



# Industry's role in VET governance – using international insights to inform new practices

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## INTRODUCTION

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Industry representation and governance in the vocational education and training (VET) sector in Australia has undergone several transformations in the past, and continues to do so, reflecting changes in the economy but also the continuing challenges in embedding an industry presence in VET leadership and governance. This summary brings together findings from, primarily, international country comparisons on industry's role in VET over the last decade, identifying the key characteristics of industry's successful engagement in VET governance. Although some work referenced may appear outdated, governance structures have not substantially changed in the countries investigated. At the time of writing this summary, the COVID-19 pandemic was causing disruption to all sectors of society, including education and training, paradoxically providing a further opportunity for new perspectives on industry representation, leadership and governance in the VET sector.

## HIGHLIGHTS

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- 'Industry' within a governance-framework context is not a homogeneous term and needs to be unpacked to clearly identify and define what the term encompasses.
- The multiple, and at times diverging, roles of industry in VET mean that successfully embedding industry in training governance and funding requires skilful coordination.
- Social partnerships negotiated between governments, employers, unions and training providers, where each partner is highly valued and willing to take responsibility for their component, are key to effective VET governance and, ultimately, improved outcomes for learners.
- Examples of good practice in social partnerships, along with industry engagement in VET governance, were found in western and northern European countries such as Germany, the Netherlands and Finland. However, country-specific VET governance approaches cannot easily be replicated elsewhere as they are contingent on history and culture.
- In many countries, including Australia, sub-national industry or sectoral skills councils – those that work at the provincial, state or regional governance level – are particularly successful in strengthening partnerships between employers, training providers and local governments, consequently improving the quality of VET programs.
- In relation to training quality and employer engagement, the Organisation for Economic Co-operation and Development (OECD) recommends increasing the integration of quality work placements, developed through local partnerships between employers and training providers, to ensure they become a significant and mandatory part of all VET programs.

# AUSTRALIAN VET – IN NEED OF EFFECTIVE INDUSTRY LEADERSHIP?

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Australia's system of VET is based on the principle of partnerships between key stakeholders: governments (Commonwealth, state and territory), training providers, employers and employees.

Forty years of reform effort towards industry leadership in VET provide evidence that effective partnerships and industry engagement in VET are easier said than done (Chappell 2003; McKenzie 2020, Robertson 2021). The recent expert review on Australian VET reform (Joyce 2019) reiterated concerns about the ability of current industry leadership arrangements to develop qualifications that meet current and future workforce skill needs.

Addressing findings in the Joyce review and the impacts of the COVID-19 pandemic, the Australian Government (2020) recently invited business representatives to provide feedback on the role of industry more broadly in the VET system and, specifically, on industry's role in reforming qualifications.

Although industry partners, governments and training providers expressed dissatisfaction with how the current VET system meets skill needs, they remain keen to be part of the solution, which begs the question of why ongoing reform effort continues to be so elusive. Is:

- the reality of industry leadership in the VET system not matching the rhetoric?
- the existing VET industry engagement framework sound but its implementation unsatisfactory/inadequate?
- a 'hidden' factor subverting the envisioned partnership between industry, governments and training providers?

A confounding factor may be the lack of a definition of who or what industry actually is, and what industry interaction resembles at different levels of the VET system. As we attempt to address these issues, we provide a more nuanced look at those groups that might comprise 'industry' and their roles in VET governance, enabling consideration of an optimal framework for industry engagement and ways to improve uptake.

## WHO IS 'INDUSTRY'?

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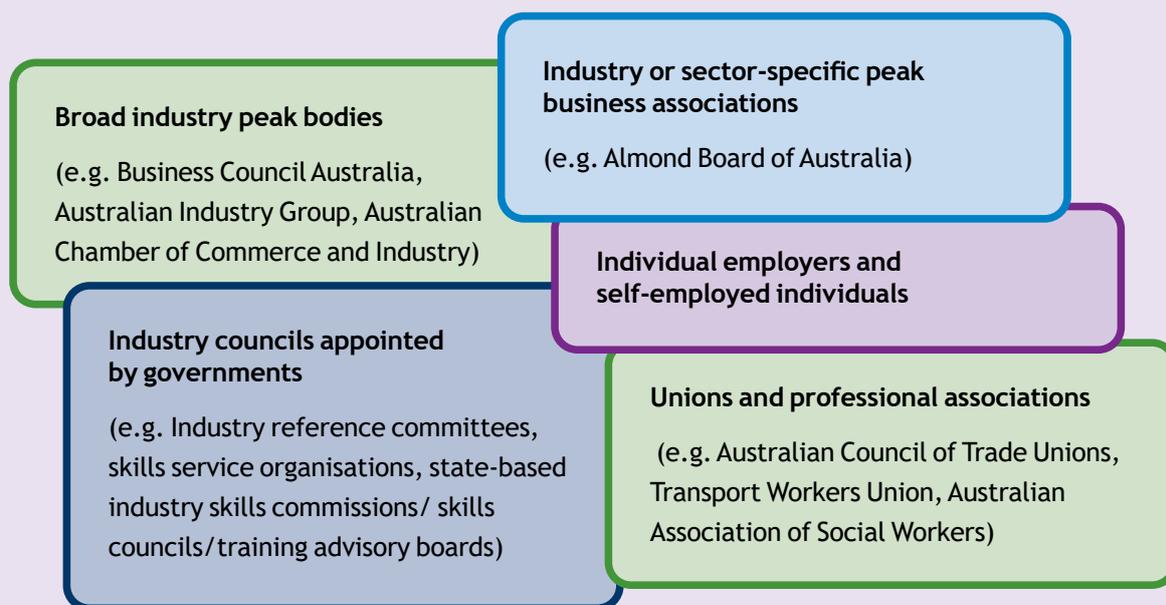
Do we really know who industry is? What should industry's role be in the Australian VET system? Our exploration of these questions from an international perspective indicates that the answers are not straightforward. Even in countries where industry is robustly embedded in the governance of VET systems, it plays a peripheral role in the 'top level' governance matters of planning, investing and decision-making. It is in the remaining key functions of good governance – regulation, quality assurance, and relevant training provision – where industry parties have the greatest involvement (Cully et al. 2009).

'Industry' is a broad umbrella term encompassing a variety of groups, including business advocates, unions, employers and employees, who represent various sectors (for example, mining, construction, hairdressing). Having such varied groups means that different objectives for the development, training, recruitment and retention of workers/employees/staff often apply.

In figure 1, we divide 'industry' into five major groups, according to their distinct primary objectives, noting that these boundaries are not clear-cut. All of these groups not only interact with each other but also with training providers and governments at different levels in the VET system. For example, at the national level, industry peak bodies such as the Business Council of Australia (BCA), the Australian Industry Group (AiG) and the Australian Chamber of Commerce and Industry (ACCI) share a rotating seat on the Australian Industry Skills Committee (AISC) and liaise closely with all levels of government. At the state level, a number of government-appointed industry councils and commissions operate successfully in the states and territories, working closely with local employers and training providers.

The Australian Department for Education, Skills and Employment (2020), for its part, refers to three broad industry stakeholder groups involved in the national training system: employers, employer associations and employee representatives.

