

Skills List Review Methodology – Discussion Paper

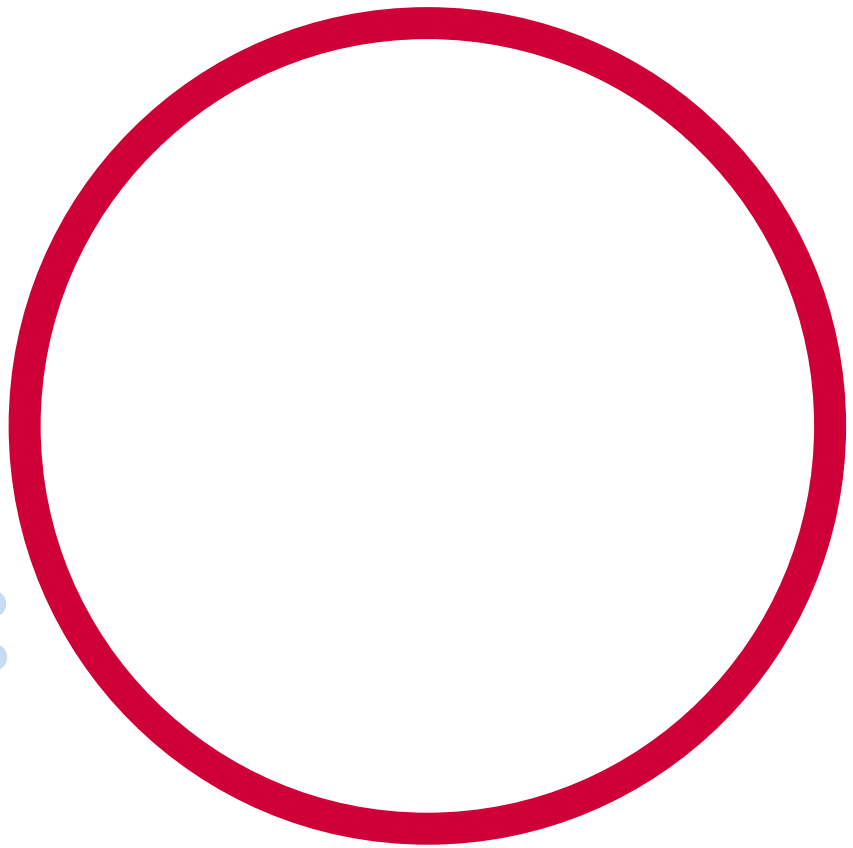
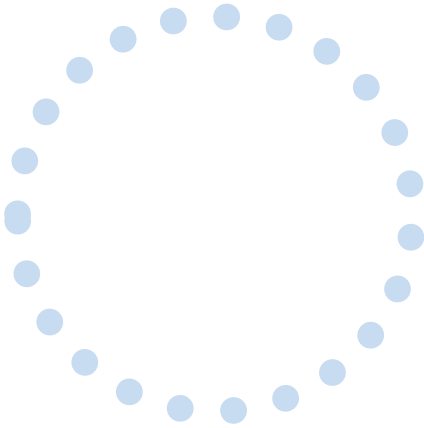
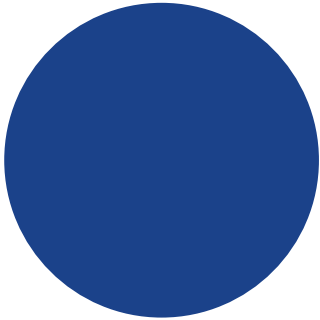


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Background

This NSW Skills List Review Methodology Discussion Paper outlines the Department of Education's new approach for selecting qualifications for government subsidy. It details how the Department will develop a new streamlined data driven process that will select qualifications that support the diverse needs of the economy and good student outcomes. It also seeks feedback on these changes and provides an opportunity for stakeholders to have their say and shape how qualifications are selected for government subsidy.

Training Services NSW

Training Services NSW leads and manages the implementation of government funded vocational education and training across the NSW training market. This includes contracting and funding training providers, quality assurance, leading reforms and administering apprenticeships and traineeships and Aboriginal programs.

Smart and Skilled and the NSW Skills List

The NSW Government's Smart and Skilled program is the main funding mechanism for supporting people in NSW to get the skills they need to find a job. Smart and Skilled allows eligible students to undertake fee-free or subsidised training in an approved course at one of several Smart and Skilled Registered Training Organisations such as TAFE NSW or a private or community training provider.

The NSW Skills List identifies the qualifications eligible for subsidies under Smart and Skilled. The qualifications are intended to support the diverse needs of industry and students. There are currently over 600 qualifications on the Skills List. The Department regularly adds and removes qualifications from the Skills List in consultation with industry, training providers, employers and students to ensure that it reflects the needs of industry and supports good student outcomes.

