

RESEARCH REPORT NO 4

Key policy issues in Vocational Education and Training

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A POLICY OVERVIEW

This paper asks whether the current Vocational Education and Training (VET) policies are appropriate for the future Australian economy and labour market.

The current VET system is premised on:

competency-based training - which focuses on what a person can do in the workplace following learning;

market mechanisms - which allow a range of training providers to compete for students and government funding; and

an **entitlement' model** - which determines who gets access to courses.

The question is whether these policy parameters are appropriate at a time when Australia is undergoing fundamental economic change. This change requires us not only to remain productive but also to be in a position to manage structural adjustment into the future. In this environment workers need the underlying skills and flexibility to enable them to adapt and continue to learn. Vocational Education and Training learners, including those already in employment and those seeking employment, have diverse needs, which affect the appropriate policy settings. The current system does not take account of the need for a flexible workforce for the following reasons:

Competency-based training focuses on current work tasks and does not take into account the skills that will be needed in the future. Learning these new skills will require more broadly educated workers. Apart from the trades, there is generally a low match between the target occupation of Vocational Education and Training courses and the occupations in which graduates are subsequently employed. This raises questions about the benefits for learners who are not currently employed of a competency-based training regime focused on specific and contemporary occupational tasks,

Market-based arrangements may be effective in the trade and traineeship area, where the employer rather than the learner is the purchaser. However, in other areas there is an interplay between competency-based training and market strategies, which can legitimise shorter training. As the Australian Skills Quality Authority (which regulates courses) has observed, 'competition' is often achieved by reducing fees, providing shorter courses and using less qualified staff. This inevitably affects the quality of the training and has wasted a substantial amount of public funds. It has also disappointed and/or exploited a large number of current or prospective Vocational Education and Training learners.

The **entitlement model** proposed by the Queensland Government, provides a differential subsidy to encourage students to enrol in courses perceived to be more beneficial to the economy. The differential subsidy may shape enrolment patterns, but it overlooks the low link between courses

designed for particular occupations and subsequent employment. In addition, these courses may not attract learners with a range of other characteristics that are attractive to employers. It will be important to measure the efficacy of the proposed Queensland strategy in meeting relevant demand. Some would claim that there are a range of reasons for skill shortages, which cannot be addressed unless they are fully understood, and without working directly with employers. But the biggest issue with the 'entitlement model' is that current budget constraints mean that the only way to provide for all those 'entitled' is to increase the fees. The effect on learners is compounded by the absence of more effective loan arrangements for Certificate I to IV learners that take into account the subsequent career and salary experience of Vocational Education and Training graduates.

There clearly needs to be a significant rethink of the current Vocational Education and Training policies, to ensure the sector meets the needs, not of the status quo, but of a rapidly changing economy. It should also be designed to ensure the sector's learners, particularly the current generation of young people who fall into the age group most at risk of long-term unemployment, have the opportunity to find quality jobs - not only for today, but also to be able to adapt to the workforce of the future.

Significant historical evidence and personal experience underpins these conclusions, reported in the appendix.

What is Vocational Education and Training (VET)?

An obvious starting point is to define VET as education and training that provides skills for work in particular occupations or occupational areas. But as Tom Karmel¹ points out this ignores the fact that much university education in professional occupations is vocational. So maybe the distinction needs to include qualification level, which the Australian Qualifications Framework (AQF) provides for. Again this is breaking down with many universities also Registered Training Organisations (RTOs) and some TAFE's offering degrees.

Ryan takes a similar view:

Everyone seems to agree that VET is that part of the education continuum which has employability as a principal goal and 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.²

Employability is a principal goal of the system, but it needs to be defined by rapidly changing skills requirements. The real challenge for VET policy is whether it assists workers and employers adapt and adjust to the unrelenting pressure for change on the Australian economy and the labour market. These pressures and the consequent changes include:

1. Ongoing economic change and the resultant structural adjustment. The causes of this are continuing globalisation, technological and social change and consequent demands to increase productivity;
2. Constant job and career change and the need for workers to have the underlying skills to adapt and continue to learn;
3. Resulting pressure to increase productivity. The right sort of skills are an important driver of productivity. But skills will only be a such a driver if they are properly encouraged and utilised in workplaces;
4. Growing inequity and the impact on social cohesion. Again the right skills system and a merit-based culture can support opportunity and participation;
5. The changing workforce itself. At the structural level this means continuation of the trends to more casual, contract and self-employment. As well, Ageing and social change result in an older workforce and a higher proportion of women in work; and
6. The need to increase participation from an economic but also social imperative.

As an example of the effects of structural change Australian Bureau of Statistics (ABS) data shows that we now employ fewer people in agriculture and manufacturing than we did 30 years ago. On the other hand, we employ almost three times as many people in health care and social assistance, and more than three times as many people in professional, scientific and technical industries.

But it is also the qualitative that is important. Productivity demands mean that we will also have to work differently, with a range of 'soft skills' necessary. The greatest productivity is gained in workplaces with high worker participation and decision making, and team-oriented, integrated multi-skilling.

VET policy needs to be considered and tested against these pressures, which this paper seeks to do.

As Ryan also suggests, when he talks of "the diverse needs of the VET student body...", that it has always seemed useful to me to look at the range of programs/activities that VET undertakes.

Without being absolutely comprehensive this includes:

1. programs for entrants and re-entrants to the labour market or those seeking advancement or career change;

2. apprenticeships and traineeships;
3. specific programs in response to structural adjustment;
4. recognition or upgrading of existing workers;
5. programs for the long-term unemployed and those disengaged from the labour market;
6. alternative year 12 and/or second chance higher education entry;
7. joint programs with higher education of various types;
8. specific responses to skill shortages;
9. workplace literacy and numeracy programs; and
10. adult and continuing education programs.

While the categories are not necessarily completely mutually exclusive, they do have different purposes, student characteristics and the extent of employer involvement. The balance of benefits between the participant, society and employer are different, hence different decisions need to be made about who pays. [VET policy may be different for each category as purpose also determines](#) content and curriculum. Purpose and participant may also determine the nature of effective providers and whether market mechanisms can add value.

This paper seeks to test VET policies against the various types of programs being run in the system. It is my contention that many of the VET policies may differ according to the different programs the system undertakes.

Does Competency-Based Training meet the purpose of Vocational Education and Training learning?