**Figure 1 Representation of industry in Australia**



Supporting the education and training needs of staff is generally incorporated within a company’s strategy, goals and principles. In practical terms, a business seeking to hire skilled workers or to upskill its existing workforce will generally engage with the training system. However, an employer’s interest and involvement in the national VET sector is not necessarily guaranteed, as it is not their only option for managing or upskilling their workforce. Other options an employer can utilise include:

- Non-nationally recognised training
- Modification of business models and processes
- Skilled migration
- Automation

As the Productivity Commission (2021) noted: ‘VET is one major, but not the only avenue for the acquisition of skills’. Employers may increasingly rely on ‘just as needed and industry proprietary training’ outside regulatory reach (Fowler 2021). The many ways by which people acquire skills have implications for industry leadership and governance in a training system.

### Industry representation at different levels

Currently, industry leadership and governance in Australian VET is closely associated with the Australian Industry Skills Committee and a network of industry reference committees (IRCs), supported by skills service organisations (SSOs). The focus of these groups is on the development of training packages. However, at the national and at the state/ territory level, several other industry bodies engage in the governance and funding of the VET system. A summary list of current types of industry bodies is shown in box 1.

Many opportunities are also available for industry associations and individual businesses, employers and employees to engage with training providers directly and other organisations in VET, sometimes leading to purpose-designed training programs to meet specific industry or enterprise needs. In the public VET sector, state training authorities and skills councils promote and support these (informal) arrangements (Cully et al. 2009).

### State-based industry engagement

State-based industry advisory groups and skills commissions play an important role in enabling regional industry sector participation. Federal, state and territory governments, along with industry, assess current and future skills needs to link VET services to labour market skills shortages, although each jurisdiction uses a different approach. Skills needs assessments inform the allocation of government subsidies for courses, student financing and apprenticeship

incentives (Productivity Commission 2019). For example, South Australia, Victoria, Western Australia and Queensland operate with independent skills commissions. The bodies in these states provide strategic advice to governments on industry priorities, workforce development plans and, in some cases, have a specific role in the regulation of apprenticeship arrangements.

### **Box 1 Representation of industry in the Australian VET system**

- Industry reference committees, which develop training packages, supported by skills service organisations
- Employee associations, such as professional associations and unions, and its peak body, the Australian Council of Trade Unions (ACTU)
- Employers and their networks, such as individual and groups of business owners
- Group training organisations and their peak body, the National Apprenticeship Employment Network (NAEN)
- Industry peak bodies, such as the Australian Industry Group, Business Council of Australia, Australian Chamber of Commerce and Industry, Council of Small Businesses of Australia (COSBOA)
- Skills commissions and industry advisory groups at state/territory level
- Industry regulators
- Other/industry experts; these can be advisors, regulators and consultants not affiliated with the other groups but speaking for or mandated by industry organisations or regulating industry.

The establishment of organisations promoting regional and local engagement approaches, as exemplified by local employment networks, indicates a significant shift of emphasis away from a model of centralised decision-making by government institutions. A model of empowerment of communities through local decision-making across all partners involved is preferred (Chappell 2003; Local Learning & Employment Network 2020). The Local Learning and Employment Network (LLEN) initiative in Victoria, for example, not only embeds industry engagement in its framework for developing local partnerships, including community building, but also suggests that innovation in training provision is an important outcome of these partnerships. Employers are encouraged to become members of one of the 31 existing networks to address skill shortages in their area, identify employment and training opportunities for young people, and provide feedback to local training providers (Victorian Department of Education and Training 2020).

## **THE ROLE OF INDUSTRY IN VET GOVERNANCE IN AUSTRALIA**

Industry has long been actively involved in VET policy-making and in the development of training standards and delivery. To some, it appears that industry involvement in the national VET system was broader and more coherent under the Australian National Training Authority (ANTA) than it is now.

### **From ANTA to AISC – a brief history<sup>1</sup>**

In 1992, the Commonwealth, state and territory governments made the landmark decision to create a nationally coordinated training system. The Australian National Training Authority, working through an industry-based board to a Ministers of VET Council, was established to lead and coordinate the development of a national VET system (ANTA 2004). ANTA's role, through the ANTA Board, was to advise the Ministerial Council on national VET policy, strategy, priorities and goals, as well as play a key planning and reporting role. ANTA's Board, which was set up to ensure the national VET system would be 'industry-driven', was responsible for overseeing the administration of national programs and projects and to provide advice on the distribution of Commonwealth funding for the national system to the states and territories (Bowman & McKenna 2016).

ANTA was abolished in 2005 by the Commonwealth Government, with its functions then continued by the relevant federal government department. The industry-specific groups established under ANTA and its board continued, over

<sup>1</sup> For a complete historical account see VET governance timeline at <https://www.voced.edu.au/vet-knowledge-bank-governance-minco-cisc>.

time becoming today's AISC and IRCs, supported by SSOs. A change in federal leadership in 2007 led to the formation of a new entity in 2008 – Skills Australia – to take on the role of providing expert and independent advice on Australia's future workforce skills development (Bowman & McKenna 2016).

In 2012, the Australian Workforce Productivity Agency (AWPA) replaced Skills Australia. An independent government agency, AWPA was responsible for:

- administering the National Workforce Development Fund
- developing and monitoring sectoral skills and workforce development plans in conjunction with industry skills councils and industry
- conducting skills and workforce research
- providing independent advice on sectoral and regional skills needs to support workforce planning and productivity
- driving engagement between industry, training providers and government on workforce development, apprenticeships and VET reform
- promoting workforce productivity by leading initiatives for the improvement of productivity, management, innovation and skills utilisation within Australian workplaces.

In 2014, AWPA ceased operation, again with its functions transferred to the relevant federal government department (NCVER 2020). Today, the National Skills Commission, which was established in 2020, provides skill demand forecasting and funding advice.

In 2015 the Australian Industry Skills Committee (AISC) was established with the aim of giving industry a formal, expanded role in policy direction and decision-making for the VET sector. Along with IRCs, AISC replaced the (national) ISCs who were at the helm for 13 years advising governments on industry training needs and training package development (NCVER 2020). Among its functions, outlined in its terms of reference, the AISC:

- advises on the implementation of national training policies
- quality-assures and approves training packages for implementation
- oversees the process for development and approval of accredited training
- provides direction on the national VET sector research priorities, including the work of NCVER
- provides advice to the COAG Industry and Skills Council<sup>2</sup> on training provider and regulator standards
- coordinates industry engagement through the COAG Industry and Skills Council meetings.

The influence of the AISC on national policy and funding is debatable. In spite of the AISC's terms of reference suggesting a broader remit, its role has been almost solely confined to product development.

In 2020, the new National Skills Commission was established to provide intelligence on emerging and future workforce skills needs, system performance, efficient prices for VET courses and the public and private return on government investment in VET qualifications; however, as a government department led by a statutory commissioner, it is not an industry body as such.

As we saw earlier, the term 'industry' cannot be defined as one single entity. Given the diversity of individuals and organisations occupying this space, a number of different roles and points of engagement can be identified.

## Roles and responsibilities of industry

At the time of writing this paper, the overarching roles of industry could be summarised as follows, with more detail provided in appendix A:

- contributing to national VET policy
- developing national skills standards through training packages and related products
- determining skills priorities for workforce planning and development
- developing their own workforce, including apprentices and trainees
- contributing to the cost of training.

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2 At the time of writing, the COAG Industry Skills Council had been replaced by a new architecture for federal relations including the Skills National Cabinet Reform Committee

While Australia rates satisfactorily in industry engagement on the international stage, it does so to a lesser extent than is observed elsewhere (OECD 2015). This situation was recognised by the Joyce review (2019), which noted that the best international training systems involve its industry players and chambers of commerce<sup>3</sup> in quality assurance. For example, Germany, a nation with a strong international reputation for producing high-quality graduates, achieves this through an end-of-program independent assessment, carried out by the industry partners (Federal Institute for Vocational Education and Training (BIBB) 2020).

