

# CHAPTER 1

## INTRODUCTION

1.1 The world of which Australia is now a part is currently in the throes of change more profound, more extensive and more rapid than any that it has undergone before. This transformation reaches into all spheres – the political, the economic, the social and the cultural. The explosion in knowledge and communications, aided and hastened by technological development, is matched by the speed of the expansion of international trade in goods and services. The pace of change has created many challenges for governments, policy-makers and communities.

1.2 The opening up of the Australian economy to that of the world has had marked effects on the lives of ordinary Australians. Key economic indicators in Australia now tend to correspond with those same indicators in many other developed industrialised OECD nations. Australia's increasing trade and financial integration into the global economy has resulted in Australian business cycles becoming more closely aligned to the business cycles of other developed and industrialised nations. Some degree of this convergence can be attributed to the adoption by the governments of many countries of broadly similar economic policy agendas. As we become more open to the fluctuations of a global economy, the shape and sectoral composition of our economy changes in response. This series of changes is central to the challenges facing vocational education and training in Australia today.

1.3 The social effects of these changes are alarming. By 1994 the top 20 per cent of households received 40 per cent of total household disposable income while the bottom 20 per cent received less than 6 per cent. Only the highest quintile had actually increased its share of the total over the preceding decade. The lowest three quintiles saw average increases in per capita income of 1.1 per cent between 1984-1994 while the highest quintile experienced an increase of 13.2 per cent. The economist Bob Gregory has referred to this highly worrying trend as the 'disappearing middle' in the Australian labour market where secure middle income employment is declining as middle income earners have fallen into low wage employment while the low waged have become unemployed. The impact of global forces, particularly on the less affluent in Australian society, has undeniably been significant and in many respects disadvantageous. A high skill, high wage economy needs to be fostered to ensure that this trend does not continue to erode Australia's living standards. Attention to continuing skill development is vital to our future.

1.4 In an environment of profound and rapid change, the ability to adapt, to learn and to apply new skills and knowledge becomes crucial for all: individuals, organisations, corporations and nations. Central to the adaptive process is education, both learning for life and learning which aims to equip individuals for the world of work. Now, more than ever before, the world's young people must be provided with a framework of skills, information and concepts that are soundly based, rigorous,

practical and capable of application to new and unforeseen circumstances and contexts. Meanwhile, those already in the workforce and other older people also need the capacity to change and to thrive in new environments.

1.5 During the last decade in Australia the attention of public policy-makers and academics has focussed on higher education, though the resultant debates and controversies are far from resolved. That policy attention has been accorded to universities is understandable. The university sector is regarded as the site for the creation of new knowledge and ideas – through basic research – as well as for the education of the engineers, scientists, economists, managers and teachers seen as the central players in the knowledge economy.

1.6 But for the foreseeable future university graduates will continue to form a minority – though a sizeable and growing minority – in the Australian workforce. Each year, 1.8 million people study in the VET system, three times the number of students at university: the per capita cost in VET is set at only half that available per student in the university system.

1.7 For the majority, access to high quality, relevant, flexible education and training, including vocational education and training, will remain of central and continuing importance. Those in the workforce will need not only highly-developed specialist skills, but also a broad framework of sound generic skills and knowledge that can provide a basis for adaptation and growth. Interpersonal skills, the ability to communicate and to understand the complexities of a changing world are also essential for all, whether as workers or as citizens. While schooling provides a basis for some of these attributes, access for school leavers to post-secondary education and training opportunities is essential. Older people need to be able to return to study and training so that their skills remain relevant and useful: the policy often referred to as ‘lifelong education’. For most people, this learning will take place in the vocational education and training (VET) system.

1.8 Australia’s system of vocational education and training, however, is a legacy of the past; both the distant past and the more recent. Its structures are based essentially on the foundations of nineteenth century, pre-federation political and economic frameworks; while its philosophy and goals, articulated and implicit, arise from twentieth century attitudes and economic circumstances.

1.9 Yet it is our future that is at stake. Whereas of necessity the past and the present form a foundation for the future, we must ask the question: is Australia’s VET system, as it currently stands, adequate to meet the challenges required of it? Is it heading in the right direction, and does it have the capacity to expand and develop to meet the increasingly complex demands of a global economy, and those who will live and work in it?

