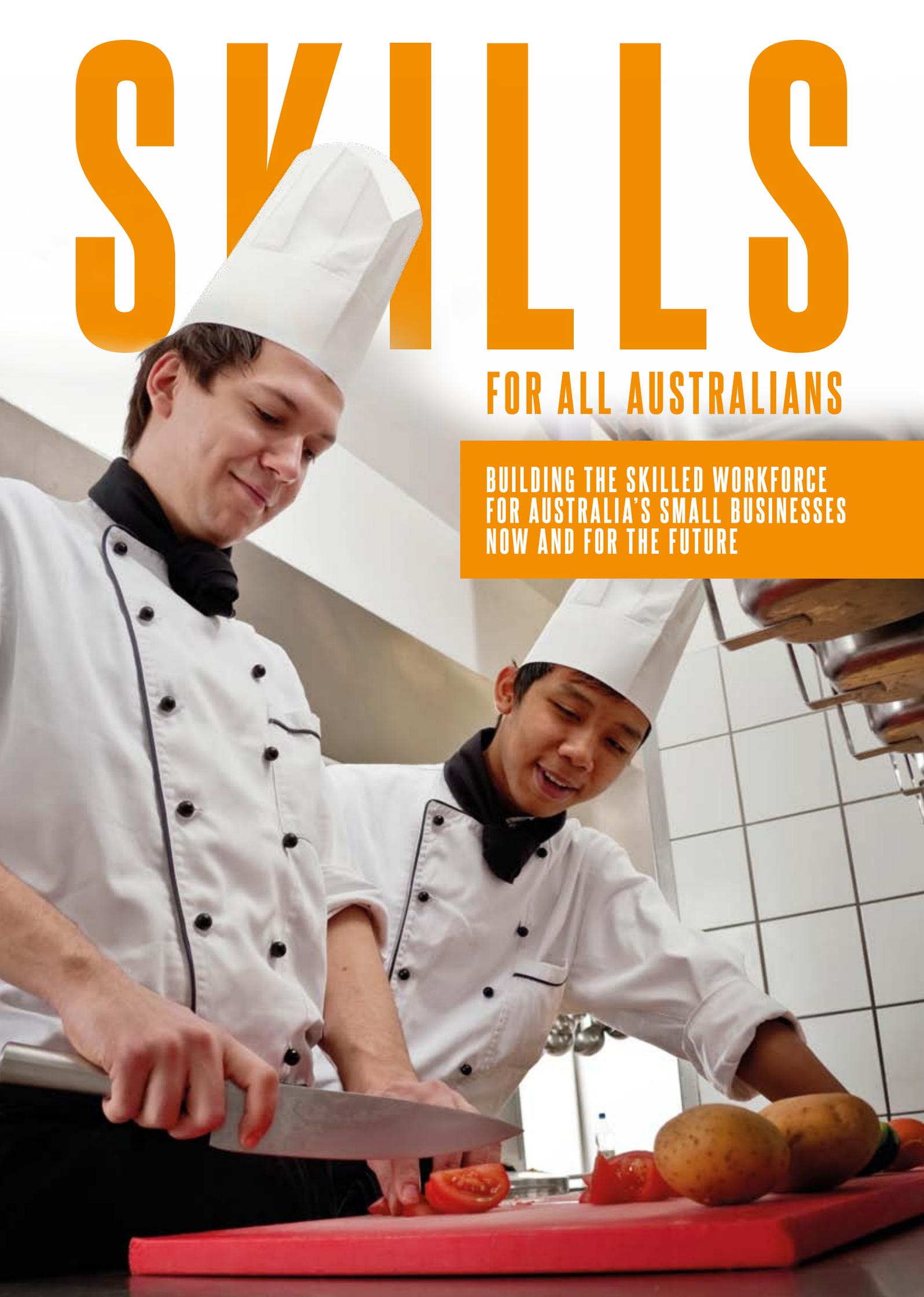


SKILLS

A photograph of two young men in chef uniforms. The man on the left is wearing a white chef's hat and a white double-breasted chef's jacket with black buttons and a black neckerchief. He is smiling and looking down at a red cutting board. He is holding a large silver chef's knife and is in the process of cutting a tomato. The man on the right is also wearing a white chef's hat and a white double-breasted chef's jacket with black buttons and a black neckerchief. He is smiling and looking towards the first man. On the cutting board, there are several sliced tomatoes and two whole potatoes. The background shows a kitchen with white tiled walls and stainless steel equipment.

