector's role in workforce development. The value of an RTO to an enterprise is not primarily about training - it is about workforce development to improve workplace performance and business outcomes. This wider role needs to become a core activity of RTOs concerned with workplace skills development and assessment. It is a sad

reflection on 15 years of reform, and a so called industry driven sector, that few RTO staff see their role as 'workforce performance consultants'. Core activities for RTO staff should be linked to HRD activities such as:

- ✓ position descriptions,
- ✓ identification of job skills,
- ✓ training needs analysis,
- ✓ performance consulting,
- ✓ work place performance measurement and appraisal and, as a consequence of these activities,
- ✓ targeted training to improve skills.

Workplace appraisal tools and data should be used as evidence of competency in mapped qualifications.

5. ERTOA recommends a fresh look at the role of training as a driver of workplace performance and how RTOs can ensure this is a core activity. Following this, ERTOA recommends professional development for VET practitioners to explore the new core role.

- ERTOA members share a broad view that a completely new model is needed for apprenticeships - time served and indentured concepts are based on outdated training models and overly complex, inflexible administrative processes. ERTOA members would strongly argue that all workplace training and assessment models need to reflect current best practice.
- ERTOA is a strong supporter of the principle of funding following individuals and demand-driven provision. ERTOA argues that provided training and assessment is within the AQF and quality assured by the AQTF, then the nature of the RTO is not relevant. It should not matter that skills were developed in a TAFE, private provider, community provider or ERTO; funding should follow the individual and be aligned to workplace needs and priorities. The adoption of a complementary split delivery model discussed above (pre-employment V's in-employment) could assist in ensuring equity in access to training places and work to safe guard the large investment governments have in institutional providers.

Comments on Part 1 - The Challenge

● **Seizing the opportunity to prosper and grow**

ERTO A acknowledges that there is an important role for VET in developing core skills. We also acknowledge the need of government to be able to 'push' skills development in areas of future demand. The complementary 'split delivery' model described above could assist, with non work specific or generic work related skill development located in pre-employment training.

We also acknowledge the need for access to skills development in regional areas and for disadvantaged participants. Again the 'split' delivery model could assist.

Skills developed within a workplace RTO model such as an ERTO, are immediately utilised. An enterprise will provide training to increase the productivity of workers or to prepare them for new work within the enterprise. Issues of poor utilisation of developed skills do not occur in these models.

● **The path to be taken**

ERTO A agrees that the '*change this time around might perhaps be driven by some radically new policy settings*' and welcomes discussions with VET policy developers who have the ability to define a new vision, rather than just re-visit the old one!

● **Lifting performance**

The expressed view that '*confidence in the quality of provision has been shaken dramatically*' is a reflection primarily of institution-based VET providers. We are not aware of any such concerns with the quality of provision by ERTOs. ERTOA members have real concerns that system-wide reforms to improve confidence in the quality of provision of institution-based providers could have adverse 'unintended consequences' for ERTOs – a 'one size fit all' approach does not reflect the diversity of the Australian VET sector.

ERTO A also challenges the figures on investment and would like to see a broader discussion that includes the significant but largely hidden employer-funded training and assessment that occurs in the workplace. Discussions of 'funds per hour of delivery time' reflects a narrow view of the wider VET training industry.

6. ERTOA recommends investment in encouraging enterprises to set up as ERTOs or to partner with RTOs who see their role as workforce performance consultants (See Recommendation 2 above). The effect of this could be a dramatic increase in the use of the AQF by businesses, increasing skills levels and a substantial increase in the percentage of the population holding a nationally recognised qualification.

ERTO A argues that the much publicised examples of flexibility in the public VET system are sporadic and not systemised. It is our view that these successes often depend on enlightened individuals rather than a system wide understanding of the real role of VET in developing and assessing work skills.

Skills shortages will encourage the model of workplace skills development. Workers, mature or otherwise, will be encouraged to commence work and develop skills while they work. The same is true for workers moving to other modes of employment in order to stay productive longer. The ERTO model suits this cohort well.

