

# Emerging futures in VET policy in Australia and overseas

Gavin Moodie, Griffith University

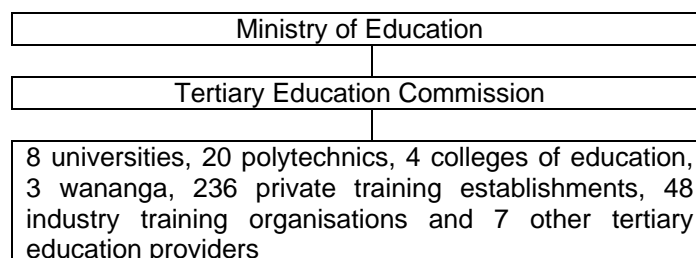
## Abstract

This paper examines recent developments in vocational education in Aotearoa New Zealand and England to put the recently announced changes in Australia in context. It finds common themes in seeking to deal with skills shortages by making vocational education 'industry-led', however each country has adopted different mechanisms to reform the sector. Interestingly, no country is increasing market mechanisms in vocational education. This contrasts with higher education, which all countries have marketised.

## Aotearoa New Zealand

In Aotearoa New Zealand technical and vocational education and training is in the Ministry of Education Te Tāhuhu o te Mātauranga which 'retains an overarching strategic policy role [in tertiary education] which means it will have an interest in the performance of the system, the effectiveness of the various policy instruments and the contribution to achievement of cross-government initiatives' (Ministry of Education, 2003a). But allocating Government funds for post compulsory education and training is the responsibility of the Tertiary Education Commission Te Amorangi Mātauranga Matua (no date). The TEC is governed by a board of 7 people, of whom the chair and deputy chair are full time.

**Table 1: funding line for post compulsory education and training in Aotearoa New Zealand**



The commission introduced an integrated funding framework in 2004 which funds all post compulsory education by a common formula. The formula for the student component of the integrated funding framework is in the form:

equivalent full time students	x	program level	x	field of study	x	performance measure	+	notional capital element	=	student component.
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Thus, in 2005 the commission will provide a subsidy of NZ\$5,890 per efts for certificate and diploma students and NZ\$6,049 per efts for degree students in arts; social sciences; business; accountancy; general, including community education; law and a subsidy of NZ\$27,741 per efts for research postgraduate students in engineering, agriculture, architecture and audiology (Tertiary Education Commission, 2004b: 4.7). Private training establishments receive 9.5% less, being a

notional allocation for capital facilities which private providers are expected to provide (and retain) themselves (Ministry of Education/Tertiary Education Commission, 2003: 6).

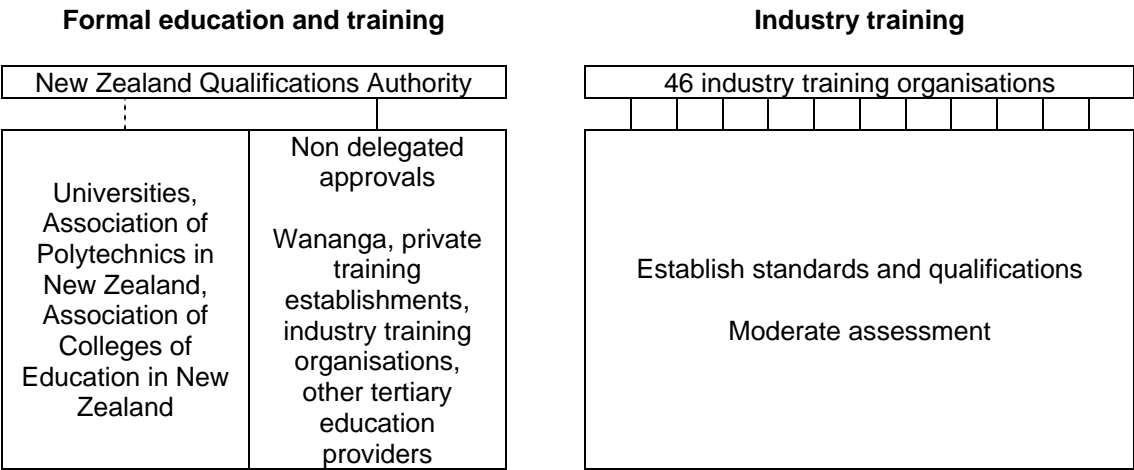
The performance measure will be implemented in 2006. This will make from 3% to 5% of funding contingent upon achieving a satisfactory successful course completions rate, course retention rate and satisfactory results in a survey of student opinion (Ministry of Education, 2004). Government funding is conditional upon institutions not exceeding the fee/course costs maxima, which in 2005 are from NZ\$3,998 for arts, social sciences and general fields of study to NZ\$10,250 for dentistry, veterinary science and medicine (Tertiary Education Commission, 2004b: 4.8). The Government provides scholarships and income-contingent student loans for tuition fees, study costs and living costs.

