

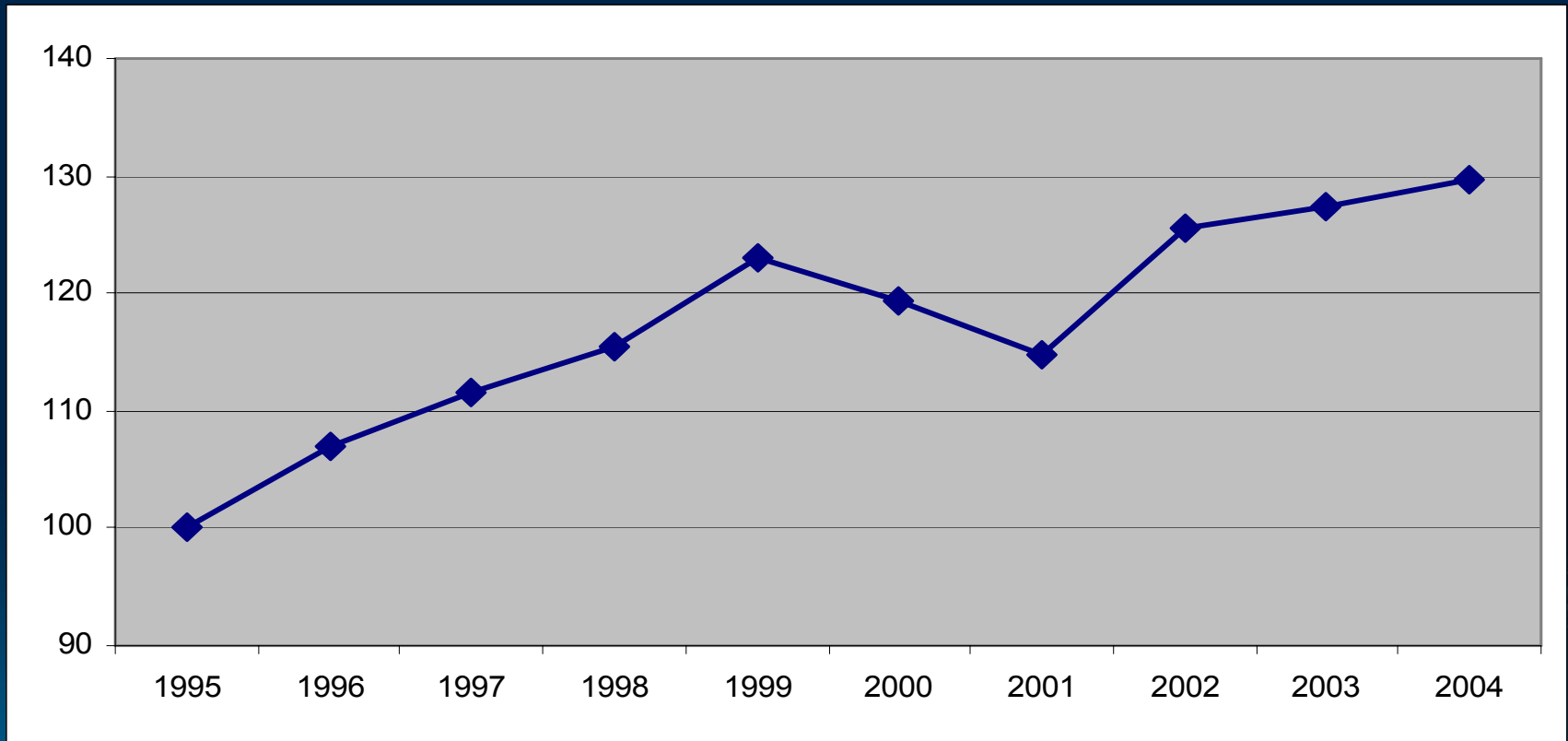
# SKILL ECOSYSTEMS

A New Framework for VET?



