

The future of VET: A medley of views



NATIONAL CENTRE FOR VOCATIONAL EDUCATION RESEARCH

Edited by
Francesca Beddie and
Penelope Curtin
NCVER



Australian Government
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Cover design using artwork from the
'Spun Light' series by Marie Watt

Right from the time that we are small, 'spin' holds an attraction. Think of the childhood delight of a swirlingly multicoloured lollipop, of whirlygigs, or circus performers spinning through the air ... and fairground rides.

In this work I have used 'spin' associated with the imagination and fantasy of the fairground as a metaphor for truth in contemporary life. My digital camera is capturing light over time. My camera is thus allowing us an insight, via these unmanipulated images, into something that is happening in the world in a way that we cannot see it.

This work is from NCVET's collection which features artwork by VET students.



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Francesca Beddie and Penelope Curtin
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The views and opinions expressed in this document are those of the author/project team and do not necessarily reflect the views of the Australian Government, state and territory governments or NCVER

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About the research



The future of VET: A medley of views

Edited by Francesca Beddie and Penelope Curtin

These essays have emerged as a result of a conversation between me and Peter Noonan, one of the contributors to this collection. It is intended to stimulate thinking about how the current appetite for vocational education and training (VET) reform can be harnessed to shape a bright future for vocational education.

NCVER approached six writers and commentators on VET to give us their views on the future of VET. Robin Shreeve, John Hart, Myree Russell, Virginia Simmons, Gavin Moodie and Peter Noonan have all contributed essays—as have I. We asked Robin Ryan, both an historian of and commentator on vocational education, to pull together themes emerging from the various essays. He has articulated five themes:

- the need for a new 'settlement' to address the federal governance of vocational education and, over time, improve funding mechanisms
- the better articulation of VET's purposes to serve individuals and communities and VET's role in the tertiary education sector
- a more successful marriage of curriculum and competence, including addressing the place of training packages
- the use of the history of VET—what's worked and what hasn't—to inform the current reform effort
- the importance of maintaining an employer and industry voice in VET.

Tom Karmel
Managing Director, NCVER

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Contributors

Mr John Hart was appointed as the Chief Executive Officer of Restaurant and Catering Australia in 1999. Restaurant and Catering Australia is the peak industry body representing restaurants, cafes and caterers across Australia. John came to the Association from Tourism Training NSW, where he was Executive Officer for five years. John has spent 27 years working in the hospitality industry; he trained in food and beverage management at the Ecole Hotelliere, Lausanne, Switzerland, and in educational administration at the University of South Queensland.

John was appointed to the NCVER Board in July 2008. He is also a member of the Board of the Service Industry Skills Council.

Dr Tom Karmel took up the position of Managing Director, National Centre for Vocational Education Research, in August 2002. Prior to this position he held senior appointments in the federal government areas of education, employment and labour market research and in the Bureau of Statistics. His research interests have centred on the labour market and the economics of education and he has a particular interest in performance indicators, in both higher education and vocational education and training. He has an honours degree in mathematical statistics (Flinders), and a Masters of Economics and doctorate from the Australian National University.

Dr Gavin Moodie is principal policy adviser at RMIT, a dual-sector university. Previously he was an administrator at Victoria University in Melbourne, another dual-sector university, which stimulated his interest in relations between vocational and higher education. This was the subject of his PhD, his book *From vocational to higher education: An international perspective* published by McGraw-Hill, and informs his current participation in two projects funded by NCVER on higher education in TAFE and vocational education and training in universities and private providers.

Dr Peter Noonan is the Director of Education and Innovation Practice at the Allen Consulting Group. He was a member of the expert panel for the Review of Australian Higher Education. He is an Honorary Fellow in the Graduate School of Education at the University of Melbourne and an Associate of the Faculty of Education at Monash University. He is Chair of the Board of the TAFE Development Centre in Victoria. The views expressed in this essay are his own.

Ms Myree Russell's VET career began as a student and later as a teacher at Wollongong Technical College. While working in government and in large corporations, Myree also continued to be a part-time TAFE teacher for several years before taking an executive officer position with a large adult and community education (ACE) provider in New South Wales. Over the past ten years Myree has been manager of registered training organisations in the Australian Broadcasting Commission and QANTAS, and Compliance Manager for

the registered training organisations and group training organisations of SKILLED Group and MEGT Australia Ltd. Myree's qualifications include a Bachelor of Education (Adult & Vocational Education) and a Master of Professional Education and Training (VET).

Dr Robin Ryan is Adjunct Lecturer in the Educational Leadership and Management Graduate Program at Flinders University, South Australia. After an initial career teaching political science at universities in New South Wales, he joined the South Australian TAFE agency, initially as Professional Assistant to the Director General and subsequently as Superintendent (Research) and Assistant Director for Policy and Intergovernmental Relations. His PhD research focused on policy issues in the creation of a national VET system.

Mr Robin Shreeve has worked in the Skills Sector for over 30 years in Australia and England. He is currently the Chief Executive of Skills Australia. Prior to this appointment Robin was Principal of a central London college of further and higher education. From 1989 to 2005 Robin worked for the Department of Education and Training in New South Wales. There he was Deputy Director-General for Technical, Further and Community Education (TAFE). From 1995 to 2000 he was Director (principal) of the North Coast Institute of Technical and Further Education in northern New South Wales. Robin began his working life in the steel industry.

Ms Virginia Simmons had a career of over 30 years in the Victorian TAFE system, 23 years of which were in senior positions. These included nearly 12 years as CEO of Kangan Institute of TAFE, Deputy Vice Chancellor (TAFE) at Swinburne University of Technology, and, for the last nine years, CEO of Chisholm Institute. Throughout her career she has played an active role in contributing to VET policy through her involvement in the Victorian TAFE Association, TAFE Directors Australia and other major peak bodies. She now works as a consultant in VET.

Thinking about the future: A medley of views

ROBIN RYAN
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It's often been said that vocational education and training (VET) is the education sector with a great future behind it. Somehow, times of great promise have tended to fade, whether it was the era of institution building at the end of the nineteenth century, the prominence of technical education in two world wars and reconstruction, the excitement of the Kangan era in the 1970s, the enthusiasm generated by award restructuring in the 1980s or the apparent federal–state settlement represented by the ANTA¹ Agreement of 1992.

Once again VET faces an uncertain future, explored in this discussion. No one doubts that the skill-formation needs which fall within VET's mandate will continue to bring challenges for policy-makers and practitioners in government, industry and providers. But the question of how the response will be provided is uniquely unclear, as is the source and extent of the resources required. Above all, there is little guarantee that the institutional structures and governance that exist now—and in our normal mental shorthand are thought of as the VET sector—will continue in their present form.

Of course, there is no reason why any particular set of institutions and governance patterns should be maintained indefinitely: VET has surely benefited from the many institutional changes of the past, including the establishment of a national framework, the creation of a TAFE identity and its supplementation by a more diverse range of VET providers. Arguably, it has benefited too from the abandonment of some earlier agencies and practices.

More sobering is the tendency of issues of moment in VET to be left unfinished and unanswered, so they become again the responsibility of the next generation of policy-makers: the place of VET in tertiary education; articulation among the sectors; relating VET and industry; competition and subsidy; curriculum and competence; public and private; federal and state; and even the role and purpose of the sector.

Policy-makers in government in particular, where generational turnover is rapid and stakeholders many and pressing, must have some sympathy with Omar Khayyam's student days:

¹ The Australian National Training Authority was abolished in 2004.

Myself when young did eagerly frequent
Doctor and saint and heard great argument
About it and about; but ever more came out
By that same door as in I went.

(The Rubbayat of Omar Khayyam, Edward Fitzgerald translation)

The essays here represent the views of some of the sector's current distinguished doctors and saints and are equally unlikely to represent a final word.

What is VET and what is it for?

Defining VET is a topic that prudent commentators avoid. Several contributors have made the attempt: Karmel takes refuge with the Australian statistician; Russell links definition to history, while Hart more courageously offers a dictionary definition: that vocational education is 'instruction or guidance in an occupation or profession chosen for a career'. The problem is, that sounds as much like the modern university as VET—or the mediaeval university for that matter.

Everyone seems to agree that VET is that part of the education continuum which has employability as a principal goal and that its centre of gravity is in sub-professional careers, although not limited thereto, now or in the past, when occupations like accountancy, nursing, agronomy and many professions were based in VET-style institutions or even workplace training.

This suggests that perhaps the first place to look at the future of VET should be a consideration of what it is for. The earlier NCVER study, *Is VET vocational?* (Karmel, Mlotkowski & Awodeyi 2008) is crucial here. Using data from the Student Outcomes Survey, they concluded:

- ✧ The match between what people study and the jobs they get is high for the technicians and trades group of occupations, but relatively low for most other courses.
- ✧ Most of the mismatch between intended and destination occupations reflects the generic aspect of vocational education and training.

Although disputes between industry and educational representatives are often couched in ideological terms, the simple fact seems to be that they are frequently talking about entirely different groups of people. The case for dominant, although not exclusive, employer prescription of desired learnings is strong for the paradigm case of indentured trainees and for skill-broadening of existing workers. But there is no reason to imagine that a food outlet like McDonald's ought to prescribe the learning needs of its part-time employees actually seeking to become accountants, whether through a university degree or VET diploma.

An awareness of the diverse needs of the VET student body, to say nothing of groups currently with low participation, should be the foundation of debate about issues such as competence and training packages, funding models and governance. Such a foundation paves the way for considering what Shreeve describes as possible bifurcation within the sector, with differential funding streams.

Teaching what and to whom?

Shreeve's answer is: lots more to lots more people. He signals Council of Australian Governments (COAG) targets for highly significant reductions in the numbers of people without certificate III or lower qualifications and for major increases in those with diploma and advanced diploma awards by 2020. He points to research quantifying the substantial economic benefits this will bring and the need to increase workforce participation and to improve utilisation of workplace skills.

This is a demanding agenda, all the more so, as Karmel notes the inexorable trend in the workforce to increase formal and especially higher-level qualifications. Whether this is genuine skill-deepening or credentialism is perhaps a matter of perspective, but the data he cites show that serious economic benefit requires completed qualifications, discounting the traditional VET claim that partial study somehow represents satisfactory skill acquisition.

Hart is concerned that this trend to higher qualifications brings with it a focus on individual learners at the expense of a previous nexus between VET and employers in the delineation of training content. He also worries that the jobs may not be available for the more highly qualified workforce, particularly for diploma holders and above. These concerns lead to what has been a core issue in VET debates for perhaps two decades: how to retain the benefits of the competency movement, represented by training packages, while recognising the concerns of many that there is a need for a more curriculum-focused, knowledge-based approach.

Training packages

Moodie addresses curriculum directly, pointing first to the advantages of a successful competency model. Such a model, he says, could reduce irrelevant learning, target changing workforce needs, encourage lifelong learning and allow self-paced and possibly faster progress. The advantages of training packages have also been outlined in a recent broad review of research into competency-based training (Guthrie 2009), while content research by NCVET indicates that packages have been effective in reflecting issues identified by industry, including the introduction of new technology and the intensification of regulatory environments (Misko forthcoming).

But there is clearly a lot that training packages don't do well, or at all. Noonan identifies VET pedagogy and the competency-based framework as the first of his major unresolved issues, especially whether VET should be industry-, learner- or provider-driven. Moodie claims that a potentially valuable model has been taken to excess in Australia, reducing vocational education to behaviours observable in a specific workplace and ignoring the desirability of helping students to work in various workplaces over a career; he also notes that training in current practices does not prepare for emerging and future challenges. In research conducted elsewhere, Sweet (2009) suggested the need for training packages to reflect the shift from motor skills to cognitive and social skills, while Anderson, writing in 2006, was concerned that our present approach does not recognise the needs of globalisation (Anderson 2006).

Moodie argues that attempts to broaden packages through the inclusion of generic competencies are illusory, since learning is always context-dependent. Other contributors

also express concerns without wishing to abandon packages altogether: Shreeve thinks they are changing in ways supportive of institution-based learners as well as those in the relevant workforce; Simmons thinks that, while they may suit employment-based learning, much more flexible offerings are needed for other learners; Russell argues for fewer training packages, less structuring and greater transferability.

Guthrie's 2009 review of competency-based training picked up many of these concerns, including research showing that attempts to overcome deficiencies through integration of Mayer competencies generally have not worked. There seems to be considerable support for Noonan's implication that a new look at competencies and packages should be part of the search for a new VET settlement.

VET and the tertiary sector

How VET is to be placed in the tertiary sector emerged as a principal concern of discussants. Hart does not welcome what he sees as an inevitable trend in that direction, although his concern about an adequate number of jobs for VET graduates needs to be reformulated: as the data presented in Karmel, Mlotkowski and Awodeyi (2008) indicate, jobs at the associate professional level are increasing rapidly; it is enrolments in the VET qualifications that serve this level which are dwindling, and this may be related to the fact that employers frequently prefer to hire degree holders to fill these jobs. Employers seem to favour the broad qualities that degrees purportedly deliver, along with technical skills. Consequently, stricter adherence to training packages would seem counterproductive.

Noonan points out that we can no longer talk about two sectors: many VET providers are also accredited higher education providers and Russell sees the blurring of boundaries as likely to continue. Shreeve gives further examples, such as Holmesglen Institute and JMC Academy, which offer degrees, or the University of Western Sydney, where students can take parallel higher education and VET qualifications. He also points to the limited success over 20 years of attempts at articulation and credit transfer from VET, compared with the success of foundation colleges established by universities (and private providers).

Simmons outlines six principles for a new model of tertiary education:

- ✧ equal value given to VET and higher education
- ✧ recognition that institutions with a primary mission in one sector may still offer qualifications in the other
- ✧ a shared and coordinated information base
- ✧ the capacity to provide integrated responses to workforce needs and communities
- ✧ an efficient regulatory and accountability framework
- ✧ clearer and stronger pathways between the sectors.

The problem would seem to be that in the past these desiderata have all too frequently been declared as policy objectives—and sometimes claimed as policy achievements—yet the basic tensions remain.

Shreeve sees the possibility that what presently constitutes the VET sector may bifurcate, although his preference for 'bottom up' reform would suggest a gradual pace as some VET

institutions concentrate more on higher-end, less competency, more knowledge-based instruction, while others focus on workplace learning. In some areas, especially rural, a comprehensive institution may be the only practical answer.

