

A COMPETENT RECOVERY?

Implications for the vocational education and training system of the global economic downturn

OVERVIEW

On 30 July 2009, at the invitation of the office of the Honourable Julia Gillard, Deputy Prime Minister and Minister for Education, Employment and Workplace Relations, the National Centre for Vocational Education Research organised a roundtable in Parliament House, Canberra. It was attended by researchers, employer and trade union representatives, Commonwealth and state government policy-makers, and senior managers from vocational education providers. The purpose of the roundtable was to discuss the longer-term implications for the vocational education and training (VET) system of the global economic downturn, and how the system should respond to these implications to best play a role in the recovery.

Key points of the discussion are presented below. This overview is drawn from the paper by Richard Sweet which further investigates the issues, in particular those concerning young people, on which the discussion focused.

WHO IS VULNERABLE?

Economic downturns have a particularly strong impact upon new entrants to the labour market. These can include recently arrived migrants and refugees, women returning to the labour force after a period of child rearing, and young people.

Issues for young people

- Reduction in the proportion of young people in full-time work during a downturn might not be a particular problem: it depends on what else they are doing.
 - If youth job loss translates into increased educational participation, this can be positive—for both the individuals involved and for human capital formation.
 - On the other hand, if young people find themselves without a job or other productive activity, this is a waste of human potential and a loss of skills. It also risks 'scarring' effects due to the longer-term consequences of entering unemployment directly from education.

- Apprentices are particularly vulnerable to the economic cycle. It is desirable to consider options that reduce this exposure.

Some possible solutions

A consensus emerged during the discussion that young people require a better mix of general education and vocational training. The current uneasy institutional arrangements between schools and technical and further education (TAFE) institutions do not meet the needs of the post-compulsory age group particularly well, and make it difficult to develop and deliver a more useful set of programs, which ideally would span the sectors. It would be desirable to look into:

- new models of training that devote greater attention to foundation skills
- more flexible funding models that allow cost-sharing across educational sectors and institutions

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- increased financial incentives for employers, either through direct payments or through the taxation system
 - Note, however, that many employers are reporting that financial incentives are less important in apprenticeship recruitment decisions than is the availability of work. Without the work, financial incentives to hire additional apprentices will have little impact. Some participants also expressed concern that subsidies may be a way of extending the life of, and shoring up, the 'old' economy.
- greater reliance upon group schemes within the apprenticeship system
 - While it was observed that many group schemes are already at bursting point, their expansion could be a way of spreading the risk associated with training apprentices and trainees.
- increased use of pre-apprenticeship programs and the development of alternative training models for those trades where the provision of training is less dependent upon obtaining employment.

Issues for adults

Training is only one element in the assistance needed by jobless adults and those marginalised in the labour market (for example, people with a disability). Direct job creation and subsidised work experience might often be more appropriate responses. Other social services such as counselling and advice, child care and relocation assistance are also likely to be part of the mix.

Some possible training solutions

- carefully targeted training that avoids 'deadweight' losses and substitution effects
- training for real jobs, which incorporates a wider view of competence and capability than simply short-term skills training. This training needs to take account of the reduced demand for motor skills and the trend for increased demand for cognitive and social skills
- more systematic information and guidance for adults about the nature of available training and its labour market outcomes.

IMPLICATIONS FOR THE SYSTEM

The downturn has revealed the flexibility of the Australian labour market, which has seen very large occupational and industry shifts in employment over the last 12 months. This in turn emphasises the loose relationship between vocational qualifications and occupations in Australia.

Issues

- Does the system need to rethink the high degree of occupational specificity in our approach to vocational education and training?

- How does the nation respond to occupational skill shortages? What role does forecasting play and where does skilled migration fit?
- How do we meet the demand for higher levels of general education and more general vocational skills? Can the narrow industry focus of current training packages meet Australia's future needs for broader competence and capability?
- Does the VET workforce have the capacity to deal with a wider range of needs and client groups?

Some possible solutions

- It may be time to consider a new approach to human capability, one with a focus on broad occupational families; for example, food trades, engineering occupations, or personal and social services, rather than cooking, sheet metal work or child care, with a subsequent progression to more specific training and/or to higher education.
- Non-formal training has a place in meeting individuals' needs for both upskilling and lateral skilling. Recognition of prior learning has yet to reach its potential as a means of preparing people for career change, for receiving gap training, or as a pathway into higher-level education.
- The system might be more efficient if funds were deployed to cater to the diversity of learners whose educational needs vary over the course of a working life.
 - One approach might be a student entitlement, whereby funds are attached to the learner rather than the institution or sector.
- There is more to be done within the workplace to assist in the skilling effort, for example: through the use of workplace mentors; better in-house preparation of workers for change; and work redesign.

CONCLUSION

The roundtable raised some fundamental issues about Australia's VET system, and about its relationships to other parts of the education landscape. These cannot be resolved by quick fixes or short-term solutions. This applies whether the focus is on the future of apprenticeships and traineeships, on the desirability for a wider response to the post-compulsory age group, or on the needs of jobless adults.

In considering the longer-term contribution that the VET system should make to Australia's future, we need to recognise the importance of reconfiguring institutional types and relationships in a way that reflects a wider and more integrated view of human capability than that which characterises the system at present. This has implications for what people learn, how they learn it, how they are taught it, and how their training is financed.