Competency-based training is accepted Government policy as the recognised process of VET learning in Australia. The Victorian Government website provides a definition:

Competency based training is an approach to vocational education and training that places emphasis on what a person can do in the workplace as a result of completing a program of training or based on workplace experience and learning. ... The competency standards in a Training Package describe work outcomes. Each unit of competency describes a specific work activity, conditions under which it is conducted and the evidence that may be gathered in order to determine whether the activity is being performed in a competent manner.³

Training is said to be “industry led” because the Training Packages are developed by Industry Skills Councils, whose Boards comprise employers and, in most cases, unions.

Moodie outlines some of the potential benefits of competency-based training: if successfully introduced it is efficient in targeting only the requisite skills; it needs to be focused on the changing needs of work and hence continuous learning; training is competency achievement not time-based; and prior learning in various situations can be recognised.⁴

However there has been considerable debate about CBT including the particularly “purist” approach taken in Australia. In his list of “major unresolved weaknesses, ambiguities and tensions” (in VET) Noonan places at number one:

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’.⁵

A useful framework of the issues with CBT is set out by Wheelahan and Moodie under five headings which are broadly paraphrased below:⁶

1 Even with adjustments over the last 10 years to the CBT framework, units of competence are still tied to the specific. Units of competence describe the work activity, the skills and skill levels needed, what knowledge and skills are needed to perform the activity and what evidence is needed to prove that a person is competent. Because units of competency describe the outcomes of learning separate from the process of learning, “*this process of specification encourages reductive processes of learning that tick of outcomes, rather than holistic learning*”.⁷

Hence there is a lack of a coherent and theoretical knowledge base that can accommodate the significant changes in the economy and labour market that will affect almost all jobs.

The other problem is that it also encourages a narrow view of jobs, with potential implications for job quality, workforce motivation and productivity.

Buchanan et al make a similar point as quoted earlier, about the current narrow approach to competence. Bannikof suggests that senior industry leaders, both employers and employees:

have always said they want broadly educated workers who can think, who can go on learning on the job and can independently apply their skills and knowledge in different and changing work contexts.⁸

2 The outcomes of learning are tied to descriptions of work as it currently exists. They focus on the processes and practice as they are currently, and hence stifle innovation and change.

This is hardly a recipe for dealing with the significant changes occurring in the economy and the labour market. The same point is made by Moodie in other contributions:

It is also hard to see how training students merely in the competences currently used prepares them for emerging and future challenges.⁹

Similarly Karmel:

The present model of training packages and the model of competency-based training which underpins it, have advantages in providing a common skills language but may hinder effective innovation because of the focus on current competencies rather than future innovation.¹⁰

And *The Economist*, in a review of international education policy, says one of the lessons for education policy makers is:

Educate for the future, not just the present: Many of today's job titles, and the skills needed to fill them, simply did not exist 20 years ago. Education systems need to consider what skills today's students will need in future and teach accordingly.¹¹

3 CBT does not provide access to underpinning knowledge. Knowledge is tied to specific functions and activities in the workplace. Knowledge and theory are only to be taught as relevant to specific functions and context, not in a general sense as being able to explain and be used in a range of contexts. This must restrict autonomy and judgement and further reinforces a narrow view of jobs.

Hodge takes concepts from John Dewey, the American humanist philosopher, to discuss the notion of how work, together with a broad vocational education, could develop workers and contribute to a productive economy and social advancement:

He (Dewey) strenuously argued that vocational education should not be about reproducing the existing industrial order, with its dehumanising and inequitable conditions, but rather should give workers the knowledge to transform work in the future.¹²

He adds:

In the dynamic concept of the vocational, worker development entails the continuous transfer of knowledge between work settings, and it is Dewey's concept of training in science, or exposure to theory, that articulates with this part of the vocational.¹³

Buchanan et al make a similar point, but broaden the concept to general education:

General education provides the foundation for all higher levels of education and learning. It entails the acquisition of common knowledge, promotes skills transferability, and importantly enables workers to engage their intellectual capacities to adapt to work-process, organisational, technological and social change.¹⁴

Mackenzie, discussing alternative models for trade training, adds:

Vocational education is more than training people for the workplace. Knowledge workers require sound foundations in maths science and communications and an understanding of technology. Our trade training curriculums therefor require modernisation.¹⁵

4 Competency-based training is based on the simplistic notion that processes of learning are identical with the skills to be learnt.

Wheelahan and Moodie attribute this to behaviourist learning theory, so that if someone is observed performing a task it is assumed that they have the knowledge to understand what they are doing.¹⁶ In the first instance this defies logic as the assumptions made in doing a task may get the correct outcome in the vast majority of cases, but does not accommodate an exception. It also simplifies the learning process, where an understanding of the underlying theory allows the worker to apply responses to new situations.

5 Even though Competency-based training certifies that particular outcomes have been achieved, it does not necessarily instil credibility in a broader sense.

This issue is highlighted by the apparent reluctance of some higher education institutions to not recognise some VET qualifications, partly because of the issues raised above and partly because

of perceptions of quality, discussed below. It may also be reflected in extremely low placement rate into employment in some VET programs. A similar point is made by Noonan:

The intrinsic value of qualifications (to learners) 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.¹⁷

So what should the future be for competency-based training?

Tom Karmel looks at matches of intended occupations for VET programs and the actual destination occupations for graduates who are employed. He finds the match at over 60% for trades workers, including over 80% for construction and electro-technology trades and over 70% for carers and aides. For other areas the match is quite low.¹⁸ He concludes:

The focus on 'skills for industry' and training packages makes complete sense for those courses which are quite specific – the trades and carers and aides. But this is a minority of VET training and one could question the industry-focused approach where demonstrably training is of a more generic nature".¹⁹

Simmons is even more direct:

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 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.²⁰

Wheelahan and Moodie make a similar point about the fit between qualifications and occupations being quite loose except in regulated trades and professions. They claim that 30% of Australian workers have qualifications not relevant to their job.²¹

Noonan also argues for differences in pedagogy, the nature of programs and assessment across the continuum of VET offerings:

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 sector.²²

I understand that Queensland is to add job placement performance requirements to contracts for delivery government programs. This may be useful in getting providers to work more closely with employers. However, there is constant 'churn' in the labour market and consequently even better placement rates don't negate the argument for broader programs. In addition it will be difficult to specify this requirement in an effective way, for example what jobs will be counted, are adjustments made in downturns and how long will graduates have to be employed.

