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CENTRE FOR THE ECONOMICS OF EDUCATION AND TRAINING

**Policy developments in VET:
analysis for selected countries**

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- evaluation of 'user choice' for apprenticeship training
- analysis of the efficiency and equity in the training market
- policies to improve the transition of youth from education to work
- the impact of VET research on policy and practice
- equity and VET
- models for analysing student flows in higher education and in vocational education, and
- returns to investment in enterprise training.

Contents

Executive summary	1
Introduction	6
Australian policy context	6
Project methodology	8
1. Workforce/adult training and retraining	10
National policy contexts and priorities	10
Implications for Australia	13
2. Equity issues for Indigenous and other groups	16
Equity groups in the Australian strategy	16
Equity strategies for other countries	16
Similarity of equity issues	17
Indigenous persons	18
Strategies to improve learning and outcomes for equity groups	19
Lessons for Australia	21
3. Managing demand and funding so that priorities are met	22
Introduction	22
Demand: estimating it and increasing it in priority areas	22
Pricing and financing	26
Immigration	28
Implications for Australia	28
4. Developments in qualifications structures and quality assurance	30
Implications for Australia	34
5. Enhancing provider capacity to ensure quality and responsiveness	36
Roles	36
Priorities	39
Implications for Australia	40
6. Regional and community capacity building	42
Implications for Australia	44
Concluding comment	46
References	47

Boxes

Box 1: Issues considered and approximate correspondence to strategies	7
Box 2: Social and economic context in Australia	9

Executive summary*

This paper is concerned with the strategies being adopted for vocational education and training (VET) in Australia and the lessons that could be learned for them from policies in other countries. It is not a review of research but of the policies and strategies adopted and the reasons for them.

The issues are considered in the Australian context and implications for Australia are drawn out. Six issues are considered in the paper and all relate to one or more of the objectives and particular strategies in the *Australia's National Strategy for Vocational Education and Training 2004-2010*:

1. Workforce/adult training and retraining in the light of ageing and shifting occupational structures
2. Equity issues for Indigenous and other groups
3. Managing demand and funding so that priorities are met
4. Developments in qualification structures and quality assurance
5. Enhancing provider capacity to ensure quality and responsiveness
6. Regional and community capacity building.

Adult training and retraining

The specific priority to the training of the existing workforce in *Australia's National Strategy* is consistent with priorities in the countries considered. The development of the existing workforce emerges from 'whole of government' policy approaches, involving labour/employment and industry portfolios. Workforce skills and knowledge are now centre stage as drivers of economic growth and productivity. Ageing, labour market participation rates and ongoing skills shortages are specific policy concerns.

A major theme from this analysis is the need in Australia to define the potential workforce broadly, encompassing those wishing to re-enter the workforce and those who have left the workforce—including 'discouraged workers' and early retirees—and to develop and adopt strategies which are clearly targeted at particular sub populations and market segments.

These strategies must include measures to increase interest and demand from those with low levels of skills and knowledge rather than just responding to demand as it emerges, otherwise investment in retraining the current workforce could widen gaps in skills and knowledge and may even exacerbate labour force retention problems.

* Our thanks to Fran Ferrier for extensive advice and editorial input, to Phil McKenzie for assistance with international literature and to Chris Selby Smith for comments and suggestions.

A particular priority is the need to assist adults without the foundation skills for effective labour market and social participation, including literacy and numeracy and ICT skills.

Equity

The lessons for Australia from overseas experience largely confirm the objectives of current practices in Australia across equity groups. Policies and practices overseas address the development of Indigenous capacity, support for and sensitivity to culture, and the involvement of Indigenous communities in planning and decision-making.

Many of the barriers to learning and employment for Indigenous peoples are not susceptible to educational strategies alone. Development of environments supportive of learning and skills acquisition and the valuing education and training requires major social change. The provision of sufficient economic security and disposable income to undertake education and training, whether employed or unemployed, also requires major socio-economic change.

People within different equity groups may meet similar barriers to education and training. For instance, Indigenous people and low-skilled workers may both have low levels of literacy, numeracy and foundation skills. People with disabilities and migrants may both meet difficulties in obtaining employment because of the attitudes of employers. A number of strategies have been identified to address such barriers:

- continued priority to literacy and numeracy skills;
- greater recognition of Prior Learning especially for mature aged;
- increased workplace based training for low-paid and or low-qualified workers;
- improved program specification;
- consultative processes to identify barriers and appropriate training solutions;
- stimulate motivation including financial incentives; and
- enhanced access, including child care and financial support.

Managing demand and finance

Labour market intelligence to manage demand for education and training is seen as important in the countries considered. It is agreed that demand for training and the finance to support it needs to be increased: in total, in skill priority areas and for the less advantaged. Better labour market information can help policy makers and providers better align provision of training with the needs of employers—while remembering that longer-term needs are not all identified by employers.

Bodies similar to Australia's new skills councils are being established. One of their major roles is labour market intelligence. The developments in the range of information and its coordination in the different countries and especially in England are instructive.

All countries are concerned about shortages though it is not always clear the extent to which these are a problem of the provision of training or of the nature of the labour market.

Australia is giving considerable attention to migration as a source of skills to meet the employer demand. However, immigration does not receive as much attention in policies on education and training in Australia as it does in Canada, New Zealand or the UK.

Improved vocational guidance is recommended in most countries but there is not always a commitment to fund it and its effects are not often evaluated. While the information sites in Australia for course and employment information appear quite good the extent of counselling and guidance available appears to be relatively limited.

Australia is going through a period when VET fees and charges are being reconsidered. The UK policies are particularly notable in making sure that the less advantaged and the low skilled are assisted and not deterred. For England zero fees are being maintained for 14 to 19 year olds. Fees are being abolished for adults without basic skills. Fees exemptions are provided for a wide range of disadvantaged (as generally is done in Australia). A new grant is being introduced for support for adults with low skills. The various ways of supporting students and encouraging employer contributions in different countries need ongoing monitoring in Australia.

Qualifications structures and quality assurance

The most significant implications for initiatives and policies in Australia arise from the major reforms underway in England:

- A distinction between the needs of young people and adults, with measures to create greater coherence, breadth and pathways for young people and flexibility and customisation for adults.
- Recognition of differences between work and institution-based pathways.
- A clear emphasis on workforce development and increasing skills and knowledge levels of the adult population, but with a stronger emphasis on the role of VET providers in the 14-19 age cohort in England.
- The development of Foundation Degrees which can be offered by both Further and Higher Education providers to meet higher level skills needs and as a means of expanding higher education.

The importance of foundation skills and employability and generic skills is also evident. There is a desire in both England and New Zealand to have a consistency in application and understanding of those skills and of the links to vocational pathways. Qualifications frameworks in both the UK and New Zealand are evolving into unitised credit based frameworks with emphasis on flexible use of those frameworks and credit recognition at the unit level.

Provider capacity

Drawing implications from international developments in VET institutions is problematic as they reflect the prevailing approach of the governments of the day and

because in the Australian federal system those arrangements are more appropriately analysed at a state level.

Nonetheless the arrangements provide interesting contrasts. In England strategies and priorities for VET providers are directly derived from a broader national skills development strategy with clear objectives and targets in relation to young people, adults, the workforce and employers. In New Zealand strategies and priorities are located in a broad policy objective to build a knowledge-based economy but are more internally focused on the effective operation of the new Tertiary Education System. In Canada community colleges are seen to have a major role in the Federal Governments innovation and knowledge agenda, and the Federal Government has a limited role in influencing strategies and priorities.

The broad priorities for VET providers emerging from the analysis are:

- a strong focus on quality particularly in the quality of teaching and learning;
- a strong focus on responding to emerging skills needs locally and in industry sectors, guided by the work of independent industry advisory/brokerage bodies;
- an emphasis on the role of public providers and strategies to improve their responsiveness and effectiveness and on cooperative arrangements rather than through competition between public providers and private providers;
- an integration of the role of community and volunteer based organisations in the mainstream of policy, planning and funding particularly in reaching adults disengaged from learning but with major learning needs.

Regional and community capacity

The concept of learning communities/cities/towns and strategies to identify and harness the total learning resources within a region are now central to the goal of linking learning to broader community capacity building.

There seem to be three overlapping approaches and policy perspectives to the issue of regional and community capacity building:

- A community development approach, evident in England where the policy framework is derived from objectives such as neighbourhood renewal and is highly focused on local communities even at the level of family interventions. Objectives are clearly linked to economic improvement and employment, but flow from a need to reduce social exclusion and reduce the effects of inter-generational poverty and communities of low levels of educational participation and attainment.
- A provider-community engagement approach where responsiveness to local and regional needs is expressed through the mission and profile of educational institutions.
- An innovative communities approach, evident in Canada where community and regional capacity building is located in the broader agenda to build an innovative economy, with the distinct strengths of communities and clusters a source of competitive advantage.

All of the approaches outlined above are consistent with the objectives of Australia's National Strategy for VET and already being employed in VET systems or through learning community/learning town initiatives.

The more substantial challenge will be the extent to which it is possible to bring these innovative approaches into the mainstream funding and accountability arrangements of the national VET system, and to extend the role of the VET system to encompass local and community based learning networks. This may require moves beyond the current definitions of outcomes to incorporate those aimed at building community capacity and broader forms of skills and knowledge, including those acquired through community and group based learning.

Introduction

This paper is concerned with the strategies being adopted for vocational education and training (VET) in Australia and the lessons that could be learned from policies in other countries.

The new National Strategy for VET 2004-2010 and state strategies are leading to changing emphases in the priorities for VET and the need for policy development to support them. The objectives of the national strategy are (ANTA 2003):

1. Industry will have a highly skilled workforce to support strong performance in the global economy.
2. Employers and individuals will be at the centre of vocational education and training.
3. Communities and regions will be strengthened economically and socially through learning and employment.
4. Indigenous Australians will have skills for viable jobs and their learning culture will be shared.

The six issues considered in this paper are set out below. They all relate to more than one of the objectives of the national strategy and a rough correspondence of the issues to the twelve strategies is set out in Box 1. Some of the issues clearly relate to more than one of the strategies.