FOR ALL AUSTRALIANS

BUILDING THE SKILLED WORKFORCE
FOR AUSTRALIA'S SMALL BUSINESSES
NOW AND FOR THE FUTURE



Photo by Arthur Mostead, supplied courtesy of the Australian Government Department of Education, Employment and Workplace Relations

THE BENEFITS FOR SMALL BUSINESS

The Commonwealth Government understands the critical role played by Australia's 2.7 million small businesses in keeping our economy strong and boosting workforce participation. We understand that the success of your business will depend on accessing workers with the skills you need, or upskilling your existing workforce to take advantage of new business opportunities. Addressing this challenge is vital for your competitiveness, innovation and also Australia's national productivity.

Training is an important way to build and grow the skilled employees you need but accessing training customised to your needs is not always easy.

The Commonwealth Government is proposing reforms to the training system designed to meet Australia's growing demand for skilled workers. These reforms will ensure training effort is better aligned to the needs of industry, delivers high quality skills and promotes confidence in the training system, and provides straightforward access for your business needs and the skilled workers you require.

Over the next five years the Australian Government will invest \$7.2 billion to support the skills system, plus an additional \$1.75 billion to support deep and lasting reforms to Australia's national training system. State and territory governments manage this system, so the Commonwealth Government is seeking their agreement to sweeping reforms that will benefit state economies as well as the national economy. This overview sets out the Commonwealth's ambition for skills reform that will help small business get the skills they need.



Photo by Andrew Sikorski, supplied courtesy of the Australian Government Department of Education, Employment and Workplace Relations

AN ECONOMY IN TRANSITION

The Australian economy is undergoing a major transformation because of changes in the global economy, strong growth of Asian economies such as India and China, the effects of the high Australian dollar and domestic pressures such as the ageing of the population.

The government has already introduced many of the reforms that are needed to respond to these challenges to build a new Australian economy that is stronger and fairer. These include significant policy reforms to support the shift to clean energy technologies; investing in technology infrastructure like the National Broadband Network to support knowledge-based industries; major business and personal tax reforms reducing effective marginal tax rates; supporting increased productivity by establishing a demand-driven higher education system; supporting reforms to the health system including introducing a national efficient price for hospital services; reducing the red tape facing business especially through the new Business Advisory Forum to advise on deregulation; and building better services and pathways into employment to lift workforce participation. These reforms are creating new opportunities for enterprising Australian employers to build globally competitive businesses in the growth industries of the 21st century.

Australia needs to develop a stronger skills base to power a new economy built around knowledge, innovation and global competitiveness.

For example, the demand for highly skilled, technically qualified workers is being driven by the expansion of new and innovative industries, including renewable and efficient energy, mining, construction, information technologies, the electronic arts and communications and the growth of industries such as aged care.

Having skilled staff is fundamental to the success of every small business. Competition for good staff is always high, but we know it will increase in coming years. Jobs requiring high level skills are growing at 2.5 times the rate of low skill jobs and the pool of workers with higher level skills is needs to keep pace.

Modelling by Access Economics suggests the workforce will need up to an additional 2.1 million people with VET qualifications by 2015. This means competition to hire and retain employees with these qualifications will intensify. All Australian business, including small business, will face this challenge.

The Commonwealth Government is looking to lift the number of qualification completions and is negotiating with the states and territories for additional completions of around 375,000. Achieving these targets will help deliver the qualified workers that business needs to remain competitive.