Karmel looks towards more radical institutional restructuring. Taking bifurcation to its logical end point, he sees three possibilities:

- ✧ an omni-university, ranging from certificate I to higher education; existing dual-sector bodies are somewhat like this, but VET and higher education are seldom fully integrated
- ✧ a polytechnic delivering certificate I through to masters by coursework, differing from universities by much less emphasis on research
- ✧ a TAFE institution offering training to certificate III level.

Clearly, variations on these options are possible but it is hard not to see some degree of bifurcation as inevitable and, in fact, essential, although the physical break-up of institutions currently offering trade and lower certificates from higher-level provision would need to be very gradual, given the tremendous investment to date.

If present funding models persist, the most likely outcome would seem to be an expansion by universities. The modern corporate university is nothing if not businesslike, and a possible decline in overseas student numbers might strengthen the need for revenue enhancement. Creating a polytechnic as a partly separate institute within a university could attract a wide client base at marginal cost, given the university's existing investment in engineering equipment, nursing suites, libraries and the whole panoply of educational infrastructure. It would seem reasonable (and pro-competitive) to encourage some major TAFE and private institutions to approach the polytechnic model from a VET base.

Increasing participation

Karmel is the only contributor who discusses the traditional VET role in second-chance education. He argues that it could be provided by many different types of institutions, with funding and regulatory models as the key driver. While this is true, it should be borne in mind that the most logical deliverer—school education authorities—would be the worst possible choice, as so many clients of this area feel themselves to have been damaged by their contact with schooling.

Many discussants were conscious of the government commitment to increasing the participation of presently marginalised groups in formal and especially higher education. Moodie is concerned that VET needs to work on its internal ladder of opportunity. Students from lower socioeconomic status backgrounds, as he shows, are presently concentrated in lower-level qualifications and generally receive the least economic benefit from their experience, in no small measure because of non-completion, even of these qualifications.

Moodie refers to Wheelahan's research, to which might be added her comment that, although VET diploma and advanced diploma students currently are from much the same socioeconomic grouping as undergraduates, it is only from holders of these qualifications that transfers to higher education can be reasonably be expected (Wheelahan 2010). If VET is to be a contributor to the government's low socioeconomic background targets for universities, then this provides another reason for work on its internal ladder of opportunity.

Quality and regulation

Regulatory mechanisms and compliance regimes are a common feature of debates about VET over many years but it is interesting that so many of our discussants link their concerns to continuing worries about quality in VET programs and outcomes.

In fact, the response is strong and definite: even Shreeve, representing the government's principal advisor, Skills Australia, argues that quality is the biggest immediate issue for VET. He points to the lack of external moderation and the resultant lack of confidence in comparability of qualifications and to the lack of transparency about providers. Moodie talks of weak monitoring of inputs and processes and little external monitoring of standards. He refers to periodic crises of confidence in the VET system, while Russell forthrightly describes a sector marked by fraud, poor-quality provision and profiteering, despite having a system which is compliance-driven.

Russell points out that present quality indicators are not trustworthy and do not evaluate programs or providers fairly. Simmons also states that the integrity of the Australian qualifications system has been called into doubt internationally and calls for more robust regulation under the umbrella of the Tertiary Education Quality and Standards Agency (TEQSA). Overall, almost everyone seems to want a more straightforward, but stronger, monitoring and regulatory regime with quality indicators which get to the heart of what is provided, rather than superficial measures of inputs and ratios.

One quality issue that none of the contributors raised was the quality of the VET teaching force and more specifically the level and value of training it receives. Shreeve mentions the ageing VET workforce but does not allude to the decline of the existing stock of higher-level qualifications, as retirements begin of those who entered the teaching workforce under a generally more demanding formal qualifications regime than the present—the requirement for a certificate IV qualification only. The European Union, on the other hand, sees ‘trainer and teacher competence and effectiveness [as] the cornerstone of European VET reforms’ (CEDEFOP 2009, p.28). As other research suggests, those trained only through the certificate IV feel the need for a much greater depth of knowledge in several areas, especially in pedagogical practice (Downs 2010). Beyond this is the need for professional development both in teaching skills and in the teacher's base discipline and current industry practice.

Funding models

Not surprisingly, no one believes the Australian VET system is richly funded, but attention among the discussants is focused as much on mechanism as on adequacy.

Hart believes that there has been an inexorable trend towards a decline in competitive funding, leading to a diminishing influence on the system by employers. Although this seems to be the case, it is worth noting Moodie's point that there is no reason in principle why governments need to be involved in training markets. Markets can operate effectively simply by enterprises and individuals purchasing the services they need; after all, enterprises are expected to purchase all other necessary inputs to their production processes.

The drawback to reliance on simple training markets is partly a matter of externalities and the difficulty of assuring the nation of an optimal supply and distribution of productive

skills. Perhaps as important is a deep cultural belief that governments should provide most aspects of education and training, with enterprises purchasing only specialised custom training. As long as enterprises are not prepared to pay the full costs of their training needs, government funding must be provided within the normal parameters of stewardship, accountability and responsibility to the nation's citizens as a whole.

Moreover, as Shreeve points out, without a stronger monitoring and quality assurance system, it is hard to see how funding can be distributed with confidence on either an entitlement or user choice basis. The issue is becoming urgent because, as Noonan emphasises, the funding outlook for VET via government investment is at best static and may see falls in real terms at a time when sustained growth is required and higher education seems set for further expansion.

In discussing funding mechanisms, the question of federal–state relations cannot be avoided. Russell pleads for the elimination of state involvement in apprentice-level training, while Noonan argues that one level of government should undertake responsibility for specific qualifications, for example, the Commonwealth for diplomas and advanced diplomas, the states for certificate-level offerings. Others have argued for full federal funding of VET, and there is probably now a near consensus within the sector for this. However, the difficulties facing full Commonwealth control should not be under-estimated. A major problem in the Keating–Dawkins era proposal related to the necessary adjustments to the then Financial Assistance Grants and consequential changes in Grants Commission methodology (Ryan 2002). Now the changes would have to be in the GST agreement. In many ways, the combined-funding, efficient-price mechanism proposed for hospital reform would be a good fit for VET, but approaching states for a further reduction in their discretionary use of GST revenue might attract resistance.

The path to reform

None of the discussants in this collection would seem to be satisfied with only incremental change to the status quo, although Shreeve is surprisingly optimistic that systemic issues are solvable. Several propose major institutional reformulation to create both a more unified and more diverse tertiary sector. These are of course supply-side reforms, which it is customary to decry but which in fact are usually the focus of government action, because that is what governments can control. As Shreeve points out, demand-side changes are ultimately long-term and cultural, both among individuals and enterprises.

Cultural change also relates to community perceptions of prestige and advantage, which, as several contributors note, place the VET system in its present institutional incarnation at a disadvantage. Institutional structural reform therefore cannot be avoided, but is scarcely sufficient.

What the discussions as a whole make clear is that the manifold issues which press upon Australian VET, and which have such an alarmingly recurrent character, are indivisibly related. Competence and curriculum questions must be resolved to deal with system direction issues and with quality issues. Quality is key to monitoring and to regulatory and funding models, which in turn are determined by and help determine governance patterns.

What is required, as Noonan convincingly argues, is a new VET settlement. It must face up to fundamental questions of federal–state relations and seek to accommodate the basic dichotomies which have too often been elided or disguised: that VET serves both individuals and industry as well as communities, that it has economic and social justice dimensions, that it is tertiary and sub-tertiary, that there is a place for both market forces and public provision, that solutions are matters of short- or medium-term public administration and long-term cultural change.

Many of our contributors rooted their deliberations in a consideration of VET history. That is encouraging: we need to know where we’ve been to understand how we got here and how we might move on. To be honest, the sector’s policy history is often not encouraging, but it does reveal that, every now and again, significant change is possible.

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The future of VET: The case for a new VET settlement

PETER NOONAN
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Paul Kelly's landmark book *The end of certainty* describes Australian settlement at the time of the Federation as comprising 'white Australia', 'industry protection', 'wage arbitration', 'state paternalism' and 'imperial benevolence'. To Kelly's list one might add the Federation itself.

The Australian VET system, as we know it today, has its antecedents in that settlement.

The development of technical education and the apprenticeship systems in the states and territories from the late 1880s and over the next century was closely linked to the growing manpower needs of Australian industries as they developed under protectionist industry policies. Technical education and the apprenticeship system evolved under two separate models of state paternalism: the apprenticeship system through tripartite apprenticeship committees within departments of labour and industrial relations; and technical education through centralised state systems of public education.

Imperial benevolence even played its part through the spread of Mechanics Institutes from the United Kingdom; they were intended to broaden the mind of the working classes in many Australian cities and towns, and these institutes today form part of public VET institutions.

The end of the certainties of the Australian settlement—the internationalisation of the economy, the shift from highly prescriptive employment and wages conditions through award restructuring, and the realisation that Australia and Australians had to chart their own destinies by no longer sheltering under the cloak of state paternalism—reflected major economic and social challenges facing Australia. These challenges drove a process of major structural reform, including microeconomic reforms in state-based instrumentalities and in areas of state responsibility.

Multiskilling, the emergence of new, particularly knowledge-based occupations, national mobility of labour, the feminisation of the workforce, population growth and increasing levels of aspirations required a larger and more flexible skills system of skills development, nationally rather than state focused, and by being explicitly driven by the needs of industry, the latter being central to the reconstruction of the Australian economy.

This brief history is relevant to discussion about the future of vocational education and training in Australia because the Australian national VET system of today reflects a settlement (or more accurately a series of settlements) that commenced with the development of TAFE

as a national system in the 1970s and culminated in ‘the training reform agenda’ in the late 1980s. This settlement drew together the separate but connected apprenticeship and technical education systems, transformed the landscape of vocational education in Australia and has underpinned its evolution and expansion over the past two decades.

The process for a VET settlement was initiated by the trade union movement (to achieve skills-based industrial awards), became central to the narrative of the Keating Government, was, ironically, inherited and sustained by the Howard Government, and now has been reappropriated by the Rudd and Gillard governments.

The tools employed to secure the settlement were created by the growing role of the Commonwealth in education, which secured agreement by the states and territories to national reform in exchange for additional Commonwealth investment.

Under this model the Kangan Enquiry in 1974 paved the way for significant Commonwealth involvement in technical education and to its emergence as a nascent national system. Technical and further education (TAFE) systems emerged in all states and territories with an underlying national ethos—of recurrent education in a vocational context—which provided an enduring vision and set of values, held by both administrators and practitioners for over two decades. It also led to the structural separation of TAFE from the secondary school system and to a new but ambiguous relationship with Australia’s higher education system, itself growing and evolving over this period.

The VET settlement of the 1980s and beyond built on but changed the TAFE settlement. The VET settlement expanded the authority of the industrial parties from the apprenticeship system to all areas of VET provision. Inevitably, this has led to an ongoing contest for authority between industry bodies, providers and government decision-makers and to a clash of culture and values about the purposes of VET.

The VET settlement imposed a new set of national external standards for course certification and requirements for provider registration, common policies across hitherto independent state systems and obligations on governments for mutual recognition of qualifications and providers, and to minimum levels of resourcing and outputs. It also created a sector more differentiated from the new higher education sector, following the demise of the binary system of higher education. However, the most ambitious reform—that the Commonwealth should assume responsibility for VET funding from the states—ultimately failed, entrenching the federalist nature of the VET settlement.

The settlement is reflected in a series of decisions by Ministerial Councils responsible for VET and by the Council of Australian Governments. However, the Australian National Training Authority (ANTA), the body established in 1992 to lead and guide the VET settlement, was abolished by the Howard Government in 2004 (on the basis that its core functions should be performed by departments of state).

But the settlement is broader than the formal decisions by government as it involves support or compliance from a number of actors—both organisations and individual practitioners.

Nonetheless, the VET settlement has been remarkably enduring, loosely binding together an at times uneasy coalition of the federal and state governments, trade unions and employer organisations, intermediary bodies, and now over 4000 providers and nationally recognised qualifications.

However, the current VET settlement has major unresolved weaknesses, ambiguities and tensions which if not addressed, will limit the future potential of VET. In particular:

- ✧ Key aspects of VET pedagogy and provision remain contested but unresolved, in particular, the nature of and application of the competency-based training framework and whether VET should be ‘industry, learner or provider driven’.
- ✧ The federalist nature of the VET system has seen the evolution of complex and changing national governance structures and standards-setting systems.
- ✧ The shared funding model for VET has failed to resolve the fundamental weakness it was designed to address—the blurred funding responsibilities and accountabilities of the national and state and territory governments.
- ✧ VET can now no longer be defined as a distinct sector—many schools and most universities are or operate registered training organisations—many VET providers provide senior secondary schools programs and enrol large numbers of school-age students. Some VET providers are also accredited higher education providers. This blurring of roles and missions is likely to accelerate, sharpening debates around the nature of VET qualifications and highlighting anomalies and contradictions in funding arrangements between the sectors.
- ✧ The nature of the training market is unclear. There is greater contestability for funding and choice by users of the system but without a clear national framework for eligibility, entitlements or access to information to inform choice, and with significant variations in practices across the states and territories. The role of government in market design and oversight has not been conceptually well developed, including the role of TAFE as the public provider.
- ✧ The regulation of VET has not addressed concerns about some aspects of quality and, taken with other compliance and regulatory requirements, is not seen as efficient and effective by most parties.
- ✧ VET now has significant international dimensions, with on and offshore delivery to tens of thousands of international students, partnerships with government and industry and growing pressure for international recognition of skills to support international mobility of labour.

The scope and diversity of the Australian VET system, the strengths and weaknesses of the current VET system and uncertainties about its resourcing and governance defy a simple or prescriptive narrative about its future.

A new contemporary VET settlement is now required to guide that future. What thinking might therefore inform a new settlement?

First, a new settlement should seek to reconcile the interests of industry, providers and learners through a contemporary view of the importance of human capital and of equity of access to human capital. Contemporary thinking about human capital accepts and values social competence and citizenship as intrinsic to the health of the social institutions that sustain the modern economy, its capacity for growth and the capacity for individuals to contribute to and share in growth. The competence necessary for effective economic and social participation therefore has several dimensions, which encompass but transcend the competencies required for specific occupations.