1.10 The current state of vocational education and training in Australia is indicative of the failure of policymakers to come to grips with global integration in a way that ensures that all Australians are able to realise their full potential within a

strong and healthy national community. Many of the efforts of policymakers and government are apparently focused on an array of measures designed to increase productivity: therefore it is difficult to understand why the vocational and educational system has been allowed to be run down. There need not be a trade off between increased global competitiveness and a strong commitment to policy aimed at achieving a large measure of social equity. A reformed and nationally integrated vocational education and training system can and should play a central role in achieving such goals. However, this first requires a re-examination of the entire notion of vocational education and training and the role it can play in achieving a more prosperous, productive, fair and equitable society.

1.11 The costs of not doing so are already manifest. The October 1999 report of the Dusseldorp Skills Forum, *The cost to Australia of early school-leaving*, revealed some sobering facts. The report estimated that each year in Australia 35,000 students leave school without completing secondary schooling. It is likely that these same 35,000 young people will not undertake any further formal education or achieve any training qualification. It is not as if such figures have only recently been identified. The Finn Committee of 1991 established that, in 1989, 51 per cent of school leavers were not involved in any further education or training. The Committee set a target that by 2001 95 per cent of 19 year olds should complete either Year 12 of schooling or an initial post-school qualification, or otherwise be undertaking some form of formally recognised education. By May 1997 only 74 per cent of 19 year olds were meeting any of these criteria. The Finn targets are not expected to be met by 2001.

1.12 People who neither complete secondary school nor attain post-school qualifications suffer higher levels of unemployment, possess lower levels of labour force mobility, have a greater chance of being retrenched, earn less and undertake less training than people holding these qualifications. These facts indicate the enormous costs that are borne by individuals as well as by government. These costs are both financial and social. The overall effect on the life of the nation in social, political and economic terms is profoundly disadvantageous, and exacerbates already marked income inequality. In an era of accelerated change associated with Australia's deeper integration into the global economy these negative effects are more destructive than ever before.

1.13 At the workplace level, the impact of global economic change is significantly different in the various tiers of the corporate structure. The senior manager may welcome the associated challenges as an opportunity to use knowledge and creative skills gained through education. In such a role, managers and professionals may well be regarded as having significant impact on the competitiveness and success of their enterprise: their status may actually be enhanced. The skills of the worker (seen as 'deployed' by the manager) on the production line or in the telephone call centre, however, may be taken for granted as low-level, non-creative and routine. His or her status is diminished.

1.14 The implications of these contrasting perceptions for vocational education and training – which often takes place primarily in the workplace itself – are far-reaching.

The skills of workers are seen as secondary to the needs of employers, and therefore the skilling, or training, of workers receives scant attention beyond the immediate and specific requirements of the task at hand. The atomised and apparently menial tasks required of workers leads to the view that those holding vocational skills are unable to think intelligently or creatively, or to take initiative. Here, vocational education, operating on this set of assumptions, serves the dictates of an essentially Fordist model of production which subordinates creativity and intelligence to the performance of a limited and highly structured range of tasks.

1.15 Society's views on the nature of vocational education and training, its value, place and role, are influenced by these considerations. There are many negative perceptions within the community regarding VET. These perceptions are ultimately reducible to the belief that to undertake VET is somehow inferior to university study, with its attendant prestige, status and respect. Thus VET is seen as a poor second option for those not 'bright' enough to attain university entrance. Australia has a woefully low rate of participation in vocational education or apprenticeships when compared to other OECD nations: although Australia is a comparatively wealthy country, we sit at the bottom end of the OECD table. And yet numbers involved in university study are comparatively high.