Conclusions on competency-based training:

1 CBT with its focus on current job tasks does not meet the needs of the workforce and industry as it faces constant structural adjustment. VET programs need to focus on underlying theory and skills, so workers can adapt to inevitable change. Workers need to learn problem-solving, communications and team skills so that they can contribute to the productivity agenda. They need to be taught in a practical environment and generally relevant to particular occupations or groups of occupations.

2 Outside the trades there is generally a low match between the target occupation of VET programs and the occupations graduates are subsequently employed in. This is another argument for broader based programs.

3 Programs for those in employment might be more specific. Long experience has taught me that programs for the long-term unemployed should use a case managed "job first strategy". This

involves work readiness experiences followed by placement into employment and training for specific tasks.

4 Specific training in some cases, might also be the approach for upgrading but the notion of competency for apprentices and trainees needs to be broadened. The German and Dutch notions of competence suggested by Buchanen et al²⁵ and tied to preparation for a vocation rather than narrow performance outcomes, involves more holistic skills. Wheelahan and Moodie outline the German notion of 'kompetenze' as involving three areas, broad knowledge and problem-solving based occupational skills, personal qualities and values and social relations and communications.²⁶

5 Adding job placement performance requirements to contracts to deliver VET programs is useful, if only to encourage providers to work more closely with employers, but it doesn't negate the argument for broader programs.

How can we ensure the quality of Vocational Education and Training outcomes?

The most recent *National Agreement for Skills and Workforce Development* virtually acknowledges a problem with VET quality. It says:

The parties are committed to reforms that aim to create:

...

(c) A high quality national training system that is centred on quality teaching and learning outcomes.²⁷

More specifically, the regulator, the Australian Skills Quality Authority (ASQA) has recently completed three reviews into the quality of provision in particular areas. The first is a report on *Training for aged and community care in Australia*.²⁸ The report had its genesis in observations made by the Productivity Commission including:

- the quality and variability of training, inc. vastly different lengths of training for the same qualification;
- whether adequate practical work-based training was provided;
- whether trainers and assessors had up to date industry experience; and
- the effectiveness of regulation of training.²⁹

The key messages from the ASQA Report were:

The certificate III in Aged care remains the most common qualification for new entrants to the aged care industry. Most registered training organisations have difficulty complying with assessment requirements. Following time to rectify areas where they were not compliant, most registered training organisations became compliant with national standards. Training programs are largely too short and with insufficient time in a workplace for sufficient skills development. Changes to national standards for training organisations are required.³⁰

There are a number of other comments in the ASQA report worth recording. Of competency-based training, the Report comments:

Although competency-based training in the Australian VET system is supposed to be about the gaining of skills and competencies, and not the serving of time in a training program, the fact that so many RTO's are offering programs of such short duration, and are struggling with assessment, means that in many cases, people are not gaining all of the required skills and competencies.³¹

- I The ASQA report also discusses the unfair competition (in terms of [course fees](#)) between Registered Training Organisations trying to provide high quality programs and those providing 'cheap and quick' programs:

This creates an environment in the competitive training market where there is a 'race to the bottom' in terms of continually reducing course fees to attract students, reducing course times to attract students and reducing training and delivery effort to cut costs. Quality and sufficient time to enable adequate instruction, learning and assessment are the 'casualties' in this environment.³²

The second ASQA report is *Training for the White Card for Australia's Construction Industry*.³³ The origin of this report was stakeholder concerns about the quality and duration of training, the risk of identity fraud in online training and the general lack of workplace health and safety skills of people presenting with White Cards.³⁴

The key messages from the report were:

White Card training for the construction industry has been mandated in recognition of the high-risk nature of construction work. ... Most registered training organisations have difficulty complying with assessment requirements. Following time to rectify areas where they were not compliant, over two-thirds of registered training organisations became compliant with the national standards. However, all registered training organisations delivering and assessing online continued to be not compliant. Training programs delivered online are largely too short and without time in a workplace for sufficient skills development, also raising quality concerns about student identification verification. Changes to the national standards for training organisations are required.³⁵

The third ASQA report is *Marketing and advertising practices of Australia's registered training organisations*.³⁶ This report was the result of persistent concerns and complaints about Registered Training Organisations and other bodies providing misleading information in their advertising and marketing.³⁷ The report found that over half of RTOs were marketing qualifications on websites that they claimed could be achieved in unrealistically short time frames. It was also found that a significant number of unregistered training organisations were marketing nationally recognised training services.³⁸

There are a significant number of concerns expressed about training quality in a range of reports and academic papers. For example 'Skills Australia' in its discussion paper, *Creating a future direction for Australian VET*: states:

Significant issues affecting quality in the VET sector include inconsistent regulation, variable assessment practices and insufficient transparency in the system. Narrowness in the scope of performance measures and lack of data to properly assess performance are underlying weaknesses. It is currently not possible to demonstrate the public value, or the value to employers, of the breadth of activities undertaken by the sector as a whole.³⁹

The Allen Consulting Group⁴⁰, commenting on the major concerns raised in submissions to the National Skills Standards Council (NSSC) review of the standards for the regulation of VET⁴¹, lists the following:

- the quality of VET teaching and the need for stronger requirements regarding teacher skills in delivery and design of training and related to this, the quality and adequacy of the Certificate IV in Training and Assessment(TAE);
- the quality of educational design (including mode of delivery and 'the depth and duration of training') given its importance in shaping the learning experience; and
- inconsistent understanding of 'quality', and what is expected for training to be of adequate quality, particularly with regard to the depth and duration of training.⁴²

Following its review, the National Skills Standards Council has brought forward proposals to strengthen the regulatory framework.⁴³ [The Council nominates the most significant change as:](#)

- [the requirement that each LTO have a registered Accountable Education Officer \(AEO\) to be responsible for and oversight quality so as to improve educational leadership.](#)

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I The other main features of the proposals are:

- new training providers would only be licensed initially for up to 2 years. Towards the end of this period they can then apply for a full 5 year licence;
- training organisations that issue vocational qualifications should be called “Licensed training Organisations” (LTO);
- less resourced LTOs should partner with better resourced organisations to improve quality;
- standards need to be strengthened and clarified;
- the regulatory burden on LTOs that consistently demonstrate high performance should be reduced;
- set minimum training and assessment competency requirements of trainers/teachers and assessors;
- improve the performance data available on LTOs.