ERTO A warns against easy over emphasis of technological changes to support lifting performance in the VET sector. In 2009 ERTO A surveyed all ERTOS and amongst other things asked about the use of online learning. The report commented:

*'The overwhelming majority (76%) of enterprise RTOs reported a zero use of online options for the delivery of their accredited training and assessment programs. It is ironic, that after over 20 years of significant government expenditure promoting the benefits and cost savings of online delivery options and supporting its development, its use by enterprise RTOs is so low.'*²

ERTO A strongly supports the re-conceptualising of the VET sector. See discussion above regarding a split delivery model.

◆ **Delivering the right skills**

ERTO A acknowledges the need to have both a demand and supply side to skills needs. However, ERTO A warns against a constant 'skills level creep'. Whilst higher level skills may well define one response to cheaper labor markets in other countries and the associated off-shoring of work, basic skills development with a sound LLN foundation will still be required in Australia. In a survey in 2009 of all ERTOS in Australia it was reported that 42% of all issued qualifications were at Certificate II level and 29% at Certificate III level. Although there may be a number of explanations for this, it does emphasise the importance of lower level skills in ERTO training.³

◆ **Achieving greater utilisation of skills**

ERTO A supports the broadening of VET work to deliver 'outcomes aligned to enterprise business strategies'. ERTOS which do not achieve this are no longer in operation! (See recommendation 5 above). ERTO A argues that the move to performance consultants or to workforce development specialists, an excellent goal for the sector, will require a new kind of mainstream VET professional with a new set of skills.

ERTO A argues that activities related to workforce capability development should not be seen as an 'extension' to an RTO's activity but indeed as a core activity.

◆ **Improving the VET experience**

Unfortunately all the comments in this section of the Discussion Paper relate to institutional 'students'. We suspect all the data referenced relates only to the publically funded sector. Our view is that many of the issues raised in this section could be solved by introduction of the split system of VET delivery discussed above.

◆ **Providing better support for learners**

See comments in the section above.

◆ **Demonstrating quality and promoting excellence**

ERTO A would like a broader discussion on this topic. Whilst it may seem attractive to look at system wide approaches (one size fits all!), these often have unforeseen implications and unintended consequences. The recent implementation of the National Quality Indicators was problematic and will not deliver the outcomes sought as the process failed to acknowledge substantial differences in the delivery sector. For example, completion rates in ERTOS are typically 100%. Publication of such figures on a 'My Skills' web site will provide unusable data to potential students. Additionally ERTOS only offer employees access to their services.

² See *Profiling the Australian ERTO, ERTO A 2009* at: <http://www.ertoa.org.au/publications.htm>

³ *ibid*

ERTO A warns against making system wide claims based on data from public providers. For example we are not aware of ageing workforce issues amongst the trainers and assessors who operate in our member ERTOs.

7. ERTOA recommends a system wide redefinition of what it is to be a VET professional. This review should include addressing the role of enterprise trainers, assessors and team leaders in skills development within enterprises. (See recommendation 4 above)

◆ **Developing meaningful performance measures**

ERTO A would welcome a broad ranging discussion on meaningful performance measures. These must include measures that demonstrate the positive benefits of training for practical business outcomes such as productivity, quality and safety and not just 'throughput' measures such as 'hours delivered' or 'qualifications completed'.

◆ **Positioning VET in a tertiary education sector**

ERTO A does not have a developed view on this part of the Discussion Paper.

◆ **Determining future funding**

ERTO A has already supported the idea of funding following the individual (see above). We have also proposed a funding stream to support the set up and ongoing compliance of ERTOs (see recommendation 2 and 6 above).

We also argue that publically funded facilities should be available to all VET providers if practicable.

We believe a cost effective argument can be made to leverage off the quality work done in Australian ERTOs to assist in skills development. We would argue that some well developed training and development sections in enterprises have the capability to train publically funded students as well as their own staff, especially in a number of highly specialised areas. For example, the ACT electricity distribution enterprise ActewAGL provides external refresher training programs for electricity utility workers in the ACT and surrounding region

Public private partnerships (PPP) are successfully utilised in other countries. One powerful argument to consider PPP is the access this model would provide to industry best practice and facilities. It also avoids duplication of industry facilities in VET institutions.