1.16 Although it is true to say that vocational education has been the overlooked Cinderella of the education system, the last decade has nevertheless seen immense and sweeping change in how VET is delivered and structured, and in the philosophy that drives it. The comparatively cautious reforms of the early nineties' 'Training Reform Agenda' came after, and were informed by, two major independent reviews. In 1991, the Report of the Review Committee of the Australian Education Council (the Finn Committee), *Young people's participation in post-compulsory education and training*, was released. This report concentrated on the educational needs and destinations of young people, specifically school leavers, and established goals in the form of participation targets for young persons in formal education and training. The following year saw a report by the Employment and Skills Formation Council of the (since abolished) National Board of Employment, Education and Training, titled *The Australian Vocational Certificate Training System*. Known as the 'Carmichael Report', this proposed an integrated national vocational training and certification system. With its emphases, first, on a competency-based approach to learning and curriculum, and, second, recognition of prior learning, the Carmichael Report addressed in part the needs of older workers as well as those of the school-leaver cohort.

1.17 These major reviews (and their adjuncts such as the Mayer Report on key competencies), almost ten years old, are the most recent conducted on a national level that have examined in detail the philosophical and policy underpinnings of the Australian VET system. Nevertheless, the Commonwealth Government has instituted major and fundamental reforms in VET, changes which have gone to the very ideological basis of the system itself. In essence, the VET system has been transformed, from one where delivery was the concern of the public sector in partnership with industry, to a system driven by a thoroughgoing market approach.

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The most recent, and arguably the most radical, change in policy direction has been the introduction of the New Apprenticeships Scheme, which forms a central subject of the current inquiry. This scheme has restructured and deregulated training and also incorporated a fundamental redirection in approaches to curriculum in vocational areas. Other significant recent changes include the move to a policy of ‘User Choice’, which has encouraged the growth of a substantial private market in VET and raised questions about the adequacy of attendant regulatory, accreditation and quality frameworks. In turn, these latest developments give rise to serious concerns about future funding of VET, in a climate of continued fiscal restraint and a global atmosphere of uncertainty and fluidity, affecting many Australian industries.

1.18 The transformation of the VET system has not been preceded, or even accompanied, by a process of public consultation and debate leading to a significant policy statement on the part of the Federal Government – such as a White Paper. The result is, first, a restructuring and reorientation of the system about which there is no consensus. Second, the ‘new’ VET is little understood by many stakeholders, and, more importantly, clients. There has been an ostrich-like reaction to signs that there may be problems and deficiencies in the new arrangements, and dogged resistance to the idea that further change may be needed to remedy those problems and deficiencies: it is said that the system is suffering from ‘reform fatigue’ and that this is a justification for things remaining as they are.

1.19 VET policy is central to Australia’s economic prosperity. Equally importantly, all Australians need to be able to acquire, adapt and develop the skills and knowledge necessary for full and rewarding participation in the world of work. Part of this foundation must be a base, consisting of general knowledge and generic skill, on which more specific capacities can grow.

1.20 The first priority, and our primary obligation, must be to the young. Young people must be enabled, encouraged and supported to develop the strong, broad platform of skill and conceptual understanding that will serve them well throughout their working and personal lives. For some, this process will include the pursuit of a university degree. But for these young persons the process may equally and additionally involve specialised or more general vocational studies within the VET system. For others, specific vocational education and preparation may begin at school, through VET in Schools programs provided either wholly by and within the school, or else in cooperation with the VET sector. By rendering high quality vocational education accessible to secondary school students, on the one hand, and to university graduates on the other, the often artificial conceptual division between ‘academic’ and ‘practical’ (or vocational) learning can be broken down. This process accords equal weight and equal respect to both poles of this knowledge continuum, and emphasises their complementarity.

1.21 While much of the education provided in universities as we know them is, of course, vocational, in that it leads to a professional qualification linked directly to employment, this in itself does not constitute an argument for merging the two post-secondary education sectors. Nor is there any reason for the two to grow more similar

in terms of mission and objectives. There is room, and need, for both, provided that people, young and older alike, can move between the two without unnecessary impediment. What matters is that the vocational and educational needs and aspirations of individuals are met.

1.22 For those already working, and those returning to work following a period outside the paid workforce, the opportunity to retrain, to augment skills and knowledge or to undertake general education necessary for employment, is extremely important. Ideally, these processes of renewal, change of direction and skill augmentation will be facilitated by a sound framework acquired when young. Thus the young are the initial policy priority for government. But to neglect the needs of older workers in a policy sense, and to fail to fund programs designed to be accessible to them, would be shortsighted indeed.