This report was apparently not discussed at the most recent COAG Industry and Skills Council (3 April 2014). The main outcome in the quality area is outlined in the COAG Communique as:

a modern and responsive regulatory system that applies a risk-management approach and supports a competitive and well-functioning market; and

informed consumers who have access to the information they need to make choices about providers and training that meets their needs⁴⁴

It appears that the strengthened regulatory approach proposed by the NSSC has run up against the mantra of the new Federal Government of ‘reducing the regulatory burden’ on industry. It appears that only the risk management and improved information proposals have been taken up.

Any response to the problem of quality needs to look at the underlying causes. In my view these are:

- a market system that encourages competition based on reduced prices and shortened programs. This is reinforced by a competency based assessment system that legitimises the reduction in length of programs;
- reduced prices means pressure to reduce costs, in particular the costs of trainer/teachers, with the consequent result of lower qualified and experienced trainers/teachers;
- inadequate government purchasing systems that have funded sub-standard and even “rogue” providers;
- while improved data will help, it doesn’t necessarily follow that prospective students will act on that data. In any case it will take some time to develop reliable and valid data on providers;
- There are not well-developed processes in VET to assess “ability to benefit” of prospective students seeking to enter particular programs. Competitive entry standards in Higher Education, while by no means perfect do address in part, this problem; and
- The “elephant in the room” is the clear conflict of interest between Registered Training Organisations being both provider and assessor.

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I COAG has not addressed the main issues. Even the NSSC report really only seeks to strengthen a system that is incapable of rigorously monitoring quality. The signature proposal to require each provider to have an Accountable Education Officer has been criticised because the an Accountable Education Officer is only required to be qualified at the diploma level.⁴⁵

In July 2014 the Federal Minister for Industry, Ian Macfarlane, announced new draft standards for registered training organisations.⁴⁶ As Macfarlane says, 'For too long the focus of ASQA regulation has been on policing inputs, checking that boxes were ticked and that paperwork was filled in neatly – there was no real monitoring of outcomes or outputs'.

This is a significant statement and consistent with the arguments of this paper. On reading the actual standards they are disappointingly non-specific. It will also require assessment experts in addition to industry to properly assess outcomes.

Conclusions on the quality of training:

1 There is no doubt that poor quality training in VET has wasted a very substantial amount of public funds. The problem of quality has resulted in inadequate and substandard training, has tested the credibility of the system with employers and internationally, and has disappointed and exploited thousands of VET students and other participants. Low quality training is also likely to have compromised safety.

2 So what needs to be looked at? The NSSC did look at assessment systems internationally, but decided to wait for the results of COAG initiated trials of independent validation of assessment. My own conclusions are (given the implications of not progressing the assessment issue) that the trials, at a minimum need to be expedited and reviewed as a matter of urgency, so that some system of moderation of assessment or independent assessment is in place. In the meantime ASQA also needs to give priority to auditing assessment systems and, critically, outcomes. I am aware that in the electrical area there is a "capstone test". This mainly assesses theory and safety, but should be looked at for other suitable areas.

3 I agree that there should be better information systems to guide prospective students on careers and the pathways to those careers. The information should include performance data on providers, including interactions with the regulator, completion rates, complaint levels, student satisfaction, placement into employment, facilities, etc. As noted earlier we need to be realistic that this can only be one component of a comprehensive response to quality.

To rely on 'market mechanisms through informed consumer choice' assumes that informed consumers will choose to enrol with quality providers, meaning the rogue provider will fail to attract customers and go out of business. This is a bald assumption and no evidence of where or how this has happened to date.⁴⁷

4 Given the almost universal acceptance in the schools area of the importance of teacher quality to student performance, it is surprising that there appears to be little official concern that the current arrangements in VET, are leading to pressure on teacher salaries and a concomitant impact on qualifications and teacher quality.

5 Some work needs to be done on processes, suitable for VET that can assist providers to judge the "ability to benefit" of prospective students seeking to enter various programs. The obvious starting point should be with higher level programs, where provision is more limited. In Queensland a program called 'Skilling Solutions Queensland' assisted prospective VET learners with career and training options and provided assessments of existing skills. Unfortunately the program was abolished by the current Queensland Government.

6 I must also commend the work undertaken by the Queensland Department to use the purchasing process to shape quality, mainly through a pre-qualification arrangement.

Should we use market and quasi-market mechanisms for resource allocation and encourage efficiencies?

The COAG *National Agreement for Skills and Workforce Development* (April 2012) includes a commitment to further develop training markets, at 6c saying:

encouraging responsiveness in training arrangements by facilitating the operation of a more open and competitive training market.⁴⁸

It goes on at 6d, perhaps particularly reflecting the concerns of stakeholders, including employers, to developments in Victoria:

enabling public providers to operate effectively in an environment of greater competition, recognising their important function in servicing the training needs of industry, regions and local communities, and their role that spans high level training and workforce development for industries and improved skill and job outcomes for disadvantaged learners and communities.⁴⁹

The most recent meeting of the COAG Industry and Skills Council Meeting (3 April 2014) discussed a regulatory system that supports a competitive and well-functioning training market footnote?

Since the late 1980s market based arrangements have operated in traineeships without a lot of controversy. Apprenticeships have operated, reasonably successfully under “user choice” for over 10 years. The Commonwealth has competitively contracted a range of particular programs such as migrant literacy for some time.

Controversy has emerged over the past four years or so as various States have opened the market to the full range of VET programs. The leading State in this development has been Victoria which, starting in 2010, opened all relevant VET courses to uncapped demand by eligible participants, provided by all appropriately registered providers.

Queensland conducted a relatively small pilot from 2013 and from 1 July 2014, “all government subsidised training will be delivered ‘contestably’, giving students an even greater choice of training provider”.⁵⁰ The rationale for this is:

Making training funding available contestably ensures that the government is providing the public with greater choice and the best possible solutions at the best possible price.⁵¹

The Victorian initiative led to a blowout in the State’s VET budget and the following year led to a \$290M cut in budget, mainly achieved by substantially reduced prices paid by government. This created its own problems with substantial cost pressures on providers, especially TAFE, and hence a greater incentive to reduce quality.

The Queensland program attempts to manage its total budget by reduced subsidies and to shape demand to areas of priority and high labour demand by differential subsidies. Whether demand can be effectively shaped is discussed further in the next section. The reduced subsidies mean either higher student fees or providers reduce costs with a consequent potential impact on quality.

What happened in Victoria?