It seems logical to consider public training in an international hotel chain, a major manufacturer of cars, an international airline or a chain of fast food restaurants. With the right support from the public and private sectors this could be quality training in real industry settings with access to the best subject matter experts, facilities and equipment.

8. ERTOA recommends a funding model that supports skills development and qualification completion regardless of the nature of the RTO. Skills developed in an ERTO add to the overall skills development profile of the Australian population and will assist to meet the COAG targets. Skills developed in an ERTO are directly related to an industry need.

9. ERTOA recommends an examination of public private partnerships (PPP) and how they could add to the skills funding mix in Australia.

◆ **Establishing stronger foundations for the future**

See comments above. ERTOA does not have a developed view on this part of the Discussion Paper

Responses to the consultation questions

Please note that many of our responses to these questions will duplicate comments made in earlier pages of this response. Instead of repeating material, we have referred to earlier comments and specifically referenced ERTOA recommendations if applicable

Improving the VET experience

Workforce development – a new mandate for the sector

If VET is to help industry and enterprises make the most of the skills of their employees how can training providers be encouraged to take on this workforce development role, how can this be funded and how should this investment be measured?

Refer to previous comments and recommendations 5, 7, 8 and 9.

ERTO A argues that the workforce development should be the core role for RTOs. In the model described earlier where pre-employment and in-employment RTO functions are separated, the workforce development role would sit with the in-employment training and assessment.

We agree that *“The service relationship between training provider, employer and employee thus becomes a much more sophisticated transaction of interpretation and facilitation. It is not merely about delivering a standard training course.”* The relationship needs to be built from descriptions of jobs and related skills in words that resonate with the enterprise and progress to training needs analysis and discussions about job performance. Training interventions are just one tool to enhance performance. ERTOs have mature and effective processes that model this service relationship. We would welcome the opportunity to share these models with the broader VET sector.

We strongly support the view quoted in the Discussion Paper that *‘the power paradigm needs to be shifted to place the industry and the individual at the forefront of a facilitated process which sees the RTO as a partner and not the driver’*. We would strongly argue, however, that this already is modelled in ERTOs.

We would caution against relying upon current VET policy makers, providers or researchers to have the fresh view to flesh out these new directions. We support the proposal in the Directions Paper that a ‘fresh look’ is needed at this ‘pivotal point’ for the sector.

We argue that the points on page 18 of the Discussion Paper should be core activity for RTOs and are now modeled in ERTOs. It is disappointing that the examples used in the paper to illustrate this work did not highlight the work of ERTOs. We feel there is benefit in leveraging the experience of ERTOs in the expanded workforce development role for other RTOs. We also argue this work sits best in the in-employment RTO model, rather than in the pre-employment model.

ERTO A is disappointed that the Discussion Paper section on *Extending the VET practitioner role* and the following *Strategies for consideration* and *Discussion questions* are based solely on a divided provider and industry model. We argue this shows a lack of understanding of the nature of the whole sector, an unfortunate assumption that institutional VET professionals represent the entire sector and a reliance on ‘old school’ VET thinking rather than innovative approaches. These sections show a disappointingly narrow awareness of current practice in RTOs, especially ERTOs.

Improving learners’ experiences of VET

If we are to get better results for learners do training providers need new or better ways of doing business? What aspects of VET delivery need to change and how? For example, work-based delivery; use of ICT; student support; qualifications offered; income support; employment services? Other changes?

This entire section of the paper is built on data from the public sector and the issues and models are heavily influenced by experiences in the public sector. It reflects a widely held but wrong assumption that public and private training institutions are the 'be all and end all' of VET provision in Australia. We argue that section 2.2 does not add to the broad innovative discussion flagged in the start of the Paper.

We reject the assumption that work based learning ability needs to be developed in campus-based programs. We think the complementary split delivery model we have described above, and a focus on new models of operation for RTOs in workforce capability development, have the potential to overcome perceptions about lack of real work skills in VET participants.

Terms throughout the section such as VET teachers, continuous enrolment, students, subject delivery, and subject enrolments strongly reflect the institutional provider model.

10. ERTOA recommends that discussions about the VET experience be inclusive of all VET participants not just those in institutional providers. Additionally we support the need to collect completion and quality data from all sectors of VET.