## INTERNATIONAL COMPARISONS

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When conducting a national review of existing systems, valuable insights can be gained by examining the practices of other countries (Cully et al. 2009; OECD 2015). In determining their appropriateness for Australia, however, we need to acknowledge the following issues: the unavoidable complexity of governance structures, and the historical or socio-cultural differences existing between countries, thus limiting country comparisons.

### Complexity in VET governance

Complexity, a feature common to all VET governance arrangements, emerges because of the wide range of students accommodated by VET systems and the number of stakeholders involved in decision-making, funding and financing (Oliver 2010). It is a common but mistaken belief that a system of complex decision-making reduces adaptability. Often, but unfairly blamed are:

- multiple parties with different agendas in social partnerships
- national and sub-national governments sharing responsibilities in a federation (Oliver 2010).

That said, recognising that governance frameworks emerge from historical and political differences assists in a broader understanding of complex systems. Although complex governance can result in convoluted decision-making, complex policy instruments can allow for greater adaptability and accountability in the system they serve (Oliver 2010).

Country-specific VET governance cannot easily be replicated elsewhere, in that the make-up of social partnerships is contingent on history and culture (Cully et al. 2009; Chankseliani, Keep & Wilde 2019). For example, many of the institutional arrangements associated with apprenticeships in Germany function effectively because of the deep historical bond between employers and unions as true social partners, a relationship supported by the enactment of the Vocational Training Act in 1969.

### Benchmarking countries similar to Australia

International comparisons are easy to make, but difficult to undertake adequately (Cully et al. 2009). Given the high number of countries with industry engagement in VET, we selected countries similar to Australia in their culture, history, market economy, federalism and educational system to maximise the usefulness of the comparisons. A further criterion for selecting countries was a demonstrable acknowledgement of industry bodies and their engagement and involvement in governance and funding, including advising governments on current and emerging skill needs. The six key countries selected were Canada, Spain, the United Kingdom, Germany, New Zealand and Finland (table 1). With little in common with Australia, Finland may appear to be an outlier, but its innovative approaches in education and well-regarded education system meant that it stood out. Other countries with one or two noteworthy initiatives are briefly summarised at the end of this report.

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<sup>3</sup> Similar in name but different by legislation and operation to the Australian Chambers of Commerce and Industry (UK Department for Business, Innovation and Skills 2012).

**Table 1 Similarities and differences of selected countries to Australia**

Country	History & culture	Market economy	Federalism <sup>4</sup>	Education system
 Canada	✓	✓	✓	✓
 Spain	✓	✓	(✓)	
 United Kingdom	✓	✓		✓
 Germany		✓	✓	
 New Zealand	✓	✓		✓
 Finland		✓		
Other: Denmark, Sweden, Netherlands, United States	✓	✓	✓	

Note: ✓ denotes a match, (✓) an approximate match, and empty space no match.

In countries with a long-standing acceptance of social partnership arrangements, such as in the north European countries in table 1, industry parties have formal decision-making powers in the design, delivery and assessment of training (Cully et al. 2009). In our country comparisons, we found industry parties had a role in VET governance to varying degrees: from decision-making powers at all levels (Germany, Finland), to involvement in an advisory capacity (United Kingdom), and to more limited involvement across multiple layers of government (Canada, USA). Important to keep in mind is that the cases do not reveal whether the 'governing' industry parties successfully represent the collective view of their constituency (Cully et al. 2009).

The remainder of this report gives a brief summary of the key insights gained from country case studies.

## CANADA

In Canada, 13 provincial and territory governments have exclusive responsibility for all levels of education and training. While Canada's provincial VET systems share many common characteristics with Australia, the development and delivery of training differs. Regional differentiation has allowed VET to respond to local education and labour market needs (Cully et al. 2009). Industry parties have limited involvement across regional and national layers of government.

### Key insights

- Pan-national sector councils are at the core of industry engagement.
- Community and business groups advise VET providers and professionals.
- Employers and training providers form research partnerships.
- Unions operate training centres.

### Pan-national sector councils are at the core of industry engagement

Pan-Canadian sector councils cross provincial boundaries and are the principal industry organisations. They are independent, government-funded bodies, established to develop and implement action plans to address human resource issues and raise skill levels in an industry or economic sector (Cully et al. 2009, OECD Canada 2015), representing a broader scope of work than Australia's national industry reference committees.

Through the sector councils, industry can influence national occupational standards and college curriculum. They develop training standards and build a 'training culture' within their sectors. Sector councils also liaise with provincial colleges on their sector skill needs and therefore influence the supply of skills at the provincial level (OECD Canada 2015).

<sup>4</sup> Federalism divides political power between the different parts of the Federation. In Australia, we have the 'Federal' or 'Commonwealth' Government, and the Governments of the States and Territories (The Australian Constitution Centre 2020).

## Community and business groups advise VET providers and professionals

Both private and public colleges engage extensively with employers. For instance, program advisory committees (PACs) comprise community and business leaders from 'outside' the institution and advise training administration and teachers on the skills requirements and hiring prospects in an occupation linked to the instructional program (OECD Canada 2015). This advice helps to keep programs up to date and responsive to changing economic needs. It also helps graduates to find jobs and enables local firms to hire people with the right skills.

## Employers and training providers form research partnerships

Employers are increasingly contributing to the development of vocational training and to innovation skills in Canada through applied research partnerships with publicly funded colleges and polytechnics (OECD Canada 2015). Collaborative applied research projects benefit firms that lack in-house research and development capacity, enabling them to develop and improve products and processes by prototyping and simulations.

## Unions operate training centres

Unions play a key role in the apprenticeship system. Unions or their umbrella groups, such as building and construction trade councils, often work with employers to develop training models and other working conditions for apprentices (OECD Canada 2015). These arrangements are frequently negotiated into collective agreements. Collaboration between union and employer allows unions to operate training facilities where experienced union members teach apprentices the skills required to succeed in a given trade. The level of union engagement in the apprenticeship system varies across jurisdictions and is often influenced by the unionisation rate in key industries.

# SPAIN

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The Spanish system of government is a decentralised unitary state, effectively a federation with 17 autonomous regions and two autonomous cities. The national government and administrative regions share responsibility for education and training. The national government enacts overarching legislation and sets national principles and objectives (but in practice does this in a collaborative way with the autonomous states), while the autonomous regions are responsible for their implementation (Cully et al. 2009).

## Key insights

- Hierarchically structured national and regional VET governance avoids tension.
- Workplace training is a mandatory element of VET delivery.
- Social partners are well engaged and forward-looking.

## Hierarchically structured national and regional VET governance avoids tension

Spain provides an example of a VET governance structure that avoids many of the tensions between the national and state governments in countries such as Australia and Canada (Cully et al. 2009). The national government provides some funding and a national qualifications framework for VET. The autonomous states establish local regulations and administrative arrangements consistent with the national requirements. In addition, they provide most of the funding for public education and training.

## Workplace training is a mandatory element of VET delivery

Mandatory workplace training is desirable not only because of the value of the workplace as a learning environment, but also because it ensures that provision is more closely linked to the needs of employers. Workplace training is required for the final three months of any intermediate or higher vocational program. Training firms often offer the trainees jobs at the end of their traineeship (Cully et al. 2009).

## Social partners are well engaged and forward-looking

The social partners are active participants in the Spanish VET system. Nationally, this takes place through the National Commission on VET, which aims to build consensus on VET policy. Locally, employers are engaged in the system, through the provision of workplace training (OECD Spain 2015).