1. Workforce/adult training and retraining in the light of ageing and shifting occupational structures.
2. Equity for Indigenous and other groups.
3. Managing demand and funding so that priorities are met.
4. Developments in qualification structures and quality assurance.
5. Enhancing provider capacity to ensure quality and responsiveness.
6. Regional and community capacity building.

Australian policy context

Changes in education, society and the economy are occurring within an evolving policy context that is taken as background for the discussion in this paper:

- the pursuit from the 1980s by the Commonwealth of smaller government, privatisation, deregulation, market or quasi market pressures and new management, seeking efficiency in government as a whole;
- the constraints on the total public funding of education and training;

Box 1: Issues considered and approximate correspondence to strategies

Issues considered in this paper	National Strategies
1. Workforce/adult retraining in the light of ageing and shifting occupational structures	1. Increase participation and achievement, particularly by existing workers 2. Help clients navigate and interact with vocational education and training 3. Improve the value, brand, language and image of vocational education and training and public recognition of its employment outcomes 10. Make learning pathways seamless
2. Equity issues for Indigenous and other groups	1. Increase participation and achievement, particularly by existing workers 2. Help clients navigate and interact with vocational education and training 4. Take positive steps to achieve equality of participation and achievement 10. Make learning pathways seamless
3. Managing demand and funding so that priorities are met	5. Make a sustained investment in TAFE and other Registered Training Organisations 7. Implement flexible funding models and planning and accountability approaches 8. Develop a sustainable mix of funding 9. Strengthen industry's role in anticipating skill requirements and developing products and services to meet them 12. Facilitate access to international markets
4. Developments in qualification structures and quality assurance	3. Improve the value, brand, language and image of vocational education and training and public recognition of its employment outcomes 11. Improve quality and consistency and 3 above
5. Enhancing provider capacity to ensure quality and responsiveness	6. Enable training providers and brokers to partner with industry to drive innovation
6. Regional and community capacity building	Most of the strategies

- the rapid changes occurring in the economy, in employment structure and skill needs;
- the location of education and training policy (particularly VET) in broader economic and labour market objectives and a closer alignment with industry needs;
- the implications of population and workforce ageing;
- the changes in the allocation of those funds among public and private providers and changes in the regulation of public and private education and training.
- the more recent emphasis on the role of education and training in assisting with community and regional development, economically and socially.

Some further detail on the demographic, educational and economic context in Australia is presented in Box 2. Many of the features of the Australian economy and society are common to the economies considered in this report.

Project methodology

Our approach in this paper is based on an analysis of **national** strategies, policies, objectives and priorities of government agencies to provide a consistent point of comparison with the National VET Strategy in Australia. The paper uses some secondary sources to support questions of fact but it is not a review of research but of the policies and strategies adopted and the reasons for them.

This has limited our analysis of developments in Canada, due to the decentralised nature of that system and in practice we found that any meaningful analysis of developments in the United States was not possible. While there were some attempts to build a national skills/workforce development approach in the US through the nineteen eighties, we found little or no evidence of those approaches continuing under the current administration, at least at the level of national strategies as opposed to specific program initiatives.

There is necessarily some degree of overlap across the separate sections of the report. This is because they sometimes deal with a different aspect of the same policy. It is also to allow the sections to be read to a degree independently from each other.

Box 2. Social and economic context in Australia

Demographic

- lower rate of population growth than in the past, though higher than Canada, NZ, UK, US
- growth in the older population

Educational

- considerable expansion in completion of schooling and participation in VET and higher education
- participation in post-school education is high by world standards e.g. number of years in formal education, proportion of persons aged 40 and over engaged in formal education
- the proportion of persons with higher education qualifications is high but the proportion with qualifications or achievement at only junior secondary level is also high
- performance at school level is relatively very high as measured by PISA though there is high variability in performance
- large proportion of adults remain at low levels of literacy and numeracy

Governance and finance

- federal system of government
- government outlays low as a share of GDP, as in other Anglo countries
- fee paying increasing in education and training, but still low in public VET

Economic change and implications

- technological change in a more open economy and changing employment and earnings
- labour productivity growing faster than in the UK, NZ Canada or NZ in the last decade
- employment growth relatively fast compared to rest of OECD
- increase in employment participation of females
- a rapid increase in professional jobs
- also increase in part-time, casual, low skill, low paid, non-unionised jobs
- large decline in public sector employment
- little if any growth in trade and middle level jobs, though shortages occur with attrition
- relative decline in employment in manufacturing and the expansion in business activities
- increased skill needs *within* occupations
- importance of basic skills and generic skills including communication skills and ICT
- increased levels of outsourcing of work
- high unemployment and 'not in the labour force' among those with low education and literacy
- one in six children in jobless families
- the large differences within cities and among regions;
- considerable numbers under-employed in part-time jobs
- the concentration of joblessness in certain region
- the relatively high and growing inequality of disposable income
- combined effects of these factors on access for some groups and for small business
- the multiple education and employment problems of Indigenous and some other groups

Main references: OECD 2003b, OECD 2003e, OECD 2002, OECD 2000, Smeeding 2002

1. Workforce/adult training and retraining

The National Strategy for VET 2004-2010 has identified the need to “increase participation and achievement particularly by existing workers” as a key strategy. Mature age workers have been identified as a specific priority within that strategy and ANTA has released a discussion paper on ideas for action in relation to the group.

This priority reflects concern at the implications of ageing of the workforce, adult labour market participation levels and adult skills levels at a time when skills and knowledge requirements are intensifying and critical skills shortages are persisting in many industry sectors.

This concern is evident from the considerations of international bodies such as the OECD and policy directions in all of the countries reviewed for this paper.

National policy contexts and priorities

Beyond Rhetoric: Adult Learning Policies and Practices, an over view report on the thematic reviews of adult learning in nine OECD countries, indicated that:

Adult learning has taken on a much higher profile in the last decade, as OECD economies and ageing societies are increasingly knowledge based. High unemployment rates among the unskilled, the increased and recognised importance of human capital for economic growth and social development – together with public interest in improving social and personal development – make it necessary to increase learning opportunities for adults within the broader context of lifelong learning. (OECD 2003a p.7)

Amongst the problems identified by the OECD in the report are:

- Unequal participation rates in adult learning particularly amongst older and less skilled adults with a consequence that those most likely to benefit are those who already have high levels of attainment.
- That time, institutional barriers, poor information and low rates of return, inadequate incentives and specific factors such as distance and disability lead to low levels of demand despite high needs with many groups with low participation levels not making their needs known.

The OECD highlights access and participation as the key to addressing these problems and suggests the following strategies:

- making learning more attractive to adults (through adult pedagogy, flexibility to meet learner needs, outreach policies and recognition of prior learning);
- measures to stimulate employment related training;
- enhancing financial incentives to invest in the human capital of adults;
- measures to improve the quality of adult learning (such as quality assurance systems and standards);

- adopting a coordinated approach to adult learning (across education systems, across government and with non government bodies, combining ‘top down and bottom up’ approaches, the promotion of partnerships and policy processes to coordinate well across sectors)

The OECD in *Employment Outlook* (2003d) has also highlighted the importance of improving adult participation in education and training and of closing the gap in participation and attainment levels between adults as a key part of future employment and labour market strategies, placing particular emphasis on the importance of employer sponsored continuous vocational training and strategies to redress the imbalance in access to that training.

In all of the countries examined, there is now a significant shift in the policy pre-occupation from concentration almost entirely on initial education and the transition of young people to a growing recognition of the importance of continuous access to learning and skills acquisition for adults and the existing workforce.

The most significant and comprehensive approach to the issue has been taken by the UK Government in its Skills Strategy *21st Century Skills: Realising Our Potential* (UK 2003b). The Strategy identifies the need to address the gap between the skills-rich and the skills-poor as essential to both a competitive productive economy and fairer, more inclusive society. It identifies the percentage of the UK workforce qualified at the intermediate skill level as too low compared to France and Germany.

While these themes are consistent with policy analysis approaches in the UK since the 1980s, there is a new specific recognition of the adult retraining in the most recent strategy and a series of specific initiatives targeted at adults. Another feature of the Strategy is that it encompasses approaches across all relevant Departments (Education and Skills, Trade and Industry, Work and Pensions and Treasury) and was released by the Prime Minister with endorsement of all of the relevant Secretaries of State and the Chancellor of the Exchequer.

The UK Skills Strategy places a primary emphasis on increasing demand for education and training, particularly from those adults without the foundation skills for employability and to assist employers secure the skills they need and influence over what skills are required and how they are provided—a ‘demand led system’.

In addition to a range of measures to assist employers, the Strategy contains major initiatives aimed at increasing participation by adults, particularly those with major needs. The Government states that:

For individual learners, we will:

- a. Create a new guarantee of free tuition for any adult without a good foundation of employability skills to get the training they need to achieve such a qualification (known as a ‘level 2’ qualification).*
- b. Increase support for higher-level skills at technician, higher craft or associate professional level (known as a ‘level 3’ qualification), in areas of sectoral or regional skill priority.*

c. Pilot a new form of adult learning grant, providing weekly financial support for adults studying full-time for their first full level 2 qualification, and for young adults studying for their first full level 3 qualification.

d. Safeguard the provision in each local area of a wide range of learning for adults, for culture, leisure, community and personal fulfilment purposes, with a better choice of opportunities to encourage adults back into learning.

e. Provide better information, advice and guidance on skills, training and qualifications, so that people know what is available, what the benefits are, and where to go.

f. Help adults gain ICT skills, as a third basic skill alongside literacy and numeracy in our Skills for Life programme. (UK 2003b p.13)

The New Zealand Government released *Workforce 2010 a document to inform public debate on the future of the labour market in New Zealand* (NZ 2001). Workforce 2010 identifies the ageing of the New Zealand workforce and the low skill levels of many existing workers as major concerns and raises some related issues:

- although older workers have more work and life experience their willingness and capacity to engage in further learning may be limited relative to younger workers, raising issues of inter-generational equity;
- the fact that workforce ageing and increased demand for skilled workers raises important questions about New Zealand's ability to attract and retain skilled workers i.e. the issue has to be looked at in terms of the international market for skills;
- labour market participation trends vary between men and women. The male participation rate has been declining while the female participation rate has been increasing, though the changes are slowing. (NZ 2001)

These points are endorsed in New Zealand's *Education Priorities for 2003* that set a goal to 'build an education system that equips New Zealanders with 21st Century Skills'. The aim is to increase the percentage of the working age population involved in training and achieving qualifications, including through industry training and a further goal is to 'reduce systemic underachievement in education' with a specific strategy to have more adults with 'good levels of literacy, numeracy and other foundation skills. (Mallard 2003 p.9)

However, at this stage the New Zealand government does not seem to have developed a strategy as comprehensive and integrated as that in the United Kingdom.