'Are current reforms, such as training package improvements, sufficient for developing skills for the future? Should there be more emphasis on skills sets? How can competency based training evolve further, building on the broad based skills and knowledge needed for contemporary careers? What role might VET degrees play?'

See comments above. ERTOA members would welcome broad discussion on the relevance, value and utilisation of skill sets within the enterprise training and business environments

Re-engineering apprenticeships

'Is the apprenticeship model the right one for the future or is it too constraining and bureaucratic?'

'What is the best way to raise apprenticeship completion rates and make apprenticeships more attractive to both individuals and employers?'

'What is your view of the diversified qualification pathways for apprenticeships suggested in Figure 9 of the Discussion Paper?'

ERTOA does not have a developed view on the part of the Discussion Paper dealing with apprenticeships. However, ERTOA members share a broad view that a completely new model is needed for apprenticeships - time served and indentured concepts are based on outdated training models and overly complex, inflexible administrative processes. ERTOA members would strongly argue that all workplace training and assessment models need to reflect current best practice.

Lifting performance

Shifting the quality focus

'Are the current performance measures for the VET sector appropriate? Should we have greater focus on long term student outcomes in learning and work? On contribution to workforce development? On social and community outcomes? Others?'

ERTOA supports approaches to improve confidence in the outcomes of the sector. We mentioned earlier the ERTO sector has not been affected by the recent events in the international VET market. However, many ERTOS have been adversely affected by the 'unintended consequences' of the rushed regulator responses to recent college collapses.

We support regulation to ensure quality but would like to see regulation of multi jurisdictional providers managed nationally to ensure consistency. We acknowledge recent moves in this direction.

As most ERTOA members operate nationally we strongly support your reported view that *"Providers reported that regulatory audit and monitoring teams demonstrated inconsistent expertise in assessment and limited knowledge of the relevant industry and training package. It was also pointed out that innovative assessment practices were hampered by the auditing 'compliance culture' and that inconsistent advice was provided on assessment matters."* (Page 52) Inconsistency in application of regulations, audits not being risk based and the sheer volume of regulation and bureaucratic red tape is a significant impediment to the efficient operation of quality learning and development in ERTOA member enterprises.

We also strongly support regulation based on risk. Whilst this has often been discussed and endorsed as part of regulatory processes we have rarely seen it in practice.

We strongly support measures of quality linked to workforce development, employment and business outcomes.

'Should we be worried about low qualification completions rates in VET? Are qualification completions an appropriate success indicator? Should funding be linked to provider performance to improve student outcomes?'

Page 56 of the Discussion Paper applauds the recent budget decision to provide additional funding to the 100 largest publically funded RTOs. ERTOA argues this could be seen as a way of embedding poor practice and attempting to build innovation in delivery from a dated model. ERTOA would like to see financial support for innovative RTO models that already have completion rates approaching 100%! The issue of full qualifications versus skill sets needs broad discussion as does the definition of 'completion'. ERTOA members strongly argue that a low completion rate in itself is not necessarily an indicator of poor performance, especially if learner and business needs are being met.

'What information about VET providers' performance, including key performance indicators, should be made public?'

In principle ERTOA agrees with a transparent KPI process for RTOs. We do, however, caution against a 'one size fits all' approach, however attractive that may seem. The recent debacle with the implementation of the Quality Indicators shows that this approach will not deliver the intended outcomes. ERTOs operate within enterprises whose employees are the VET participants. Completion rates will always be very high (often 100%), and employment outcomes will be the same. ERTOs also may have commercial-in-confidence issues and privacy issues in releasing information about employees.

ERTOA has consistently supported recording of completion rates in ERTOs. This data will now be captured in national reporting. We caution against compulsory data collection processes that are not part of normal enterprise learning and development data capture. Additional, onerous and costly data collection will make enterprises less likely to want to operate within the AQTF.

Recent discussions with NCVET and ERTOA on AVETMIS reporting underscore these concerns. ERTOs exist to meet the training needs of an 'employee target population' – this is very different to the 'student target population' that is the focus of institution-based VET providers. Many of the AVETMIS data elements are of zero relevance or applicability to the 'employee target population' and the mixing of data from these two very different target populations will invariably lead to data validity and reliability questions.