The NSW Skills List is available [here](#).

Rationale for Change

The NSW Productivity Commission in its [White Paper 2021: Rebooting the Economy](#) found that the allocation of subsidies under Smart and Skilled were not robust or well targeted towards the skills needs of the economy and recommended stronger use of labour market data in making prioritisation decisions.

The current process for managing the Skills List has not changed significantly since Smart and Skilled was introduced. However, the NSW economy has shifted since then, and most recently, largely as a result of the COVID-19 pandemic. Therefore, it is a good time to reflect on the state of the labour market and refresh the current Skills List process using a more data driven approach to ensure it is prioritising the right qualifications.

The Department is therefore developing a new approach for adding and removing qualifications from the Skills List to ensure that the allocation of subsidies will be more robust. This will involve using public and internally available data sources to identify qualifications for prioritisation on the Skills List that address skills needs and support good student outcomes.

Your Feedback

The Department is seeking feedback on the new Skills List Review methodology detailed below. This discussion paper is available to range of different stakeholders – not all sections may be relevant to you and your organisation.

We encourage everyone to comment on as many aspects of our new approach as you like. Additionally, please feel free to provide any other ideas or comments that are not specifically considered in this paper.

Please send all feedback to marketdesign.implementation@det.nsw.edu.au

Current Skills List Management Processes

Skills List Additions and Removals

The Department currently manages the Skills List through separate Skills List additions and removals processes. The Skills List additions process is conducted twice per year. Stakeholders are invited to complete an application to add a qualification to the list, describing the need for a qualification along with supporting evidence. The Department assesses applications against the eligibility criteria detailed in the NSW Skills List Management Policy.

The Skills List removals process (also referred to as the 'Skills List Optimisation' process) reviews qualifications on the Skills List with low Smart and Skilled training activity and/or low student outcomes. The Department identifies in-scope qualifications through data analysis then conducts stakeholder consultation with industry representatives and peak bodies, training providers and students before a decision is made to either remove, retain, move to a prequalified list, or undertake policy changes to better target the qualification such that it achieves strong outcomes for students.

The [NSW Skills List Management Policy](#) includes further details about these processes.

Limitations of current process

Potential misalignment between the additions and removals process

The current process runs additions and removals separately throughout the year. This could create misalignment between what is added and removed from the Skills List. For example, if a qualification is added at the beginning of the year because it provides a pathway to another higher-level qualification on the Skills List, then later in the year the higher-level qualification is removed due to poor performance, there is a risk that this would remove the intended pathway of the qualification initially added.

Stakeholder driven process

The Department uses quantitative and qualitative data supplied by stakeholders to inform the decision to add and remove qualifications. Whilst stakeholders are advised to provide evidence to support a qualification's addition to the Skills List, data that is supplied to the Department varies in type of data, methodology and currency. There is currently no standard dataset or rubric to assess objectively the relative priority of each qualification against the Skills List criteria.

No clear weighting of assessment criteria

The Department assesses qualifications against the Skills List assessment criteria. While the NSW Skills List Management Policy states that industry demand and job outcomes are priority criteria, there are no clear weightings or robust scoring methodologies applied to

determine alignment with the criteria. As a result, the assessment process has the potential to become subjective.

New Skills List Review Methodology

Key elements of the new methodology and process

The new methodology will streamline existing Skills List management processes by combining the additions and removals processes into a single annual review. However, ad-hoc requests to add qualifications to the Skills List will still be considered, if there is an urgent industry need, to ensure the list is kept up-to-date.

The new process will use data to drive decision making by using a data model developed by the Department. The data model will quantitatively assess all nationally recognised qualifications against NSW Skills List assessment criteria to determine which qualifications should be prioritised for government subsidy. Stakeholder feedback and industry insights will still be used as part of the new process, but instead of driving decision making it will be used to validate and fill in any data gaps.

Data model, scoring and weighting of assessment criteria

The data model will leverage existing internal and external data sources to quantitatively assess qualifications against three key indicators: **industry demand**, **student outcomes** and **disadvantaged student participation**. Once data on each qualification has been compiled, it will be applied such that each qualification has a set of scores. These scores can then be weighted and rolled into one composite score that can be used as an indication of the degree to which the qualification matches Skills List criteria.

Although the current methodology uses criteria to assess qualifications, it does not use a consistent set of quantitative data to weigh criteria or score qualifications. Instead, the process is dependent on information supplied by the stakeholder through the consultation and application processes. Quantitative scores are intended to be used to trigger further investigation e.g. a high score for a qualification not on the Skills List will initiate consultation with stakeholders to understand whether it should belong on the Skills List.