The commentary below is primarily focused on Victoria as this has been the earliest, biggest and purest initiative of an open market and demand based funding. The main lessons, however, apply generally.

Quiggin sees a fundamental problem in the classical market transaction model applied to education.⁵² He contends that students cannot know in advance what they are going to learn (the product) or make informed judgement about what they are learning (the pay-off). He does acknowledge that this may be moderated in vocational education, where the pay-off in terms of starting salaries and possible careers are reasonably known, at least in some occupations like the trades:

in general, the idea that the provision of education is appropriately viewed as a market transaction, mediated mainly by prices and subject to the discipline of market competition, is seriously mistaken.⁵³

Those (strategies in using market approaches) that haven't been abandoned:

have been characterised by chronic fraud and exploitation of regulatory loopholes.⁵⁴

Toner makes a similar point:

Why is a marketised model inappropriate and too simplistic for VET? 'Any market relies on a system in which prices reflect supply and demand conditions and where differences in prices reasonably reflect differences in quality. It relies on an informed consumer and a system of incentives that doesn't undermine quality.' Each of these elements is far from straightforward in the VET arena.⁵⁵

He expands on this particularly in the context of Victoria and lists six problems that occur when a 'textbook' view of the market by the administrators in Victoria, butts up against the real world:

1. They assumed that providers would be involved for the long-term and not be opportunistic;
2. They created a market where 'fly-by-night' providers were able to charge the same price as reputable providers, and use misleading advertising;
3. They assumed that the consumer would be capable of making an informed decision about which provider to choose; They assumed that students would choose courses that would lead to available jobs;
4. They believed that taking funding of its own TAFE and outsourcing VET provision would save money. For example they didn't take into account extra regulatory and transaction costs; and
5. They assumed that they could remove thousands of experienced TAFE teachers and the market would adjust.⁵⁶

Many of these comments and criticisms have been taken up by industry and other stakeholders. For example the concerns expressed by Australian Chamber of Commerce and Industry (ACCI):

... the market can dictate, but at the end of the day the public funding of it [VET reform] changes the market dynamics. In economic terms, it [public funding] distorts the market and can incentivise providers to head down and follow the money trail, rather than what consumers want.⁵⁷

While supporting the concept of a market in VET, Clair Thomas of Business Council of Australia (BCA) says that some of the pre-requisites were not in place:

There needs to be good quality assurance and accountability regulation, so that students in the market place have good information backed by good quality regulation and accountability arrangements that enable them to make informed choices. There also needs to be conditions in the market place for genuine competition, and that requires a level playing field between providers in the market.⁵⁸

Innes Willox from the Australian Industry Group (AIG) adds that:

the Victorian skills reform model has led to a 'proliferation of courses that have sprung up to meet the demands of industry'. In many cases this has resulted in 'people doing things that are seen as easy, or as sexy in some way, rather than being core to the economic needs of the country.'⁵⁹

He adds a comment about TAFE:

(he) noted the damage the government cuts to TAFE, which he said 'has been, for a long time, a standard bearer in the delivery of training and education.

Willox was also disturbed by the rapidly increasing number of opportunistic training providers:

What we are seeing is the huge growth in the number of private providers, using public funds and attracting enrolments, without any regard to the economic needs of the country.⁶⁰

John Hart, CEO of Restaurant and Catering Australia makes a similar point about whether the system can be industry driven:

If the future 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.⁶¹

The QTU summarises its view of the Effects of market based VET:

1. prioritises training for those who are easiest and quickest to train and least in need of training;
2. minimises the time spent on training, leading to lower training quality;
3. requires the least capital input (e.g. in the services sector rather than in manufacturing);
4. emphasises narrow skills sets, enterprise-specific qualifications and meeting the immediate needs of individuals and firms rather than lifting the qualifications of the workforce as part of a broad workforce development strategy, and
5. allows the market to determine what training is delivered rather than planning to promote industry development.⁶²

Conclusions on the effects of market mechanisms

1. I observed earlier in this paper that there are a wide range of programs, run within the VET system. Some of these areas are more suitable to market based systems than others. I remarked that market based arrangements have worked reasonably successfully in user-choice for some time. The reason essentially is, that you have a much more sophisticated purchaser in the employer. Many employers have been apprentices themselves, and many larger employers have training managers and apprentice masters. The nature of the purchaser will need to be taken into account in the design of market arrangements
2. Will improved information for participants encourage them to make more rational decisions about programs they will participate in? I believe that improved information will be worthwhile, but we can't expect that it will solve the problem completely as participants choose programs for a whole range of reasons, unrelated to whether there are skill shortages, whether the provider offers the most 'value for money' etc. It will certainly improve employer decision-making, when they are the purchaser.
3. Can we get a level playing field on quality? This was discussed in the previous section. **The most important action required is to improve assessment. The recent Ministerial announcement on new draft standards is an acknowledgment of the problem, but does not go far enough.**
4. The issue of whether the system should be industry driven or consumer driven? The next section will discuss the attempt in Queensland to reconcile this issue by adjusting subsidy levels based on an assessment of the degree to which the skills are important to industry. On the more general level I have earlier argued that if there is no direct employment relationship involved then programs need to be broadly based and focused on broad occupations or groups of occupations (so as to meet the needs of individuals **and the long-term needs of industry and the economy**). **Narrow programs focused on current tasks in industry, cannot generate the broader skills needed for ongoing structural change.**
5. Increasing competition and reducing prices paid to TAFE will have a dramatic affect on TAFE, its capacity, its expertise and resources. This has been seen in Victoria and is also evident in Queensland. There is no doubt that TAFE needs to reform and become more efficient and flexible. However this will inevitably take time and to force the changes over a

short period and without fixing the unfair competition from lower quality providers means that we are likely to damage TAFE and its role in VET significantly. There is no doubt that a slower implementation of change will better mitigate the risks.

What is the appropriate role of occupational labour assessments in Vocational Education and Training?

The conflict between industry-driven or individual-driven Vocational Education and Training is being addressed in Queensland by assessing labour demand and supply in various occupations. Then, based on these assessments, adjusting the subsidy levels for various courses depending on whether the occupation is subject to shortage, is in equilibrium, or is over supplied.

It is worth looking at these processes, their underlying assumptions, and whether they can work as envisaged by Queensland officials.

But occupational labour markets are complex systems. In general, occupational assessments look at both demand and supply. On the demand side projections are made of occupational growth and estimates are made of 'replacement demand' arising from retirements, people leaving the occupation etc. The various sources of supply include people completing education and training, informal training, migration etc.