# VET growth: contact hours

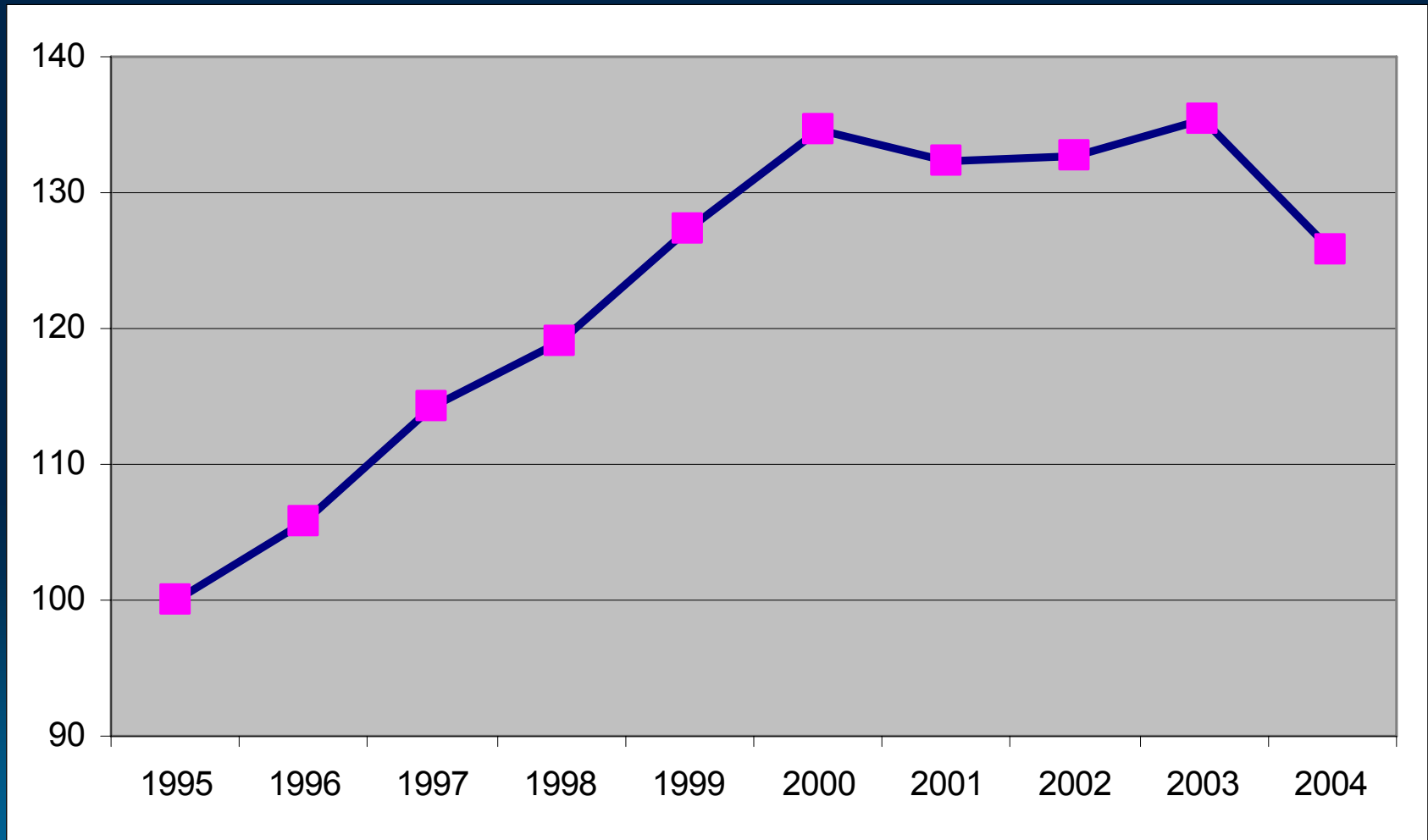
Index: 1995=100



Source: NCVET