The Aotearoa New Zealand Government also funds industry training providers for on and off-job training; funding for ‘modern apprenticeships’ – work-based, mentored industry training; and a variety of funding for foundation education including adult literacy and labour force participation (Ministry of Education, 2002a: 18).

Accreditation of providers and programs is the responsibility of the New Zealand Qualifications Authority which is also responsible for quality assurance and administering the national qualifications framework. Universities are self-accrediting and the qualifications authority has delegated responsibility for approving and accrediting sub bachelor polytechnic programs to the Association of Polytechnics in New Zealand and sub bachelor education programs to the Association of Colleges of Education in New Zealand (Ministry of Education, 2002a: 147).

Unit standards and national qualifications for each industry or industry sector are developed and maintained by some 46 industry training organisations which covering most industries, including manufacturing, trade training, services and emerging industries. Industry training organisations also moderate assessment of training within their industry against national standards and facilitate on-job training as well as contracting training providers to offer complementary off-job training and programs leading to recognised qualifications (Ministry of Education, 2002a: 125).

**Table 2: accreditation line for post compulsory education and training in Aotearoa New Zealand**



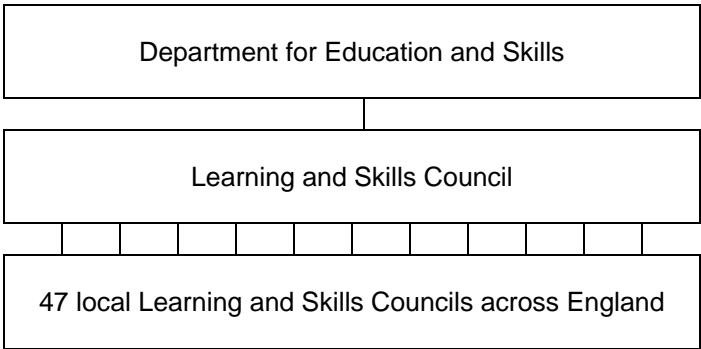
The current Government has slowed and to some extent reversed the marketised expansion of tertiary education introduced by the previous Government. One of the Government's main current issues is thus to replace uncoordinated competition and 'unnecessary duplication' with greater collaboration and rationalisation between institutions (Ministry of Education, 2002b: 19). It is doing this and seeking greater institutional differentiation and specialisation by agreeing with each institution its charter or broad scope of its activities that would be funded by the Government and its profile or programs and activities over the forthcoming triennium (Tertiary Education Advisory Commission, 2001: x). The Government wants universities to relinquish most of their sub degree programs (most of which are offered by Auckland University of Technology which was previously a polytechnic and was designated a university only in 2000) and expand their postgraduate programs. The Government wants polytechnics to concentrate on offering applied, vocationally-orientated sub degree programs and on a regional rather than national role (Tertiary Education Commission, 2004: 17).

The Government's current issues in industry training are the quality of some industry training organisations, the fragmentation of effort and patchy coverage of the 48 industry training organisations, and planning for future training needs as well as responding to current demands. Interestingly, the Government is giving firms more discretion to choose their industry training organisation. The Government has also amended the *Tertiary Education Reform Act* to allow an industry to impose a training levy (Ministry of Education, 2003c: 46).

### England

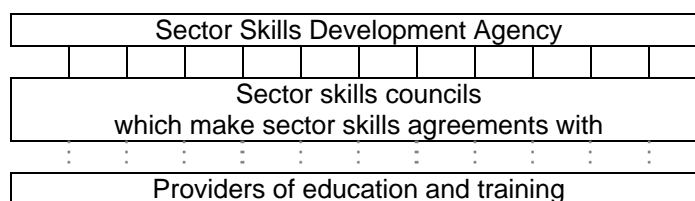
In England the Department for Education and Skills is responsible for technical and vocational education and training. But funding and planning education and training specifically for over 16-year-olds in England is the responsibility of the Learning and Skills Council. The council has 15 members including representatives of employers, trades unions, colleges and community groups (Learning and Skills Council, no date). The national council has established 47 local learning and skills councils. Each local council produces an annual plan that identifies regional and local learning and skills needs, and outlines how the council will address these and contribute to national targets (Learning and Skills Council, 2004: 14). However, some employer groups bypass the local councils and make arrangements with the national council (Learning and Skills Council, 2004: 15).