The Canadian Government (which historically has not played a major role in education) has released *Knowledge Matters* (prepared in Human Resources Development Canada) a long term strategy to build the literacy skills and talents of Canadians (Canada 2002b) and *Achieving Excellence* a companion paper which is an innovation strategy for Canada (prepared in Industry Canada) and which sets specific goals and targets to be achieved including a target to increase the number of Canadian adults in learning by one million (Canada 2002a).

Knowledge Matters highlights the importance of a well skilled and educated workforce indicating that by 2004 more than 70 percent of all new jobs in Canada will require some form of post-secondary education. It also identifies the consequences of slow rates of labour force growth, in terms of ageing and the fact that too many Canadians are outside the education system, pointing to growing skills shortages in many skilled trades. A conclusion from this:

This means making sure that Canadian workers have opportunities to upgrade their skills over the course of their working lives; more than half of the workforce of 2015 is already in the labour market. (Canada 2002b p.8)

Adults with jobs do not have enough opportunities to ‘learn while they earn’ and the adult learning system does not always provide adults with the information they need to make the right choices about learning. The report also highlights weaknesses in recognition of prior learning\experience and poor credit transfer and recognition as specific barriers to improved adult learning and the need to improve foundation and literacy skills amongst adults.

It is also significant that the Canadian government gives explicit recognition and priority to the importance of attracting highly skilled workers from other countries through reforms to its immigration system, including improved measures to assess and recognise overseas qualifications.

Knowledge Matters sets ‘Building a World Class Workforce’ as a specific goal and proposes specific targets and milestones including in relation to adults and workforce development that:

- over the next decade, 50 percent of 25-64 year olds, including an increased proportion of at risk groups, have a post-secondary credential (up from the current 39 percent);
- within five years the number of adult learners increases by one million men and women throughout all segments of society;
- within five years businesses increase by one third their annual investment in training per employee; and
- the number of adult Canadians with low literacy skills is reduced by 25 per cent over the next decade.

Both *Knowledge Matters* and *Achieving Excellence* provide a framework for goal and priority setting for negotiation with the Canadian provinces, which have legal and financial responsibility for education and training. The strategies proposed to implement goals appear to be limited given the wide scope and ambition of the reports.

Implications for Australia

The specific priority of the training the existing workforce in *Australia’s National Strategy for VET 2004–2010* is consistent with priorities in the OECD in both its education and labour market analysis, and in the United Kingdom, New Zealand and Canada. In all of those countries the importance of the development of the existing workforce emerges from ‘whole of government’ policy approaches; particularly

involving labour/employment and industry portfolios with workforce skills and knowledge now centre stage as drivers of economic growth and productivity¹.

Ageing, static or declining labour market participation rates and emerging skills shortages are specific policy concerns.

In relation to most of the strategies adopted or proposed in those countries, Australia is already well placed to capitalise on reforms flowing from previous strategies. It already has high levels of adult participation in post secondary education (though the less advantaged are not well represented). Measures have already been implemented in Australia to increase employer influence, to develop standards and quality assurance systems leading to portability of outcomes, multiple pathways and recognition of prior learning/competence together with the long standing focus of the TAFE system on recurrent and second chance education.

However, a major theme from this analysis is the need in Australia to define the workforce (or existing workers) broadly comprising those wishing or about to re-enter the workforce and those who have left the workforce—including ‘discouraged workers’ and early retirees, and to develop and adopt strategies which are clearly targeted at particular sub populations and market segments.

These strategies must include measures to increase interest and demand from those with low levels of skills and knowledge rather than just responding to demand as it emerges, otherwise investment in retraining the current workforce is likely to widen gaps in skills and knowledge and may even exacerbate labour force retention problems.

A particular priority is the need to assist adults without the foundation skills for effective labour market and social participation, including literacy and numeracy and ICT skills². Again, as indicated in Box 2, most people requiring this form of assistance are the least likely to acquire it through either publicly or employer subsidised work-based training, particularly if they are in non-standard employment or not in the workforce. Assistance is proposed too for those fairly unlikely to participate in the paid labour force, to support personal and community development.

Targeting of programs, incentives and financial assistance to priority groups of adult learners and groups in the workforce is evident from the reports of the OECD (2003a, c) and in the approaches adopted in the UK and proposed in New Zealand and Canada.

There is also scope for more effective ‘whole of government’ approaches and for adult learning and workforce redevelopment strategies across education, labour market, industry, innovation, social security and Treasury portfolios, and partnerships with industry and community bodies recognising that adults have multiple and diverse

¹ It is worth remembering that in the last ten years Australia has had a higher rate of growth in labour productivity in the business sector than the other Anglo countries or the OECD as a whole: average percentage annual growth from 1993 to 2002 was Australia, 2.1, United States 1.8, United Kingdom 1.7, Total OECD 1.7, Canada 1.7, and New Zealand, 1.2.

² Australia and the other Anglo countries tend to have a relatively high proportion of adults with low levels of literacy and numeracy compared with many non-Anglo European countries (OECD 2000)

learning needs which can be triggered and met by a range of different agencies and interactions.

Providing information, advice and support to potential learners to stimulate awareness and demand and continuing to work with enterprises through partnership arrangements such that workforce retraining through VET is seen as integral to firm level human resource development strategies will further extent Australia's strong foundations in this area³.

³ This is considered further in section 3 below.

2. Equity issues for Indigenous and other groups

Equity groups in the Australian strategy

The fourth objective of *Australia's National Strategy for VET* is that:

Indigenous Australians will have skills for viable jobs and their learning culture will be shared.

The fourth strategy in pursuit of the objectives is:

Take positive steps to achieve equality of participation and achievement

Many of the changes in the economic and social structure in Australia raised earlier and listed in Box 2 are affecting equity groups, often adversely. These include:

- formation of a global economy, with subsequent modification of local economies and labour markets;
- development of knowledge-based jobs and reduction in those available to poorly skilled persons; and
- growing need for 'lifelong learning' but limited access for some groups of people.

A new approach to equity issues, termed 'integrated diversity management' is built into the new VET strategy (ANTA 2003a). Diversity and equity management principles and practices are built into core management systems and business planning rather than being applied as specialist treatments to identified groups. Members of equity groups are diverse and equity strategies have to cope with individual differences within them. Equity issues are seen to arise in relation to disabilities, age, gender, cultural difference, language, literacy, numeracy, unemployment, imprisonment or isolation.

Membership of an identified equity group does not necessarily mean that an individual suffers a learning or employment handicap. Equally, an individual may encounter the full range of problems and other (multiple) disabilities as well. Members of equity groups will encounter barriers to learning or employment in varying circumstances and at different times in their working lives. The Managing Diversity approach will therefore have whole of person, whole of government and whole of life foci. Despite the reorientation of attitudes and ways of thinking the National Strategy will continue to identify Australia's traditional equity groups as their targets.

Equity strategies for other countries

New national strategies for tertiary, or post-secondary education, both of which terms include vocational education and training, are in development or implementation in the major English-speaking nations Canada, New Zealand and the United Kingdom. There are also significant developments in member countries reported through the OECD.

Equity groups specifically nominated for attention in the UK (32003b) are children in care, prisoners, students at risk, poorly qualified adult workers and adult workers with

low literacy and numeracy skills. As discussed in sections 1 and 3 of this report, fee exemption and special grants are being provided for adults lacking in basic skills. Indigenous issues are not specifically addressed.

Canada (2002b) indicated specific concern for Indigenous peoples and visible minorities; persons with disabilities; persons with low literacy levels; persons with low foundation skill levels; persons of high mobility; low income, low skilled adult workers; and immigrant workers.

There appear to be clear priorities. Indigenous groups, First Nation, Inuit, Metis and others, are clearly of high priority. For labour market and social reasons adult persons with low literacy levels and foundation skills are also to have high priority. The Government perceives Canada as having increasing dependence on migration for maintenance of an efficient labour market, and because of poor success levels for migrants in the labour market, there appears to be a high priority in this area, too.

Tertiary education in New Zealand comprises higher education, vocational education and training, industry training, youth training and community education. Because of devolution of responsibility for service delivery the New Zealand government must implement its policies through control of funding and the establishment of cooperative agreements. There is a large Indigenous population, which utilises a significant proportion of the education and training system.

Provision of Indigenous education services to Maori and Pacific Peoples populations appears as the dominating equity issue in New Zealand tertiary education (Mallard 2003). Workers with low literacy, numeracy and foundation skill levels, people with disabilities and learners from low-income backgrounds are also identified as equity groups to be better served by the new priorities.

Similarity of equity issues

There appears to be similarity in current strategic thinking about equity issues in Australia, Canada, New Zealand and the United Kingdom. In their new plans and priorities for vocational education and training, three of the four countries are grappling with equity issues associated with significant Indigenous populations and all four are concerned with learning and employment for people encountering barriers due to:

- disabilities;
- poor foundations skills in both young and mature workers;
- poor literacy and numeracy levels in both young and mature workers; and
- inadequate skills and qualification in mature age workers.

Other equity groups seen as having particular importance for further education in one or more of the four countries were:

- persons in institutions (care, prisons);
- persons on low incomes (for whatever reasons); and

- migrants and asylum seekers and persons from different cultural backgrounds.

In all the countries examined, gender and unemployment were seen to be of much wider concern than in the education system alone.

All four strategic plans proposed equitable and successful employment outcomes as the most critical indicator of the success of education and training systems. This suggests that the plans have implicit equity objectives and strategies.

However, policy directions also appear to be taking greater account of the equity concerns of Indigenous peoples, mature age workers already in or trying to get into the workforce but who have inadequate skills and qualifications, and people suffering low or modest income levels.

