

# Emerging futures in VET policy in Australia and overseas

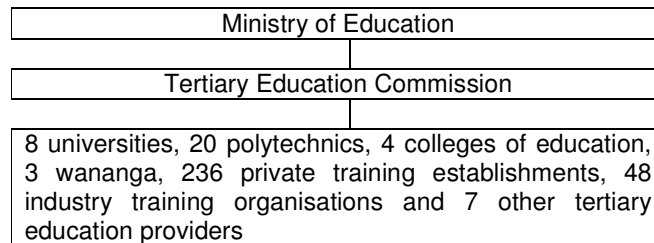
## Abstract

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 are marketising more.

## Aotearoa New Zealand

In Aotearoa New Zealand vocational education 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 Matauranga Matua (no date). The commission is governed by a board of 7 people, of whom the chair and deputy chair are full time.

**Figure 1: funding reporting 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:

$$\begin{array}{|c|} \hline \text{equivalent} \\ \text{full time} \\ \text{students} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{program} \\ \text{level} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{field} \\ \text{of} \\ \text{study} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{performance} \\ \text{measure} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{notional} \\ \text{capital} \\ \text{element} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{student} \\ \text{component} \\ \hline \end{array}$$

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).

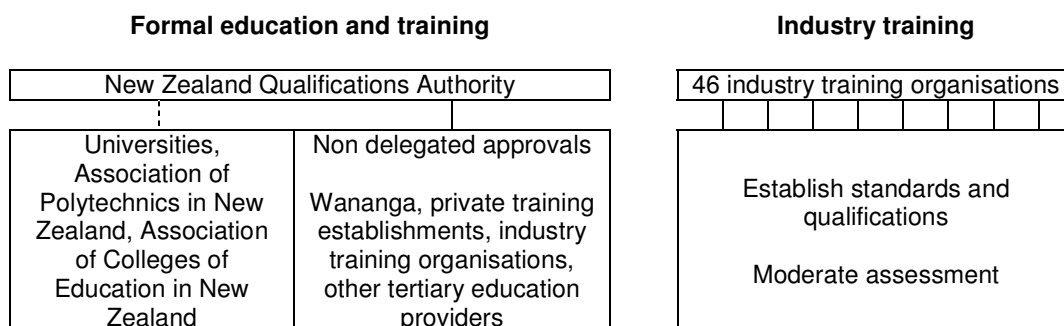
The performance measure will be implemented in 2006. This will make from 3% to 5% of funding contingent upon achieving a satisfactory successful course completions rate, course retention rate and satisfactory results in a survey of student opinion (Ministry of Education, 2004). Government funding is 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).

**Figure 2: accreditation reporting 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

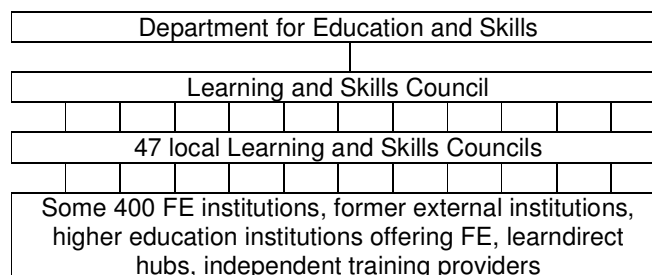
‘unnecessary duplication’ with greater collaboration and rationalisation between institutions (Ministry of Education, 2002b: 19). It is doing this and seeking greater institutional differentiation and specialisation by agreeing with each institution its charter or broad scope of its activities that would 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 vocational education. 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).

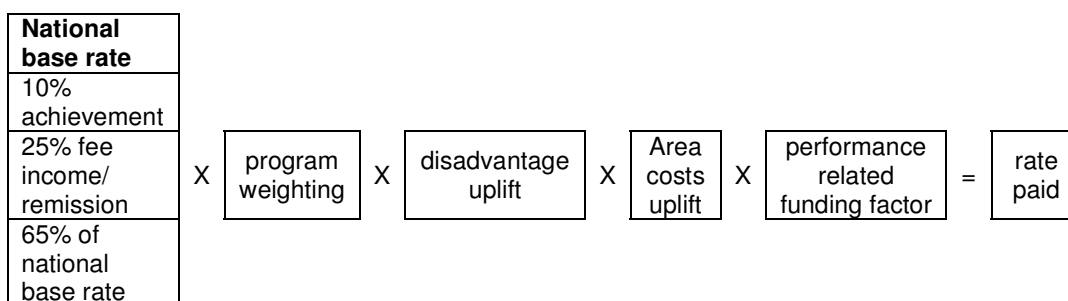
**Figure 3: funding reporting line for post compulsory education and training in England**



While the local learning and skills councils determine what programs should be offered by the providers in their region, providers are funded directly from the national council. The national council allocates funding by a formula which assumes that 25% of funding will be from tuition fees or tuition fee remissions for students under 19 years, and for students of any age in a basic skills qualification or who

receive Government income support. 10% of funds are allocated for student achievement, mainly completing their program. The national base rate is multiplied by a weighting for each program, extra funding for disadvantaged students, extra funding for providers in London which face higher costs, and a performance factor. The performance factor is allocated for a college's progress in meeting its 3-year development plan, its inspection report, and better than average student success rates (Learning and Skills Council, 2003: 4).