**Table 3: funding line for post compulsory education and training in England**





**Table 5: industry training policy in the UK**



Until recently technical and vocational education and training qualifications in England have been accredited and in many cases examined by various business and occupational groups and other bodies such as the Associated Examining Board, Business & Technology Education Council, City Guild London Institutes, Joint Matriculation Board and the University of London Examinations & Assessment Council. These have been brought within the national qualifications framework for England, Wales and Northern Ireland. The ‘national qualifications framework’ is really the national technical and vocational education and training qualifications framework, since it is separate from the framework for higher education qualifications. The national qualifications framework has 8 levels and is maintained by the Qualifications and Curriculum Authority which also accredits qualifications (Department for Education and Skills, 2003: 75). In November 2004 the authority released a public consultation on a new framework which would support credit accumulation and transfer (QCA, 2004).

Major issues in England are skills shortages which the learning and skills council reports are suffered by 8% of establishments, and skills gaps, where employees are ‘less than fully proficient in their job’. 23% of establishments in England report skill gaps for 6% of employees – around 1,070,000 workers whose skills need to be improved to meet the organisation’s current objectives (Campbell & Giles, 2003: 8).

In its skills strategy (Department for Education and Skills, 2003: 13) the Government exempted from tuition fees students who do not have a good foundation of employability skills who undertake level 2 qualifications, which are the same level as the general certificate of secondary education or year 10-11 of secondary education. The Learning and Skills Council is also making ‘a significant redistribution in the mix of provision from “other provision” to provision leading to a full level 2 qualification’ (Learning and Skills Council, 2004: 3).

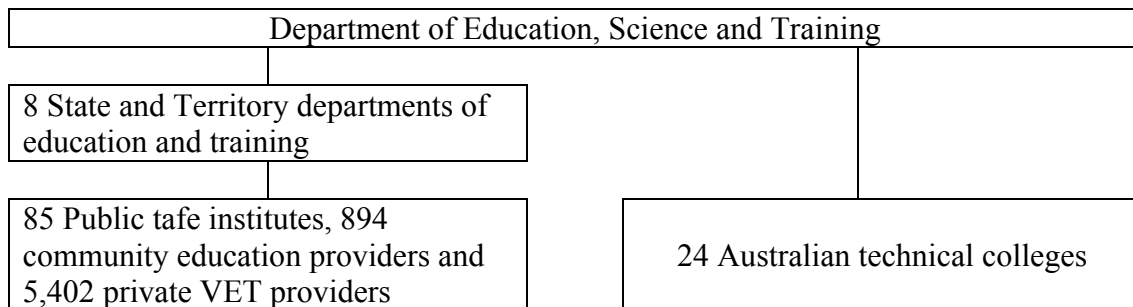
The council is also disciplining and restricting franchising, which has been notoriously abused. The council (2004: 3-4) says that ‘there needs to be a rigorous approach adopted in determining the scale of franchising, sub-contracting and partnership arrangements in all areas’ and that the ‘maximum level of franchising, subcontracting and partnerships [is] to be normally no greater than 5 per cent of total income of a college by the end of 2005/06’. However, the Learning and Skills Council (2004: 39) ‘recognises the importance of Access to Higher Education (HE) provision as an alternative progression route into HE for adult learners. Credit based “Access to HE” certificates are also important in the context of the commitment to the development of a credit framework for adults. The LSC is therefore keen to ensure that, through appropriate planning, sufficient funding is made available to prevent a decline in this provision.

## Australia

In its 2004 federal election platform the Coalition (2004b) promised to ‘revolutionise vocational education and training through a \$289 million investment over four years to establish 24 Australian Technical Colleges promoting pride and excellence in the teaching and acquiring of trade and craft skills at the secondary school level’. The colleges will ‘provide tuition for up to 7,200 students’, so on average each college would have 300 students and an annual grant of \$6.13 million. The Coalition says that it will fund students at a rate ‘consistent with’ the funding rate for schools. Each College will specialise in a particular trade, but will offer at least 4 trades including engineering, vehicles, construction, electrical, and commercial cookery. In addition to trade skills the schools will offer a common curriculum at years 11 and 12 levels ‘to incorporate’ English, science, mathematics, information technology skills, employability skills and small business skills. Each college will be linked with, and endorsed by, industry. The colleges will be chaired by industry and include parent and community representation on their boards.

The Australian technical colleges are not significant for their size or amount of funding – they will be less than 0.4% of total publicly funded vocational education and training enrolments, 3% of total Commonwealth and State funding and 12% of Commonwealth funding of vocational education and training. Rather, they are significant for establishing a direct funding line to colleges, bypassing the States and Territories which have hitherto funded and directed all vocational education and training institutes.