Indigenous persons

A principal focus of current strategic thinking about equity in VET in Australia, New Zealand and Canada is learning and labour market outcomes for Indigenous peoples. In all three countries the scale of this operation is such that it is difficult to consider it an equity issue; it is actually a central component of VET strategy, with enormous social and economic consequences for the nations concerned. Nevertheless, Indigenous populations in the three countries face very significant barriers to learning and employment that need to be redressed.

Indigenous populations participate in VET at higher rates than the population as a whole in Australia, Canada and New Zealand, but their completion rates are lower, they participate at lower levels of qualifications frameworks, and their employment outcomes are poorer. In all three countries significant proportions of the Indigenous populations:

- have lower levels of literacy and numeracy;
- have poorer completion rates for secondary education;
- are more likely to be in isolated locations;
- live in lower density settlements;
- are more likely to be in indigent circumstances;
- live in environments not supportive of learning or training; and
- are facing cultural deprivation or destruction.

It is not surprising, then, that government supported Indigenous organisations in Canada and New Zealand have developed major policy statements for all their educational services from pre-school to post-graduate.

In December 2002, the Minister for Indian Affairs and Northern Development in Canada published the Final Report of the National Working Group on Education entitled *Our Children—keepers of the sacred knowledge* (Canada 2002c). The recommendations call for a First Nations' educational infrastructure with far greater

participation in decision making about policy and implementation and direct accountability to First Nation peak bodies. The influence of Federal and Provincial and Territory governments would be much reduced and ancillary infrastructure moved from other government departments to the Education Body. In particular, the report calls for structures to enhance Indigenous capacity building and support Indigenous culture, including languages, in lifelong learning. The infrastructure would be expected to respond to the needs and aspirations of Indigenous communities.

In New Zealand the Ministry of Education in November 2003 published a report from the Maori Tertiary Reference Group entitled *Maori Tertiary Education Framework* (NZ 2003a). The Framework is expected to work in conjunction with the New Zealand Tertiary Education Strategy and Statement of Tertiary Education Priorities (NZ 2003b). It is very similar to the Canadian Indigenous' statement in looking to capacity building, support for Indigenous culture and support for the needs and aspirations of Indigenous communities. It too is concerned with a greater involvement of Indigenous people in decision-making and implementation and direct accountability of the education infrastructure to Indigenous community groups.

Strategies to improve learning and outcomes for equity groups

People within different equity groups may meet similar barriers to education and training. For instance, Indigenous people and low-skilled workers may both have low levels of literacy, numeracy and foundation skills. People with disabilities and migrants may both meet difficulties in obtaining employment because of the attitudes of employers.

There are a number of strategies to counter such barriers in the strategic plans already described and in the findings of research. The following discussion also draws on the *Employment Outlook* (OECD 2003d Ch.5).

Literacy and numeracy skills

Virtually all of the current VET implementation strategies identify the need for increased attention to adult literacy and numeracy. This was particularly the case in respect of underqualified mature age workers who now face with skill demands that did not exist when they entered the workforce. Canadian experience suggests that there might also be a need for increased levels of instruction in ESL.

Recognition of Prior Learning

Greater recognition of prior learning is seen to be a way to assist mature age and underqualified workers gain recognition and qualifications and access to further study. This would particularly be the case if prior learning and life experiences were 'packagable' into meaningful qualifications for employment purposes.

Workplace based training for low-paid and or low-qualified workers

The UK and Canada expressed the view that literacy, numeracy and foundation skills development may only be possible for these workers by intervention in their workplaces

Improved program specification

One of the impediments to ongoing workplace training, particularly if paid for by employers or the recipients themselves, is a lack of clarity about what will actually be delivered by the training provider (OECD 2003d). This leads to an inability to arrive at contractual arrangements for training. Improved specification of programs, including their outcomes, would also be a useful improvement in transparency and lead to better monitoring and evaluation.

Consultative processes

Indigenous groups in particular are demanding greater consultation in the planning, implementation and governance of VET for their communities. However, other groups confronting barriers to learning and employment are also seeking increased consultation and governments are prepared to provide it as a matter of policy. Some strategies appear to be suggesting that consultation might be used as a means of identifying more accurately the barriers confronting equity groups.

Greater motivation

The VET strategies in the UK and Canada (and OECD 2003d) consider motivation to take on education and training to be a major impediment, particularly for employers and people already in the workforce.

Public policy may have a role to play to improve individuals' and employers' incentives to invest in human capital. Appropriate co-financing strategies involving employers seem to have helped raise overall training provision in some European countries. Other European countries have implemented employment subsidies for members of targeted disadvantaged groups and have had some success at improving employment outcomes.

Other forms of motivation may be less popular if implemented. They include restricting unemployment benefits and time-limiting them to avoid benefit dependency, raising retirement age to improve the employment prospects of older workers, removing encouragements for early retirement and restricting *de facto* retirement mechanisms like long-term sick leave.

Enhanced access

The OECD (2003 Ch. 5) in particular has addressed this very complex issue. Workers in some equity groups do not have the disposable income to participate in further education and training and some people, for a variety of reasons, are unable to spend time gaining skills and qualifications. For others there is insufficient return to warrant the effort of gaining superior skills and qualifications. In the main, the means to address these problems are outside the education system. They include:

- providing subsidies to reduce child-care costs so that mothers of young children can participate in education and training that will enable them to return to work in the future;

- establishing ‘Learning Accounts’ which allow employees to accumulate leave and training credits that can be used for further education and training;
- providing ‘learning entitlement’ structures, for instance government supported additional years of instruction without tuition fees, grants to support living costs and subsidised access to transport, ICT and books and references; and
- establishing co-financing arrangements so that the benefits of training are not destroyed by ‘bracket creep’, such as tax breaks for education expenses and on extra earnings resulting from increased productivity.

Lessons for Australia

The lessons for Australia from overseas experience largely ones of confirm current practices in dealing with equity groups. The directions of developing Indigenous capacity, support for and sensitivity to culture, and involvement of Indigenous communities in planning and decision making, are already being advocated and largely followed.

Mainstream policy is now concerned with groups traditionally labelled as having equity issues. In particular, Indigenous peoples, mature age workers already in or trying to get into the workforce but who have inadequate skills and qualifications, and people suffering low or modest income levels are now seen to be centrally important to the efficiency of national workforces.

Unfortunately, many of the barriers to learning and employment for Indigenous peoples are not susceptible to educational strategies. Development of environments supportive of learning and skills acquisition and valuing of education and training requires major social change. The provision of sufficient economic security and disposable income to undertake education and training, whether employed or unemployed, also requires major socioeconomic change.

3. Managing demand and funding so that priorities are met

Introduction

All four objectives of the Australian national strategy require that the provision of VET be expanded, focused on priority areas and particular groups of people. VET needs to be delivered effectively for the public funds available to improve the match between skill requirements and training delivery. This includes improving the provision for enterprises of all sizes and for all persons including the disadvantaged.

The match between the provision of training and the needs of individuals and employers is the outcome of a range of factors affecting the demand for training and the supply of training.

The demand for training by students and employers is limited by their motivation for training, by their perception of the potential economic and personal value of the training and by their knowledge of available training options. It is also limited by their resources in relation to the cost of the training.

Resources also affect the capacity and willingness of providers to meet the needs of individuals and employers, as do incentives to use these resources effectively for the groups of most concern and for the priority areas of skills.

The demands of employers and individuals and the extent to which they are matched by the training provision are addressed in the major policy documents considered.

Demand: estimating it and increasing it in priority areas

Governments in Australia regulate, finance and provide vocational education and training to meet the skill needs of the economy and to assist students to realise their aspirations for personal, social and economic advancement. Governments hope to reduce the incidence of skill shortages, increase the relevance of training to actual skill needs and reduce inequities in participation in training across target groups.

It is widely believed across all the countries considered in this study that the current training provision is not large enough, not inclusive enough of all sections of society and inadequately aligned with the needs of the knowledge-based economy. Government policies are directed at increasing demand in total and for particular groups and towards improving the match between demand and supply.

Information for planning and policy

A first step in policy development in relation to demand is to make an assessment of it. The issues of labour market intelligence for policy makers are addressed in the recent policy reports in several countries.

In the UK 25 new Sector Skills Councils (SSCs) are being established by the Sector Skills Development Agency (SSDA) and are expected to deliver

'top quality analysis of international, national and regional trends in labour skills and productivity in their sector' (UK 2003b, p.47).

The network of SSCs, called the Skills for Business Network, is to provide labour market information as a basis for understanding skills and productivity gaps and how they could be met (UK 2003, p.51). The SSCs are led by employers working with trade unions and professional bodies to address four 'key goals':

- reducing skills gaps and shortages;
- improving productivity, business and public service performance;
- increasing opportunities to boost the skills and productivity of everyone in the sector's workforce, including action on equal opportunities; and
- improving learning supply, including apprenticeships, higher education and national occupational standards (www.ssda.org.uk).

The results of their work will feed into regional planning and the funding allocations of the Learning and Skills Council (LSC), which has the responsibility under the Department for Education, and Skills (DfES) for public funding of education for students 16 and over.

In Canada sector councils are being established. Their extensive roles include defining and anticipating skill requirements (Canada 2002b p.42). Sector councils cover traditional and emerging industries but only about 25 per cent of the labour market to date.

In NZ an extensive range of Industry Training Organisations (ITOs) set skill standards for their industry and manage arrangements for industry training that will enable trainees to attain those standards. They consult extensively with key stakeholders to establish needs in their industries but do not seem to be charged with the provision of labour market information to the same extent of the other countries.

All of the countries have extensive *quantitative* data on the national labour market and some regional data supplied by central government agencies such as Departments of Labour, counterparts of Australia's Department of Employment and Workplace Relations.

Particularly notable is the UK expectations of the data to be provided. UK (2003b Annex 3) provides illustrative tables showing for each industry key issues and particular data on:

- employment,
- *productivity*,
- qualifications of those employed,
- *skill gaps*,
- skill shortages,
- proportion of establishments reporting shortages,

- *proportion of employees receiving training in the last 13 weeks,*
- *proportion receiving off-the-job training,*
- size of establishment,
- USA productivity compared to UK.