# VET growth: number of students

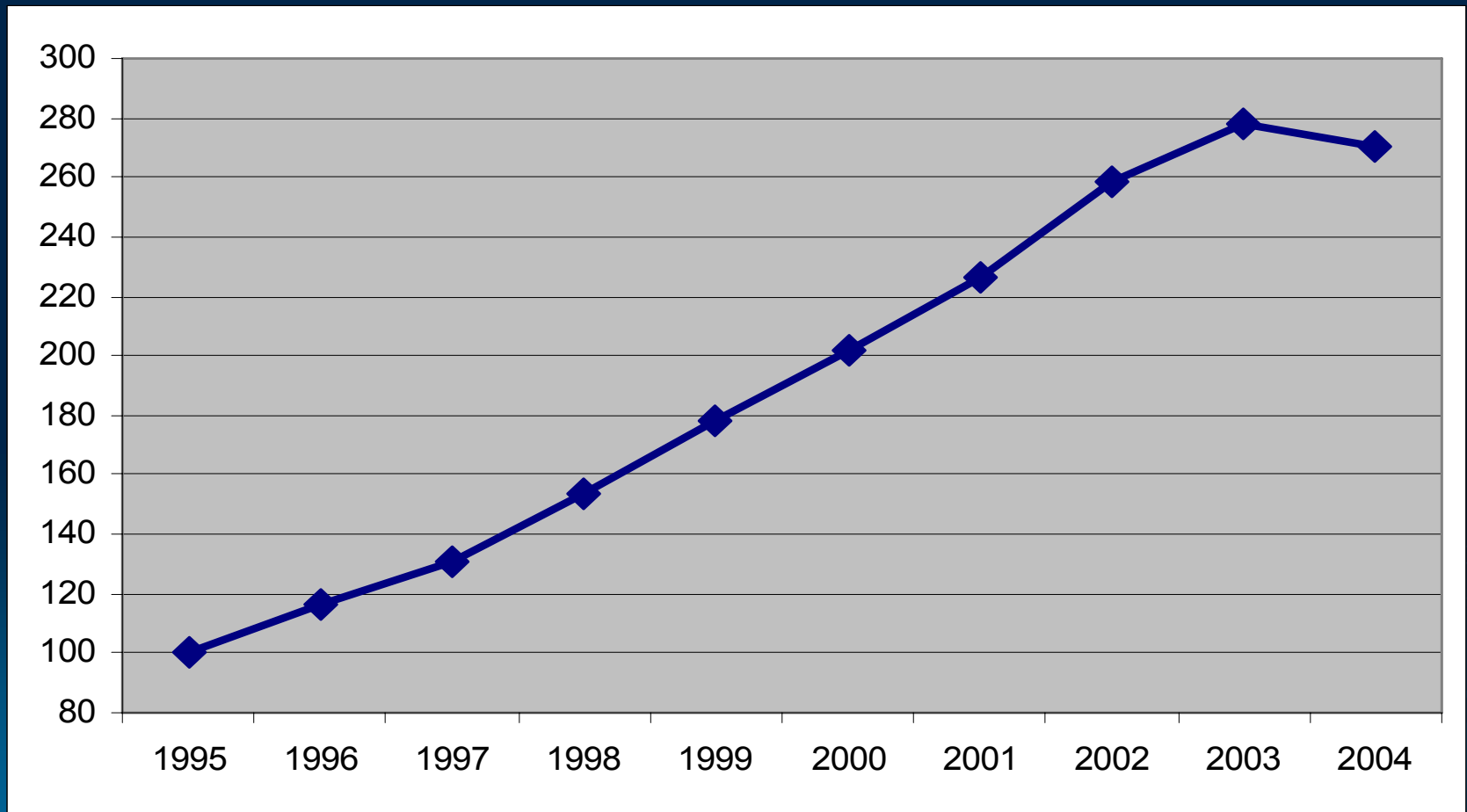
Index: 1995=100



Source: NCVET