For example, the capacity for innovation is critical throughout the workforce and not just in higher-level skills. The capacity for further learning is central to the objectives that governments have set to raise the levels of educational attainment and workforce participation in Australia, but is also essential for effective workplace performance. These broader dimensions of competence must be more fully reflected in how we define, develop and assess competence.

There is then a need to reconcile the inevitable tensions between external standards-setters and education and training providers that arise in standards-based qualification systems.

Externally defined standards—set by industry groups, by professional bodies, by regulators—are critical in defining the ‘exchange value’ of qualifications; that is, what they signal to employers in local, national and international labour markets and what credit they provide into other educational pathways.

Nor are these externally defined standards unique to the VET sector; most higher education professional qualifications must also meet the requirements of externally set requirements, which are defined in very similar ways to those applying in VET.

But qualifications must also have intrinsic value for learners. This value is imparted by the quality of education and training providers and their capacity to meet the personal needs and aspirations of learners and the diverse business needs of enterprises. The intrinsic value of qualifications also reflects the distinct approaches to teaching and learning offered by providers and to the reputation that individual providers are able to build with learners and enterprises.

A new VET settlement should cut through the dated debate about whether or not VET should be industry-, provider- or learner-driven. The settlement should recognise that industry groups must play the key role in defining the exchange value of VET qualifications, but that, equally, VET providers must have greater capacity to build the intrinsic value of qualifications to learners and enterprises and in the process build distinctive brands and capabilities.

This outcome could be achieved by more clearly separating competency standards—as the basis of exchange value in labour markets and for national (and international) recognition—from qualifications, which could contain units of specific and cross-occupational competencies, but also encompass other attributes and capabilities required for further learning and for effective social and economic participation.

Ultimately, we should move to a different paradigm, one which recognises that vocational education is also a significant offering in higher education, where professional, regulatory and industry bodies also set external standards, and where higher education institutions are increasingly using practice and problem-based teaching and learning models to build professional and technical competence as well as broader graduate attributes.

If we begin to view vocational education and training as a continuum of offerings through distinctive forms of qualifications, requiring distinctive pedagogy and assessment, then a view about the future of VET, grounded in a contemporary definition and understanding of occupational and professional competence can emerge. This will create the potential for different forms of institutions and types of qualifications across providers in the broader tertiary education sector.

However, we must also address other weaknesses in the current VET settlement. While there are many issues to be addressed, resourcing levels and effective governance are the most critical.

The funding outlook for VET in terms of government investment is at best static and may well see real falls in investment at a time when sustained growth is required to meet the ambitious qualification-attainment targets set by heads of government. This outlook coincides with a period when investment and participation in higher education will grow, albeit also at a level insufficient to meet government targets. Funding levels and the funding framework for VET learners and providers must ensure that they are not limited or distorted by growing levels of disparity in funding across the tertiary education sector.

A new VET funding settlement is required which clearly assigns funding responsibility to one level of government or the other for particular qualification types; for example, to the Commonwealth Government for higher education equivalent programs offered in VET institutions and to the states for certificate-level programs, supported by a clear commitment by both levels of government to sustained growth to meet the targets they have set for the nation. However, the VET funding settlement must be based in a broader funding framework across the tertiary education sector.

To secure a new VET settlement and provide for its effective stewardship, consideration must also be given to a new national governance structure for VET.

It was inevitable that the Commonwealth would at some point take back from ANTA its core role in the oversight and administration of its funding for the VET sector. What was not inevitable—or necessary—was that a governance model, which reflected the federalist nature of the settlement and engaged industry directly in decision-making—needed to be destroyed as a consequence. The legacy of this decision is that key elements of the current settlement remain unchanged, despite the widespread recognition of the need for further reform, and that responsibility for national oversight and governance of the VET settlement is fragmented and that the traditional and formal authority of industry in VET has all but been eliminated from decision-making and advice.

What we need is a new VET settlement as a cornerstone of economic and social policy, one built on a contemporary understanding of vocational learning and which sustains a high-quality system that is effectively and inclusively governed, properly and equitably resourced and increasingly valued by Australian and international learners and businesses.

Reference

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Who will make it happen for VET?

MYREE RUSSELL
MEGT EDUCATION GROUP

There are many inherent challenges to predicting the future of VET in Australia. These include the complexity already characteristic of current-day VET and the numerous stakeholders with various agendas who are determining the features and immediate future of VET. Using my experiences in VET over the past three decades and interpreting the past, I am able to more accurately predict the future of VET.

The words ‘vocational’ ‘education’, and ‘training’, intentionally chosen to sit together to depict Australia’s vocational training agenda, provide an indication of the complex and problematical VET environment. A ‘vocation’ indicates *a job, a trade, craft, work, career or profession*. The term ‘education’ projects the image of *edification, enlightenment, improvement, discernment, cultivating an informed society and a way of life*, while the word ‘training’ represents *coaching, guiding, instructing, grounding, schooling, providing a foundation and basic knowledge*. It appears that the choice of this three-word term resulted from social and economic changes which had taken place by the 1960s and 1970s. VET was placed within a context of being the provider of opportunities to people who otherwise would not be engaged in education and training.

Myer Kangan’s 1974 report, *TAFE in Australia*, created a sector dilemma which has, since that time, continued to challenge VET providers. Traditionally, technical colleges had been places for gaining trade, craft or vocational skills. Schools were places for acquiring a core education for participation in society and a pathway into the adult world. Universities were for the privileged few, being the seat of professionalism, research and philosophy. The *Kangan report* heralded a belief that broader educational opportunities would be the answer to a growing number of societal problems and inequities, and that a new generously available education would solve many of the community’s ills. While in principle few people would disagree with this, the report significantly impacted on the philosophy and ongoing development of education, especially VET in Australia. Kangan aligned the new technical and further education (TAFE) with a primary role and responsibility for the holistic education of the individual rather than merely the development of skilled manpower. VET and lifelong learning became almost synonymous.

A new social agenda exploded the growth of TAFE beyond its capacity to deliver at that time, as increasingly students were demanding their complimentary ride to an uncertain vocational future, based on promises of jobs and ultimately a better life. Governments, and not industry, became the education regulator for the people.

The 1994 *Fitzgerald report* and subsequent reports followed on the theme of ‘equity in VET’. The VET sector became a source of quick-fix, fast-track and welfare-based courses, funded under the guise of accreditation and qualifications. Many who have been forced into this new social agenda have become even more socially deprived by not succeeding in the VET-qualified society. These individuals will be even more severely disadvantaged in the future by their lack of qualifications and inability to meet industry’s high educational entry levels.

Social issues will continue to plague governments, who continue to manipulate the VET sector into being a catalyst for equity and social and cultural educational reform. VET is not equipped, adequately funded, nor appropriate to provide the broader educational and social needs of the community.

The Finn Review in 1991 was asked to look at access and equity issues, but the review took another direction, one which highlighted that vocational training should focus on the needs of business to create human capital and utilise the high youth unemployment of that time. From this committee emerged the redistribution of responsibility for workplace-based, on-the-job training from industry to governments under a national training framework. The introduction of the Australian National Training Authority (ANTA), the Australian Qualifications Framework (AQF), and Australian Apprenticeships and Traineeships created a vast and extremely complex federal and state government VET bureaucracy. Australia’s Federation did not prevent each state from creating its own separate agenda, processes, funding arrangements, registration and compliance requirements, contained in what was meant to be a national framework.

By the mid-1990s TAFE was struggling to meet capacity and the flexibility demands of the new government VET agenda. Industry, once prepared to pay for necessary staff training, was now looking to governments to provide the requisite skilled manpower. Private education providers with entrepreneurial and flexible operations entered the VET market space and began to absorb significant amounts of government training funds.

Australia was developing a lucrative VET economy, resulting in vigorous competition between providers. The government continued to strengthen the VET sector in an attempt to demonstrate the convergence of social and equity outcomes while meeting the needs of industry. Private providers created innovative curriculum in an attempt to accommodate the government’s ambitious educational demands. Yet, registered training organisation (RTO) responsiveness and flexibility were often undervalued and underfunded. Consequently, many private providers were short-lived, thus hampering the reliability, quality and development of professional expertise in the sector and also resulting in a high level of amateurism in their operations. This forced governments to impose several layers of quality and compliance checks and balances on the VET sector.

TAFE and private providers increasingly struggle with compliance requirements and the administrative demands imposed by government bureaucracies. The focus on compliance far outweighs the focus on improving and increasing training services.

Large companies and industry associations, initially seizing the economic advantages of government-funded traineeships in the early 1990s, have become dissatisfied with the government’s unfulfilled promises of training that would meet industry demands. Enterprise registered training organisations (ERTOs) gradually adopted the Australian Qualifications Framework in an attempt to focus governments and the VET sector on the importance of

meeting industry's skills needs; however, the significance of these organisations went unnoticed for some years. By 2009 there were 256 enterprise registered training organisations identified on the National Training Information Service register who were delivering an estimated 20% of all VET qualifications—although governments still have very little knowledge of the full extent of VET qualifications and skill-based training being delivered by enterprises. With the very small portion of government funding contributed to enterprises, and with no political or financial gain to do so, enterprise registered training organisations are unlikely to provide such training intelligence.

Thirty years on from Kangan and drawing on my experiences of the past, I have a view of the future VET as follows:

A national agenda

- ✧ VET will continue to suffer from a lack of national uniformity and conformity for the foreseeable future. No federal government in the past 30 years has been able to achieve a truly national VET system. State registering authorities continue to implement increasingly undesirable state-based systems and processes in an attempt to manage and control VET providers under their registering authority. A fully national VET registration system will only eventuate when the majority of registered training organisations are national providers. Then, in combination with large enterprise registered training organisations, they will have a significant power base to force the legislative decisions of state governments.
- ✧ Standardisation and centralisation of student data and reporting systems into a single national collective will eventuate, but only when a fully national VET registration system is achieved and the federal government implements appropriate data systems.
- ✧ The VET sector will continue to experience nervous tension from occasional manipulation by state and federal governments with their own political agendas.
- ✧ The federal government will gain greater insight into the VET sector, and data intelligence-gathering of the total sector will improve, including private providers and enterprise registered training organisations providers. However, if this intelligence leads to governments imposing restrictive or influencing controls over these providers, many will depart from the national training agenda completely.

Qualifications

- ✧ A reduced number of industry training packages will foster the development of qualifications designed for broader job roles. This will further advance the acceptance of nationally accredited qualifications by enterprises and individuals. Employees requiring portability across trades/professions will benefit from having numerous, easily acquired multifaceted qualifications, many achieved through credit transfer and recognition of prior learning/skills recognition.
- ✧ Qualification packaging rules will become less structured in an attempt to meet industry and individual requirements. Enterprises and industry associations will be best placed to quickly adapt to this flexibility, while TAFE and existing audit regimes may be challenged by the qualification de-structuring.
- ✧ The boundary between school education in the upper years, VET and higher education (university sector) will continue to be blurred. TAFE will be reshaped, with further education qualifications being amalgamated with those from the higher education sector.

The T (technical) part of TAFE will gain strength with vocational trades as the demand increases, caused by an increasing population and Australia's engagement in delivery of training and qualifications to developing countries.

- ✧ Enterprise registered training organisations will continue to utilise the VET national accreditation system and industry training packages to deliver technical vocational skills to their staff, while governments continue to give due recognition to industry as the major stakeholder in VET. Enterprise registered training organisations will, however, demand and develop greater flexibility within the qualification structure.

VET providers

- ✧ There will be a significant decrease in the number of private providers in the Australian marketplace, and many that may appear to be trading will have merged with and be part of larger conglomerate education businesses. Medium-sized providers will be far fewer. Most of the larger providers will operate in both higher education and vocational sectors, or will have significant global operations.
- ✧ Most private providers will have industry specialisations and become publicly identified by the AQF level and type of qualifications they deliver. The burden of administration costs, reduced funding and public exposure of service quality will ensure that providers streamline their scope of registration.
- ✧ TAFE institutes, enterprise registered training organisations and large private providers have the potential to form industry partnerships and offshore relationships for international training, but only a few small providers will survive the global and complex education marketplace of the future.

Quality and compliance

- ✧ Despite Australia's VET system being compliance- and quality-driven, this has not prevented poor-quality, fraudulent and profiteering providers from thriving in the VET sector. A more effective national registration and provider quality assurance monitoring system will emerge when governments and stakeholders review and take stock of how compliance management has failed over the past few years. A new VET national registration and monitoring framework will emerge, but its success is dependent upon national regulation of the sector.
- ✧ Quality indicators in their current format are not a trustworthy or fair process for evaluating the quality of VET delivery or registered training organisations. This evaluation system is seriously flawed and cannot continue to operate in its current form for more than another year or two. It does not provide accurate and reliable data. The original objective of provider-based quality indicators will be re-introduced and a changed method of evaluating VET provider performance will be introduced.
- ✧ In some instances the Australian Council for Private Education and Training (ACPET), the national industry association for independent providers, has failed to ensure the quality of its affiliated private provider members. Another level of registration and licensing will emerge for private providers, one which can ensure providers are well qualified to manage a VET operation, with mandated ongoing professional development to ensure compliance continuity.

Financial viability

- ✧ Future governments, facing restricted budgets and increasing social demands, will spend less in the VET sector than in the past three decades. This will cause a decline in the number of medium-sized providers, which have relied heavily on socially and politically targeted government funding.
- ✧ The financial viability of many VET providers will be diminished as a consequence of rising costs and lower returns, leading to providers who will creatively extend their operations into supplementary services beyond the boundaries of Australia's borders and the AQF framework.
- ✧ Provider funding for traineeships and apprenticeships could increase if the state government layer is removed from the funding provisions. Given that the Australian Apprenticeship system is intended to be a federal system, state engagement only adds additional costs and extensive administration and bureaucracy.
- ✧ Government funding and support for flexible learning and e-learning technologies will not be proportionately as high as in the past. Learning methodologies and learning technologies have not progressed at the rate envisaged in the 1990s. Creative and innovative facilitation, including technologies in training, will develop, but mainly in response to client and stakeholder demand. Training providers who can provide and utilise the technologies in their training will have the advantage.

International market

- ✧ Educational services for overseas students will be more closely aligned to both Australia's skills requirements and cooperative ventures with off-shore countries. The Australian VET industry has a large task ahead to regain the attention and confidence of overseas markets. VET providers will require professional marketing teams with strong international connections and will need to be financially capable of surviving periods of reduced profit and economic downturn.
- ✧ The Australian Government will be forced to work with and contribute to the growth and development of Australia's international training and education industries, as it is a major import industry.