Regular national data collections in Australia have very little coverage of the items listed above in italics—eg. skill gaps (employees regarded as underqualified for their jobs) or the proportions of workers who recently received training. While comparative productivity increase is considered important in Australia, data on it has not been regularly considered in relation to training. In the UK comparisons with other European Union members are important.

The data just discussed are for the past or current employment and tend to be static. They are not forward looking. They also may not pick up the effects of recent changes in technology and work practices or issues of quality. They do not address issues such as the *causes* of skill shortages and gaps and the alternative ways of addressing them. These issues are addressed in the countries considered, in the UK in particular.

All countries tend to make use of quantitative projections of employment by industry and occupation. Some also have estimates of labour turnover giving rise to replacement of workers, which in most cases is more important than change in total employment. For example in the US this work is undertaken by the Bureau of Labor Statistics and is used as the basis for an *Occupational Outlook Handbook* available on line which offers career information.

Even the best quantitative data on the current workforce and on forecasts of job openings by occupation do not pick up on continuing skill gaps or changes in the nature of training needed within occupations due to the changing nature of work. Discovering this information requires systematic and continuing interaction with employers, which the various forms of *skills councils* across the countries are designed to address. A particular issue of relevance to Australia will be whether the data can be collected in a consistent and systematic way across the skills councils.

In the UK the coordination of information to ensure comparability rests with a Sectoral Skills Development Agency (SSDA). The role of the SSDA is to ‘underpin and develop’ the Sector Skills Councils. It is charged with promoting ‘best practice sharing and benchmarking between sectors’ and providing a ‘website portal for public bodies and individuals to access high quality sectoral labour market intelligence across the UK’ (www.ssda.org.uk/about/about.shtml)

Shortages and meeting employer demands

The issue of chronic skills shortages—vacancies not filled—is reported across all countries. There is though some variation in the type of skills in shortage, the reasons for the shortages and in the appropriate ways of addressing them. For example:

Canada is already facing structural skills shortages in a range of occupations, such as nursing, engineering and management. The Canadian Federation of Independent

Business reported in late 2000 that up to 300,000 jobs were vacant because of a lack of suitable skilled workers. ..., there is a looming demographic crunch that will exacerbate these skills shortages. ... our workforce will grow at a much slower rate than in the past, and our future labour supply will be inadequate to meet the demands of the economy. Too many Canadians are currently outside the workforce: There is a sharp divide in labour force participation rates for low-skilled and high-skilled Canadians (56 percent vs. 79 percent). (Canada 2002 p. 8.)

And, for the UK

...where skill shortages vacancies are reported for low skill jobs, over half of such vacancies require only general skills, whereas only around 10% of vacancies require purely technical skills. (UK 2003a p.6) ...Employers report that the most intense skill shortages are currently in skilled trades ...This is despite the reduction in the number of such jobs and is due to replacement demand arising from ageing of the workforce. Many people in these qualifications currently only have qualifications at level 2 or lower and this means that compared to Germany, where their equivalents are more likely to have had the equivalent of level 3 (or even sub-degree level 4) training, workers are less productive ... Associate professionals also have a high level of current skill shortages and they include some of the occupations projected to be the biggest areas of growth (e.g. social welfare, finance, health and IT) (UK 2003a p.12).

A reminder though is given of the need for the policy-maker to take a long-term perspective and the distinction of formal education from other means of skill acquisition is given by Beduwe & Planas in a report for CEDEFOP involving the major economic research agencies in the EU. They find:

- that the motivation of persons seeking qualifications is to some extent independent of the short term changes in the economy;
- the young are in smaller numbers and becoming more flexible in their education;
- that employers can often make use of the supply of qualifications becoming available;
- that the skill needs of those employers who are mainly into short-term investment will not necessarily be the longer term needs of the economy; and
- that employers, concerned with skills rather than qualifications and exposed to greater economic pressures are placing more emphasis on skills provision other than by certificated initial education. (Beduwe & Planas 2003 p.153)

Information to students and employers

In every country there is agreement that there should be improvement in the information available to employers and to students and families on courses and career prospects (eg. UK 2003b p.116, Canada 2002b p.9). Better information should make students and employers more aware of the suitability and benefits of certain forms of education and training for them. This should motivate individuals and stimulate employers to increase demand and make it better focussed.

The development of skills councils, working in partnership with employers, should improve the two-way flow of information on jobs and training.

The need for better information on education and work and vocational guidance for individuals has been considered by the OECD (2003c). The OECD argues that there is a need to shift the emphasis in this area to support for career management and decision-making rather than simply information on choice of job and course. The assistance needs to extend to adults as well as youth.

Information and guidance are not costless and this is a factor limiting provision. Guidance is most generally provided in various services to the unemployed but the amount available freely to others is generally more limited, including that within colleges. Various ways of using the internet have been adopted—such as Australia’s *myfuture* website mentioned above. In England it is recognised that not everyone and particularly not older adults will have access or be able to use the internet and so a call centre system has been introduced, *learndirect*, which provides both information and advice from, qualified staff.

There have been some attempts at evaluation of career services though it does not appear that there is persuasive evidence of the effects of career services (OECD 2003c pp. 44-45). The OECD (2003c) concluded that there needs to be better coordination of career guidance services; policy makers need to be better informed about what goes on in career guidance—who accesses it and what information is provided; and the skill needs of those working in career advice and guidance should be reviewed. In Canada competency frameworks are being developed for career guidance practitioners, while England has established a National Information, Advice and Guidance Board to coordinate government–provided career services.

Pricing and financing

The funding mechanisms for education and training need to be directed at increasing the funds, both public and private and directing them towards priority areas and groups. The funding mechanism also needs to provide incentives for participation by individuals and employers and for efficient use of funds by providers.

The OECD has particularly addressed the problems of financing adults’ access to training (OECD 2003a&c). The problems are that:

- for adults in employment the costs of participating in training are high in terms of foregone earnings;
- returns to training may be low because of the shorter length of time that remains for adults to spend in the workforce compared with youth;
- increased employment and earnings resulting from training may be low for people who are less advantaged; and
- access to finance for education and training may be limited.

The OECD sees it as important to reduce costs by recognition of prior learning (RPL) to reduce time on course. Costs can be supported by government payment of fees and living allowances or shared by various means including learning accounts (being developed in Sweden) and by giving access to finance like HECS. There are various ways of trying to stimulate finance from non-government sources including various levy and levy exemption schemes which appear to be successful when adopted by individual

industries rather than imposed (Gasskov 2002). In a review paper for the OECD it is noted

For more general funding, one could imagine, for example, an employer tax to support occupational education, or a “pay or play” tax like the one in Quebec, Canada, where employers either provide training or contribute to a tax fund for training. The purpose of greater employer funding is not only to increase resources available, but also to engage employers in more continuous discussions about their education and training needs. In Quebec, for example, the employer community has changed from an initial stance of hostility toward the “pay or play” tax to one of general acceptance because of its value in stimulating discussion among the social partners. However, the political feasibility of taxing employers seems remote in many countries, appealing though the arguments may be based on benefit principles of taxation. (Grubb 2003 p.27)

In the UK the Learning and Skills Council (LSC) was established in April 2001 with responsibility for funding and planning education and training for over 16-year-olds in England. The LSC has developed a transparent funding model (LSC 2003) that provides an incentive for institutions to take on less advantaged students, and an incentive to ensure that students complete their programs. The model provides:

- considerable additional funds to institutions for disadvantaged students;
- higher funding for high cost programmes and high cost regions (eg. London);
- a nominal rate of student fees much higher than in Australia but full exemptions for 16 to 18 year olds, for students in basic skills and for a very wide range of disadvantage; and institutions are allowed to vary fees from the rates assumed in the model; and
- ten per cent of funding based on achievement of agreed aims.

The UK national strategy (UK 2003b) includes several recommendations for developments on the funding arrangements:

- additional funding linked to performance, from 2004-05 (UK 2003b p.93);
- a new entitlement for learning for those adults with insufficient skills which involves fee exemption and a grant of up to a £30 per week;
- an extension of the Small Business Service to provide support and advice;
- a range of employer based pilot training programs;
- the widening of choice of publicly funded training and allowing private and voluntary providers greater access to public funds; and
- simplification or replacement of the funding model for customised courses delivered for employers. (UK 2003b p. 92)

Immigration

In the countries considered, ageing of the population and decline in the number of people of usual working age are giving rise to greater attention to immigration as a means of meeting skill needs. Attention is also being given to the training needs of immigrants, including asylum seekers. Australia's policy documents on training do not give much attention to migration as a complementary source of skill or the special training requirements of migrants.

In Canada it is noted that most of the population increase and all the increase in the labour force in coming years is likely to be the result of migration (Canada 2002b p.49). In the UK attention is given to attracting suitable skilled migrants and to providing them with training that will enable them to adapt to the workforce (UK 2003b p.71).

Implications for Australia

Australia has taken a number of major initiatives to bring the provision of training into line with the demands of employers. The industry-led development of training packages, the introduction of user choice for new apprenticeships and the national recognition of training are major developments in this regard.

The importance of labour market intelligence and information is recognised in Australia's National Strategy and the 10 new Industry Skills Councils will have a key role in providing accurate industry intelligence to the VET sector. A comparison with the UK sector councils should be instructive.

In Australia the Department of Employment and Workplace Relations compiles a wide range of data for its *Job Outlook* (DEWR 2003) including its own surveys to estimate shortages and university-produced forecasts of employment and of replacement due to labour turnover (COPS 2003, Shah & Burke 2003a). The DEWR data on its Australian Workplace website (workplace.gov.au) is an important element of the *myfuture* website launched in July 2002 as a cooperative venture by Australian governments.

It should be noted though that the work on forecasting and replacement demand is undertaken in universities in Australia and is not part of the ongoing activity of government agencies in Australia, as it is in Canada and the US.

Better labour market information can help policy makers and providers to align provision with the needs of employers while remembering that not all longer-term needs are identified by employers.