Beyond national borders, the Basque VET Research Centre coordinates a much-lauded manufacturing project, exemplifying social partnerships and VET excellence in (self-) governance (box 2).

## Box 2 Excellent Advanced Manufacturing - EXAM 4.0

EXAM 4.0, is one of the five Platforms of VET Excellence approved for funding by the Erasmus+ program in 2019 under the Centres of Vocational Excellence (CoVE) pilot initiative launched by the European Commission in 2018. Involving eight partners from five countries (Spain, Belgium, Germany, Sweden and the Netherlands), this initiative demonstrates the central role of vocational education in capacity-building with industry partners.

The VET and industry sectors work together in an advanced manufacturing project, coordinated by the Basque VET Research Centre (TKNIKA, <<https://examhub.eu/> 2020>). The model of engagement puts industry as a partner alongside education providers, both at arm's length from any direct government/departmental involvement. This collaborative partnership draws on expert participants. The principal partners in this initiative represent a broad cross-section of highly regarded, award-winning training providers, schools, industry and service organisations. The industry peak body in this group represents the interests of advanced manufacturing in Spain, promoting internationalisation, industrial development, strategic positioning and employee training in its associated companies (<[examhub.eu/partners](https://examhub.eu/partners) 2020>). This peak body consists of four industrial associations with almost 500 companies and 16 500 employees.

## UNITED KINGDOM

Although not a federation, the UK Government has devolved many areas of responsibility, including education and training, to regional bodies in Scotland, Northern Ireland and Wales, although full governance powers have been retained in England. Industry has a greater level of control over qualifications development than the current Australian system (Joyce 2019).

### Key insights

- Industry is engaged through key government departments and agencies.
- Sector skills councils evaluate VET policies through surveys.
- In England and Wales employers influence the education and skills system.
- England has introduced an apprenticeship levy.
- In Scotland employers are engaged in school learning.
- Self-review highlights lack of education expertise relative to industry expertise.

### Industry is engaged through key government departments and agencies

Industry is primarily engaged through key government departments, advisory bodies and other organisations funded by or closely connected to government. These include 13 independent sector skills councils, which resemble Australia's and Canada's industry/sector councils. They are funded through various means, including competitive government funding, contributions from member organisations and income from the services they provide, for example, consultancy services (Federation for Industry Sector Skills & Standards 2020).

### Sector skills councils evaluate VET policies through surveys

The sector skills councils are the key point of entry that enable employers to influence the education and skills system and shape educational policy. Sector skills councils give feedback on the VET system and evaluate VET policies and programs through a range of different surveys and evaluations, for example, workplace surveys, employer surveys and skills surveys (Cully et al. 2009).

### In England and Wales employers influence the education and skills system

Through sector skills councils, employers are involved in the development and delivery of qualifications. They advise government on skills shortages and coordinate training plans for their industry sectors. The system allows for tailor-made training solutions for employers (OECD UK 2015). Strong employer representation appears to have been a major factor in work towards customised training packages in the UK (UK Commission for Employment and Skills 2010). Employers play a special role in industry engagement, in that they exercise ultimate judgement of a training system's success by employing VET graduates and apprentices.

## England has introduced an apprenticeship levy, one not without issues

A key component of the 2015 apprenticeship reforms was the Apprenticeship Levy. The levy is payable by all employers with an annual expenditure of more than £3 million at a rate of 0.5% of their total expenditure (Richmond 2020). Observers report that apprenticeship reforms have not driven a major increase in apprenticeship numbers nor the adoption of large numbers of high-skill apprenticeships (Hooley 2019; Richmond 2020). Potential adverse effects of the levy included rorting ('fake' apprenticeships) and the exclusion of young apprentices in favour of existing workers undertaking higher apprenticeships, who attract greater subsidies for employers (Richmond 2020).

## In Scotland employers are engaged in school learning

Vocational work-based learning (comparable to pre-apprenticeships in Australia), newly launched as a pilot in 2018, is a school program for 16 to 17-year-olds. Involving practical work linked to an employer (OECD Scotland 2020), it aims to embed accredited work-based learning in the senior phase of secondary school, allowing employers to make a structured contribution to school learning. Pathways to other work-based qualifications, including apprenticeships, are also planned. The next step will be the development of a new qualification associated with the program.

## Self-review highlights lack of education expertise relative to industry expertise

The Politeia think tank examined the differences between the vocational education systems in England, France and Germany and concluded that England's lower education standards left that country's VET 'at the mercy of stop-gap solutions when its local industry closes its doors' (Lawlor 2018). The academic qualifications needed to teach at further education providers are as a whole pitched far lower than those in France and Germany, according to the report. The author concluded: 'As the evidence from France and Germany shows, if we want to equip young people to be more than cogs in a production line, they will need to continue their academic subjects and combine these with rigorous theoretical training in their chosen vocational fields'.

# GERMANY

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Germany has a federal system of government, with 16 states and a national government. The states are responsible for VET; however, VET is driven at a national level and organised in a partnership between federal and state governments. Practical training occurs principally in a workplace, complemented by theory and generic skills delivered in vocational schools. Industry parties form an intrinsic part of the German system and have decision-making powers at all levels.

## Key insights

- Strong and enduring social partnerships underpin the VET system.
- Industry parties have strong decision-making powers at the national, state and regional levels.
- Employers are the financial and practice-providing backbone of VET.
- Evaluations of the VET system are systematic.
- Checks ensure short-term needs do not distort broader educational goals.

## Strong and enduring social partnerships underpin the VET system

Germany's education and training system is among the most studied and is well regarded by many international observers. The way in which industry parties are embedded in a highly valued apprenticeship system is often cited as the 'gold standard'. Many of the institutional arrangements surrounding apprenticeships in Germany function effectively because of the deep social and political acceptance of employers and unions as 'social partners' (Cully et al. 2009). Attempting to replicate one particular aspect of the German arrangements in Australia would be unlikely to succeed because of the absence of the buttress provided by the social partners, which operate in Germany at local, regional, sectoral and national levels – and are interdependent. The social partners (employers' associations and trade unions) have decision-making powers and responsibilities. Skill formation is highly regulated, and the content of training is strongly influenced by employer needs. The social partners are closely involved in the development of regulations and guidelines for VET and work collaboratively with the various levels of government in policy development and management of the VET system. This is also true for countries such as Denmark and Finland.

## Industry partners have strong decision-making powers at the national, state and regional level

The ‘social partners’ are embedded in the decision-making mechanisms of the German VET system at three interconnecting levels:

- At the national level, employers participate through the Main Board of the Federal Institute for VET (BIBB). The Main Board comprises representatives from employers, employees and the state and national governments. Legislation requires the board to advise the national government on all VET issues, including those relating to standard setting and designing training regulations (Cedefop 2008).
- At a state level, a range of vocational training committees with state, employer and employee representatives operates. These committees advise state governments on vocational training issues and influence proposed concepts and schemes (Cedefop 2008).
- At a regional level, the ‘Competence Bodies’, including the chambers of industry and commerce for the industrial sector and the chambers of crafts and the appropriate professional boards for the liberal professions, ensure the suitability of training centres and monitor training in enterprises (Cedefop 2008). The bodies and chambers advise companies, register trainees, certify the technical aptitude of trainers, and hold examinations. Each Competence Body also contains a vocational committee with tripartite representation from employers, trade unions and teachers. These committees decide which legal regulations support the implementation of vocational training (Cedefop 2008).