'How can the quality and relevance of graduate outcomes be improved? What is industry's role? Is there a place for moderation and review of assessment by external bodies such as the Industry Skills Councils?'

Comments on assessment on page 53 again emphasise the value in considering a split in VET delivery into pre- and in-employment streams. It is our view that industry should 'own' the competency assessment process. Our members, with robust moderation and validation processes in place, have no issues with providing appropriate conditions for assessment. Assessment in an ERTO is in the workplace, using workplace generated performance appraisal processes.

How can we promote and support professional practice in VET teachers and trainers?

See earlier comments and recommendation 7.

The comments on pages 60, 61 and 62 on the VET workforce are disappointing. They seem to assume all delivery occurs in institutions. The article on page 63 should be called Renewal of the TAFE workforce. ERTOA cautions on using these types of discussions to generalise about the sector. We are not aware of ageing, retirement, replacement or part time issues with ERTOA member workforces.

Better connections across sectors

'What are the best models for future VET and higher education collaborations—dual-sector universities, formal networks of institutes and universities, or polytechnics? Other approaches? Is this something governments should facilitate or should it be left up to institutions?'

ERTO A does not have a developed view on the part of the Discussion Paper.

'What changes to credit transfer and/or articulation arrangements need to take place to increase the number of students who move between school, ACE, VET and higher education?'

ERTO A does not have a developed view on the part of the Discussion Paper

'How can the links between VET and schools and VET and the Adult Community Education sector be strengthened?'

ERTO A does not have a developed view on the part of the Discussion Paper

Establishing strong foundations for growth

Funding sources for growth

'If VET is to grow how is this to be funded? What are your thoughts on -increased tuition fees with income-contingent loans; increased co-funding of programs for employers; the introduction of an industry levy?'

ERTO A supports the view that much quality training occurs within enterprises with no support from government. Only recently has data about ERTO completions become available and this represents only a small percentage of current quality industry training activity.

In comments above we have suggested that there is potential for government to support building on the expertise and successes of ERTOs to encourage other enterprises to move under the QA umbrella of the AQTF. See recommendations 1 and 2.

'What potential benefits or issues do you see if public funding to providers were to be based on outcomes such as qualification completions? Could entitlement funding be combined with outcome-based funding? If so, how would this work?'

ERTO A would welcome a broad discussion on funding to all RTOs based on a wider definition of 'outcomes'. As indicated earlier completion of a full qualification is not necessarily the best match to learner and business needs yet skill set and competency completions are currently excluded from public funding models.

We also would welcome the opportunity to quantify the seed and maintenance funding that may be appropriate to encourage other non ERTO enterprises into the AQF. Anecdotally we estimate this would be a very cost effective way for government to increase training within the AQF and under the AQTF, as well as rapidly raising skills levels in existing workers and increasing the percentage of the population with qualifications.

Comments on page 85 support such a funding proposal: *"To support overall workforce development needs, and to ensure industry's needs are met within an entitlement system, there may be a case for government to fund or co-fund an 'enterprise-responsive' funding stream that supports accredited training linked to workforce development activities within enterprises."* We would also like to see such a scheme look at the seed funding proposed above.

Governance for the future

'What do you see as the top policy priorities to recommend to governments for a new intergovernmental agreement for skills and workforce development?'

See comments above

'How can any weaknesses in shared government responsibility be addressed?'

See comments above

'What type of flexibility might TAFE institutes need to operate effectively in a more competitive market? Are any governance reforms needed to increase operational flexibility?'

ERTO A agrees that there is a clear need for a TAFE sector but cautions against establishing large and expensive infrastructure to duplicate industry facilities. We draw your attention to the proposal for a split VET delivery model with institutions focusing on pre-employment and general employment skills whilst in-employment providers would focus on development and assessment of job specific skills.

We challenge the view that *"TAFE institutes [are] the engine rooms for much of Australia's training efforts [and that] the quality, capacity and flexibility of these providers will be a key plank for future national outcomes"* (page 89). We argue that enterprises are where the majority of skills development occurs and that significant and innovative national investment in workplace training and assessment models is the way of the future.