In Australia the issues of shortages have recently been widely canvassed in the South Australian report *Skills for the Future* (2003), the Australian Senate report *Bridging the Skills Divide* (2003) and in various papers (Toner 2003, Shah & Burke 2003b). The South Australian inquiry suggested that much of the cause of shortages lies not with training providers but with the employment conditions of the jobs in question (SA p.33). The Senate committee raised issues of priority in Australian policy of the very broad encouragement for the expansion of apprenticeships and traineeships. Shortages were generally in areas where the skills were acquired by apprenticeship rather than traineeship level (Australia Senate Ch 3). This is receiving attention in recent policy announcements.

While the information sites in Australia for course and employment information appear to be quite good the extent of counselling and guidance available appears to be relatively limited. This needs to be considered in relation to the second of the twelve strategies proposed under the National Strategy: 'Clients, particularly youth in transition and small businesses, find vocational education and training more understandable and enjoy easier access to information, career development, navigation and brokerage service'. (ANTA 2003 p.15)

Australia is going through a period when VET fees and charges are being reconsidered. The UK policies are particularly notable in making sure that the less advantaged and the low skilled are assisted and not deterred. They are maintaining zero fees for 14 to 19 year olds and abolishing them for adults without basic skills, providing a wide range of exemptions for the disadvantaged (as generally is done in Australia) and introducing a new grant for support for adults with low skills. The various ways of motivating and supporting students and encouraging employer contributions in different countries need ongoing monitoring in Australia.

4. Developments in qualifications structures and quality assurance

The National Strategy for VET 2004-2010 has identified improvements in quality and consistency as well as strengthening industry's role in anticipating skill requirements and developing products and services to meet them. A specific sub-objective is ensuring that skill standards and other products reflect emerging skill sets as well as employability, language, literacy, numeracy and cross-cultural skills. Concurrently, a high level review of National Training Package guidelines is underway.

Of the countries examined the most far-reaching reforms in this area appear to be in the United Kingdom. Reforms to qualifications and training programs are a central part of the UK Skills Strategy, recognising that the structure and content of qualifications have a critical bearing on outcomes but can also influence learner decisions on whether or not to study and what to study.

Specific priorities outlined in the UK strategy in this area are to:

- ensure that learning programmes enable all young people to develop the skills, attitudes and attributes that employers seek;
- create programmes of vocational education and training from age 14 up to higher education, which support progression through the vocational route;
- encourage more 14–19 year olds to study maths and science;
- raise the quality and effectiveness of Modern Apprenticeships as the primary vocational option for young people, and lift the age cap so that more adults can benefit from these 'earn and learn' opportunities;
- create an employer-led qualifications system for adults that responds quickly to changing skill needs and recognises achievement of units as well as opportunities to gain whole qualifications;
- develop a credit framework for adults; and
- give adults with few or no qualifications access to broad programmes that develop the foundation of employability skills.

Specific goals for the Qualifications Framework in England are to:

- identify clearly the skills which employers need to support future productivity, and which learners need to support sustainable employability;
- translate those skill needs into standards for designing learning programmes, which are kept fully up-to-date;
- deliver the learning programmes in the way that best develops the skills, with the flexibility to meet different learners' needs;
- base learning programmes on defined units, allowing adult learners and employers to combine units to meet their own needs, and to build over time towards qualifications;

- ensure qualifications are robust and reliable measures of what the learner knows, understands, and can do;
- ensure widespread understanding of the level of achievement, which each qualification represents;
- streamline the assessment process; and
- make assessment tools widely available to allow learners to assess their existing knowledge, understanding and skills, so that they can focus on training to fill gaps rather than repeating what they already know.

The UK strategy outlines a range of specific measures to achieve these priorities and goals and anticipates the outcomes of a major review due to be completed in mid 2004 to develop more coherent vocational programs for 14-19 year olds, including addressing the fragmentation of courses and qualifications, improving the transparency of progression routes and developing the broad skills to underpin both specialisation and progression.

The Review is considering the development of a common template for 14-19 year olds learning programs to combine the specific skill requirements needed for particular sectors and careers with the generic skills to underpin progression to further learning, employment and adult life as well as supplementary learning in areas such as maths. There is a general priority to generic and employability skills across all youth programs and Modern Apprenticeships and improvements in full time further education programs to create a distinctive approach to occupational learning to complement work based learning and the development of broadly based vocational programs leading to both employment and higher education.

The Strategy foreshadows changes to the qualifications framework and practices to make the system more useable by and accessible to adults, making an important distinction between the need for broad and coherent programs for young people and flexible and tailored approaches for adults.

It draws from a major review undertaken by the Qualifications and Curriculum Authority which identified the need to improve the currency and relevance of qualifications, the time taken to develop them, benchmarking against international best practice, their availability; and their use of plain English. It also contemplates streamlined accreditation processes (moving to a risk management approach), the incorporation of vendor qualifications, a rationalisation of duplicate qualifications, simplified assessment systems and greater emphasis on the recognition of existing skills and knowledge.

New qualifications in the form of Foundation Degrees have also been introduced within the Qualifications Framework and as the principal means of expanding higher education. Significantly, Foundation Degrees can be offered in both universities and FE institutions.

The Institute for Employment Research estimates that there will be almost 800,000 new jobs in associate professional and higher technician occupations in the United Kingdom by 2010. This is a bigger and faster increase than the employment growth expected in most other occupations.

The Foundation degree is a vocationally focused higher education qualification. It aims to increase the number of people qualified at higher technician and associate professional level (e.g. legal executives, engineering technicians, personnel officers, laboratory technicians, teaching assistants). It is located at intermediate level in the *Framework for higher education qualifications (FHEQ)*. Other intermediate level qualifications include NVQ level 4 and the HND.

All foundation degrees develop:

- work-specific skills, relevant to a particular sector of industry;
- key skills, for example communication and problem solving; and
- generic skills such as reasoning, professionalism, and work process management.

Work-based learning is a major part of any foundation degree but higher-level knowledge and understanding reinforces and supports the development of vocational skills.

People with foundation degrees will have the potential to make an immediate contribution in the workplace and early impact on ‘the bottom line’.

The balance of skills and the focus of a Foundation Degree depend on the partnership involved in its design. Each foundation degree is designed through collaboration between organisations with a key interest. Partners vary according to circumstances, but typically involve the following:

- employers in the public and private sectors, often with their Sector Skills Councils or other appropriate bodies;
- employers in the not-for-profit sector;
- higher education institutions; and
- further education colleges.

Different foundation degrees have different student audiences based on students’ needs and program aims. Part-time study is available for those in employment. Distance learning and internet-supported learning can be combined with work-based learning and learning at a university or college in ways that work best. Credit can be given for relevant prior learning or experience, with individual learning programs building on the student’s existing skills and knowledge rather than repeating them.

Studying for a foundation degree currently takes the equivalent of two academic year’s full-time study, but actual duration depends on mode of study and course design. Students may credit their FD award towards honours degree studies at a later stage if they wish. Where appropriate, they may also progress towards professional qualifications and licenses to practice.

Foundation degrees are for anyone wanting to study for a higher education intermediate level vocational qualification. Students may be employees who want to progress in their careers, or people returning to work after a career break. They may be, ‘A’ level students who want a work-related qualification, Advanced Modern Apprentices, people who have GNVQs or NVQ level 3 qualifications and are seeking the next level up -

indeed, anyone who wants to improve their skills, understanding and knowledge in line with employers' needs.

A further significant development in the UK is the proposal to develop a national credit framework for adults based on unitisation of qualifications, allowing for greater recognition of outcomes at the unit level and flexible packaging of units to develop training programs relevant to specific needs. This reflects developments already underway elsewhere in the United Kingdom particularly Scotland, in New Zealand and in South Africa and. However the Strategy clearly recognises the complexity of this initiative and proposes a collaborative approach through the QCA by bodies awarding the largest numbers of qualifications to adults. It is significant that the Strategy also differentiates between the needs of adults and young people in this area.

Indeed, the Strategy aims to achieve greater coherence, consistency and breadth in programs aimed at young people and greater flexibility in programs for adults. It also addresses the reality that work-based and institution-based programs are viewed differently.

The Strategy does seek greater integration of numeracy and ICT skills programs for adults aimed at improving literacy into new work-based vocational programs and ultimately into foundation skills for employability. These will contain sector specific and general skills on a similar basis to those for young people, perhaps recognising that the requirements for adults seeking to return to or improve their position in the workplace have more in common with those of younger learners than with those of adults in skilled and more secure employment who have specific and immediate retraining needs.

The New Zealand Qualifications Framework is already a unit and credit-based system. The focus of Government and the NZQA priorities appear to be strongly on implementation of the Government's reforms to tertiary education and its ongoing role in its core activities, rather than further reforms to the framework and qualification structures.

In New Zealand the Government's Priorities for Tertiary Education for 2003\04 list priorities for both Tertiary Education Organisations (TEOs) and government agencies. The need to strengthen system capability and quality is identified as a specific priority, including a coherent and reliable system of qualifications, learning recognition and credit transfer.

The priorities also include the need for programs that recognise Te Ao Maori perspectives, a specific objective to raise foundation skills (explicitly for adults), new roles for Industry Training Organisations as strategic leaders in skills and training needs in their areas of coverage and a need for both TEOs and ITOs to consider how they are 'providing learners with generic, transferable and high-level specialist skills' and working with the NZQA to ensure that there is a common understanding and application of skills in these areas.

In its Strategic Plan for 2003-2005 the NZQA identifies its first strategy as:

Enhancing the credibility of New Zealand qualifications through a commitment to assuring quality.

Business objectives:

- *Develop a world-leadership role and expertise in qualifications systems that facilitates flexibility and coherence in qualification pathways, including recognition of prior learning, credit transfer and credit recognition.*
- *Enhance the operation of the New Zealand Register of Quality Assured Qualifications to support the achievement of a coherent and reliable system of qualifications.*
- *Promote international recognition of New Zealand qualifications.*
- *Prioritise the future development of the NQF to support key government goals such as the development of Maori and Pacific qualifications and foundation, generic and specialist skills.*
- *Implement high quality assessment and moderation systems. (NZQA p.13)*

In Canada there is no national system of qualifications or agency responsible. Consequently national issues and priorities can only be inferred from *Knowledge Matters* and *Achieving Excellence Strategies*⁴.