A final word

When it comes to the future, there are three kinds of people: those who let it happen, those who make it happen, and those who wonder what happened.

John M Richardson, Jr.

I can only wonder, when I look to government, industry and the education and training providers, which of these will 'make it happen' for VET?

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An opportunity to be grasped

ROBIN SHREEVE
SKILLS AUSTRALIA

For people and organisations involved with VET in Australia, the next 15 years are likely to offer enormous opportunity. Economic growth, ongoing skill needs and an aspirational society provide a fertile environment for the VET system to grow and prosper.

Australia needs more skills and qualifications if it is to achieve its desired levels of economic performance. In its report *Australian workforce futures*, Skills Australia recommended a 3% per annum cumulating increase in tertiary education enrolments over the next 15 years (Skills Australia 2010, p.2). This target was based on modelling by Access Economics that showed Australia might need more than 500 000 additional tertiary qualifications per annum by 2025 (Access Economics 2009, p.62). Although the broader tertiary education sector includes higher education as well as VET, many of these new qualifications will be at the foundation, trade, technician and paraprofessional levels, which are the core business of enterprise, private and public VET providers. The Council of Australian Governments (COAG) has set targets to reduce by 50% the number of adults without a certificate level III qualification and to double the number of people with advanced technician and paraprofessional qualifications at diploma and advanced diploma levels by 2020. In addition, Skills Australia recommends that Australia should aim to increase its workforce participation rate from 65% to 69% by 2025 (Skills Australia 2010, p.9). This is an ambitious target which, when achieved, will bring great social and economic benefits to the country. Research by KPMG Econtech for the Department of Education, Employment and Workplace Relations claims that, if all the government's education and skills targets are met by 2040, the economy would be better off by \$100 billion per year and have an additional 500 000 people in the workforce. Although some of these targets are not in the VET sector, many are (Gillard 2010).

Achieving these targets will involve bringing many currently marginalised groups into the workforce. This will require some highly personalised, innovative and intensive approaches to personal and skill development from the VET and community education sectors and often include programs in employability skills, covering areas such as language, literacy and numeracy. It will also require providers to have closer connections to employment and lifestyle-support programs run by agencies such as Jobs Services Australia. In this context VET will build on its reputation as an agent for social inclusion and social mobility.

Yet VET not only needs to expand its traditional role of developing skills and delivering qualifications; it also needs to broaden its role and adopt the wider remit of working with

industry to achieve greater *utilisation* of skills in the workplace. Skills Australia, amongst others, has argued that the development of skills is a necessary but not a sufficient condition to realise the best return on the investment in skills made by individuals, industry and government (Skills Australia 2010, p.4). Better utilisation of skills in the workplace is critical, as there is considerable evidence that skills are currently underutilised or wasted. Improving skills utilisation is far more than just delivering training in the workplace; it also encompasses developmental activities such as assisting enterprises with better job and organisational design. Capability and capacity in these activities appears limited in Australia and often resides with external consultants. Australia for good cultural reasons has not taken the external audit or 'kite mark' approach to better skills utilisation and development adopted in the United Kingdom with their 'Investors in People' certification schemes. In Australia VET providers, in association with services like Enterprise Connect, should develop capability in this area, partly by building on their practitioners' industry experience and the VET systems' linkages with individual enterprises.

Positioning the system

So the fundamental questions revolve around how best can VET position itself to be able to respond to these twin challenges of increasing the quantum of skills and credentials and supporting a broader remit to facilitate better skills utilisation within enterprises.

To achieve these objectives there are immediate 'systemic' and longer-term 'cultural' obstacles VET needs to overcome.

Current issues: Demonstrating quality and outcomes-based funding

The immediate and 'systemic' obstacles are many and varied, but all are solvable. They include an ageing VET workforce and the need to increase the declining quantum of VET funding, which is an issue for industry and individuals as much as for government. Discussion on self-funding targets and a Commonwealth takeover of VET is likely to make a comeback. In my view, however, two issues stand out above all. These are improving quality and linking funding to performance and outcomes, rather than to activity and volume. Quality is the biggest immediate issue for VET. Currently there is little publicly available data to prove that individual providers—public, private or enterprise-based—achieve quality outcomes for their clients and employees. The recently announced national regulator is likely to improve provider registration and provider compliance with Australian Quality Training Framework (AQTF) standards. However, until assessments are regularly externally moderated and validated across providers, industry and individuals cannot have real confidence that a certificate III issued by one registered training organisation is to the same standard as a certificate III issued by another. This is a big and expensive task and may only be possible by charging learners a fee for every credential issued. Moderation and validation may have to be done on a sampling base and could be a responsibility for the industry skills councils (ISCs). Quality would also improve through greater transparency about individual provider outcomes in terms of competency and course-completion rates. Again, the recently announced *MySkills* website should assist in this process, but it needs to be extended to privately funded provision where nationally recognised qualifications are being awarded (Department of Education, Employment and Workplace Relations 2010). Without stronger quality mechanisms it is difficult to see how funding can become more

entitlement or ‘user choice’ based. The resources in the entitlement ‘voucher’ should not be wasted on poor-quality providers—I believe that cannot yet be guaranteed in the current system. Public funding itself needs to be allocated on the basis of outcomes, such as learner retention, and outputs, such as competencies and qualifications completed, rather than on the present basis of inputs and volumes, such as numbers of enrolments and notional annual hours curriculum (AHC) delivered. This does not necessarily mean a purchaser provider model for allocating funding. A user-demand entitlement system could be linked to the establishment of minimum levels of provider performance for key metrics such as competency completion rates. Funding on outcomes should offer an incentive to providers to achieve better student selection, retention and success rates.

Longer-term and cultural challenges

But beyond these immediate issues there are others that are more deeply embedded in the external environment that VET operates in.

In the immediate past, reform in VET has been concerned with changes to the supply side, for example, creating public technical and further education (TAFE) institutes the size of universities from TAFE colleges that were often not much bigger than local high schools; increasing competition by opening up the publicly funded training to private providers; and creating a competency-based system of industry-specified credentials. These reforms gave critical mass to public providers; a better connection to industry; and choice to users, and resulted in improved efficiency across the system, although not necessarily more effectiveness, as quality issues remained.

Reform in the future will also have to address some demand-side issues, not least of which is the need to promote a stronger culture in Australia amongst individuals, employers and government that places a higher value on workforce development and vocational education and training. In the United States middle-class and many aspirant working-class parents have long been prepared to save and invest in their children’s ‘college education’, partly because the economic and social returns are so transparent. Australia needs a similar transparency about the returns of investing in VET to government, industry and individuals.

Simplifying the system

We also need to simplify the system so that everyone understands it, what the UK Commission on Employment and Skills calls ‘hiding the wiring’. Although our system is far simpler than some others such as that in the UK, where there is a veritable alphabet soup of acronyms and quangos, many people do not understand the range of what VET providers offer and what VET qualifications actually mean. VET insiders know what a certificate III and advanced diploma mean, but do many potential students, parents and employers know what is the level and value of these qualifications compared with, say, a bachelor degree?

Workplace and institution-based learning

Part of this general misunderstanding is that when people outside the system think of VET, they often first think of formal VET provider institutions such as the publicly owned TAFE institutes and the growing number of private colleges. Other forms of skill acquisition

through non-formal and informal learning are less visible. Institutions still deliver the bulk of publicly funded VET credentials. To a certain extent, ‘institutionally’ based training is a substitute for workplace learning. Workplace learning covers both initial training, such as apprenticeships, and an increasing degree of skills-deepening and workforce development activities for more experienced employees. The Organisation for Economic Co-operation and Development (OECD) in its policy review of vocational training considered workplace learning to be the preferred mode of skills development (Field et al. 2009, p.63). The OECD researchers argue that in workplace learning trainees develop real-world technical skills on industry-standard equipment, often in concert with the development of soft skills, such as effective communication, through interactions with customers and colleagues. In addition, the OECD argues that employer-sponsored training sends a clear signal that it is of real labour market value. David Finegold made the point at a recent Skills Australia Forum that employers would often rather ‘poach’ an experienced worker from another firm than take a recent graduate trained in an institution (Finegold 2010).

Workplace learning means the trainee has to be employed by the enterprise. Sufficient relevant apprenticeship and trainee jobs are not always available to meet demand, so inevitably much VET has to be delivered pre-employment in institutions. Commentators like Tom Karmel have pointed out that a considerable number of VET students never take up the occupation they gained a vocational qualification in (Karmel, Mlotowski & Awodeyi 2008, p.11). So VET is often used as a ‘general’ pre-employment pathway. Institution-based training is also of critical importance to existing employees who want to train for their next job or gain entry to higher education with or without the support of their existing employer.

In practice, trainees will continue to receive a mix of ‘on the job’ work-based learning and ‘off the job’ institution-delivered underpinning and theoretical skills. Although some skills are better developed and assessed in the workplace, there can be others that are more suited to an institutional setting, like learning about the theory of calculus.

To an extent, the future ‘shape’ of the VET and the wider tertiary education systems depends on the degree and nature of the integration or the separation between workplace and institution-delivered vocational learning.

Irrespective of how much integration is achieved, workplace learning will need to expand as firms compete in a global market that is becoming more skilled. Developments in eLearning might also facilitate this trend. Some have advocated that more public capital funding should be spent on flexible delivery systems rather than on new buildings. Interestingly, a recent survey of enterprise-based registered training organisations did, however, show that many of these workplace learning providers are not great users of eLearning techniques (Enterprise Registered Training Organisation Association 2009, p.4).

The effectiveness of workplace learning is contested ground. Commentators on VET have questioned whether workplaces truly are ‘cathedrals of learning’ (NSW Board of Vocational Education and Training 2000, p.10). This view also reflects a frustration with a competency-based approach that academics like Wheelahan and Buchanan feel is a far too narrow and atomistic view of education and training (Wheelahan 2010, p.1). They advocate a more knowledge-based approach to vocational learning, which has as its prime objective the development of human capability. This they argue is a better preparation for all aspects of life, including a redefined and broader notion of occupation and vocation (Buchanan et al. 2009, p.17). It could be inferred from this position that VET-sector institutions would be viewed more on a continuum with secondary schools and higher education—perhaps

like the community colleges in the United States or the further education colleges in England. Current VET-level credentials in their view should re-focus as much on more generalised knowledge and preparation for study in higher education as on the acquisition of specified competencies (Wheelahan 2010, p.2). Not surprisingly, this view is not as strongly reflected in the plans of the industry skills councils, who are responsible in the current national system for the development of training packages, which specify competencies and link them to credentials. Industry skills councils are often strong advocates of workplace learning and the delivery of ‘skill sets’—or part rather than whole qualifications. Issues around ‘skills sets’ constitute a current skirmish in this broader context. Many people in the union movement who are strong advocates of workplace learning believe that publicly funded skills sets are only acceptable if the individual already has a ‘full qualification’ at certificate III level or above. Certainly, returns to individuals are far less for part rather than whole qualifications. Maybe the real solution is to recognise ‘skill sets’ as ‘foundation’ or ‘post experience’ qualifications in their own right and include them in the Australian Qualifications Framework.

Recent changes to training packages have also put more emphasis on underpinning knowledge and have allowed modules from ‘accredited courses’ to be included in VET credentials. Thus it is argued that training package credentials now better meet the needs of the large numbers of institution-based learners who do not necessarily have relevant, concurrent industry experience.

VET and higher education

Speculating on ‘intermediate, knowledge-based’ institution-delivered vocational qualifications raises the issue of the degree to which, in the future, we should continue to separate tertiary education into ‘higher education’ and ‘vocational education and training’. Advocates for the research as well as the teaching-based higher education sectors often attempt to give it a ‘higher purpose’, one centring around the role of their sector in the creation as well as transmission of knowledge (Schwartz 2008; Gillies 2008). They contrast this with a VET sector which is linked to satisfying the more immediate skill development and needs of individuals and industry.

These divisions are sometimes overdone. Today Australian universities have a preponderance of faculties which are broadly vocational in their focus. The Bradley Review (2008) advocated an expansion of higher education places funded via a student entitlement model. The aim is to have 40% of the population aged between 25 and 34 years degree-qualified by 2020. Professor Bradley also recommended that ‘advanced VET’ qualifications that overlap with higher education eventually be brought into this demand-based model with readily available income-contingent loans.

So what impact will this university expansion have on VET institutions? We are beginning to see a long-term decline in advanced VET diplomas such as diplomas and advanced diplomas, although the Global Financial Crisis appears to have had a positive impact on enrolments in 2009 as students look for a safe haven. These qualifications are often used by younger domestic and international students as ‘initial post secondary’ alternatives to higher education awards. Many of these students, on completion, transfer to degrees programs. For more experienced learners who already have vocational qualifications in the area, they are the ‘culminating’ qualification of a long pathway of vocational certificate programs. In

this sense they are used as advanced technical or paraprofessional qualifications in areas such as engineering. One can see a future for the ‘culminating’ qualification model, but less so for the ‘initial post secondary/alternative higher education’ one, as universities expand and access to a degree program is made easier.

It will be interesting to watch whether our current cross-sectoral universities such as Swinburne, RMIT and Victoria maintain a breadth of provision in diplomas or advanced diplomas, or increasingly replace them with degrees at either bachelor’s or associate level.

Many TAFE institutes, such as Holmesglen Institute, and private providers such as the JMC Academy are now offering degrees—albeit principally on a fee-for-service basis but often with FEE-HELP income-contingent loans to make them accessible to students who are prepared to take out a not-insubstantial loan. Other models include those offered by the University of Western Sydney, where students take in parallel a VET and higher education qualification in areas such as retail and tourism and hospitality. By doing this they can combine work-based learning with a degree-level academic qualification.

For 20 years we have had initiatives to provide articulation and credit transfer from VET diplomas to university degrees. The return on these initiatives has only on a limited number of occasions matched the effort. Some universities have difficulty aligning competency-based diplomas with knowledge-based degrees. It is unlikely that Australia will ever follow the UK model and classify everything above level III as higher education. Arguably, this makes institutional relationships simpler, but also risks downgrading VET. Another factor in Australia’s less-than-optimal performance in VET-to-university pathways is that many universities do not for financial reasons want to give up teaching the first year of their programs. This is almost certainly the reason why the strongest transfer programs are often those from university-owned or franchised foundation colleges.