**Figure 4: further education funding formula for England**

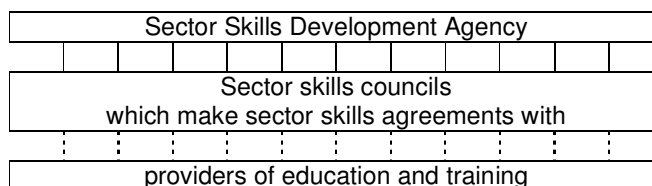


Source: Learning and Skills Council (2004: 26) figure 1: key elements of the formula.

The Government has established a Sector Skills Development Agency headed by a business leader and governed by an 'employer-led' board. The agency funds, supports and champions a new UK-wide network of 'influential employer-led' sector skills councils. There are currently 19 councils licensed or recommended for licence in areas such as chemicals and petroleum; construction; financial services; hospitality and tourism; IT and telecommunications; and science, engineering and manufacturing technologies. The agency is supporting a further 6 aspirant councils in areas such as central government; creative and cultural industries; lifelong learning; and process and manufacturing industries.

The Government hopes that sector skills councils will give employers responsibility for meeting their sector's skills and business needs; in return they receive substantial public funding. The Government intends councils 'to exert strong influence throughout the system to help shape the supply of relevant training and skills and to raise employer commitment to skills'. This will be done through sector skills agreements which will identify skill and productivity needs and state the action the sector skills council will take to meet those needs 'and how they will collaborate with providers of education and training so that skills demand can directly shape the nature of supply.' Agreements are to concentrate on national sector issues, although the Sector Skills Development Agency expects some regional and local variation in delivery.

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



There are currently some 3,500 entry level vocational qualifications in England (Department for Education and Skills, 2005: 46), most 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. The Government plans to rationalise these qualifications into diplomas at levels 1 (foundation), 2 (general certificate of secondary education) and 3 (advanced). The diplomas will be available in a full range of 'lines of learning' covering all the main occupational sectors of the economy. English and maths will be included in every diploma but otherwise the Government says 'Crucially, we intend to put employers in the driving seat, so that they will have a key role in determining what the "lines of learning" should be and in deciding in detail what the diplomas should contain . . . because these qualifications will only have real value to young people if they are valued by employers' (Department for Education and Skills, 2005: 47). Interestingly, the Government adds that 'higher education institutions will also have an important role, because we need to be absolutely confident that a specialised level 3 diploma can be a good route to higher education (Department for Education and Skills, 2005: 47).

The diplomas for young people will 'fit very closely with the adult qualifications framework', the national qualifications framework for England, Wales and Northern Ireland. The 'national qualifications framework' is really the national vocational education 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)

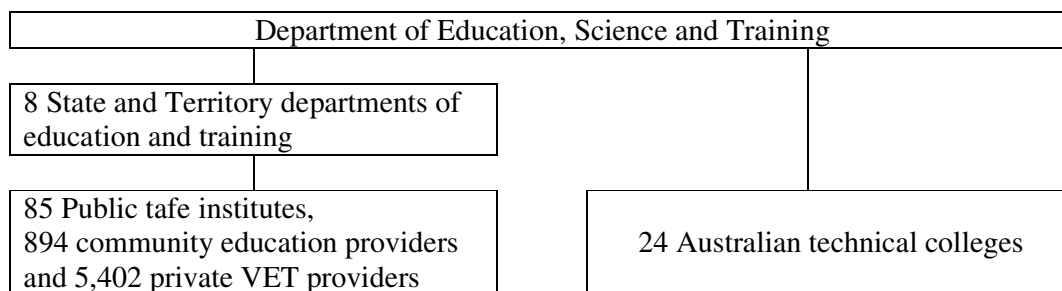
provision as an alternative progression route into HE for adult learners. Credit based “Access to HE” certificates are also important in the context of the commitment to the development of a credit framework for adults. The LSC is therefore keen to ensure that, through appropriate planning, sufficient 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.

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

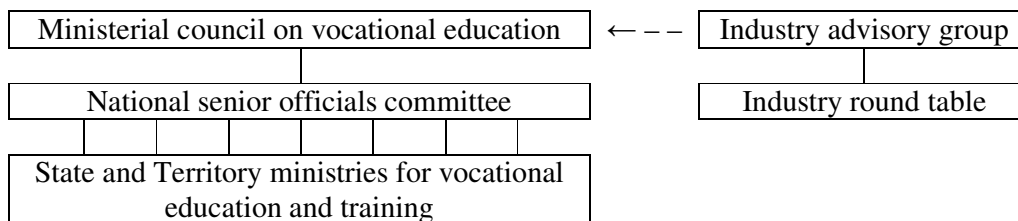


On 22 October 2004 the prime minister (Howard, 2004) announced that ‘From July 2005 the Australian National Training Authority will be abolished and its responsibilities taken into the department, bringing about significant administrative savings. A Ministerial Council on Vocational Education will be established to ensure continued harmonisation of a national system of standards, assessment and accreditation, with goals agreed in a Commonwealth-State funding agreement.’ On

18 February 2005 the Minister for Vocational and Technical Education Gary Hardgrave released *Skilling Australia – new directions for vocational education and training* which was written by the Department of Education, Science and Training (DEST, 2005). While the paper sets out options for the new arrangements, the Commonwealth’s broad direction is reasonably clear.