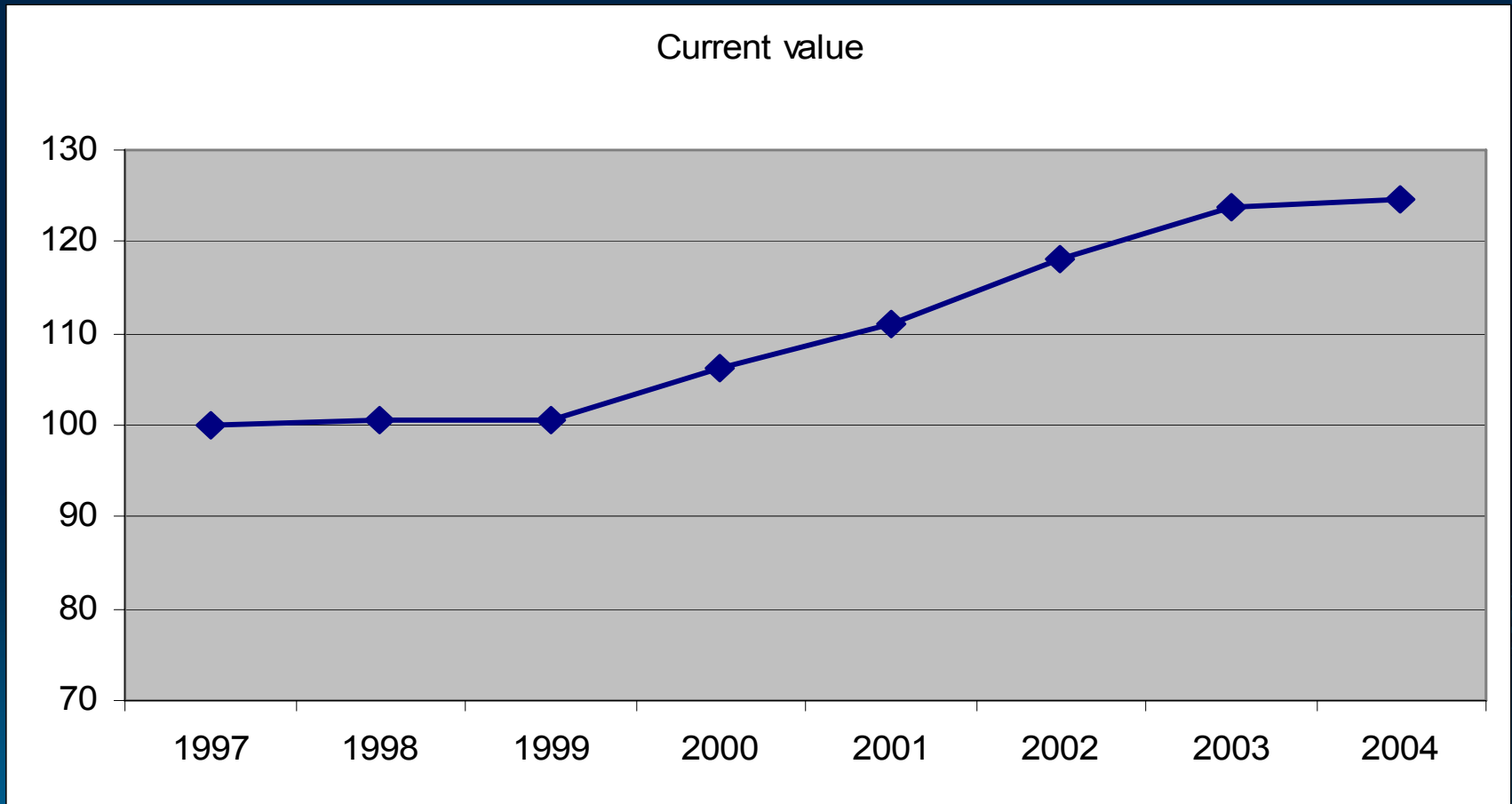
# VET growth: Apprentices and trainees

Index: 1995=100



# VET growth: expenditure