Knowledge Matters highlights the need to accelerate progress on co-operative measures between post-secondary education institutions to remove constraints on mobility of students and workers. It also highlights Canada's limited capacity to recognise skills acquired outside of the formal education system and indicates the Government of Canada's willingness to explore the issue with provinces and territories.

It foreshadows measures to extend support to industry sector councils which assist in identifying industry skills needs and development of national skills standards and the implementation of the Agreement on Internal Trade intended to enable workers qualified to work in an occupation in one province to work in other provinces.

Knowledge Matters also highlights broadly based skills and knowledge and the importance of young school leavers and many adults acquiring literacy and numeracy and other foundation skills.

Implications for Australia

The most significant implications for initiatives and policies in Australia arise from the major reforms underway or proposed to national standards and qualifications and their use in England.

⁴ In keeping with the devolved and decentralized nature of post secondary education in Canada the Territory and Provincial Ministers for Education in Canada issued a statement on credit transfer in October 2002—www.cmec.ca/publications/winnipegstatement.en.asp. In addition the Association of Canadian Community Colleges has established a Task Group Transferability and Mobility and 103 Community Colleges have signed a Pan Canadian protocol — www.accc.ca/english/advocacy/advocacy_priorities/mobility/index.cfm

Of greatest significance is the clear distinction being made under the UK Skills Strategy between the needs of young people and adults. On the one hand are measures to create greater coherence, breadth and pathways for young people and, on the other, flexibility and customisation for adults. Recognition of differences between work and institution based pathways is also evident.

Across all countries the importance of foundation skills and employability and generic skills is also evident with a desire in both England and New Zealand to have consistency in application and understanding of those skills, with links to vocational pathways, also evident.

The introduction of Foundation Degrees as a strategy to expand higher education participation through this pathway in England, is of particular interest in Australia in the context of the outcomes of High Level Review of Training Packages, the introduction of Associate Degrees within the Australian Qualifications Framework and the decision of the Victorian Government to allow TAFE Institutes to offer degrees on a full fee basis.

The issue of interest is the ongoing development of a unit and credit based qualification framework in New Zealand and the decision to explore or move to that concept in England. The proposed Victorian Credit Matrix is based on similar principles, but not yet been considered in relation to the Australian Qualification Framework.

5. Enhancing provider capacity to ensure quality and responsiveness

The Australian National VET Strategy 2004-2010 has a specific sub-objective to 'enable training providers and brokers to partner with industry to drive innovation'. However as provider roles span a broader range of objectives than industry partnerships and are essential to achieve all of the objectives of the National Strategy, a broad view of the role of VET providers has been taken in this section of the paper, with a particular focus on measures to improve quality and responsiveness.

Broadly speaking, the structure and role of the VET providers in UK and New Zealand, including public providers, is comparable to that in Australia. However there are some important differences. In England the term 'further education and training' rather than VET is used and covers a broad range of general education programs. While general education programs are still provided in Australia, particularly in TAFE, the term VET has a more directly vocational and applied meaning.

In New Zealand, the recently established Tertiary Education Commission now administers policy and funding for all post secondary education including universities, polytechnics, private and industry providers, Maori training providers, Industry Training Organisations and Adult and Community Education providers.

However an Industry Training program is funded by the Tertiary Education Commission. The program encompasses the role of New Zealand's Industry Training Organisations, which play a wider role in industry training than their counterparts in Australia.

Canada is different again. Canadian Community Colleges are a distinct sector within a larger higher education system and play similar roles to TAFE Institutes in Australia. However they are funded by provincial governments as public providers and the notion of a more broadly based national VET system encompassing public and private providers is not evident.

Notwithstanding these differences some common themes and priorities are evident across all countries but in particular UK and New Zealand. For ease of use, the term training providers is used in this section to describe the roles of priorities for the relevant institutions in each country.

Roles

In UK, New Zealand and Canada VET institutions are seen as playing important roles in workforce development strategies as demand for skills and knowledge intensify. This is most evident in the UK Skills Strategy, which devotes a chapter to 'Reforming the Supply Side – Colleges and Training Provider Roles'. The Strategy outlines four principles to improve publicly funded training provision for adults indicating that it should:

- *be led by the needs of employers and learners;*
- *be shaped by the skill needs prioritized in each sector, region and locality;*

- *make the best use of Information and Communications Technology; and*
- *give colleges and training providers maximum discretion to decide how best to respond to needs. (UK 2003b p.87)*

There is a strong emphasis in the UK Strategy on giving employers more authority and choice over training provision and freeing up public institutions to meet local employer demand, however Further Education Colleges and other providers must operate within the context of regionally determined planning and priorities.

The role of FE institutions in England under the Skills Strategy needs to be looked at against the Government's previously announced widespread reforms to its Further Education and Training sector in *Success for All – Reforming Further Education and Training*. (UK 2002).

Success for All set out four elements for reform:

- meeting needs, improving choice by improving the responsiveness and quality of provision in each area to meet learner, employer and community needs;
- putting teaching, training and learning at the heart of what we do by establishing a new Standards Unit to identify and disseminate best practice, which will guide learning and training programmes;
- developing the leaders, teachers, lecturers, trainers and support staff of the future including setting new targets for full and part-time college teachers to be qualified, and developing strong leadership and management through a new leadership college; and
- developing a framework for quality and success by establishing a new planning, funding and accountability system, based on greater partnership and trust, including three year funding agreements

The UK Skills Strategy also refers to Centres for Excellence and Building Capacity within further education colleges, private providers or companies, which receive additional funding. The centres are known as CoVEs, Centres of Vocational Excellence. The CoVE programme has four objectives:

- to establish 400 CoVEs in the Further Education and training sector by 2006, which, as a network, create a strategic distribution of high quality centres, taking account of local, regional, sectoral and national needs;
- to increase and strengthen active employer/college engagement to underpin and develop innovative and flexible approaches to meeting the nation's current and future skills needs;
- to secure enhanced vocational learning opportunities for all learners in Further Education, work based learning providers and 14-19 year olds in schools, with a key focus on developing employability and career prospects, particularly for those from disadvantaged groups; and
- to encourage collaboration amongst providers and promote the concept of excellence in economically important vocational specialisms.

In New Zealand, the Government has released a Tertiary Education Strategy (NZ 2002b) as a blueprint to create a more collaborative and cooperative tertiary system. It identified key changes required to increase the relevance, connectedness and quality of the tertiary education system:

- greater alignment with national goals;
- stronger linkages with business and other external stakeholders;
- effective partnership arrangements with Maori communities;
- increased responsiveness to the needs of, and wider access for, learners;
- more future-focussed strategies;
- improved global linkages;
- greater collaboration and rationalisation within the system;
- increased quality, performance effectiveness, efficiency and transparency; and
- a culture of optimism and creativity.

However, it is significant that no distinction is made between the different types of tertiary institutions in pursuing these goals, nor is this evident at the level of strategies and priorities.

In *Knowledge Matters* (Canada 2003b), it is indicated that

The regional presence of colleges and their strong emphasis on vocationally oriented curricula make them well positioned to address many of Canada's skills upgrading challenges. They offer services geared to adults, such as job related curricula, distance learning, and flexible and short-term courses. Building on these existing services, Canada's network of colleges is well positioned to provide even better learning opportunities to the adult workforce.
(Canada 2002b)

In both UK and New Zealand the overarching strategies and priorities appear to be primarily focused on the role of public providers' although private and industry providers are funded and recognised in both systems.

Strategies to improve responsiveness to employer demand and learner needs and to raise quality are mainly evident through improved planning and information on employer and labour market needs, reforms to funding arrangements and a strong emphasis on institutions developing clear missions and charters rather than through the effects of competition between public providers and private providers. Indeed the need for cooperation rather than competition is strongly emphasised.

It is also significant that policy settings for, planning and funding for community based adult education providers (ACE in Australia) are reflected in broader statements of strategy and funding priorities, and their roles are strongly focused on the priority to reduce differences in skills and qualifications in the workforce and the adult population generally.

Priorities

In both the UK and New Zealand some common priority themes are evident, but there are substantial differences in the context and purpose of the policy statements within which those priorities are expressed.

Organisational effectiveness and quality are major priorities in both systems, in UK through the implementation of 'Success for All' and in New Zealand through the implementation of new arrangements under the recently established Tertiary Education Commission.

It appears that strategies to improve quality and organisational effectiveness are based mainly on reforms to planning, performance and funding and accountability arrangements rather than regulatory compliance. There is a common emphasis on the quality of teaching and learning.

The major features of the strategy in UK include emphasis on the importance of teaching and learning, the development of leaders, teachers, lecturers, trainers and support staff, additional funding and three year performance agreements, an enhanced role for the Inspectorate of the Learning Skills Commission including the use of 'development plans' to remedy underperformance, and incentives and recognition as Beacon Institutions.

In England there is a strong emphasis on institutions meeting local needs with reference to the local Learning Skills Councils statement of learning and skills needs and its strategic and business plan. Indeed, the English planning and funding processes appear to be complex and multi layered.

In New Zealand charters have been developed (high level governance documents describing an institution's mission and purpose) and profiles (a three year plan for how the charter will be implemented). Specific funding follows an Assessment of Strategic Relevance against the priorities set out by the Tertiary Education Commission.

However, there are important differences in emphasis in the context and environment within which the roles of and priorities for training providers are set. In the UK, priorities and strategies for training providers are firmly based in and derived from the national strategy (UK 2003b). There is direct linkage between the goals set out in that report and the *Funding Guidance for Further Education 2003/04* issued by the Learning and Skills Council (UK LSC 2003).

In New Zealand priorities and strategies seem to be focused more on the effective implementation of the new systems and processes associated with the Tertiary Education System itself, rather than a primary focus on the implementation of broader government objectives and the needs of end users. In reality, the differences may reflect the different authorizing environments and political contexts in which they are issued.

In both countries measures to establish centres of *innovation and excellence* and clusters and partnerships are evident.

In both countries an over arching priority is to improve foundation skills, to increase participation rates and to reduce gaps in both attainment levels for current learners and qualification gaps within the adult population. In England this priority is set in the

context of the Government's strategy to develop a 'coherent phase of learning for 14-19 year olds' and its targets for young people's participation and attainment (the equivalent of the Finn targets) as well as a specific target to reduce by 40% of adults without a level two qualification with one million people in the workforce achieving level two standards between 2003 and 2006.