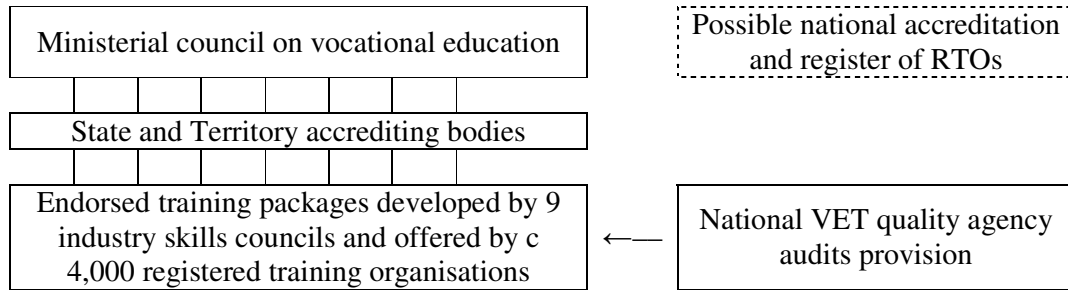
There will be a ministerial council on vocational education comprising State and Territory ministers responsible for training and both the Commonwealth Minister for Education, Science and Training and the Minister for Vocational and Technical Education. The ministerial council will be advised by a national business and industry advisory group which, the directions paper speculates, might be supplemented by a national industry-government training round table which would bring together government and a wider range of industry sectors and business enterprises to discuss education and training. The ministerial council will be advised and its decisions implemented by a national senior officials committee comprising the chief executive officers of the Australian Government and State and Territory training departments. As with the current arrangements, most of the management and provision of vocational education will be the responsibility of the 7 State and Territory governments.

**Figure 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’. However, the institute is not part of the regulatory framework (DEST, 2005: 18) and so is not included in the figure below. Qualifications in the form of training packages will continue to be developed by the 9 declared industry skills councils and offered by registered training organisations, of which there are about 4,000. Qualifications and providers will continue to be accredited and registered by State and Territory bodies applying standards and broad procedures adopted by the ministerial council on vocational education. However, the Commonwealth proposes to establish a national vocational education and training quality agency to audit provision and publish its reports, and which might in time manage national accreditation and registration. The ministerial council would be advised on standards and quality assurance either by the national VET quality agency or a national skills agency comprising representatives from business, industry, States, the Australian Government, the Australian Council of Trade Unions and an equity representative.

**Figure 8: accreditation and quality assurance reporting line for vocational education and training in Australia**



Although data collection is not part of the core of vocational education – learning and teaching – it is central to policy analysis and research in vocational education, so it is worth noting the department’s proposals to improve the accuracy, reliability and to broaden the scope of data collection. The department proposes to introduce end-date reporting so that enrolments are counted only on completion to avoid double-counting and inflated figures. This department proposes to collect private vocational education and training effort, thus filling a longstanding gap in vocational education data collection in Australia (and in many other countries) (DEST, 2005: 15). The department also proposes to publish each registered training organisation’s scope of provision, enrolments, module and qualification completion rates, graduate employment rates, student and employer satisfaction rates, and audits (DEST, 2005: 26). This would be a very considerable improvement in the data available on Australian vocational education, which is more secretive than higher education.

**Discussion**

Both the Australian and British governments state emphatically and repeatedly that vocational education should be ‘industry-led’. In England ‘industry-led’ seems to mean that the Government is giving employers more influence in shaping vocational education policy and more influence over its planning and the allocation of places to disciplines. In Australia ‘industry’ means employers – the Australian Government systematically excludes employees and their associations from most ‘industry’ bodies. The Australian Coalition’s election policy proposed that an Australian institute for trade skill excellence comprising employers would operate what would have effectively been a separate accreditation system parallel with the existing accreditation system. The Department of Education, Science and Training’s directions paper also shows ‘industry leadership and engagement’ very prominently on its chart of the new arrangements it proposes (DEST, 2005: 3). However, the arrangements proposed by the department would give employers an advisory role only in a system run by Commonwealth and State ministers and their officials.

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 vocational education 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 advisory bodies run by employers.



Interestingly, no country is seeking to fill skill shortages or give employers more influence over vocational education by increasing market mechanisms. No country is contemplating increasing fees charged for vocational education, increasing subsidies for private vocational education, 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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