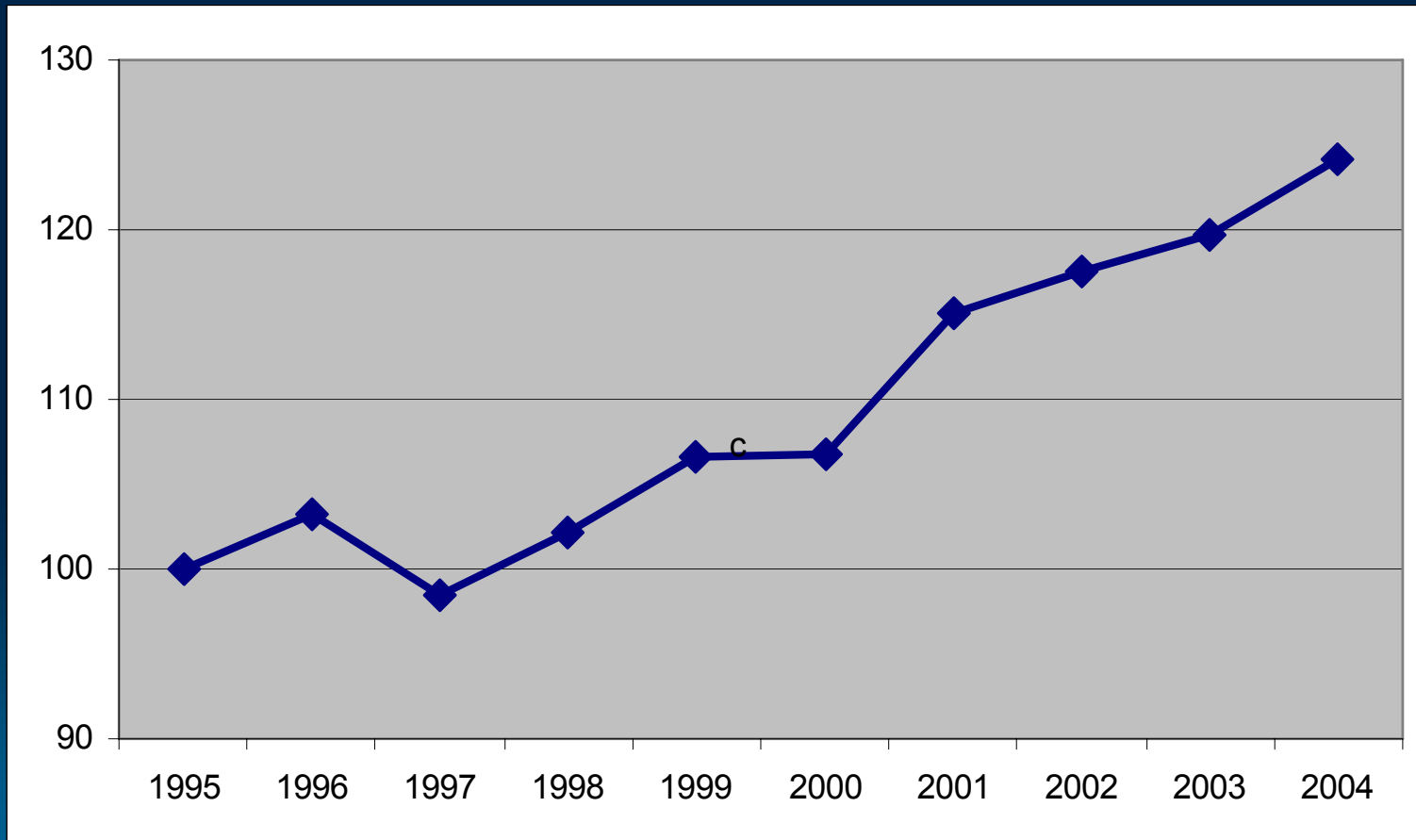
Index: 1997=100



Source: NCVET (Note: Comparable pre-1997 figures not available.)