These various supply sources have to be estimated and will all have a margin of error which can compound on each other. Not all graduates will choose, or find a job, in the relevant occupation. Replacement demand can fluctuate with, for example economic conditions. It is likely to be a much bigger component of demand than growth, but difficult to measure.

Then there are job supply responses by employers which might include substituting people with related skills, changing work practices to affect the skills mix, and using technology to replace particular skills.

So any assessment of occupational labour markets can only be indicative. They are improved substantially by adding qualitative information from employers, unions and professional associations, but they are still only broadly indicative.

Certainly I have been impressed by the work done by the Australian Workforce and Productivity Agency. However, this agency is, unfortunately now to be merged into the Commonwealth Department. My concern is whether, in an environment of constrained resources, the 'agency' retains appropriate resources and priority. In any case the agency was only ever able to do a small number of comprehensive assessments a year. The labour assessments prepared for Queensland by Deloitte Access Economics were affected by deadlines and are quite limited in that they focuses mainly on growth demand. There is very little supply analysis.

It is important to note that when shortages are identified, the situation where supply from the training system is deficient might be only one possible reason for the problem. The shortage may be in a sub-speciality of the occupation, where skills can only be gained on the job, or the demand may be for experienced workers.

Many researchers (see for example Shah and Burke⁶³) have identified a range of issues that may cause skill shortages, the factors involved may include, wages and the speed of adjustment as well as other conditions of employment, whether people doing the training have other characteristics that don't attract an employer. Some of these may be age, literacy, attitude, interpersonal skills etc. Whether people are attracted to the jobs on offer, for example location, career prospects, physical aspects etc. The length of the training time may determine how quickly a training response can address the problem. Many of the reasons for skill shortages may not be addressed by adding more people to the training queue.

Many of these conditions or barriers, causing shortages, can only be addressed by working with employers.

So if our occupational assessments have indicated shortages, will the reduced price of training (through the subsidy adjustment) to the prospective student, increase numbers in that area? Will it attract the right sort of prospective employees that employers are looking for? I would suggest that the impact of the adjusted subsidy, in many cases will be marginal.

Even if we increase numbers, we have previously shown that many graduates aren't matched to the relevant occupation, so increasing numbers may be an inefficient way to address the problem. If the wrong students choose the course, ie they don't have other characteristics employers are looking for then they may also not be employed. The occupation may not be attractive to job seekers even if the training is free.

In any case I am concerned, that even with the higher subsidy, fees in many programs will be quite high for many prospective students, especially those from disadvantaged backgrounds. Many VET programs don't have the same pay-offs in terms of life time earnings as higher education programs. Some analysis of this and its implications for policy is warranted.

Conclusions on occupational labour assessments:

1. occupational assessments are worthwhile particularly if the underlying cause for skill shortages can be identified. They provide one check on the balance of provision as long as planners are aware of their limitations and changes in subsidy levels are modest from year to year. They are also useful as part of the market information available to prospective students, employers and providers;
2. shortages are best solved by working with employers on the underlying causes. For example it may be as simple as employers being involved in selecting course entrants and guaranteeing employment for successful completion. If this strategy is followed I suspect that price subsidies for training may be more of an incentive for employers; and
3. graduates with broader skills will have a greater range of opportunities in the labour market.

How relevant is the 'entitlement model'?

In 2010 the Victorian government started injecting \$400M into Vocational Education and Training and offered all eligible Victorian an entitlement to a VET program. The offer was uncapped and and, of course, enrolments exploded, especially in a whole range of cheap courses, heavily promoted and mostly in areas of low demand.

The 'entitlement model' is included as reforms and actions to be carried out in the National Partnership Agreement on Skills Reform of 2012:

improving training accessibility, affordability and depth of skills, including through the introduction of a national training entitlement and increased availability of income contingent loans.⁶⁴

Queensland has focused its entitlement on Level 3 certificates:

The Certificate 3 Guarantee will give Queenslanders access to a government subsidised training place, up to and including their first certificate III qualification in priority areas. Year 12 graduates will be able to enrol in fee-free priority training courses.⁶⁵

As can be seen there needs to be a fine balance between demand, the subsidy level and the total budget available. I have mentioned earlier the implications of higher course prices that may result. Alternative models of allocating places to students will also need a process of rationing, which may be inherently more unfair than an entitlement model.

Over the last decade and a half, VET funding on a national basis has declined per hour of contact. Over the same period Commonwealth and State VET recurrent funding on a per capita equivalent basis has fallen behind government primary school, secondary school and higher education.⁶⁶ The initiative of the current Commonwealth Government to fund degree and sub-degree programs in approved VET providers will allow some redirection of VET budget to Cert I to IV programs. Without commenting on their fairness, so will the extension of HECs type loans to degree and sub-degree programs in VET. This does not solve the problem of ability to pay fees, at least in Queensland for Cert I to IV programs.

Mitchell highlights five reasons that the entitlement model doesn't fit well with the VET sector:

1. The sector has spent the last 20 years saying it is industry led, not driven by the individual;
2. It assumes that students are informed consumers and able to make sound decisions. (Willox reinforces this point: 'Basically people are burning their entitlement to training for a course that doesn't give them a career path, and doesn't give that person proper purpose or direction.'⁶⁷);
3. It assumes that all training providers can be trusted to provide clear information about their services, i.e. the product is true to how it is described to prospective students;
4. It assumes that some students and rogue providers will not collude to pervert quality requirements. The construction white card is provided as an example, and
5. It doesn't fit well with VET because the (Victorian) policy makers keep changing the rules. The complaint highlights the complex rules, categories of eligibility and different fee structures.⁶⁸

Conclusions about the entitlement model:

1. A number of the criticisms of the entitlement system are essentially criticisms of other aspects of the current VET policy settings. These include the issues around quality including consumer protection and the use of market mechanisms to purchase training. These issues have been covered in other parts of this paper and are not central to an entitlement model;
2. Information for prospective students does have to be improved;
3. There needs to be a better process to encourage providers to select students who are most likely to benefit from the course. Completion rates and placement into employment need to be KPI's for providers and linked to funding. This would encourage better selection and career advice processes. This is of course a restriction on an entitlement and would need to be designed as part of the system guidelines. I mentioned earlier the merits of programs such as 'Skilling Solutions Queensland'.
4. The issue of whether the system is industry led or individual led, particularly where the education and training is not part of an employment relationship has also been dealt with elsewhere in this paper. As argued earlier, more broadly-based programs will better serve learners and industry in the longer term;
5. Having said all that an entitlement system properly designed is a way of providing equitable access, to programs not part of an employment arrangement or programs that do not have a specific target. This point is subject to the impact on student fees that have resulted, and particularly the resultant effect on disadvantaged students;
6. As restrained budgets will make it difficult to provide substantially increased funds to VET, there is an urgent need for effective and fair loan arrangements, for Cert I to IV learners:
7. It may still be useful to have the option of caps for expensive programs where few people are employed and for the latest 'fashionable' programs.