In New Zealand the focus is primarily on adults and the workforce; it is not clear from the available material what role Tertiary Education Organisations have in relation to younger learners, particularly of school age.

Industry Training Organisations (New Zealand) and Sector Skills Councils (England) have important roles in advising on skills needs and in building relationships between training providers and industry. Sector councils are recognised as playing similar roles in Canada but cover only 25 percent of industry and are not directly linked to funding and priority setting for community colleges.

Implications for Australia

Drawing direct implications from international developments in the structure, funding and governance of VET institutions is problematic as they will reflect the prevailing approach of the governments of the day and because in Australia those arrangements are more appropriately analysed at a state level.

Nonetheless the arrangements provide interesting contrasts between:

- UK; where strategies and priorities for VET providers are directly derived from a broader national skills development strategy with clear objectives and targets in relation to young people, adults, the workforce and employers;
- New Zealand; where strategies and priorities are located in a broad policy objective to build a knowledge based economy but are more internally focused on the effective operation of the new Tertiary Education System; and
- Canada; where community colleges are seen to have a major role in the Federal Governments innovation and knowledge agenda, but where the Federal Government has a limited role in influencing strategies and priorities. However, it is worth noting that the Association of Canadian Community Colleges, has developed a comprehensive response to the innovation and knowledge agenda⁵ and has for some time urged Canadian Governments to adopt a National Skills Agenda⁶.

The broad priorities for VET providers emerging from the analysis are:

- a focus on both foundation skills and skills for the future;
- a clear emphasis on workforce development and increasing skills and knowledge levels of the adult population, but with a stronger emphasis on the role of VET providers in the 14-19 age cohort in the UK;

⁵ See www.acc.ca/ftp/zGov-Relations/2002Innovation.pdf

⁶ See www.acc.ca/english/advocacy/national_skills_agenda.cfm

- a strong focus on quality particularly the quality of teaching and learning;
- a strong focus on responding to emerging skills needs locally and in industry sectors; guided by the work of independent industry advisory/brokerage bodies;
- an emphasis on the role of public providers and strategies to improve their responsiveness and effectiveness and on cooperative arrangements rather than through competition between public providers and private providers (although in both UK and New Zealand private providers continue to play a role); and
- an integration of the role of community and volunteer based organisations into the mainstream of policy, planning and funding particularly in reaching adults disengaged from learning but with major learning needs.

These priorities and strategies are broadly consistent with those of the Australian National VET Strategy. However specific priorities to be considered as the implementation arrangements are put in place and specific priorities are developed are:

- the need for a clear focus on foundation skills for all (school leavers and adults); and
- the most appropriate way to take forward the commitment to raise quality; and improve responsiveness (through planning and accountability arrangements or through regulatory compliance or a combination of both).

In conclusion, it will be important to monitor the implementation of the strategies and priorities outlined above against the objectives and outcomes they are seeking to achieve.

6. Regional and community capacity building

The National Strategy for VET 2004 -2010 makes a strong commitment to the role of VET in building 'strong and sustainable communities'. The emphasis signals a broadening of the conception of the role of VET to encompass roles in community and social development, as well as industry and workforce skills.

This emphasis is consistent with the growing recognition of the importance of the levels of skills and knowledge in communities, cities and regions, not only in terms of the level of attainment of individuals but through the application of skills and knowledge and the strength of learning institutions, networks, supply chains and community based organizations.

In its report *Cities and Regions in the New Learning Economy* the OECD (2001) listed the following policy principles underpinning the notion of a learning region:

- ensure that high-quality and well-resourced educational provision is in place, on which effective individual learning throughout people's lives can be developed;
- establish appropriate framework conditions for the improvement of organisational learning, both within firms and between firms and other organisations in networks of interaction, and demonstrate to firms the benefits of these forms of learning;
- respond positively to emergent economic and social conditions, especially where this involves the 'unlearning' of inappropriate practices and bodies of knowledge (including policy makers' own) left over from the regional institutions of previous eras;
- develop strategies to foster appropriate forms of social capital as a key mechanism in promoting more effective organisational learning and innovation; and
- evaluate continuously the relationships between participation in individual learning, innovation and wider labour market changes, especially with respect to the social exclusion of groups within the regional population. (OECD 2001).

The concept of learning communities/cities/towns and strategies to identify and harness the total learning resources within a region (including but not limited to formal educational institutions) and a growing recognition of the role of community based providers are now strategies to be employed both in Australia and overseas for the goal of linking learning to broader community capacity building.

The extent to which this trend is reflected in the mainstream of national strategies, policies and priorities is however still an open question.

In England under the national Skills Strategy, there is clear recognition of the regional dimension in skills levels:

Our aim is to ensure maximum flexibility and discretion at the regional and local level to innovate, respond to local conditions and meet differing consumer demands. (UK 2003b p.101)

To guide this work Regional Development Authorities have been asked to develop Regional Employment and Skills Action Plans through the involvement of a range of agencies including government bodies and industry representatives.

These plans are then used by the Local Learning Skills Council to assist in setting regional priorities for public funding.

However the Strategy also recognises that different forms of partnerships are required in building learning communities. The Strategy is focussed directly on the role of skills in addressing the intergenerational cycle of deprivation, underachievement and worklessness and on the need for intervention through families to break this cycle.

It states:

One approach would be to encourage individuals, families and employers to see themselves as members of the learning community, with membership bringing locally determined benefits. Those might include regular information about local learning opportunities, taster courses and invitations to family learning events. The aim would be to give membership some of the status and value associated with being a member of a leisure or sports club.

By encouraging that connectivity of learning, linking schools, colleges and the wide range of skills development and informal learning, different members within a community can both contribute to, and be helped by, the learning and skills of others. That could be a powerful way of tackling inequality, and helping disadvantaged communities to help themselves. (UK 2003b)

The Strategy proposes to build on an existing initiative, *Local Strategic Partnerships*, which have been formed across the country as a way of linking services, to tackle community problems by linking local partnerships with the regional economic agenda and the regional planning process of the Learning Skills Commission. The Strategy refers to The Learning Curve (the learning development strategy for neighbourhood renewal as setting out a model for how this is to be done) with the concept to be trialled in areas of systematic low aspirations.

In New Zealand this approach is nowhere near as evident, at least in terms of strategies and priorities for Tertiary Education Organisations and government agencies. TEOs are required to focus on current and future skills needs as they prepare their charters and profiles with an indication that ‘activity here should have a regional flavour where appropriate’ and that ‘polytechnics may access Regional Economic Development funds in this regard’ (Tertiary Education Commission p.21). Regional planning outcomes may therefore be similar between England and New Zealand, but Regional Development Authorities and Learning Skills Councils would appear to have far more influence on the planning process in the UK compared to New Zealand.

As in the UK the New Zealand Tertiary Education Strategy formally incorporates the role of adult and community education providers in the mainstream of policy, planning and provision and for example indicates that:

Adults and youth who have not gained key foundation skills through the compulsory schooling system will in future be able to access quality foundation

education programmes in contexts and settings relevant to them – including their family, work, an institution, their local communities, schools, churches and marae (New Zealand Ministry of Education 2002b).

There is also an emphasis on programs contributing to citizenship, cultural identity and preserving and advancing Maori culture, and the role of Tertiary Education Organisations in social development but these are expressed in terms of outcomes from educational institutions rather than through the broader concept of learning communities as proposed in UK.

Achieving Excellence (Canada 2003b) highlights the importance of communities including smaller communities as sources of strength in innovation and outlines a range of programs established by the Canadian Government in recent years including ‘Connection Canadian’, a strategy to extend ICT infrastructure to all Canadian’s and indicating that Canada is now a leader in connectivity. Future strategies have a strong innovation and technology rather than social inclusion focus. However, sources of strength in community innovation are broadly recognised as including firms, universities and colleges, research hospitals and technical institutes, governments at all levels, First Nations urban and rural communities the voluntary sector and individual Canadians (Canada 2002a, p.78).

These three approaches represent distinct but overlapping approaches and policy perspectives to the issue of regional and community capacity building:

- A community development approach, evident in the UK where the policy framework is derived from objectives such as neighbourhood renewal and is highly focused on local communities even at the level of family interventions. Objectives are clearly linked to economic improvement and employment, but flow from a need to reduce social exclusion and reduce the effects of inter-generational poverty and communities of low levels of educational participation and attainment;
- A provider-community engagement approach where responsiveness to local and regional needs is expressed through the mission and profile of educational institutions (this would also be evident in England under the Learning and Skills Council processes); and
- An innovative-communities approach, evident in Canada where community and regional capacity building is located in the broader agenda to build an innovative economy, with the distinct strengths of communities and clusters a source of competitive advantage (this approach flows directly from the initial work of the OECD).

In reality, and as they are expressed on the ground there may not be as much difference between the approaches as is implied; they really represent different points on a spectrum of possibilities.

Implications for Australia

All of the approaches outlined above are consistent with the objectives of the Australia’s National Strategy for VET 2004-2010 and are being employed in VET systems or through learning community/learning town initiatives.

The more substantial challenge will be the extent to which it is possible to bring these innovative approaches into the mainstream funding and accountability arrangements of the national VET system, and to extend the role of the VET system to encompass local and community based learning networks. This may require moves beyond the current definitions of outcomes to incorporate those aimed at building community capacity and broader forms of skills and knowledge, including those acquired through community and group based learning.

Concluding comment

This paper is concerned with the strategies being adopted for vocational education and training in Australia and the lessons that could be learned from them from policies in other countries.

The approach taken was to analyse national strategies, policies, objectives and priorities of government agencies to provide a point of comparison with Australia's National Strategy for VET. Our analysis was most focused on the UK and New Zealand, limited for Canada, due to the decentralised nature of that system, and meaningful analysis of developments in the United States was not possible.

The paper has reviewed policies relating to adult training and retraining, equity issues, issues of demand and funding, qualification structures, provider capacity, and regional and community capacity building. The implications for Australia are set out in each section and an overview is provided in the executive summary.

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