An interesting cross-sectoral development is the situation where universities and VET institutions sponsor secondary schools. In Victoria, Monash University is sponsoring John Monash Science School, an innovative senior secondary college focusing on science and mathematics. A good example from the United Kingdom is Barnfield College, which sponsors two ‘Barnfield Academies’ in Luton. This arrangement seems to have considerably improved results in the schools and opened pathways to the college. The students at the academies are aged 11–16 years and so this is an extension of the 16–18 years ‘vocational colleges’ found in some Australian TAFE institutes.

Bifurcation or integration in VET?

So there is a trend for institutions to offer qualifications from different sectors. This may well grow. It may well provide students with a more effective articulation and credit transfer pathway than national agreements between sectors. Organic ‘bottom up’ restructures are often more effective than those from the top. By 2025, a situation *in extremis* might be envisaged where VET sector providers have evolved to focus on either end of a broad spectrum of delivery pathways. On one end of this spectrum will be providers who concentrate on the institutional delivery of a range of qualifications from both the traditional VET and higher education sectors. They might even be less competency-based. These providers might currently be dual-sector universities, universities with a subsidiary registered training organisation, or public or private VET institutes who have expanded their degree offerings. At the other end of the spectrum are VET providers who have

focused on workplace learning—either delivering in the workplace themselves or helping enterprises run and accredit their own workplace training. It is probable that organisations who have developed this type of expertise will be those who are best placed to help enterprises with the critical but broader remit of enhancing skills utilisation. In the middle, especially in regional and rural Australia, where the TAFE institute might be the only post-secondary provider, there will be organisations who try to offer a comprehensive range of provision from both ends of the spectrum.

The question this raises is: are the teaching, learning and assessment styles of workplace learning similar to those needed for institutional delivery? If not, can most providers develop the core competences to service both segments adequately?

In this world the greatest challenge in terms of VET pathways may not be from VET to university and reverse, but in gaining credit and recognition for formal, informal and non-formal learning delivered in the workplace. One would hope that we can significantly improve on the volume of recognition of current competencies and prior learning currently being achieved.

One future?

So I think the future of VET will be growth in activity and a wider remit which encompasses skills utilisation as well as skills development. This will not happen, however, unless the quality of VET provision is made more consistent and funding is made more outcomes-focused. The former will instil greater confidence in users, the latter in government funders. If government funding is not available and outcomes are not delivered, the users will simply not pay and walk away from VET. More institutions might ‘uncouple’ themselves from delivering qualifications from within just one traditional sector. Training services will have to become more ‘personalised’, irrespective of how they are delivered, in order to support learners with a wider range of backgrounds. Workplace delivery will grow, a trend perhaps accelerated by more ‘employer responsive’ as opposed to ‘individual responsive’ government funding streams. These have begun to appear recently, examples being the Enterprise-Based Productivity Places Program (EBPPP) and the Critical Skills Fund. Whether the sector will then bifurcate into those who specialise in institutional delivery for individuals and those who specialise in workplace training and skills utilisation for enterprises will be an interesting dynamic to watch.

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From VET to tertiary: The future of VET in Australia

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Introduction

In the Australian context, the beginning of VET as it is understood today can be dated to the early 1990s, when the Australian National Training Authority (ANTA) was established.

As Goozee summarised ANTA's new approach:

VET was seen as encompassing public, private and community education and training as well as work-based training. TAFE was ... regarded as just one part of Australia's VET system. (Goozee 2001, p.90)

The current VET sector: More of the same?

VET today

Today, VET is offered by over 4500 providers in a wide range of settings: enterprises, TAFE institutes, universities and other higher education providers, schools, community-based providers and private registered training organisations of many different types and scale. It caters for a multitude of student cohorts across a wide age spectrum: school-age learners; apprentices; trainees; frontline workers; supervisors; managers; learners seeking a pathway to university; older workers with limited or no qualifications; self-employed, unemployed or retrenched persons; women seeking to return to work after child-rearing, migrants, refugees ... The list goes on.

There is a convergence of providers across and beyond VET. TAFE institutes and some other registered training organisations also offer secondary school programs and higher education programs. Universities, not only the dual-sector universities, are also involved in VET and equivalent pre-degree programs, such as foundation programs.

The use of terms such as 'sector' and 'system' to describe this miscellany of provision of VET implies a unity and cohesion which has always been tenuous.

Certainly, there is a legacy of national unity from the ANTA period in the form of an 'industry-led' mantra, training packages, the Australian Quality Training Framework (AQTF) and the Australian Qualifications Framework (AQF), but as states and territories increasingly go their own way, this is breaking down. While these features served a distinct

purpose in the past, inconsistencies and tensions which have existed for a long time have become more obvious over time and now show little prospect of being resolved.

An unsettled history

From the outset, TAFE, and later VET, have been subject to ongoing change and reform, from the time of ANTA and since it was abolished in 2004.

Introducing a series of papers on the future of VET as long ago as 1992, the then Executive Director of NCVER commented on the highly political nature of vocational education and called for a long-term policy framework for the sector (Hall 1993, p.9).

In 1997, the then Chair of the NCVER spoke about TAFE in ways which apply equally for VET today:

We've survived many reports, the many reviews too numerous too mention, the many new reforms of many new governments and [it] soldiers on. [TAFE] will take it aboard, will marshal its forces; it will go on competing, marketing and delivering to many users' satisfaction and it will give many users very many good choices into the next century and beyond. (Kirby quoted in Goozee 2001, p.104)

And more recently, writing in the *Australian* on 19 May 2010, education commentator Dr Gavin Moodie said:

... the government ... still doesn't have a comprehensive policy for vocational education, which has been lacking since the government's termination of the Australian National Training Authority in 2005. And Australia is still a long way from an integrated tertiary education policy. (Moodie 2001)

The Nous Group has signalled the congested governance arrangements that exist in VET, highlighting the multiple governance layers:

- ✧ *Authorising and oversight layer*: federal and state/territory ministers and their highest level joint jurisdictional committees
- ✧ *Legal, advisory and policy layer*: VET departments, advisory bodies and legislation
- ✧ *Product and provider registration layer*: registering and accrediting bodies, guidelines, frameworks, products and contracts for programs
- ✧ *Market layer*: providers, students, business and industry.

In practice, each state and territory has different:

- ✧ governance arrangements
- ✧ reform programs
- ✧ levels of autonomy for public providers and therefore different commercial capability
- ✧ policy positions on the public and private sectors
- ✧ approaches to market design
- ✧ funding levels
- ✧ fee structures
- ✧ industrial arrangements and staffing practices.

The complexity of these layers and the variations between states has had a fragmenting, even paralysing effect on the sector. This was highlighted by the Organisation for Economic Co-operation and Development (OECD) as a major challenge in its review of the Australian VET system (Field et al. 2009, pp.5–6).

This fragmentation is not in Australia's best interests. Take, for example, the recent market failure in international education which saw federal and state bureaucracies unable to coordinate the necessary action to curb the damage before it had reached flashpoint. The damage that was caused to a major export industry and to Australia's reputation may well be irreparable.

All of the factors above result in different public perceptions of VET in each state and territory, in terms of its reputation and status. The various reforms that have been implemented in each state have been designed to change the individual systems but not to contribute to greater national consistency. The government has set laudable but ambitious targets for improved student attainment and qualification completion in both VET and higher education, which will not be met under these circumstances.

Going on this past record of nearly 20 years, one possible scenario for the future of VET is that it will continue to be the subject of short-term and piecemeal reform, continue to lack a long-term or coherent national policy framework and therefore continue to be essentially fragmented. VET has struggled to achieve a strong reputation in the community and these issues may be pointers to the reasons why.

A tertiary sector?

On the other hand, the current situation has the seeds of a more optimistic scenario if the already significant policy moves towards a tertiary sector, as yet not fully defined, are further strengthened and take hold.

New institutions are emerging in response to student and employer demand. Practice is leaving policy in its wake. Polytechnics, institutes of technology and institutes of vocational and higher education are just some of the titles of these new institutions, while universities are creating separate entities to deliver a wider range of options.

A new tertiary sector would recognise the existence of these institutions and the fact that they no longer neatly fit the provider types or the VET sector characteristics of the past. They have a broad educational mission, reflecting the convergence in education that is occurring. They aim for a seamless approach to education and training and respond more directly to their local markets, the socioeconomic status and aspirations of both traditional and potential new student cohorts, their local industries and enterprises, and their commercial potential, both within Australia and offshore. They have in common the goals to articulate a clear value proposition for students, to carve out new space in the educational domain, to create new capability and to expand their business boundaries unrestrained by VET conventions.

For some time it has been recognised that training packages best fit those learners who are in employment, that is, those whose learning and assessment are directly job-related and whose intention is: to meet the training requirements of the employer; to upskill as required

by the employer; to gain skills required for promotion in the industry; to meet licensing requirements; or, in some cases, to gain skills for permanent residency. Training packages in some form may well remain suitable for these learners.

But there are many other learners in VET whose intentions are not so well accommodated by training packages. Those whose job and career intentions are less firm, who may simply be seeking to re-engage in education and training to explore a broad industry area, or to determine a suitable career path are just some examples. There are also those who may be studying in VET as a pathway to higher education to gain practical skills concurrent with or following degree studies or to become self-employed. For many of these learners, bureaucratic structures and distinctions between educational sectors are obscure, even irrelevant.

These circumstances demand a more flexible set of options for students, which a new tertiary sector could offer.

The concept of a tertiary education sector gained momentum with the release in 2008 of the Bradley Review. While focusing predominantly on higher education, the review foreshadowed the development of a tertiary sector and identified six key characteristics which would ensure its effectiveness. These are presented in summary below:

- ✧ equal value given to VET and higher education
- ✧ recognition that institutions may have a primary mission in one sector and still offer qualifications in another
- ✧ a shared and coordinated information base and approach to anticipating labour market, industry and demographic needs
- ✧ capacity for the system to provide an integrated response to workforce needs for industries and enterprises, including in outer metropolitan and rural areas
- ✧ an efficient regulatory and accountability framework
- ✧ clearer and stronger pathways between the sectors in both directions.

These six characteristics could form the basis of a long-term policy framework for a new tertiary sector, which has been lacking in VET.

Already a number of initiatives have occurred that directly support these characteristics but the building blocks are incomplete.

So what has happened to date?

1 *Equal value given to VET and higher education*

The inclusion of VET in the Education Infrastructure Fund has gone some way to achieving this, as has the creation of the Ministerial Council for Tertiary Education and Employment (MCTEE).

2 *Recognition that institutions may have a primary mission in one sector and still offer qualifications in another*

This has not been formalised but is the case in practice.

3 *A shared and coordinated information base and approach to anticipating labour market, industry and demographic needs*

The addition of this role to the responsibilities of NCVER has been suggested but not determined.

4 *Capacity for the system to provide an integrated response to workforce needs for industries and enterprises, including in outer metropolitan and rural areas*

The ambit of Skills Australia has been expanded to include provision of advice on workforce development and industry needs in both the VET and higher education sectors.

5 *An efficient regulatory and accountability framework*

The establishment of the Tertiary Education Quality and Standards Agency (TEQSA) and the National VET Regulator were announced, with plans to bring them together in 2013.

6 *Clearer and stronger pathways between the sectors in both directions*

The panel reviewing the Australian Qualifications Framework was asked to give particular attention to improving pathways between the sectors.

It can be seen from the above that some of the structural requirements are underway, but the issues of principle, particularly as outlined in characteristics 1 and 2 are still uncertain.

What further steps need to be taken? Eight areas are briefly highlighted below:²

National tertiary protocols

A new set of national tertiary protocols is an important first step to cover these new and emerging institutions, as well as universities. There needs to be clear criteria related to what constitutes a tertiary institution, relating to: scope, level and quality of offerings; scholarship and research; governance, management and financial capacity; and ability to contribute to the achievement of the Council of Australian Governments and federal government targets, including those related to access and social inclusion.

Governance

The governance and legislative arrangements for VET and higher education need to be more closely aligned, without in any way compromising the autonomy universities currently enjoy. Learning from the mistakes of the VET sector, fundamental policy principles derived from the criteria enunciated in new national tertiary protocols would determine these arrangements rather than individual state predilections.

Regulatory framework

A robust regulatory framework is also required, which could be incorporated under the Tertiary Education Quality and Standards Agency. The integrity of Australian qualifications has been called into question internationally and their reputation must be restored and

² Points raised in this section draw on work developed by TAFE Directors Australia (TDA) following the release of a joint position on the tertiary sector with Universities Australia (UA) in March 2010.

safeguarded. In addition, every effort should be made to ensure that all states agree to being part of the National VET Regulator and that it is established in such a way that linking with the Tertiary Education Quality and Standards Agency is facilitated.

Information and data collection

Resolution of the critical issue of a coordinated approach to information and data collection should occur sooner rather than later in order to establish an integrated and evidence-based framework for decision-making relating to policy. The agency selected to undertake this role should therefore have the highest standing in the research field and be adequately resourced.

Funding

Dow et al. (2010) reporting in the Victorian context have expressed the view that government targets will not be met by focusing simply on higher education, arguing that both the higher education and VET sectors will need to grow substantially. He recommends advocacy to the Australian Government for the resourcing requirements to meet this need. This should include the extension of Commonwealth-supported places to VET providers which are also registered as higher education providers and which are offering undergraduate places.

Research and scholarship

Excellence in research is a proudly cited differentiator between higher education institutions, with research capability also seen as an exclusive domain of universities. There is no reason why this should not continue, but it does not need to prevent the formation of a broader tertiary sector, where scholarship, excellence in teaching and industry relevance are also important goals. Those institutions with their foundations in VET would still be able to maintain VET as a primary mission.

Qualifications architecture

It is now recognised that the current structure of qualifications is problematic. Achievement of a seamless program architecture, particularly at the interface between VET and higher education, has been hampered by blurred and sometimes dubious distinctions between, for example, advanced diplomas and associate degrees and at the (vocational) graduate certificate/diploma level. This is a key issue in the review of the AQF.

Pathways and credit transfer

A more efficient approach to the development of pathways and credit transfer between VET and higher education programs is long overdue. This will be assisted but not entirely resolved by a new qualifications architecture. National endorsement of qualifications in VET and accreditation at the individual institution level in higher education are at odds with each other, for example:

- ✧ Endorsed training package qualifications are available to all providers who can meet the registration requirements, yet many universities continue to negotiate credit transfer arrangements with individual VET institutions.

