Creating a future direction for Australian vocational education and training

Key points of Discussion Paper

- To meet the labour market and fiscal challenges of an ageing population and burgeoning international competitiveness, Australia is going to require more people with significantly improved foundation and higher level skills. Those skills also need to be applied in the workplace to improve Australia’s lagging productivity and innovation levels.

- COAG has set qualifications targets for 2020 to meet this challenge. Skills Australia has also detailed the need to increase tertiary sector enrolments by at least 3 per cent a year over the next 15 years.

- Yet the capacity of the VET sector to respond to the increased requirements for qualifications and facilitating the better application of skills is not clear. The sector’s performance over the last several years has been variable. Enrolment growth has been slight—at less than an average 1 per cent a year in the last five years. Apprenticeship completion rates are unsatisfactory. Public confidence in the quality of provision has been shaken by improper activities in the delivery of programs to international students. Overall the proportion of total VET funding from states and territories has been declining—down by about 6 per cent in the eight years to 2008.

- To ensure the VET sector delivers the right skills and avoids skill shortages there needs to be co-ordinated action on skill strategies for specialised occupations. Such actions are beyond the scope of VET institutions and involve enterprises, industry and government partners.

- To meet the challenges of increased output and improved skill utilisation, the VET sector will need to significantly improve its performance and boost outcomes. It also needs increased levels of investment. However the sources of this investment cannot come from government alone. The relative responsibilities of governments, individuals and industry must be clear.

- There are a number of strategic questions for the sector’s future and how it may need to be redesigned. A core issue is the extent to which the sector provides individuals with the broad based skills and knowledge for changing labour market demands and emerging occupations and industries. This raises questions about whether new models of courses, qualifications and even institutions are needed.

- We must also consider whether, in delivering services, the needs of both individuals and employers are the central focus of the system. For instance, comparatively little delivery is carried on in workplaces. Apart from the flexibility that this provides workers and employers, it also begs the question of how in touch VET practitioners are with the ‘real world’ of work.

- The sector’s role in workforce development and innovation has been not been clearly articulated. If it is to become a core function then a critical issue is how it might be funded and how the respective roles of government and industry are delineated. If there is to be a public funding incentive for workforce development, then its design, and the outcomes and performance indicators for it, need to be established.

- To achieve workforce participation rates comparable to other OECD countries, VET needs to provide flexible support services, and possibly improved financial support, for many individuals who have been previously disengaged, or who experience multiple disadvantage. This may entail case management approaches and strong partnerships between providers, government agencies, community organisations and employers. More flexible use of resources and new models of collaboration, potentially across multiple service providers may be needed to allow this to happen.
The apprenticeship system requires revitalisation to make it an attractive and esteemed training and career option. Its renovation will entail overcoming complexity, cumbersome administration and improving retention of learners in the early years and into new careers. Concerted national leadership must be a feature of its renovation.

Regulation of VET needs to be toughened and the bar raised on provider service quality. Industry has proposed a new approach to the assessment of training outcomes. The public also requires more independent information to assist their choice of a quality provider. Outcomes from VET are broad, but at present we have no way of taking into account the social benefits delivered to communities, or the productivity advantage to employers.

Lifting the quality of VET outcomes goes beyond issues of compliance to the skills of VET practitioners. Consideration is needed of the essential requirements for professional practice, as well as the type of mechanisms that will better support ongoing professional development, leadership and excellence.

Funding levels in VET have been supported recently by increased fee-for-service revenue and growth from international education, which may not be a sustainable source for the future. Thinking about future funding means weighing up the case for individuals and employers to increase their contribution and the allocative mechanisms that government can use for public subsidy.

The balance between an industry-responsive system and 'individual-responsive' funding is a tension that needs to be addressed as governments adopt more student–driven approaches to investment. Safeguards against market failure and ensuring employers needs for specialist skills are met are necessary refinements in VET market developments.

Boundaries and accountabilities in VET are blurred in many respects—in relation to other sectors, and also in relation to intergovernmental roles. However, the development of the next intergovernmental National Agreement for Skills and Workforce Development presents an opportunity to emerge from complexity, set out a roadmap for VET and put reforms in train. Proposals are outlined to enable debate on the way forward.

Focus questions

- What has to change to achieve a more skilled and productive Australian workforce and to make Australia a leading international economy by 2020?
- How much change and development in the VET sector is needed? What can we live with? What are the burning issues in VET that need urgent attention so outcomes in participation and productivity can be realised?
- How can VET make a real difference for learners- addressing their backgrounds, ambitions and ensuring they can succeed in the changing world of work? In particular, how can outcomes for disadvantaged students be significantly improved? Should we be worried about low completion rates for qualifications?
- What should VET qualifications, practitioners and institutions be like in 2020? How do we get there?
- Is the quality bar in VET set too low? How can a training market with over 4,800 providers be effectively regulated?
- Is the blurred role of VET providers and other sectors a problem? Do we need to more clearly delineate who does what in tertiary education?
- Reforms in VET are not just up to governments- who are the drivers and what is their role? Is change affordable and who should pay?