# Growth: Post-School qualifications

Index: 1995=100



# Skill Shortages

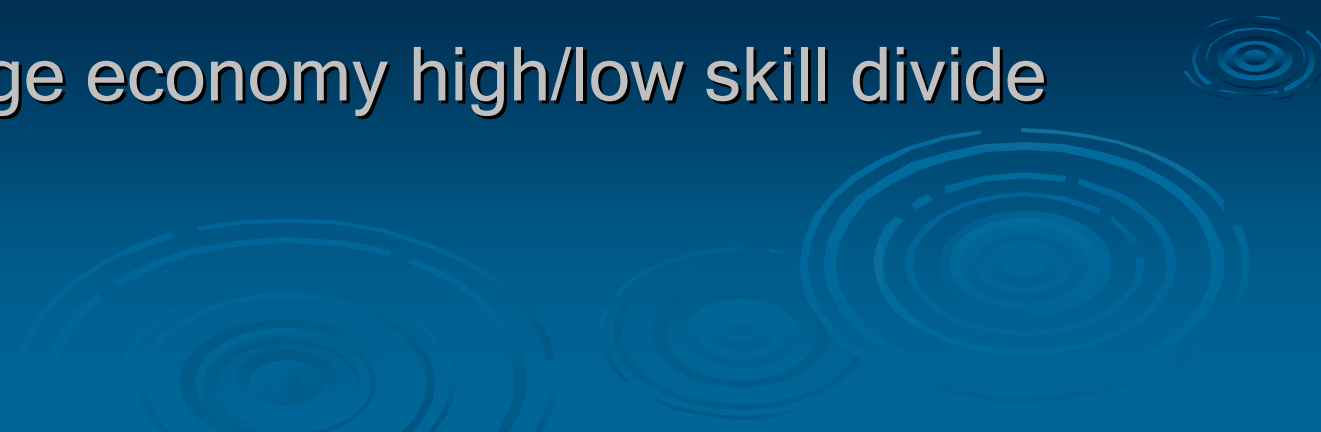
- “...very severe skill shortages in certain parts of the economy” (Prime Minister, 2005)
- 21,000 more skilled tradespeople needed (AiG 2004)
- 25% of employers report difficulty attracting apprentices (ACCI 2004)

# Skill Mismatch

- Nearly half (45%) of Australians work in low skill jobs (ABS 2004)
  - 18% of workers with bachelor degree
  - 32% of workers with advanced diploma or diploma
- 46% of trade course completers don't end up working in a trade (NCVER 2004)

# Why?

- INDUSTRY CHANGES

- ✓ Lean production & dispersed supply networks
  - ✓ Privatisation and outsourcing
  - ✓ Knowledge economy high/low skill divide
- 
- A decorative graphic consisting of several sets of concentric circles, resembling ripples in water, located in the bottom right corner of the slide.

# Why?

- EMPLOYMENT CHANGES

- ✓ Nonstandard work growing

- Second highest share temporary work in OECD

- ✓ Job tenure shrinking

- Half of casual workers have less than one year with current employer (ABS 2004)

- ✓ Internal labour markets eroding

# Why?


- VET - INDUSTRY DISCONNECT
  - ✓ “Widening chasm between VET sector...and companies’ skill development needs (BCA 2004)
  - ✓ 6 in 10 employers with no structured training
  - ✓ 40% of structured training delivered outside of national VET system

# Skill Use Reflects Many Factors

- SKILL DEMAND

- ✓ Business strategy and investment
- ✓ Technology and innovation
- ✓ Job design and work organisation
- ✓ Relationship with education providers
- ✓ Information

- SKILL SUPPLY

- ✓ Education system's capacity
  - ✓ Family and community support
  - ✓ Match between jobs and workers
  - ✓ Industry training effort
- 

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# Skill ecosystem

## Factors affecting use of skills at work

Business strategy and investment decisions  
Technology  
Inter-firm relationships

Job design/work organisation  
HR & industrial relations  
Relationship with education providers