Photo by Lewis Vaughan, supplied courtesy of the Australian Government Department of Education, Employment and Workplace Relations

BUSINESS AT THE HEART OF THE NATIONAL TRAINING SYSTEM

Business should be at the heart of the national training system. Training effort needs to be better aligned to:

- > individuals who need skills to participate and be productive in the labour market;
- > high level skills that will drive our new Australian economy forward; and
- > skills for which there is strong business demand, or which are in short supply.

The government has already taken significant steps to place business at the heart of the national training system.

THE NATIONAL WORKFORCE DEVELOPMENT FUND

The National Workforce Development Fund, announced in the 2011-12 Budget, represents a new approach to the Commonwealth Government's funding of skills training. The Government is building a new partnership with industry to identify priority skill needs and develop effective interventions that are industry-based, include the involvement of Industry Skills Councils and draw on co-investment by industry itself to build or retrain the workforce of the future.

This partnership with industry will be further strengthened by the proposed Australian Workforce and Productivity Agency which from mid 2012 will help inform government and industry workforce planning and ensure that effort is targeted to the area of greatest skills need.

SKILLS CONNECT

A new Skills Connect service commenced in 2011, designed to streamline the government's skills programs and better assist eligible Australian businesses with skills and workforce development programs. Skills Connect provides a gateway for employers to access information, support and funding that meets their unique business or industry training and workforce development needs. It provides advice and expertise specific to industries and regions and a streamlined application process for six Commonwealth training and workforce development programs.

You can get more information at the website: www.skills.gov.au/SkillsConnect.

AUSTRALIAN APPRENTICESHIP SYSTEM REFORM

Alongside these industry-focused measures, additional reforms are being put in place to strengthen the apprenticeship system, including:

- > the \$100 million Accelerated Australian Apprenticeships Package to support the delivery of high quality, competency-based trade training;
- > \$101 million for more effective support through mentoring and pastoral care for apprentices and employers and the appointment of Ambassadors to raise the profile of Australian Apprentices in the community.

Through our skills reforms we are also working with states and territories to further reduce unnecessary differences in the way Australian Apprenticeships are administered in each jurisdiction.

A TRAINING SYSTEM THAT MEETS THE NEEDS OF SMALL BUSINESSES

EASIER TO FIND INFORMATION ON TRAINING

From later this year a new My Skills website will begin to provide easily accessible information on training providers and courses. Once fully implemented in 2014, the new website will provide comparable information about training providers, courses, training outcomes, fees and other costs, available subsidies and provider performance – enabling you to make informed decisions about which course or training provider best suits your business needs.

ROGER'S PLUMBING BUSINESS

Roger is a plumber. He has been a licensed contractor for eight years and now employs two plumbers and an apprentice.

The number of new housing estates and suburban redevelopments using green building principles has been steadily growing and Roger is planning to expand his business into environmental services.

The apprentice is already learning about some of these issues in his training. But he and his other two employees will all need up to date skills in grey water, bio-retention systems and other environmental practices. Roger has picked up a lot of information from his mates but he thinks formal training – part time if he can find it – is the best option. He has heard of a number of long and short courses and isn't sure where to start. He uses the *My Skills* website to research their options and finds several providers. He works out a plan for himself and each of his staff based on the skills they already have.

Roger is now excited about his own professional development. He is already thinking ahead to his own sustainable development projects. Now, what will his wife say about putting off the extension so he can do more study?

* Possible scenario once the reforms are in place



Photo by Alexander Nikielski, supplied courtesy of the Australian Government Department of Education, Employment and Workplace Relations

A NATIONAL TRAINING ENTITLEMENT

Your employees will be entitled to a government subsidised training place for their first certificate III qualification, including the reading, writing and numeracy skills training necessary to complete such a qualification.

These steps are intended to assist you to support more employees to upskill or reskill. Enhancing the skills of your employees will enable your business to lift competitiveness and productivity and assist your enterprise to move up the value chain.