What is the best approach to Commonwealth-State relations and governance?

From 1992 the Australian National Training Authority (ANTA) was the main provider of strategy and policy to governments on Vocational Education and Training. It also had oversight of the national qualifications system, mutual recognition and Commonwealth funding commitments. It reported on output and requisite state resourcing.

ANTA, maybe surprisingly, survived for 12 years and was not abolished until 2004 when the Howard Government closed it on the basis that its core functions should be performed by State departments).⁶⁹

Over the ten years since the demise of ANTA, the following problems have occurred:

1. There have been periodic Commonwealth-State agreements, often vigorously contested and marginally effective as the States increasingly went in their own direction;
2. A range of often disjointed advisory bodies and policy have been established, at both the Commonwealth and State level;
3. Constant change to the system as Ministers needed to be seen to have a reform agenda;
4. This was not assisted by the lack of experienced, and specialist VET experts in the bureaucracy. This was particularly noticeable at the Commonwealth level because of the nature of Commonwealth public service career structures.

As this paper has shown, the Vocational Education and Training system in Australia has a number of serious challenges, which will be constrained by the current fiscal situation across the country.

So what are the potential ways forward and the appropriate governance that can guide an effective and vigorous VET system? There are a number of options:

1. First, the system could be taken over by the Commonwealth. Such an approach would seem to be inconsistent with the philosophy of the current Coalition Federal Government. It would reopen the debate on the differential effects of state VET funds re-directed to the Commonwealth, on the carve up of the GST between the States, at a time when this is already controversial. I have already expressed my concerns about the expertise at the Commonwealth level. Finally the system would likely lose the capacity to understand regional labour markets and meet local needs. This includes working with employers on particular skill shortages.
2. Second, the system could be handed to the States, including handing over relevant Commonwealth funds. My concern would be that the national qualifications system and regulatory arrangements would be lost. Furthermore, there are important links to employment policy and programs and the tertiary education system. While there can be benefits in competitive federalism, too much diversity in Vocational Education and Training can be problematic. Even under current arrangements there are already substantial differences in approach between New South Wales and Victoria.
3. Noonan has suggested a third option, which he sees as an arrangement about funding, but could and would in any case lead to a split of responsibilities and governance:

(this option) 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 clear commitment by both levels of government to sustained growth to meet the targets they have set for the nation.⁷⁰

4. Noonan ties his funding option with a new governance arrangement. I will call this option 4. This involves bringing back some version of ANTA, run by experienced policymakers and administrators, but accountable to Ministers. It would involve a range of stakeholders, particularly senior industry players and would be able to take a long-term view on the challenges raised in this paper.

I Conclusion on Commonwealth-State relations and governance:

We need to consider what is best done by each level of government, and what is best done together. There is a strong argument that we need a national qualifications system, and with that goes a regulator. There is also merit in being able to focus cooperatively on longer-term policy outcomes and stability in direction. Comparative data should also be available.

In terms of the operations of the system there is merit in the 'competitive federalism' argument. This would support innovation.

The Commonwealth would, of course, continue to be responsible for the unemployed and increased participation by those on social welfare and, as such, purchase supporting VET programs.

A body like ANTA is a good vehicle to pursue those matters that need to be undertaken on a cooperative basis.

Summary of conclusions

It remains to pull the various issues together. The key issues identified in this paper are:

- the purpose of Vocational Education and Training learning and whether this is effectively achieved by Competency-Based Training;
- the use of market and quasi-market mechanisms for resource allocation and to encourage efficiencies;
- the quality of outcomes and the means to ensure this;
- entitlement models, and
- Commonwealth-State relations and governance.

Are the current policy settings the right ones in the context of;

• ongoing economic change, the associated imperative for productivity, and the resultant structural adjustment and the need for workers to have the underlying skills to adapt and continue to learn; and

• the diverse needs of VET learners, including those already in employment and those seeking employment.

At the macro level, this paper concludes that Competency-Based Training, and the way in which it has been implemented in Australia, does not meet the needs of an economy subject to constant structural adjustment and a labour force that needs underpinning general skills which allows its participants to adapt to that change. It does not meet individual workers' needs to be more than mere 'automatons' in the production process, rather than problem-solvers and innovators. In addition, it may be very wasteful, because in many programs graduates do not get employment in the area for which they have been trained.

This paper argues for broad-based initial vocational education and training in particular occupations or groups of occupations. Competency-Based Training may be suitable to learners

- who are already employed. But, even then, a broad notion of competency needs to be incorporated as part of that training.
- At the micro level, Competency-Based Training 'legitimises' shortened training periods, because completion is determined by the acquisition of competencies. However, this was not a usual feature of the training system, until extensive market-based arrangements were introduced. The more extensive use of shortened training periods has often been associated with poor quality training. Historically, providers (generally State TAFE systems) issued qualifications. There are now some 5,000 providers approved to issue qualifications, making it difficult to assure the quality and validity of the qualification.

Market-based arrangements worked reasonably well in the traineeship and apprenticeship areas in which the employer is essentially the purchaser. These have been extended more generally in the last few years into areas where the learner is the purchaser. The objective was to improve resource allocation and increase efficiency and responsiveness. However, to an extent competition did not occur on the basis of quality and suitability, but rather on the basis of price, the duration of the program and in some cases, 'glitzy' marketing. So, of course there was a 'race to the bottom' on quality. This is well documented by Australian Skills Quality Authority itself.

The response was not to question whether the market arrangements were appropriate for the various types of VET programs, but rather to attempt to strengthen the regulatory system and improve information for the market participants. Improved information is certainly useful, but is not yet suitably available. In any case, it will not solve the problem by itself.