## Employers are the financial and practice-providing backbone of VET

Given that almost all German VET students are apprentices across almost all industry sectors, employers are strongly integrated in the arrangements for the funding, curriculum, delivery and assessment of training. Employers provide the bulk of the funding for the German dual system through payments made by firms employing apprentices to the chambers of commerce and the craft chambers (Federal Institute for Vocational Education and Training 2020).

## Evaluations of the VET system are systematic

Evaluations in the German dual system are systematic, and employers are often major participants in such studies. Industry parties are embedded in the decision-making of all areas of VET and have particular influence over the development of regulations and guidelines. They also work collaboratively with the federal government to develop and evaluate the training curriculum, which describes the skills and knowledge to be developed in the training (Federal Institute for Vocational Education and Training 2020).

## Checks ensure short-term needs do not distort broader educational goals

A major strength of the dual system is the high engagement and ownership by employers and other social partners. But the system is also characterised by an intricate web of checks and balances at the national, state, municipal, and company levels, which ensures that the short-term needs of employers do not distort broader educational and economic goals (Cully et al. 2009, Federal Institute for Vocational Education and Training (BIBB) pers. comm. 2019).

# NEW ZEALAND

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New Zealand has a unitary political system and education is centrally governed. The country recently implemented VET reforms, particularly in relation to industry involvement (box 3). The 2018 reforms in New Zealand were initiated by then Education Minister, Stephen Joyce, who also undertook the most recent review of Australia’s VET sector. Accordingly, similarities in the set-up of the new industry bodies responsible for skill standards and training are apparent: Australia’s (pilot) skill organisations and New Zealand’s Workforce Development Councils were both designed to improve industry leadership.

## Key insights

- The new industry councils will result in better industry leadership.
- Collaboration between education providers and industry trainers on curriculum is being encouraged.
- Regional skill leadership groups ensure employer’s voice.

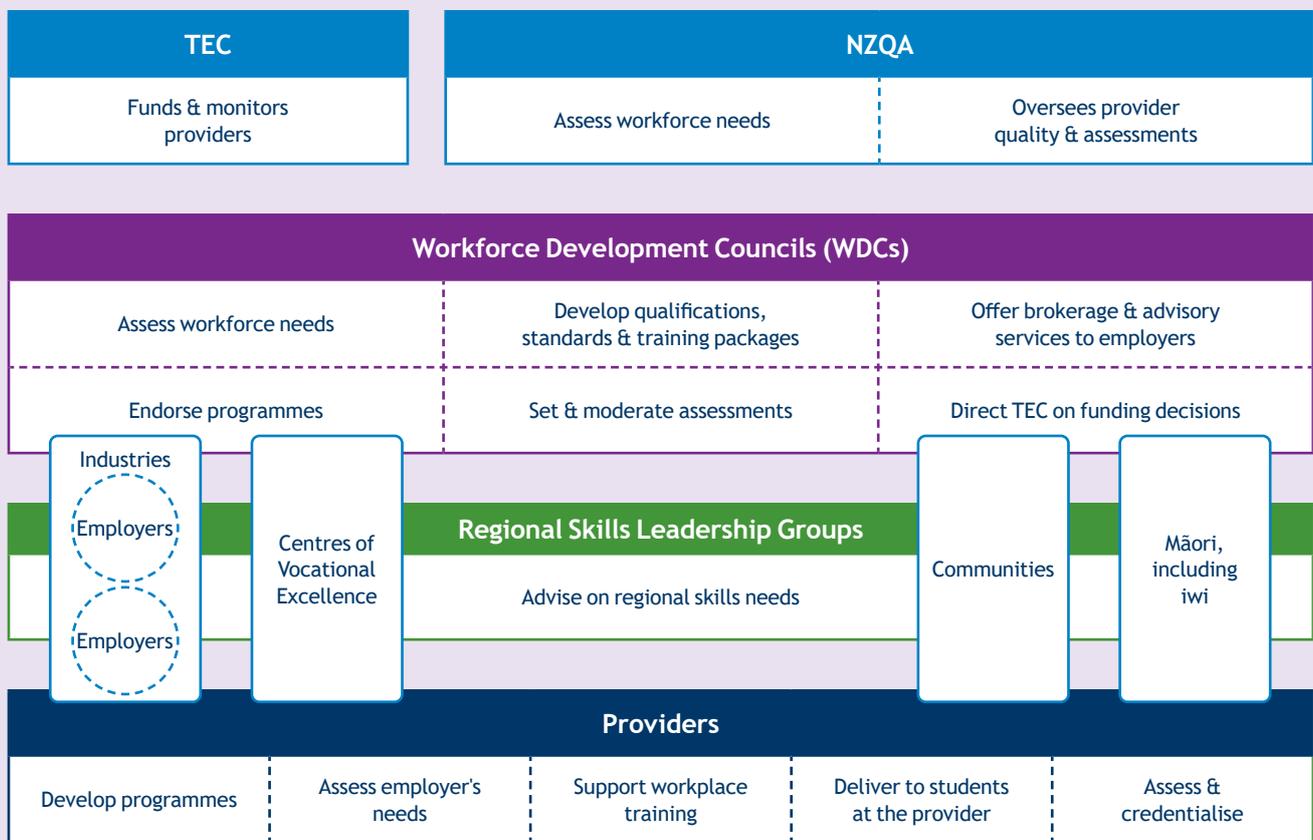
## The new industry councils will result in better industry leadership

The new bodies will be industry-governed statutory entities, which will give industry greater control over all aspects of vocational education. They will replace and absorb New Zealand's long-standing industry training organisations (ITOs) with the following functions (NZ Government 2020):

- decide whether VET programs are fit for purpose
- consider how programs will be delivered (apprenticeships, on campus, online or blended)
- determine the mix of training in their industries
- set 'capstone assessments': external assessments based on a given industry standard
- advise on funding decisions.

### Box 3 New Zealand's Reforms: one system for all vocational education

Underpinning the system are the training system's funding agency, the Tertiary Education Commission (TEC), and the qualifications agency, New Zealand Qualifications Authority (NZQA), both of which are managed by the Ministry of Education.



Source: NZ Ministry of Education (2020)

## Collaboration between education providers and industry trainers on curriculum is being encouraged

The New Zealand VET reform was based on the realisation that their current system had failed at two levels: it discouraged collaboration and set public training providers and on-the-job training providers against each other (NZ Ministry of Education 2019). The aim of the new VET Bill is to allow more targeted and defined industry leadership in off-the-job training, with a renewed emphasis on work-integrated learning and the apprenticeship system (NZ Government 2020).

### Regional skill leadership groups ensure employer's voice

The new system will ensure that employers have a say about the skills they need in their businesses, nationally, through workforce development councils and, locally, through regional leadership groups. The overarching purpose of regional skill leadership groups will be to facilitate dialogue on regional labour market needs, dialogue that builds coordinated decision-making at a regional level to encourage businesses, training providers and other local actors

to work together towards a high-skills labour market. These groups will provide advice about the skills needs of their regions to the Tertiary Education Commission, workforce development councils and local vocational education providers. The Tertiary Education Commission will be required to take their advice into account when making investment decisions.

## FINLAND

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A decentralised unitary state, Finland has three levels of governance: central, regional and local. The vocational training system is undergoing significant reform, targeting performance and effectiveness funding. These reforms will be linked to the number of completed qualifications, to learners' access to employment or further education, and to feedback from both learners and the labour market. At the national level, the general goals for VET and the qualifications structure are determined by the Ministry of Education and Culture. The Finnish National Agency for Education decides the national requirements of qualifications, detailing the goals and core contents of each vocational qualification. Training providers are highly influential as industry bodies are relegated to an advisory function (Cedefop 2019).