In the long term, the National Training Entitlement will increase the number of skilled workers available to your business. It will make skills shortages easier to manage, over time and between regions.

HOW DOES THE ENTITLEMENT WORK?

When an eligible student enrolls at an approved training provider, the subsidy will be paid directly to the provider to cover part of the training costs. The student or their employer will still need to pay for any remaining course fees, materials and other costs.

The subsidy will be subject to any normal conditions that apply in each state and territory's training system.

Access to a particular course will be subject to the availability of training places in the relevant location. If the local course is full, from later this year the *My Skills* website will enable you to compare courses and choose another nearby that meets your business needs. Another option may be to take the course through another training provider, or start the course by distance learning and switch to classroom teaching later.

GAVIN'S DELIVERY BUSINESS

Gavin owns a delivery company in a light industrial estate in a metropolitan suburb.

The business is going well; he has put on two extra drivers and his accountant wants him to upgrade the accounting systems and software. He knows he can get training from the software company for his accounts clerk, Tina. She has been working for him for a long time and always puts in extra hours at the end of the quarter and the financial year; he wants to reward her for that.

Gavin talks to Tina about paying for her to do an accounts administration course and she researches the options on the *My Skills* website. They find out that there is a Certificate III in Accounts Administration and that a new national training entitlement means she will have access to a government subsidised training place.

Tina will get recognition of prior learning for some of the course content as she has learned a lot on the job. This will make it much quicker and she will have formal recognition for everything she already knows. The course links to a Certificate IV in Accounting, which she is sure she can manage. This is where her real skills development will be. The best part is that she can do both courses by distance education and fit them in around the busy periods at work.

Tina is also pretty sure that the courses will give her confidence to improve some of the office systems that have developed randomly over the years – she can't wait. Gavin will get far more out of this than he realises!

* Possible scenario once the reforms are in place

BETTER QUALITY TRAINING

The investment of time, money and effort in training has to work – it has to make a difference to your business or employees.

To support the introduction of a National Training Entitlement and expansion of income-contingent loans the Commonwealth Government will require states and territories to ensure only high quality training providers are able to access public subsidies through the application of stringent quality checks. For example, these additional requirements could include more regular reporting on performance by registered training organisations, subsidy funding provided on completion of training delivery, ongoing compliance checks and a focus on assessing past delivery quality and performance before registered training organisations can access public funds.

The Commonwealth Government will apply a substantially strengthened quality regime to further improve the quality of VET teaching and qualifications.

Only providers offering high quality vocational education services will be eligible to offer income contingent loans and independent, external validation of qualifications offered by providers will be piloted in parallel with the extension of the loan program. Industry will participate in new ways of validating the qualification assessments undertaken by training providers. If the pilots are successful, a national approach to validation of provider assessments will be implemented from 2014-15 onwards.

The Commonwealth government will also introduce a number of reforms to improve the quality of VET teaching. Specific measures will be determined by each state and territory in accordance with their particular needs and priorities. Steps such as involving industry in validating course assessments will give students and industry greater assurance that the training providers participating in the National Training Entitlement and student loan program will deliver high quality learning outcomes.

Together, these additional quality measures will help ensure that students and industry can have added confidence in the providers delivering government subsidised training or student loans.

EASIER FOR STUDENTS TO DO HIGH LEVEL COURSES

Completing higher level qualifications can lead to better employment and wages. For example in 2009, a person with a diploma or advanced diploma earned, on average, \$1000 per week; whereas someone with only a Year 12 certificate earned less than \$800 per week. Diploma and advanced diplomas can lead to jobs across growth sectors such as mining, construction, systems analysis, accounting and engineering.

All Australian students will be able to apply for a loan to cover the cost of upfront fees for government subsidised diploma and advanced diploma courses. Students will only have to start repaying the loan when they begin to earn a certain salary - currently \$47,196 per year.