## Factors affecting supply of skilled workers

Education system's capacity to provide appropriate training

Family and community supports

Information flows

Locational match between jobs and workers

Industry training effort

## Skill ecosystem

- concentration of skills and knowledge in an industry or region



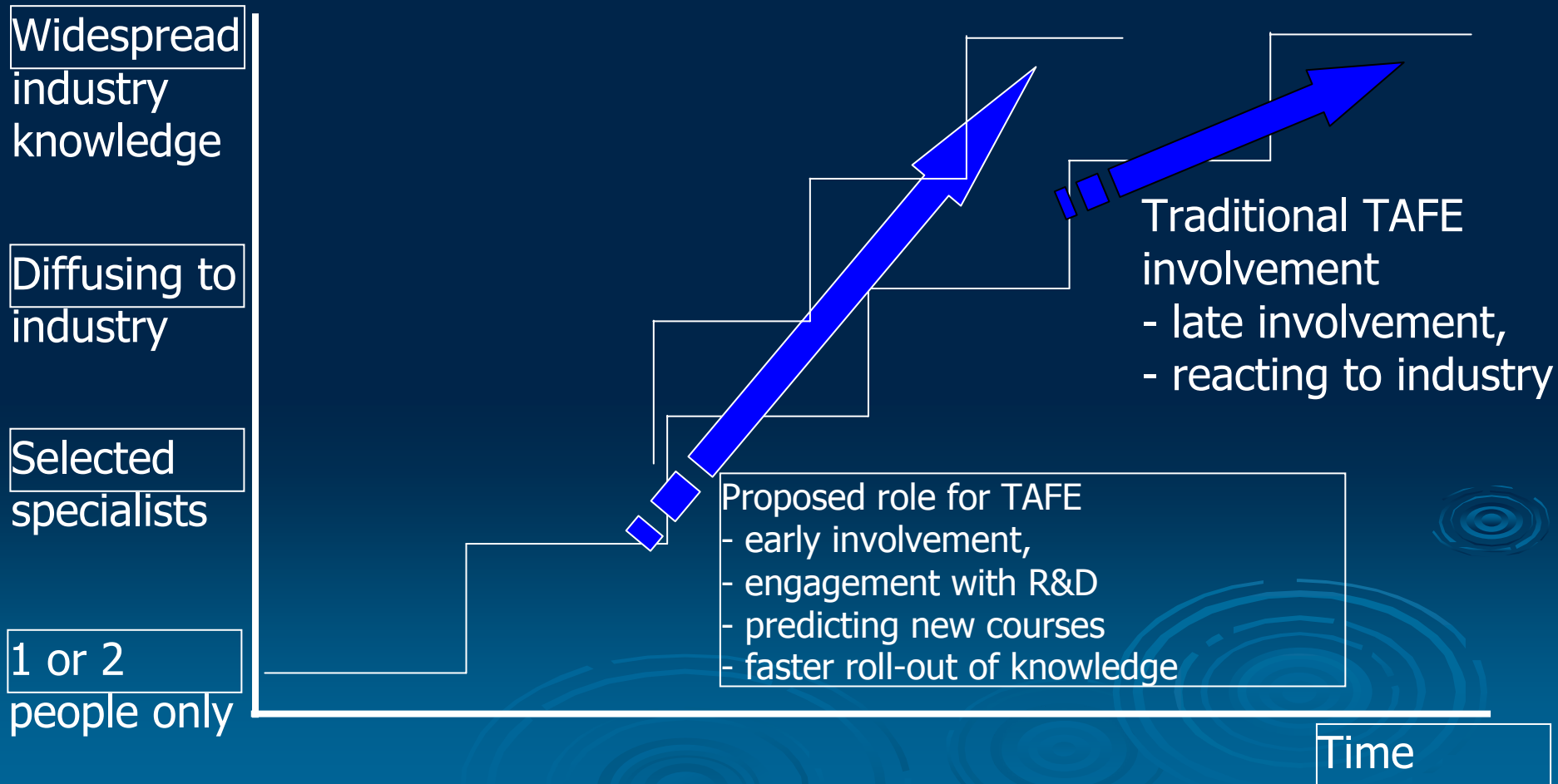
# Skill Ecosystem National Project

- FOUR STREAMS
  - ✓ VET as intermediary
  - ✓ Skills across supply chains
  - ✓ Industry-wide supply solutions
  - ✓ VET as innovation partner




# VET participation in innovation

## Key Driver for Economic Development



# Skill Ecosystem Common Features

- Skill solutions integrated with broader business systems and decisions
  - Coordinated response across all actors
  - Early engagement to avoid bottlenecks
  - Close links to economic development
  - Skills provided at scale not one-by-one
  - Higher profile for VET
- 

# Skill Ecosystems Sustained

- ✓ Offer more flexible funding
- ✓ Build capacity
- ✓ Modernise accountabilities and incentives
- ✓ Develop intermediaries



# A New Framework

## ▪ VET SYSTEM

- ✓ Static pathways
- ✓ Over-emphasis on low level skills
- ✓ Quantity not quality incentives
- ✓ Weakened status

## ▪ SKILL ECOSYSTEM

- ✓ Flexible, opportunistic
- ✓ Sustainable employment & earnings focus
- ✓ Long-term solutions not just short-term demand
- ✓ First choice

# SKILL ECOSYSTEMS:

A New Framework for VET?