### Key insights

- The government encourages large, industry-share-owned training providers.
- All social partners are involved in skills forecasting.
- Qualifications are managed by employer-based 'working life' committees.

### Government encourages large, industry-share-owned training providers

Most training providers are owned by municipalities and industry. They are required to play an active role in addressing national/regional labour market skills needs. To enhance VET provider service, the government encourages training providers to merge into larger, regional entities (Cedefop 2019).

### All social partners are involved in skills forecasting

There is high stakeholder involvement in skills-anticipation activities. Major trade unions, employers, regional councils, and representatives of education institutions are involved in skills-anticipation exercises. The responsibility of education providers for anticipating and responding to labour market changes has increased, as operational targeting and steering powers have been devolved to VET providers and universities (Cedefop 2019).

### Qualifications are managed by employer-based 'working life' committees

Working life committees are tripartite bodies consisting of employer and employee representatives, teachers and self-employed people. Taking a key role in the quality assurance of VET, they play a part in ensuring the quality of competence demonstrations and competence assessment, as well as in developing the VET qualifications structure and qualification requirements. The Finnish National Agency for Education determines the working life committee under which each specific qualification will fall or establishes a new working life committee for new qualifications (Cedefop 2019).

## OTHER COUNTRIES

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Like Germany, **Denmark** attracts strong engagement from the 'social partners' (Cully et al. 2009; OECD 2015). Training is regulated by joint government, union and employer committees. Employer commitment to training depends on government funding and consensus among the social partners. Most Danish collective agreements between employers and unions include provisions for training. The social partners can exert considerable influence on providers if the latter are under-performing or not meeting their clients' needs (Cully et al. 2009). As in Spain, workplace training is mandatory, well-structured and has clear learning goals (OECD 2015).

The level of industry involvement in **Sweden** differs somewhat from other European countries because it is almost completely at the local level and relatively narrow in its scope. Employers organise training for their employees and also provide work placements for young people undertaking initial VET programs as part of their schooling. A variety of factors apparently underpin this provision of work placements, including a strong sense of community obligation

among employers. Swedish colleges, which are local initiatives, are led by the social partners, with the aim of driving local provision towards specific skills requirements, often in response to labour shortages. To be included in a college, programs and schools have to meet certain requirements, established by the social partners, demonstrating their responsiveness to the labour market (OECD Sweden 2019). Colleges, which cover sectors such as health, technology, transport and the vehicle industry, promote cooperation among municipalities, schools and local employers.

In the **Netherlands**, sectoral bodies or ‘knowledge centres’ are the lead agencies in industrial skills training. The knowledge centres receive significant funding from the central government, depending on the number of training places, workplaces accredited and the number of competency standards they maintain (Cully et al. 2009; OECD Netherlands 2014). The knowledge centres also play a very important regional role and act as intermediary bodies between the firms and the providers and other parts of the system. This is similar to the intermediary role played by the local employer-led training offices in Norway and some group training schemes in Australia.

**United States** governance arrangements for VET are highly decentralised and are influenced by the country’s extensive area and population, and its model of federation. The model comprises 50 independent states and other districts and outlying territories. Extensive decentralisation gives rise to many opportunities: diverse and flexible forms of provision that meet the needs of many groups of learners; and a rich field of policy development and innovation, involving state governments and many non-government organisations (Cully et al. 2009).

The US Department of Education has a broad policy-making role and provides some funds for special VET programs, but, beyond this, management and funding for the provision of VET (and education) are devolved to the county level, or even lower, with considerable variation among the states. Occupational credentials are subject to less central organisation in the United States than in almost any other OECD country. Professional associations, which are mostly non-government entities, set occupational standards, assess competence and provide certificates for the occupations they cover. This allows local college provision and industry certifications to be very flexible and highly responsive to changes in labour market demand, to the point where industry-accredited qualifications are robustly integrated in VET products (industry-recognised qualifications rather than nationally recognised qualifications; OECD USA 2013).

The key insights from the countries investigated are presented in a summary table in appendix B.

## KEY LEARNINGS FOR STAKEHOLDERS IN THE AUSTRALIAN VET SECTOR

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### Understanding social partnerships

A key finding from this review of international practices is the relationship between social partnerships and improved governance. This is evident in almost all successful industry engagement arrangements: employers, unions, public authorities and training institutions all cooperating to ensure that the training provided is adequate and relevant in meeting labour market needs (Green et al. 1999; European Training Foundation 2013). Social partnerships work best where trust, a capacity for dialogue, and a sense of ownership prevail (European Training Foundation 2013). The International Labour Office (2008) goes further by emphasising that it is not enough for organisations such as employers and unions to be engaged in a social partnership; they must receive legitimacy and a mandate from their members first.

The Australian VET system is not lacking in social partnerships; for example, the composition of the Board of our own organisation, the National Centre for Vocational Education Research, is enshrined in its constitution and is made up of social partners that include business groups, unions and governments. While countless other examples can be found across all jurisdictions, the benefits of social partnerships may not be fully realised in an industry-centric VET governance model.

In many countries, including Australia, a critical issue is the extent to which industry or sector groups genuinely speak on behalf of the employers in their sector. Accurate employer representation varies more within a country than across different countries, highlighting the difficulties of having industry groups working together effectively. This is particularly pertinent when the industry representation is a ‘top-down’ creation of institutions, since it often encompasses the interests of large industry companies (Cully et al. 2009). Thus, ensuring the appropriate

representation of small and medium-sized employers' interests in a 'bottom-up' approach remains problematic in many countries. Interest and engagement in the training system is tied to what the system can deliver in terms of advancing business operations and profitability, meaning that, for many employers, engagement is a secondary consideration (European Training Foundation 2013).

## Working in social partnerships

Figure 2, which draws on insights from the country comparisons and our exploration of the role of social partnerships in VET governance and, to a limited degree, effective funding (Chappell 2003; Seddon et al. 2008, Cully et al. 2009; OECD 2015), illustrates the key considerations for stakeholders in the Australian context. The figure identifies issues for each stakeholder group in relation to both governance and training. Although in this figure the key stakeholders are separated by their roles and responsibilities, in reality they collaborate closely to achieve successful outcomes; for example, by enabling industry experts to work both in their primary role and as trainers with a training provider, a cross-fertilisation of skills is achieved.

A worthwhile initiative for consideration is increasing the amount of training and assessment in the workplace, an approach likely to strengthen the role employers play in VET governance and training. The OECD (2015) noted in its country comparison that strong VET programs included a substantial workplace training component. They recommended that quality work placements, based on local partnerships between employers and training providers – as in Spain and Sweden – become a significant and mandatory part of VET programs (OECD 2015).