If all states and territories take up the Commonwealth's offer of expanded access to student loans, up to 60,000 subsidised higher level VET students could be assisted with student loans each year. Full implementation will take some time, however.

Once fully in place, the expanded student loan arrangement for higher level vocational qualifications will increase the number of people in the workforce with high level skills, helping to alleviate shortages of highly skilled workers, and supporting businesses with innovation and greater competitiveness.

Up to 60,000 subsidised VET students could be assisted with student loans each year

HOW DOES THE STUDENT LOAN WORK?

Students will be able to apply for a loan through their approved training provider. The Commonwealth Government will pay the fees directly to the provider on the student's behalf. Once they reach the income threshold, the loan can be repaid through the tax system.

The amount of the repayment will be worked out by the Australian Tax Office and the employer will withhold an additional amount from the student's wage to cover it. The student or anyone paying the debt on their behalf can make voluntary repayments at any time.

MICHAEL AND ANITA'S ORGANIC FOOD BUSINESS

Michael and Anita have been selling organic produce at their local farmers' market for several years. Recently, several local restaurants have expressed interest in working with them. Anita thinks it would be a good time to get a more formal grounding in organic farming so they can build up the business, employ more staff and expand their range of products.

Anita uses the *My Skills* website to research organic farming courses. She finds a certificate III course they can do part time in the evening at their local TAFE, which will suit them well while they build up the new business relationships.

This course articulates into a diploma course and, even though that will be a bigger commitment both in time and financially, is very interested in this. She would be able to apply for a VET FEE-HELP loan to cover the upfront cost of doing the diploma and then pay it off when the business is more profitable.

Michael and Anita both enrol and their new business direction starts to become a reality.

* Possible scenario once the reforms are in place



Photo by Andrew Sikorski, supplied courtesy of the Australian Government Department of Education, Employment and Workplace Relations

WHAT ARE THE OTHER CHANGES TO THE NATIONAL TRAINING SYSTEM?

The Commonwealth Government's skills reform plan will create a modern, better tailored and more dynamic national training system. The changes will provide better access to affordable high quality training- a system that is better adapted to the specific needs of businesses and students. There will be improved access to training places and reduced barriers to train, such as upfront training fees. This will give Australians of working age better, affordable access to the qualifications they need to access jobs, particularly in growing occupations and sectors of the economy.

The Prime Minister will take the Commonwealth Government's skills reform plan to the Council of Australian Governments (COAG) in early April 2012. States and territories as well the Commonwealth are custodians of the national training system and a new sets of agreements on skills, workforce development and training reform will be a key agenda item at COAG.

The key changes to be negotiated with the states and territories are:

- > a national entitlement to training at a minimum of the first certificate III qualification so all working age Australians have the opportunity to gain the skills needed to get a decent job;
- > wider access to student loans to reduce upfront cost barriers to study at the diploma and advanced diploma level;
- > independent validation of training provider assessments and support for quality teaching so students and employers can have confidence in the quality of training they purchase;
- > support for a strong and vibrant public training provider network to underpin a high quality training system accessible to all Australians;
- > increased availability of information about courses and training providers through the *My Skills* website so students and business can make well informed choices about their training options; and
- > incentives for states and territories to achieve improved completion of full qualifications, particularly at higher levels and for disadvantaged students - to deliver the qualified workers that business needs and give all Australians the opportunity to develop skills and participate in the workforce.



Photo supplied courtesy of the Australian Government
Department of Education, Employment and Workplace Relations

WHERE CAN I FIND MORE INFORMATION?

More detailed information on the Commonwealth Government's reform plan for the national training system can be found in the publication *Skills for All Australians*.



Specials.

- ★ Turkish Coffee \$3.00
- ★ Fresh Apple & Orange Juice
- ★ Crepes served with fresh fruit & icecream \$10.90
- ★ Sweet Potato \$7.50

Photo by Andrew Sikorski, supplied courtesy of the Australian Government Department of Education, Employment and Workplace Relations



Australian Government