The regulatory system is largely input and process focused and has been criticised for being largely ineffective 'red tape'. It has to deal with some 5,000 providers. There are proposals to focus it on high-risk providers, which is useful. However, the real solution is to focus on outputs and outcomes and address the fundamental 'conflict of interest' in which the Registered Training Organisations are both providers and assessors. Combined with this, jurisdictions would be wise to implement market arrangements, outside apprenticeships and traineeships, in a staged and careful way.

There are claims that the 'entitlement model' takes us away from 'an industry-led' system. This is true to the extent that individual learners are choosing the type of programs that they enrol in. An industry-led system would fund a mix of programs that meets the future skills needs of industry. The data shows that outside the trades, very few graduates are getting jobs in the areas in which they are trained, so I remain to be convinced about an industry-led system. The real answer is to provide broad-based programs that are suitable for groups of occupations and whole industries, and thereby meet the long term needs of the economy.

The real issue with the entitlement model is that current budgets mean that the only way to provide for all those 'entitled' is to increase the fee to the learner. This is problematic given future long-term skill needs and the many economically disadvantaged would-be students who would have to forego their entitlement. If extra budget allocations are not possible, there would have to be better loan arrangements for Cert I to VI learners that take into account the subsequent career and salary experience of VET graduates.

The allocation of VET responsibility to either the States or the Commonwealth is not an effective way to manage the system. It is necessary to maintain national qualifications and a regulatory system that accommodates providers who work across borders. At the same time there needs to be room for local innovation, and to meet the need of regional labour markets. To provide proper strategic leadership, a joint Commonwealth-State body such as we had with Australian National Training Authority needs to be re-established.

APPENDIX

Historical overview, including personal experience

1980-1993

From 1980 until 1993, as one of the senior officers responsible for Vocational Education and Training (VET) policy in Queensland, I was intimately involved in all the major developments in the sector. In the early 1980s there was modest Commonwealth involvement in funding Technical and Further Education (TAFE), mainly concentrated on capital works and subsidising the wages of apprentices while they were in TAFE training, through the Commonwealth Rebate for Apprentice Full-time Training (CRAFT). The period of my involvement ended with the establishment of the Australian National Training Authority (ANTA) in 1992. The main developments over the period included:

- the development of Commonwealth-State policy and funding support for Group Apprenticeship Schemes;
- the development of traineeships, arising from recommendations of The Committee of Inquiry into Labour Market Programs (Kirby Inquiry);
- Traineeships also led to the development of 'user choice funding' following problems in Queensland when TAFE failed to provide day release arrangements, sought by employers (as against 'block release' which was the standard TAFE provision);
- the growing recognition that the training system was more than just the training funded and provided by government. The market included private providers and employer-provided training. Queensland was the first to recognise in its legislation private providers (mainly in the clerical area) as Approved Training Organisations;
- the coming together in most States of apprenticeships, generally administered in Labour Departments and TAFE to create VET organisations;
- The development of 'competency-based' skill standards and subsequently competency-based training (CBT) through the National Training Board to provide a means for industry to shape outcomes and as a basis of national consistency; and
- the attempt by the Commonwealth to take over VET responsibility, which largely foundered on the differential impact on fiscal equalisation grants on various States. When this failed there was agreement to establish the Australian National Training Authority (ANTA).

1993-2012

Since 1993 I have been more of an 'interested observer' of VET, although I did have some responsibilities for TAFE performance (1998-99) and for State-based employment programs (2006-09), which used substantial VET funds. More recently I have been the Chair of a small Queensland Industry Skills Board and chaired a partially completed review of Queensland TAFE for the previous Queensland Labor Government (2011-12) This has allowed me to again engage in thinking about major VET policy.

It is interesting but troubling that many of the major policy issues in VET have their origin in the period between 1980 and 1993 but are still subject to significant debate. As I see them, the major issues include:

- the purpose of VET learning, and whether this is effectively achieved by CBT;
- the use of market and quasi-market mechanisms for resource allocation and to encourage efficiencies;

- quality of outcomes and the means to ensure this;
- entitlement models, and
- Commonwealth-State relations and governance.

My impressions are that there is a substantial degree of often contradictory disquiet from many and varied stakeholders about current VET policies and how effectively they are contributing to state and national economic growth and social advancement.

The Commonwealth Minister responsible for VET has described the current system as a ‘convoluted mess’:

The reality is that we have inherited a system in the skills and training area which is so close to broken that we have meetings now with people who say, ‘For God’s sake fix this – it is so complicated, it is so heavily regulated, it is so over-audited we’re not getting the results we need to get’.⁷¹

John Pardy in the same article in *The Conversation*:

Serious structural problems beset Australia’s skills and training system. Low-quality provision and over-regulation highlight the short comings of skills and training delivery in parts of the sector.

The CEO of the Restaurants and Catering Association, John Hart raises the inconsistency between an “industry led” system and the entitlement model:

By placing the purchasing decision in the hands of the student... 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.⁷²

My old colleague Kim Bannikof said, in his inimitable style:

This is a story of failure in public policy- how a good idea got buggered up over time and through inattention. The good idea was TAFE.⁷³

In the same lecture, but on a different point Bannikof said:

The pursuit of relevance has contributed to the removal of educational purpose. Training Packages have meant deskilling of vocational teaching and learning – for both teachers and students.

In a paper for the NSW Board of Vocational Education and Training, Wheelahan and Moodie suggest a notion of VET that is limited to preparing people for specific workplace tasks and roles is far too limited.⁷⁴

In its submission to the House of Representatives Standing Committee on Education and Employment Inquiry into the Role of the Technical and Further Education System and Its Operation, the Queensland Teachers Union wrote that a market based approach has:

:

- failed to address skill shortage areas in the labour market;
- failed to improve productivity;
- exacerbated inequities in access to quality education and training;
- left many existing workers without qualifications to adapt to workplace change;
- undermined the capacity of the VET system to promote a planned approach to industry development, maximise quality employment and to meet future industry, labour market development and social needs.⁷⁵

Buchanen et al. in a thoughtful paper on the various ways education and work arrangements can interact, write:

The narrow approach to 'competence' in VET limits the ability for the sector to provide a quality general education which is transferable across a range of industries. In particular, it limits students' access to forms of knowledge that facilitate autonomous reasoning – at work and beyond.⁷⁶

This is merely a flavour of what is a vigorous debate about the current VET policy settings. The debate and getting the right policy settings is critically important to Australian prosperity and the ability of the workforce to participate in that prosperity.

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