Industry demand

To assess industry demand, each qualification will be mapped to an occupation based on the National Training Register's classifications. However, the Department is also exploring other options for accurate qualification to occupation mapping. This criterion assesses if the occupation linked to the qualification is likely to have industry demand. To determine a qualification's industry demand the Department is using two sub-criteria: current occupational demand and future occupational demand (up to five years). They will both be weighted equally. Data for current occupational demand is sourced internally from the Centre for Education Statistics and Evaluation and the occupational projects are based on the National Skills Commission's Labour Market Insights data.

Student outcomes

The student outcomes criterion assesses employment outcomes and further study outcomes. The model selects whichever is higher as Skills List qualifications are not required to meet both criteria, but should contribute to at least one. Currently, Student Outcomes Survey data is used to identify qualifications that have poor student outcomes and should be considered for removal from the Skills List.

The Department will continue to use data from the Student Outcomes Survey, but acknowledges that there will be challenges with using this data get to the level of granularity needed to obtain qualification level outcomes. As a result, the Department is exploring other available options for quantitative assessment of student outcomes. Where there are gaps in data, the Department will rely on stakeholder feedback.

Participation by disadvantaged cohorts

The disadvantaged participation criterion assesses participation by those with a disability, identify as Aboriginal and/or Torres Strait Islander students or live in a socio-economically disadvantaged area. These three criteria were selected as they reflect the Department's priorities towards improving educational outcomes for learners that fall under these categories.

Data for the socio-economically disadvantaged sub criteria captures those students who live in an area that is considered disadvantaged as defined by the Australian Bureau of Statistic's SEIFA index. Data for Aboriginality and disability is sourced from the National Centre for Vocational Education Research Total VET Activity enrolment data.

Qualitative assessment

Qualitative data will still be used in the new process when deciding what qualifications to add or remove from the Skills List, but as mentioned above, stakeholder feedback will only be used to validate or fill in any gaps in the quantitative data.

To add a qualification to the Skills List, stakeholders will still be invited to submit an application. This will give stakeholders an opportunity to identify priority qualifications in their industry/region which may not have been picked up through the quantitative process. To better improve this process, the Department will also create a more concise application form that aligns with the three criteria in the data model.

To remove a qualification, TSNSW will still undertake consultations with stakeholders to inform decision making. Under the new process consultations are expected to occur after the data model develops an initial list of qualifications have been identified for addition or removal. TSNSW will consult with stakeholders to validate the results before recommending changes to the Skills List.

Retaining flexibility in maintaining the Skills List

The Department recognises that although a robust process increases objectivity and fairness in the way qualifications are assessed, it can also miss nuances that contribute to a qualification's success. As such, a degree of flexibility will be required to not only ensure the qualifications prioritised are the right ones, but also to ensure that the right conditions are created to support a successful outcome for the qualification. During the Skills List removals process conducted in 2021 and 2022, focusing on 16 low performing qualifications, the Department found that a range of policy measures can be used to better target select qualifications towards good outcomes, rather than removing them.

These policy measures could include: limiting the number of government subsidised places in a particular qualification to align with forecasted jobs growth or restricting the eligibility of a qualification to ensure that the intended cohorts for the qualification are being targeted. The Department also plans to maintain its Prequalified List to give qualifications with temporary drops in demand an opportunity to be placed back onto the priority list.

Timeframes

Table 1 below details the next steps and timeframes for this piece of work. Please note that these timeframes are indicative.

Table 1 Timeframes

Milestone	Details	Timeframe
Complete consultations	<ul style="list-style-type: none"> • Employer peak bodies • Government agencies • Local Councils • Training Providers • ITABs 	September 2022
Update Skills List Management Policy	<ul style="list-style-type: none"> • Incorporate consultation feedback • Incorporate New additions and removals processes • Update applications form • Include scoring rubric with weightings 	October - November 2022
Update data model	<ul style="list-style-type: none"> • Incorporate feedback from consultation • Incorporate any additional data 	October – December 2022
Testing and approval	<ul style="list-style-type: none"> • Internal testing and approvals 	January – February 2022
Implementation	<ul style="list-style-type: none"> • First annual Skills List Review process 	March – May 2022

Discussion questions

1. Do you support the new Skills List Review methodology? If not, what are your concerns and how can it be improved?
2. Are there additional assessment criteria or data sources the Department should be considering?
3. Is the Skills List supporting the diverse needs of the economy? If not, how can it be improved?
4. How can the Skills List additions application form be improved to make it easier for stakeholders to apply to add qualifications?
5. Is an annual Skills List Review process suitable to your organisations' needs?
6. If you are an RTO, will you be more likely to apply to deliver priority qualifications as determined through the new Skills List process? If not, why, and what can the Department do to assist?