**Figure 2 Insights from international country comparisons in building and strengthening social partnerships**

	CONSIDERATIONS IN GOVERNANCE & FUNDING	CONSIDERATIONS IN TRAINING & ASSESSMENT
By government & policy makers	<ul style="list-style-type: none"> <li>Undertaking a deep analysis of industry parties and their involvement in the national training system, including encouraging engagement with a wider range of employer and employee representative associations</li> <li>Establishing an external (non-government) VET governance body</li> <li>Revisiting and reviewing the concept of industry levies</li> </ul>	<ul style="list-style-type: none"> <li>Encouraging initiatives in which trainers work part-time at VET providers and part-time in industry</li> <li>Integrating work-based learning systematically into more vocational programs</li> <li>Setting up a steering committee/agency outside government with the ability to bring all labour market actors together to develop qualifications</li> </ul>
By employers	<ul style="list-style-type: none"> <li>Setting up or supporting their industry association to speak up on state or national policy</li> <li>Continuing to nurture their social responsibility and business training culture</li> <li>Joining regional or local community networks to organise governance and funding in your area</li> </ul>	<ul style="list-style-type: none"> <li>Making workplaces available as training facilities</li> <li>Participating in programs where industry experts could work part-time as a trainer at a training institute</li> <li>Participating in the development of qualifications</li> <li>Taking up a role in the recognition of prior learning and assessment of training outcomes</li> </ul>
By Workers & unions	<ul style="list-style-type: none"> <li>Enquiring with relevant professional association or union to speak up at state and national training policy</li> <li>Introducing regular skill surveys among workers to inform state and national training policy</li> </ul>	<ul style="list-style-type: none"> <li>Seeking stronger participation in the development of qualifications</li> </ul>
By training providers	<ul style="list-style-type: none"> <li>Joining or lobbying specific industry association to participate in state and national policy</li> <li>Joining regional or local community networks to organise governance and funding in relevant area</li> <li>Continuing to nurture their social responsibility and training culture</li> </ul>	<ul style="list-style-type: none"> <li>Investing in their vocational teaching workforce with up-to-date industry experience</li> <li>Developing training courses in consultation with industry and governments/regulators</li> <li>Using and integrating industry partners for effective competence-based assessments</li> </ul>

# APPENDICES

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## Appendix A Various roles of industry in VET

### ROLE 1 – Contributing to national VET policy

At the time of writing, the national policy arena supported a number of industry-related committees and commissions:

- An independent expert advisory panel, with strong industry representation, was established in 2019 to advise the Australian Government on implementing the VET reform agenda that emerged from the Joyce Review (Australian Department of Education, Skills and Employment 2019).
- The AISC Emergency Response Sub-Committee made short-term and urgent adjustments to qualifications and training package requirements, enabling responses to areas of critical workforce and skills needs during the COVID-19 pandemic.<sup>5</sup>
- New industry-led governance bodies, in the form of skills organisations, are being piloted in 2020–21 to trial new ways of working to shape the national training system to be more responsive to industry skills needs.<sup>6</sup>
- To support recovery, the National COVID-19 Commission Advisory Board coordinates advice to government on mitigating the economic and social impacts of COVID-19.<sup>7</sup>
- Industry peak bodies, such as the Business Council of Australia and the Australian industry Group, inform and advise Australian governments, and maintain a strong media presence (Wood & Griffiths 2018).

At the state level, industry advisory councils advise state-based skills and workforce development councils and commissions. They too, play a critical role in training and workforce development policies.

### ROLE 2 – Developing national skills standards through training packages and accredited courses

In terms of VET governance, 'industry' is commonly recognised by their ownership and development of training packages. They specify the skills and knowledge required to reflect the nationally consistent qualifications required to perform effectively in particular occupations.<sup>8</sup> Training packages are developed by industry reference committees, supported by skills service organisations and overseen by the Australian Industry Skills Committee.<sup>9</sup>

The AISC comprises government-appointed industry representatives from the Commonwealth and each state and territory and is considered to be the primary industry-led body with direct engagement and influence on the national training system.

To a large part, effective industry engagement in VET is hampered by complex, bureaucratic, slow and outdated training package development processes, more specifically (Global Apprenticeship Network 2020; Joyce 2019):

- Industries and businesses do not feel in control of the content and development of qualifications.
- Employers lament that local skill requirements are not reflected in national qualifications, with little system influence of employers for effecting change.
- Industry representatives believe the balance of control to have moved away over time from industries towards government agencies and their agents.

Nationally accredited qualifications and courses fill skill gaps in training packages signalled by local or specific industry requirements.<sup>10</sup> In many instances, accredited courses, endorsed by the Australian Skills Quality Authority, can be developed reasonably quickly to address unforeseen and urgent skill needs. These courses generally result from a close collaboration between a training provider and an industry partner.

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5  [<https://www.aisc.net.au/covid-19>](https://www.aisc.net.au/covid-19).

6  [<https://www.employment.gov.au/SO>](https://www.employment.gov.au/SO).

7  [<https://pmc.gov.au/nccc/terms-reference>](https://pmc.gov.au/nccc/terms-reference).

8  [<https://www.aisc.net.au/content/training-packages>](https://www.aisc.net.au/content/training-packages).

9 The current governance structure may be replaced by skills organisations as per the Joyce review (2019)

10  [<https://www.asqa.gov.au/course-accreditation/overview>](https://www.asqa.gov.au/course-accreditation/overview).

National and international examples have demonstrated that it is equally important to pay attention to the nature and type of industry input; that is, industry input should be sought not only in the development of skill standards and training products but also in the assessment of competency as follows:

- The establishment of a survey platform for employees (as industry partners) to demonstrate the actual application and level of skills by occupation. This information should inform future reviews and design of training packages for a closer match with the reality of workplaces (see O\*NET in the USA as an example<sup>11</sup>).
- The best international systems have end-of-program independent assessment. For instance, Germany, a nation with a strong international reputation for producing high-quality graduates, involves its industry players and chambers of commerce in quality assurance through independent assessment of students and their skills at the end of their program (Joyce 2019).
- Independent assessment is piloted in Victoria with industry-designed assessment models.<sup>12</sup>

### ROLE 3 – Determining skills priorities for workforce planning and development

The Australian Government and state and territory governments, along with industry, assess current and future skills needs in order to link VET services to labour market skills shortages. At the national level, the National Skills Commission has commenced its role of determining national skill priorities.<sup>13</sup> At the state level, industry skills councils and commissions inform workforce planning and the allocation of government subsidies for courses, student financing and apprenticeship incentives (Senate Standing Committee on Education, Employment and Workplace Relations 2003):

- South Australia, Victoria, Western Australia and Queensland operate with independent skills commissions, which provide strategic advice and workforce development plans through direct consultation with industry and the community, and industry advisory bodies.
- Victoria’s current industry engagement framework is an example of how the skills commission and industry advisory bodies work together (box 4).<sup>14</sup>

#### Box 4 Industry engagement framework in Victoria



**The Skills Commissioner** provides independent advice to the Minister for Training and Skills. The commissioner works with employers, unions and training providers to strengthen industry engagement in the training market and uses the best possible data to inform the government’s knowledge of future skills shortages and workforce training needs.

**Industry advisory groups** represent 10 industry sectors, with each group consisting of representatives from industry, unions and employers. They provide advice to the Skills Commissioner on matters that include skill demand pressures and future industry skills needs.

**Regional skills taskforces** gather information and provide advice about the unique skills needs of Victoria’s regions. Advice will be sought on workforce development needs in geographic areas where training needs are not currently being met. The Victorian Skills Commission will facilitate an independent process, complementary to the new Regional Partnerships Initiative, to gather information.

**Industry skills taskforces** are established at the request of the Minister, or as required, to work for a time-limited period to examine a particular existing or emerging issue. An example is the skills and training needs of the National Disability Insurance Scheme (NDIS) - an issue that the Minister referred to the VSC.

11 <<https://www.onetcenter.org/overview.html>>.

12 <<https://www.education.vic.gov.au/about/programs/Pages/VETindependentassessment.aspx?Redirect=1>>.

13 <<https://www.nationalskillscommission.gov.au/our-work/forecasting-skills-and-analysis>>.

14 <<http://www.vsc.vic.gov.au/industry-engagement-framework/>>.