- ✧ VET institutions wishing to offer degrees have to invest in the development of each qualification to do so, when there is most likely anything from 50% to 90% overlap in content with degrees in universities.
- ✧ Pathways for learners transferring or articulating from higher education into VET have been far from clear.

These situations involve significant duplication and wastage that would be better spent on improved teaching resources, both human and physical. National tertiary protocols could address how these and many other related issues might be resolved without compromise to academic rigour and independence.

Conclusion

This paper has argued that it is time to reconceptualise Australian education to take it forward into the future and to make the achievement of the COAG and federal government targets for VET and higher education a reality. Learning from the mistakes of the past, a bold, comprehensive and nationally agreed policy framework will be required that engages and commits all state and territory governments, all of the stakeholders and the providers. The emerging tertiary sector offers the opportunity for this to be the way forward.

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Is there a future for the ‘V’ in VET?

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The future of the VET system is clear. If it follows the trend of the last decade, the system will be less and less vocational, and more and more concerned with the educational aspects of tertiary learning.

Vocational education should be ‘of, pertaining to, or noting instruction or guidance in an occupation or profession chosen as a career or in the choice of a career’.³ Yet, an analysis of the last decade of development of the system reveals a move away from the occupational or professional aspects and towards the individual.

The focus on the individual is not particularly surprising, given the policy drift of the past decade. The question is whether the Chinese proverb ‘consider the past and you shall know the future’ is true.

The last ten years have seen the nexus between the employer and the training system seriously weakened; the final sinew of that connection will have undoubtedly snapped by the time the current apprentice recruits receive their trade papers.

If the future is as it appears, by placing the purchasing decisions in the hands of the student (‘the product’ in the training system), the employer relationship with the system will be rendered all but irrelevant. Not only will there be no link between the training delivered and the job role that the trainee is preparing for, but there will be no sense that any information will be provided to trainees on what jobs might be suitable for them.

This future is likely to see this level of dysfunction not only at the individual level, but also in the larger context. No contestable market, no quotas, no plan for the utilisation of resources, no intervention based on demand; instead a distorted market with the purchasing power in the hands of the product.

Without productivity improvement in the workplace, reflected in the economy (as increased taxes, greater output and increased investment), the motivation for government investment is significantly diminished.

In principle the period of training reform from the 1980s to the 2000s was sound. Training based on the skills, knowledge and attitudes to undertake a job, coupled with a controlled

³ <<http://www.Dictionary.com>>, ‘vocational’.

progression towards ‘user choice’, should have been effective. The approach of the employer (the system’s customer) driving where training places were funded (for apprentices and trainees) did start to work. The training delivery profile was beginning to move to where demand for jobs was being experienced.

The first blow to the implementation of this true VET market was the winding-back of the ‘user choice’ commitment. This was compounded by an erosion of the role of training packages from competency profiles to delivery resources. This sealed the fate on the future VET system.

The 1997 User Choice Agreement (eventually amended in 2000 and again in 2003) stated as its objective that ‘User Choice is to increase the responsiveness of the vocational education and training system to the needs of clients through the encouragement of a direct and market relationship between individual providers and clients’. While centred only on apprenticeships and traineeships, the market approach was appropriate.

The initial objection to user choice was concern over thin markets, and these objections held up implementation—while making time for the publicly funded TAFE to assemble arguments condemning employers for driving user choice for their own purposes. That employers were working against the public TAFE system was a misguided view held by the TAFE sector, who believed they would not be able to compete in an employer-driven market.

Employer concerns over a lack of skills and labour to accommodate projected growth, thus constraining economic capacity, prompted the Australian Chamber of Commerce and Industry (ACCI) to promote user choice as the cornerstone of training reform. The chamber’s adversaries blocked progress on user choice fearful of the market that might be created.

The User Choice Agreement was finally signed off by all states and territories. At the time, however, a 2002 paper by Fran Ferrier and Chris Selby Smith described the contradiction implicit in the commitment by all states and territories to user choice without implementing the nine principles encompassed by it.

In an address to the Australian Council for Private Education and Training in 2003, when the user choice model was about to be dealt a death blow, the then Chief Executive Officer of the Australian Chamber of Industry and Commerce, Peter Hendy, argued that ‘user choice is not anti-TAFE. In fact ACCI has long advocated a stronger base for TAFE Institutes.’ This was quickly followed by a series of contrary reports, including one from Monash University’s Centre for the Economics of Education and Training (Ferrier & Selby Smith 2002), which declared that ‘STAs believe that User Choice will result in governments losing control of training and the use of Government funds’.

The reality is that, far from the threat to public provision that was the subject of much propaganda in the early 2000s, the real threat to recurrent TAFE funds is an entitlement scheme, where the student makes uninformed choices. Employers generally support the TAFE structures that they themselves were, in many cases, a product of. Those less likely to support TAFE are those who have only been exposed to the schools systems and, in the main, have heard about their job future from careers teachers.

The training package story is similarly chequered. The original concept of frameworks representing what was required to do a job, deliberately expressed as the outcomes of training delivered, is very sound. This construct allowed for flexible training, leading to the outcomes defined in the package—except that this seldom occurred. The constraints of funding arrangements and the definition of outcomes meant that the packages were quickly morphed into a sort of national curriculum.

The evolution of training packages, including numerous reviews and modifications, has certainly seen a diminution in their credibility as statements of job outcomes. The early moves to reject an outcomes-based funding model and the implementation of unit costs based on training effort in the form of nominal hours represent the point at which training packages were compromised.

Recognising the slippage in the VET system's market elements, in 2001 the Australian Chamber of Commerce and Industry proposed a revised set of principles (*ACCI Review* 2001). The principles noted that 'nominal hours' was a flawed concept when applied to training packages. These principles also proposed 'an employer engagement focus' and a 'recognition that the primary relationship in training is between the RTO and the employer'. These concepts were rejected by the system and also in a 2003 paper by the Centre for the Economics of Education and Training (Ferrier & Selby Smith 2003). This paper suggested that state training agencies believed that 'the participation and role of industry in working to improve User Choice has not been sufficiently considered'.

While the first two cornerstones of the competency-based system were crumbling, the May 2005 decisions to incorporate employability skills into training packages and to progress skills sets was an important turnaround point in the development of training packages. These compromises did give effect to two industry priorities; however, in their implementation they did little to progress the employers' interest.

The final undermining of the job outcome basis of training packages has occurred over the last two years. The AQF Council proposal that the basis for qualifications in training packages be 'redesigned as a framework of qualifications based on a taxonomy of learning outcomes and explicit reference levels with a measurement of the volume of learning' means that the final move to transform training packages into delivery tools has been achieved (Australian Qualifications Framework Council 2009, Section 1.4, p.9).

The concept that the 'AQF qualifications are assigned a measure of the volume of learning based on the notional student learning time involved in achieving the qualification' (Australian Qualifications Framework Council 2009, Section 2.10, p.21) demonstrates how far the training system has evolved away from the original intention of an employer-driven system.

The final connection between employers, job outcomes and the training system is the apprenticeship. This too is under threat. While born of the right ideal, the 2009 federal Budget commitment to provide an additional 238 200 vocational education and training places to people currently outside the workforce seriously undermines what is left of employer engagement in the training system.

The three tenets of the training system (as described at the outset of the AQF)—training packages, user choice and the AQF itself—have been undermined to the point of no return. Any link between employer and the system, at the policy level at least, has been eroded.

The past is relevant to an examination of the future. Now that the system has decayed to the point where it is today, there is little chance of a short-term resolution, whether or not the policy intent changes. The machinery of the system cannot move as quickly as that. The past also demonstrates the attitude of the dominant forces in the policy debate, which is likely to continue to prevail.

In recent times the move to the product-driven market, particularly in Victoria, through the return to traineeship/apprenticeship training without employer involvement, and the transformation of the very framework of the training system from job descriptor to definitions of the learning process indicate where the system is heading.

In Victoria a learner can decide to do a course in fitting and turning, despite no likelihood of ever being employed in this capacity. Similarly, he or she can choose surfing, photography or beauty therapy without any consideration of the vocational outcome.

This freedom comes at a time when industry careers advice is at an all-time low! The dismantling of Careers Advice Australia has meant that only the pastoral care aspects of careers advice prevails. No advice is produced on employer/job demand, vocational profiles or future job prospects.

While any analysis of the likely future, based on the past, would not envisage the rebuilding of industry careers advice and rigorous, honest projections of workforce demand, these two elements must be part of the future VET system.

The provision of advice to students and potential students is a fundamental component of the training system. Competition will only be established in the education market if the consumers in that market are informed. Industry, as the consumer, needs information of VET options, as do students.

However, it is important that the appropriate information is made available. Data on whether the classrooms have the right floor space ratio or whether the student record-keeping practices meet or exceed national standards are not of interest to most consumers of training. The outcomes are what is important.

Employers and students alike are interested in information on the occupations and professions that are the outcomes of the training (that is, If I train in this occupation, where are the jobs going to be?) and information on the acceptance of the quality of training delivered (that is, What skills do graduates have?). These are the important questions, and the questions that need to be answered for the market to operate effectively.

In the spirit of learning from the past, there have been several attempts to solve the so-called VET information asymmetry. The most recent and most high-profile of these was the Institute for Trade Skills Excellence (ITSE). The institute did provide outcomes-based, industry-focused information on vocational training options, albeit specifically for the trades.

The Institute for Trade Skills Excellence's Star Rating Scheme was a simple and effective way of rating deliverers of apprenticeship training. The one, two or three stars indicated

clearly the level of industry satisfaction with each delivery location. However, providers were stretched by the criteria underpinning the star ratings and reported that it challenged their relationships with employers.

Once the market elements of user choice, training packages and the AQF were removed, the pace of system change slowed and employer impact on the system was relegated to rhetoric. Limited lip service was paid to an ‘industry-driven’ system, based upon representation on high-level policy committees.

In the absence of employer influence, the system will move to a ‘voucher’ scheme, where trainees receive a blank cheque. The allocation of funds will flow to where trainees want to go. Wooed by the next ‘cool’ thing or the lure of a free iPad, trainees will enrol in courses of their (and their parents’) choice, whether or not jobs will follow.

The policy position is that higher levels of skills mean better jobs; therefore, the focus of skills development should be on higher-level qualifications. However, this is a fundamentally flawed policy and will inevitably lead to significant skills gaps in the nation’s workforce. It will also distort course offerings.

The Council of Australian Governments (COAG) 2020 targets to ‘double the number of higher qualification completions (Diploma and Advanced Diploma) between 2009 and 2020’ is admirable, but will only achieve the desired productivity outcome if double the number of jobs are available that need skills at this level.

Without the link between the job and the training provided at the individual level, the allocation of places in the future must be broadly aligned to the wider economic context—including the availability of jobs. Setting aspirational targets based on an ideal has serious consequences.

TAFE colleges (and private providers) will adapt to ‘selling’ the courses they need to offer. Sales targets will be driven by kitchens to be filled and lathes to be manned. Resources will have to be allocated to attracting students, and away from delivering quality training.

The next generation of this transition is the delivery of more academic ‘VET’. Higher-level qualifications merging into higher education will be very attractive to institutions and participants. The learning experience will be enhanced for the learner but will require a greater investment from governments to cover student allowances while longer qualifications without work-based components are undertaken.

Fulfilled by the learning experience, learners will transition to jobs but not jobs they have trained for. The risk into the future is that employees will respond, as they did in the 1980s, with their own selection and training process. They will work around the system, recruiting those with aptitude, delivering just-in-time training on the job to ensure that employees do the job.

Already, major employers are deserting the training system. All too many so-called vocational training options are mere substitutes for courses designed to assist young people to make choices about their future or to prepare them for employment—to teach them to grow up. The courses masquerade as education and cognitive development, whereas in many cases two years lying on a beach in Mykonos would be just as productive and cost the taxpayer a lot less!

Our nation needs value from the amount we spend on post-secondary training. Taxpayer-funded effort must go into effective learning and into producing individuals who can do the jobs that need to be done, jobs that produce the goods and services that we want and need. The future vocational education and training system must service this need.

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Curriculum, monitoring and the ladder of opportunity

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For the foreseeable future Australia will continue to need vocational education—education to develop new skills in people and extend their existing occupational skills, that is, skills that may be used more directly in work than those developed by other forms of education. This is because the economy and society will continue to need large numbers of people relatively quickly to undertake skilled work, and to quickly update, deepen and adapt the skills of those already undertaking skilled work. However, Australian vocational education will continue to change in important ways. I discuss three of these here: curriculum, monitoring and vocational education’s contribution to the ladder of opportunity.

Curriculum

Vocational education presents a quandary for many governments. It needs the close involvement of employers and employees, and there doesn’t seem to be any need, in principle, for governments to be involved in it. Yet governments in Australia and in many other countries are involved to varying extents in funding, reforming and often in providing vocational education. In a report for the National Centre for Vocational Education Research (NCVER), Keating and colleagues (2002) reviewed vocational education systems in nine countries in three regions: Europe (France, Germany, United Kingdom); East Asia (China, Japan, Singapore); and the Americas (Chile, Mexico and the United States of America). Keating and colleagues observe about technical and vocational education and training:

Nevertheless, demand-side objectives remain the most pressing in TVET. Virtually all countries have a problem with limited demand and most have introduced strategies to increase demand. Strategies include the use of industry associations and leadership, regulatory and fiscal measures, curriculum changes including competency-based training, and elements of a training market. In most countries the response of the private sector has been limited. It tends to be highly sectoralised, and concentrates upon low capital-based industry areas.

(Keating et al. 2002, p.167)

Yet, inasmuch as they are involved in vocational education, governments risk interposing themselves in vocational education’s direct relations with employers and employees and therefore interfering with its relevance to the workplace (Moodie 2010). Australian governments, like those of several other countries, have sought to solve this quandary and to make vocational education more relevant to employment by basing its curriculum on

work competences (Farris 1994, p.7; Pan 1997, p.39 cited in Kintzer 1999, p.149). The argument is that skilled work can be analysed into several competences and if vocational education teaches and assesses those, it will relate closely to employment.