1.23 So far this discussion has concentrated implicitly on the role and responsibilities of government in vocational education and training. The difficulties posed for Australian industries by the rapidly changing economic world order are matched by opportunities for expansion and growth. The planning and provision of vocational education must be conducted by means of a partnership between the major stakeholders – government and industries, but also workers’ organisations (unions) and education providers. This means that employers must meet their obligations to share in the funding of, and responsibility for, vocational education and training for its employees. There has been a tendency in Australia for some employers to seek to evade their obligation in this regard – despite the obvious immediate benefits flowing to them from a trained workforce. Some employers have chosen very narrowly-based training for their workers, suited directly to the company’s immediate and specialised requirements. This can mean that employees end up with a credential that is too specialised or too closely ‘tailor-made’ to be generally useful. Government-funded training has been regarded in some quarters as a financial subsidy for employers in meeting the direct costs of employment itself.

1.24 In contraposition to this scenario is the concept of the integrity of training programs, of vocational qualifications and, finally, of workers themselves, as fully qualified, autonomous individuals able to participate equally with others in the labour market. Skilled workers are crucial to the enterprises for which they work and for the economy more generally. But the labour market will be stronger and more adaptable, and individual workers will achieve more satisfaction from work and life, if the rights of individual workers to develop a coherent body of skill are respected.

1.25 The emerging and serious problem of skill shortages in the Australian labour market can be attributed to many causes. At least one is somewhat shortsighted government policy, developed partly in response to the expressed attitudes of some employers, described above. Increasingly, entry-level training consists of one-year on the job traineeships rather than four-year apprenticeships that provide employers with high-level skills and individuals with an integrated, well-rounded vocational qualification. Meanwhile, as current Commonwealth Government policy – particularly the New Apprenticeships system - has encouraged training at lower skill levels and in

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‘cheaper’ occupational areas, skill shortages have developed in ‘expensive’ areas and in the traditional trades. Information technology, technological areas more generally, engineering and construction are all experiencing shortages, and this situation threatens to undermine economic growth. A lower value for the Australian dollar is potentially a boon for exports, but there can be no increase in exports unless trained and highly skilled personnel are available to be employed. Unless Australia boosts its effort in high-level training, the future for our economy looks bleak.

1.26 In vocational education and training policy, the relationship between the individual interests and rights of workers, on the one hand, and the needs and priorities of employers on the other, is reciprocal. Ideally, the acquisition of vocational skill should serve to enrich and empower individuals and facilitate a greater awareness among workers of the dynamic governing their workplace and, more widely, society as a whole. This is an explicitly social process. It calls into play the context of community within which all human relationships are conducted. To revise notions of VET involves policymakers thinking more holistically and creatively about the role and nature of work, training and education within an explicitly social context where the interests of the community and employers are not taken as by definition mutually exclusive.

1.27 This is largely a matter of revising notions of ‘education’. Education in this sense should provide the means by which the ‘training’ component of VET is properly contextualised in social terms. It gives those holding skills the ability to understand the value, worth and creativity of possessing such skills, and also of the social context within which such skills are gained and utilised. Any firm delineation between training and education is an arbitrary one which serves to perpetuate negative stereotypes of VET in comparison with university ‘academic’ education. There is concern that the intensified focus of policymakers on workplace based training is neglecting the educational role of VET. The development of skills required to meet the demands of the new labour market, characterised by demands for flexibility and transferability of skills, is a challenge that has largely been unmet.

1.28 It is both crucial and timely that this Committee of the Senate turns its attention to a close and critical examination of the current state of play in vocational education and training across the nation, and to look to a way forward. This report aims to inform public debate by providing the citizen with a clear understanding of the issues, and to demystify the philosophy that underlies the rhetoric. Its purpose is to propose new directions for Australia’s vocational education and training system, and for the role of government in it. Essentially, this can be defined as the responsibility, shared with the other parties, for overall planning, development and funding of the system. In the world that is emerging both beyond and within our shores, this role must have a strong national focus and direction. It is hoped that this report will contribute to the renewal of Australia’s commitment to this critical area of economic and social policy.