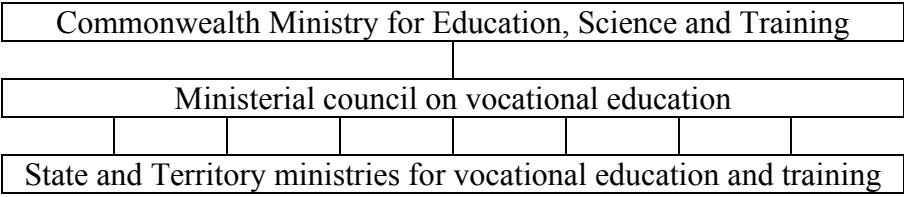
**Table 6: funding line for vocational education and training in Australia**



On 22 October 2004 the prime minister (Howard, 2004) announced that ‘From July 2005 the Australian National Training Authority will be abolished and its responsibilities taken into the department, bringing about significant administrative savings. A Ministerial Council on Vocational Education will be established to ensure continued harmonisation of a national system of standards, assessment and accreditation, with goals agreed in a Commonwealth-State funding agreement.’ No further detail has been given at the time of writing this paper. The following table of the policy line in Australian vocational education and training is therefore somewhat speculative. My placement of the Commonwealth ministry rather than the federal ministerial council at the top of the policy line will be contentious, but I expect this anticipates the position in a few years’ time since the Commonwealth will be able to

use its funding power to direct the States and Territories through the ‘agreed’ Commonwealth-State funding agreements.

**Table 7: vocational education and training policy in Australia**



The Coalition’s election platform (2004a: 2) also proposed to establish an Australian institute for trade skill excellence to ‘provide industry endorsement of qualifications provided by private and public training providers, including TAFE, identifying excellence and the “preferred providers” of high quality and industry-relevant training’. The institute will be ‘Led by the Australian Chamber of Commerce and Industry, Australian Industry Group, the Business Council of Australia, the National Farmers Federation and their relevant members’ (Coalition, 2004b: 2). The Coalition (2004b: 2, 3) says –

The Institute will establish an industry reference group for each key trades industry. Each industry group will comprise industry associations’ nominees, individuals with relevant professional expertise and a representative of the relevant industry skills council.

Each group would be responsible for endorsing qualifications and preferred providers for their industries.

\*           \*           \*

While industry has input into the content of training courses it has little control over outcomes.

In assigning preferred provider status to recognised training organisations (RTOs), the institute will identify those high-performing RTOs which are most responsive to changing requirements of industry and provide training of the highest quality.

The assessment will provide a mechanism for industry to identify for employers and apprentices which institution offers the best course in that trade in the region.

Each industry reference group will establish specific criteria, in addition to the core criteria established by the Institute, for selection of preferred providers.

This seems to establish a new accreditation body for vocational education and training. While the Commonwealth may intend the new Australian institute for trade skill excellence to take over all accreditation of qualifications and providers, it wouldn’t be able to do so for some time. This seems to be acknowledged by the prime minister’s announcement that the ministerial council on vocational education

will ensure a national system of standards, assessment and accreditation. Australia therefore seems to be establishing parallel accreditation processes.

**Table 8: accreditation line for vocational education and training in Australia**

Ministerial council on vocational education	Australian institute for trade skill excellence
State and Territory accrediting bodies	Industry reference groups
Endorsed training packages and registered training organisations	Endorsed qualifications and preferred providers

### Discussion

Both the Australian and British governments state emphatically and repeatedly that technical and vocational education and training should be ‘industry-led’. In Australia this means that the Government is establishing a separate accreditation system run by employers which at least initially will be parallel with the existing accreditation system. In this Australia will be similar to Aotearoa New Zealand which also has parallel accreditation systems for technical and vocational education and training. However, Aotearoa New Zealand’s accreditation system is divided between formal education and training which is accredited by public bodies, and industry training which is accredited by employer bodies. The Australian Government does not seem to envisage such a separation. In time the parallel systems will be seen to duplicate each other and presumably either one will be replaced or the Government will divide responsibility between the systems.

The UK has a long history of separate accrediting bodies run by employers and found that this fragmented qualifications and the technical and vocational education and training system. Much of the Government’s recent efforts have been to bring the separate accrediting bodies within one framework. In England ‘industry-led’ seems to mean that the Government is giving employers more influence in shaping technical and vocational education and training policy and more influence over its planning and the allocation of places to disciplines.

Skills shortages are a prominent issue in Australia and England, and gaps in skills of current employees are also an issue in England. In both countries the Government’s solution seems to be to give employers more influence over the technical and vocational education and training funded by Government and provided by public institutions. However, the mechanisms for giving employers more influence are different: in England it is through sector planning bodies run by employers, while in Australia it is through accrediting bodies run by employers.

Interestingly, no country is seeking to fill skill shortages or give employers more influence over technical and vocational education and training by increasing market mechanisms. No country is contemplating increasing fees charged for technical and vocational education and training, increasing subsidies for private technical and vocational education and training, or even introducing vouchers. This is in contrast with higher education, which all countries have marketised by increasing fees, giving



providers flexibility in the fees they charge and in Aotearoa New Zealand and Australia, by subsidising the expansion of private providers.

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