If it can be introduced successfully, competency-based training has several advantages for vocational education. Students would be trained only in the skills they need for the work they are being prepared for, thus reducing the amount of 'useless' learning they undertake. Competency-based training should target continuing education to the changing needs of work and thus encourage people to learn throughout their lives. Students may study and be assessed at their own pace, attempting assessment when they feel ready. Governments and some employers have also hoped that competency-based training would shorten apprenticeships for some, since the more able and advanced apprentices could become qualified sooner than the normal duration of the course. Because competences are construed as learning outcomes, it should be possible to recognise students' learning undertaken in different institutions, in different sectors, in different contexts and in different countries (Mulder, Weigel & Collins 2007, p.71). It should also be possible for people to be recognised for the skills they already have, without their having to complete a program of study.

Hager (2004, p.412) distinguishes between:

- 1 performance and its outcomes
- 2 the underpinning constituents of competence (capabilities, abilities, skills)
- 3 the education, training or development of people to be competent performers.

Hager (2004, p.413) argues that Australia's introduction of competency-based training was intended to cover all three items but in fact it only really dealt with the first. He argues that 'By attending to the first item and assuming that this also took care of the second and third ones, NTRA [the national training reform agenda] has resulted in a deeply flawed VET system'. He argues that, while it is possible to describe precisely performance and its outcomes, this is not possible for the underpinning constituents of competence (capabilities, abilities, skills). Hager stresses that development of competence and competence itself are logically different categories. He adds that the relevant education, training or development outcomes are different from performance outcomes.

Australia, and England in at least its first versions of its national vocational qualifications, has taken competency-based vocational education to excess, reducing vocational education to training and assessing only performance observable in the workplace. This empties competency-based training of its educational content and value. There is also a tension between defining or describing competences that are specific to a particular workplace and the desirability of training students to be able to work in several workplaces in an industry. It is also hard to see how training students merely in the competences currently used prepares them for emerging and future challenges. As it might be put epigrammatically: competency-based education trains today in yesterday's competences for tomorrow's challenges (Moodie 2010).

A common attempt to resolve the tensions between training for one workplace and for a range of workplaces, and training for immediate and future relevance is to include general competences, usually called generic competencies or skills, in vocational education. These are competences such as communication, problem-solving and teamwork. But this

resolution is illusory. Communication depends heavily on subject, since all skilled occupations have highly specialised language—jargon—and is also highly sensitive to context. Solving an electrician’s problem such as calculating how many power points may be run off a cable is quite different from solving a nurse’s problem such as ensuring a patient takes their medication. Volmari, Helakorpi and Frimodt (2009, p.18) claim that ‘Competence is context-dependent (triological learning). Thus its assessment is linked to the prevailing valuations and the operating environment.’ The common terms in which general competences are expressed mask the differences they are trying to surmount. Consequently, general competences either become so rooted in their immediate context that they are not transferable to other contexts or become so general that they lose their direct relevance to the workplace (Moodie 2010).

Competency-based training is not yet sufficiently developed to fulfil the potential it may have for vocational education. And whatever its theoretical attractions, competency-based education has failed in many of its applications. As Hyland observes about competency-based education and training:

It is definitely *not* too early to determine the effectiveness of CBET [competency-based education and training] and the extent to which it has produced the skilled, flexible and critical workforce that studies have suggested are increasingly needed in the contemporary economy. CBET has patently failed to achieve any of these objectives in any of the countries in which it has been implemented and it should now be abandoned as a model for the reform of VET systems.

(Hyland 2001, p.489, original emphasis)

These problems with competency-based training are being recognised slowly by Australian governments. In time governments will relax their insistence that all vocational education be based on work competences. There are several possibilities which would retain and indeed improve vocational education’s relevance to work and its national recognition, with researchers, analysts and eventually governments likely to begin exploring these over the next decade.

Monitoring

There are several benefits from evaluating education just by its outputs. Educational institutions can be much more flexible in their inputs and educational processes. Indeed, if a sufficiently robust measure of educational outputs is used, inputs and processes may be ignored. A good measure of educational outputs also allows a comparison between the education received from different institutions and even from different countries—as the Programme for International Student Assessment (PISA) allows for junior secondary education and the International English Language Testing System (IELTS) allows for English language skills. Thus far the only method available for measuring educational outputs sufficiently robustly to allow educational inputs and processes to be ignored is the externally set and marked examination. External exams have disadvantages, however. They impose a uniformity of expectations on exam candidates which, critics claim, effectively shapes educational inputs and processes and thus defeats one of the advantages of evaluating education by its outputs. It is also difficult, although not impossible, to make

external exams reflect the different contexts in which they may be taken or the different contexts in which the educational achievement they assess may be applied.

External exams that cover all the important areas of student learning are at one end of a continuum of methods of assessing a student's learning. They require the least trust in the students and teachers engaged in the teaching-learning. At the other end of the continuum is students' self-assessment of their learning. To accept a student's self-assessment would require a high level of confidence in their ability to assess their own learning. Along the continuum is the teacher's assessment of their students' learning. This, too, requires substantial trust—in this case in the teacher's ability to relate their assessment to the system's norms and to distance themselves from their own interests and those of the students. Teacher assessments may be supported by methods of moderation and standardisation which display different levels of influence of external assessors. As the influence of external assessors increases, reliance on teachers' assessments falls.

Australian vocational education has relatively little monitoring of inputs and processes. There is only internal monitoring of important inputs such as funding rates and student-staff ratios. Crucial processes such as curriculum and contact hours are also monitored only internally. This may be acceptable if Australian vocational education's assessment standards are subject to substantial external monitoring. But vocational education is assessed by teachers using only a weak form of moderation and little external monitoring of assessment standards. The combination of weak monitoring of inputs and processes and little external monitoring of assessment standards has weakened Australian vocational education. This is being exacerbated, as inputs such as funding levels are cut by governments and by the increasing involvement of private for-profit providers seeking to increase their profits.

The resulting periodic crises of confidence in the quality and standards of Australian vocational education will not stop until there is an increase in the external monitoring of its inputs, processes, assessment, or of a combination of these. Australian governments seem to be increasing external monitoring of vocational education's inputs and assessments, and this will continue until confidence in vocational education is restored.

Ladder of opportunity

Australian vocational education doesn't (yet) identify students from a low socioeconomic status background as an equity group, on the grounds that students from a low socioeconomic background aren't under-represented in vocational education. While that is true overall, Foley's (2007) survey for NCVET found that students from a low socioeconomic background dominate vocational education programs of certificate III and below. Conversely, students from a low socioeconomic background are under-represented in vocational education qualifications of diploma and above, by almost as much as they are under-represented in higher education.

Table 1 Socioeconomic groups' share of each vocational education qualification level, 2001 (%)

Qualification	Low	Medium	High
Diploma and higher	19	53	27
Certificate IV	26	51	22
Certificate III	28	53	19
Certificate II	33	51	16
Certificate I	34	52	14
Total	29	52	19
Parity	25	50	25

Source: Derived from Foley (2007, p.27, table 3).

Vocational education needs to strengthen what I call its internal educational ladder of opportunity so that the students from a low socioeconomic background concentrated in lower vocational qualifications proceed to middle and higher levels of qualification. As Wheelahan (2009) has observed, the vocational qualifications in which students from a low socioeconomic background are most represented have the poorest outcomes for students.

Stanwick (2005, p.13, 2006, p. 26) also from NCVER projects that of the students aged 15 to 19 years old who commenced a certificate I or II in 2002, at most only 44% will complete their qualification. He projects that at best only one-third of students aged from 20 to 24 years will complete their qualification, while only a quarter of older students will complete their qualification. Of course students may obtain many benefits from studying vocational education without completing a qualification, but these seem very low completion rates.

Table 2 Projected completion rates of students commencing a certificate I or II in 2002 by age group (%)

Age group	Certificate I	Certificate II
15–19	34.6	44.2
20–24	23.5	33.5
25–44	17.8	26.0
45 +	16.6	21.8

Sources: Stanwick (2005, p.13, table 6, 2006, p. 26, table 22).

NCVER (2009, pp.11, 12) reports that a successful outcome, such as being employed or in further study, is at best modest for graduates and module completers at certificates I and II level, where students from a low socioeconomic background are concentrated.

Table 3 Graduates and module completers employed or in further study by level of qualification, 2009 (%)

Qualification	Graduates	Module completers
Diploma and above	89.9	80.8
Certificate IV	92.3	77.4
Certificate III	90.0	70.7
Certificate II	82.3	61.3
Certificate I	71.4	51.5

Sources: NCVET (2009, p. 11, table 5, 12, table 6).

Stanwick (2005, p.5) concludes from more detailed analysis that ‘The minority who complete (graduates) receive reasonable employment outcomes in the 15 to 19 years age group, while they were less reasonable for the 20 to 24 years age group. Over a third of all graduates reported no job-related benefits from the course.’ This suggests that vocational education is not providing as strong a ladder of opportunity as it could, particularly for students from a low socioeconomic background. Soon governments will identify students from such backgrounds as an equity group for vocational education. Next will come the far more difficult task of improving outcomes from lower-level vocational education qualifications. Maybe certificates I and II are not sufficiently advanced to have strong employment outcomes, in which case one possibility would be to reintroduce a stream of vocational education programs with greater educational value and which would prepare students more adequately for further study.

Conclusion

The changes in Australian vocational education discussed above—in its curriculum, monitoring and contribution to the ladder of opportunity—will be only some of the changes encountered by vocational education over the next decade. Vocational education is establishing closer relations with secondary education through VET in Schools. It is also establishing closer relations with higher education, with an overdue strengthening of pathways to extend the educational ladder of opportunity. The institutional and organisational forms in which vocational education is offered will also continue to change, with increasing numbers of vocational education institutions also offering higher education, and higher education institutions increasingly offering vocational education, either directly or through associated colleges. Yet with all these changes, vocational education will remain strong and distinctive in providing initial and deepening education which is directly relevant to work.

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The future of VET: or, Allen Ginsberg revisited

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I slapped the mosquito
and missed.
What made me do that?

Allen Ginsberg 1926–97: *Haiku*, composed Berkeley 1955

I have never been much of one for crystal ball gazing but this is what is expected when talking about the future. I have been involved over my career in a number of very formal exercises to project and forecast the future labour market and educational (or rather qualification) levels in a very systematic way, by making use of past trends and economic relationships. These exercises are limited because the future is essentially unknowable and making forecasts can be mischievous when an extrapolation of trends is used as a justification for yet another government intervention. However, they can be useful exercises for testing certain propositions—which is my excuse for writing a paper some years ago that projected the supply of tradespeople (Karmel & Ong 2008). My intention was not to come up with precise projections but to examine whether demographic trends were of any importance. I am approaching the future of VET in that spirit. I am not going to attempt to forecast or predict what the VET sector will look like in ten or 20 years; my aim is to examine an important phenomenon and then to speculate on what this might imply for the sector.

The phenomenon I am talking about is the inexorable trend towards greater proportions of the workforce having formal and higher-level qualifications. This trend has been described in positive language as ‘skills deepening’ (see Shah & Burke 2006, for example) or more negatively as ‘credentialism’. Whether this trend is a good thing or not is a matter of great importance—because it relates to whether we are getting a good return on the immense public investment in education and training. However, that topic is for another day and here I wish to take the change in educational levels as a given, not debate whether it is a good thing or not. My essential thesis is that this trend has grave implications for VET as we know it.

Before looking at the skill-deepening trend in a little detail, I should define what I mean by VET. In Australia, the provision of tertiary education can be looked at in two ways. The first is to use the Australian Qualification Framework’s list of qualifications, which categorises qualifications into VET and higher education. Based on this approach, VET comprises certificates I–IV, diplomas, advanced diplomas, vocational graduate certificates and diplomas, while higher education covers diplomas and advanced diplomas, associate degrees, bachelor’s degrees, graduate certificates and diplomas, master’s (by course work

and research) and doctorates. A second approach is to categorise provision by provider types. These are dominated by TAFE institutes and universities, with a small number of dual institutions with TAFE and university divisions (with the divisions based on dysfunctional governance arrangements that emanate from the split between state and Commonwealth funding).⁴ In everyday usage I tend to use vocational to refer to education and training for occupations at the sub-professional level.

I have been looking at the relationship between occupations and qualification levels over the period 1996 to 2006. I first considered the proportion of the workforce in each of six qualification categories for each four-digit ASCO⁵ occupation—some 400 of them. Table 1 shows the six categories and the proportion of the workforce in each category for 1996 and 2006.

Table 1 Employed persons by highest qualification, 1996 and 2006, %

Highest qualification	1996	2006
Higher degree	2.1	3.7
Bachelor degree	13.4	18.3
Diploma and advanced diploma	8.1	9.0
Certificate III and IV	14.2	18.2
Other certificates	10.9	8.8
No non-school qualification	51.3	42.1
Total	100.0	100.0

Notes: Bachelor degree includes bachelor degree and graduate diploma/ graduate certificate.

Other vocational includes certificates I/II, certificates not further defined, and level inadequately described or not stated

Source: Derived from the Census of Population and Housing (1996, 2006).

We see that the overall proportion of the workforce with a qualification has increased substantially, with large percentage-point increases in the degrees and certificates III and IV. Interestingly, the diploma category has seen little change.⁶

It is clear that the importance of the diploma as a qualification has decreased. What this means is that the degree is usurping the diploma as the basic qualification in many occupations. It also means that those with a diploma are getting pushed down the occupational pecking order. To put some flesh on these claims I have ranked the 400 odd occupations at the four-digit level of ASCO, based on qualification levels in each occupation. Thus the occupations at the top of the list have large numbers of people with higher degrees, while the occupations at the bottom of the list have large numbers with no post-school qualification (see Karmel & Blomberg, forthcoming, for the precise derivation and for the ranking of occupations).

