NEW INDUSTRY ENGAGEMENT MECHANISMS
KEY POINTS

• ‘WASTAGE’ IN CURRENT SUPPLY-DRIVEN SYSTEM

• VET SYSTEM SILO - NOT ALIGNED TO SUSTAINABILITY (Profit, People, Planet) – OTHER POLICY DOMAINS

• CAPABILITY ISSUES – Industry and government

• EXPECTATION ISSUES
BACKGROUND

• About 2000, industry concern with VET
• Perceived wastage in a supply-side only VET system
• Skill Ecosystem pilots commenced 2002; included in *Queensland Skills Plan 2006*
• Currently managed as projects (22 existing, 21 transitioned, funding for 6 new ones a year)
• New processes of industry engagement informing thinking about Future VET
NEW INDUSTRY ENGAGEMENT MECHANISMS 2006

• Skill Ecosystems (Skills Formation Strategies)
• Centres of Excellence
• Skills Alliances
• Lead Agencies
• Direct Industry Engagement
SKILL ECOSYSTEMS

• Collaborative networks
• Integrate business strategy, work and skill
• Industry capacity building
  ➢ Business settings
  ➢ Business models, systems, processes
  ➢ Management
  ➢ Innovation
  ➢ Institutional and policy frameworks
  ➢ Mode of engaging labour
  ➢ Structure of jobs
  ➢ Level and type of skill formation
WHAT HAPPENED? - SFSs

• Some effective, some not.

• Necessary conditions and capabilities:
  ➢ Industry ownership
  ➢ Collaboration
  ➢ Networking
  ➢ Facilitation
  ➢ Coordinated service provision
  ➢ Require alternative accountability framework
  ➢ Focus on industry capability to manage its ‘skill ecosystem’
  ➢ Time to allow an organic approach
EXAMPLES

- Good skill ecosystems:
  - Have skilled intermediaries
  - Analyse and plan methodically
  - Systemic approach — by sector, region, community
  - Tools
  - Leverage workforce change
  - Influence training provision — formal and informal
  - Own the ‘skill ecosystem’ — development and deployment of labour
  - Have appropriate time and resources — from industry and government
Poor skill ecosystems:

- Inexperienced intermediaries
- ‘Business welfare’ mental model
- Focused on skills supply
- Often, but not always, SMEs with no or weak industry organisation (funding implications in Qld problematic here)
- Poor capability to adapt to changing external environments
WHAT HAPPENED? - DETA

- Accountability issues in skill ecosystems
- Little expertise in governance modes
- Supply-side mental model remained in the administration – evidenced in contracts for other mechanisms
- Should have leveraged workforce change
- Importantly, they became established albeit insufficiently
- TAFE challenged
LEARNINGS re TAFE

• The existing:
  – monitoring and performance framework
  – funding arrangements
  – Culture

impact on flexibility and responsiveness of public providers in particular.

*Exemplar responses depend on risk taking and innovation of individuals*
## Governance Modes

<table>
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<th>Policy Parameters</th>
<th>Governance Mode</th>
<th>State</th>
<th>Market</th>
<th>Network</th>
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<tr>
<td>Outcome Focus</td>
<td>Certainty</td>
<td>Efficiency</td>
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<td>Structural Arrangements</td>
<td>Public Organisations</td>
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<tr>
<td>Relationships</td>
<td>Hierarchical Dependent</td>
<td>Contractual Independent</td>
<td>Social / Communal Interdependent</td>
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<tr>
<td>Integrating Mechanism</td>
<td>Legal authority, Formal Rules, Regulations, Mandates, Procedures, Policies</td>
<td>Arms Length Contractual Transactions, Price Supply and demand</td>
<td>Social exchange, Common vision, Trust, Reciprocity</td>
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<tr>
<td>Institutional Arrangements</td>
<td>Departments, Committees, Task forces</td>
<td>Partnerships, Mergers, Alliances, Acquisitions</td>
<td>Compacts, Accords, Negotiation tables, Informal networking</td>
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<td>Issues Complexity</td>
<td>Routine</td>
<td>Intermediate complexity</td>
<td>Complex</td>
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<tr>
<td>Accountability</td>
<td>To polity and public</td>
<td>To self or board</td>
<td>To group - internal</td>
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SUMMARY

- New industry engagement mechanisms explored in response to perceived ‘wastage’ and industry concerns with VET
- Issues with governance and accountability
- Issues with ‘capability’ – of industry and of government
- VET system economic context (sustainability) needs to influence its design: role and purpose, governance, skills policy