## ROLE 4 – Developing own workforce, including apprentices and trainees

Industry provides training for its workforce, drawing from the national training system but also using other training provision, for example, vendor training, industry-accredited training, or unaccredited training via education providers. Some national and global employers, such as Woolworths and McDonalds, have their own training branch and can target very specific workforce needs. There are currently 60 enterprise registered training organisations in Australia, located in companies with a combined workforce of more than half million workers (as of 2016).<sup>15</sup>

In many industries, employers take on apprentices and trainees, provide on-the-job training for them and thus grant an in-kind contribution to the cost of training these apprentices and trainees. With national trends in employer demand for apprentices falling since 2012, experts argue that the traditional model is not universally valued by employers and needs to change, as signalled by the Global Apprenticeship Network (2020):

- A renewed effort to increase the capability and capacity of group training organisations (GTOs) in attracting and training apprentices and trainees is in progress.
- The role of employers, already instrumental in workforce development, may expand to encompass identifying alternative training models for the training of low-skilled job entrants or existing workers. This type of training can range from informal in-house training to engaging training organisations for accredited training.

A comparative analysis of apprenticeship systems across eight countries revealed that effective industry engagement involves "naturally" [grass-root level] developed institutions that coordinate employer activity and participation (Chankseliani, Keep & Wilde 2017). The Swiss and German VET systems, where vocational education predominantly comprises apprenticeships, are the 'gold standard' examples of industry engagement in VET, a situation largely arising from a system driven by value and traditions rather than by process and incentives Hoffman & Schwartz 2015).

## ROLE 5 – Contributing to costs of training

Employers provide some financial contribution to the VET system, acknowledging that, individually and collectively, industry receives a direct monetary benefit through an appropriately skilled workforce. At the national level, the Skilling Australia Fund (SAF) is partially financed by a levy paid by employers who sponsor foreign skilled workers under certain permanent and temporary visa classes. The purpose of the levy is to force employers, when seeking to access skilled overseas workers, to contribute to the skills development of Australian citizens and residents.<sup>16</sup>

Industry training levies are in operation at the state level, mainly in the construction industry. Typically, these involve a hypothecated tax (levy) on the value of goods and services, which is used to subsidise the training costs for employers, workers and job seekers in that industry (for example, Construction Skills Queensland<sup>17</sup>).

Although Australian employers can receive incentives to take on apprentices, they also make several in-kind contributions to the cost of training. Elsewhere in the world, taxes on employers are used to fund apprenticeship training. A World Bank review of training levies suggests that, on their own, levies do nothing to improve the quality or uptake of training, although they can help to increase the amount of training offered. However, combined with skills-development policy and economic mechanisms, levies can have a positive effect on the quality and relevance of skill development (Johanson 2009):

- Singapore and Malaysia provide good examples of where training levies and incentives are combined and distributed intelligently, leading to greater employer buy-in and optimum training outcomes .
- The UK introduced an apprenticeship levy in 2017 and it is still too early to determine its impact, although observers report that apprenticeship reforms have not driven a major increase in apprenticeship numbers or in the uptake of large numbers of high-skill apprenticeships. Potential adverse effects include rorting ('fake' apprenticeships) and a squeeze-out of young apprenticeships in favour of existing workers undertaking more lucrative higher-apprenticeships (Richmond 2020).

15 <<https://www.ertoa.org.au/about-ertoa>>

16 <<https://docs.employment.gov.au/documents/skilling-australians-fund-fact-sheet>>

17 <<https://www.csq.org.au/about-us/>>

## Other roles and points of industry engagement with the VET system

Industry bodies fulfil a number of other roles in the VET system, such as career advice and support, research and development, and regulatory functions in setting provider standards. A number of national and international examples showcase the success of collaborative networks:

- **Industry training hubs** are regional, small-enrolment and career-service agencies in areas of high youth unemployment, drawing on linkages between schools and local industry. Two hubs were launched in March 2020 in Tasmania and Queensland.<sup>18</sup> Training hubs target Year 11 and 12 students, who will be supported in choosing occupational career paths in demand, with vocational education and training as a first-choice option.
- **Industry growth centres** in Australia link capability and industry needs through national networks, and from there facilitate collaboration with research and education sectors.<sup>19</sup> Their influence in the VET system has the potential to be substantial, as the Advanced Manufacturing Growth Centre membership shows: 1800+ organisations (with some being enterprise RTOs), comprising over 15 000 employees.
- **VET as centres of excellence**, established by the EU Commission, where training providers and industry are matched across several countries and cooperate on sectoral projects. For example, a VET research centre in Spain coordinated the flagship program EXAM 4.0 on advanced manufacturing, bringing together VET centres, industry and policy-makers from different countries.<sup>20</sup>
- **Regional employment and skill leadership networks**: the establishment of local networks indicate a significant shift of emphasis away from centralised decision-making by government through (government-auspiced) institutions, to one of empowerment by communities through local decision-making in partnerships (Chappell 2003). For example, the Local Learning and Employment Network (LLEN) initiative in Victoria embeds industry engagement in its social partnership framework and pursues innovation in training provision as an important outcome. Employers are encouraged to become members in order to address skill shortages, provide training opportunities for young people and offer feedback to local training providers.<sup>21</sup>

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18 <<https://www.employment.gov.au/ITH>>

19 <<https://www.arc.gov.au/grants/linkage-program/industrial-transformation-research-program/industry-growth-centres-initiative>>

20 <<https://examhub.eu/>>

21 <<https://www.education.vic.gov.au/about/programs/>>

## APPENDIX B Key features of the countries investigated

Canada	Spain	UK	Germany	New Zealand	Finland	Other
Pan-national sector councils are at core of industry engagement	Hierarchically structured national and state VET governance avoids tension	Industry is engaged through key government departments and agencies	Strong and enduring social partnerships underpin the VET system	New industry councils were created for better industry leadership	Government encourages large, industry share-owned training providers	Strong engagement by social partners (Denmark)
Community and business groups advise VET providers and professionals	Workplace training is mandatory	Sector skills councils evaluate VET policies through surveys	Industry parties have extensive decision-making powers at the national, state and regional level	Reforms encourage collaboration between education providers and industry trainers on curriculum	All social partners are involved in skills forecasting	Employers organise training for employees (Sweden)
Employers and training providers form research partnerships	Social partners are well engaged and forward-looking	England and Wales: employers influence the education and skills system	Employers are the financial and 'practice-providing' backbone of VET	Regional skill leadership groups ensure employer's voice	Qualifications are managed by employer-based 'working life' committees	Sectoral bodies are lead agencies in industrial skills training (The Netherlands)
Unions can operate training centres		Scotland: employers are engaged in school learning	Evaluations of the VET system are systematic			Professional associations set occupational standards (USA)
		England: critically reviewing an apprenticeship levy	Checks ensure short-term needs do not distort broader educational goals			
		Self-review highlights lack of education expertise relative to industry expertise				

## FOR MORE INFORMATION

This work is primarily based on two research studies:

Cully, M, Knight, B, Loveder, P, Mazzachi, R, Priest, S & Halliday Wynes, S 2009, *Governance and architecture of Australia's VET sector: country comparisons report prepared for Skills Australia*, Skills Australia, Canberra.

OECD (Organisation for Economic Co-operation and Development) 2013–19, *Policy reviews of vocational education and training (VET) and adult learning: Country studies: Key messages and country summaries*, Paris.

For more information, see the individual reports, available at <https://www.ncver.edu.au> and <http://www.oecd.org/education/skills-beyond-school/countrystudies.htm>.

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