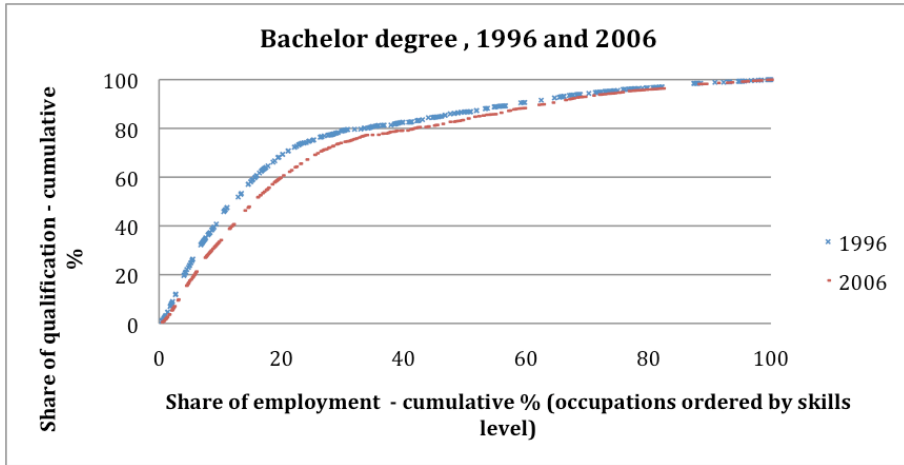
⁴ Both of these definitions ignore the fact that vocational education, in the sense of education for the labour market, occurs extensively in universities (take medicine, engineering, and law, for example).

⁵ Australian Standard Classification of Occupations.

⁶ This table is based on highest educational qualification. So an individual with a diploma who then gets a degree will be coded to 'degree'.

I am interested in how the distribution of jobs has changed for people with degrees and diplomas. I can do this in several ways. For example, I can look at the distribution in 1996 and 2006, which shows how it has changed over a 10-year period.⁷ This is what I do in figures 1 and 2, in which the cumulative share of degrees and diplomas, respectively, is plotted against the share of employment.

Figure 1 Share of qualifications compared with share of jobs for those with a bachelor degree, 1996 and 2006



Source: Derived from the Census of Population and Housing (1996, 2006).

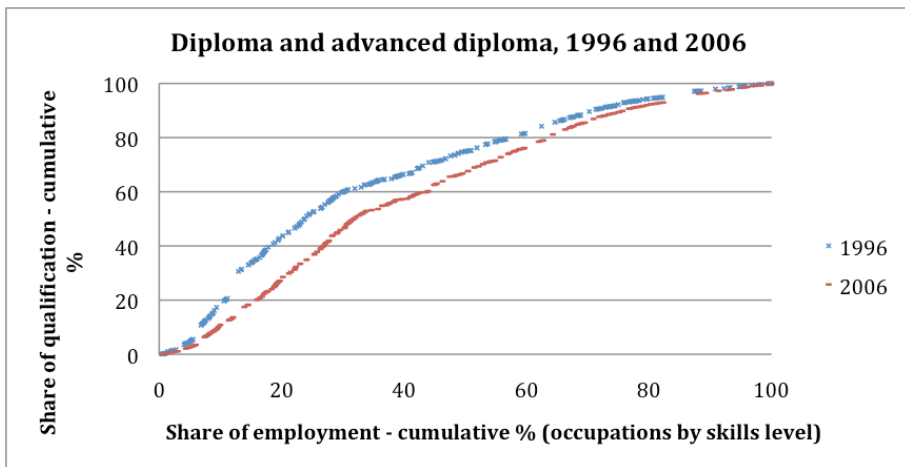
Thus we see that in 1996 around 70% of people with a degree were in the most skilled 20% of jobs. The distribution has moved to the right, which means that on average those with a degree are moving into less skilled jobs. So in 2006 around 60% rather than 70% of those with degrees were in the 20% most skilled jobs.

However, the move to less skilled jobs is much more pronounced for those with diplomas.

In 1996 around 45% of those with a diploma were in the most skilled jobs, but this had fallen to around 25% ten years later.

⁷ See Karmel and Blomberg (forthcoming) for a variety of ways at looking how the distribution of jobs has changed for persons with a certain level of qualification.

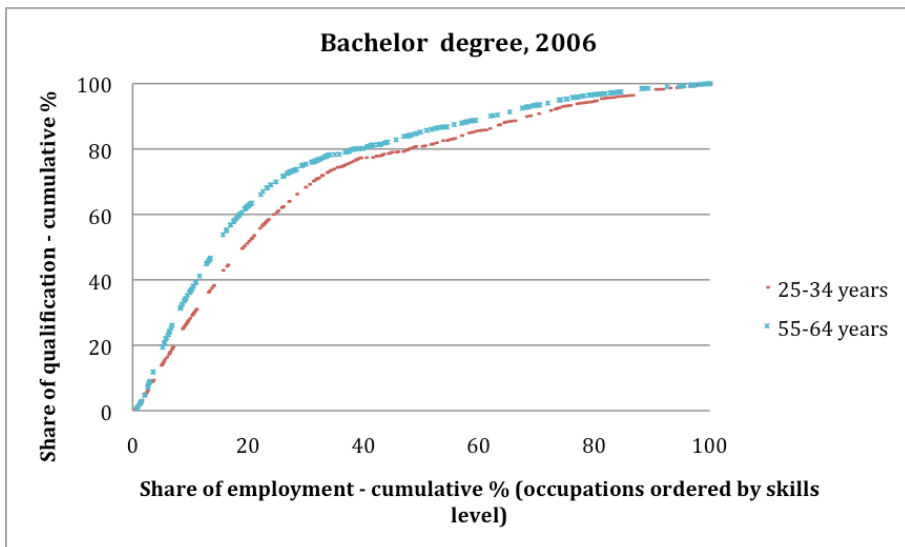
Figure 2 Share of qualifications compared with share of jobs for those with a diploma or advanced diploma, 1996 and 2006



Source: Derived from the Census of Population and Housing (1996, 2006).

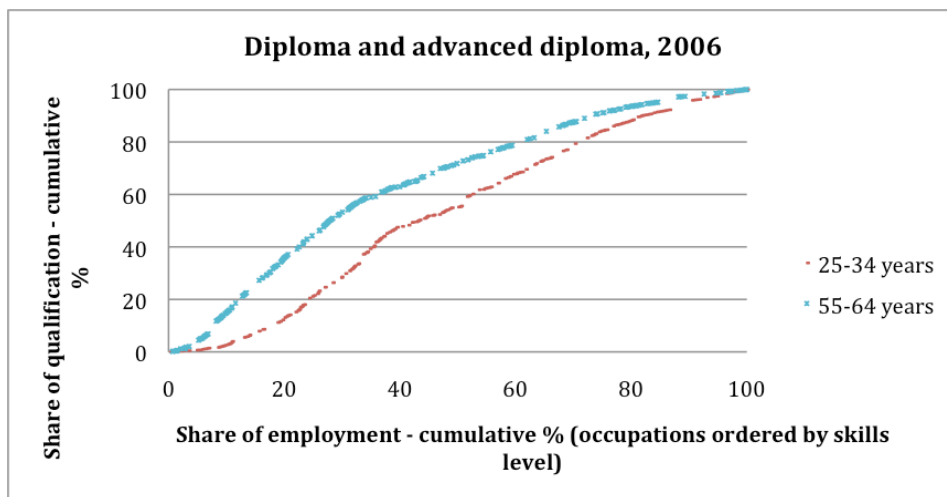
An alternative is to focus on different cohorts at a single point in time (figures 3 and 4). The two cohorts are people aged between 25 and 34 years, and between 55 and 64 years. These cohorts have gone through the education system 30 years apart; the older cohort represents a generation in which higher-level qualifications were much rarer.

Figure 3 Share of qualifications compared with share of jobs for those with a bachelor degree, 25–34 years and 55–54 years, 2006



Source: Derived from the Census of Population and Housing (2006).

Figure 4 Share of qualifications compared with share of jobs for those with a diploma or advanced diploma, 25–34 years and 55–54 years, 2006



Source: Derived from the Census of Population and Housing (2006).

We see that the change in the distribution across the two cohorts is particularly dramatic for diploma holders. Of diploma holders aged 55–64 years, just under 40% had a job in the most skilled 20% of jobs. This falls to around 10% for the younger cohort. What is happening is that the most skilled jobs are falling outside the aspirations of younger diploma holders and they will have to settle for a less skilled job.

This evidence suggests to me that the basic entry-level qualification for the more skilled occupations is going to be a degree. This is the continuation of a long trend; for example, in the 1960s and 1970s the basic qualification for a primary school teacher was a two-year diploma. Now it is a four-year degree.

Table 2 provides more evidence for this trend. We define a set of occupations as being *professional, requiring a university degree* if more than 85% of people in that occupation have a degree. The table lists all the occupations that meet this definition for our two age cohorts (in 2006). The number of occupations falling into this category for the younger cohort vastly exceeds the number for the older cohort. A degree is becoming virtually mandatory for the more skilled occupations.

Table 2 Occupations categorised as professional-university (more than 85% of people have a degree), for the 25 to 34 and 55 to 64-year-old cohorts, 2006

25–34 years	55–64 years
<i>Professional (uni) group</i>	<i>Professional (uni) group</i>
1293 Education managers	1293 Education managers
2110 Natural and physical science professionals, nfd	2110 Natural and physical science professionals, nfd
2111 Chemists	2112 Geologists and geophysicists
2112 Geologists and geophysicists	2113 Life scientists
<u>2113 Life scientists</u>	2311 Generalist medical practitioners
2115 Medical scientists	2312 Specialist medical practitioners
2119 Other natural and physical science professionals	2381 Dental practitioners
2121 Architects and landscape architects	2382 Pharmacists
2124 Civil engineers	2392 Veterinarians
2127 Mining and materials engineers	2421 University lecturers and tutors
2129 Other building and engineering professionals	2492 English as a second language teachers
2293 Mathematicians, statisticians and actuaries	2514 Psychologists
2311 Generalist medical practitioners	2521 Legal professionals
<u>2312 Specialist medical practitioners</u>	2522 Economists
2321 Nurse managers	
2322 Nurse educators and researchers	
2324 Registered midwives	
2381 Dental practitioners	
2382 Pharmacists	
2383 Occupational therapists	
2384 Optometrists	
2385 Physiotherapists	
2386 Speech pathologists	
2387 Chiropractors and osteopaths	
2388 Podiatrists	
2391 Medical imaging professionals	
2392 Veterinarians	
2393 Dietitians	
2412 Primary school teachers	
2413 Secondary school teachers	
2414 Special education teachers	
<u>2421 University lecturers and tutors</u>	
2492 English as a second language teachers	
2511 Social workers	
2514 Psychologists	
2521 Legal professionals	

Note: **Bold** indicates that the occupation is in the category for the younger cohort but not the older cohort.
Source: Derived from the Census of Population and Housing (2006).

There is every reason to believe that this trend will continue. One of the Council of Australian Governments (COAG) targets is to have 40% of the 25 to 34-year-old population with a degree by 2020. An obvious implication of this will be the conversion of diplomas to degrees. We also know that diploma graduates struggle when competing with degree graduates in the labour market. For example, Foster et al. (2008) found that employers of graphic artists prefer applicants with degrees to those with diplomas.

It seems to me that the implications for VET are quite profound, noting that diplomas are currently an important component of VET delivery (in 2009 they represented around 23% of TAFE's activity)⁸. I am arguing that diploma qualifications will disappear except as a building block for a degree, at least in the diplomas that are designed to prepare individuals for relatively highly skilled occupations. There could be a resurgence in diplomas if they become mandatory for lower skilled occupations (a world in which all childcare workers require a diploma is quite imaginable). This trend does not have much significance for the AQF because the current types of qualifications will still exist even if the value of some qualifications has diminished. However, it will have implications for the packaging of qualifications and it will have implications for the providers.

I now want to think of VET in provider terms rather than in qualification types, and this is the stage in the essay where I need to seek inspiration from Allen Ginsberg. I don't know what is going to happen but I can imagine three types of providers offering education and training to those who aspire to working in a professional occupation. Some professions are inextricably tied to universities—in my wildest dreams I cannot see those training the medical workforce (as distinct from the health workforce) or lawyers working in a 'vocational' institution. Similarly, the training of scientists, philosophers, economists and historians (I'm not sure about theologians), to name a few, is not going to happen in any serious way outside the universities. But the training of accountants, journalists, marketers, paralegals, nurses, musicians, dancers, painters, sculptors could well be done effectively outside universities. It is also possible to imagine institutions which are vertically integrated. Why couldn't electrical apprentices be trained alongside electrical engineers? A joint qualification would have great appeal. Similarly, it may be quite sensible to have a business school that teaches everything from a certificate III in office management to an MBA (and no jokes about which is worth more, please), or having childcare training in an education faculty.

Thus I can envisage three models for the delivery of vocational education by large-scale institutions:

- ✧ The *omni-university*, delivering everything from certificate I to doctoral degrees, as an integrated institution. The dual-sector universities are sort of an 'omni' but the VET and higher education components are not really integrated at the moment.
- ✧ The *polytechnic*, delivering certificate I through to master's by coursework. The distinction between a polytechnic and a university would be that the polytechnic would be focused on teaching and would not be involved in research or research training. Such a beast could offer a workforce focus in the style of delivery.

⁸ According to NCVET's 2009 student and courses collection, diploma students represented 22.7% of activity or 115 339 full-year training equivalents.

- ✧ The *TAFE*, offering trade training and certificate training for lower skilled occupations. It would be a marginalised provider in the tertiary education space. If it offered diplomas, it would be as a feeder to a university or for the provision of diplomas for occupations such as childcare, which have not yet been swallowed by the degree leviathan.

In my musings I have, of course, ignored many things. For example, I'm sure there will be a strong role for private providers offering specific vocational training—although even these are tending towards joining the higher education camp in order to avoid the constraints of training packages. I've also ignored the place of basic general education. Traditionally, TAFE institutions have offered second-chance general education, although this seems to have decreased in importance over recent years. Such general education could be offered by any one of the three institutional types outlined above and, I suspect, will depend more on funding structures than on institutional types. I have also ignored all of the constraints imposed by the separate funding and governance structures for VET and higher education. My view is that these are constraints that need to disappear, and that may be possible now we have a Ministerial Council for Tertiary Education and Employment.

Am I dreaming? My dream is that we end up with strong institutions that fall into the omni-university and polytechnic models, with the polytechnics building on the stronger TAFE institutions. This sounds like a rerun of the colleges of advanced education created in the 1960s. Perhaps this is no bad thing, although the colleges all ended up as universities because the discretionary funding has always been in research not teaching (and because they hired people who had just completed doctorates and wanted to reinvent themselves as university lecturers).

My nightmare is that we will end up with strong universities, dual-sector institutions that are still not integrated, and marginalised TAFE institutions catering for the trades, low-skill occupations and the downtrodden. That would be a great pity.

Another year
has past – the world
is no different.

Allen Ginsberg 1926–97: *Haiku*, composed Berkeley 1955

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